

As we reported at the interims, July was difficult for our UK Retail business. Since that period, machines performance has stabilised with some growth on an overall gross win basis. Footfall has recovered with a significant improvement in OTC amounts staked, though results have driven lower than expected trading margins across the business.

In Digital we have yet to see discernible improvements as we continue to work through a significant process of integration. As a result the Board believe that 2013 operating profit ⁽¹⁾ for the Digital division will be below current market expectations and within a range of £10 million to £14 million. ⁽²⁾

Commenting on the update, Richard Glynn, Chief Executive said:

“The period since the end of H1 2013 has been challenging. Following a difficult trading period for the sector in July, we have seen footfall normalise in our UK Retail business, an improvement in OTC amounts staked and reduced volatility in machines.

Our Digital earnings have been disappointing reflecting a lack of competitiveness in sportsbook, lower margins than planned and a greater disruptive impact than expected from the transition necessary to grow Digital for the long term.

We remain focused on the operational changes required to deliver momentum in the retail business and to achieve a fully integrated digital platform. These are on track to be completed between now and the early part of 2014. We remain confident that the strong foundations we are putting in place will drive performance during 2014 and beyond. “

Peter Erskine, Ladbrokes Chairman, said;

“Ladbrokes continues on its journey to modernise the business and make it fit for purpose in the rapidly evolving betting and gaming sector. While we are disappointed that the Digital results are still not where we anticipated they would be, the Board believes that the strategy is the right one and that the actions taken to date, along with those planned for the coming months, will drive the long term success of the business. We remain fully confident in this management team to deliver them.

A strong belief in the ultimate success of these plans underpins our commitment to maintaining the dividend at its current level for 2013 and additionally, at least maintaining it in 2014.”

Material events and transactions and financial position

On 6 September 2013, the Group acquired Gaming Investments Pty Ltd (“GIPL”), a fast growing online sports betting business in Australia, under its newly formed Australian arm 'Ladbrokes Australia' for an initial consideration of A\$22.5 million, approximately £13 million, plus an earnout payable at the end of 3 years which is based on the EBITDA for Ladbrokes Australia for the year ending 30 June 2016. GIPL’s business includes Bookmaker.com.au Pty Ltd, operator of the online bookmaker Bookmaker.com.au and Panda Gaming Pty Ltd, operator of an extensive racing and sports focused affiliate network in Australia.

There have been no other material events, transactions or changes in the financial position of the Group since the half year

(1) Before exceptional items

(2) Ladbrokes estimates that current market consensus for 2013 & 2014 is as follows;

EBIT £m	2013	2014
UK Retail	143.8	152.5
European Retail	19.4	20.5
Digital	27.5	40.6
Core Telephone	-	(0.1)
Corp Costs	(20.1)	(21.3)
Total EBIT pre High Rollers	170.6	192.2

A conference call for analysts and investors will be held at 8:00am (BST).

To participate in the conference call dial;

UK +44 (0)20 3427 1903 or 0800 279 4977

US +1 646 254 3364 or 1 877 280 2342

Enter passcode 715 2781

A recording of the call will be available for seven days on;

UK +44 (0)20 3427 0598

US 347 366 9565

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