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LAD.L - Q3 2016 Ladbrokes PLC Trading Statement Call

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CORPORATE PARTICIPANTS

Jim Mullen *Ladbrokes PLC - CEO*

Richard Snow *Ladbrokes PLC - Acting CFO*

CONFERENCE CALL PARTICIPANTS

Gavin Kelleher *Goodbody - Analyst*

Vaughan Lewis *Morgan Stanley - Analyst*

Lisa Chang *BofA Merrill Lynch - Analyst*

Jeffrey Harwood *Stifel - Analyst*

Richard Stuber *Numis - Analyst*

Phil Bagguley *BNP Paribas - Analyst*

Ivor Jones *Peel Hunt - Analyst*

Joe Thomas *HSBC - Analyst*

Alistair Ross *Investec - Analyst*

PRESENTATION

Operator

Good day and welcome to the Ladbrokes third quarter trading update conference call. This call is recorded.

I would like to turn the conference over to today's host, Mr. Jim Mullen. Please go ahead.

Jim Mullen - Ladbrokes PLC - CEO

Good morning everyone and welcome to the Ladbrokes Q3 trading update. I have in the room with me today our CFO, Richard Snow. And between us, we will run through this set of numbers. I'll then be happy to take some questions or any questions you may have.

Now I spoke to you all in August soon after the Euros had finished and I promised and pointed you towards an encouraging first half of the year. I warned that sporting results would turn against us at some point. But I wanted to show you how the Ladbrokes we actually run today is better placed to handle the mixed set of results that we might face.

These are a set of numbers which show that our strategy of attracting recreational customers is continuing to deliver. This is the fourth consecutive quarter of year-on-year net revenue growth. And we've sustained a strong margin in spite of some brutal racing festivals. But more on that from me later.

I'm also well aware of the fact that you're likely to want to know a bit more about the status of our proposed merger with Coral. So let's meet that head on. These are likely to be the last set of Ladbrokes standalone numbers. And the next time we present to you will be as part of the merged company.

We are very close to completing the merger. Now you'll recall, the CMA instructed us to divest some shops to fulfil that requirement. And over the weekend, we announced the sale of these shops to Betfred and Stan James. We will shortly publish the prospectus and I expect the merger to complete in the next two to three weeks.

Our sector very clearly is consolidating. We identified the merger with Coral as an opportunity to accelerate the Ladbrokes turnaround and grow our scale, and we wanted to remain in control of our destiny. I knew that to make it a success, we had to arrive at the merger showing real evidence that our strategy was working and we had momentum. Today, I think we're providing more evidence that we're getting these things right.

Now Richard will take you through some key numbers. Then I'll wrap things up with some final thoughts before we take some questions.



Richard, please, over to you.

Richard Snow - Ladbrokes PLC - Acting CFO

Thanks, Jim. Let me briefly run you through the key numbers for the quarter. At a Group level, we saw net revenue increase by 12.1%, broadly in line with the first two quarters of this year. In UK retail, net revenue increased 1.9%, or about 2.3% on a like-for-like basis.

OTC staking was down 4.3%. Or about 3.9% adjusted for shop closures. Now this reflects more normal trends associated with higher OTC gross win margins, which were 16.1%. Were 0.6 percentage points higher than Q3 last year. And adjusted for the impact of the Goodwood and York racing festivals, would have been about 1.5 percentage points higher than last year. Overall, OTC net revenue was broadly flat. Again, the trend materially better than the pre-plan A strategy trends in OTC retail.

UK retail machines had another strong quarter of growth, with net revenue up 4% and gross win per terminal per week at GBP1062, was up 6%.

In our digital division, overall net revenue grew by 48.2%. In Ladbrokes.com and exchanges, net revenue grew 32.7% and I'd remind you, we're now lapping the beginning of the organic strategy launched last year and the increased marketing spend rate of Q3 2015.

Despite, therefore, the tougher comparatives, Ladbrokes.com continues to deliver strong growth, with sportsbook staking up 26.2%, actives up 35.6% and gaming net revenue growing 23.7%, its eighth consecutive quarter of year-on-year growth.

Although sports margins were impacted too by the racing festivals, at 7.7% they still improved year-on-year as we're now benefiting from an increased recreational customer base and the higher margins associated with those customers. As a result, sportsbook net revenue increased by 47.9%.

In Australia, we continued to outgrow the market and delivered net revenue growth of 89.6% on a constant currency basis, with strong growth across all metrics, including a higher gross win margin where we're also benefiting from an increased recreational customer base. Overall, our marketing spend in Ladbrokes.com and Australia was in line with our plans.

Moving onto European retail and all on a constant-currency basis, Belgium staking was up 9.5%, primarily driven by our investment in SSBTs. Net revenue was up 4.1% and was impacted by lower gross win margins in Belgium. In Ireland, OTC staking was up 7.9%. with like-for-like Republic of Ireland staking growth of 6.4% as customers respond to our more competitive localized promotions.

Before I move off our international operations, I would remind you that although reported net revenue will benefit from sterling's weakness against the euro and the Australian dollar, the PBIT impact is much lower with Australia running breakeven, small profit, as they focus on revenue and market share growth. And with Belgium retail's profit contribution being partly offset by digital operation where we continue to focus on growth and development losses will continue.

So in summary, after five quarters of the Group's new strategy, we've managed to maintain momentum and deliver another quarter of strong financials which has been underpinned by a solid operational performance. Despite the significant industry-wide losses at Goodwood and York, our overall results are good and we remain confident of delivering full-year results in line with our expectations.

Now back to you, Jim.

Jim Mullen - Ladbrokes PLC - CEO

Thank you, Richard. As Richard highlights, the customer metrics tell what we believe is a very encouraging story. We've posted our fourth consecutive quarter of year-on-year net revenue growth, our eleventh of sportsbook staking growth and our eighth of gaming growth.

We've had some good fortune in football, but the major horse festivals in Q3 were -- honestly, were dreadful. Goodwood and then York were lossmaking meetings and frankly 2016 has been a year to forget for the bookies with regard to racing.

However, I'm well aware that a bleating bookie rarely gets sympathy. And whilst we can't do anything about the sporting results, we are now better placed to withstand the impact of those bad results. And that is the message to hear.



That's why I'm pleased to see our margin is resilient. It gives me confidence that the customers we're attracting are the right customers for our business. Now we're not immune to a run of bad results. And I will say again, that this will happen again. I worry about the upcoming spring carnival in Australia which was so expensive a couple of years ago. And I worry about another Boxing Day like 2014.

I worry about the spectre of Willie Mullins and co. returning to inflict more damage this winter. But I'm also reassured. I'm reassured by key customers, particularly the recreational customers, responding to our rollout of bet stations in retail when I see all of our key digital metrics going in the right direction. And when I look at our football product, which is up there with the very best.

Now a word on bet stations. You'll know I've been an advocate of them as a core element of the recreational retail experience. On October 2 earlier this month, we had our first GBP1 million turnover Sunday. The customer is responding. And in retail, we've recruited over 120,000 customers since we launched our digital platforms which show that our multichannel initiatives are working.

Now I won't ignore the decline in OTC staking. Ultimately the bookie-friendly margin was likely to take its toll with customers feeling the effects of several months of shock results. But whilst I won't use that as an excuse, nor will I make judgements on one quarter alone. I still believe we are taking market share from our rivals and within the context of the wider industry, our numbers will hopefully look good.

When I look at Australia, where some of our competitors have seen a decline in their sportsbook revenues, I see an operation that continues to motor. Actives up over 40%, staking up over 50% and net revenue up almost 90%. We're continuing to do well down under.

Now, I won't get carried away. Our focus will be to continue to capitalize on the encouraging metrics as we merge with Coral. And now seems like a good time to take some questions. Thanks.

QUESTION AND ANSWER

Operator

(Operator Instructions). We will now take our first question from Gavin Kelleher, Goodbody. Please go ahead.

Gavin Kelleher - Goodbody - Analyst

Morning, Jim, morning Richard. Just on machines, could you give a percentage of how much B3 content accounted for in the quarter?

And then on horse racing, could you just give us some color? Obviously margin was bad on horse racing in the period. But is there anything from a competitive perspective in horse racing that's got worse in the period?

And just on the 4% wager decline in OTC stakes in retail, was that consistently 4% down throughout the quarter?

Jim Mullen - Ladbrokes PLC - CEO

I think the slots and the B3 percentage is, I believe, 42%. But we'll just check that for you. Is that right, Richard?

Richard Snow - Ladbrokes PLC - Acting CFO

That's right, yes.

Jim Mullen - Ladbrokes PLC - CEO

It's 42%. On horse racing, Gavin, I think it's got better since the madness of Cheltenham. But I still think it's uber competitive where the festivals are becoming still an acquisition play for most of the sector. Which basically means that we have to play but not to the extent of some of the rich authors. So I think that has been demonstrated.



I also think if you look at some of the quality of the fields with regard to some of the festivals that we've seen -- and it's one of the other reasons why it's been favorable to our customers. Now I actually think that in retail in particular, we're probably the most competitive with our BOG and our BOG Plus. Which comes back to the thing that I keep saying, Gavin. I know you asked the questions about it, about margin is a marketing investment.

And we will continue to do that if we believe that a product is efficient enough to recycle those stakes, which we believe that it is. However, in saying that, the favorable football results did balance the year for us.

Richard, would you like to --?

Richard Snow - Ladbrokes PLC - Acting CFO

Yes, just in terms of the phasing. I'm not going to give you a week-by-week or month-by-month phasing in terms of the staking trends. But what I think we did notice, Jim, was the strong Euros and then certainly some, what looked like, weather impact when we look at our models. During the summer where we had a particular hot period and again in September. So it's a real mix in terms of that trend, Gavin.

Gavin Kelleher - Goodbody - Analyst

Okay, cool. Thanks Richard, thanks Jim.

Jim Mullen - Ladbrokes PLC - CEO

Okay.

Operator

We will now take our next question from Vaughan Lewis, Morgan Stanley. Please go ahead.

Jim Mullen - Ladbrokes PLC - CEO

Hi, Vaughan. Vaughan's gone.

Operator

Mr. Lewis, please ensure that your line is unmuted.

Vaughan Lewis - Morgan Stanley - Analyst

Hello, can you hear me?

Jim Mullen - Ladbrokes PLC - CEO

Hi Vaughan.

Richard Snow - Ladbrokes PLC - Acting CFO

We can Vaughan, yes.



Vaughan Lewis - Morgan Stanley - Analyst

Sorry, phone problems. Just following on on horse racing. Is Best Odds Guaranteed Plus, is that profitable for you? And are you concerned with competitors copying that now?

Also on horse racing, if this 10% levy is imposed, what would the impact be to you next year in terms of millions of extra cost?

And then finally on Australia, can you just expand on the management changes there and what's driving that and how well positioned the new management team is? Thanks.

Jim Mullen - Ladbrokes PLC - CEO

Yes, on BOG Plus, yes, it is profitable for us. Low single-digit. Yes, so it works for us. What I will say, Vaughan, though, is that you need to be prepared to give away some margin to actually make that work.

Again, I've been saying this for nearly two years now, Vaughan. Our margin is a marketing investment. Do I expect people to copy it? They haven't. I fear that they will. I think Bet365 may have copied it but I also fear that they will. But I think we've got a competitive advantage with that product.

10%, I knew it was coming up, it's a good question. I'll tell you where I am on that. We are seeing the Minister this week and I will be hoping to hear a very coherent logic to where that 10% number came from. And based on that coherent logic, we'll have a logical debate about whether or not it takes into account the wider income that racing get from media.

So I will hold judgment until that point, Vaughan. But you know my style, you will hear from me on it.

Richard Snow - Ladbrokes PLC - Acting CFO

It's probably a financial impact if that was the number, Jim, of low-single digit, GBP3 million, GBP4 million, something like that.

Jim Mullen - Ladbrokes PLC - CEO

Yes, low single-digit.

And on Australia, Paul Cherry who's going to be the CEO-designate of Australia, he's been with the firm right from the very beginning. He's the guy who's on the detail. Paul and I now engage on a weekly basis.

Paul was always going to step into Dean's shoes. We made the announcement this summer. We have a succession plan. And if you look at some of the numbers there, particularly that 90% net revenue growth, Paul is all over that.

So we're comfortable with Paul. And Dean hasn't run away, Vaughan. He's still there and he's doing a proper handover.

Vaughan Lewis - Morgan Stanley - Analyst

Great, thank you very much.

Jim Mullen - Ladbrokes PLC - CEO

Okay.

Operator



We will now take our next question from Lisa Chang, Bank of America.

Lisa Chang - BofA Merrill Lynch - Analyst

Hi, thanks for taking my question. So I was wondering if you could comment on the shop disposals announced yesterday? For example, what were the criteria for choosing them? I think the amount, the GBP55.5 million came in much lower than expectations.

And also, if there's been any threat of delay to the completion on the merger with BoyleSports coming out saying they're going to state their concerns to the CMA?

Richard Snow - Ladbrokes PLC - Acting CFO

Perhaps, Jim, if I just take that. I think we had a number of bids and the Board looked at a number of factors, price of which was one. You obviously had to look at the people buying, whether the CMA viewed that they were suitable to provide appropriate local competition and meet the CMA's concerns in the marketplace. You had to look at certainty of financing and certainty of completion.

So taking all of those things together and the much bigger prize of the value being created in this merger, it selected to execute a transaction with Betfred and Stan James this weekend.

In terms of market expectations, they were your expectations. We've never given a number that you should assume. But there was a competitive process. But at the end of the day, this was a forced sale to comply with CMA requirements.

Jim Mullen - Ladbrokes PLC - CEO

Yes.

Richard Snow - Ladbrokes PLC - Acting CFO

And I think probably, Jim, that's -- in terms of selection, that is done in partnership with the CMA. I wouldn't wish to comment further. Clearly they worked with us on the portfolio and defined it before we launched the disposal process.

Jim Mullen - Ladbrokes PLC - CEO

Yes, and Lisa, I would remind everyone that obviously the sale of these shops allows us to deliver the synergies, allows us the opportunity of the scale and to carry on with what we still believe is a positive merger for Ladbrokes and Coral.

Lisa Chang - BofA Merrill Lynch - Analyst

Great. So could you confirm that even though one of your competitors is submitting concerns to the CMA, you don't think there will be a delay or risk?

Richard Snow - Ladbrokes PLC - Acting CFO

We think that the people who bought this portfolio were very strong providers of competition in the local marketplace.

Jim Mullen - Ladbrokes PLC - CEO

Yes. They have experience of running an estate, so --



Richard Snow - Ladbrokes PLC - Acting CFO

We're not going to comment further on their views.

Jim Mullen - Ladbrokes PLC - CEO

Yes.

Lisa Chang - BofA Merrill Lynch - Analyst

Okay, great, thank you.

Jim Mullen - Ladbrokes PLC - CEO

Thanks, Lisa.

Operator

We will now take our next question from Jeffrey Harwood from Stifel. Please go ahead.

Jeffrey Harwood - Stifel - Analyst

Yes, good morning. Just a couple of questions. First of all, on the tri-annual review. It's clearly been delayed for an extensive time period. Do we think the review will take the same form as it did in 2013?

And can you just update us on exposure to high staking play of above GBP50? And if the stake was reduced from GBP100 to GBP50, how serious do you think that would be?

And then secondly, just on the answer to Vaughan's question on the levy, presumably that related to the effect on Ladbrokes as opposed to the effect on Ladbrokes Coral?

Jim Mullen - Ladbrokes PLC - CEO

Yes, that's right.

Richard Snow - Ladbrokes PLC - Acting CFO

Yes, the last bit you're absolutely right. I can't speak for the Coral guys.

Jim Mullen - Ladbrokes PLC - CEO

Yes, that was just Ladbrokes.

Jeffrey Harwood - Stifel - Analyst

Sure.



Jim Mullen - Ladbrokes PLC - CEO

So just on the triennial, we get a lot of these questions. I really don't want to speculate. The message again is that we think the facts and an evidence-based approach about machines is a very strong argument to highlight the fact that it is not or has not been a significant factor in increase of problem gambling.

And if that debate can be had with the facts and not the crack-cocaine hysteria that we're hearing in the press then we think there is a strong case for it for us. And I am hoping sensible minds will be across the table when we have that discussion.

But I'll also say as well, is that even though we talk about, I think it's 50% to 54% machine split in the --?

Richard Snow - Ladbrokes PLC - Acting CFO

Yes.

Jim Mullen - Ladbrokes PLC - CEO

Yes, the split. I think the retail estate is much more than that. You look at our multichannel numbers, you look at how we can deliver competitive product with our BOG Plus. And obviously I just want to highlight that as well. It's not just about machines in the retail estate.

Richard Snow - Ladbrokes PLC - Acting CFO

Yes, I think that, Jeffrey, about 10% now of our gross win comes from spins or sessions involving a spin at GBP50 and above. Clearly that number was much bigger historically. I'm not going to give you the full split below that. But I think the industry managed the change to registered play at GBP50 and above rather effectively last year.

Jim Mullen - Ladbrokes PLC - CEO

Yes, and again, just to finish and trying to give you some confidence, is that Ladbrokes -- and actually of industry but I can only speak on Ladbrokes -- we have significant experience in mitigating impacts of the regulation that we've seen in the past. When you look at the spin cycles, when you look at the share of spins, how you can encourage customers to play on different levels of staking.

So we're well placed to manage it. But again, we just want to have a fact-based, evidence-based discussion.

Jeffrey Harwood - Stifel - Analyst

Sure, okay, thank you.

Operator

(Operator Instructions). Our next question comes from Richard Stuber from Numis. Please go ahead.

Richard Stuber - Numis - Analyst

Hi, good morning. Just two for me, please. First of all, on SSBTs, it looks like the percentage of OTC staking has stayed relatively flat at 9.8% Q3 2016 versus Q1. Do you see any sort of further growth in there? I know in the half year you're saying that you still haven't got your full product on the SSBTs. So any color on that will be great.

And a second question is on the merger completion. Over the next two or three months, will you be reporting any milestones so we can see how well the integration is going? Thank you.



Jim Mullen - Ladbrokes PLC - CEO

Do you want to take that?

Richard Snow - Ladbrokes PLC - Acting CFO

Look, if I do the SSBTs first, thank you, Richard. The answer is, is that you're right on in terms of percentage. But in Q3, you obviously have a lighter football program. So I expect in Q4 the percentage will be higher.

It will rise over time. We've just launched horses during Q3 and that is beginning to move as well. So I think it'll increase. But we're not going to give you a forecast as a percentage. It's clearly a meaningful product. We still see that 30% of the gross win looks like it's coming through as incremental, so that's encouraging.

Jim Mullen - Ladbrokes PLC - CEO

And Richard, just on the merger. I think in actual, this Q3 in Coral's recent results are in themselves a milestone about the good work that's been done in both firms, with the integration requirements that has been taking resources.

So I think those in themselves have been milestones which we've delivered on. This is a Ladbrokes call but that's credit to the Ladbrokes team, and on the previous Coral numbers, it's credit to them. I can't give you any specifics because I'm not allowed to. We're still Ladbrokes. Carl and Paul and Andy there are still the Coral team. So I can't give you specifics on that.

What I can say is that subject to approval, we'll be looking to maintain the momentum. We have some good momentum in both firms and that'll be the focus when they come together formally.

Richard Stuber - Numis - Analyst

Okay, thank you.

Richard Snow - Ladbrokes PLC - Acting CFO

Thanks, Richard.

Operator

We will now take our next question from Phil Bagguley from BNP Paribas.

Phil Bagguley - BNP Paribas - Analyst

Hi, thanks for taking my questions. Just on the shop disposals, I guess just to come back to Lisa's point earlier, I think people were expecting GBP100 million, GBP125 million contribution from those sales. And when it comes in at GBP55 million, that seems to more than offset the synergies that we expect from the merger.

Was that considered in the evaluation of the sale?

Richard Snow - Ladbrokes PLC - Acting CFO

Sorry, do you have any other questions, Phil, before I answer that one?



Phil Bagguley - *BNP Paribas - Analyst*

Yes.

Richard Snow - *Ladbrokes PLC - Acting CFO*

The answer is -- look, let me just answer that. Yes, of course. When you look at this, we always knew we were going to get a substantial discount, that's what we were advised by our advisors. There's synergies here, just the cost synergies of at least GBP65 million, which Jim and Paul and the team are going to be delivering. At an appropriate multiple, the price here is very big.

There is a cost, this is one of the frictional costs of doing it. As you know, Jim was on record, he would be delighted to have kept all of the shops in the retail estate.

Jim Mullen - *Ladbrokes PLC - CEO*

Yes.

Richard Snow - *Ladbrokes PLC - Acting CFO*

The CMA came with 350. That itself was maybe half of what most analysts were expecting us to sell. I know the answer. In terms of your] expectations.

Jim Mullen - *Ladbrokes PLC - CEO*

Yes, Phil, just to be absolutely clear, there is a bigger prize here. The synergies are at least the GBP65 million that Richard spoke about. The scale, particularly when you have two firms who know how to deliver omni-channel -- and I won't get into the yield numbers. You've heard me chunter on about that before.

And also, just bear in mind the complexities of the timetable that the CMA rightly put upon us to deliver this divestment and the certainty that we had to give not least the shareholders but our colleagues so as that we could move forward and deliver an integrated group.

So that's why I'm comfortable where we are. And now we can get on, subject to approval, of seeing all the benefits of this coming together.

Richard Snow - *Ladbrokes PLC - Acting CFO*

Yes, you're absolutely right. The price achieved was lower than that which you were expecting. Thanks, Phil.

Phil Bagguley - *BNP Paribas - Analyst*

Okay, thanks. And then I guess the last one is just, in terms of the regulatory risk, you said how well the industry has managed, stake reductions and the GBP50 journey for example and other effects before. Do you think that could encourage a change in policy, perhaps, given the resilience of operators?

Jim Mullen - *Ladbrokes PLC - CEO*

It's a difficult one, Phil. Obviously this is the analyst, the big brains, rather than the media call. We were saying that we don't want to speculate. But it's difficult to speculate on this, because the triennial itself, we know that it's coming, but it's only been speculation. If I can sit down with my analysts I have internally and talk about the data and the evidence of machine play then for our sector it is compelling, despite what you read in the press. That's all I ask for.

Put us in a room together with sensible people, I think we can win the argument. But that's what we're praying for when it comes out, Phil. It's all I can give you at the moment, Sir.



Phil Bagguley - BNP Paribas - Analyst

Okay, thanks.

Operator

We will now take our next question from Ivor Jones, Peel Hunt. Please go ahead.

Ivor Jones - Peel Hunt - Analyst

Morning. Jim, you said that you wanted to maintain the momentum in the business. And in your online business, you've prioritized growth over profitability. And Coral has been growing a bit less but has been delivering more profit. What will the strategy be for the merged online business?

Jim Mullen - Ladbrokes PLC - CEO

It'll be very similar, Ivor, actually. I think if you remember 18 months ago, two years ago, all of the shareholders and investors who basically supported our dividend cut and the profit rebasing to basically inflate and build this recreational scale, and I think now we have it. The second layer of that was to bring the multichannel, which shows you a very, very low CPA.

I am absolutely excited about working with the managing team at Coral who will have an estate of 3700, 3800 to further enhance our omni-channel growth. So the momentum will be maintained, Ivor. It'll just be maintained through a larger scale through a retail estate.

So look, I don't want to comment on any of the long-term KPIs that we're going to hit. But that momentum position shouldn't change because we're merging with Coral.

Ivor Jones - Peel Hunt - Analyst

So should I think about marketing spend for the Group in the online business as a blend of the two components? Or should I expect it to step up on expense and revenue (multiple speakers).

Richard Snow - Ladbrokes PLC - Acting CFO

Ivor, this is a call today about Ladbrokes -- as Jim said, this is probably Ladbrokes' last standalone set of results. Those kinds of things, I think they're very reasonably questions. But Jim, I think that's really for you and Paul at the new Board to (multiple speakers).

Jim Mullen - Ladbrokes PLC - CEO

Yes. When we come and see you, we can answer those questions. It wouldn't be appropriate. This is -- as Richard said, it's probably just for Ladbrokes at the moment, Ivor. But we will -- I'm willing to take the question post-completion.

Richard Snow - Ladbrokes PLC - Acting CFO

In due course, yes.

Ivor Jones - Peel Hunt - Analyst

Very good, thank you very much.



Operator

We will now take our next question from Joe Thomas, HSBC.

Joe Thomas - HSBC - Analyst

Morning, gents. Just one question about the online gross win margin. You did say at the H1 results that you were expecting a margin for this year at 7.25%. Well, you're comfortably exceeding that in Q3 and that's despite the adverse horse racing results.

Can you perhaps just explain a little bit further what has driven that? And why you aren't upgrading your guidance in light of this strong gross win margin performance that you're seeing in that division?

Richard Snow - Ladbrokes PLC - Acting CFO

Well Joe, as you know, in terms of the economics, firstly absolutely right. The target margin, the 7% to 7.5%, we did better than that despite the racing. It was because of the Euros. But it is particularly because football has been favorable and particularly good in terms of our online business. They're the key drivers of the mix.

In terms of numbers and everything, obviously your consensus is for you to work out. We've told you that our Q3 performance is supportive of our full-year expectations, which we have not said that we've changed.

And I think you should always assume that what Jim says, if I remember back in August, if there are incremental pounds to put to work, we will consider spending them on marketing to maintain the momentum of the business going forward.

Jim, do you have a perspective?

Jim Mullen - Ladbrokes PLC - CEO

Yes, Joe, I don't want to come across as the doom-monger and we're all doomed scenario, but I just want to remind everyone we've got a spring carnival in Australia which is coming up and Vaughan in particular would know the expense that that cost us.

We've got Boxing Day; we've also got a full football card on the 31st. So it's like having two Boxing Days in December. And then we've got -- well, my racing experts tell me, although I knew, is that all the favorites are going to win in these jump seasons that are coming up.

So you talk about the margin, I would like to say I'm glad that I have it because we've got a tumultuous period coming up, that we're well positioned to cope.

Joe Thomas - HSBC - Analyst

Thank you.

Operator

(Operator Instructions). Our next question comes from Alistair Ross, Investec. Please go ahead.

Alistair Ross - Investec - Analyst

Morning guys. You mentioned the Fourth AMLD in your statement. I'm just wondering if that is transposed into UK law, what risk do we see around that? And I guess, how different is that to the third edition of the Prevention of Money Laundering and Combating the Financing of Terrorism Act?

Richard Snow - Ladbrokes PLC - Acting CFO



I think it's too early to say, Alistair. You've written some quite good pieces on regulation over the last six months. As you know, it's consultation, which risk buckets we put in and then once they determine which risk bucket, what are the procedures one might do around identification of link transactions. I think it's just too early to tell.

Jim Mullen - Ladbrokes PLC - CEO

Yes, what I would say, you're right Richard, but we are working with the Treasury, which has started the consultation. There is a meeting next week or the week after that we're keeping close to it. So I think probably that's as much as we can say that moment.

Richard Snow - Ladbrokes PLC - Acting CFO

As much as we can say now, okay, thank you.

Alistair Ross - Investec - Analyst

Do you know what the process around that is? I know that evidence needs to be submitted by November 10, but do you know what the process is thereafter?

Jim Mullen - Ladbrokes PLC - CEO

I couldn't tell you off the top of my head, Alistair. But I'm happy to get back to you when I speak to the --

Richard Snow - Ladbrokes PLC - Acting CFO

Yes, when we know.

Jim Mullen - Ladbrokes PLC - CEO

Yes, when we know.

Richard Snow - Ladbrokes PLC - Acting CFO

These things are complicated.

Alistair Ross - Investec - Analyst

Lovely.

Jim Mullen - Ladbrokes PLC - CEO

Yes, the external affairs team might know. I'll check and if we do, we'll get back to you.

Alistair Ross - Investec - Analyst

Thanks both, cheers.

Jim Mullen - Ladbrokes PLC - CEO



Okay.

Operator

(Operator Instructions).

Jim Mullen - Ladbrokes PLC - CEO

Doesn't look as if there's any more.

Richard Snow - Ladbrokes PLC - Acting CFO

Jim, do you want to wrap up?

Jim Mullen - Ladbrokes PLC - CEO

Yes, just for everyone, thanks for obviously all of you observers over the last number of quarters since we've started the turnaround plan, hopefully we've answered your questions.

Obviously this is still subject to CMA approval but I would like to just explicitly -- which is probably not normal order -- to thank Richard for all of his support during this time. He's obviously been very, very supportive ongoing. But hopefully you know Richard and you'll be able to offer your thanks to him as well. So thank you, Richard, and I'll finish the call.

Operator

Ladies and gentlemen, that will conclude today's conference call. Thank you for your participation. You may now disconnect.

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