William Hill PLC
2012 Interim Results

27 July 2012

PRESENTATION

Ralph Topping - ***Chief Executive***

Good morning, ladies and gentlemen. Welcome to the William Hill results for the first half. And what a morning to meet. One day I'll be able to tell my grandchildren how the greatest show on earth came to London and I spent the morning with 100 analysts discussing financials (laughter). I'm sure they'll be very sympathetic towards their old granddad.

Anyway, thank you for coming. We shall try to make it a day to remember.

The first thing to point out is we've seen growth right across the face in our business. The Mobile sportsbook figure might take the headlines. This year, it's something out to be the Usain Bolt of our business. You can see the kind of theme that will run right through this presentation.

But look at the continuing growth Online and see how our robust cash generative Retail business underpins all. So what we've got; revenue growth, profit growth and, yes, dividend growth. And good news too from America on our plans for growth internationally.

William Hill tends to set tougher targets than the British Olympic Association, and team William Hill generally meets them. If you cast your minds back to the Beijing Olympics, sportsbook turnover was 20% of the size of Retail over-the-counter turnover.

I said at that time we would grow sportsbook quickly. At that time, I didn't think I was going to get a podium place from the analysts in the room, but by 2010 and the South African World Cup, we'd got sportsbook turnover to 44%. In the first of half of this year, it's 83% of OTC turnover.

Five times in the first half, it was over 90%. The highest was 94% at the start of Euro 2012. If you think about it, sportsbook took more turnover on Euro 2012 than Retail.

Then there's Mobile weekly turnover. We took the turnover up, if you remember, from GBP5 million a week to GBP15 million a week. We'd got to GBP7 million when we met at the prelims. Now we are at an average of GBP9.4 million in the first half as a whole, with GBP11.4 million averaged in quarter 2. We ran at GBP13 million average in June, and hit that GBP15 million target in the first week of Euro 2012.

When we look at Mobile as a percentage of sportsbook, we have a 40% target; 19% when we met at prelims; 22% in the first half; 25% in quarter 2, and 28% in June. And this marathon race that anybody in business finds themselves, we continue to pound out results year in, year out.

So now, let me pass the Olympic torch to Neil to take you through the financial boroughs of William Hill. Neil.

Neil Cooper - ***Group Finance Director***

So there I was, desperately trying to think of some Olympic-related quip not having seen this slightly changed script from Ralph (laughter). I'll blame it on the warning letter I got from LOCOG this morning.

Anyway, thank you for that introduction, Ralph, and good morning to you all. It is good to see so many people here on what is, I think, going to be a very interesting day in London today, given the Opening Ceremony tonight.

So recapping on the first half of 2012, we've seen strong net revenue and operating profit growth from William Hill Online, together with a good performance from Retail. And as a result, Group net revenue grew by 11% on the prior-year comparable, and operating profit grew by 14%.

We saw a slightly lower interest cost this half than in the comparable period, around 4% lower, benefiting from our strong cash generation, which has driven debt levels down.

The effective tax rate also continues to decline, with the statutory corporation tax rate being reduced, which also has a beneficial, albeit one-off impact, on deferred tax movements.

Retained profit before exceptional items grew by 18% to GBP104.4 million, benefiting from these three key lines moving favorably, with profit up, interest down and tax rate down. And accordingly, basic adjusted earnings per share grew 17% from 12.8p in the comparable period to 15p in 2012.

These adjustments to earnings are in line with those made to generate our operating profit metric, backing out exceptional items and the defined amortization we typically exclude.

There were GBP7 million of exceptional costs in the first half; GBP6.4 million after tax. The major item was a GBP4.6 million self-assessment tax payment made to the Spanish tax authorities following discussions with them immediately prior to the granting of a Spanish Online gambling license.

There were GBP2 million of exceptional costs relating to the US acquisitions which we completed on the first day of our second half. And finally, ongoing interest rate expectation movements have generated an adverse GBP400,000 movement on our hedging instruments. As at the half-year valuation, there's around GBP6 million of cash flow expected in H2, after which all of our extant hedging instruments will have expired.

Moving onto Euro 2012; the first half saw the bulk of the performance of this tournament with only the semis and the finals taking place in the second half. And just to position this, the whole of 2008 Euros was in the first half.

This slide shows you the performance in both the first half and for the tournament as a whole. Wagering growth for the tournament as a whole was very positive as compared to Euro 2008, up 15% in Retail and up 236% in Online, more than offsetting decline in Telephone.

In total, Group wagering was up at an impressive 61%.

From a margin perspective, the event was, frankly, a bit of roller coaster. The first week was great. Poland drew twice; the Danes surprised the Dutch; England drew; and there was a Spain/Italy draw. It went rapidly downhill from there into a loss-making second week which featured big wins for favorites and England finishing the group stage with two wins on the bounce.

Week three was only marginally positive, with the first three quarter finals doing us some damage going to the favorites, and only England's result against Italy recovering our position. And accordingly our first-half tournament margin was only 5.1% across the Group.

Thankfully, the final week improved matters, and (inaudible) semifinal draw, and the Germans exiting the tournament both helped in the semis, as did the final and the outright result. Paradoxically, Spain saw relatively little betting, which meant their win ended up doing us a favor.
So overall margin for the tournament was 11.3%, ahead of the Euro 2008 outcome at about 8.5%.

Nowhere near as good as the World Cup in 2010, but then with only half the teams and much less use of accumulators, when there were at most two matches a day, that shouldn't really be a surprise.

Moving to Retail. Net revenue grew 5% versus the comparable period, with both OTC and Machine net revenue also growing by 5%.

Costs grew by 4% and, accordingly, Retail operating profits grew 6% from GBP104 million in the first half of '11, to GBP109.8 million in the first half of 2012.

Over-the-counter saw wagering fall 1%. Euro 2012 helped contribute to a 23% increase in wagering on football, but this was more than offset by an 11% fall in betting on UK horse racing, with 9% fewer fixtures in 2012 than in the same period in 2011.

The bulk of the reduction, of course, arose from snow-related fixture cancelations in February and waterlogging impacting fixtures in May.

OTC gross win margin grew by 1 percentage point from 16.8% in '11 to 17.8% in '12. The first quarter saw 1.3 percentage points of growth to 19.4%, which benefited from strong football results and an excellent Cheltenham.

The second quarter saw a very good Grand National, with the Q2 margin also benefiting from a favorable mix effect, to grow by 0.8 percentage points to 16.4%. So, overall, 1% growth for the half.

Gross win per machine per week continues to grow, and the Storm estate, excluding the very recent global draw transferees, now stands at an average of GBP949 gross win per machine per week, with the overall estate at GBP924 gross win per machine per week.

The gaming machine estate is now 100% Inspired.

Net revenue from machines grew by 5% in the first half as a whole.

As the chart shows, total Retail operating costs grew by 4%, or GBP10 million in line with our guidance. Employee costs were tightly managed, as you can see, and showed only a 1% increase. And property costs grew 2%.

Content continues to show the impact of price rises, predominantly those scheduled by SIS for horseracing content.

Other cost growth was driven by increases in central recharges predominantly relating to growth in marketing. We also saw adverse exchange rate movements on our legacy Irish business, as well as cost growth in other areas, including HR and estates.

We continue to expect around 4% operating cost inflation in Retail across the year as a whole, on a 52-week basis. And that's probably a good point at which to remind you that 2012 will be a 53-week year for us.

The first half has seen continued strong growth from William Hill Online, with net revenue growing by 30% versus the comparable period in '11, and operating profit by 23%.

Within the sportsbook wagering growth of 33%, football wagering was up 38%; horseracing up 20%; and tennis up 46%. In-play grew 27%, although we expect this to do better in the second half, as H1 growth rates were subdued by high roller activity in the early part of 2011. Pre-match grew 38%.

Innovation has continued in our sportsbook offering, but Ralph will outline that later.

As you'd expect, the gross win margin benefited from many of the same factors that drove Retail gross win margin. Sportsbook margin saw growth in both Q1 and Q2, with the first quarter up 1.2 percentage points, and the second quarter up 0.6 percentage points.

For the half year, the gross win margin stood well above our expected normalized range at 7.8% versus 6.8% in 2011.

Both in-play and pre-match margins grew versus the comparable period by 0.7 and 1 percentage points respectively.

So, the impact of margin growth, together with the strong wagering growth I've outlined, led to a 52% increase in net revenue growth for sportsbook.
Gaming also showed good net revenue growth, up by 18%. Both Playtech and Vegas Casino grew strongly; 28% and 20% respectively. Bingo also grew by 7%. Trends in poker continue as we previously outlined, with poker operating profit ahead of the comparable period, despite the net revenue shortfall.

Following a year in which William Hill Online showed great success in driving increased share of wallet, as evidenced by 22% growth in revenue per unique active for 2011 as a whole, the business has delivered over 33% growth in unique actives and 34% growth in new accounts in the first half of 2012.

Together with strong growth in accounts, predominantly driven by sportsbook, the business has largely held its revenue per unique active as account numbers have grown.

This reflects well on the scale of marketing investment and the blend of marketing techniques being used by Online, with offline campaigns in particular showing substantial increases in expenditure. And it's also indicative of how well the Tel-Aviv acquisition marketing team has been working following the disruption late last year.

Following strong growth last year, the rate of growth in direct employee costs in Online has slowed as the business has now established operations in Italy and Spain.

Marketing costs, on the other hand, have grown by 42% versus the comparable period to GBP55.5 million. This is around 28% of net revenue, which is now where we expect the full year to be, given ongoing levels of offline investments in the UK, Spain and Italy.

Other operating costs also show expansion, with the largest increases in absolute terms coming from banking costs, content costs and in IT.

Cost of sales has grown sharply by GBP6.2 million or 53%. This was partly driven by the impact of increased taxation levels in newly regulated markets, but the growth in Mobile revenue was also driving increased levels of cost.

Growth in this line was partially mitigated by circa GBP2 million accrual release following regulatory developments, of which GBP1 million relates to the prior year.

Given its scale, we don't have a separate slide on Telephone in this pack, although the usual numbers are in the appendix. The Telephone business made a small profit in 2012, again, benefiting from a circa GBP3 million cost of sale accrual release following successful resolution of discussions with HMRC, and around GBP2 million of this relates to the prior year.

Capital investment in both Retail and Online continues to be a key element of our strategies. Retail investment is driven by both expansion and refurbishment. The Group saw 10 new shops open in H1, with four net adds after six closures during the half.

Looking ahead, we now expect 30 openings and around 10 closures for the year as a whole, with net of say growth, therefore, of around 1%. Ralph will talk about the technology upgrades included within our refurbishment investment as the Retail offer continues to be enhanced.

Cash capital expenditure for the year as a whole for the Group is now expected to be in the range of GBP60 million to GBP70 million.

The first half saw very strong net cash inflow from operations, with GBP169 million versus GBP129 million in the comparable period in 2011.

This was boosted by strong working capital inflows in the half of around GBP32 million. Of this, GBP15 million was pay or related as June salaries were paid after the end of the half. Accordingly, I expect around GBP15 million to GBP20 million of this first half movement to reverse in the second half.

And given this expected working capital movement and the impact of the US acquisition in the second half, I don't currently expect to see material improvements in our net debt for covenant purposes between now and the year end.

In terms of other finance matters, the pre-exceptional effective tax rate for the first half of the year was 17% versus 19% in the comparable period. And we continue to expect that the full year will be around this rate, with effective cash tax rates at about 21%.

We benefited in the first half from actuarial assumption changes which helped to reduce our accounting pensions deficit from GBP34 million to GBP19 million.

And finally, I'm pleased to be able to highlight a 17% increase in our interim dividend from 2.9p a share to 3.4p a share. This is as compared to a 15% increase in basic earnings per share and a 17% increase in basic adjusted earnings per share.

Finally, Ralph will come on to discuss the broader strategy around our three US acquisitions in a moment, but I wanted to run through the basic economics with you.

The table on the left of the chart shows the pro-forma wagering and revenue numbers, or handle and win, for the combined William Hill US businesses as they were in 2011. Other revenues are derived from a small hotel and casino we now own, and software leasing, giving that a number of the non-William Hill Las Vegas books run on a now William Hill owned system called CBS. This table does not include the pro-forma 2011 operating costs of the new entities. These will obviously alter following combination.

I'd remind you that we paid around GBP31 million to acquire these three businesses, and have made GBP4 million in convertible loans prior to completion. These loans were not finally converted into equity and have therefore reverted, on acquisition, to inter-Group loans, so will drop out on consolidation.

We expect now to see around GBP6 million or $9.5 million of exceptional transaction and integration costs, together with up to a further GBP1.3 million or $2 million of exceptional cost, dependent on discussions ongoing at present in regards to an onerous contract. GBP3.7 million has been expensed up to the balance sheet date in total.

And looking ahead, we will be treating the US as a separate reporting segment, so you'll see the outcome of our first six months of ownership at the final results in early next year. But I would reiterate that we expect to be earnings enhancing in our first full year of ownership before exceptional costs and the amortization of acquired intangibles.

There is a slide in the appendix outlining our current estimates of intangible amortization for the next five years, although I should stress that the accounting for this has not yet finalized, so these estimates may change.

Thank you for listening and, Ralph, over to you.

Ralph Topping - ***Chief Executive***

Thanks, Neil. So let's talk about the US. After 12 months, 11 days, three hours, 18 minutes, we were granted our licenses in Nevada at a ceremony in Carson City and also in Las Vegas. It was satisfying to see the unanimous results recorded; 3/0 and 5/0 on each occasion, so let's spend a couple of minutes talking about the US.

I've told you before about our international strategy. 90% of our revenues came from the UK in the first half. We are looking to diversify through selective, targeted investments and the sweet spot for us is opportunities that could be multichannel.

Customers increasingly use more than one channel. Those that do, they tend to spend more. The US is a $380 billion sports betting market and under 1% of it is illegal, less than -- sorry, under 1% is legal, yes, wrong way round there, with apologies to Don Corleone (laughter); I don't want to ruin his business model -- less than -- I do want to ruin his business model; there's another mistake (laughter), but I don't want to find myself sleeping with a horse -- less than $3 billion. There was no major local brand in sports betting, now there is and it's us.

As you may know, looking at our track record, we are careful investors. We are looking for acquisitions that will enhance our earnings in their own right and which are not reliant on regulatory change.

The first step for us was becoming licensed in Nevada. It's a non-restrictive license; the highest grade of license you can get over there, and I can't overstate how important it is that we're over that hurdle.

Why? Well, it gives us credibility with partners and it gives us credibility with government, so just for a few seconds, let me remind you what we bought.

We've got three businesses operating mainly in Nevada. We've around 400 employees currently, and there will be some reshaping of the business as we merge the three. This is not an instantaneous process and we've started integrating those three businesses. In total we're in 164 locations. There are -- these are mostly sports books, and that's areas within a casino designated for sports betting.

Smaller casino operators outsource. Many of them do so to these three businesses. We've also got kiosks or what we call self-service betting terminals, in 83 locations of which 39 are in bars and taverns.

I'm sure someone will ask the question, what's the difference between a bar and a tavern later on, and I will pass that on to one of my colleagues to answer. So start getting ready, James.
The hardware and content for the kiosk comes exclusively from William Hill US. We also have our own software platform for the sports books and we've moved all three businesses onto it. That platform is also provided to about three-quarters of the major operations on the Las Vegas Strip.

And we're in Delaware. We've retained the experienced management team. Many of you have met Joe, Joe Asher, the Chief Executive at a lunch presentation last June. Joe is bright; Joe is keen; Joe is also ambitious; he's also a lawyer, which is an advantage to us as he understands the legal system, regulations, etc., etc., over there. And he's also politically astute.

Then we've got Jeff Siri as COO. He's the voice of the Apple iPhone, Jeff Siri. Very capable operator; generates good profit margins and he's been many years in the business.

And then we've got Vic Salerno , who's a wise old head, well-known, well respected in Nevada. He's our Chairman over there. The Board of William Hill US works closely with a guy in the front row. He's coming up on the podium shortly called James Henderson, and James also runs our UK Retail business.

As I say, James will be stepping up on the podium at the end of this presentation. You'll have the chance to ask him many a question as the morning progresses.

So, sports betting is allowed, as a land-based operation, in only four states in the US; Nevada, Delaware, Oregon and Montana. Only two states currently offer sports betting. In Nevada, the biggest part of the legal market, sports betting had a mutual turnover at $3.3 billion a year. It's smaller there when compared to the size of the gaming market.

The typical win margin is around 6% to 7%, that's 6% to 7%, that's 6% to 7% in case somebody writes down, with my Scottish accent 67%, and we get -- our share price goes up by GBP4 this afternoon. And the total win last year was around $200 million.

There are now around 230 locations in Nevada. That's expanded in the last year, incidentally, with the addition of these 40 bars and taverns, all of which are served by William Hill US. We have around two-thirds of the locations, but only around 10% to 15% of the market by handle, so there is real potential to grow.

Sports betting, unlike Gaming, is mainly, what they call over there, locals betting. That's people who live in the district, locals betting, and that's the market we're in.

I really like this market. It's about really knowing your customer. You get a real chance to know your customer because they're regulars. And it's like the business we're in, in the UK. It fits our culture. It's also an improving market. There was a report in May that suggested the locals market was growing at a faster rate than the Strip and I'm not surprised by that.

We're not only in Nevada. Joe Asher was very close -- remember, lawyer, regulation -- he was very close to the change in regulations in Delaware. We are the exclusive risk manager to the Delaware state Lottery. We're in partnership with a company called Scientific Games, which you'll be familiar with.

We're in three casinos today and we can extend to 28 new locations this year. Plus, a significant number of lottery locations can handle sports bets from next year. These number in the hundreds. From memory, it's up to 500.

There are other moves afoot. Governor Christie in New Jersey is pushing for sports betting. He's past a law to permit it in this state, after a referendum last year showed the population was two-to-one in favor.

New Jersey needs to overturn the federal Professional and Amateur Sports Protection Act, but it's pushing to do that. And Governor Christie wants operators to move ahead regardless, and a couple of those who are based in New Jersey actually seem inclined to do so.

Our short-term priorities are simply to get the brand out there, all under the William Hill name. We currently have an information website; there's no transactions, of course, and that's already been launched.

We've started rebranding the sports books, as you can see up there, and kiosks, and we will do all of them this quarter. We're going to start advertising relatively shortly.

It's good to see the William Hill brand up there in the States, isn't it? It's fantastic. It's a source of great pride to the management team. But we need to join the business up, and we need to reshape the teams. We've got a new office location and we've got to improve the customer product.

There's a lot of potential. We shall start by bringing enhanced in-play out during the NFL season. But it's not all one way. There's an opportunity to take some of the US product and bring it into the UK.
There's a lot of potential in the business, this business. Synergies will come from crunching the three businesses together. But I want to underline that we're positioning ourselves for expansion and investment.

We haven't bought these businesses to sit with our legs crossed by the poolside. We aim to develop the business and to grow and grow. We're going to improve what's available to existing customers and existing locations.

We've developed US sports content over the last year, and we are adding in-play in three managed markets. We shall also benefit from increased financial scale and the ability to take slightly more risk in the book.

We add operational excellence, applying the William Hill operational working practices wherever we've gone, whatever we've done, whatever we've bought; we sprinkle the William Hill magic dust.

And in terms of our operational and working practices, the standards of a scale operation, including managing the book and managing the screen content, and we'll be leading the customers through the information to the actual bet.

If we look at new channels, I mentioned new locations in Nevada and Delaware. We've self-service capability, and mobile capability as well. We've got apps on iPad, iPhone, Android and BlackBerry all currently available, all being rebranded William Hill, all with the potential to improve.

We're particularly good at branding. We know the value of advertising and how to get a brand out there effectively, and that is precisely what we will be doing.

And as I say, regulatory change is coming. Delaware is a classic example of that. New Jersey are already moving to open up.

There's also constant speculation about Online. The good news is we don't need regulatory changes to improve the fortunes of this particular business. We have the business, the brand and we've got the license. That puts us in a great position to grab opportunities when they come.

Now, if I can, ladies and gentlemen, we'll just look at Retail performance, particularly the UK. Anybody who's been at these sessions knows that I like Retail; we like Retail. I like OTC; we like OTC. I like Machines; we like Machines. Dead simple.

So this was a good performance in 2011; a good performance certainly in Q1; and a good performance again in half 1 as a whole. And it's worth bearing in mind that 2011 numbers included the Irish estate which, given -- so this is against tougher comps for the OTC performance, in particular.

So that's a good performance from OTC and Machines. We're seeing good Machines growth still coming through and there's still upside in Machines, which no doubt you'll wish to ask us about later.

As Neil said, this result is despite disruption to trade at different times, particularly around fixture cancelations. Now, this next line sounds like a weather forecast in Scotland for a day in early June, but snow first, then rain. It's a summary of where we were in fixture cancelations this year; snow first, then rain.

And anybody who thinks that a fixture disruption doesn't matter to us, could you please leave the room because you're clearly not wired up to us, you're wired up to the moon.

When I tell you fixture disruption has an impact greater than the entire benefit of Euro 2012 turnover, you can see why. And that's with a pleasing Euro 2012 performance.

Everybody here knows the focus we put on football. Football's a particular passion of mine; I seem to get involved in all kinds of things to do with football. But betting on football's relatively simple in my life. Other things are complex.

It delivered 14% growth in turnover during the last season. And we were well placed to capitalize on interest in Euro 2012. We saw good stake in volumes, 15% higher than the last Euro championship.

Now, as Neil said, results were varied. But common with my FD, we don't get suicidal; we're very calm. We don't bang our heads off the walls and bemoan the state of the world, results are results. There's no panic here on the fifth floor at Greenside. We all know it comes back to the average. And it did come back to the average.

But we had our run of 14 games without a draw and 58% of the favorites won. We're used to accumulator betting on football in Retail, but in the Euros, there's only two matches a day in the early stages, and only one towards the end; it's called the final. And it's difficult to get high margin on singles and doubles.

You may have noticed, Vaughan isn't here today, which is a great pity. But he is out doing a tour of betting shops to learn about margin. And I'm pleased to say that even he is starting to get it. Last time he called in, he was in Peterhead, at the shop not the prison (laughter).

We did not get carried away by World Cup outcomes in South Africa. It's very easy to get carried away. That was a phenomenal World Cup. It was a phenomenal tournament. We didn't get carried away either in the planning for the tournament or our expectations for the tournament.

The World Cup is differently structured, where margins will always outstrip Euro tournaments and so do profits. He said, confidently looking to 2014 (laughter).

We got there in the end, though, but not in this reporting period. Overall, Euro 2012, gross win for Retail, was in line with our internal plans. It was a good tournament. Don't let anybody tell you otherwise. Well, they will tell you; you can't stop them.

I keep telling you that product development and channel innovation are key drivers of continued growth, so here's the news on a couple of important developments. On Machines, we awarded the contract, Inspired, for the rest of the estate in January.

We rolled out the Storm Plus machine to 500 shops during quarter 2. Given the disruption in doing that, and we flagged up there is disruption, we're not yet seeing the full benefit we expect in these numbers. We expect to see the full benefit.

We'd already put Storm Plus into 100 shops for the beginning of the year, and using anonymous customer cards, they gave us marketing and rewards capability. Where we've had those cards, we've seen shops grow faster than the rest of the estate. We've now got that technology in 600 shops and we'll continue testing it, and it is only at the test stage, during the second half.

We ran at an average of 3.86 machines per shop. Some locations can't get a fourth machine in; it's physically impossible. Some we haven't put one in, while we've had the AMLD fee to pay per machine, but with variable rate machine games duty from February now making those opportunities pay, you would naturally expect us to increase the number of machines, and we are.

Turning to continuing innovation and channels, I suppose you want to know about SSBTs, and quite rightly, they get a lot of attention. But there are some caveats.

The moment you put technology in, you put other suppliers into the mix and you give away value -- you can give away value.

We don't have big scale here, so the revenue shares are higher than on gaming machines. We have to make these pay and we have to make sure we're not cannibalizing OTC and giving away margin.

So we're running tests in 287 shops. We're going to make more available in a lot more shops, if we can find the right solution.

How are they being used? Well, 90% of betting is on football, followed by tennis, basketball and ice hockey. Now this is the interesting bit. 76% of bets relate to leagues outside the high profile football countries of England, Italy, Spain and Scotland. Popular leagues are Turkish, Greek, Polish and Romanian. And interestingly enough, 85% of bets are accumulators.

So we believe there's a good amount of incremental spend. We want to make sure we're going into the right locations and we're making sure the economics are stacking up.

We're also investing about GBP40 million this year in the estate and where does the money go? First, we are continually evolving shop design. We have done that for years. But, Ivor, I think you've already been to the Aldgate High Street. And anybody in the room is welcome to check it out too. You can see another of the latest approaches on the screen outside.

Ensuring the look and feel matches our technology-led improvements, including the video walls, which is that huge screen up there, and continuing to increase Storm Plus gaming machines and SSBTs, I really want to see 100 video walls in 100 shops by this time next year and more again -- by this time this year, and more again next year. And I want SSBTs in significantly more shops.

Why? We have an increasingly young population in the shops and we want a clean, fresh, high clean -- high tech environment for them. Much as we've liked having Sally Gunnell looking down from the walls and a very young Alan Shearer staring out at the public for the last 45 years, their pictures will have gone by the end of year. So it's bye-bye, Sally, and bye-bye, Alan, with all your hair now that you're challenged hirsute-wise.

We do a lot of work behind the scenes every year. We talk about the new licenses and re-sites. We don't usually talk about the refurbishments, the gantry upgrades and the new price finders.

In total, we've worked on 385 shops in the first half and that's 16% of our estate, but we're still very disciplined in our approach.

Our average unit size, at 1,200 square feet and rent at GBP21,000 are lower than all the key operators you'd like to name. Our lease profile is very manageable at an average of seven years. We have break clauses in 61% of the leases.

Our rental growth is at its lowest rate for 15 years. Of the rent reviews or renewals we've done this year, 67% have been without an increase. Our hurdle rates are 20% for new licenses and 15% for re-sites. We are hitting our hurdle rates and, in the case of new licenses, smashing them.

The quality of our performance can get masked by the scale of our business. If you take a look at the 120 shops we opened in 2009 and 2010, in the first half of this year, the net revenue was up 13% against 2011, with over-the-counter growth of 16%, outstripping Machines' growth of 10%.

And if you're worried about our tail, don't be. In 2009, we showed you the estate contribution by decile; the bar chart shows you what it was then and what it is now. And you can see it's both very stable and right down to the tail, cash contributing.

Within the bottom decile, we'll have losses on big bets there, shops that are covering dead costs through to a -- due to a lease, shops that are newly opened and getting up to full steam and shops that offer re-site opportunities. So overall, 2012 we've still got a very robust estate.

So highly cash generative Retail business and an Online business that continues to fly. All the main sports are growing strongly. Euro 2012 was outstanding, with the stakes up nearly 400% on 2008, and a gross win margin of almost 9%. That in itself is remarkable, given the results.

Gaming, of course, hasn't been left behind; it's up 18% overall. And Mobile is steaming ahead. Who says there's no growth in the UK? Our UK revenues were up 29% in the first half.

As with Retail, it's about the products in Online and about the channels to get these products to customers. The numbers in Online speak for themselves, including those shown on this slide. So I'll talk about the changes that have been made in the first half that will continue to drive growth in our business.

We're still improving our product, our offering across sports. We said we'd go deeper on key sports. We're getting even bigger in those sports; more than doubling the basketball matches that we show.

We had 10,000 more tennis matches, 5,000 more football matches and we launched a pricing model that, I think, is -- stands up against any competitor and most competitors will envy it.

Of course, it's not just on the sports side. Most of you here today will have met a couple of guys in Gibraltar called Colin and James. And I'm sure you'll have enjoyed their enthusiasm for the product.

Live Casino was soft launched on April 24. In the coming months, we'll go for the full launch, including a more interactive site, and you'll see us advertising this product in the UK.

Personally, what I love about Live Casino is it's about understanding the customer. Everyone says Gaming is commoditized; not when it's about the experience, it's definitely not commoditized when it's about the experience.

This is where our passion for service meets our passion for Gaming, and I think we've made it stand out from the crowd.

I'm not sure I even need to do a slide on Mobile. I think these numbers speak for themselves. The highest rank sportsbook app, 340,000 downloads, 40,000 new accounts, 28% of sportsbook turnover coming from Mobile in June.
Gross win in half 1, up 485% off a 390% increase in turnover. At the peak, more bets per minute on the day of the Euros final than on Grand National day. Think about that one. We saw 59,000 downloads and 11,000 new customers during Euro 2012, and ours was the highest ranked betting app in the App Store throughout.

I said Gaming would be a focus for us. We've launched Mobile Bingo, Mobile Games and there's more to come. Mobile Gaming for everyone is still in its infancy and we are focusing heavily in that area.

And again, the guys have particularly aggressive targets for the rest of this year. And we'll give you some confirmation on them when we come to speak to you in September, what the targets for Mobile Gaming are for next year.

Much of that growth, it's coming from the UK. We want good growth in other markets to supplement that. But let me be clear, we're not going to be everywhere. That's far too expensive, it's far too time consuming, it's too distracting and we'd dilute the power of our marketing spend.

We prefer being focused. We prefer being choosy. We definitely prefer being realistic. New international markets are definitely not about instant success. They're about plugging away; continually improving the product and service; bringing to these markets the quality of what we offer in the UK; and taking advantage, as these markets gradually open further and as we're seeing in Italy, to differentiate the William Hill Online offering.

It will continue to be about ups and downs. We're seeing good initial growth in Italy and Spain, adding to what we're already doing in Austria. But other markets will inevitably disappear. The good news is we're in a strong position to ride out those changes.

You know much of the news here, but just so we're all on the same page. Machines games duty comes in, in February next year. Treasury, I said, it's anticipating online point of consumption tax at 15%. That will be interesting to see if that actually happens from December 2014.

I do think there's a long way to go in the consultation and we're continuing to submit to them our arguments about the importance of enforcement and the risk of distorting the market.

Racing is still on our agenda. We're back in the annual debate on the levy ahead of October. We're still of the view this needs to be looked at for the long term, taking into account picture costs, much more significant than levy, and also sponsorship.

On the international side, I've already talked about Delaware and New Jersey. We're keeping an eye on things there, and on the various discussions about Online, but we're keeping cool heads about it all, as we are with the ongoing European changes.

And finally, a couple of last thoughts to leave you with. I know that everyone's looking for certainty on the Playtech call option. I will give you this certainty; there's no announcement today.

How's it going? Really well. We're having good discussions. The discussion teams are getting on well. Are we happy with Playtech as a supplier? Yes. Will we be keeping them as a supplier? Yes.

And the other certainty I can give you is that we won't be complacent. I've always talked about brains and talent and it's not something you can ever stop doing or employing. That means bringing people into the business and developing them by giving them their head and giving them new experiences, and we're seeing significant returns from that approach.

Now, it's a mistake to think that because you are going well, you just keep going like you did before. I think it is a big mistake. When you've got a team that's winning, you move to make that team stronger still, because you're aiming to stretch your lead.

Now we've got some really talented people in this business, people who have come into the business and people who have come up the business. But they've all got one common characteristic. They've shown that they can make good money for this business. But I want to stretch them. I want to challenge them, see if they have what it takes to move us up to a new level, because we have to move up to a new level.

So we have new people. We have hungry people. We don't have a canteen at Greenside and we have hungry people who are below those you have seen. Some are better than what we have in situ, in some places. So don't be surprised when you see some changes around William Hill, as we prepare for the future and its many challenges.

We're always looking to take the next step, looking to give talent its opportunity in establishing real strength in every single position.

We are in a race that is never finished. It's a marathon, it's the Buzz Lightyear to infinity and beyond, the marathon. You refresh the runners when you're in front, not when you fall behind, and that, I deeply believe, will keep this business great.

And it is a great business. Retail is robust and [throne of] cash. Online is continuing to grow. Mobile is a new and wonderful opportunity, and now we can see beyond the UK to a wider horizon.

We're differentiating this business by thinking of our customers, by being innovative, and through every single department of William Hill, by working very hard.

Thank you. Now we'd be very happy to take questions, but I'd like first to invite two people to join us on the stage, James Henderson and Robin Chhabra.

Some of you have already met James at our day in Leeds last September. James has worked for me and with me in lots of roles in Retail for a long, long time.

Robin's a veteran of your industry, having sat where you are for several years with various houses. He joined us after Andy Lee left the last time. Andy's now back in the business and has already proven to have more staying power than Andy had the first time around (laughter).

Robin, in case you don't know, is leading the corporate development team I told you about in February, working with Andy and we've got [Paul Leyland] and a number of exceptionally bright people to keep driving us forward.

They will both happily talk about the US. James can talk to you about that, and initiatives in Retail. First of all, let's hand over to you, for questions. Thank you very much.

QUESTION AND ANSWER

Ralph Topping - ***Chief Executive***

I'm going to stand up here and do the ringmaster role; pick a victim on the stage, give them the hard questions. So, who's first? Have we got a microphone today, no? Yes, down the front.

James Ainley - ***Citi - Analyst***

James Ainley, Citi. Two questions please. On the growth in the unique actives, could you give us some color on which geographies they're coming from?

And then secondly, just reflecting on the Culture, Media and Sport Committee report, could you give us any comments or reflections on that? Do you think it's realistic to get more machines in, in shops for instance?

Ralph Topping - ***Chief Executive***

Yes, on the report itself, it was great having that report. It was extremely positive in lots of respects. It would be fair to say that it was a large report and we've yet to study its implications in full. I'm sure the DCMS, who are to a man out at the Olympics, over the next two weeks, three weeks, will be doing so when they come back from their summer holidays.

We found it positive and profoundly sensible and realistic, because you know what, as an industry, we're a mature industry. As a -- we want to be treated in a mature way, and I think the report actually flagged up that the betting industry, the gaming industry has to be treated in a mature way, because it offers lots of opportunities in line with government focus as well.

The number of 18 to 24-year olds we have in our business is huge. We've got a huge number of women working in our business and I think we deserve the right to grow.

I liked the report, as I'm sure many in the sector, but interestingly enough, there is an agenda for growth discussion. There has been an agenda for growth discussion with the DCMS, two or three months ago. So this is quite apposite, this report coming out.

The number of unique actives have really come from -- we never really give you that information, so not wishing to change what we've done before. We're not going to give you that, but if you look at it, 90% of our business is from the UK. I don't know if I need to give you much of a clue there.

Neil Cooper - ***Group Finance Director***

If I can just add, what we said in the script was that the bulk of the unique actives is sportsbook driven, and if you cast your mind back to the Analysts Day in June, the vast bulk of our sportsbook revenue is UK. So materially, the numbers are driven by UK growth.

Ralph Topping - ***Chief Executive***

So that's a double whammy, same point said by the Chief Executive and FD, fantastic.

Neil Cooper - ***Group Finance Director***

But in a different way.

Ralph Topping - ***Chief Executive***

In a different way, much better way from him?

Neil Cooper - ***Group Finance Director***

No, it's not for me to judge, boss (laughter).

Ralph Topping - ***Chief Executive***

Gold medal standard. I would say it was gold medal standard there. Yes.

Matthew Gerard - ***Credit Suisse - Analyst***

Matthew Gerard, Credit Suisse. Three, if I can do. Firstly, just following on, on Retail from that. I'm slightly surprised you're only opening a net 20 shops then. All of the stats on slide 26 look really good. You've opened more that historically, ex the Ireland closures. Why does growth or net growth in the Retail estate seem to have slowed a touch?

Secondly, in Q2, was there any significant disruption from the Storm Plus rollout? I know gross win per terminal per week slowed to plus 1%, I guess in the second quarter from 4% in Q1.

And lastly, do you have a timetable for the launch of the dedicated sports book app on the tablet devices?

Ralph Topping - ***Chief Executive***

On the last question, no we don't have a -- but there is a lot of work going into it and when do have some more detail on that, we'll give you it.

James, do you want to give the guys an idea of what it's actually like on the front line when we're rolling out machines, what happens in shops and what disruption feels like at the coalface?

James Henderson - ***Operations Director, UK and International***

Yes, I think as you said in your presentation, there is an adoption curve, which is around about four weeks to six weeks. We finished the rollout at the beginning of June, so we're now at the back of that.

So yes, there is disruption because you -- essentially they get changed in the morning time, but when you come out of the back of the six to eight weeks, then I'm confident that the numbers will improve as we expect over the second half.

Ralph Topping - ***Chief Executive***

I wouldn't read too much into the 20 new licenses, Matt, because there is still a willingness to open new licenses. I think it's just a reflection of where we are at this point in terms of property acquisition, etc.

James Henderson - ***Operations Director, UK and International***

Just to add to that, there's a good pipeline coming through as well; this is just for this year. We've got a good pipeline coming through for next year as well.

Matthew Gerard - ***Credit Suisse - Analyst***

Can I just come back on the machines point? Where are we now on Storm Plus potentially replacing the existing Storm cabinets for the non-Global Draw, the 75%? When will you make a decision on what you do with the rest of the machines?

Ralph Topping - ***Chief Executive***

It may not be Storm Plus, it may be a new cabinet and we expect to be trialing a new cabinet in the fourth quarter. It may not be the Storm Plus though. There's a new design coming out which has a lot of features on it which we like and we'll be looking at a trial and get rollout, and that's next year's story, Matt.

Matthew Gerard - ***Credit Suisse - Analyst***

Care to discuss any of the new features?

Ralph Topping - ***Chief Executive***

I do, but I'll discuss it with my team first, yes (laughter).

Matthew Gerard - ***Credit Suisse - Analyst***

Thank you.

James Henderson - ***Operations Director, UK and International***

Can I just add? It's a relatively small trial that we've had for the first part of the year. Now all the ex-Global shops have got the Storm Plus, we will have more data to be able to see the true impact of it.

Ralph Topping - ***Chief Executive***

What we'll do is at the next Analyst Day, and I'm not going to be fluffing about, we will attempt to show you the machine and its features, Matt, so that you get a real handle on it.

Matthew Gerard - ***Credit Suisse - Analyst***

Thank you.

Ed Birkin - ***Barclays - Analyst***

Ed Birkin, Barclays. Just a few for me. On the machines, the Storm excluding Global Draw, it said gross win per machine per week was GBP949. I think Neil mentioned GBP995 number earlier in the presentation, was that --?

Neil Cooper - ***Group Finance Director***

GBP995?

Ed Birkin - ***Barclays - Analyst***

Yes, did I mishear? That wasn't -- okay.

Neil Cooper - ***Group Finance Director***

I mentioned GBP924, which is the overall estate average gross win per machine and GBP949, which is the -- we also said the Storm less the Global Draw transferees.

Ed Birkin - ***Barclays - Analyst***

The non-Euro performance in the Retail estate, do you have any idea how that went, so you have an idea of cannibalization as opposed to additive?

Neil Cooper - ***Group Finance Director***

I think it's -- look, the reality is we saw in Ascot wagers were down double digit, which is as compared to Ascot last year, where wagers were up double digit, but then that was rolling over World Cup.

So you can clearly see some substitution going on. In that light, it's quite difficult just to pull out one big tournament and say, look at the balance compared.

Ralph Topping - ***Chief Executive***

I think you can. It depends on the kick-off times. When you've got a tournament where you've got a 5 o'clock kick-off and a kick-off about 7.45 and then those are -- there are just -- betting shops get quieter, there's no doubt about it.

We don't show the games on a huge tranche of our state. There's only a few shops actually show the games. Why? Because we don't like putting commentary from TV sources over SIS and Turf TV commentary and so the inclination is that people go in, put their bets on prior to the match, come back at certain points, half-time or whatever, but they're predominantly in the pub having a drink.

We get good turnover prior to the match, good turnover at half-time and good patronage at full-time, especially when you're on a losing run as we were in weeks 2 and 3 as Neil pointed out.

So there is some disruption to business during that time. Cannibalization is always difficult to prove. So when we're planning for this, we make some assumptions that there will be a 50% cannibalization rate of whatever during the tournament. But overall, it's still a very successful tournament for us and has left us in a good position for the second half.

And the other thing on football, I'll always repeat this message on football betting. After most tournaments where the interest has been high and the interest was high in the Euros, you see a hike when you get into the football season proper.

And the football season proper is delayed this year by a week I think to mid-August because of the Olympics, but -- so we're expecting to see a good -- an improvement in our football business in the run up to the end of the year anyway, so we've lots to look forward to.

Neil Cooper - ***Group Finance Director***

If I can just make one more point. Historically, certainly over the last couple of years, we've tried to do an underlying OTC number just to give you a sense for the base line less the vagaries of various events.

Given this year with issues in February around weather, issues in May, around weather cancelation, Euros in June, actually we've had a look at it and just thought this is not a credible statistic given the amount of change you'd have to try and make to get to an underlying number.

So we've not -- we've chosen not to put an underlying number out, not because actually we're concerned about the implication because if you followed through the logic that says, actually we've seen more loss from lost fixtures than we have from Euro, if I did it, it would probably be a positive move. But I just think it's a flaky statistic given the amount of change this half we've seen year over year.

Ed Birkin - ***Barclays - Analyst***

In terms of costs, are you doing any trials where you're looking at getting rid of maybe one of your content suppliers in some of the shops, given that seems to be a large part of the inflation? Or is that something which you don't think is viable?

Ralph Topping - ***Chief Executive***

What kind of suppliers are you talking about?

Ed Birkin - ***Barclays - Analyst***

SIS, Turf TV.

Ralph Topping - ***Chief Executive***

No, we've renewed our Turf TV contract through to 2018, so -- and we've still got our SIS contract running. So no, we're not looking at alternative suppliers, no.

Ed Birkin - ***Barclays - Analyst***

Okay. Just two final ones. Can you give the percentage of turnover on singles against multiples in football in the Retail and also Online? Do you have that?

Neil Cooper - ***Group Finance Director***

No, but I'm sure we'll be able to get those for you, but I don't have them to hand.

Ed Birkin - ***Barclays - Analyst***

Okay, and then finally, it's been reported that you've withdrawn from Australia and Germany in sports betting Online. What kind of headwind would that be in H2 in the Online business, so we can look in growth rates?

Neil Cooper - ***Group Finance Director***

Well, I don't anticipate that our -- whatever moves we've made from a regulatory perspective would have a material impact, otherwise we'd have guided on it. Sportsbook in Germany was not a major part of our business. Again, I'll point you back to the chart in the Analysts' Day in June, where we showed you that the vast majority of our sports betting revenue comes from the UK.

So, in that sense, any particular change in sportsbook outside the UK is not going to move the needle.

Ed Birkin - ***Barclays - Analyst***

Thank you.

Nick Edelman - ***Goldman Sachs - Analyst***

Nick Edelman, Goldman Sachs. Can I just ask one follow-up on the cost inflation in Retail, which is of the cost inflation you've seen in the first half, when do the cost lines that have grown faster annualize and slow down, and where are you expecting wage cost growth to go?

Neil Cooper - ***Group Finance Director***

Yes, wages is -- one of the things we have done this year is we've moved our annual wage hike for the field from, typically, second quarter through to October.

Now we've done that because, increasingly so, we're getting people in the national minimum wage round and what we don't want to do is make a decision about one group of people earlier and then find that the national minimum wage assumption, which obviously we don't control, causes us problems because it was different to what we might have thought. And you're particularly starting to get issues around things like differentials, around pay grades and so on.

So we've moved that to October, so we haven't, as yet, made a decision on what we're going to do in October, but that is encompassed within the 4% general guidance we've given you, our assumption. You'll have to forgive me; I'm not going to broadcast our current thinking on staff pay rates ahead of making a formal decision.

Ralph Topping - ***Chief Executive***

The only other thing I'd say on it, it's consistent with where our competitors are in awarding pay increases or looking at pay in October.

So we've moved from March to October in line with them, but also for the very good reason of some announcements on pay generally, minimum wage.

James Henderson - ***Operations Director, UK and International***

Can I just add one thing? The growth in wages is solely down to extended hours and, therefore, that's offset by revenue growth, by trading for longer hours. So that's the increase, that's why it's done there.

Neil Cooper - ***Group Finance Director***

I think if then moving through the P&L, property, I mentioned to you at the prelims that we were seeing the lowest annualized rent inflation for 15 years. Now, I'm not going to update that at the half because it is capable of being distorted by big specific closures.

But over the full year, I'm expecting that that trend will continue and I'm expecting that this will be the best year in 16 this year from the deals we've seen coming down. We're still seeing around two-thirds of our rent renewals at a zero cost.

So for the -- I don't see pressure on rents changing until something changes in the dynamic of the UK high street. And you boys are modeling economic realities; I don't think that's going to be next year without giving away any state secrets.

It's tough out there and it remains tough, so until that dynamic changes, I think we'll continue to see reasonable control on property.

Content; we've talked about content. I think the rises from SIS are in the public domain in terms of the commitments they've made to increase content costs.

Structurally, it's quite difficult for us to make -- find a way through that short of saying, at some point in the future, we only want to take one or we want to take another, or we want to take nothing. Those are big commercial decisions and not ones we've got a particular view on today.

Nick Edelman - ***Goldman Sachs - Analyst***

Can I just ask, does that rate of content cost inflation continue into next year and beyond?

Neil Cooper - ***Group Finance Director***

Well, my recollection is that it steps down a little bit next year. Obviously. the rise went through, I think, at the end of Q1, so we've still got a bit of an annualization effect. I would hope, therefore, that the annualized impact of content cost next year is slightly lower than this year.

But look, I'm not giving you guidance for 2013 yet, but if I was, it's not going to be miles away from where we are I suspect on balance.

Nick Edelman - ***Goldman Sachs - Analyst***

Thank you.

James Hollins - ***Investec - Analyst***

James Hollins, Investec. I've got a question each, probably for Ralph first. On flat racing, clearly, you've mentioned over the past years that it's been a bit troublesome in terms of generating interest.

To me, as an amateur, it feels the interest has come back, certainly with the Qataris and the Champions Series sponsorship, etc. Is that flowing through to more interest in your shops and, indeed, in flat racing wagers?

Ralph Topping *- Chief Executive*

Yes, I've gone public and said we've been lucky in the last few years, we've had some good horses, [Trankle]. There's a lot more interest in flat racing because of the Equine Superstars, and that's helped.

I think that's the real challenge. One of the real challenges for flat racing has been how to generate interest in the sport. You get it with the National Hunt racing.

It's strange the switch around there has been. Generally, this time of the year, going back 20 years, this was the busiest. This was the peak of our trading period. It no longer is.

We get the peaks in March and October now and that coincides with the conclusion of the jump season proper and the start of the jump season proper, and also the conclusion of some of the bigger championship races in Europe, like you have. They train from Cambridgeshire and the big Champion Stakes race at racing festival.
So flat racing has been okay in the last couple of years, but it has its challenges. It needs to keep on producing Equine Stars and, as we all know, that doesn't happen every year, but we've been lucky in the last couple of years, and it's been good for business, yes.

James Henderson *- Operations Director, UK and International*

It's been very difficult to gauge because of the disruption caused by the water logging through May. So, as Neil said, fixtures are down 9%, so it's very difficult to see whether that's all flowing through.

Neil Cooper *- Group Finance Director*

I think on the positive side, some of the structural components that have seen pressure on margin over the past four to five years, have either bottomed out or -- I'm not sure it's significant upwards movement but are certainly -- the line's facing slightly upward, things like runners per race and whatever, over this first six months.

Ralph Topping *- Chief Executive*

I think you'll see when the economy picks up, the -- at some point, you will see investment, if it can be called that, in horses and people having more disposable income to invest in horses and buying horses.

At the moment, I think the only significant increase in ownership has been driven by Jamie Hart who works in our Gibraltar office, who has a leg in about -- or a part of a body in about six racehorses, which, if you put them together, doesn't quite give you a full racehorse if you put it up on the slide, but he seems to be happy with it at the moment.

But a serious point is that racehorse owners, racehorse breeders face a challenge in the recession. The number of foals being born has flattened out and that's good for us as well because it gives us -- looking two years ahead, you know you're going to have a steady flow of runners per race and whatever else. But it's a challenging time for horseracing, no doubt about it.

James Hollins *- Investec - Analyst*

The second question was for Robin, given he's up there and it really relates, obviously, to the US. I think it's very hard sitting here from several thousand miles away to get a feel for, to use Ralph's word, busy-ness of the stores over there.

Ralph Topping *- Chief Executive*

Those stores over there, by the way, they're called units, or sportsbooks.

James Hollins - ***Investec - Analyst***

Units' busy-ness, so it's --

Ralph Topping - ***Chief Executive***

Stores are something that Marks and Spencer's run. We run shops.

James Hollins - ***Investec - Analyst***

Yes. Well, I apologize for that, but (laughter) --

Ralph Topping - ***Chief Executive***

Definitely, I take your apology and I hope you learn from it going forward (laughter).

James Hollins - ***Investec - Analyst***

I'm no Paul Leyland, sorry. The -- what I'd like to know is --

Ralph Topping - ***Chief Executive***

Could you just repeat that (laughter)? You're no Paul Leyland? All right. Well, thank you.

James Hollins - ***Investec - Analyst***

What I'd like to know is where you think the gross win per shop and general shop, I keep calling them that, per unit is, where it can go to? And is this something you can increase significantly? And, obviously, beyond that, any sort of guidance on the generation of profit that that US division can make --?

Ralph Topping - ***Chief Executive***

The easy answer to that, if it goes back the way, we're in trouble, so we anticipate it will increase. Given all the innovations we're bringing in to the US business and our operational processes and our focus on the front end and the customer experience, if that doesn't work, then Robin's in trouble. Over to you, Robin, for the answer.

Robin Chhabra - ***Head of Strategy and Corporate Development***

The only thing I'd add to that is if you've ever been to a sportsbook in Vegas, you'll be surprised by, I guess, the lack utilization. So they take up a lot of real estate within a casino. There's big screens and there's sports content from all over the world. Clearly, the focus is on the core American sports.

But there aren't many opportunities to place a bet and so that's something, with our expanded betting menu and with the in-play, which Ralph's talked about and what we'll be doing with the NFL this season and we'll extend that to other sports. We expect to get people not only watching the sport and drinking a beer, we expect them to place a bet as well. So we do see very good growth.

And also, the other thing I'd add is we've got new channels there. We've got Mobile. We've got the kiosks or you'd know them as self-service betting terminals, and that's a huge opportunity for us.

Only one of the three companies at the moment has that offer; that's AWI, and because that's a vertically integrated business. It's their own technology and we'll be introducing that across the other two businesses.

And, in the last 12 months, 42% of their handle, their turnover, has come from Mobile and kiosks, and that was in single digits when I first looked at the business prior to acquiring them.

So that's a huge growth opportunity for that business, and that's with zero marketing. As Ralph said, there's a big branding exercise taking place. We're advertising out there for the first time.

And so I see growth from many avenues, but it's a profitable business in its own right today. As Neil said, it will be earnings enhancing next year.

Ralph Topping *- Chief Executive*

We are intending to take analysts over to Las Vegas and also to Reno, because I think you have to get outside Vegas, certainly for the health of your wallet. You have to get outside Vegas and actually see what the locals market is, and there's a lot of locals markets in Vegas that we're in, but also, again, getting outside, I think you get a real feel for it at that point.

Anybody who goes to Vegas for the first time that's from this sector and looks at what they do in a sportsbook in Vegas is struck by one big thing, and that is that the use of audio in a sportsbook is non-existent. It's all visual. There's no calls to action. There's no referencing what appears on the screen at any one point in time. It's all calls.

There's no absence of calls to action, and it's certainly something that James and his team are looking at the moment. That will enhance the experience for the user.

It has to be used delicately because the last thing you want to do is in an NFL match, at a key point, have somebody broadcasting that they're going off at Santa Anita, please put your bets on.

But I think when we introduce that kind of thing into the states and the other things you'll see are not less than betting interest, it's totally amazing. No calls to action, totally amazing.

James Henderson *- Operations Director, UK and International*

I think we've already introduced a content management system, so that's out there now and as Ralph says, there'll be plans to introduce an audio over time.

James Hollins *- Investec - Analyst*

Well, if you can forgive me for my amateurish terminology, I'd certainly be up for that trip (laughter).

The final one was on the significant rise in actives Online, but only a 2% drop in revenue per active. Am I right in assuming that comes from pretty significant market share gains, rather than new gamers? And if that is right, where do you think you're getting them from?

Ralph Topping *- Chief Executive*

You've got to watch when you're comparing the figures year-on-year because we had the World Cup last year and, as I said, the World Cup's a huge tournament; lasts longer than the Euro tournament.

But our overall belief is that we're growing both market share and we're growing significantly organically, but where it's coming from, where that market share has been stolen from, I don't really know.

Neil Cooper - ***Group Finance Director***

And look, you've got to -- we think the market's growing by about 10%. So our sportsbook is grown by 33%. It's predominantly UK growth in terms of the weight of money. So we must be nicking it off somebody.

They don't ring us up and say, look I need to confess my sins, I've been betting somewhere else, can I come back home? So we don't always know where they've come from, but we must be gaining share.

I don't think there's any other conclusion you can reach from looking at the numbers. The only conclusion that you could reach that says we're not gaining share is that the UK sports betting market's grown by 33%, and I don't believe that.

Richard Stuber - ***Nomura - Analyst***

Richard Stuber, Nomura. I was just wondering whether you'd give me your views on social gaming versus real money where you think -- are there going to be conversions? Are you at all scared by the potentials of competition from the social gaming going into real money and just your views?

Ralph Topping - ***Chief Executive***

No, not really. I'm not scared by it. I'm scared by what is happening at the moment in social gaming, in some places in social gaming, but I'm not scared by the prospect of social gaming in the long run.

I think it's an odds-on certainty that the Government Gambling Commission will take a look at social gaming in this country. I can't even imagine the Gambling Commission, as they sit in Birmingham, are not aware of that. I'd be very surprised if they were unaware of it, not shocked, but very surprised.

I think you'll see developments in regulation on social gaming as the next two years unfurl. So I'm not worried by it at the moment at all. I don't like some of the practices that I see, because it's gambling by any other name.

Richard Stuber - ***Nomura - Analyst***

So could it actually almost be a positive, that if this vocation came in, then the existing --?

Ralph Topping - ***Chief Executive***

I think a level playing field anywhere is a positive. A level playing field's a positive.

Richard Stuber - ***Nomura - Analyst***

Cool. Thank you.

James Wheatcroft - ***Jefferies - Analyst***

James Wheatcroft, Jefferies. Is there anything you've seen in the shape of Online activity that could lead to higher future gross win margin expectations?

Ralph Topping - ***Chief Executive***

No, I think we're up at -- no, I don't. I think we've always guided that we'd get to betting-in-play at around about 5%. We're at 4.9% at the moment. I think that will strengthen to the 5% over time.

The margin we're seeing, we've always indicated the margin would be around 7%, 8% overall, and we're seeing that. We're seeing the margin at that at the moment.

So I think it's -- I think we're there, given the kind of products that you have Online, and the kind of -- Online's been going for -- since the Pope was an altar boy, it seems. And it's a marketplace which has had a lot of innovation into it, but the margins have been fairly steady for the last two or three years. I don't see any significant changes in that, actually.

We'd like to see more in the way of what they call in the States parlay activity, accumulator activity, Online. And it's the kind of activity we're seeing in the SSBTs, that that's adding one more selection.

We've got a new sportsbook coming out or being developed at the moment, planned and developed at the moment, which you will see some of the developments in that next year. And it's going to be quite -- I've seen the schematic for it, I've seen the storyboard. I like what I see and there's a lot of new design in there and it will cater for particular interests of -- the individual interests of particular clients. So it's quite exciting. But no real change in margin, no.

I'm going to finish with a lady. This is the lady.

Vicky Greer - ***JPMorgan - Analyst***

Vicky Greer, JPMorgan. Can I just ask about Online marketing spend? So 28% for the full year's slightly ahead. Any change in the UK, still around 19%?

Neil Cooper - ***Group Finance Director***

To be fair, I'd have to go back and just double check where the latest forecast sat between -- where -- what the spend has done to the net revenue ratio in those two -- I don't have that number in my head, so I don't want to punt a number at you that I may be wrong.

We're certainly awaiting the absolute spend we're spending in the UK on TV, but equally, we are in Spain and Italy too, so if Lyndsay can just make a note while we're talking, we'll have a look at that after the meeting.

Ralph Topping - ***Chief Executive***

What we've been delighted with in the UK is our sponsorships. Getting behind the England team certainly has proven to be beneficial for us. Getting within the sponsorship of the FA Cup and also the Scottish Cup has been quite phenomenal, the activity driven from those two sources.

So I think if we were looking at any further activity in the UK, it would be around big event sponsorship, which I was kind of skeptical about. And given my -- I could say I was well trained in that respect, given my 40 years with William Hill, to be skeptical. But certainly our Marketing Director has done a great job in the securing the promotions that he has done, and we are seeing strong benefit in the UK from those activities. Really pleased with them.

That's it, I'm afraid. Thank you very much. Thanks for coming in. I'm sure there'll be coffee and juice outside. We're not allowed to serve Pepsi Cola here, because of the Olympics, but (laughter) I'm sure there's some Diet Coke. Thank you very much.