

LADBROKES PLC (“Ladbrokes” or the “Group”)**22 APRIL 2015****Q1 2015: OPERATING METRICS IMPROVED – IMPACTED BY SPORTING RESULTS – BUSINESS REVIEW ADVANCED**

Ladbrokes plc (LSE:LAD) announces its trading update for the three months ended 31 March 2015 (the period or Q1):

					Q1 2015 ⁽¹⁾
Group net revenue					+3.3%
Group EBIT⁽²⁾					£14.3m
UK Retail net revenue					+4.3%
-OTC Stakes (adj. for shop closures)					-4.8% (-3.2%)
-OTC Gross Win Margin (y-o-y change)					15.7% (-0.5ppt)
-Machine Gross Win					+12.2%
Digital net revenue (exc. Australia)					+9.5% (-6.8%)
Digital KPIs	Amounts staked	Actives	Gross win margin (y-o-y change)	Net revenue	
Ladbrokes.com plus Exchanges					-8.4%
-Sportsbook	+28.8%	+18.5%	4.0%(-2.5ppt)	-31.5%	
-Gaming		+34.5%		+13.0%	
Ladbrokes Australia (constant currency)					+132%
European Retail net revenue					-1.0%
-Ladbrokes Belgium (constant currency)					+11.3%
-Ladbrokes Ireland (constant currency)					+0.6%

Jim Mullen, Chief Executive, commented:

“In Q1 many of our customer metrics are encouraging but results have favoured customers and profits are materially down. These results demonstrate the challenges we continue to face. We need to change the way we run the business, build scale, primarily in Digital and respond faster to the customer and changes in the market place.

I will complete my review of the wider business quickly and I will present some of the principal changes that I intend to make, in June, earlier than planned.

Shareholders should expect me to focus on how we will build an effective competitive position, develop scale and resilience over the medium-term.

I believe strongly in Ladbrokes. We have laid solid operational foundations but there is still a lot to be done. The decision to seek examinership in Ireland demonstrates the seriousness of our intent and the speed with which we will execute.”

DIGITAL

Ladbrokes.com Sportsbook KPIs remain strong with mobile staking up 62.7%. Sportsbook gross win margin was down significantly reflecting unfavourable sporting results. Adverse football in weeks 3, 8 and 12, a weaker Cheltenham, albeit on higher staking and a significant single digit millions loss to a small number of higher staking customers incurred in the early part of the quarter, and which is not expected to reverse, resulted in lower margins and a sharp net revenue decline. Ladbrokes.com Gaming trends improved again in Q1 driven by strong actives growth. Australia net revenue growth was strong benefitting from the acquisition of Betstar in Q2 2014 and an improved margin. Digital operating costs remain in line with our expectations. Overall results in other Digital operations have been broadly in line with our expectations.

UK RETAIL

As in Digital, Q1 results were similarly impacted by customer friendly results and Q1 gross win margin was well below our target of 16.5-17.0%. OTC staking trends improved compared with Q3 and Q4 2014 with improved horse racing and staking growth over Cheltenham. Football amounts staked were broadly stable. Amounts staked through our SSBT estate were up over 138% year on year and we expect to complete our deployment of over 2,000 further SSBTs before the start of the 2015/16 football season. Machine performance was strong reflecting good customer response to our Clarity machines and particularly in lower staking slots based games. Gross win per terminal per week was £1,033 (+16%). In Q1, we closed 15 shops of our c.60 2015 target and at the end of the quarter we had 2,194 shops in the estate (FY 2014: 2,209). Retail cost trends are in line with our expectations.

EUROPEAN RETAIL⁽³⁾

In Belgium we continue to benefit from our investment in SSBTs and new content. Amounts staked were up 49.7% and net revenue by 11.3%. In Spain our JV is benefitting from our retail expansion in 2014 and, in Q1 amounts staked were up 55.8% and net revenue by 33.8%. In Ireland OTC amounts staked increased by 1.2%. In Northern Ireland, we saw similar product trends and net revenue growth to the UK. In the Republic of Ireland revenue declined by 1.0%. Operating costs in European Retail have been in line with our expectations.

Q1 EBIT⁽¹⁾

As a result of the impact of customer friendly results and externally imposed headwinds – UK point of consumption tax, increased Machine Games Duty and our withdrawal from unregulated digital markets in line with the guidelines of the UK Gambling Commission – Q1 2015 EBIT decreased by 22.3% to £14.3m from £18.4m. Adjusting the Q1 2014 comparative EBIT as if externally imposed headwinds in 2015 applied in that year, Q1 2014 EBIT would have been £11.8m and Q1 EBIT therefore increased by 21.2% on an underlying basis. Operating profit from High Rollers in the quarter was £2.3m.

REGULATORY AND TAXATION DEVELOPMENTS

The new 25% rate of Machine Games Duty applied from 1 March 2015. On 6 April we launched new procedures around play on machines over £50 required by the DCMS after a targeted campaign of customer and shop team education.

OTHER MATTERS

Net debt reduced by £28.7m to £390.5m at 31 March 2015. On 21 April we announced that we had applied to the High Court of Ireland to appoint an Examiner for Ladbrokes' business in the Republic of Ireland to consider options to establish a sustainable and viable operation. We will update the market on the outcome of this process as appropriate.

Enquiries +44 (0) 208 515 5513

Jim Mullen, Chief Executive

Ian Bull, Chief Financial Officer

Richard Snow, Director of Investor Relations

Donal McCabe, Director of External Relations

INVESTOR/ ANALYST CONFERENCE CALL DIAL IN DETAILS – 9.00AM (Confirmation code: 2195875)

UK: +44 (0)203 427 1901 or 0800 279 4977

US: +1 212 444 0895 or freephone +1 877 280 2342

Quarterly Trends Table⁽¹⁾

YoY (except where stated)	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Group EBIT⁽¹⁾⁽²⁾	£35.6m	£18.4m	£38.4m	£33.0m	£35.6m	£14.3m
Adjusted Group EBIT⁽⁴⁾	na	£11.8m	£27.3m	£21.6m	£26.9m	na
UK Retail						
OTC Amounts Staked	+4.6%	+8.5%	+1.8%	(7.9)%	(6.8)%	(4.8)%
OTC Gross Win Margin	17.1%	16.2%	16.5%	17.0%	15.6%	15.7%
	(0.4)pp	(2.7)pp	(0.4)pp	+2.1pp	(1.5)pp	(0.5)pp
Machine Gross Win growth	+2.5%	+2.2%	+1.5%	+4.9%	+5.9%	+12.2%
Machine Gross Win per shop per week	(2.4)%	(1.1)%	+0.4%	+6.5%	+9.8%	+16.4%
Total Net Revenue	+1.6%	(2.3)%	+1.5%	+6.0%	(2.4)%	+4.3%
Ladbrokes.com						
Sportsbook Amounts Staked	(12.5)%	+33.7%	+41.9%	+20.9%	+29.5%	+28.8%
Mobile Sportsbook Amounts Staked	+23.2%	+94.5%	+114.2%	+113.2%	+114.1%	+62.7%
Sportsbook Actives	(10.7)%	(0.5)%	+38.6%	+33.7%	+14.3%	+18.5%
Sportsbook Net Revenue	(15.7)%	(15.4)%	+63.1%	+58.3%	(7.0)%	(31.5)%
Sportsbook Gross Win Margin	8.2%	6.5%	9.1%	8.9%	6.5%	4.0%
	(0.1)pp	(3.5)pp	+1.4pp	+2.2pp	(1.7)pp	(2.5)pp
Gaming Net Revenue	(16.3)%	(15.5)%	(18.6)%	-	+9.3%	+13.0%
Gaming Actives	(30.5)%	(26.2)%	(6.9)%	(2.3)%	+23.3%	+34.5%

Notes:

- (1) Excluding High Rollers. Year on year performance except where stated
- (2) Profit before tax, net finance expense and exceptional items. Stated after amortisation of customer relationships and other acquisition related intangible assets
- (3) Constant currency basis
- (4) In order to provide a relevant comparative, FY14 quarterly EBIT has been adjusted to reflect impact of externally imposed headwinds – UK point of consumption tax, increased Machine Games Duty (from 1 March) and our withdrawal from unregulated digital markets in line with the guidelines of the UK Gambling Commission as if they had applied in FY14