

WILLIAM HILL PLC

6 November 2018

Capital Markets Day November 2018

William Hill PLC (LSE: WMH) (William Hill or the Group) is holding a Capital Markets Day today at which it will present further detail on the strategy it outlined at its 2018 half-year results presentation on 3 August 2018. Presentations will be given on each of the three key strategic areas.

Our ambition is to build a digitally led and internationally diverse gambling business, and to at least double profits between 2018 and 2023. Our strategy is focused around three priorities:

- Driving digital growth in the UK and internationally;
- Growing a business of scale in the US; and
- Remodelling UK Retail.

This is underpinned by the Group's approach to sustainability and our long-term ambition that nobody is harmed by gambling.

Philip Bowcock, CEO, commented:

"We are outlining today ambitious growth targets that take account of both the near-term challenges and longer-term opportunities ahead for each of our three divisions. We will meaningfully reshape William Hill over the coming years, moving from a business that is predominantly UK-centric and land-based to being a leading gambling business that is digitally led, internationally diverse and sustainable. With more markets opening up to online gambling around the world – including the US – we can build on the heritage of the respected William Hill brand to take a leading position on the gambling world stage."

Driving digital growth in the UK and internationally

Our ambition for Online is to build the world's most trusted digital gambling brand and a business with greater scale, more geographic diversity and higher profit margins. The UK is our largest market and we will deliver an engaging and safe customer experience which will enable us to grow sustainably ahead of market growth rates and gain market share. We will also look to accelerate Online's revenues by diversifying into faster growing international markets beyond the UK and the US, and have recently announced a recommended cash offer to acquire Mr Green & Co AB (MRG) as part of this. Overall, our target is to grow digital revenues to reach c£1bn (in constant currency) by 2023, representing a CAGR of c10%, and by increasing operational efficiency to double profits by 2023, representing a CAGR of c13%.

Despite our confidence in the longer term opportunity, 2019 will be a transition year as good underlying growth will be offset by the increased Remote Gaming Duty and the full-year effect of regulatory headwinds. As a consequence Online profit is expected to be broadly flat on 2018 (excluding any contribution from MRG) before we expect to see a return to double-digit growth thereafter.

The acquisition of MRG is expected to contribute approximately £25m EBITDA plus synergies in 2019. Synergies of more than £6m p.a. are expected by 2021.

Growing a business of scale in the US

Market estimates suggest that the US could generate between \$5bn and \$19bn of sports betting revenues by 2023, depending on the speed and nature of state-by-state regulation. This is a major new market opportunity and one that the Board of William Hill believes it is very well placed to pursue as we are the US's leading sports betting company. William Hill US already benefits from being supported by a successful and profitable Nevada operation. With these foundations already in place, our goal is to be the market leader and we intend to enter every state that regulates sports betting with mobile and/or land-

based operations depending upon each state's regulations. Our strategy is focused on market access, brand and operational excellence. Where regulations and partnerships allow, we will lead with the William Hill brand, and will use 'powered by William Hill' as a secondary brand approach.

Our ambition is to grow William Hill US's EBITDA from c\$50m from the US Existing business in 2018 to c\$300m from the US Existing and US Expansion business in 2023. We expect our operations in new retail and tethered mobile states to become profitable within their first one to two years, supporting investment in brand, marketing and technology. Open mobile markets, which require greater investment in building our brand profile, will achieve profitability over a longer timeframe. We are investing c\$70m in a new proprietary William Hill US technology platform using proven components from inside the Group and from NeoGames. This modern, modular platform is designed to meet the flexibility needed for this market and to give us the best technology in the market during H1 2019. Based on the states we have entered and are entering in 2018, William Hill US in 2019 is expected to make a loss of c\$0-20m. We will update on the impact of further states as and when they open.

Remodelling Retail

Our Retail business is focused on addressing the challenges laid down by the Triennial Review decision, which will drive substantial structural change across the licensed betting office sector over the coming years. This will include product innovation to offer alternatives to B2 gaming, as well as remodelling the estate and the business. The implementation date has been announced as October 2019. As previously announced, we expect this change to reduce Retail's profitability by £70-100m following mitigation measures, including c£15m of cost reductions. Based on the October implementation date, Retail's Q4 2019 profits are likely to reduce by c£40m as mitigating actions will primarily be seen from 2020 onwards. Exceptional costs of remodelling Retail are expected to be c£40-60m.

Balance sheet, capital expenditure and dividend

The Group's investment behind its strategy is supported by a strong and flexible balance sheet. Following completion of the proposed MRG acquisition in January 2019, net debt to EBITDA is expected to be around 1.3 times. Capital expenditure in 2019 is expected to increase to c£120-130m as we invest in US expansion.

The Board of William Hill recognises the importance of the dividend alongside the opportunities to invest in long-term growth and driving substantial shareholder value. As previously stated, the Group's dividend policy is to pay out c50% of underlying earnings and as communicated at the 2018 half-year results the Board is committed that, for 2018, this will be calculated excluding US Expansion.

As the Group moves forward, and with our US ambitions now clearer, the Board believes it appropriate that dividends are paid out of true underlying earnings and as such US Expansion will be included in the calculation of underlying earnings from fiscal 2019 onwards.

However, reflective of the Board's confidence in the Group's strategy, strong capital position and future cash generation, the Board is today committing to underpin the overall annual dividend at not less than 8 pence per share from 2019 onwards, regardless of underlying earnings until the Group's earnings growth brings it back into line with the policy.

OAM: Inside Information
William Hill LEI: 213800 MDW41W5UZQ1X82

Enquiries

William Hill	Philip Bowcock, CEO Ruth Prior, CFO Lyndsay Wright, Director of Strategy and Sustainability	Tel: +44 (0) 20 7612 3000
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Tom Randell, Head of IR
Ciaran O'Brien, Group Communications Director

Brunswick Andrew Porter / Chris Buscombe

Tel: +44 (0) 20 7404 5959

Capital Markets Day

The capital markets day presentations will start at 1.00 pm GMT. A video webcast of the event will be available at www.williamhillplc.com. The presentations will be made available on the website at 1.00 pm GMT.

About William Hill PLC

William Hill PLC is one of the world's leading betting and gaming companies, employing around 16,000 people. Founded in 1934 and listed on the London Stock Exchange, it aims to provide gamblers with a fun and safe gambling experience, and has set the ambition that nobody is harmed by gambling. The majority of its £1.7bn annual revenues are still derived from the UK, where it has a national presence of licensed betting offices and one of the leading online betting and gaming services. William Hill Online has operations in Italy and Spain and serves online customers throughout the world from its headquarters in Gibraltar. In 2012, it established William Hill US with a focus on retail and mobile operations in Nevada, which is now the largest sports betting business in the US. It currently operates 126 race and sports books in Nevada, New Jersey, Mississippi, West Virginia and Iowa, is the exclusive risk manager for the sports lotteries in Delaware and is the exclusive partner to IGT to provide sports betting services to the lottery in Rhode Island. It also has licensed operations in The Bahamas and St. Kitts. William Hill PLC is listed on the London Stock Exchange and is a member of both the FTSE 250 and FTSE4Good Indices.

Cautionary note regarding forward-looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They may appear in a number of places throughout this announcement and the information incorporated by reference into this announcement and include statements regarding the intentions, beliefs or current expectations of the directors, William Hill or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of William Hill and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond William Hill's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this announcement and/or the information incorporated by reference into this announcement. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Group and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this announcement and/or the information incorporated by reference into this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), William Hill does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.