# Transforming Innovating Performing

William Hill analyst and investor day, Leeds Thursday, 22 September 2011



## **AGENDA**

#### 8.40 am Presentations

Overview

Creating the right product Terry Pattinson, Group Trading Director

Technology in Retail James Henderson, Director of Retail, UK and International

Innovation in Online Jamie Hart, Director, Sportsbook Development

#### 10.15 am Site visit and product demonstrations

Trading floor Terry Pattinson, Group Trading Director

Sports Information Dep't Mike Grenham, Head of Broadcast and Sports Information

Gaming machines, SSBTs Vince Bateson, Head of Retail Gaming

Mobile, text betting, Online Jamie Hart, Director, Sportsbook Development

#### 12.30 pm Depart for Pontefract racecourse



#### WHAT TODAY IS ABOUT

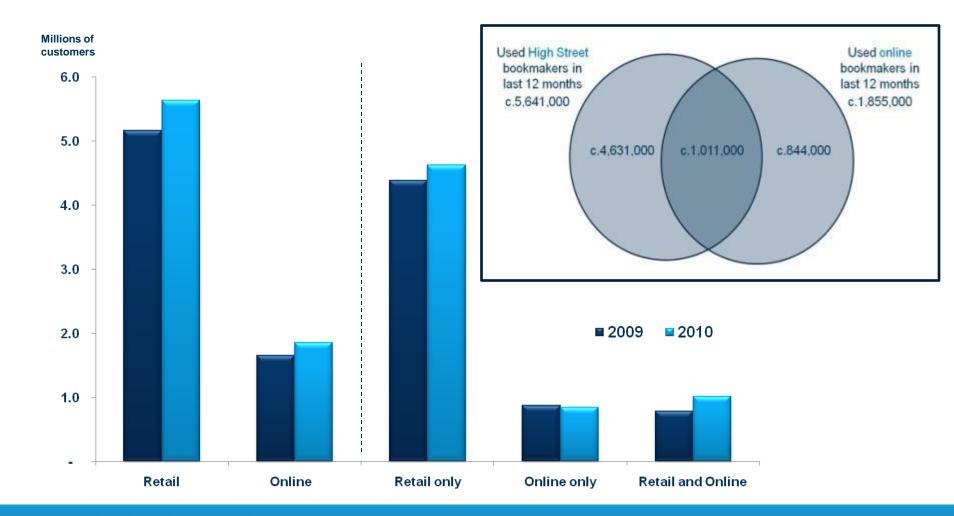
#### We are not standing still

- · New shop technology SSBTs, gaming developments
- Further product development, including revamping our horseracing offering
- · Further mobile development, including gaming





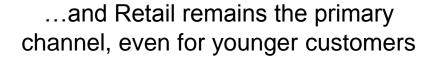
#### WHERE ARE CUSTOMERS BETTING?

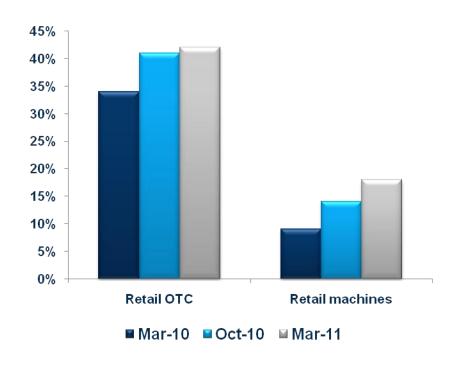


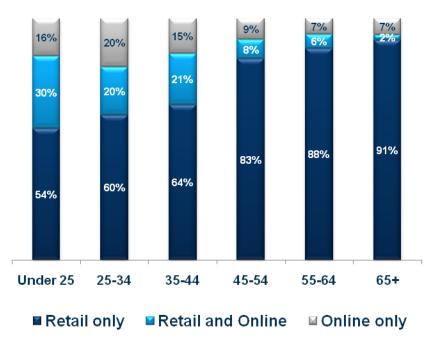


## WHERE ARE CUSTOMERS BETTING?

More online customers are betting and gaming in shops...









Base : All Regular Online Gamblers

Source: TGI January 2010 - December 2010

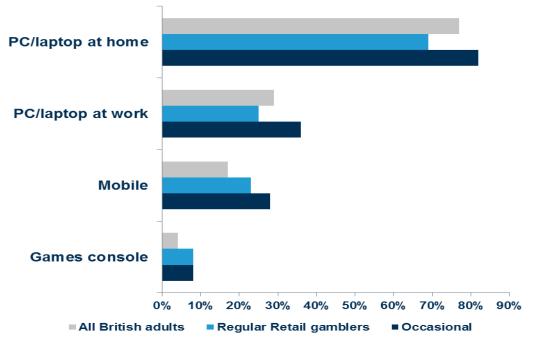
Base: All who use bookmakers on high street or online, Great Britain

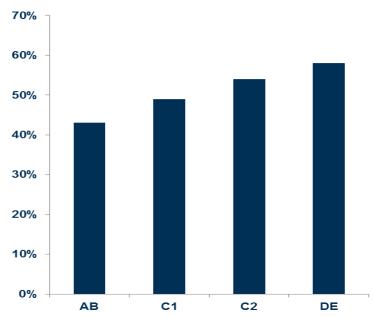


#### ...DESPITE GOOD MOBILE ACCESS

Online/mobile access channels

Smartphone penetration







#### WHO ARE MULTI-CHANNEL CUSTOMERS?

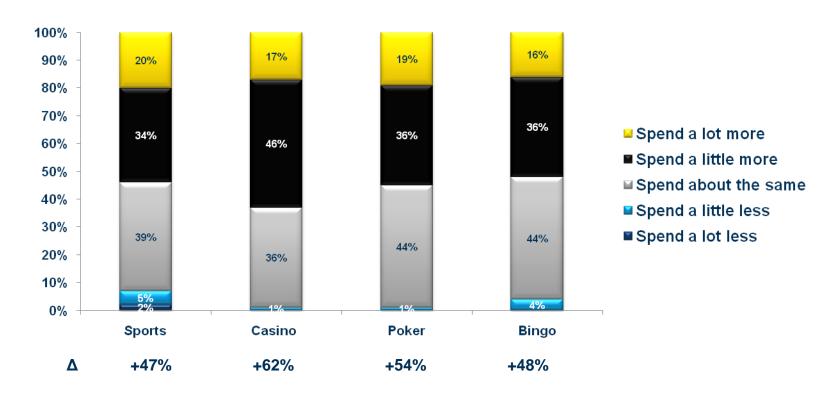


- Younger than single channel customers
- 96% are men
- 54% are ABC1
- 65% earn more than £25,000 a year



## **MULTI-CHANNEL CUSTOMER SPEND**

How customers betting on mobile feel their spend has changed





#### **OUR INNOVATION FOCUS**

- Product breadth and depth
- Technology to take product into the shops
- Competitive offering in new channels



## **OUR PRESENTERS**



**Terry Pattinson** 



James Henderson



Jamie Hart



# Transforming Innovating Performing

Creating the right product Terry Pattinson, Trading Director



#### THE ROLE OF THE TRADING TEAM

The job of **Trading** is to get people in the door profitably by offering **attractive pricing** and **more markets** than the competition.

The job of the Online and Retail **operations** teams is to make the products available through **technology** and to keep the customers there through **service**.



## **HOW WE'VE CHANGED**





## **HOW WE'VE CHANGED**





#### **HOW COMPETITIVE ARE WE?**

1st Betfair Price

2.16

#### Domestic long list coupon for 17-18 Sep 11

|              |               |               |           | 100 000 | 1011 1 1100 |        |      |
|--------------|---------------|---------------|-----------|---------|-------------|--------|------|
| Home Team    | Away Team     | Kick-Off Time | Hills Fav | Betfair | Betf -5%    | liquid | dity |
| Blackburn    | Arsenal       | 12:45         | 1.95      | 1.94    | 1.89        | £ 1,   | 913  |
| Aston Villa  | Newcastle     | 15:00         | 2.00      | 1.99    | 1.94        | £      | 405  |
| Bolton       | Norwich       | 15:00         | 1.83      | 1.81    | 1.77        | £ 2,0  | 087  |
| Everton      | Wigan         | 15:00         | 1.57      | 1.58    | 1.55        | £      | 262  |
| Swansea      | West Brom     | 15:00         | 2.80      | 2.78    | 2.69        | £      | 220  |
| Wolves       | QPR           | 15:00         | 2.00      | 1.99    | 1.94        | £      | 214  |
| Millwall     | West Ham      | 12:30         | 2.50      | 2.46    | 2.39        | £      | 284  |
| Nottm Forest | Derby         | 13:00         | 1.83      | 1.80    | 1.76        | £      | 188  |
| Barnsley     | Watford       | 15:00         | 2.60      | 2.66    | 2.58        | £      | 41   |
| Blackpool    | Cardiff       | 15:00         | 2.25      | 2.26    | 2.20        | £      | 236  |
| C Palaca     | Middleshrough | 15:00         | 2 38      | 2 32    | 2 25        | £ .    | 162  |

15:00 15:00

15:00

15:00 7:00 7 1.75

2.20

#### Top prices on Saturday's football

| Belits | letted. | Hie<br>Span   | Bull  | Chev  | HIS   | lab.  | Fieldy          | Rasi<br>James | VC.   | PREMIER LEAGUE                | B4(95)  | belve. | Be    | Byt   | Const | Mile: | Tarih. | Florida<br>Player | Star         | K     |
|--------|---------|---------------|-------|-------|-------|-------|-----------------|---------------|-------|-------------------------------|---------|--------|-------|-------|-------|-------|--------|-------------------|--------------|-------|
| 10-11  | 10-11   | 10-11         | Evs   | 10-11 | Evs   | Evs   | 10-11           | 20-21         | 20-21 | Aston Villa 5-7 Newcastle     | 16-5    | 10-3   | 11    | 31    | 3-1   | 16-5  | 3.1    | 3-1               | 3-1          | 10-3  |
| 16-5   | 10-3    | 10-3          | 3-1   | 3.1   | 16-5  | 10-3  | 12              | 36.5          | 18-5  | - Wackburn 5-2 Amenal (17.45) | 10-11   | 10-11  | 5-6   | 10-11 | 10-11 | 19-20 | 10-11  | 5-6               | 20-23        | 5-6   |
| 45     | 5.6     | 46            | 8-11  | 811   | 5-6   | \$11  | 5-6             | 2.10          | 45    | Bolton 13-5 Norwich           | 18-5    | 7.2    | 41    | 41    | 4-1   | 41    | 41     | 12                | 174          | 41    |
| B-15   | 5.15    | 12            | 4.7   | 47    | 4.7   | 4.7   | 4-7             | 47            | 8-15  | Everton 3-1 Wigan             | 5-1     | 51     | 61    | 5.1   | 5-1.  | 51    | 61     | 11-2              | 5-1          | 7-1   |
| 11-2   | 5-1     | 11-2          | 61    | 5-1   | 51    | 11-2  | 51              | 13.4          | 6.1   | (5) Fulham 3-1 Mon City       | 4.7     | 8-13   | 8-15  | 1.2   | 4.7   | 8-13  | 47     | 8-13              | 4.7          | 47    |
| 56     | 45      | 811           | 45    | 56    | 17-20 | 10-11 | 17-20           | 6.5           | 17-70 | In Man Utd 11-4 Chelsea       | 7.7     | 41     | 7.2   | 10-3  | 10-3  | 7.2   | 41     | 10-3              | 16-5         | 18-5  |
| 7.5    | 11:8    | 11.8          | 7.5   | 64    | 64    | 1.5   | 75              | 118           | 114   | (5) Sunderland 23-10 Stoke    | 21-10   | 21-10  | 2-1   | 21-10 | 14    | 19-10 | 21     | 2.1               | 2-1          | 23-1  |
| 13-8   | 13-8    | 64            | 64    | 6.4   | 9-5   | 8-5   | 17-10           | 6-4           | 74    | Swansea 23-10 West Brom       | 7.4     | 95     | 7-4   | 95    | 7-4   | 9.5   | 9.5    | 17-10             | 15-8         | 7-4   |
| 13-8   | 8.5     | 8-5           | 13-8  | 64    | 9-5   | 74    | 13-8            | 13.8          | 13-1  | 760 Tottenham 12-5 Liverpool  | 13-8    | 9-5    | 85    | 17-10 | 7.4   | 9-5   | 15.8   | 74                | 138          | 7.4   |
| 10-11  | Evs     | 10-11         | 20-21 | 10-11 | Evs   | 10-11 | Evs             | 10-11         | 20-21 | Wolves 13-5 QPR               | 16-5    | 3-1    | 114   | 3-1   | 31    | 16-5  | 3.1    | 3-1               | 29-10        | 16-5  |
| avors. | Selvel. | Bue<br>Square | Rele  | Cont  | HB    | tats: | Pacify<br>Power | Side<br>Sames | W     | CHAMPIONSHIP<br>Bell draw     | livuto: | Miles  | But   | Sayle | Consi | Ab.   | ue     | Flores            | Ner<br>Arres | K     |
| 6-4    | 11:1    | 13-10         | 8-4   | 7-5   | 8-5   | 64    | 13-10           | 7.5           | 64    | Barnsley 12-5 Watford         | 9.5     | 15-8   | 15-8  | 7.4   | 15-8  | 74    | 95     | 2-1               | 19-10        | 15-8  |
| 11-10  | 11-10   | 54            | 11-10 | 11-10 | 54    | 6-5   | 11-10           | 6.5           | 5.5   | Blackpool 5-7 Cardiff         | 12.5    | 5-2    | 19-10 | 12-5  | 12-5  | 11-5  | 23-10  | 23-10             | 21-10        | 5-2   |
| 21-10  | 21-10   | 15-10         | 21-10 | 15-8  | 2-1   | 7.1   | 21-10           | 19-10         | 11-5  | C Palace 5-7 Middlesbro       | 54      | 13-10  | 13-10 | 5-4   | 11-8  | 11-8  | 11-8   | 54                | 13-10        | 13-10 |
| 6.5    | 11-10   | 6.5           | 11-10 | 11-10 | 5-4   | 11:10 | 11-10           | 11-10         | 6.5   |                               | 12.5    | 5-2    | 21:10 | 12.5  | 5-2   | 11-5  | 5-2    | 125               | 12-5         | 5-2   |
| En     | Evs     | 21-20         | Eva   | En    | 11-10 | Es    | Evs.            | Eti           | Est.  | Tot towich 5-2 Coventry       | 11-4    | 11-4   | 13-5  | 11-4  | 11-4  | 13-5  | 11-4   | 15-4              | 13-5         | 14-5  |
| 811    | 45      | 8-11          | 8-11  | 811   | 34    | 8-11  | \$11            | 811           | 8.13  | Leeds 3-1 Bristol C           | 1.2     | 10-3   | 7.2   | 12    | 4-1   | 19-5  | 41     | 15-4              | 15-4         | 41    |
| 11-10  | 6-5     | 21-20         | 11-10 | 11-10 | 6-5   | 11-10 | 11-10           | 11-10         | 23-20 | Leicester 13-5 Brighton       | 12-5    | 94     | 12-5  | 12-5  | 12-5  | 23-10 | 5-2    | 12-5              | 12-5         | 5-2   |
| 9.5    | 154     | 24            | 158   | 24    | 9.5   | 2-1   | 15-8            | 19-10         | 15.8  | Milwall 13-5 West Ham (12.30) | 11-8    | 11-8   | 13-10 | 11-8  | 13-10 | 14    | 11-8   | 13-10             | 7.5          | 4     |
| 45     | 45      | 45            | 45    | 5-6   | 54    | 5-6   | 45              | 45            | 45    | Nottre Farest 13-5 Derby (13) | 1.2     | 1-2    | 7-2   | 1-1   | 7-2   | 19-5  | 1.7    | 7-7               | 10-3         | 4-1   |
| 11-30  | 65      | 54            | 54    | 65    | 54    | 5-4   | 11-10           | 65            | 23.20 | Peterborough 13-5 Burnley     | 94      | 21-10  | 2-1   | 27-10 | 21-10 | 11.5  | 11-5   | 11-5              | 11-5         | 5-2   |
|        |         | 44            |       | -0.44 | 44    | 0.42  | W. 177          | 2.17          | 0.11  | Reading 3-1 Doncaster         | 9-7     | 9.7    | 9.7   | 5-1   | 0.7   | 9.7   | 5.1    | 9.7               | 9.7          | 3.7   |
| 8-13   | 8-13    | 8-15          | B13   | 8-13  | 44    | 0-13  | 8112            | 0.12          | E.M.  | Reading J-1 Doncaster         |         | 3.5    | 150   | 1.2   | 7.5   | 4.4   | 1      | 15.0              | 2.5          | 10.5  |



eeds

Bristol City

Brighton

Burnley

#### **HOW COMPETITIVE ARE WE?**

#### GamblingData in-play analysis, April 2011

- Number of sports: 8
- Second highest number of events: 188
- Most markets per event: 24
- Highest average number of markets per event
- Most simultaneous football games: 48











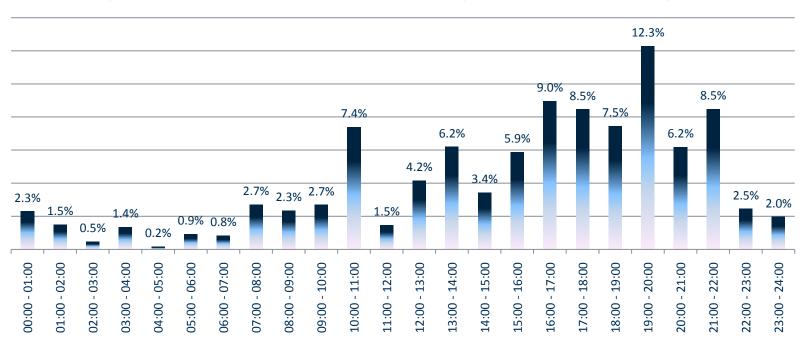
## HOW WE ARE USING PRICING





## **24/7 TRADING**

#### Trading hours of in-play amounts staked during the week commencing 8 Sep 11





#### LATEST INNOVATION

TODAY'S RACING

#### TRY OUR RANGE OF **NEW** RACING MARKETS

PLACE ONLY BETTING - BETTING WITHOUT THE FAVOURITES - INSURANCE MARKETS

BET NOW

NOW AVAILABLE ON EVERY RACE EVERY DAY





- Insurance betting
- Betting without the favourite(s)



## THE BENEFIT FROM OUR CHANGES

#### **Changes in Trading**

- Sophisticated proprietary algorithms and automation instead of bookmaker 'gut feel'
- More events, more markets (e.g., >180 for each Premier League football match)
- Very competitive prices without sacrificing margin due to accuracy of initial odds/lines
- Higher bet limits

#### Sportsbook growth H1 2009 to H1 2011

- Number of bets +117% to 60 million
- Number of customers +100% to 683,000
- Total amounts staked +140% to £827m
- In-play amounts staked **+295%** to £358m
- In-play gross win margin +180bp to 4.2%
- Net revenue +149% to £53m



# Transforming Innovating Performing

Technology in Retail

James Henderson, Director of Retail, UK and International



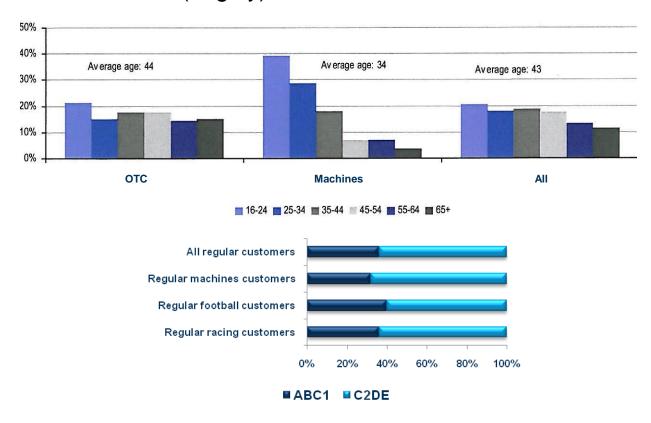
## WHY PEOPLE BET IN A SHOP





#### WHO ARE RETAIL CUSTOMERS?

Retail customers are (largely) male, C2DE and with a cross-section of ages



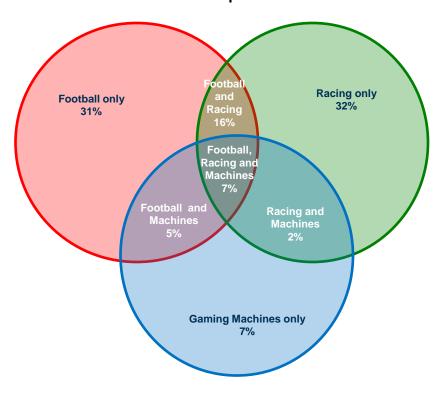


#### WHAT ARE THEY BETTING ON?

number of regular customers...



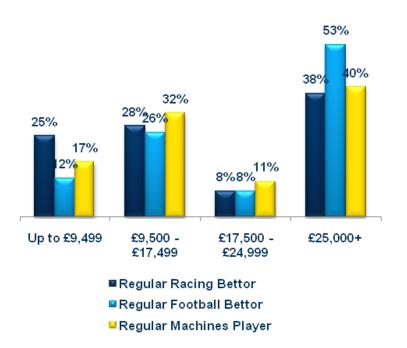
Racing and football have a similar ...but a third of all customers use more than one product



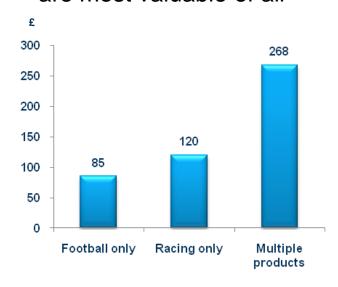


#### NOT ALL CUSTOMERS ARE THE SAME

## Football customers are more affluent...



# ...and cross-sell customers are most valuable of all



Relative monthly spend



## **HOW DO OUR CUSTOMERS DIFFER?**

|   | Industry | William Hill |
|---|----------|--------------|
| ABC1 customers                          | 36%      | 39%          |
| Customers earning >£25,000 p.a.         | 45%      | <b>55</b> %  |
| Customers using machines                | 22%      | 25%          |
| Customers regularly betting on football | 51%      | <b>59%</b>   |



## RIGHT PRODUCT, RIGHT PLACE

- Engaging the regular and the occasional racing punters
- Market-leading football offering
- Providing a wider betting opportunity through SSBTs
- The best gaming offering on the high street

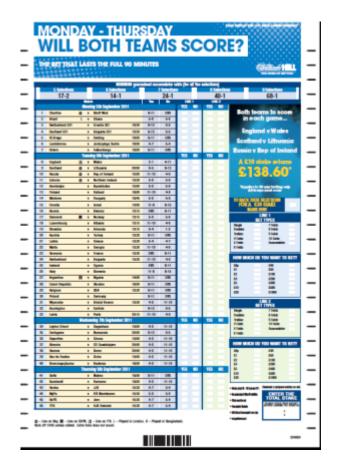


#### **ENGAGING THE RACING PUNTER**





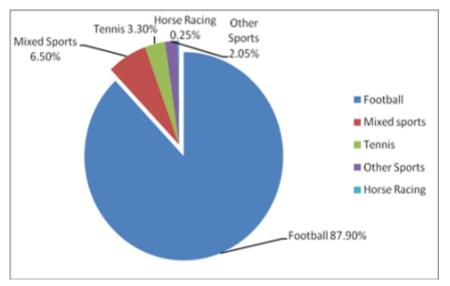
#### MARKET-LEADING FOOTBALL OFFERING



- Widest range of coupons on the high street
- Leader in coupon innovation
- Unique promotions



#### WIDER BETTING OPPORTUNITIES: SSBTs

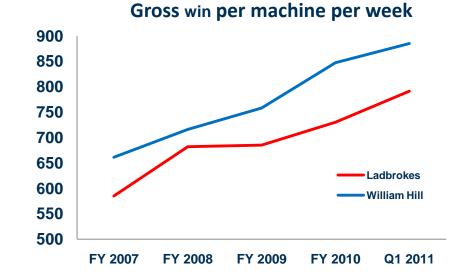


- Initial trial in 10% of estate with BGT
  - 100,000 betting opportunities
  - Accumulator bets
  - Football led
  - Betting on non-UK teams
  - Good proportion of in-play turnover
- Trial underway with Inspired Gaming



## THE BEST GAMING

- Dual-supply model
- Market-leading technology
- Broadest product range
- Marketing and customer service



£1,360

Gross win per machine per week in the 120 shops competing with Paddy Power £2,059

Gross win per machine per week in the top 100 shops in the estate



#### THE BEST GAMING

#### Storm 3 trial starts Q4 2011

- 100 shop trial
- Additional screen
- Card reader
- Targeted player rewards
- Personalised machine experience
- Enhanced player data



#### WHAT'S COMING NEXT?



- Storm 3 trial
- Global Draw contract review
- New-style SSBT trial
- Video walls



# Transforming Innovating Performing

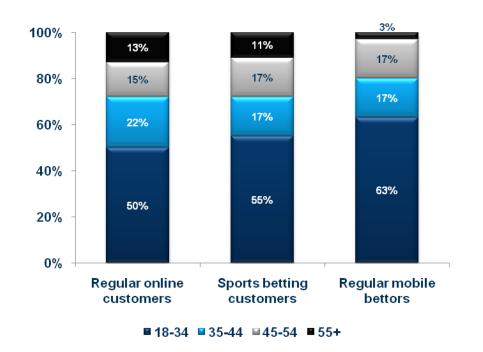
Innovation in Online

Jamie Hart, Director of Sportsbook Development



## WHO ARE ONLINE CUSTOMERS?

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



91% of cus

66%

80%

2.5

of sports betting customers are male

of sports betting customers are ABC1

of mobile betting customers are ABC1

the average number of sports betting accounts actively used



## **KEY TRENDS: CONSUMERS**



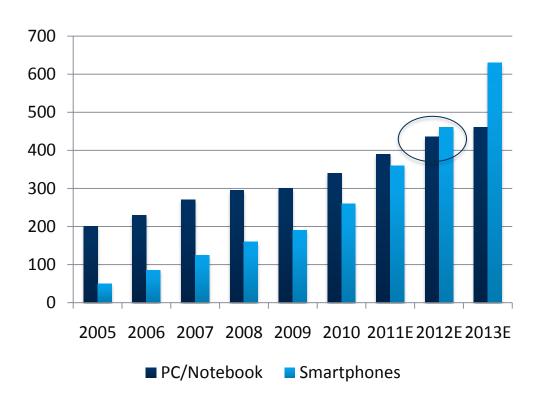
Access / opportunity

A reason to bet



#### **KEY TRENDS: MOBILE**

#### Global Shipments (m)

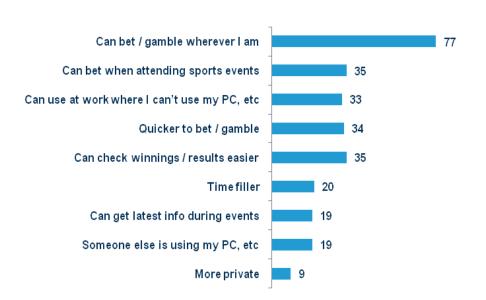


- 35% of UK handsets are now smartphones.
   This is expected to reach 50% during 2012
- Over 20% of people in UK retail outlets are now using online at the same time
- Over 45% of mobile searches are conducted from the home where PCs devices are available
- Mobile search has grown by over 400% during the last 12 months
- Smartphone penetration is greater amongst C2DEs than ABC1s

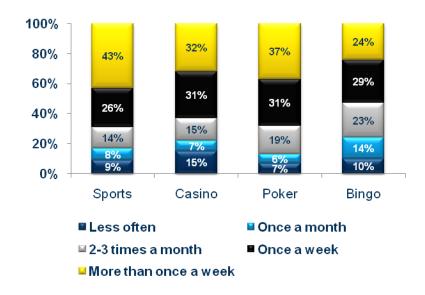


#### **KEY TRENDS: MOBILE BETTING**

Availability, speed and convenience make mobile a popular betting channel...



...well suited to bettors, who want to bet frequently and on the move





#### WHERE DO WE STAND NOW?

18% of regular online bettors use William Hill most often

of regular in-play bettors use William Hill most often

15% of Sportsbook customers have placed a bet using our mobile Sportsbook site

+40% Customers using internet and mobile generate 40% more bets per active than internet-only customers...

+60% ...and 60% more turnover than internet-only customers



#### DRIVERS OF CUSTOMER SPEND

Their cash flow

Get the product right

Make the product accessible

Opportunity / accessibility

 Communicate with the customer directly and relevantly

Reason / opinion

 Encourage and reward the customer for greater interaction with the brand and with other customers



Optimising the product experience using the unique characteristics mobile presents



William Hill product apps





- Visual indexing of markets
- Multiple and quick single functionality
- Native and browser versions
- CMS system



## Optimising the product experience using the unique characteristics mobile presents



William Hill product apps



William Hill activity apps



 Integrated betting in destination sites and apps





Proprietary MINT service layer for our mobile partners



## DIRECT AND RELEVANT COMMUNICATION

- Via text betting and alerts
- Via notifications
- Via Retail, including Quick Cash



### **BUILDING CUSTOMER EQUITY**





#### **Tip Advisor**

- Customer-to-customer affiliation
- Loyalty driven through personal investment of time and knowledge
- Cash return on that investment



#### WHAT'S NEXT?

- New Sportsbook application submitted to App Store
- Further affiliate apps
- Gaming apps Vegas, Poker, Bingo
- Improved CRM



# Transforming Innovating Performing

Q&A



#### WE ARE NOT STANDING STILL

Product

#### Technology

New channels







