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Ladbrokes<sup>PLC</sup>

Sir Ian Robinson  
Chairman

19 February 2009

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Brian Wallace  
Group Finance Director

19 February 2009

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## Summary of performance

Year ended 31 December	2008 £m	2007 <sup>(1)</sup> £m	Variance B(W)%
<b>Continuing operations</b>			
<b>Operating profit<sup>(2)</sup> excluding High Rollers</b>	<b>243.8</b>	<b>241.7</b>	<b>0.9</b>
High Rollers	80.1	179.0	(55.3)
<b>Operating profit<sup>(2)</sup></b>	<b>323.9</b>	<b>420.7</b>	<b>(23.0)</b>
Net finance costs <sup>(2)</sup>	(65.2)	(67.7)	3.7
<b>Profit before tax<sup>(2)</sup></b>	<b>258.7</b>	<b>353.0</b>	<b>(26.7)</b>
Effective tax rate <sup>(2)</sup>	15.4%	15.6%	
EBITDA <sup>(2)</sup>	378.2	470.8	(19.7)
<b>EPS<sup>(2)</sup></b>	<b>36.4p</b>	<b>47.6p</b>	<b>(23.5)</b>

(1) Restated for discontinued operations (2) Before non-trading items

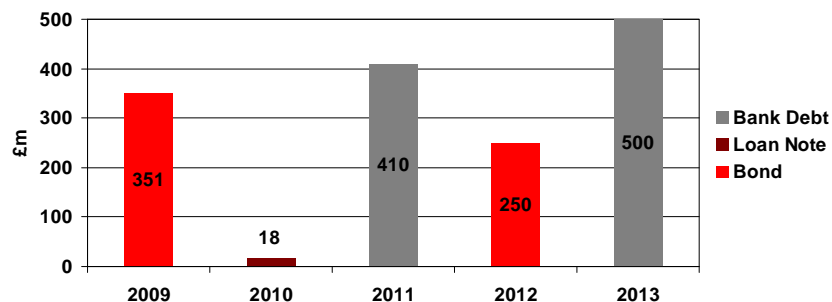
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## Debt summary

- In 2008, the Group signed £185m of new committed bank facilities, and extended £400m of committed facilities to 2013



- €464.5m (swapped to £351m) bonds are due to be repaid in July 2009
- Undrawn committed bank facilities as at 16-Feb-09 were £553m

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## Summary of performance

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## Betting and Gaming (exc High Rollers)

Year ended 31 December	Gross Win			Operating Profit <sup>(1)</sup>		
	2008 £m	2007 <sup>(2)</sup> £m	Variance B(W)%	2008 £m	2007 <sup>(2)</sup> £m	Variance B(W)%
UK Retail	773.9	739.3	4.7	187.9	187.8	0.1
Ireland, Belgium & Italy Retail	152.1	103.1	47.5	20.6	21.7	(5.1)
eGaming	190.1	156.5	21.5	55.1	55.0	0.2
Telephone Betting	27.8	30.5	(8.9)	3.1	4.6	(32.6)
Other <sup>(3)</sup>	-	-		(8.0)	(6.3)	(27.0)
Corporate Costs	-	-		(14.9)	(21.1)	29.4
<b>Total</b>	<b>1,143.9</b>	<b>1,029.4</b>	<b>11.1</b>	<b>243.8</b>	<b>241.7</b>	<b>0.9</b>

(1) Before non-trading items

(2) Restated for discontinued operations

(3) Other includes international development costs and the start up of our Spanish joint venture

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## UK Retail – Results

Year ended 31 December	2008 £m	2007 £m	Variance B(W)%
OTC gross win	487.8	490.9	(0.6)
Machines gross win	<u>286.1</u>	<u>248.4</u>	15.2
Total gross win	<u>773.9</u>	<u>739.3</u>	4.7
Adjustments to gross win <sup>(1)</sup>	<u>(50.8)</u>	<u>(37.5)</u>	
Net revenue	723.1	701.8	3.0
Associate income	3.7	4.0	
Gross profits tax	(71.6)	(72.1)	
Staff costs	(206.3)	(201.3)	(2.5)
Property costs <sup>(2)</sup>	(91.8)	(93.9)	2.2
Content costs <sup>(3)</sup>	(67.8)	(58.1)	(16.7)
Other costs (inc. depn) <sup>(4)</sup>	<u>(101.4)</u>	<u>(92.6)</u>	(9.5)
Operating costs	<u>(467.3)</u>	<u>(445.9)</u>	(4.8)
Operating profit	<u>187.9</u>	<u>187.8</u>	0.1

(1) Fair value adjustments, freebets and VAT  
(2) Rent, rates and utilities

(3) Pictures, data, levy, Sky  
(4) Depreciation = £43.1m (2007: £40.9m)

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## UK Retail – KPIs

Year ended 31 December	2008	2007	Variance B(W)%
Like for like OTC gross win growth	(0.3)%	(4.1)%	
OTC margin	16.9%	17.1%	
Like for like machines gross win growth	15.2%	20.3%	
Like for like total gross win growth	4.9%	2.9%	
Like for like total costs <sup>(1)</sup> increase	0.7%	3.0%	
Like for like shop staff costs increase	0.8%	6.1%	
Stake per slip <sup>(2)</sup>	£8.40	£8.24	1.9
Average number of machines	8,044	8,147	(1.3)
Average weekly gross win per machine	£682	£585	16.6

Like for like takes into account shop closures (1) Excludes VAT, Freebets, Gross profits tax and FOBT tax (2) Slips exclude machines

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## Ireland

Year ended 31 December	2008 £m	2007 £m	Variance B(W)%
Gross win	91.5	61.8	48.1
Fair value adjustments	(0.9)	(0.4)	
Net revenue	90.6	61.4	
Duty / Gross profits tax	(7.4)	(4.4)	
Other costs	(58.8)	(36.9)	(59.3)
Operating profit	24.4	20.1	21.4
Like for like gross win growth	(6.6)%	5.4%	
Shop numbers at the end of the period	286	215	33.0

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## eGaming – Net revenue

Year ended 31 December	2008 £m	2007 £m	Variance B(W)%
Sportsbook	61.7	52.2	18.2
Casino	53.1	43.1	23.2
Poker	29.0	31.0	(6.5)
Games	28.4	17.2	65.1
<b>Net revenue</b>	<b>172.2</b>	<b>143.5</b>	<b>20.0</b>

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## eGaming – Results

Year ended 31 December	2008 £m	%age of net revenue	2007 £m	%age of net revenue	Variance B(W)%
Gross win	190.1		156.5		21.5
Fair value adjustments <sup>(1)</sup>	<u>(17.9)</u>		<u>(13.0)</u>		
Net revenue	172.2		143.5		20.0
Gross profits tax	(9.4)	5.4	(7.9)	5.5	
Levy and licences	(3.0)	1.7	(2.7)	1.9	
Staff costs	(19.7)	11.4	(17.9)	12.5	
Software & geographical partners <sup>(2)</sup>	(23.3)	13.6	(18.1)	12.6	
Marketing (inc. affiliates)	(36.0)	20.9	(20.1)	14.0	
Banking and chargebacks	(5.5)	3.2	(5.2)	3.6	
Other costs (inc. depn)	<u>(20.2)</u>	11.7	<u>(16.6)</u>	11.6	
Operating costs	<u>(107.7)</u>	62.5	<u>(80.6)</u>	56.2	(33.6)
<b>Operating profit</b>	<b><u>55.1</u></b>	<b>32.0</b>	<b><u>55.0</u></b>	<b>38.3</b>	<b>0.2</b>

(1) Adjustments for free bets, promotions and bonuses

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

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## eGaming – KPIs

Year ended 31 December	2008	2007	Variance B(W)%
Unique active players (000s) <sup>(1)</sup>	726	601	20.8
Real money sign-ups (000s) <sup>(2)</sup>	373	307	21.5
Cost per acquisition <sup>(3)</sup>	£152	£120	(26.7)
Adjusted cost per acquisition <sup>(4)</sup>	£101	£86	(17.4)

(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.

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## Telephone Betting – Results

(exc High Rollers)

Year ended 31 December	2008 £m	%age of net revenue	2007 £m	%age of net revenue	Variance B(W)%
Gross win	27.8		30.5		(8.9)
Fair value adjustments	<u>(0.5)</u>		<u>(0.3)</u>		
Net revenue	27.3		30.2		(9.6)
Gross profits tax	(4.0)		(4.5)		11.1
Levy	(1.7)		(1.7)		
Staff costs	(9.4)	34.4	(9.2)	30.5	
Direct operating costs <sup>(1)</sup>	(2.5)	9.2	(3.3)	10.9	
Other costs (inc. marketing & depn)	<u>(6.6)</u>	24.2	<u>(6.9)</u>	22.8	
Operating costs	(20.2)		(21.1)		4.3
Operating profit	<u>3.1</u>		<u>4.6</u>		(32.6)

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

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## Telephone Betting – KPIs (exc High Rollers)

Year ended 31 December	2008	2007	Variance B(W)%
No. of calls (000s) <sup>(1)</sup>	6,382	7,165	(10.9)
Agent cost per call	57p	61p	6.6
Gross win margin	7.6%	7.1%	
Unique active players (000s) <sup>(2)</sup>	108.4	115.0	(5.7)
Average monthly active player days (000s)	176	193	(8.8)

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

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

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## Analysis of 2008 Capex

Year ended 31 December	2008 £m	2007 £m
<b>Capex</b>		
UK Retail	33.1	49.2
Ireland	11.7	7.9
Italy	14.0	4.9
eGaming and Telephone Betting	5.1	5.8
Other	4.6	3.2
	<u>68.5</u>	<u>71.0</u>
<b>Statutory and licence acquisitions</b>		
Eastwoods	118.1	-
Sponsio	-	37.8
Casino	-	10.7
Other (2008 - Italy: £15.3m, Ireland: £10.5m)	26.4	35.6
	<u>144.5</u>	<u>84.1</u>
<b>Total</b>	<b><u>213.0</u></b>	<b><u>155.1</u></b>

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## Cash Flow

Year ended 31 December	2008 £m	2008 £m	2007 £m	2007 £m
Cash generated by operations		414.7		421.1
Interest and tax		(120.6)		(133.0)
PPE capital spend	(58.5)		(62.4)	
Intangibles	(14.6)		(31.8)	
Businesses and acquired subsidiaries	(139.9)		(60.9)	
Total capital spend		<u>(213.0)</u>		<u>(155.1)</u>
Cash flow after interest, tax and capital		81.1		133.0
Dividends paid		(85.0)		(84.6)
Share buybacks		(34.8)		(70.4)
Vernons disposal proceeds		-		40.8
Exchange and other movements		<u>(31.4)</u>		<u>13.1</u>
Net borrowings movement		(70.1)		31.9
Opening net borrowings		<u>(917.0)</u>		<u>(948.9)</u>
Closing net borrowings		<u>(987.1)</u>		<u>(917.0)</u>
Net debt to EBITDA ratio		2.6		1.9
Net debt to EBITDA ratio adjusted for high rollers		3.3		3.1

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Christopher Bell  
Chief Executive

19 February 2009

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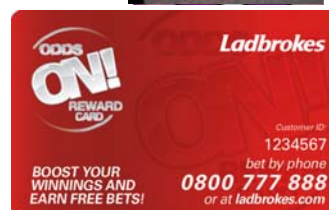
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## UK Retail

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- 2,091 shops
  - Good condition
  - Scaling back capex to £25 million
- 8,044 machines in 2008
  - 15.2% GW growth
- OddsOn!
  - Launched June 2008
  - 564,000 cards issued
  - 200,000 used each week
  - £8.6m of free bets and bonuses
  - Understanding of customer needs



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## UK Retail

- Improving product offering
  - Co-ordination of Turf TV/SIS broadcast
  - Ladbrokes.com content on all 6,673 tills
- Shop estate management
  - 68 shops refurbished
  - 53 relocated & extended
  - 19 new licences
  - 61 shops closures
- Plan 2009
  - 50 shops to refurbish
  - 20 relocate & extend
  - 25 new licences
- Cost control
  - Costs 0.5% (exc Turf TV and extended evening in Q1)
  - Continuing initiatives in 2009
  - Systemised staff scheduling and more initiatives in 2009



## Ireland

- 286 shops
- Initiatives:
  - Cost discipline
  - OddsOn!
  - 35 self-service betting terminals
  - Roll out to all shops
- 78 shops in Northern Ireland
  - 62 new shops in 2008
  - 4 machines per shop
- 208 shops in Republic of Ireland
  - High horse race cancellations
  - Economic downturn
- New 2% turnover tax from 1 May 2009
  - Industry shop closures expected – from 1,200 to 900
  - Continue to lobby

## Italy & Spain



- 86 shops
- 51 corners
- Roll-out took longer than intended
- Fast growing re-regulated market
- Large supply increase



- Sportium brand – JV with Cirsa
- Madrid licence granted April 2008
- 45 outlets trading
  - Cirsa or 3<sup>rd</sup> party locations
- Focus 2009: double no. of outlets
- Further regional regulation required

## Other International Development

- China
  - Product development with
  - Good progress
  - 6 years of developing relationships



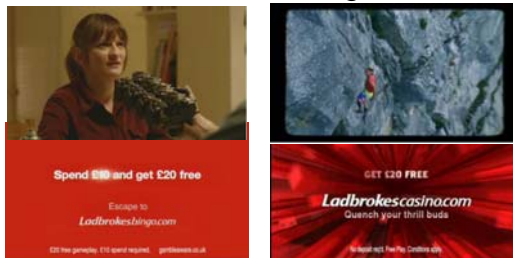
## eGaming – delivering the strategy

- As expected
  - EBIT 2008 £55m
  - 20% NGR growth
  - 21% new customer sign-ups

### Nordic initiatives



### TV advertising



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### Live streaming



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## eGaming – 2009 initiatives

- Poker:
  - Joined microgaming network last week
- Sportsbook:
  - Polish language/currency site Dec 08
  - 6 additional language/localised sites H109
- Bingo:
  - Continued UK focus
  - TV advertising & programme sponsorship
- Casino:
  - TV advertising



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## Telephone Betting

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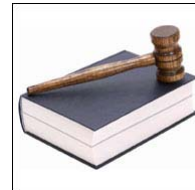


- £80.1m of High Rollers EBIT :
  - Positive for cash & debt
- Core business declining
  - Competitive landscape
  - Offshore enjoy favourable tax, levy and regulatory environment

## Regulation

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- UK
  - Careful balance between protecting vulnerable, preventing crime and generating taxes
  - Industry is a large employer & tax contributor
  - DCMS report on machines
  - Levy
  - RET Funding
- Europe
  - Slow progress but progress nevertheless
- Asia
  - Regulation and tax collection becoming increasingly important

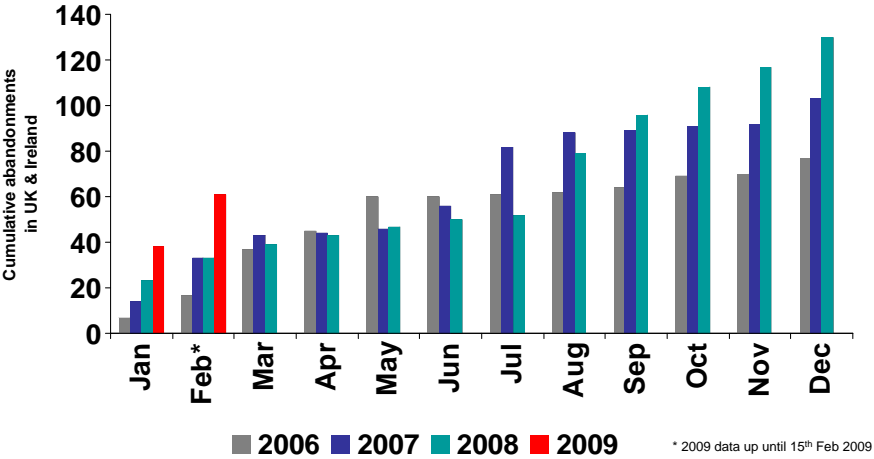




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# UK & Irish horse race abandonments



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## Differentiating Ladbrokes

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- Consistent approach to leverage
- Focussed upon organic growth
- Most experienced management team
- Diversified business internationally
- High Rollers cash profit
- Strong cash generation, debt & tax position

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Q&A

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## Appendix

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## eGaming – KPIs

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<b>Year ended 31 December</b>	<b>2008</b>	<b>2007</b>	<b>Variance % B(W)</b>
<b>Sportsbook</b>			
Gross win margin	7.8%	7.2%	
Unique active players (000s)	485	421	15.2
Average monthly active player days (000s)	753	648	16.2
Yield per unique active player (£) <sup>(1)</sup>	127	124	2.4
<b>Casino</b>			
Unique active players (000s)	172	105	63.8
Average monthly active player days (000s)	122	82	48.8
Yield per unique active player (£) <sup>(1)</sup>	308	411	(25.1)
<b>Poker</b>			
Unique active players (000s)	146	151	(3.3)
Average monthly active player days (000s)	362	409	(11.5)
Yield per unique active player (£) <sup>(1)</sup>	198	205	(3.4)
<b>Games</b>			
Unique active players (000s)	205	148	38.5
Average monthly active player days (000s)	220	142	54.9
Yield per unique active player (£) <sup>(1)</sup>	139	116	19.8

(1) Revenue per unique active player for the period

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## Other European Retail

Year ended 31 December	Gross Win			Operating Profit		
	2008 £m	2007 £m	Variance B(W)%	2008 £m	2007 £m	Variance B(W)%
Ireland	91.5	61.8	48.1	24.4	20.1	21.4
Belgium	39.7	34.8	14.1	3.1	3.2	(3.1)
Italy	20.9	6.5	221.5	(6.9)	(1.6)	(331.3)
<b>Total</b>	<b>152.1</b>	<b>103.1</b>	<b>47.5</b>	<b>20.6</b>	<b>21.7</b>	<b>(5.1)</b>

## UK Retail – Adjustments to gross win

Year ended 31 December

	2008			2007			Variance B(W)%
	OTC £m	Machines £m	Total £m	OTC £m	Machines £m	Total £m	
Gross win	487.8	286.1	773.9	490.9	248.4	739.3	4.7
Freebets	(8.6)	-	(8.6)	(0.6)	-	(0.6)	
VAT	-	(42.2)	(42.2)	-	(36.9)	(36.9)	(14.4)
<b>Net revenue</b>	<b>479.2</b>	<b>243.9</b>	<b>723.1</b>	<b>490.3</b>	<b>211.5</b>	<b>701.8</b>	<b>3.0</b>
Gross win growth 08 v 07 %	(0.6)	15.2	4.7				
Revenue growth 08 v 07 %	(2.3)	15.3	3.0				