

Our business at a glance

UK Retail



Digital



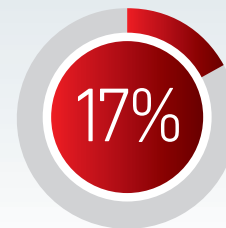
Ladbrokes is a familiar name on British high streets. Revenue is driven by traditional over the counter betting on football, horseracing, greyhounds and other sports and by gaming machines.

We have made significant progress in transforming our Digital business. Better technology, an increasingly competitive customer offer and a new sportsbook for online and mobile to come, places us in a strong position to grow the business.

Percentage of Group net revenue⁽¹⁾



Percentage of Group net revenue⁽¹⁾



Average number of shops

2,151
+2.3%

Net revenue⁽¹⁾

£739.5m
+8.2%

Unique active players

1,010,000
+15.0%

Net revenue⁽¹⁾

£178.1m
+9.0%

Operating profit⁽¹⁾⁽²⁾

£180.7m
+18.6%

Number of customers⁽³⁾

1,443,000
+0.3%

Operating profit⁽¹⁾⁽²⁾

£31.8m
-39.3%

Mobile actives as a percentage of total

33.4%
+11.2 percentage points

Notes:

- ⁽¹⁾ Excluding High Rollers.
- ⁽²⁾ Profit before tax, net finance expense and exceptional items.
- ⁽³⁾ Estimate based on data provided by Odds On.
- ⁽⁴⁾ Includes Belgian newsagent outlets and Spanish corners.

To read more please see page 16

To read more please see page 18

European Retail



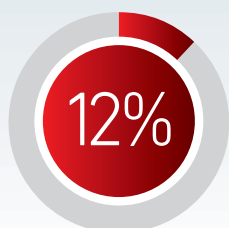
Telephone



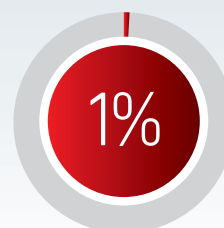
We operate successful retail businesses in Ireland, Belgium and Spain, where our joint venture Sportium enjoys increasing brand recognition and is growing strongly.

Despite a growing customer preference for betting on mobile, traditional telephone betting remains popular with a significant number of customers. We also operate a telephone service for our High Roller customers.

Percentage of Group net revenue⁽¹⁾



Percentage of Group net revenue⁽¹⁾



Number of shops/points of sale⁽⁴⁾

957
+25.8%

Net revenue⁽¹⁾

£126.2m
+1.7%

Number of bets

4,549,267
-21.6%

Net revenue⁽¹⁾

£9.5m
+0.0%

Operating profit⁽¹⁾⁽²⁾

£20.2m
+50.7%

Staff cost per bet

£0.87
+4.4%

Operating loss⁽¹⁾⁽²⁾

£(1.5)m
+62.5%

To read more please see page 17

To read more please see page 19

Chairman's statement

Peter Erskine considers business performance, the role of corporate governance and how Board changes position Ladbrokes for 2013.



Peter Erskine
Chairman

Dear Shareholder

2012 has seen Ladbrokes continue on its upward path with record revenues in our UK Retail business, continued improvement in our Digital offering, some advances internationally and the continued strengthening of our balance sheet.

Over the years many have questioned the sustainability of high street betting, so to secure a record year in terms of revenues is a real highlight. This is the third consecutive year of growth in profit per shop and we owe a particular note of thanks to our shop colleagues for their dedication and hard work. With our new operational structure, an increased focus on local competition and continued improvements in our machine offering, we are confident of further progress and we will continue to invest in new shops in 2013.

In addition to growth in the UK our retail businesses in Ireland, Belgium and Spain posted a combined 51% increase in operating profit⁽¹⁾. This reinforces the sustainability of these often unsung parts of our business and there is good future potential too with the possibility of increased opening hours in Ireland, the addition of machines to our shops in Belgium and ongoing expansion into new regions for our Spanish joint venture, Sportium.

Moving to our Digital business, whilst experiencing a frustrating delay to the launch of our new sportsbook website in the summer, we end 2012 having taken significant steps forward. Our investment in new trading technology is starting to pay back through significant progress in our trading and liability management, which has contributed to an underlying increase in our sportsbook margin and improvement in the quality of our earnings. We expect to sustain this improvement going forward.

We have also continued to expand our product range with more Bet in Play events and markets, new slots and more gaming opportunities. We have a clear road map of further product improvements going forward and are increasingly focusing on improved customer relationship management.

It is also pleasing to begin 2013 with a genuine opportunity to further differentiate our customer offer from that of our competitors, with the acquisition of the Betdaq exchange business allowing us to offer the full spectrum of sports betting opportunities to customers.

Ladbrokes remains highly cash generative and we are pleased to see a further reduction in debt this year as well as an increased dividend.

Board Changes

Christopher Rodrigues has decided to retire at the 2013 Annual General Meeting having served nine years as an independent non-executive director. We thank Christopher for his considerable contribution over the years and wish him well for the future.

During 2012 we further strengthened the skills and diversity of the Board, with the appointment of two new non-executive directors, Richard Moross and Christine Hodgson. Richard's experience in online businesses and Christine's knowledge in the technology

field have added to the expertise of the Board and we value their input to our deliberations and decision making.

Corporate Governance

The Board strives to provide the right leadership, strategic oversight and control environment to sustain delivery of value to our shareholders over the long term. The Board receives a detailed operational update on key strategic priorities at every meeting and holds the executive team accountable for the execution of these.

We remain committed to high standards which is fundamental to ensuring the confidence and support of our shareholders, with whom I maintain an ongoing and open dialogue, meeting with many of them over the course of the year.

Full details on how the Board and its committees apply the principles of good corporate governance can be found in the Corporate governance report on pages 30 to 36.

Dividend

The Group recommends paying a final dividend of 4.6 pence per share taking the full year dividend to 8.9 pence per share, an increase of 14.1%. This is in line with our policy of a target dividend cover of approximately 2.0 times underlying earnings.

The dividend will be payable on 9 May 2013 to shareholders on the register on 22 March 2013.

Summary

Ladbrokes is showing clear and pleasing signs of improved performance as we deliver against our strategy and goals.

With the reinvigoration of our Digital business gathering pace we look forward to making further advances in 2013.

Peter Erskine
Chairman

⁽¹⁾ Before exceptional items.

KPIs

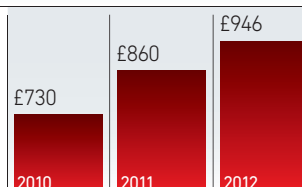
The Board and the executive team use a number of key performance indicators ('KPIs') to monitor Group and divisional performance against budgets and forecasts as well as to measure progress against our strategic objectives. Here we provide the main KPIs for our two largest divisions.

Measuring our performance

UK Retail

Gross win per machine week

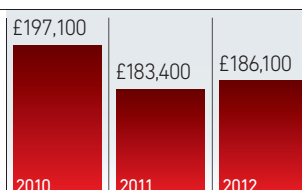
Measure used by management to assess the performance of our machine offering in UK Retail shops.



£946 +10.0%

Over the counter (OTC)⁽¹⁾ gross win per shop

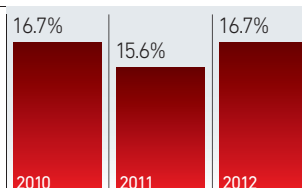
Measure used by management to assess the performance of our OTC product offering (non-machine) in UK Retail shops.



£186,100 +1.5%

OTC gross win margin

Measure used to monitor the profitability of the OTC offering expressed as a proportion of amounts staked.



16.7%

Operating costs⁽²⁾⁽⁴⁾

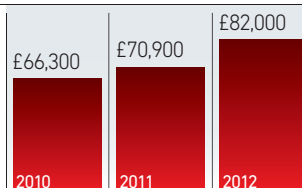
Analysis of costs is key to monitoring performance and enables areas for further cost efficiencies to be identified.



£502.5m +5.6%

Operating profit⁽⁴⁾⁽⁵⁾ per shop

Enables management to analyse divisional performance on a per shop basis across the retail estate. Used to gauge performance versus market.

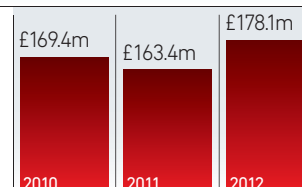


£82,000 +15.7%

Digital

Net revenue⁽¹⁾

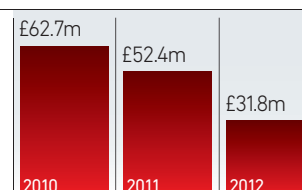
Measure used by management to assess the performance of our Digital offering.



£178.1m +9.0%

Operating profit⁽³⁾

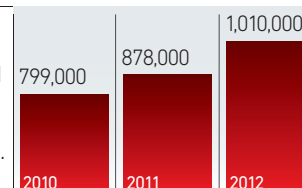
Measure of divisional profitability which is equal to Net Revenue less all relevant operating costs and gaming taxes.



£31.8m -39.3%

Unique active players⁽¹⁾

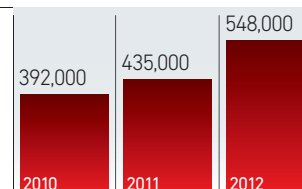
Defined as any player who has contributed to rake and/or placed a wager in the period. It is a measure of our success at recruiting and retaining customers.



1,010,000 +15.0%

Real money sign-ups⁽¹⁾

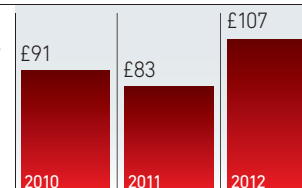
A new player who has registered and deposited funds into an online account. It is a measure of our success at attracting new customers.



548,000 +26.0%

Adjusted cost per acquisition⁽¹⁾

Measuring how much on average it cost us (marketing spend and affiliate expenses) to recruit each new customer.



£107 +28.9%

Notes:

⁽¹⁾ A full list of terms is set out in the Glossary on page 120.

⁽²⁾ Operating costs is a total of cost of sales after depreciation, amortisation and amounts written off non-current assets and before gross profits tax, plus administrative expenses.

⁽³⁾ Profit before tax, net finance expense and exceptional items from continuing operations.

⁽⁴⁾ Before exceptional items.

⁽⁵⁾ 2010 excludes the impact of the £6.7 million VAT credit.