
Ladbrokes^{PLC}

Sir Ian Robinson
Chairman

28 February 2008

Ladbrokes^{PLC}

Brian Wallace
Group Finance Director

28 February 2008

Summary of performance

Year to 31 December	2007 £m	2006 £m	Variance B(W)%
Continuing operations			
Operating profit ⁽¹⁾	420.0	262.2	60.2
Net finance costs ⁽¹⁾	(68.0)	(44.6)	(52.5)
Interest income on Hotels sale proceeds	-	24.0	(100.0)
Profit before tax⁽¹⁾	352.0	241.6	45.7
Effective tax rate ⁽¹⁾	15.6%	17.5%	
EBITDA ⁽¹⁾	470.4	304.4	54.5
EPS⁽¹⁾	47.4p	21.7p	118.4

(1) Before non-trading items

Betting and Gaming

Year to 31 December

	Gross Win			Operating Profit		
	2007 £m	2006 £m	Variance B(W)%	2007 £m	2006 ⁽¹⁾ £m	Variance B(W)%
UK Retail	739.3	715.8	3.3	187.8	199.8	(6.0)
Ireland, Belgium & Italy	103.1	84.0	22.7	21.7	17.0	27.6
eGaming	156.5	144.4	8.4	55.0	44.3	24.2
Telephone Betting	280.1	46.1	507.6	183.6	17.3	961.3
Other ⁽²⁾	7.4	-		(7.0)	(1.6)	(337.5)
Corporate Costs	-	-		(21.1)	(14.6)	(44.5)
Total	1,286.4	990.3	29.9	420.0	262.2	60.2

(1) Restated divisions operating profit. Total operating profit remains unchanged

(2) Other is casino and international development operations

UK Retail – Results

Year to 31 December	2007 £m	2006 ⁽¹⁾ £m	Variance B(W)%
OTC gross win	490.9	510.5	(3.8)
Machines gross win	248.4	205.3	21.0
Total gross win	<u>739.3</u>	<u>715.8</u>	3.3
Adjustments to gross win ⁽²⁾	(37.5)	(31.9)	
Net revenue	<u>701.8</u>	<u>683.9</u>	2.6
Associate income	4.0	4.0	
Gross profits tax	(72.1)	(75.0)	
Staff costs	(201.3)	(180.6)	(11.5)
Property costs ⁽³⁾	(93.9)	(89.1)	(5.4)
Content costs ⁽⁴⁾	(58.1)	(58.6)	0.9
Other costs (inc. depn and FOBT tax) ⁽⁵⁾	(92.6)	(84.8)	(9.2)
Operating costs	<u>(445.9)</u>	<u>(413.1)</u>	(7.9)
Operating profit	<u>187.8</u>	<u>199.8</u>	(6.0)

(1) Restated revenue, costs and operating profit

(3) Rent, rates and utilities (4) Pictures, data, levy, Sky

(2) Fair value adjustments, VAT

(5) Depreciation = £40.9m (2006: £34.7m), FOBT tax = £13.8m (2006:£5.6m)

UK Retail – KPIs

Year to 31 December	2007	2006	Variance B(W)%
OTC margin	17.1%	16.9%	
Like for like OTC gross win growth	(4.1)%	1.1%	
Like for like machines gross win growth	20.3%	0.1%	
Like for like total gross win growth	2.9%	0.8%	
Like for like total costs ⁽¹⁾ increase	3%	4%	
Like for like shop staff costs increase	6.1%	2.9%	
Stake per slip ⁽²⁾	£8.24	£8.39	(1.8)
Average number of machines	8,147	8,189	(0.5)
Average weekly gross win per machine	£585	£481	21.6

(1) Excludes VAT, Gross profits tax and FOBT tax (2) Slips exclude machines

Ireland

Year to 31 December	2007 £m	2006 ⁽¹⁾ £m	Variance B(W)%
Gross win	61.8	48.9	26.4
Fair value adjustments	<u>(0.4)</u>	<u>(0.4)</u>	
Net revenue	61.4	48.5	
Duty / Gross profits tax	(4.4)	(5.1)	
Other costs	<u>(36.9)</u>	<u>(29.4)</u>	(25.5)
Operating profit	<u>20.1</u>	<u>14.0</u>	43.6
Like for like gross win increase	5.4%	10.4%	
Shop numbers at the end of the period	215	195	10.3

(1) Restated costs and operating profit

eGaming – Net revenue

Year to 31 December

	2007 £m	2006 ⁽¹⁾ £m	Variance B(W)%
Sportsbook	52.2	45.5	14.7
Casino	43.1	41.0	5.1
Poker	31.0	35.0	(11.4)
Games	17.2	12.6	36.5
Net revenue	<u>143.5</u>	<u>134.1</u>	7.0

eGaming – Results

Year to 31 December	2007 £m	%age of net revenue	2006 ⁽¹⁾ £m	%age of net revenue	Variance B(W)%
Gross win	156.5		144.4		8.4
Fair value adjustments ⁽²⁾	<u>(13.0)</u>		<u>(10.3)</u>		
Net revenue	143.5		134.1		7.0
Gross profits tax	(7.9)	5.5	(6.9)	5.2	
Levy and licences	(2.7)	1.9	(2.1)	1.6	
Staff costs	(17.9)	12.5	(12.6)	9.4	
Software & geographical partners ⁽³⁾	(18.1)	12.6	(29.0)	21.6	
Marketing (inc. affiliates)	(20.1)	14.0	(17.3)	12.9	
Banking and chargebacks	(5.2)	3.6	(7.8)	5.8	
Other costs (inc. depn)	<u>(16.6)</u>	11.6	<u>(14.1)</u>	10.5	
Operating costs	(80.6)	56.2	(82.9)	61.8	2.8
Operating profit	<u>55.0</u>	38.3	<u>44.3</u>	33.0	24.2

(1) Restated costs and operating profit

(2) Adjustments for free bets, promotions and bonuses

(3) Payments to third party software and platform providers and geographical partners

eGaming – KPIs

Year to 31 December

	2007	2006	Variance B(W)%
Unique active players (000s) ⁽¹⁾	601	549	9.5
Real money sign-ups (000s) ⁽²⁾	307	303	1.3
Cost per acquisition ⁽³⁾	£120	£91	(31.9)
Adjusted cost per acquisition ⁽⁴⁾	£86	£56	(53.6)

(1) A player who contributed to rake and/or placed a wager during the period

(2) A new player who has registered and deposited funds during the period

(3) Total of all online and offline marketing spend (including promotions and bonuses netted from revenue) and all affiliate expenses relating to deals where affiliates are paid a one-off fee for each sign-up and all bonus costs (except those relating to sign-ups from revenue share affiliates) divided by the aggregate real money sign-ups from non-affiliate sources and the number of real money sign-ups through affiliates that are paid a one-off fee.

(4) As per cost per acquisition, but excluding any marketing costs attributed to CRM activity.

Telephone Betting – Results

Year to 31 December	2007 £m	%age of net revenue excl High Rollers	2006 ⁽¹⁾ £m	%age of net revenue excl High Rollers	Variance B(W)%
Gross win exc. High Rollers	30.5		33.9		(10.0)
Fair value adjustments	(0.3)		(0.3)		
Net revenue exc. High Rollers	30.2		33.6		(10.1)
High Rollers' net revenue	249.6		12.2		1,945.9
Net revenue	279.8		45.8		510.9
Gross profits tax	(37.2)		(7.3)		
Levy	(15.9)		(2.6)		
Staff costs	(9.5)		(9.0)		
Direct operating costs ⁽²⁾	(3.3)	31.4	(3.3)	26.8	
Other costs (inc. marketing and depn)	(30.3)	10.9	(6.3)	9.8	
Operating costs	(59.0)		(21.2)		(178.3)
Operating profit	183.6		17.3		961.3

(1) Restated costs and operating profit

(2) Direct operating costs include telephone, bandwidth and banking costs

Telephone Betting - KPIs (excl High Rollers)

Year to 31 December	2007	2006	Variance B(W)%
No. of calls (000s) ⁽¹⁾	7,165	7,832	(8.5)
Agent cost per call	61p	59p	(3.4)
Gross win margin	7.1%	7.2%	
Unique active players (000s) ⁽²⁾	115.0	124.4	(7.6)
Average monthly active player days (000s)	193	209	(7.7)

(1) Number of calls (excluding customer service calls)

(2) A player who has placed a wager during the period

Analysis of 2007 Capex

Year to 31 December	2007 £m	2006 £m
Capex		
UK development ⁽¹⁾	18.8	38.8
FOBTs and EPOS	15.2	15.7
Xtra	-	6.3
Ireland, Belgium and Italy	13.0	4.5
Other (including IT: £6.7m; 2006 - £8.0m)	15.2	17.0
European Retail	62.2	82.3
eGaming / Telephone Betting	5.8	5.1
International development and casino	3.0	-
Total	71.0	87.4
Statutory and licence acquisitions ⁽²⁾		
Sponsio	37.8	-
Other (Italy: £26.6m, Casino: £10.7m, Ireland: £7.6m, UK: £1.4m)	46.3	32.4
	155.1	119.8

(1) Development = relocations, extensions and refurbishments, (2) Excludes £3.7 million (2006: £nil) cash obtained through acquisition of subsidiaries

Cash Flow

Year to 31 December	2007 £m	2007 £m	2006 £m	2006 £m
Cash generated by operations		421.1		264.7
Interest and tax		(133.0)		(53.5)
PPE capital spend ⁽¹⁾	(62.4)		(84.8)	
Intangibles	(31.8)		(9.0)	
Acquired subsidiaries	(60.9)		(26.0)	
Total capital spend ⁽¹⁾		<u>(155.1)</u>		<u>(119.8)</u>
Cash flow after interest, tax and capital		133.0		91.4
Vernons/Hotels disposal proceeds		40.8		3,241.4
Dividends paid		(84.6)		(4,208.4)
Proceeds from issue of shares, convertibles and options		7.6		344.5
Share buybacks		(70.4)		-
Exchange and other movements		<u>5.5</u>		<u>(19.9)</u>
Net borrowings movement		31.9		(551.0)
Opening net borrowings		<u>(948.9)</u>		<u>(397.9)</u>
Closing net borrowings		<u>(917.0)</u>		<u>(948.9)</u>
Net debt to EBITDA ratio ⁽¹⁾		1.9		3.1
Net debt to EBITDA ratio ⁽¹⁾ adjusted for high rollers		3.1		3.2

(1) Continuing operations only

Ladbrokes^{PLC}

Christopher Bell
Chief Executive

28 February 2008

2007 Overview

- Record profits
- Improved performance from UK Retail towards year end
- Double digit profit growth from eGaming
- Strong Telephone High Rollers performance
- Established new business in Italy



UK Retail

- Renewed 8,190 strong gaming machine estate
- New machine content
- Winter evening opening
- Improved betting content



Euro 2008



UK Retail – Product Development

- Leading edge technology
- Current testing:
 - Customer loyalty scheme
 - Self service terminals
 - Kiosk based shops
- Enhanced content and product range
- Active shop portfolio management



Ireland

- Strong performance in 2007
- Acquisition of 54 shops in Northern Ireland during February
- Market leaders in Northern Ireland and Republic of Ireland



Italy

- 26 shops trading
- 10 corners trading
- Focus on opening Bersani licences and ongoing shop acquisitions
- Ladbrokes.it launched Q4 2007



Spain

- Sportium brand
- JV with Cirsa Slot
- Madrid operating licence
- 60 sportsbetting outlets expected to start trading in the months following licence award
- Further regional deregulation required



Other International Development

- China
 - Product development with AGTech
 - Great Gate shops
- Vietnam
 - Fixed odds football lottery bid
- Turkey
 - Sportsbetting licence opportunity



Telephone Betting

- Strong performance from High Rollers
- Core business slightly down
- High quality service to all Telephone customers

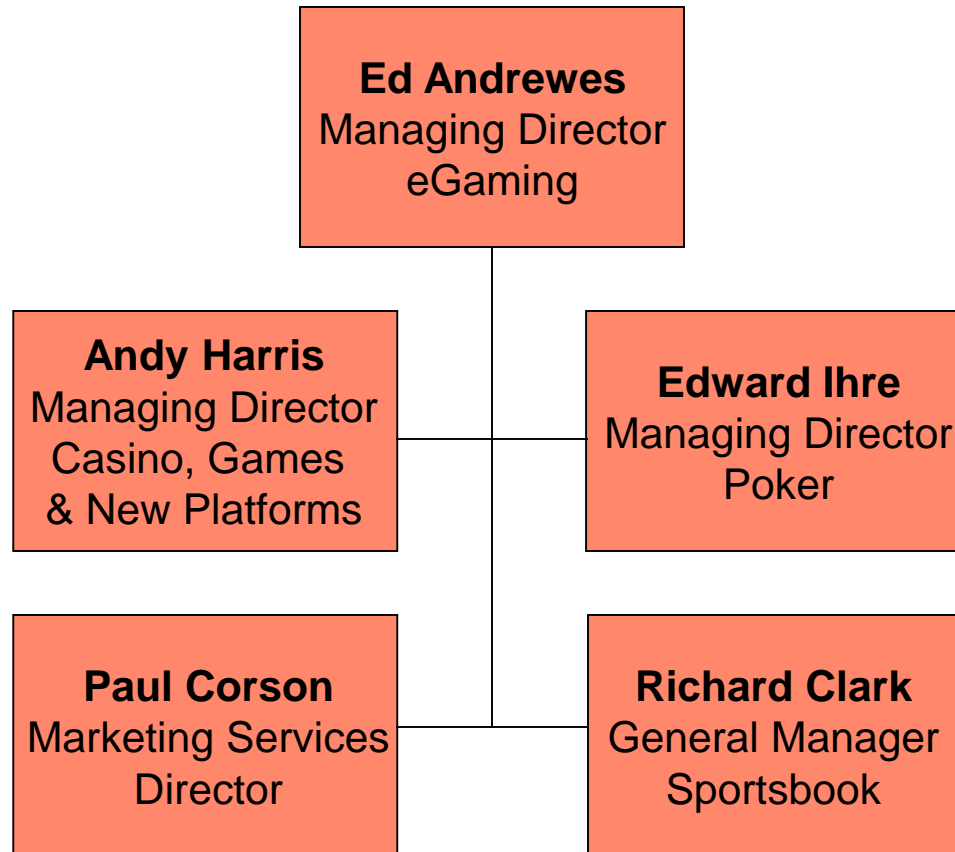


eGaming

- Continued double digit profit growth in 2007
- Leveraging the brand
- Driving new customer acquisitions
- Jurisdictional prudence
- Management team strengthened



eGaming



eGaming – Growth Acceleration

- Increased investment in customer acquisition
- Targeted NGR growth through
 - More aggressive Poker affiliates programme
 - TV advertising for Casino and Bingo
 - Increased investment in Nordic region
- Flat operating profit in 2008
- Profit growth in 2009 and 2010



UK Regulation

- No longer pursuing new UK casino opportunity
- Paddington Casino to be sold
- 2005 Gambling Act from 1 September 2007
 - Winter evening opening met expectations
 - TV advertising well received
- 47th levy scheme determination



Summary

- Ongoing revenue and cost opportunities in UK Retail
- Consolidation in Irish Retail
- Focused investments in eGaming
- High Rollers in Telephone Betting
- International progress, with focus on Italy and Spain

Ladbrokes

Ladbrokes.com

Ladbrokescasino.com

Ladbrokesgames.com

Ladbrokespoker.com

Ladbrokes^{PLC}

Outlook

Ladbrokes^{PLC}

Q&A

Ladbrokes^{PLC}

Appendix

eGaming – KPIs

Year to 31 December	2007	2006	Variance % B(W)
Sportsbook			
Gross win margin	7.2%	6.4%	
Unique active players (000s)	421	398	5.8
Average monthly active player days (000s)	648	610	6.2
Yield per unique active player (£) ⁽¹⁾	124	114	8.8
Casino			
Unique active players (000s)	105	90	16.7
Average monthly active player days (000s)	82	72	13.9
Yield per unique active player (£) ⁽¹⁾	411	455	(9.7)
Poker			
Unique active players (000s)	151	154	(1.9)
Average monthly active player days (000s)	409	461	(11.3)
Yield per unique active player (£) ⁽¹⁾	205	227	(9.7)
Games			
Unique active players (000s)	148	126	17.5
Average monthly active player days (000s)	142	99	43.4
Yield per unique active player (£) ⁽¹⁾	116	100	16.0

(1) Revenue per unique active player for the period

European Retail

Year to 31 December

	Gross Win			Operating Profit		
	2007 £m	2006 £m	Variance B(W)%	2007 £m	2006 ⁽¹⁾ £m	Variance B(W)%
UK Retail	739.3	715.8	3.3	187.8	199.8	(6.0)
Ireland	61.8	48.9	26.4	20.1	14.0	43.6
Belgium	34.8	35.1	(0.9)	3.2	3.0	6.7
Italy	6.5	-	-	(1.6)	-	
Total	842.4	799.8	5.3	209.5	216.8	(3.4)

(1) Restated divisions operating profit. Total operating profit remains unchanged

Restated operating profit

Year to 31 December 2006

	Reported £m	Adj ⁽¹⁾ £m	Adj ⁽²⁾ £m	Restated £m
UK Retail	195.4	-	4.4	199.8
Ireland & Belgium	17.3	-	(0.3)	17.0
eGaming	47.0	-	(2.7)	44.3
Telephone Betting	17.7	-	(0.4)	17.3
Other ⁽³⁾	5.9	(5.9)	(1.6)	(1.6)
Corporate Costs	(15.2)	-	0.6	(14.6)
Total	268.1	(5.9)	-	262.2

(1) Continuing operating profit restated for treatment of Vernons as discontinued

(2) Restated divisions operating profit. Total operating profit remains unchanged

(3) Other restated is casino and international development