

## LADBROKES PLC (“Ladbrokes” or the “Group”)

21 April 2016

Ladbrokes plc (LSE:LAD) announces its trading update for the three months ended 31 March 2016 (the period or Q1):

“Since July 2015 we have been successfully implementing our strategic plan and the encouraging customer metrics we saw at the end of the year have continued during the first quarter of 2016. While results have generally been favourable, Cheltenham proved to be the worst in living memory which took some of the shine off the period. While we see plenty of evidence to support that our plan is working, our focus remains on delivering against our strategy and our 2017 targets.” Jim Mullen, Chief Executive.

					Q1 2016 <sup>(1)</sup>
<b>Group net revenue<sup>(2)</sup></b>					<b>+10.6%</b>
<b>UK Retail net revenue</b>					<b>+4.1%</b>
-OTC stakes					-1.3%
-OTC gross win margin					17.5% (+1.8ppt)
-Machine gross win					+1.5%
<b>Digital net revenue<sup>(2)</sup></b>					<b>+36.5%</b>
<b>Digital KPIs</b>					
<b>Ladbrokes.com plus Exchanges<sup>(2)</sup></b>					<b>+38.4%</b>
Sportsbook <sup>(2)(4)</sup>					+59.0%
Gaming <sup>(4)</sup>					+27.3%
<b>Ladbrokes Australia (local currency)</b>					<b>+38.4%</b>
<b>European Retail net revenue</b>					<b>+6.5%</b>

### Driving recreational customer growth:

- UK Retail: estate wide SSBTs and focused call-to-action offers deliver football stakes +9.0% and gross win +87.6%
- Multi-channel underpinned by colleague reward programme delivers a further 43,000 actives in Q1
- 73 shops refurbished under first phase of targeted UK Retail capital expenditure programme
- Ladbrokes.com sportsbook net revenue +59.0%<sup>(2)</sup>, actives +27.8%; 9th consecutive quarter of YoY staking growth
- Ladbrokes.com strong gaming actives +43.8% helping deliver 6<sup>th</sup> consecutive quarter of YoY net revenue growth
- Australia: sustained marketing and sponsorship activity delivers increased actives and recreational customer base
- Disciplined and consistent approach to trading and pricing on key sports and festivals

### Jim Mullen, Chief Executive, commented:

“We have had an encouraging start to the year. Results throughout the first few weeks were largely in our favour and our customer metrics have continued to be strong. In Retail the favourable margin trends inevitably began to take their toll on customers’ staking levels. We see plenty of evidence that indicates our plan is working but we are still early in our turnaround strategy and our priority remains on continued growth in our recreational customer base.

“Our focus remains on best in class customer service, superior quality of product and maximising the multi-channel potential of our business. We continue to be pleased by the reaction to our increased marketing, our products and multi-channel proposition. We have enjoyed record weeks across key metrics including actives and staking in digital, SSBTs and multi-channel sign ups in retail.

“We will continue to deliver the strategy I laid out last summer to engage the recreational customer and reinforce our status as the nation’s favourite bookmaker. At Cheltenham we were reminded of the intense competition with offers and pricing at levels which, in our view, abandoned bookmaking principles. We competed hard but refused to pursue unsustainable strategies and our stance remains that we will compete where we know we can get the right returns from the right customers.

“We are currently a little ahead of our plans on key customer metrics and benefited from favourable results up until Cheltenham. However, experience tells us to expect results to normalise over time. We remain confident to deliver a result in line with our expectations.”

## DIVISIONAL PERFORMANCE

In UK Retail, net revenue increased by 4.1%. Despite significantly higher OTC margins, on a like for like basis, OTC staking was broadly flat driven by good football staking growth and SSBTs. Overall, OTC net revenue increased by 8.0%, with staking down 1.3% and OTC gross win margin increasing by 1.8ppts to 17.5%. Amounts staked through SSBTs rose 172.5% year on year reflecting our first full quarter with our enlarged SSBT estate. Machines net revenue grew 1.1% (like-for-like 2.9%) benefitting from our sustained focus on introducing and promoting lower staking slots and B3 content.

Our retail colleagues delivered ahead of our multi-channel targets with a further 43,000 actives delivered in Q1 underpinned by our reward programme.

In Digital, Ladbrokes.com and Exchanges net revenue increased by 38.4%<sup>(2)</sup> with strong growth in both sportsbook and gaming. Sportsbook actives were up 27.8% and stakes up 35.2%<sup>(2)</sup> - the 9<sup>th</sup> consecutive quarter of year on year growth - which coupled with improved margins at 7.9% resulted in sportsbook net revenue rising 59.0%<sup>(2)</sup>. Mobile staking increased by 57.6% and now accounts for 77.1% of sportsbook staking. Gaming delivered its 6<sup>th</sup> consecutive quarter of year on year growth with net revenue up 27.3%. In Australia, on a local currency basis staking was up 51.5% and revenue was up 38.4% driven by an 86.9% increase in actives.

In European Retail we saw net revenue up 6.5% (8.4% on a constant currency basis). In Belgium<sup>(3)</sup> OTC amounts staked have increased 21.2% driven by the investment in SSBTs and virtual products. In Ireland, OTC staking was down 7.9% reflecting the smaller shop estate following the Examinership process last year but on a like for like basis was up 6.8%.

In Belgium we note comments circulating that the Federal government is considering raising additional tax on private sector betting and gaming activities. We await further clarification and potential for appeal if required.

## SPORTING CALENDAR

The Grand National gave a timely reminder of the undiminished popularity of the event that gives us the National Betting Day. Our Marketing campaign positioned us as the Nation's Favourite bookmaker and a win for Rule The World (SP 33/1) delivered a welcome contrast to Cheltenham.

Despite significant 'cash out' take-up from customers, we still have a liability of c.£3m should Leicester City win the Premier League.

A key focus in Q2 will be to prepare Ladbrokes for the upcoming European Championships. We are looking forward to the expanded tournament but expect that this will make many of the Group stage fixtures more predictable. We may have to wait until the knock-out stages for the more competitive clashes to deliver a successful tournament. Recent wins under Roy Hodgson have seen liabilities increase around the England team but France remain favourites followed closely by Germany and Spain.

## LADBROKES CORAL MERGER

Yesterday the CMA updated their administrative timetable to extend the timescale until mid-May for the publication of their provisional findings and possible remedies (if required). We continue to work with them and remain confident of our case for the merger.

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## Quarterly trends Table

YoY (except where stated)	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q1 2016 excluding HVC <sup>(2)</sup>
<b>UK Retail</b>							
OTC Amounts Staked	(6.8)%	(4.8)%	(5.6)%	+1.6%	+1.1%	(1.3)%	na
SSBT % OTC staking	3.1%	3.5%	3.6%	5.3%	8.3%	9.8%	na
OTC Gross Win Margin	15.6% (1.5)pp	15.7% (0.5)pp	16.2% (0.3)pp	15.5% (1.5)pp	17.3% +1.7pp	17.5% +1.8pp	na
Machine Gross Win growth	+5.9%	+12.2%	+4.3%	+4.6%	+3.7%	+1.5%	na
Machine Gross Win per shop per week	+9.8%	+16.4%	+8.7%	+8.6%	+6.4%	+4.1%	na
<b>Total Net Revenue</b>	(2.4)%	+4.3%	(1.7)%	(1.0)%	+6.5%	+4.1%	na

<b>Ladbrokes.com plus Exchanges<sup>(4)</sup></b>							
<b>Total Net Revenue</b>	+3.4%	(8.4)%	(5.5)%	+5.7%	+25.1%	+57.2%	+38.4%
<b>Sportsbook Net Revenue</b>	(7.0)%	(31.5)%	(23.0)%	(0.5)%	+53.8%	+122%	+59.0%
Sportsbook Amounts Staked	+29.5%	+28.8%	+12.7%	+34.1%	+43.9%	+12.4%	+35.2%
Mobile Sportsbook Amounts Staked	+114%	+62.7%	+66.5%	+69.0%	+77.3%	+57.6%	na
Sportsbook Actives	+14.3%	+18.5%	(5.4)%	+1.7%	+25.5%	+27.8%	na
Sportsbook Gross Win Margin	6.5% (1.7)pp	4.0% (2.5)pp	6.3% (2.8)pp	6.8% (2.1)pp	7.0% +0.5pp	7.9% +3.9pp	7.9% +1.6pp
<b>Gaming Net Revenue</b>	+9.3%	+13.0%	+19.1%	+11.5%	+10.3%	+27.3%	na
Gaming Actives	+23.3%	+34.5%	+13.2%	+29.4%	+41.5%	+43.8%	na

<b>Ladbrokes Australia (AUD)<sup>(3)</sup></b>							
<b>Net Revenue</b>	+253%	+132%	+73.6%	+26.3%	+76.3%	+38.4%	na
Sportsbook Amounts Staked	+38.6%	+77.8%	+52.7%	+61.4%	+63.0%	+51.5%	na
Sportsbook Actives	+144%	+138%	+65.9%	+88.8%	+60.2%	+86.9%	na
Sportsbook Gross Win Margin	9.6% +4.4pp	9.8% +2.4pp	9.5% +0.8pp	8.3% (1.2)pp	11.3% +1.7pp	9.8% flat	na

(1) Excluding High Rollers. Year on year performance except where stated

(2) Adjusted for the impact of losses following significant HVC activity in Q1 2015

(3) Constant currency basis; Australia quarterly data as reported, not pro forma

(4) Sportsbook and Gaming are related to Ladbrokes.com only