# INVESTING AND INNOVATING

William Hill Online Analyst and Investor Day

14 June 2012

# OVERVIEW OF WILLIAM HILL ONLINE

Henry Birch
Chief Executive Officer

# AGENDA

| | | |
|---|---|---|
| **8.00 am** | **Presentations** | |
| | Overview | Henry Birch, CEO |
| | Marketing | Kristof Fahy, Chief Marketing Officer, William Hill Group<br>Schraga Mor, MD, Online Marketing Services Group |
| | Mobile | Andy Lee, Interim Head of Mobile |
| | Q&A | |
| **10.30 am** | **Site visit** | |
| | Sportsbook and Trading | Matthew Warner, Sportsbook Operations Director |
| | Gaming | Colin Cole Johnson, Gaming Director |
| | Innovation | Stuart Weston, Head of Product Development |
| | Site management | Jon McCutcheon, Creative Director |
| **12.30 pm** | **Lunch** | |
| **1.15 pm** | **Coach departs for airport for 14:40 EZY8904 flight** | |

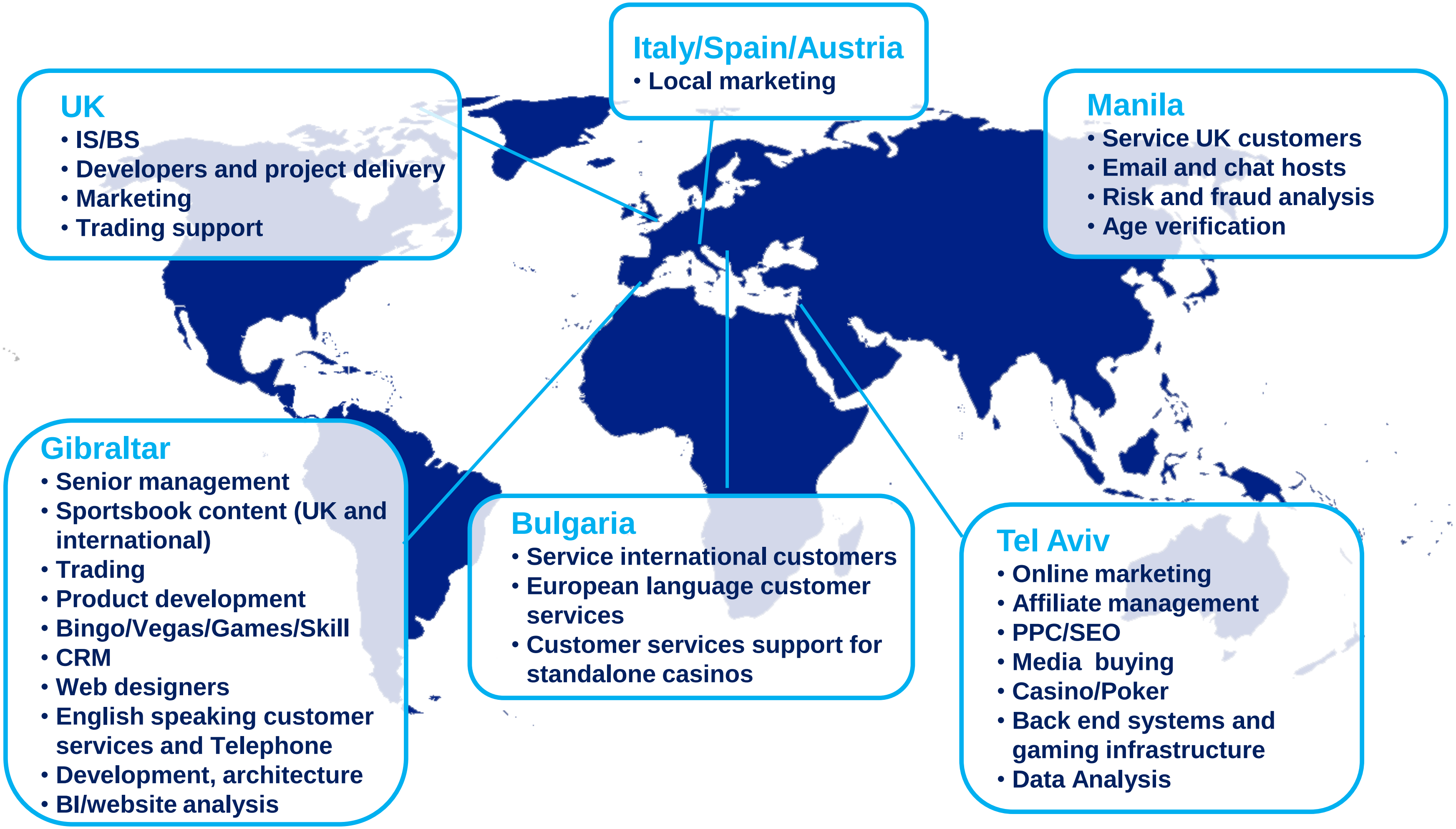
# HOW WE'VE CHANGED

| | William Hill Interactive (2008) | William Hill Online (2011) |
|---|---|---|
| Employees | c380 | c1,000 |
| Locations | UK, Gibraltar | Gibraltar, Israel, Bulgaria, Manila, UK, Italy, Spain |
| Revenues | 90% UK<br>32% Sportsbook, 26% Casino, 26% Games, Bingo and Skill, 14% Poker | 75% UK<br>35% Sportsbook, 25% Casino, 33% Games, Bingo, and Skill, 7% Poker |
| Software | In-house Sportsbook, Cryptologic gaming | In-house, OpenBet, Playtech, Evolution, etc. |
| Average monthly unique actives | 160,000 | 340,300 (+113%) |
| Marketing | £16.7m | £85.8m (+413%) |
| Revenue | £125.1m | £321.3m (+157%) |
| EBITA | £49.2m | £106.8m (+117%) |



Source: company data. 2008 data reflect William Hill Interactive only, not pro forma for William Hill Online

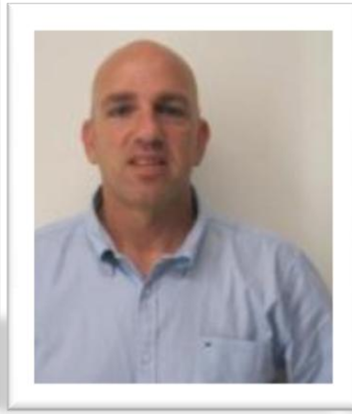
# OUR OPERATIONS



# OUR MANAGEMENT TEAM

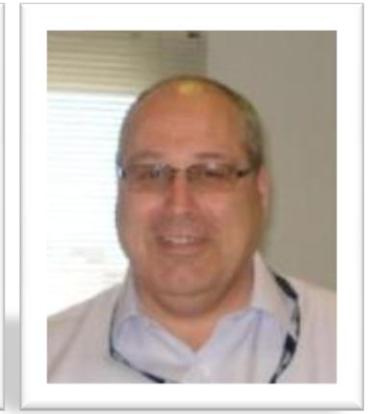
Operations

Finance



Marketing

Customer services



HR

Betting

Gaming

Brand/marketing

Trading

IS

# KEY RELATIONSHIPS

In-house + OpenBet

Playtech

OpenBet + various

In-house + various

Evolution

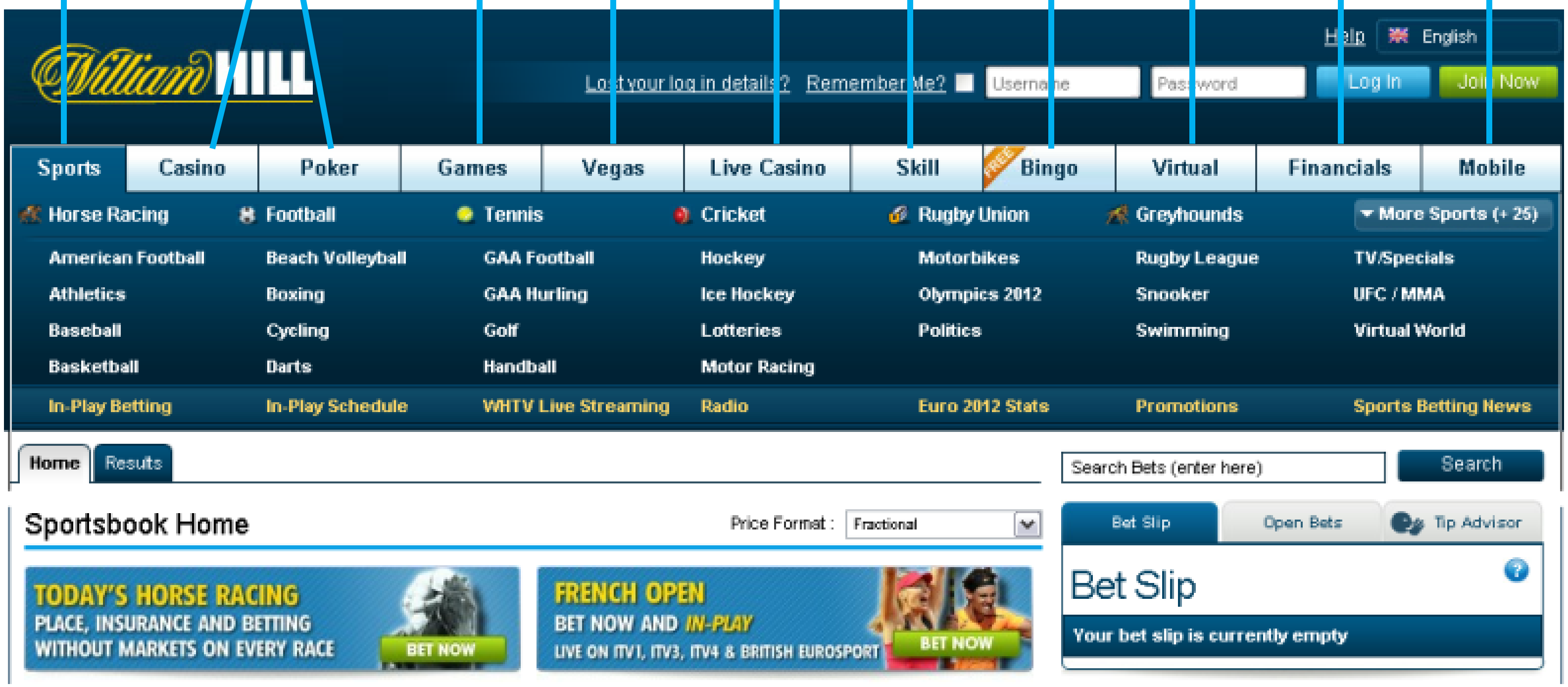
Game Account

Virtue Fusion

Inspired

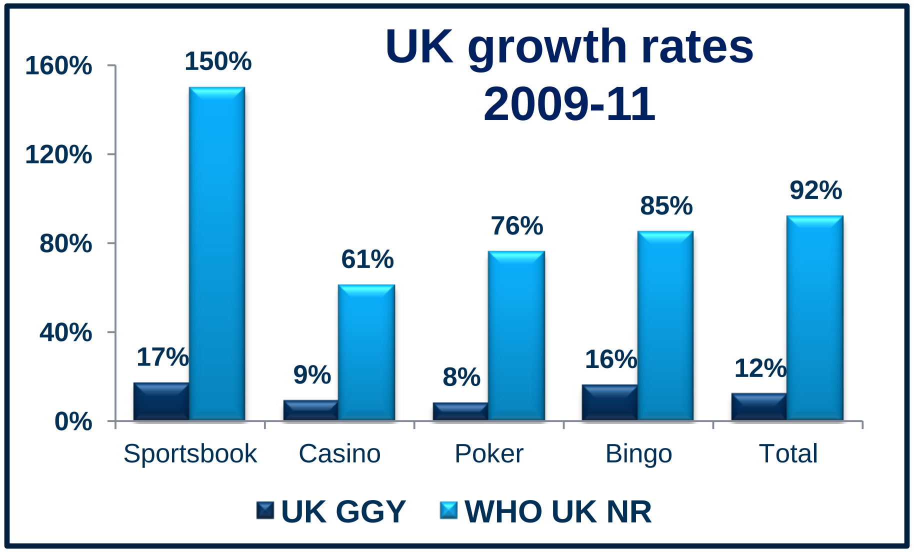
In-house

Mobenga, Probability + various



# OUR KEY MARKET - UK

- Between 2009 and 2011, UK gross gaming yield (GGY) grew 12%[1]
- Significant market share gains
- UK market GGY projected to grow 12% 2011-2015[1]




**William Hill Online estimated UK market share by 2011 net revenue[2]**

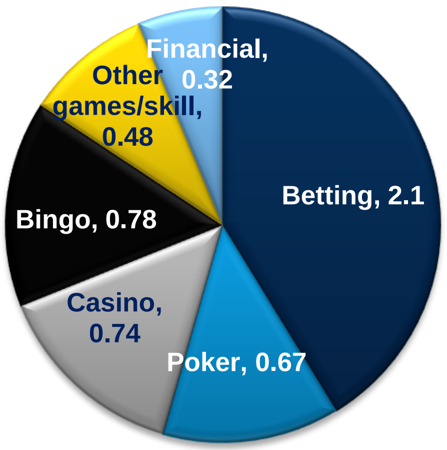
| Sportsbook | Casino | Poker | Bingo | UK total |
|---|---|---|---|---|
| 16.5% | 21% | 8% | 7% | 15% |

1. GGY = gross gaming yield or gross win (net revenue plus fair value adjustments)
   Total = GGY for Sportsbook, Casino, Poker and Bingo
   Source: H2 Gambling Capital, Feb 2012 and company data
2. GamblingData, UK Data Report, June 2012

# UK ONLINE GAMBLING CUSTOMERS

| | All categories | | Betting |
|---|---|---|---|
| | Regular Online Gambler | Gambled via mobile in last 12 months | Regular Online Bettor |
| 18-34 | 49% | 62% | 54% |
| 35-54 | 39% | 35% | 38% |
| 55+ | 12% | 3% | 9% |
| Male | 79% | 79% | 92% |
| Female | 21% | 21% | 8% |
| ABC1 | 61% | 72% | 65% |
| C2DE | 39% | 28% | 35% |

UK online gambling population (m)






Source: Kantar Online Gambling Market Study (U&A) Mar 2012.

# UK ONLINE BETTING POPULATION


**+31%**

**increase in online gamblers March 2009 to March 2012**

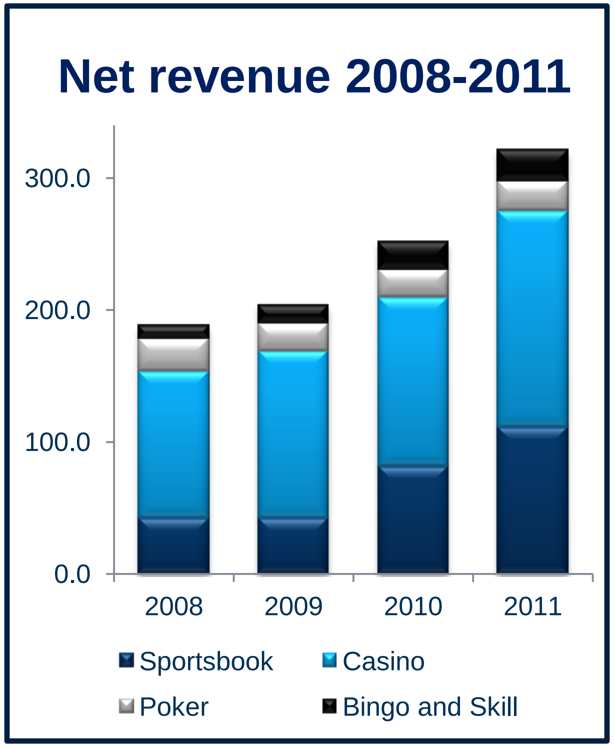
**+67%**

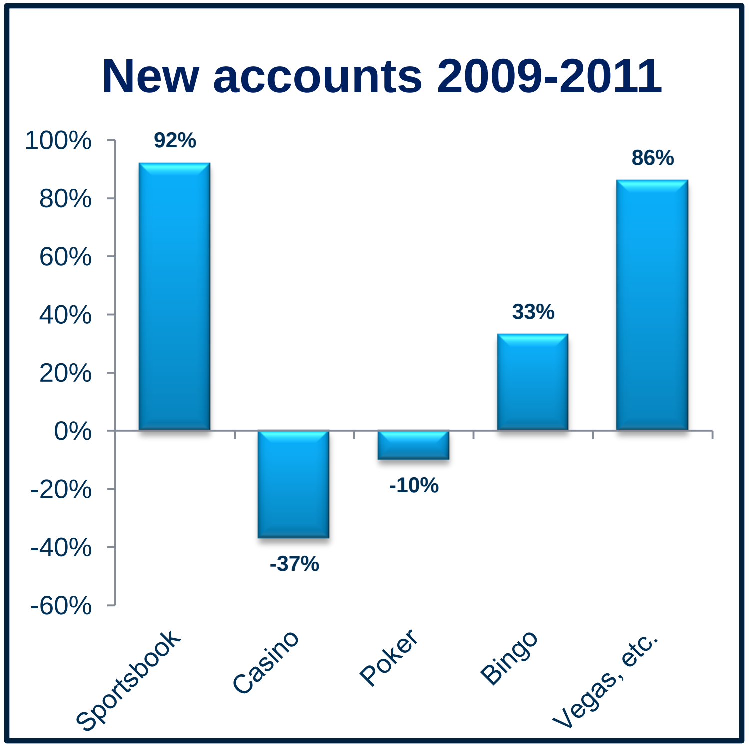
**increase in regular online gamblers March 2009 to March 2012**



Source: Kantar Online Gambling Market Study (Market Sizing).

# DRIVERS OF OUR GROWTH



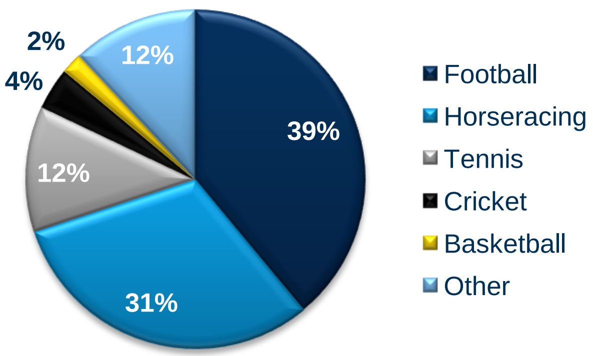



Source: company data. 2008 data reflect the pro forma numbers for William Hill Online.

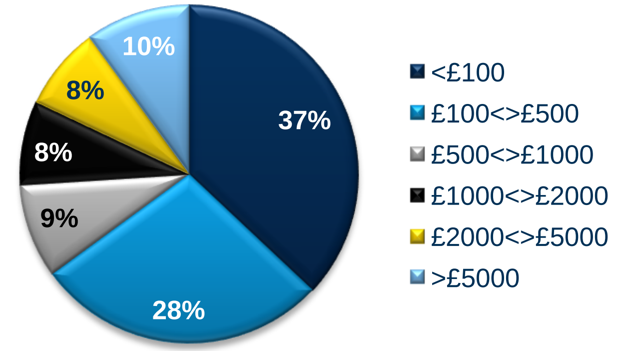
# SPORTSBOOK-LED MODEL

- Core expertise and competitive advantage
- Differentiation through production innovations, marketing investment and stand-out pricing
- Brand- and price-led marketing focused on Sportsbook
- Key customer acquisition tool
- Mass market model

**Sportsbook stakes (2011)**




**Gross win by customers' average weekly stakes (2011)**





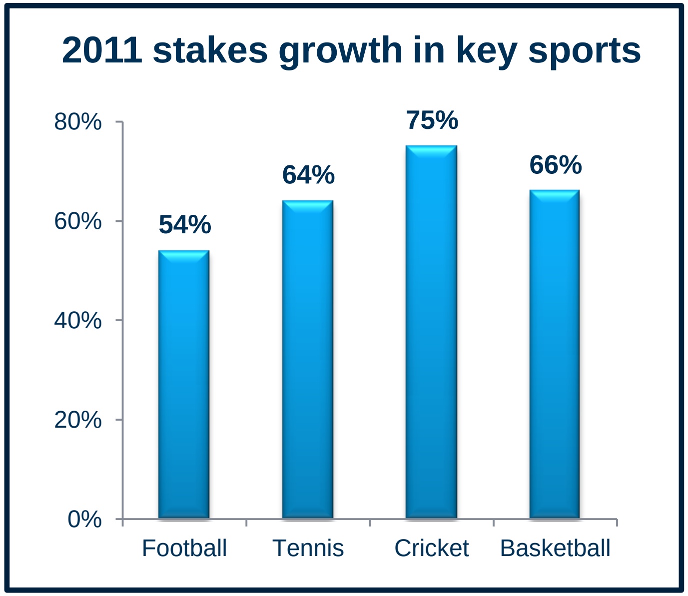

Source: company data

# SPORTSBOOK DRIVERS

- Active accounts +92% 2009-2011
- 900,000 active accounts and 400,000 new accounts in 2011
- Substantial expansion in markets
- Pre-match stakes +89% 2009-2011
- In-play stakes +274%

**+288%** **growth in football stakes since 2008**

**+141%** **growth in racing stakes since 2008**






Source: company data

# GAMING DRIVERS

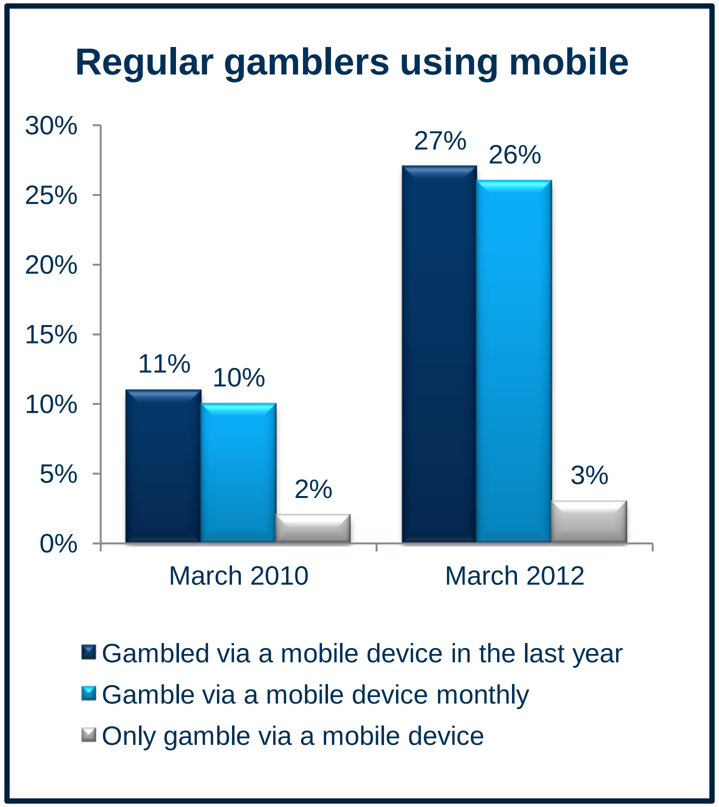
- Diverse and differentiated offering
  - Product
  - Bonuses
  - Range of categories
- 395 games offered
- Range of platforms and game suppliers
- Proprietary Vegas platform
- Standalone brands

# LIVE CASINO

Help
English
Lost your log in details?
Remember me?
Log In
Join Now
Sports
Casino
Poker
Games
Vegas
Live Casino
Skill
Bingo
Virtual
Financials
Mobile
Vegas Games
Live Casino
Promotions
Jackpots
Winners
Rules
FAQs
LIVE CASINO
PLAY ROULETTE
PLAY BLACKJACK
PLAY BACCARAT
24 Hour Support
FAQs Online Telephone
£25 NEW PLAYER BONUS JOIN NOW
Games
Promotions
Live-Dealers
PLAY ROULETTE
WAIT FOR YOUR LUCKY NUMBER TO COME UP
View Rules
PLAY BLACKJACK
49 Exclusive Seats!
WHO WILL BE THE CLOSEST TO 21, YOU OR THE DEALER?
View Rules
PLAY BACCARAT
WHO WILL BE CLOSEST TO 9, YOU OR THE DEALER?
View Rules
PLAY NOW
LIVE DEALERS
£150 BONUS
New Casino
Play Live Games and claim
£150 New Player Bonus
+ £3500 every month!

# MOBILE AND SOCIAL STRATEGY

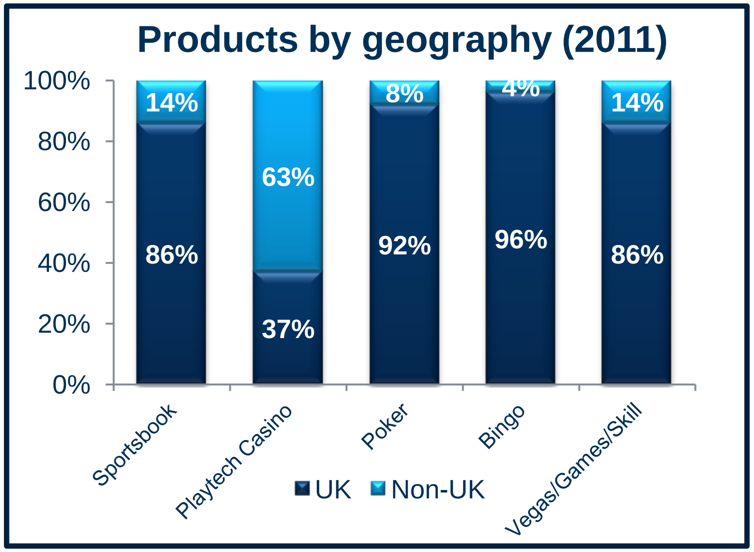
- Key growth opportunity
- Access to new customers
- Product development and differentiation
- ‘Community’ innovations
- Tapping into social gaming tools and engagement functionality

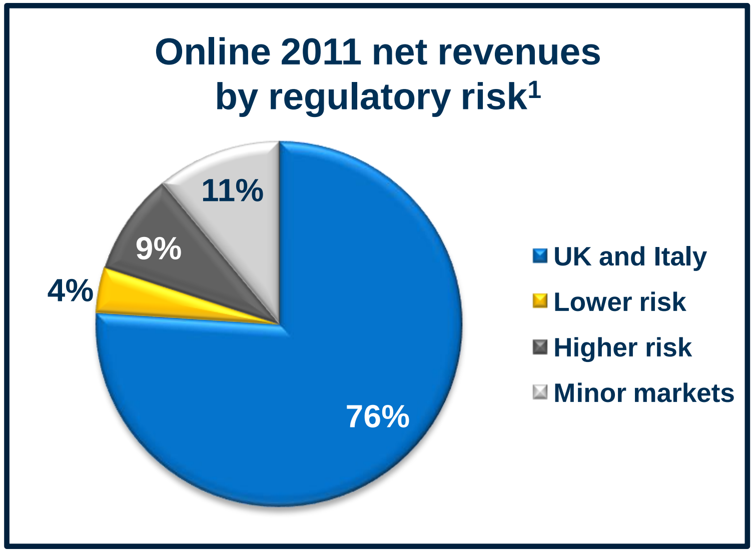





Source: Kantar Online Gambling Market Study (Market Sizing)

# INTERNATIONAL GROWTH




- Growth in spite of closing to second largest market
- Selective approach to new markets



1. Assessed in relation to the Board's current view as to the relative attractiveness of the current or proposed regulatory framework in each market. Minor markets are markets representing less than 1.5% of net revenue in each market.

# INNOVATION AND INVESTMENT

| | |
|---|---|
| Product | • 5-10 in-play models<br>• Live Casino, VIP<br>• CRM |
| Channel | • Mobile betting and gaming<br>• Social / community |
| International | • Italy product expansion<br>• Spain launch |

# MARKETING

Kristof Fahy

Chief Marketing Officer, William Hill

# A REAL SUM OF THE PARTS...

- William Hill is a unique business and a unique model
- Odds, product, service, weather...even perception of luck will drive turnover and punter behaviour
- While Marketing is a key contributor to the business, it's a team effort with strong relationships across Operations and Trading

# CHANGING OUR MARKETING APPROACH

1. Act like **the leader we are**

   We were over reliant on our high street presence.

2. **'Get into the game'**

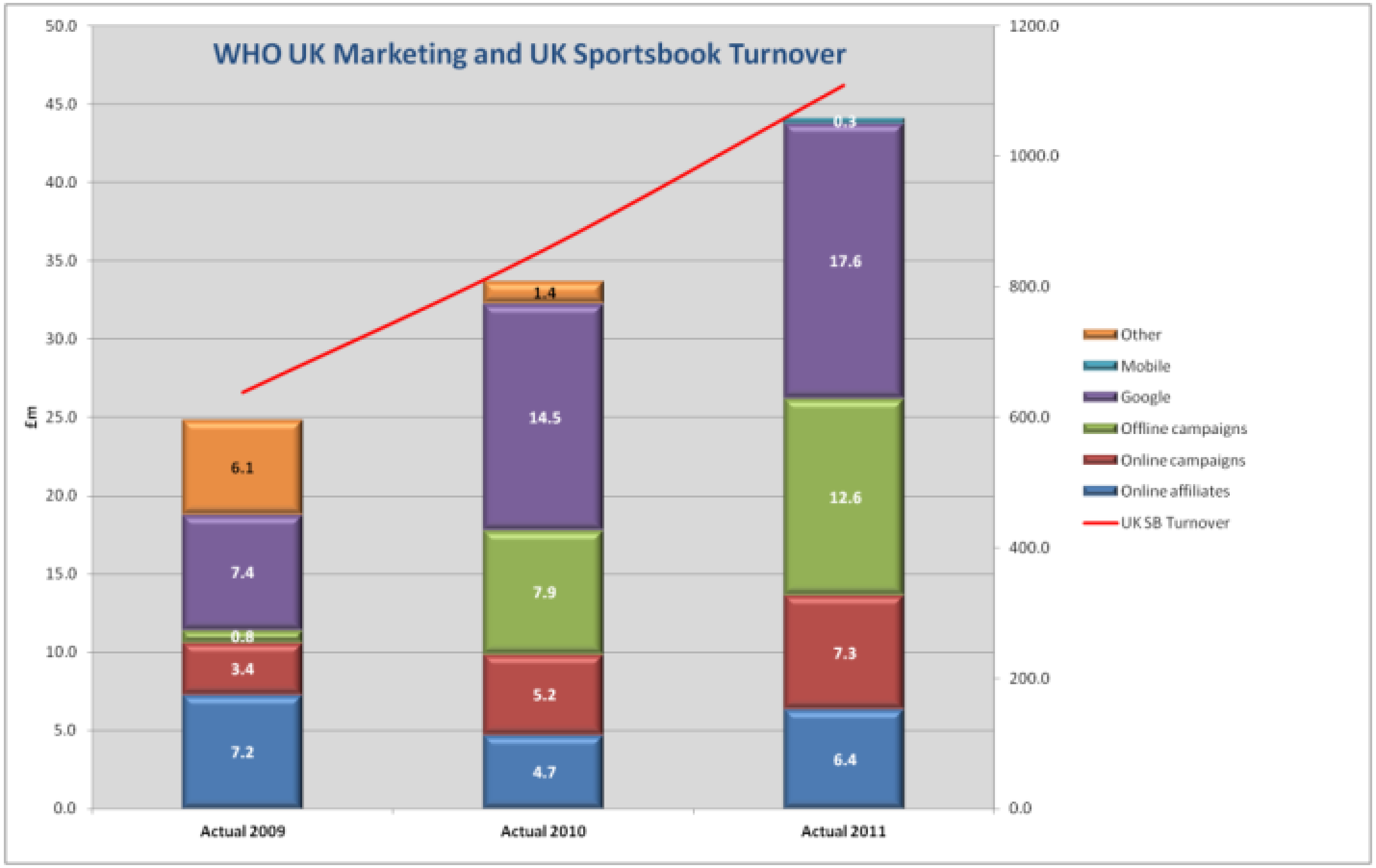
   We needed to catch-up within a highly competitive marketplace with unique advertising restrictions.

3. Be in **the heart of the action**

   Right place, right message and strong price led offers.

4. Moving our mindset from channel, product, customer to **customer, product, channel**

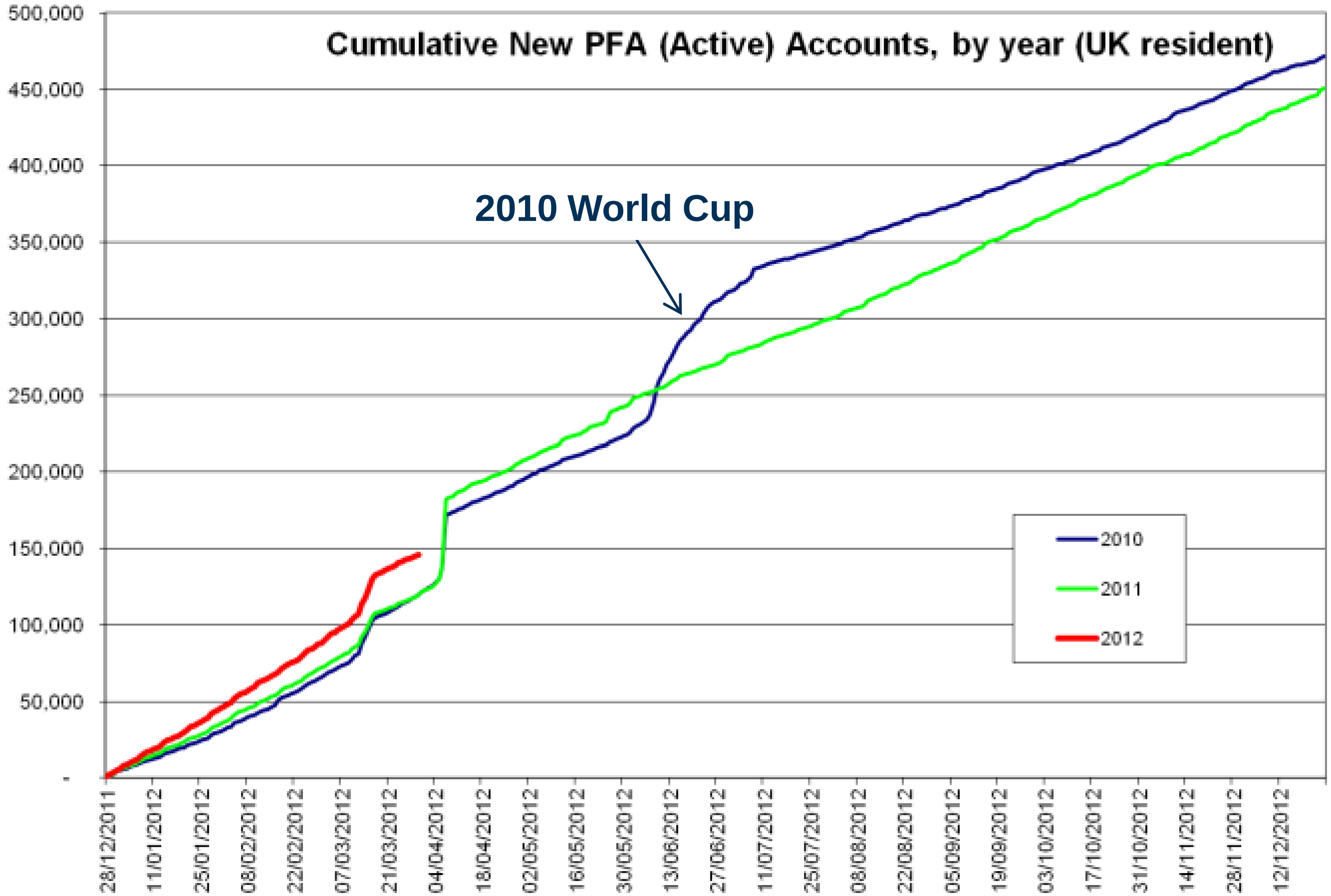
# AS WE INVEST, WE GROW...






William HILL ONLINE

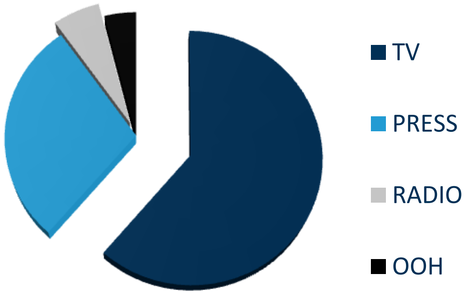
# NEW ACCOUNTS CONTINUE TO GROW



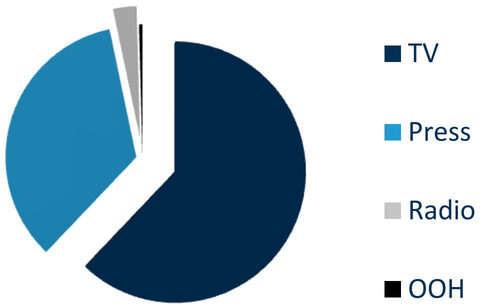
# ATL MEDIA MIX

## 2010

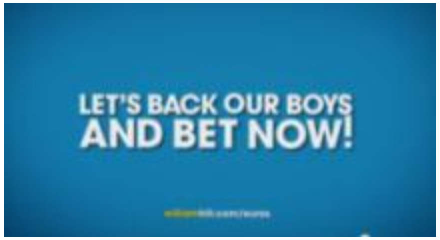

## 2011




## 2012 Q1





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# BUILDING OUR PRESENCE IN MOBILE

## Premium networks and in-app advertising

Optimised sites and apps which allow us to target specific events, sports and schedules.

## Ad networks

Run of network, targeting 18+, male, sports and gambling audience.

## SMS and push notifications

SMS still one of best converting channels. Push notification will become increasing important.

## Operator portals

Operator portals have high levels of traffic to which most older handsets will automatically direct.

# GRAND NATIONAL 2012

- 26,554 downloads of our mobile app on Saturday and 6,915 downloads on Sunday
- Hit over 1,000 bets per minute on Mobile on Saturday
- #1 Free Sports App over the weekend, #4 of <u>all</u> Free Apps on Saturday



William HILL ONLINE

# VEGAS, CASINO AND BINGO


## Vegas and Casino

- Test campaigns
- Looking at timing, media mix and offers


## Bingo

- Monthly promotions
- Enhancing Bingo proposition and marketing approach

# A GROWING SPONSORSHIP PORTFOLIO


**Grand Slam of Darts**
Over 50 hours of live coverage on Sky Sports


**UK Snooker Championship**
Over 40 hours of live coverage across the BBC

**Racing**
Strong sponsorships including King George. Unique Mark Your Card advertorial introduced at Cheltenham

**Scottish Cup**
Extensive coverage across Sky and BBC. PR opportunities at every round

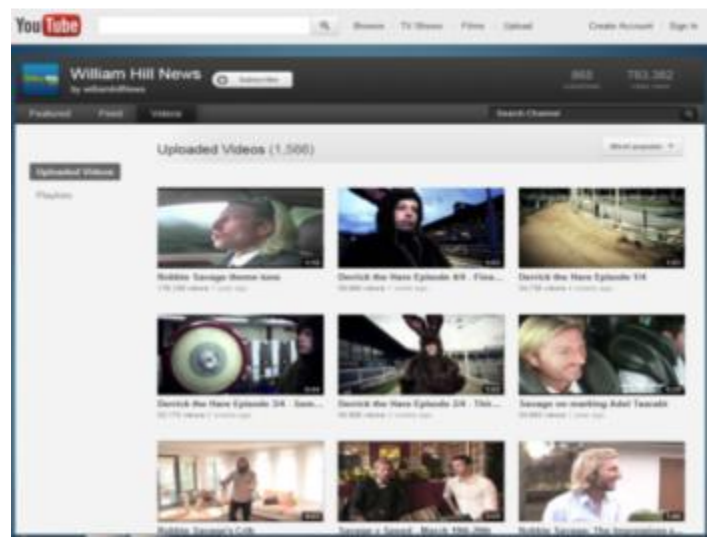
# THE IMPORTANCE OF FOOTBALL

- Unique partnership with the FA
- Official England Supporter and FA Cup Betting Partner
- ‘3 Lions’ the first game to use England assets and to be launched in Retail, Online and Mobile, exclusive to William Hill
- Strong branding at all England home games and FA Cup Semi and Finals
- Sponsorship of ITV’s coverage of the FA Cup


16/1
ENGLAND
TO WIN
williamhill.com

# PR / SOCIAL MEDIA



# PR / SOCIAL MEDIA

The Telegraph

## Will euro last? Let's see what William Hill says

Treasury forecasters rely on odds calculated by William Hill, the bookmaker, to assess the likelihood of another economic collapse, a top official has revealed.

# OUR SHOP WINDOWS


- 2 x LOA's are equivalent to a 1 x 6 sheet ad panel.
- Our extensive retail network means that we have roughly 4,640 'outdoor' poster sites.
- The cost to an advertiser to buy this level of media would be £39,780 <u>per day</u>

Posterscope

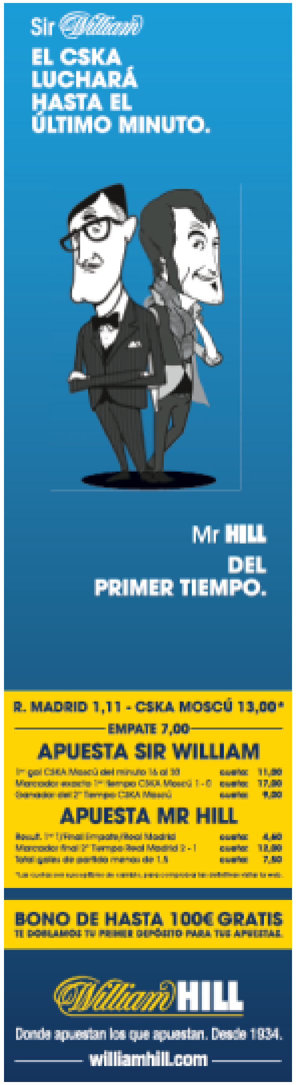


Source: Posterscope, 17 April 2012

# THE BRAND ABROAD

## Qualitative research in Spain, Italy, Austria showed:

- Britain is known for betting – ‘they bet on everything’
- 75 years in the business delivers ‘trust’ and ‘expertise’
- ‘Britishness’ is an advantage when used in the right way
- William Hill was distinctive and had ‘cut through’ – ‘modern classic’

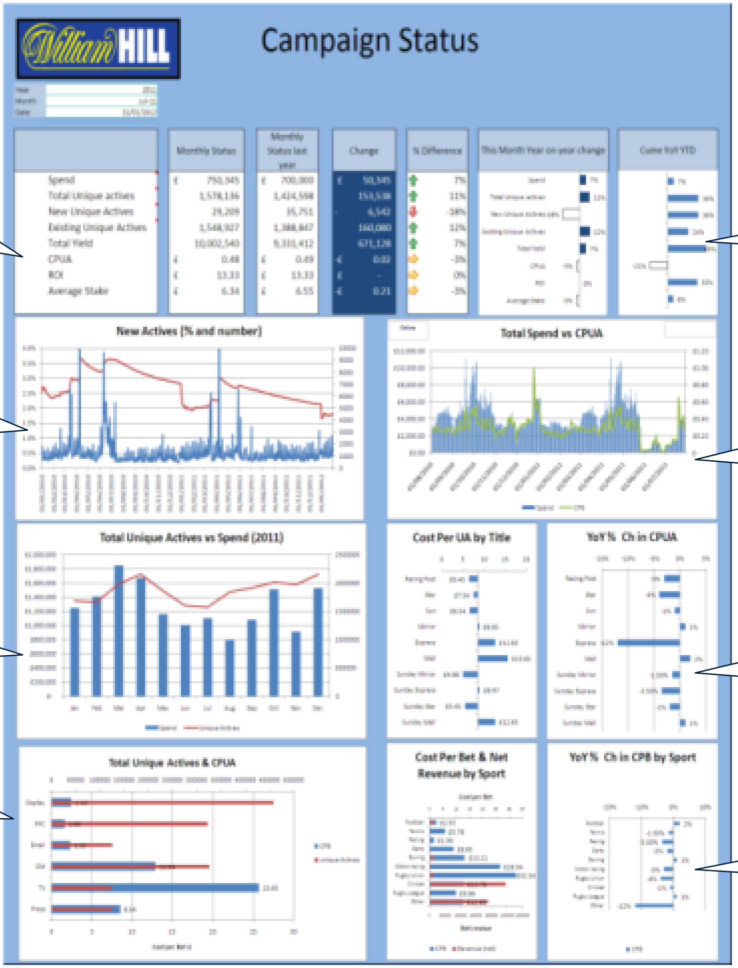
# GETTING SMARTER

MI detailing YTD, current month and yoy position

Trend on KPIs over time, e.g., new actives (total and % of total)

Unique actives vs spend

Channel efficiencies – what's working best




YoY change in key metrics

Spend vs efficiency KPIs (cost per unique active)

Title efficiencies – what's working best

Propositions and product appeal

# WHAT'S NEXT?

- Continue to deliver relevant and salient marketing programmes and communications
- Continue to think and act multi-channel
- Continue to maximise our sponsorship portfolio
- Ensuring PR, social and mobile are key to what we do every day
- Increasing our intelligence around media and effect to maximise our investment and return

# ONLINE MARKETING

Schraga Mor
Managing Director
Online Marketing Services Group - Tel Aviv

# MARKETING SERVICES GROUP

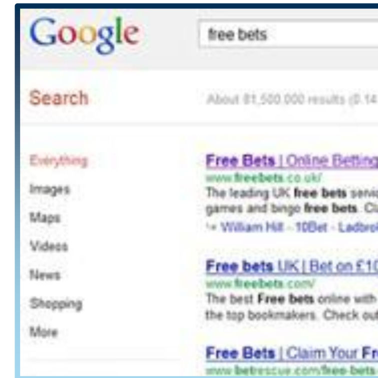
| Marketing units | CRM and conversion | Casino | Poker | Payments, risk, fraud |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |

# ONLINE MARKETING


Affiliates


PPC


Media




SEO

William HILL ONLINE

# AFFILIATE MARKETING

- In 2011, affiliates acquired 205,000 new accounts
- Over 6,000 registered affiliates
- From one-man operations with minimal earnings…
  …to large companies with hundreds of employees
  and earnings of over $100k per month
- Affiliates are responsible for 25% of total new accounts
- Why do affiliates choose us and not
  the competition?



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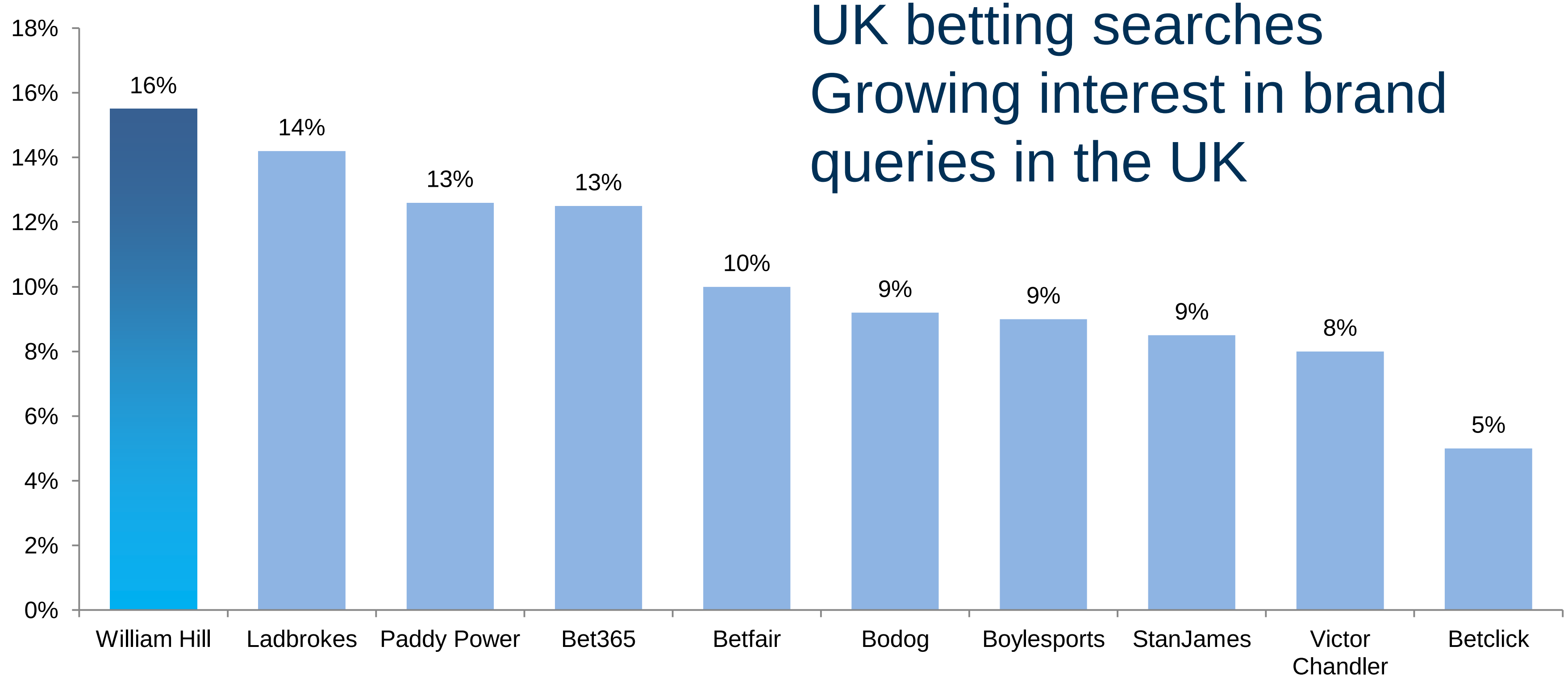
# PAY PER CLICK – Q1 2012

- **In PPC we buy ads shown in search engine results pages**
- 18 million keywords
- 105,000 ads
- 5,500 campaigns
- 115 accounts
- Four countries
- 30% of our new accounts

# PAY PER CLICK

#1 in search click share of UK betting searches
Growing interest in brand queries in the UK

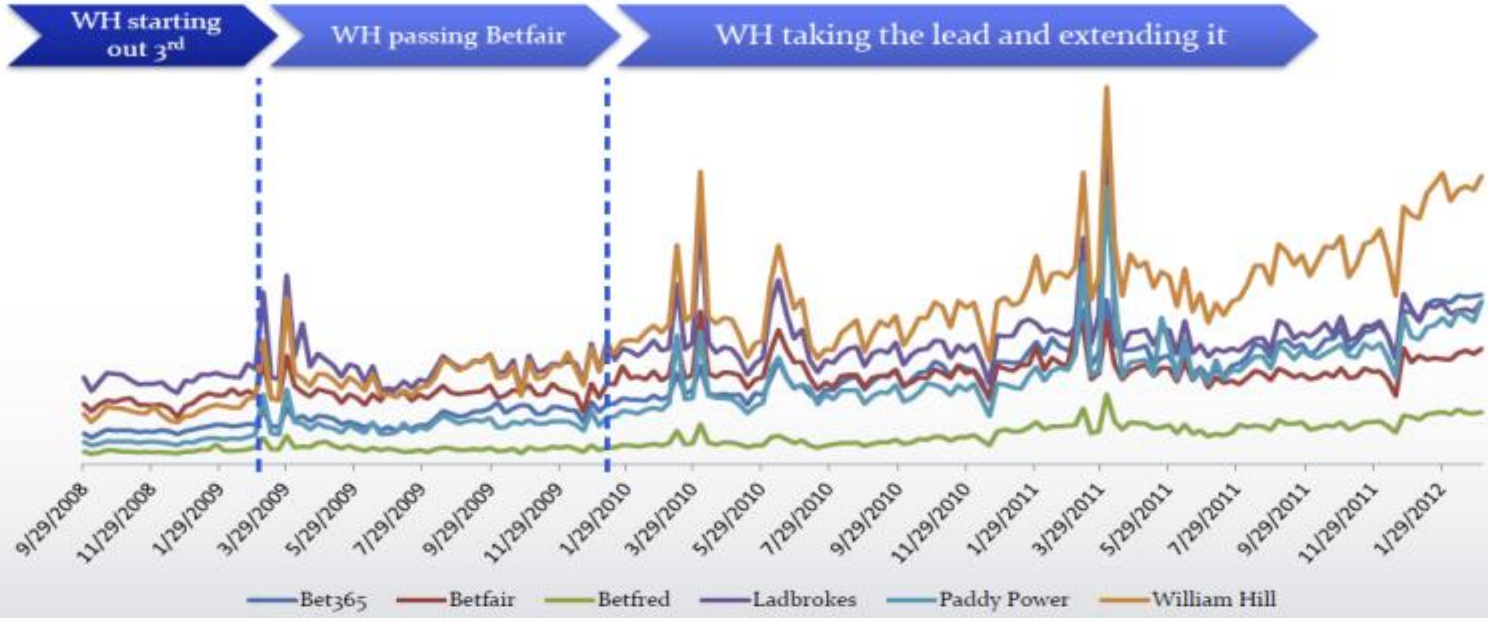





Source: Stickyeyes: Online Gambling and Betting, UK, July-December2011

# PAY PER CLICK

## Leading Brands in the UK




- Significant increase in WH brand queries, higher than that of competitors'.
- Over 6.5M William Hill brand queries in Q1 2012.

# MEDIA ACTIVITIES

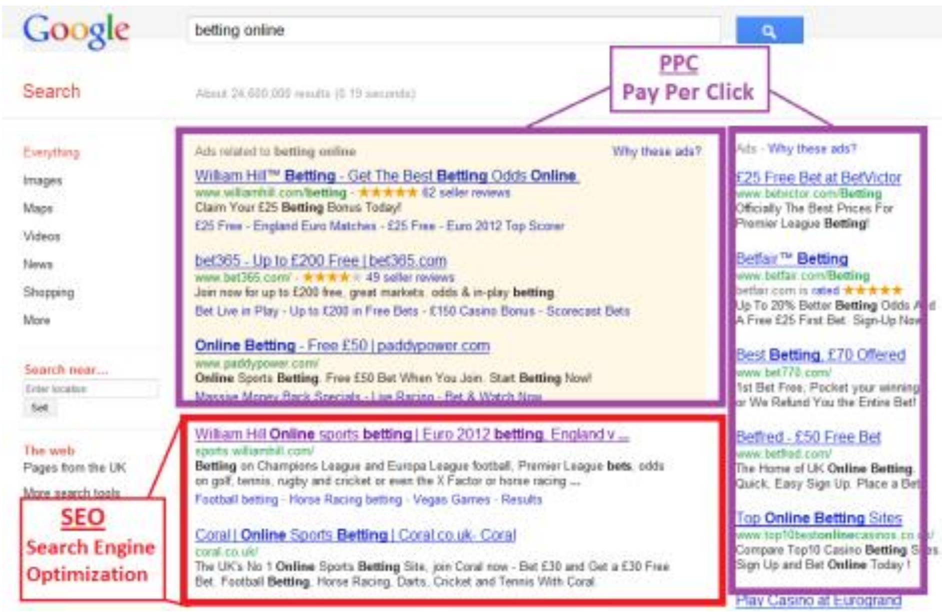


- We buy media in all our major markets
- Over 150 campaigns at any time
- 1,400 traffic sources
- 40+ large portals
- More than 60 media networks
- 1,000,000,000 impressions/month
- Facebook – three countries (UK, Italy, Austria), five products
- 10% of new accounts



William HILL ONLINE

# SEARCH ENGINE OPTIMISATION




- We promote our sites in search engine results pages using SEO
- We produce content in 22 languages
- We promote all company sites and networks
- We get traffic from ~300k keywords and over 40 resources
- 10% of new accounts



William HILL ONLINE

# WHY TEL AVIV?

Multinationals with development centres in Tel Aviv

# MOBILE

Andrew Lee

Interim Head of Mobile

# AGENDA

- Mobile targets
- Current trends
- Customer profile
- Mobile offering
- The future

# OUR MOBILE TARGETS

Mobile as 40% of Sportsbook turnover

**19%**

**Mobile turnover as a proportion of Sportsbook turnover in Q1 2012**

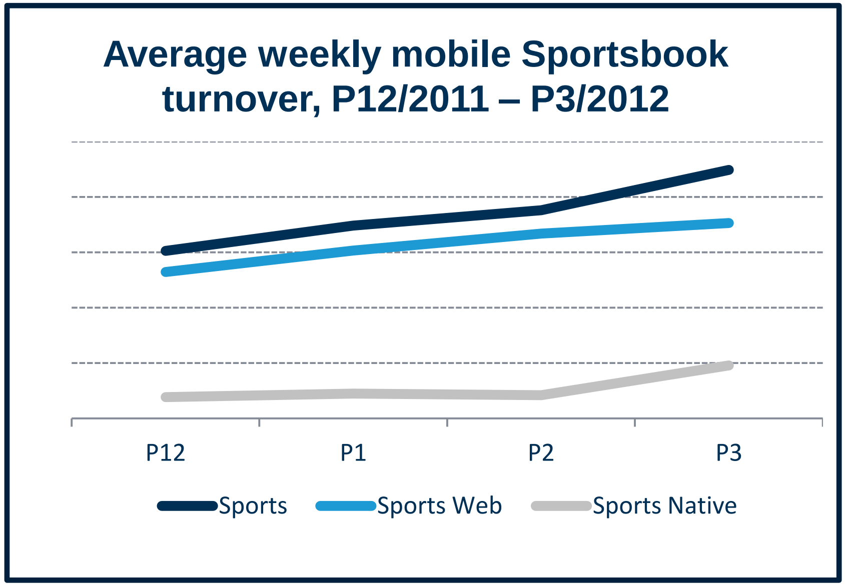
Sportsbook mobile weekly turnover of £15m a week

**£7.4m**

**Average weekly mobile Sportsbook turnover in Q1 2012**

# 2012 PERFORMANCE

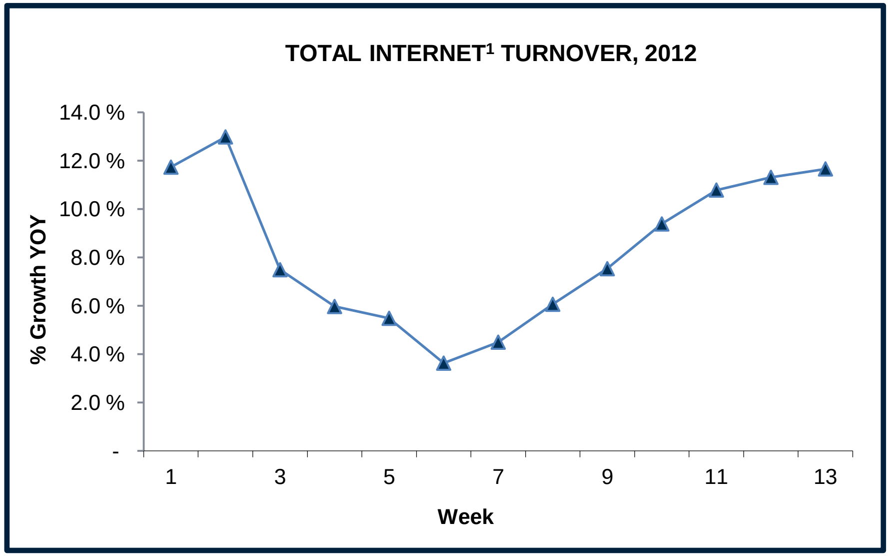
- Sports stakes boosted by
  - Launch of native App in Apple Store in Feb 2012 (288,000 downloads
  - New iPad (16 Mar)
- Fast recent growth in Gaming driven by
  - Rapid increase in number of games/slots
  - Roulette/Blackjack tiles on sports lobby
  - Launch of Bingo in Mar 2012

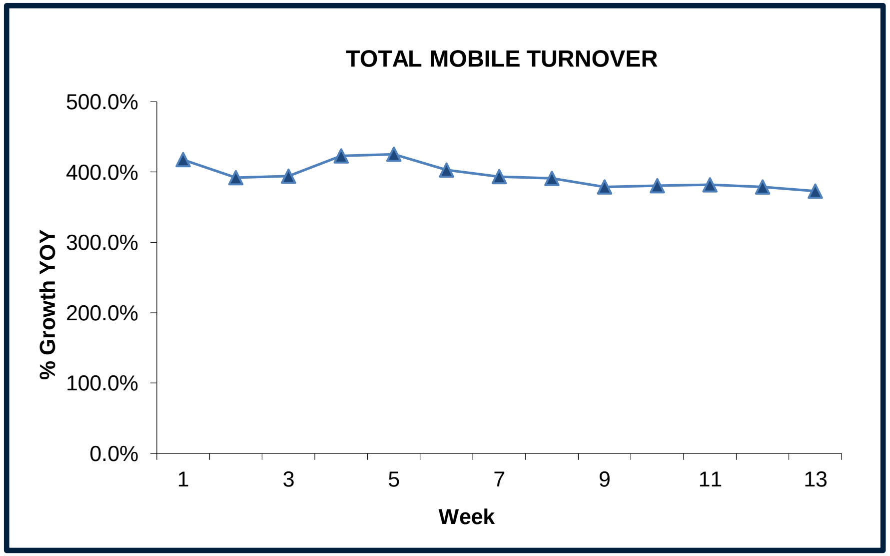




Source: company data

# MOBILE DRIVING INCREMENTAL GROWTH




[1] Internet only excluding Mobile



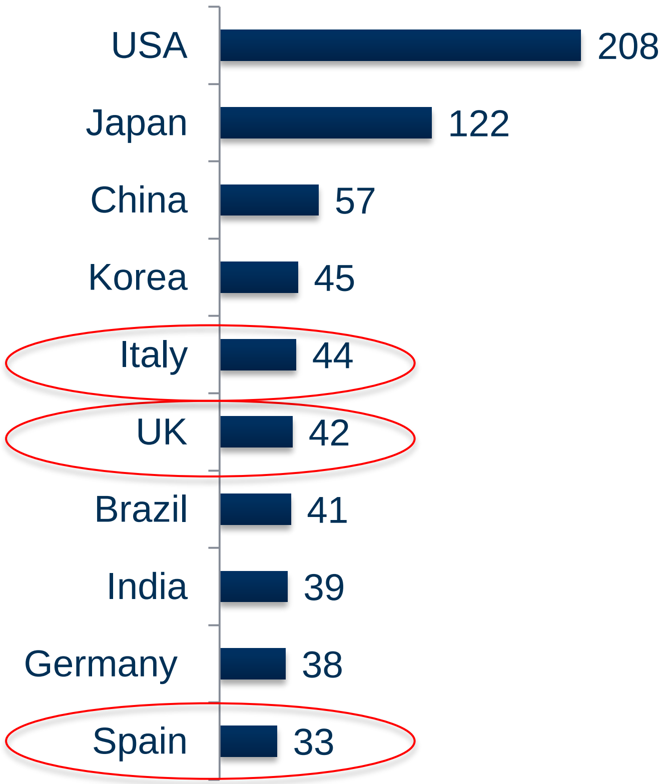
Source: company data

# INDUSTRY DATA

| | Internet[1] | Mobile 3G[2] |
|---|---|---|
| Global users (2011) | 2.3bn | 1.1bn |
| Penetration rate | 32% | 16% |
| YoY growth | 8% | 37% |

**Global mobile traffic is now 10% of all internet traffic – from just 1% in December 2009**

**3G subscribers[2] (m)**





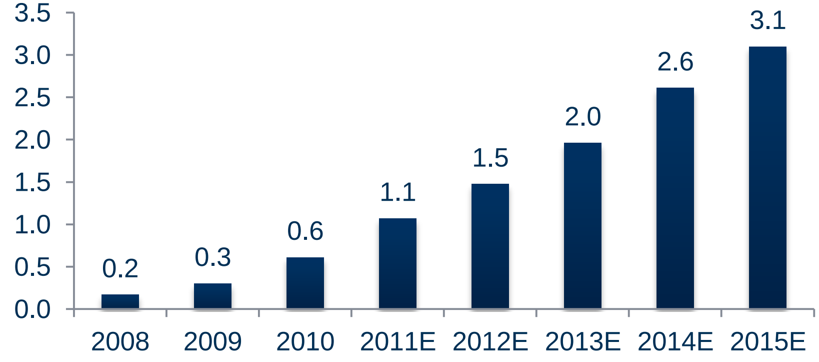

Sources: KPCB, StatCounter Global Stats
[1] 2011, [2] Q4 2011

# MOBILE INDUSTRY TRENDS

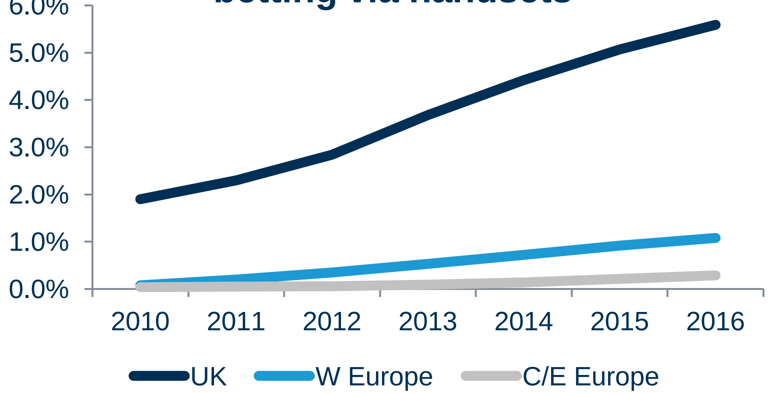
**CAGR 30%**

**2011-15**

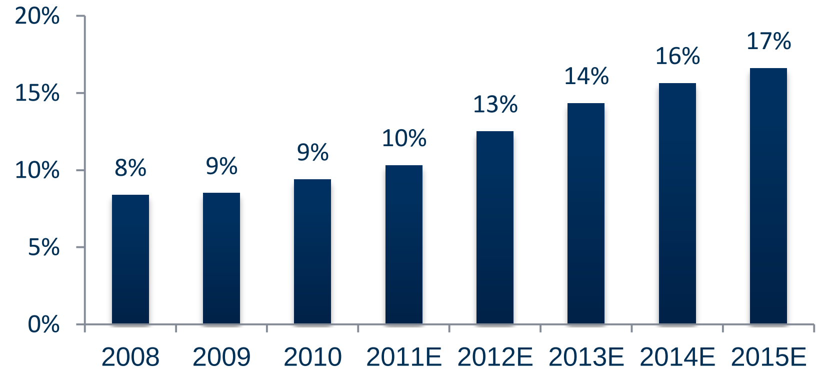
### European mobile GGY, €bn[2]




### % of mobile phone users who engage in betting via handsets[1]




### Mobile percentage of online, Europe[2]

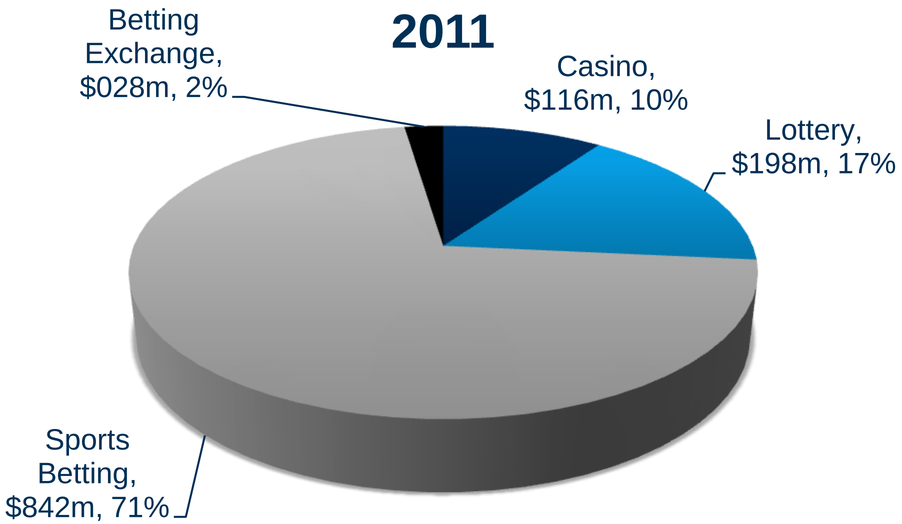


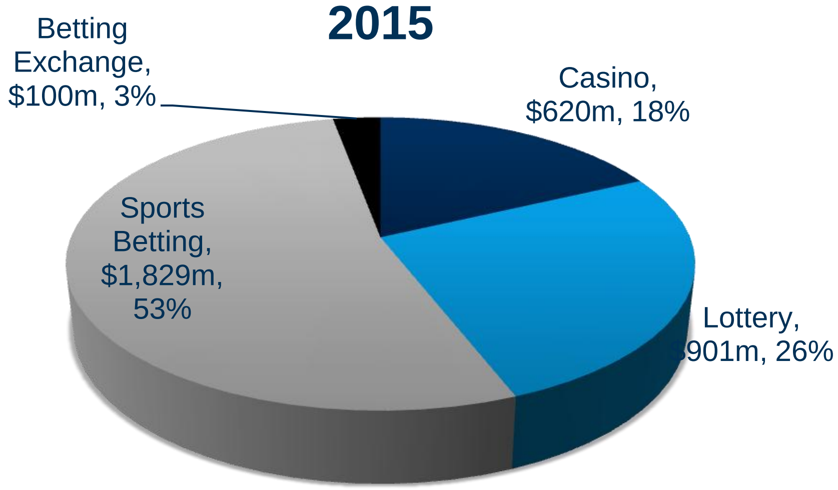



Sources:
1. Juniper Mobile Gambling Report, 2012-17
2. H2GC

# MOBILE INDUSTRY TRENDS

## Global mobile gambling gross win by product

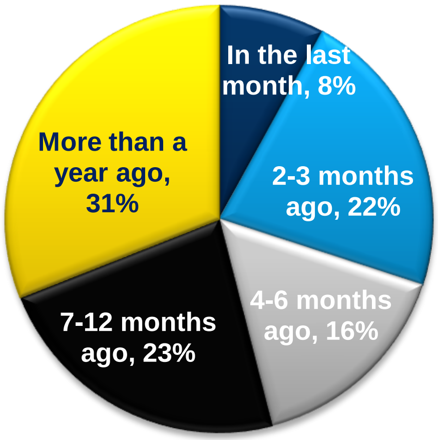



Source: Juniper Mobile Gambling Report, 2012-17

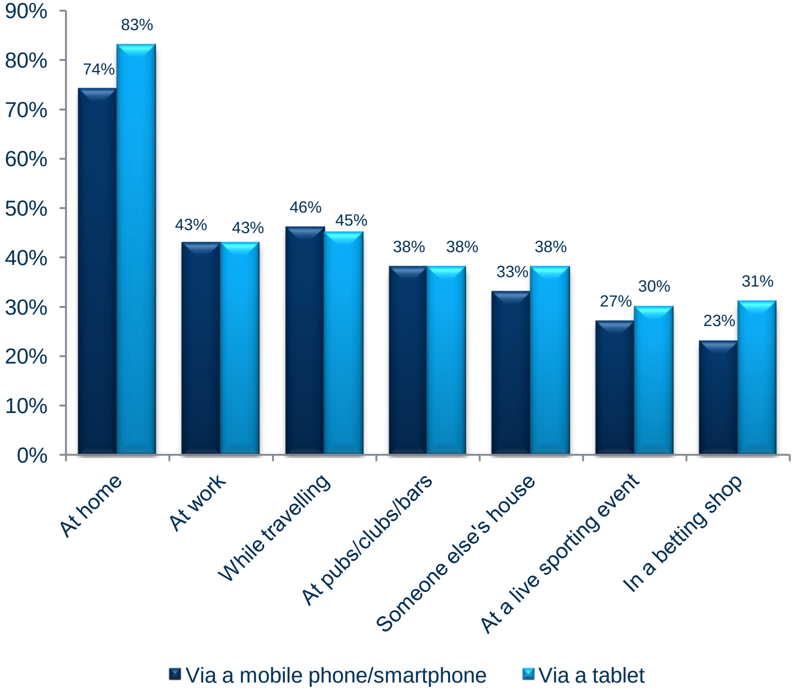
# CUSTOMER OVERVIEW

### The mobile market is still relatively immature




Used a mobile to bet….

### Mobile increases flexibility but is still popular in the home



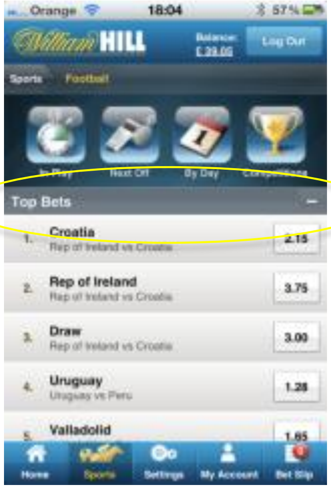



Source: Kantar, Mar 2012, regular mobile bettors

# PROMOTING POPULAR BETS





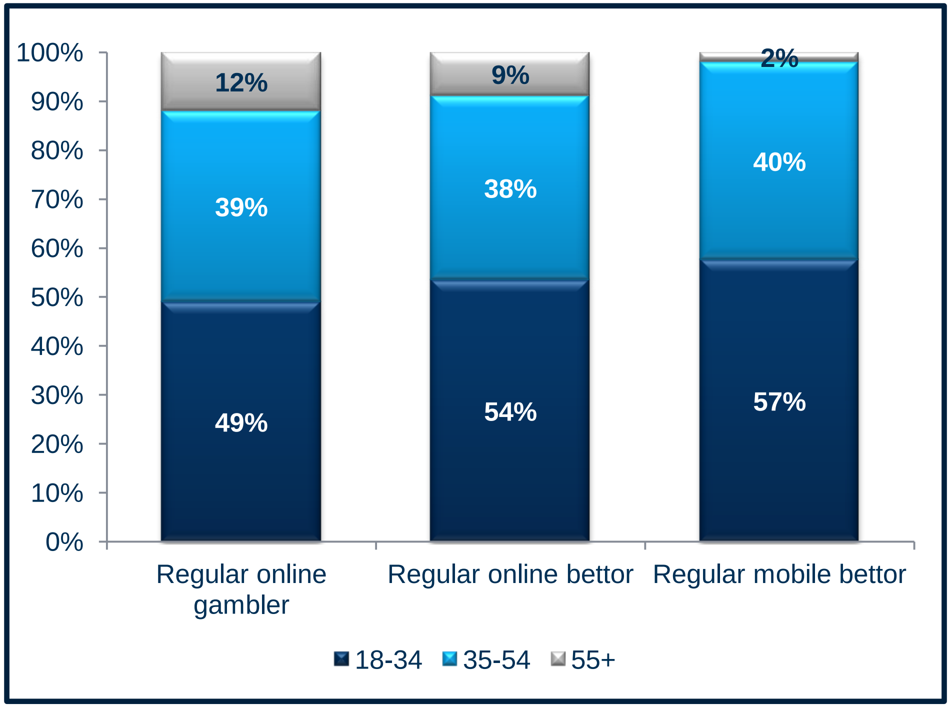





Source: Kantar, Mar 2012, regular mobile bettors

# ONLINE AND MOBILE CUSTOMERS

Online customers are (largely) male, white collar workers, mobile is currently attracting a younger customer




**92%** of sports betting customers are male

**65%** of sports betting customers are ABC1

**74%** of mobile betting customers are ABC1

**2.7** the average number of sports betting accounts actively used



Source: Kantar Online Study (Mar 2011)

# …AND OUR MOBILE BUSINESS THUS FAR

**35%** of Sportsbook stakes are placed by customers who use internet and mobile

**50%** of our mobile customers are already staking 83% or more of their stakes on mobile

**>30%** of our mobile customers use mobile only

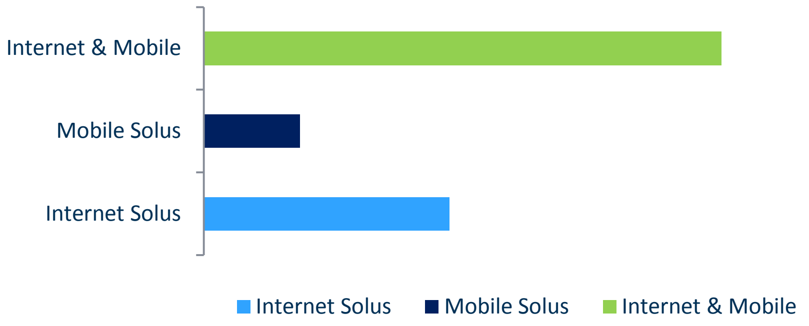
**39%** of mobile betting turnover is in-play



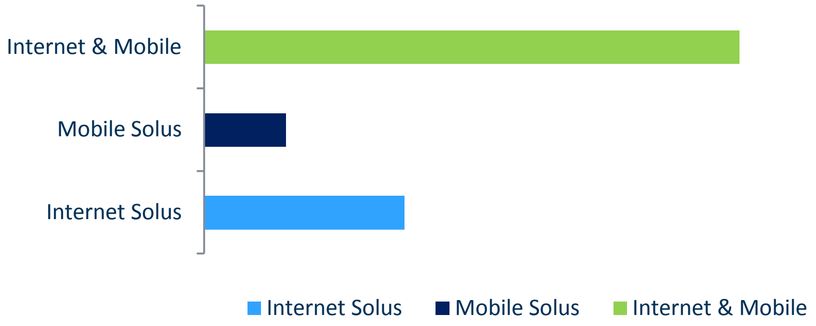
Source: company data

# X-CHANNEL CUSTOMERS SPEND MORE

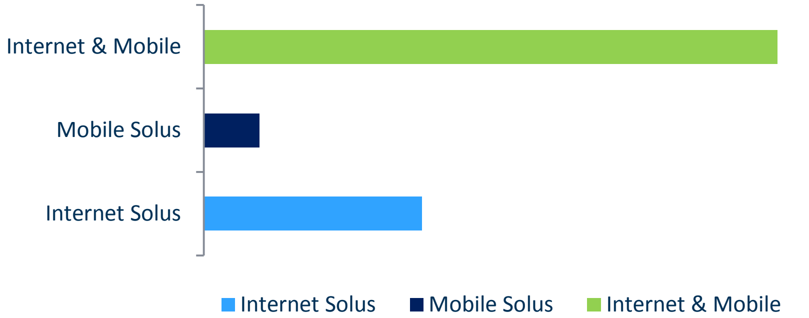
## Bets per active



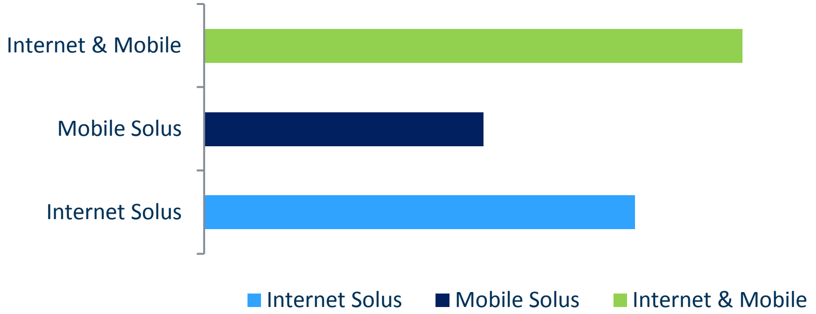

## Gross win per active




## Stakes per active




## Average bet stake






Source: company data, P1-3

William HILL ONLINE

# THE CURRENT PORTFOLIO

**Web**

- Sportsbook
- Casino
- Bingo
- Games
- William Hill Casino Club
- Eurogrand

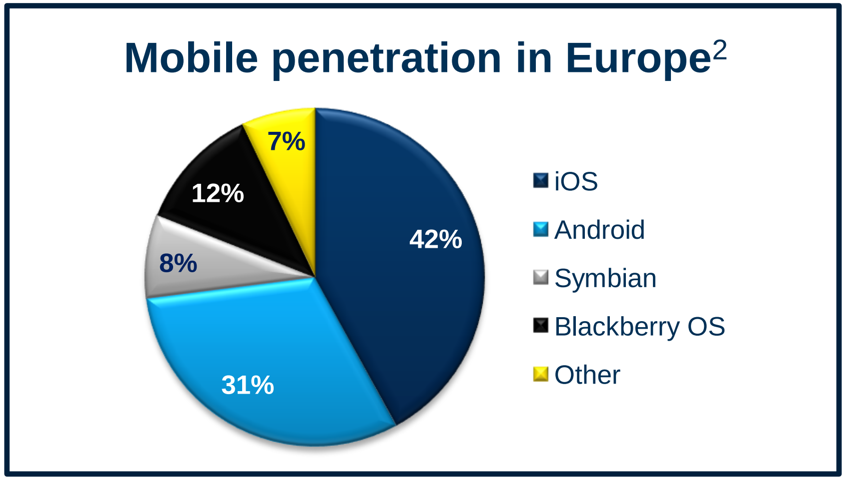
**Native apps**

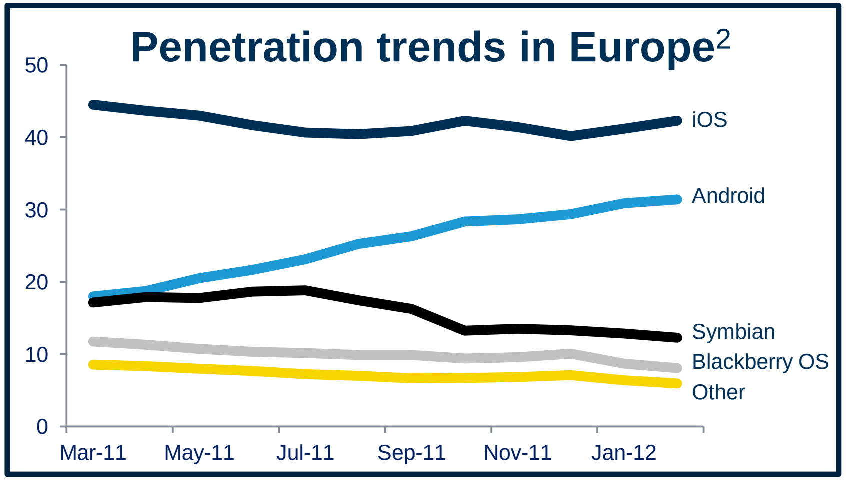
- Sportsbook
- Shake-a-Bet
- Day Trader iPad
- Racing Post
- Racing UK

# WHICH OS...?

- iOS is the leader…
  - 42% European handset penetration and 60% of WHO mobile traffic

- …but Android is growing fast



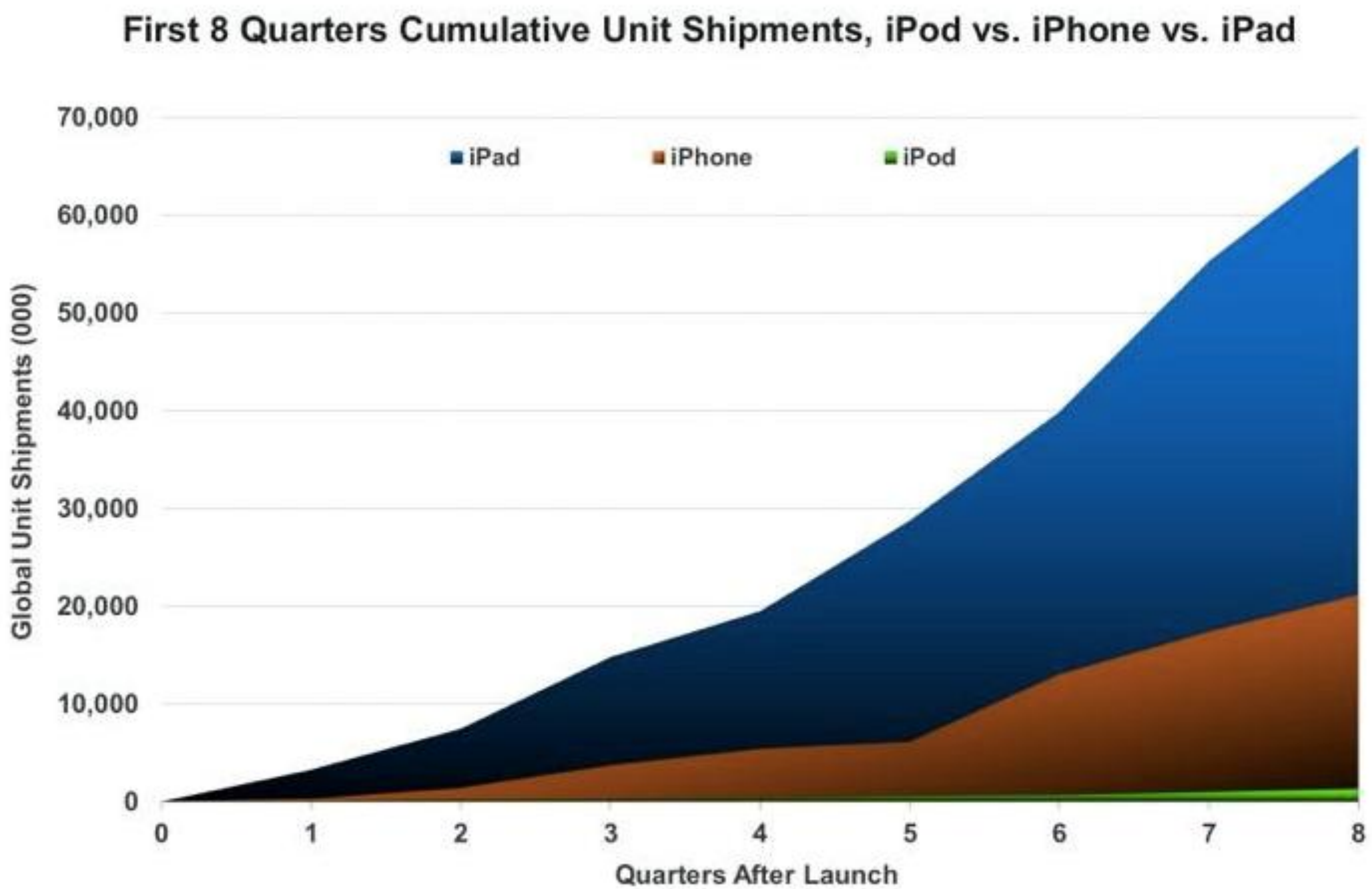






Sources:
1. Company data
2. StatCounter

William HILL ONLINE

# iPods Changed Media Industry…iPhones Ramped Even Faster…iPad Growth (3x iPhone) Leaves "Siblings" in Dust



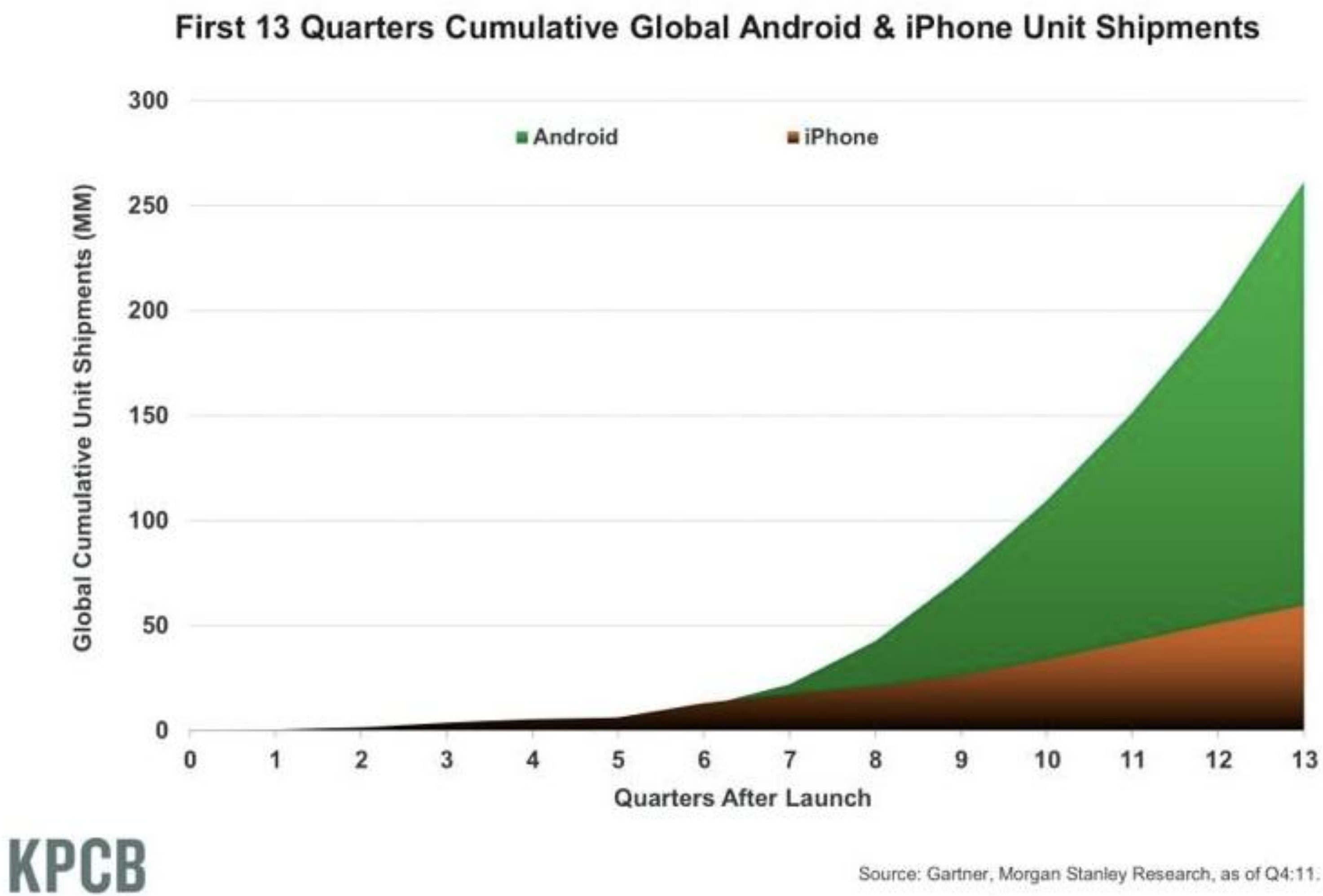

KPCB

Source: Apple, as of CQ1:12 (8 quarters post iPad launch).



Sources: KPCB

# Android 'Phone' Adoption Has Ramped Even Faster – 4x iPhone






Source: KPCB

# …OR WILL IT BE WEB?

- Native Apps vs HTML

vs

# THE FUTURE

We know our customers….

- Love betting
- Want speed
- Have opinions
- Hate bad X-sell
- Demand relevance
- Want simplicity

….in future we want to give them

- Immersive content
- Intuitive navigation
- Social experience
- Relevant X-sell
- Personal-isation
- Local-isation

Mobile Challenges….

- Screen size
- Cost of apps
- Payments / age verification / security
- Native vs HTML5
- Crashing
- Speed of site

….Opportunities to differentiate

- Marketing / push
- Apps strategy
- Multi-touch / gestures / off-canvass
- Camera / location / accelerometer
- Social
- Ubiquity