William Hill PLC

2 August 2017

William Hill momentum continues with wagering growth across all four divisions

William Hill PLC (LSE: WMH) (William Hill or the Group) announces its half-year results for the 26 weeks ended 27 June 2017 (the period or H1 2017). Comparatives relate to the 26 weeks ended 28 June 2016 (H1 2016).

	26 weeks to 27 Jun 17 £m	26 weeks to 28 Jun 16 £m	Change
Net revenue	837.0	814.4	+3%
Adjusted operating profit[1]	129.5	131.1	-1%
Profit before interest and tax	109.0	122.0	-11%
Adjusted profit before tax	111.2	109.3	+2%
Profit before tax	93.5	100.7	-7%
Earnings per share – basic, adjusted (p)[2]	11.2	10.5	+7%
Earnings per share – basic (p)[2]	9.5	9.7	-2%
Dividend per share (p)	4.26	4.10	+4%

Good progress against three strategic priorities

- UK market share gains: Online and Retail growing at or above market growth rates
    - Online: UK Sportsbook amounts wagered +13% and UK gaming net revenue +9%
    - Retail: amounts wagered +2% and gaming net revenue +3%
- International revenue growth: continued net revenue growth in Australia and US
- Transformation and technology: on track to deliver £40m of annualised efficiency savings by year-end and, over the long term, improved revenues, greater cost efficiency and better organisational effectiveness

Financial results

- Group net revenue up 3% to £837.0m
- Adjusted operating profit[1] of £129.5m, down 1%
- Adjusted EPS[2] of 11.2p, up 7%
- Strong cash generation with operating cash flow of £115.3m
- Balance sheet remains healthy with net debt for covenant purposes[3] of £604.6m, 1.7x EBITDA
- Interim dividend increased 4% to 4.26p per share, reflecting the Group's continued strong cash flow and the Board's confidence in delivery of strategic priorities

Philip Bowcock, Chief Executive Officer of William Hill, commented:

"The first half of 2017 has seen good progress against our three strategic priorities and wagering growth across all four divisions. Our product improvements combined with improved marketing have seen both existing customers respond positively and the number of new customers start growing again during the period. As a result we are seeing good momentum building in Online's performance. In Retail we made market share gains, with growth in both sports betting, despite the lack of a major international football tournament, and gaming revenues. Internationally, our US business continues to perform well and in Australia, with the upcoming Spring Carnival key to the full-year results, we are competing hard and diversifying our product range.

"Earlier in the year we targeted £40m of annualised savings as part of our transformation programme and we are on track to deliver this by the year-end. In addition to these savings, the programme has sparked initiatives to further improve our products and customer experience, accelerate our top-line growth and increase efficiency. We are confident about delivering a good outturn in 2017 and beyond."

Notes:

1. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3 to the half-year results.
2. Basic EPS is based on an average of 856.8 million shares for H1 2017 and an average of 877.2 million shares for H1 2016. Adjusted EPS is based upon adjusted profits after tax.
3. Net debt for covenant purposes and EBITDA for covenant purposes are non-statutory measures. The basis of calculation is as described in note 23 to the financial statements within our 2016 Annual Report.
4. Definitions are provided in the glossary at the back of the document.
5. Numbers are presented on an adjusted basis unless otherwise stated.

Enquiries

William Hill PLC	Philip Bowcock, CEO Mark Summerfield, Interim CFO Lyndsay Wright, Director of Strategy, Brand and IR Ciaran O'Brien, Director of Communications	Today: +44 (0) 20 7404 5959 Thereafter: +44 (0) 20 8918 3614
Brunswick	Andrew Porter / Oliver Hughes / Chris Buscombe	Tel: +44 (0) 20 7404 5959

Analyst and investor presentation

Meeting	Wednesday, 2 August 2017 at 9.00 am BST The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED
Live conference call	Tel: +44 (0) 20 3059 8125. Password: William Hill
Archive conference call	Tel: +44 (0) 121 260 4861. Passcode: 6636190#. Available until 9 August 2017
Video webcast	www.williamhillplc.com

Debt investor conference call

Live conference call	11.00 am BST. Tel: +44 (0) 20 3059 8125. Password: William Hill
Archive conference call	Tel: +44 (0) 121 260 4861. Passcode 6637049#. Available until 9 August 2017

Notes to editors

William Hill, The Home of Betting, is one of the world's leading betting and gaming companies, employing around 16,000 people. Founded in 1934, it is the one of the UK's largest bookmakers with around 2,375 licensed betting offices that provide betting opportunities on a wide range of sporting and non-sporting events, gaming on machines and numbers-based products including lotteries. The Group's Online business (www.williamhill.com) is one of the world's leading online betting and gaming businesses, providing customers with the opportunity to access William Hill's products online, through their smartphone or tablet, by telephone and by text services. William Hill US was established in June 2012 and provides land-based and mobile sports betting services in Nevada, and is the exclusive risk manager for the State of Delaware's sports lottery. William Hill Australia is one of the largest online betting businesses in Australia after the Group acquired Sportingbet and tomwaterhouse.com in 2013. It offers sports betting products online, by telephone and via mobile devices. William Hill PLC is listed on the London Stock Exchange. The Group generates revenues of c£1.6bn a year.

Cautionary note regarding forward-looking statements

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These results include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout these results and the information incorporated by reference into these results and include statements regarding the intentions, beliefs or current expectations of the directors, William Hill or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of William Hill and the industry in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond William Hill's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in these results and/or the information incorporated by reference into these results. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Group and the development of the industry in which it operates, are consistent with the forward-looking statements contained in these results and/or the information incorporated by reference into these results, those results or developments may not be indicative of results or developments in subsequent periods.

Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), William Hill does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

OVERVIEW

Performance summary: wagering growth across all four divisions

William Hill has delivered a good start to 2017. The benefit of the changes we made last year is now evident in the wagering growth across all four divisions and the gaming net revenue growth in Online and Retail. We believe we are now growing at or above UK market growth rates once again.

Group net revenue was 3% higher, without the benefit of a major international football tournament. Revenue growth would have been higher but poor football results weakened gross win margins. Therefore, profit before interest and tax was 11% lower and adjusted operating profit[1], which gives a clearer picture of underlying performance, was 1% lower.

Online delivered a much stronger performance following the improvements we have made over the last 12 months. Online net revenue was up 5%, benefiting from strong wagering and gaming growth. This performance would have been stronger but for a soft gross win margin in the period. With total costs flat year-on-year, adjusted operating profit[1] was 32% higher. The key customer metrics also showed positive trends: average revenue per user was up 9% in the period and new accounts started growing again in April due to the improvements in product and marketing.

Retail grew both wagering, up 2%, and gaming net revenue, up 3%, even without the customer footfall and gross win generated last year from customers betting on EURO 2016. Internationally, Australia saw further top-line growth, though profitability reduced impacted by lower gross win margins and with investment in additional horseracing content. William Hill US continued to grow well, driven primarily by mobile revenue growth.

The balance sheet remains strong at 1.7 times net debt to EBITDA for covenant purposes, within our target range of 1-2 times.

The Board has increased the interim dividend 4% to 4.26p per share (H1 2016: 4.10p per share), reflecting the Group's continued strong cash flow and our confidence in the delivery of our strategic priorities.

Regulatory change remains both an opportunity and a challenge. We await the outcome of the UK Government's Triennial Review of gaming machine stakes and prizes, which is now expected in Q4 2017. Credit betting restrictions are likely in Australia in the next six to 12 months. At the same time, we are encouraged to see that the US Supreme Court has decided to review New Jersey's appeal relating to the federal ban on sports betting.

Our focus is on driving forward our strategic priorities ahead of possible regulatory changes to ensure the Group is as well-placed as possible to respond to challenges or capitalise on expansion opportunities.

Good progress against strategic priorities

We continue to make good progress against our three strategic priorities:

- to grow UK market share with increased investment in product, marketing and omni-channel;
- to drive continued international revenue growth and diversification with focused investment; and
- to deliver the transformation and technology projects.

(a) Grow UK market share

The UK is our near-term priority given the scale of our business and the continued growth of the digital market. Our brand, high-street footprint, product range, user experience and large-scale marketing investment remain powerful drivers in this market and we aim to grow our market share further.

During the period, Online grew UK amounts wagered 13% and UK gaming net revenue 9%. Looking at the UK performance for the year up to Week 23 (prior to overlapping the peak prior year EURO 2016 trading period), Online delivered amounts wagered up 15%, gaming net revenue up 8%, new accounts up 5% and active customers up 7%. We believe these are at or above market growth rates. Retail is also gaining market share with faster net revenue growth than competitors.

We have further enhanced the product and user experience for Online customers. For Sportsbook, we launched #YourOdds, a social media-based personalised odds service, which proved extremely popular. For gaming, we completed the redesign of the five casino verticals for mobile and desktop. We also launched a 'single wallet', removing a key friction point for customers and, as a result, increased revenue from cross-sell.

We have optimised our marketing, increased the efficiency of pay-per-click spend and affiliate marketing. Investment in the second half will be higher year-on-year as we support our product innovations. This will include marketing partnerships with a number of leading media brands such as BT Sport, The Sun and The Mirror to enhance our profile around football and horseracing. The agreements include significantly increased digital inventory to maximise acquisition efficiency. We are also increasingly focused on large-scale social media-led acquisition and will be investing more in this area along with an increase in personalised programmatic marketing campaigns for the domestic football season.

We continue to extend our omni-channel offering, targeting UK customers who use both betting shops and digital services.

- Through our proprietary self-service betting terminals (SSBTs), we are now bringing our extensive product range to shop customers; as part of that, we added horseracing ahead of Royal Ascot in June and cricket ahead of the England/South Africa Test Series in July. The original 800 BGT terminals will be replaced with William Hill SSBTs between August and October, and further units will be added until we have at least one per shop before the year-end.

- To give shop customers access to engaging products that have already proven popular with Online's customers, we have launched the Plus card and app. The card links a customer's SSBTs transactions to their account, which is linked to their mobile phone number. The app allows them to track those bets and Cash In once they have left the shop. As their account is linked to a mobile phone number, we can also send offers to shop customers through push notifications for the first time. More than 80,000 customers registered for a Plus account within the first six weeks of it being available in just over half of the estate.

- In the second half of the year, we will launch the first phase of an 'omni wallet', making it even easier for existing Online customers to use their account funds in shop.

(b) Drive continued international revenue growth

In Australia, we have delivered improved wagering growth, up 28% in local currency. We are focusing on the core racing product to help offset reduced volumes from in-play following changes to Northern Territory licensing conditions. However, the overall profit performance was disappointing as weaker gross win margins meant the wagering growth did not translate into the expected revenue growth. Costs also increased as we invested in additional and exclusive streaming content to support the racing product.

We expect performance to improve, benefiting from the additional content and product innovations we launched in the first half. These include Price Pump, which gives customers daily personalised enhanced odds, and William Hill Rewards, redeemable as bonus bets and Velocity frequent flyer points. In the second half, we are also launching new products that gamify the betting experience and increase the frequency of betting opportunities.

William Hill US again delivered double-digit top-line growth, up 13% in local currency, driven by mobile and new locations. We opened a new sports book in Nevada and, for Caesars Entertainment, a race book in Iowa. Our market share in Nevada increased to 26% of gross win and we operate 56% of the state's casino-based sports books, all branded William Hill. We continue to be actively involved in efforts to change regulations restricting sports betting, including working with the American Gaming Association, who have made overturning the federal ban on sports betting a significant focus.

Italy and Spain continue to perform well with amounts wagered up 9% and gaming net revenue up 8% in local currency terms.

(c) Deliver the transformation and technology projects

Delivery of the transformation programme is accelerating, with a number of workstreams reaching their peak activity levels. We are on track to deliver £40m of annualised run-rate savings by the end of the year. The £25m of in-year savings will primarily come from marketing efficiencies and a substantial reduction in external spend through contract renegotiations. These are being reinvested into an increased Online marketing budget and an expanded product development team.

We are rationalising our footprint for Online and UK, reducing our number of office locations. The Tel Aviv office is planned to close in Q2 2018. We are consolidating into a new hub in London to co-locate ‘front office’ teams, principally marketing and technology, and to access critical talent pools. We are building out our Kraków operation as a development hub, increasing headcount to around 300 by the year-end. Both changes will further strengthen our IT capability.

We are continuing to make Customer Services more efficient by improving key customer journeys from deposit to document verification, forgotten login, settlement and bonusing. This will enhance the customer experience and reduce the demand on Customer Services.

Other future changes include rationalising the number of data centres servicing the UK from six to three and optimising central functions such as HR and Finance with improved processes and systems.

Summary and outlook

The first half performance reflects the improvements made by the Online team. We are making good progress on our transformation programme, which will deliver improved revenues, greater cost efficiency and better organisational effectiveness in this and future years.

We are encouraged by the acceleration of Online’s growth rates as we progressed through the first half and the stronger underlying customer metrics, as well as Retail’s top-line growth. As planned, we will be increasing investment in our more effective and tailored marketing in the second half to further increase that momentum into 2018. We expect to see Australia’s operating profit performance improve in H2 through our product innovations.

Gross win margins in the first half were lower than normal and historical trends show that margins normalise over time. Assuming normal gross win margins in the second half and given the momentum we are now seeing in Online, we are confident we will deliver a good outturn for the full year.

The conclusion of the Triennial Review now looks to be due in Q4 and changes to credit betting in Australia may be clarified in the coming months. The Supreme Court may also hear the US sports betting case before the year-end. We remain focused on investing in our core product and technology while taking a prudent approach to Retail and Australia ahead of any potential changes. This is supported by our conservative approach to the balance sheet, which remains robust at 1.7 times net debt to EBITDA for covenant purposes.

OPERATING REVIEW

The commentary below on divisional performance reflects adjusted results, since that is the basis on which they are reported internally and in our segmental analysis. An explanation of our adjusted results, including a reconciliation to the statutory results, is provided in note 3 to the half-year report.

Online (35% of Group revenue)

	H1 2017 £m	H1 2016 £m	Change
Sportsbook amounts wagered	**2,485.0**	**2,235.9**	**+11%**
Gross win margin	6.9%	7.3%	-0.4 ppts
Core markets net revenue	256.4	245.4	+4%
Other markets net revenue	33.6	31.8	+6%
Sportsbook net revenue	139.1	139.9	-1%
Gaming net revenue	150.9	137.3	+10%
Net revenue	**290.0**	**277.2**	**+5%**
Cost of sales	(69.2)	(62.0)	+12%
Operating costs	(163.6)	(171.8)	-5%
Adjusted operating profit[1]	**57.2**	**43.4**	**+32%**

Sportsbook amounts wagered increased 11% following improvements to our mobile Sportsbook and marketing over the last 12 months. Within this, core markets grew 14% with the UK up 13% and Italy and Spain up 20%; these markets accounted for 86% of wagering in the period. Other markets declined 6%.

The 2016 comparator period included three weeks of betting in EURO 2016. Excluding these three weeks, amounts wagered grew 13% to the end of week 23.

Sportsbook free bets in the period were 36% higher than in H1 2016, equivalent to 1.3% of amounts wagered (H1 2016: 1.1%), as our customers responded to our competitive products and offers as well as benefiting from favourable results.

The gross win margin was 6.9%, 0.4 percentage points below the prior year and below our guided range of 7.5% to 8.0% for the year as a whole. This was impacted by unfavourable football results in the later stages of the season. As a result of this and rolling over the high margins in 2016, particularly from EURO 2016, Sportsbook net revenue was down 1%.

Gaming net revenue increased 10%, with both core and non-core markets up 10%. Improvements to the product and user experience for the casino verticals were completed in the first half. The single wallet, integrating a seamless customer journey into the Playtech Casino product from the OpenBet system, was launched in February.

Our mobile user experience improvements resulted in revenues from mobile devices increasing to 81% of Sportsbook net revenue (H1 2016: 70%) and 61% of gaming net revenue (H1 2016: 51%).

Italy and Spain continued to perform well, benefiting from expanded product ranges, particularly in gaming. In local currency terms, amounts wagered was 9% higher but, as gross win margins were down 1.6 percentage points, Sportsbook net revenue was 15% lower. However, gaming net revenue grew 8%, so overall net revenue was down 5%.

Cost of sales increased at a higher rate than net revenue because of the higher proportion of growth coming from the UK and gaming, and following the introduction of the horseracing levy for Online in April.

Operating costs were 5% lower, due to savings in a number of external spend categories, lower technology costs and some spend being delayed into H2. Marketing spend was slightly lower year-on-year; the amount invested in EURO 2016 last year was largely redeployed. As a result, adjusted operating profit[1] increased 32%.

Retail (55% of Group revenue)

	H1 2017 £m	H1 2016 £m	Change
Sportsbook amounts wagered	**1,204.2**	**1,184.7**	**+2%**
Gross win margin	17.4%	19.0%	-1.6 ppts
Sportsbook net revenue	210.0	225.0	-7%
Gaming net revenue	250.1	242.2	+3%
Net revenue	**460.1**	**467.2**	**-2%**
Cost of sales	(118.5)	(116.4)	+2%
Operating costs	(260.7)	(256.4)	+2%
Adjusted operating profit[1]	**80.9**	**94.4**	**-14%**

Sportsbook wagering was up 2% – in the absence of a major international football tournament – benefitting from more horseracing fixtures and our 2,000 proprietary SSBTs. Excluding the three weeks of betting in EURO 2016 in the comparator period, Sportsbook wagering was up 3% to the end of week 23. With a gross win margin of 17.4%, significantly below the prior year, Sportsbook net revenue was down 7%.

Gaming net revenue was up 3%, with gross win per machine per week (net of free bets) up from £998 to £1,027. Overall, Retail net revenue was 2% behind the comparator period.

The gross win margin, towards the lower end of our guided range of 17% to 18% for the year as a whole, was impacted by volatile sporting results across horseracing and football. The period saw favourable results from the Tier 1 Cheltenham festival and Royal Ascot, which softened the impact of the lower margin Tier 2 and Tier 3 results as well as a poorer Aintree festival. Football results were strong at the start of 2017 but very poor towards the end of the season across domestic and European leagues.

Operating costs were 2% higher, primarily reflecting an increase in staff costs and content costs. As a result, adjusted operating profit[1] decreased 14%.

The average number of shops increased slightly to 2,376 (H1 2016: 2,371). Five new licences opened and seven shops closed in the period.

William Hill Australia (7% of Group revenue)

	On a statutory reporting basis			On a local currency basis		
	H1 2017 £m	H1 2016 £m	Change	H1 2017 A$m	H1 2016 A$m	Change
Amounts wagered	**887.0**	**591.5**	**+50%**	**1,479.5**	**1,156.6**	**+28%**
Gross win margin	8.0%	9.9%	-1.9 ppts	8.0%	9.9%	-1.9 ppts
Net revenue	**58.5**	**47.7**	**+23%**	**97.4**	**93.2**	**+5%**
Cost of sales	(17.3)	(12.4)	+40%	(28.8)	(24.3)	+19%
Operating costs	(40.6)	(31.4)	+29%	(67.5)	(61.6)	+10%
Adjusted operating profit[1]	**0.6**	**3.9**	**-85%**	**1.1**	**7.3**	**-85%**

Numbers referenced in the following narrative are presented on a local currency basis.

The Australia business has delivered good top-line growth, with amounts wagered up 28%. However, gross win margins were down as lower margin turnover was attracted by our renewed focus on horseracing and racing results were weaker than expected. Operating costs were 10% higher, primarily due to increased investment in content, notably exclusive streaming rights to New South Wales Racing vision to support our focus on the horseracing product. The marketing spend and volume of free bets were weighted to the first half to support our Australian Open sponsorship; these will be lower in the second half, supporting an improved profit performance. Given the weaker gross win margin and additional costs, adjusted operating profit[1] decreased by 85%.

William Hill US (3% of Group revenue)

William Hill US continues to perform strongly with growth from amounts wagered up 30% (local currency: +13%). Net revenue was 33% higher (local currency: +17%) at £24.6m (H1 2016: £18.5m) with the gross win margin 0.2 percentage points higher at 5.9% (H1 2016: 5.7%). Operating costs were 43% higher (local currency: +26%) and adjusted operating profit[1] was 19% higher (local currency: +3%) at £7.6m (H1 2016: £6.4m). During the period, we extended into a third state, opening a race book for Caesars Entertainment in Iowa. We also opened another sports book in Nevada, where our market share by number of outlets is 56%. Wagering via mobile devices increased to 56% of amounts wagered (H1 2016: 52%).

Corporate costs

Net corporate costs decreased slightly to £16.7m (H1 2016: £17.1m). Within this, associate income increased to £0.9m (H1 2016: £0.5m).

FINANCIAL REVIEW

Overview

The Group achieved revenue growth of 3% in the period, to £837.0m, despite sporting results in Q2 weakening margins in our UK operations. With costs of sales increasing by 8%, reflecting higher gambling taxes and levies, and operating expenses growing at 2%, adjusted operating profit[1] fell by 1% to £129.5m.

Adjusted profits before tax rose 2% to £111.2m, as a result of lower net finance costs from our refinancing in 2016. However, higher exceptional costs from implementing our transformation programme reduced our statutory result by £7.2m to £93.5m. Reflecting these movements and a lower tax charge, adjusted EPS grew 7% to 11.2p. On a statutory basis, EPS declined 2% from 9.7p to 9.5p.

Operating cash flows of £115.3m supported continued investment in capex and dividends, leading to a closing net debt to EBITDA for covenant purposes ratio of 1.7x (27 December 2016: 1.8x).

The commentary below on divisional performance reflects adjusted results, since that is the basis on which they are reported internally and in our segmental analysis. An explanation of our adjusted results, including a reconciliation to the statutory results, is provided in note 3 to the half year report.

Income Statement

Net revenue grew 3% or £22.6m to £837.0m. Retail's contribution fell £7.1m or 2%, within which our Sportsbook business was down £15.0m as staking growth of 2% became a 7% decline in gross win due primarily to poor football margins in Q2. Our gaming machines net revenue grew 3% or £7.9m due to growing gross win per machine.

Online revenues grew £12.8m or 5% to £290.0m. Within this, Sportsbook declined 1% on weaker margins, despite 11% staking growth, while gaming grew 10%. Staking and gaming growth was driven by a combination of higher spend per customer and growing customer numbers, due to the improvements in product, marketing and cross-sell.

Australia revenues grew £10.8m, or 23%, helped by a favourable currency impact, growing 5% in local currency terms to A$97.4m. This was driven by a 28% rise in staking.

US revenues contributed £6.1m to the Group's growth; while also flattered by currency moves, growth in US dollars was still 17%.

Cost of sales grew £14.5m or 8%. The increase above net revenue growth was due to the mix of revenues, the new UK horseracing levy in Online (£1.4m) and the turnover-based race field fees in Australia (£3.5m).

Adjusted net operating expenses grew by 2% or £9.7m to £500.2m. Online saw a fall in operating costs of £8.2m, reflecting the impact of cost saving initiatives, an increasing focus by Technology on revenuegenerating projects and some costs being delayed into the second half of the year. Costs in Retail increased by £4.3m due to higher employee and content costs. Australia contributed £9.2m in increased costs, due to higher content costs but also reflecting the weaker pound. US costs grew £4.5m, reflecting the salary and depreciation impact of higher investment, combined with currency effects. Costs from central operations, net of associate income, were 2% lower year-on-year with higher staff incentive costs offsetting broad cost savings.

Adjusted operating profit[1], taking account of the above, fell £1.6m or 1% to £129.5m (H1 2016: £131.1m)

Adjusted net finance costs fell to £18.3m from £21.8m due to the repayment of a higher cost £300m bond in November 2016.

Exceptional items and adjustments

Exceptional items amounted to a charge of £15.4m (H1 2016: £1.9m), £14.7m relating to restructuring costs associated with our ongoing transformation and £0.7m of fair value charges on classifying our stadia business as a disposal group held for sale.

Adjustments totalled a net charge £2.3m (H1 2016: £6.7m), comprising £2.7m of amortisation charges relating to intangibles recognised in acquisitions, £2.4m of fair value charges on financial assets and £2.8m of finance income from our investment in NYX.

Taxation

The effective rate on adjusted results was 13.7%, against 15.4% in H1 2016. The effective rate on statutory results was 12.9%. We expect our full-year effective tax rate on adjusted results to be around 14%.

Profit and EPS

Following the above, profit after tax fell 4% to £81.4m as the fall in profit before tax outweighed a lower effective rate of tax. EPS, accordingly, declined 2% to 9.5p.

Cash flow and net debt

Operating cash flows were £115.3m, £51.0m lower than in H1 2016 reflecting the lower profit position, higher corporation tax payments and the benefit of liability movements during the prior year.

Following capex investments of £32.2m and dividends of £71.6m, the Group generated a surplus of £12.1m. As a result, the net debt position at H1 2017 was £604.6m, equivalent to 1.7x EBITDA for covenant purposes (27 December 2016: £618.1m or 1.8x EBITDA).

REGULATORY UPDATE

Regulation in the UK

The Triennial Review of Stakes and Prizes has been delayed as a result of the General Election and an announcement is now anticipated in Q4. Alongside others in the industry William Hill continues to emphasise the need to evolve harm minimisation measures across all products, rather than changes to stakes as there is no evidential basis that this helps tackle gambling-related harm. We continue to work with the Association of British Bookmakers to deliver a responsible gambling roadmap that reflects the priorities of the Government's Responsible Gambling Strategy Board.

The retail betting industry has not been included in the recommended scope of the 4th Anti-Money Laundering Directive. A Gambling Anti-Money Laundering Group has been established with Keith Bristow QPM, formerly of the National Crime Agency, as Chair.

The Competition and Markets Authority has signalled its intention to recommend changes to operators' terms and conditions on promotions. William Hill is in discussions with the CMA and will undertake whatever action is deemed appropriate.

Australia

The Australian Government is currently reviewing the Interactive Gambling Act (IGA) Amendment. Within this, it has proposed introducing a new ban on credit being offered to consumers by wagering service providers. If the IGA Amendment were passed into law with this new proposal, companies currently offering credit would be given a six-month transition period to wind down their credit betting activities. Approximately 30% of William Hill Australia's amounts wagered come from customers using credit betting. We are focused on ways to mitigate the effect of this change through alternative funding methods.

South Australia introduced a Point of Consumption Tax (POCT) in July. The Federal Treasurer has reached an agreement with the states to prepare a proposal for a nationally consistent approach to POCT.

Sports betting in the US

In June, the Supreme Court announced that it will hear arguments in the state of New Jersey's challenge to the Professional and Amateur Sports Protection Act 1992 (PASPA), which bans state-sponsored sports betting. The court will hear the case during its next term, which begins in October.

BOARD CHANGES AND GOVERNANCE UPDATE

On 24 February, the Board announced that a process to plan for Gareth Davis's succession as Chairman would commence once a permanent CEO was in place. With Philip Bowcock having been appointed as CEO on 10 March, a succession planning process, led by the Senior Independent Director Sir Roy Gardner, is now in progress. The process is expected to take several months to complete, with the newly appointed Chairman anticipated to be in place in advance of the 2018 Annual General Meeting, as originally planned, following a period of handover.

As also announced on 24 February, Ashley Highfield's nine-year term of office will expire in November 2017 and the Board has agreed that Ashley will step down at that time. Ashley is currently the Chair of the Corporate Responsibility Committee. A process to determine responsibility for chairing the committee when Ashley steps down is underway.

Further to the announcement of 30 March, the Board is delighted to confirm that Ruth Prior will join the Board as Chief Financial Officer on 2 October 2017. Ruth joins William Hill from Worldpay Group plc, where she was Chief Operating Officer, and previously Deputy CFO.

Reflecting the strategic importance of the Group's transformation programme, and to give additional governance and oversight, a new Board Transformation Oversight Committee has been established. The new Committee is chaired by John O'Reilly with Philip Bowcock, Mark Brooker and David Lowden appointed as members.

PRINCIPAL RISKS

We have reviewed our risk profile as set out in the 2016 Annual Report and considered the risks facing the Group in the remaining six months of the financial calendar. The key risks are currently identified as:

- Regulatory compliance and change;
- Cyber crime and IT security;
- Transformation programme;
- Competitive landscape;
- Delivery of IT strategy;
- Talent;
- Business continuity management; and
- IT disaster recovery.

Further information is available on pages 40 to 45 of the 2016 Annual Report.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE FINAL RESULTS ANNOUNCEMENT

The directors confirm that, to the best of their knowledge:

- The unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting"; and
- The interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R and Disclosure and Transparency Rule 4.2.8R.

Neither the Company nor the directors accepts any liability to any person in relation to the half-year financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

This responsibility statement is approved by the Board of directors and is signed on its behalf by:

P. Bowcock
Chief Executive Officer
2 August 2017

William Hill PLC

Interim Consolidated Income Statement (unaudited)

for the 26 weeks ended 27 June 2017

	Notes	**26 weeks ended 27 June 2017** Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m	26 weeks ended 28 June 2016 Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m	52 weeks ended 27 December 2016 £m
Continuing operations								
Revenue	2	**837.0**	**–**	**837.0**	814.4	–	814.4	1,603.8
Cost of sales	2	**(207.3)**	**–**	**(207.3)**	(192.8)	–	(192.8)	(382.2)
Gross profit	2	**629.7**	**–**	**629.7**	621.6	–	621.6	1,221.6
Other operating income		**5.4**	**–**	**5.4**	3.8	–	3.8	14.8
Other operating expenses	3	**(506.5)**	**(20.5)**	**(527.0)**	(494.8)	(9.1)	(503.9)	(1,012.3)
Share of results of associates		**0.9**	**–**	**0.9**	0.5	–	0.5	1.5
Profit before interest and tax	2	**129.5**	**(20.5)**	**109.0**	131.1	(9.1)	122.0	225.6
Investment income	3	**0.4**	**2.8**	**3.2**	0.7	0.5	1.2	4.9
Finance costs	4	**(18.7)**	**–**	**(18.7)**	(22.5)	–	(22.5)	(49.2)
Profit before tax	2	**111.2**	**(17.7)**	**93.5**	109.3	(8.6)	100.7	181.3
Tax	3,5	**(15.2)**	**3.1**	**(12.1)**	(16.8)	0.8	(16.0)	(16.8)
Profit for the period (attributable to equity holders of the parent)		**96.0**	**(14.6)**	**81.4**	92.5	(7.8)	84.7	164.5
Earnings per share (pence)								
Basic	7	**11.2**		**9.5**	10.5		9.7	18.9
Diluted	7	**11.2**		**9.5**	10.5		9.6	18.8

Interim Consolidated Statement of Comprehensive Income (unaudited)

for the 26 weeks ended 27 June 2017

	Notes	**26 weeks ended 27 June 2017 £m**	26 weeks ended 28 June 2016 £m	52 weeks ended 27 December 2016 £m
Profit for the period		**81.4**	84.7	164.5
Items that will not be reclassified subsequently to profit or loss:				
Actuarial remeasurements in defined benefit pension scheme		**(4.9)**	12.6	(17.8)
Tax on remeasurements in defined benefit pension scheme		**0.8**	(2.3)	2.3
		(4.1)	10.3	(15.5)
Items that may be reclassified subsequently to profit or loss:				
Loss on cash flow hedges		**–**	(0.1)	(0.1)
Exchange differences on translation of foreign operations		**4.9**	42.6	63.3
Changes in fair value of available-for-sale financial assets	8	**(0.4)**	(0.9)	(4.4)
		4.5	41.6	58.8
Other comprehensive income for the period		**0.4**	51.9	43.3
Total comprehensive income for the period (attributable to equity holders of the parent)		**81.8**	136.6	207.8

William Hill PLC

Interim Consolidated Statement of Changes in Equity (unaudited)

for the 26 weeks ended 27 June 2017

	Attributable to equity holders of the parent							
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total equity £m
At 27 December 2016	**88.7**	**689.3**	**6.8**	**(26.1)**	**(98.5)**	**(63.6)**	**628.9**	**1,225.5**
Profit for the financial period	–	–	–	–	–	–	81.4	81.4
Other comprehensive income/(loss) for the period	–	–	–	–	–	4.9	(4.5)	0.4
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**4.9**	**76.9**	**81.8**
Purchase and issue of own shares	–	–	–	–	–	–	(0.2)	(0.2)
Transfer of own shares to recipients	–	–	–	–	0.6	–	(0.5)	0.1
Other shares issued during the period	–	0.1	–	–	–	–	–	0.1
Credit recognised in respect of share remuneration	–	–	–	–	–	–	2.2	2.2
Tax charge in respect of share remuneration	–	–	–	–	–	–	(0.1)	(0.1)
Dividends paid (note 6)	–	–	–	–	–	–	(71.6)	(71.6)
At 27 June 2017	**88.7**	**689.4**	**6.8**	**(26.1)**	**(97.9)**	**(58.7)**	**635.6**	**1,237.8**

	Attributable to equity holders of the parent							
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total equity £m
At 29 December 2015	**88.4**	**686.6**	**6.8**	**(26.1)**	**(4.1)**	**(126.8)**	**591.0**	**1,215.8**
Profit for the financial period	–	–	–	–	–	–	84.7	84.7
Other comprehensive income for the period	–	–	–	–	–	42.5	9.4	51.9
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**42.5**	**94.1**	**136.6**
Purchase and issue of own shares	–	–	–	–	(60.0)	–	(0.2)	(60.2)
Transfer of own shares to recipients	–	–	–	–	0.5	–	(0.5)	–
Other shares issued during the period	0.2	0.3	–	–	–	–	(0.2)	0.3
Credit recognised in respect of share remuneration	–	–	–	–	–	–	3.1	3.1
Tax charge in respect of share remuneration	–	–	–	–	–	–	(1.9)	(1.9)
Dividends paid	–	–	–	–	–	–	(73.4)	(73.4)
At 28 June 2016	**88.6**	**686.9**	**6.8**	**(26.1)**	**(63.6)**	**(84.3)**	**612.0**	**1,220.3**

	Attributable to equity holders of the parent							
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total equity £m
At 29 December 2015	**88.4**	**686.6**	**6.8**	**(26.1)**	**(4.1)**	**(126.8)**	**591.0**	**1,215.8**
Profit for the financial period	–	–	–	–	–	–	164.5	164.5
Other comprehensive income/(loss) for the period	–	–	–	–	–	63.2	(19.9)	43.3
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**63.2**	**144.6**	**207.8**
Purchase and issue of own shares	–	–	–	–	(95.0)	–	(0.4)	(95.4)
Transfer of own shares to recipients	–	–	–	–	0.6	–	(0.6)	–
Other shares issued during the period	0.3	2.7	–	–	–	–	(0.2)	2.8
Credit recognised in respect of share remuneration	–	–	–	–	–	–	6.1	6.1
Tax charge in respect of share remuneration	–	–	–	–	–	–	(2.6)	(2.6)
Dividends paid	–	–	–	–	–	–	(109.0)	(109.0)
At 27 December 2016	**88.7**	**689.3**	**6.8**	**(26.1)**	**(98.5)**	**(63.6)**	**628.9**	**1,225.5**

William Hill PLC

Interim Consolidated Statement of Financial Position (unaudited)

as at 27 June 2017

	Notes	27 June 2017 £m	28 June 2016 £m	27 December 2016 £m
Non-current assets				
Intangible assets		**1,807.2**	1,779.1	1,805.3
Property, plant and equipment		**195.4**	203.0	212.5
Interests in associates		**31.7**	34.2	30.8
Investments	8	**5.0**	8.8	5.4
Deferred tax assets		**3.3**	1.5	2.8
Retirement benefit asset		**15.7**	40.9	15.5
Loans receivable	8	**46.7**	40.9	43.9
Derivative financial instruments	8	**32.4**	39.7	34.8
		2,137.4	2,148.1	2,151.0
Current assets				
Trade and other receivables		**66.3**	52.3	72.7
Cash and cash equivalents		**227.0**	535.9	215.5
Investment property held for sale		**3.5**	3.6	3.5
Disposal group assets held for sale	10	**11.3**	–	–
		308.1	591.8	291.7
Total assets		**2,445.5**	2,739.9	2,442.7
Current liabilities				
Trade and other payables		**(363.5)**	(352.5)	(370.4)
Corporation tax liabilities		**(30.2)**	(38.7)	(25.7)
Borrowings	9	**–**	(299.6)	–
Derivative financial instruments		**(8.1)**	(12.5)	(14.0)
Disposal group liabilities held for sale	10	**(0.4)**	–	–
		(402.2)	(703.3)	(410.1)
Non-current liabilities				
Borrowings	9	**(719.5)**	(717.7)	(718.6)
Deferred tax liabilities		**(86.0)**	(98.6)	(88.5)
		(805.5)	(816.3)	(807.1)
Total liabilities		**(1,207.7)**	(1,519.6)	(1,217.2)
Net assets		**1,237.8**	1,220.3	1,225.5
Equity				
Called-up share capital		**88.7**	88.6	88.7
Share premium account		**689.4**	686.9	689.3
Capital redemption reserve		**6.8**	6.8	6.8
Merger reserve		**(26.1)**	(26.1)	(26.1)
Own shares held		**(97.9)**	(63.6)	(98.5)
Hedging and translation reserves		**(58.7)**	(84.3)	(63.6)
Retained earnings		**635.6**	612.0	628.9
Total equity attributable to equity holders of the parent		**1,237.8**	1,220.3	1,225.5

William Hill PLC

Interim Consolidated Cash Flow Statement (unaudited)

for the 26 weeks ended 27 June 2017

	Notes	**26 weeks ended 27 June 2017 £m**	26 weeks ended 28 June 2016 £m	52 weeks ended 27 December 2016 £m
Net cash from operating activities	11	**115.3**	166.3	265.9
Investing activities				
Dividends from associates		**–**	–	4.3
Interest received on cash and cash equivalents		**0.4**	0.7	1.7
Proceeds on disposal of property, plant and equipment		**0.2**	–	1.2
Proceeds on disposal of investment property		**–**	0.8	0.8
Net cash flows relating to loans receivable		**–**	1.4	1.4
Acquisition of redeemable convertible preference shares in NYX Gaming Group Limited (including associated costs)		**–**	(80.4)	(81.7)
Acquisition of ordinary shares and warrants in NYX Gaming Group Limited		**–**	(10.3)	(10.3)
Acquisition of Grand Parade Limited (net of cash acquired)		**–**	–	(12.0)
Purchases of property, plant and equipment		**(2.9)**	(8.5)	(32.5)
Expenditure on intangible assets		**(29.3)**	(35.1)	(57.9)
Net cash used in investing activities		**(31.6)**	(131.4)	(185.0)
Financing activities				
Proceeds on issue of shares under share schemes		**0.1**	0.3	1.3
Purchase of own shares		**(0.1)**	(60.2)	(94.4)
Dividends paid	6	**(71.6)**	(73.4)	(109.0)
Repayment of £300m Guaranteed notes		**–**	–	(300.0)
Issue of £350m Guaranteed notes due 2023		**–**	350.0	350.0
Finance fees paid on £350m Guaranteed notes		**–**	(2.1)	(2.5)
Net cash (used in)/from financing activities		**(71.6)**	214.6	(154.6)
Net increase/(decrease) in cash and cash equivalents in the period		**12.1**	249.5	(73.7)
Changes in foreign exchange rates		**(0.6)**	4.3	7.1
Cash and cash equivalents at start of period		**215.5**	282.1	282.1
Cash and cash equivalents at end of period		**227.0**	535.9	215.5

William Hill PLC
Notes to the Group Financial Statements
for the 26 weeks ended 27 June 2017

1. BASIS OF ACCOUNTING

GENERAL INFORMATION

William Hill PLC is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Greenside House, 50 Station Road, London, N22 7TP. The interim condensed consolidated financial information for the 26 weeks ended 27 June 2017 ('interim financial information'), which has been approved by a committee of the Board of Directors on 1st August 2017, has been prepared on the basis of the accounting policies set out in the Group's 2016 Annual Report on pages 104-106 and 151-156, which can be found on the Group's website www.williamhillplc.com. This interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The interim financial information should be read in conjunction with the annual financial statements for the 52 weeks ended 27 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies used in the preparation of the interim financial information have been consistently applied to all periods presented.

The interim financial information is unaudited and does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but has been reviewed by the auditor and their report is set out at the end of this interim financial information. The results for the 52 week period ended 27 December 2016 shown in this report do not constitute the Company's statutory accounts for that period but have been extracted from those accounts, which have been filed with the Registrar of Companies. The auditor has reported on those accounts. Their report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

BASIS OF ACCOUNTING

The interim financial information has been prepared in accordance with IFRS as adopted by the European Union and therefore complies with Article 4 of the EU IAS Regulation.

The interim financial information has been prepared on the historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value.

BASIS OF CONSOLIDATION

The interim financial information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 27 June 2017. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

ADOPTION OF NEW AND REVISED STANDARDS

In preparing the Group financial statements for the current period, there have been no new IFRSs, amendments to IFRSs or IFRS Interpretations Committee (IFRIC) interpretations that have been adopted by the Group.

STANDARDS IN ISSUE BUT NOT EFFECTIVE

IFRS 9 'Financial instruments' will supersede IAS 39 in its entirety, and is effective for accounting periods commencing on or after 1 January 2018. The potential impacts of the new standard that may impact the Group are:

- Classification and measurement: New classification and measurement criteria require financial instruments to be classified into one of three categories being amortised cost, fair value through other comprehensive income or fair value. Classification will be determined by the business model and contractual cash flow characteristics of the instruments; and
- Hedge accounting: The general hedge accounting mechanisms of IAS 39 have been retained, however greater flexibility has been introduced over the instruments eligible for hedge accounting and effectiveness testing has been more closely aligned with the underlying risk management practices of the entity.

The Group is reviewing the requirements of the new standard to fully determine its impact.

IFRS 15 'Revenue from contracts with customers' establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, with an effective date for accounting periods beginning on or after 1 January 2018. Early assessment of the requirements of the new standard suggest it will not have a material impact upon the Group's reported performance and the Group will continue to assess the full impact to ensure it is ready to implement the new standard in advance of its effective date.

IFRS 16 'Leases' will replace IAS 17 in its entirety and is effective for accounting periods beginning on or after 1 January 2019. It will result in most leases being recognised on the Statement of Financial Position. The Group continues to assess the full impact of IFRS 16 but since the impact is influenced by interest rates in future years, it is not yet possible to reasonably quantify its effects. At this stage, the directors assess that the implementation of the new standard may have a material impact upon the Group's reported performance, Statement of Financial Position and operating cash flows.

GOING CONCERN

The Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. These are supplemented when required by additional drawings under the Group's revolving credit bank loan facilities, which are committed until May 2019. Whilst there are a number of risks to the Group's trading performance, as summarised in the 'Managing our risks' section on pages 40 to 45 within the 2016 Annual Report, the Group is confident of its ability to continue to access sources of funding in the medium term. The Group's strategic forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available and expected future facilities and its banking covenants for the period of the strategic forecast.

After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business, regulatory and financing risks, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

SEASONALITY

The Group's overall profitability is primarily sensitive to sporting results, largely in terms of outcome but also in terms of the timing and presence of significant events that attract a large amount of stakes. For example, the previous reporting period included part of the EURO 2016 football tournament whereas the current reporting period does not. In addition, adverse weather conditions can disrupt the sporting calendar and limit betting opportunities.

FAIR VALUES

Assets and liabilities measured at fair value include ante post bets, derivative financial instruments, investments classified as available-for-sale financial assets and the disposal group assets and liabilities classified as held for sale.

The valuation of ante post bets is determined with reference to anticipated gross win margins on unsettled bets. Changes in fair value have not had a material impact upon the profit for the period.

The valuation of derivative financial instruments is determined by valuation techniques using both observable inputs and inputs that are not based on observable market data as described in note 8. The impact of changes in fair value of derivative financial instruments was a loss of £2.4m in the period (relating to the convertible element of the redeemable convertible preference shares and warrants over equity instruments, as described in note 8). This was recognised as an adjustment within operating expenses in the Consolidated Income Statement.

The valuation of available-for-sale financial assets is determined with reference to quoted prices in active markets. The impact of changes in fair value of available-for-sale financial assets was a loss of £0.4m in the period, as described in note 8. This was recognised in other comprehensive income.

The valuation of the disposal group assets and liabilities classified as held for sale is determined based on the estimated proceeds on disposal.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of goodwill and intangible assets with indefinite lives

The Triennial Review of Stakes and Prizes is currently ongoing and recommendations from the UK Government are expected in H2. These could include changes to the regulation of gaming machines and a severely adverse outcome would significantly increase the risk of a material impairment of assets in the Retail division.

During the period, the Australian Government completed a review of the key regulations governing online wagering, including the Interactive Gambling Act (IGA) and the current State-based consumer protection framework. The outcomes of the review included a recommendation to establish a National Consumer Protection Framework (NCPF) and to ban credit betting. It is anticipated that a uniform NCPF will be implemented via the current State licencing regimes. Legislation amending the IGA (including a provision banning credit) will be debated in the Senate in H2. Adverse outcomes in either of these areas could significantly impact the cash flows of the business such that an impairment of goodwill in the Australia division may be necessary.

Retirement benefit costs

A full triennial actuarial valuation is being carried out by a qualified actuary and this may lead to significant changes in the assumptions used to determine the pension cost and the Group's defined benefit scheme obligation.

2. SEGMENT INFORMATION

The Board has reviewed and confirmed the Group's reportable segments in line with the guidance provided by IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports that the Group's Chief Executive Officer as Chief Operating Decision Maker reviews to make strategic decisions.

The Retail segment comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all online and telephone activity outside of Australia, including sports betting, casino, poker sites and other gaming products along with telephone betting services. The US segment comprises all activity undertaken in the USA.

The Australia segment comprises online and telephone sports betting in Australia. Other activities include on-course betting and greyhound stadia operations. There are no inter-segmental sales within the Group.

Segment performance is shown on an adjusted basis, with a reconciliation from adjusted operating profit to statutory results for clarity.

Segment information for the 26 weeks ended 27 June 2017 is as follows:

	Retail £m	Online £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Revenue	**460.1**	**290.0**	**24.6**	**58.5**	**3.8**	**–**	**837.0**
Cost of sales	(118.5)	(69.2)	(2.0)	(17.3)	(0.3)	–	(207.3)
Gross profit	341.6	220.8	22.6	41.2	3.5	–	629.7
Depreciation	(12.6)	(0.4)	(0.7)	(0.6)	(0.1)	(1.2)	(15.6)
Amortisation	(4.0)	(17.0)	(0.1)	(3.9)	–	–	(25.0)
Other administrative expenses	(244.1)	(146.2)	(14.2)	(36.1)	(3.5)	(16.4)	(460.5)
Share of results of associates	–	–	–	–	–	0.9	0.9
Adjusted operating profit/(loss)[1]	**80.9**	**57.2**	**7.6**	**0.6**	**(0.1)**	**(16.7)**	**129.5**
Operating exceptional items and adjustments	–	(0.5)	(1.1)	(0.2)	(0.7)	(18.0)	(20.5)
Profit/(loss) before interest and tax	**80.9**	**56.7**	**6.5**	**0.4**	**(0.8)**	**(34.7)**	**109.0**
Investment income						3.2	3.2
Finance costs						(18.7)	(18.7)
Profit before tax							**93.5**

[1] Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Segment information for the 26 weeks ended 28 June 2016:

	Retail £m	Online £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Revenue	**467.2**	**277.2**	**18.5**	**47.7**	**3.8**	**–**	**814.4**
Cost of sales	(116.4)	(62.0)	(1.6)	(12.4)	(0.4)	–	(192.8)
Gross profit	350.8	215.2	16.9	35.3	3.4	–	621.6
Depreciation	(12.6)	(0.4)	(0.5)	(0.2)	(0.1)	(1.6)	(15.4)
Amortisation	(2.2)	(18.7)	–	(2.9)	–	–	(23.8)
Other administrative expenses	(241.6)	(152.7)	(10.0)	(28.3)	(3.2)	(16.0)	(451.8)
Share of results of associates	–	–	–	–	–	0.5	0.5
Adjusted operating profit/(loss)[1]	**94.4**	**43.4**	**6.4**	**3.9**	**0.1**	**(17.1)**	**131.1**
Operating exceptional items and adjustments	0.7	(0.7)	(1.0)	(0.5)	–	(7.6)	(9.1)
Profit/(loss) before interest and tax	**95.1**	**42.7**	**5.4**	**3.4**	**0.1**	**(24.7)**	**122.0**
Investment income						1.2	1.2
Finance costs						(22.5)	(22.5)
Profit before tax							**100.7**

[1] Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Segment information for the 52 weeks ended 27 December 2016:

	Retail £m	Online £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Revenue	**893.9**	**544.8**	**43.7**	**113.8**	**7.6**	**–**	**1,603.8**
Cost of sales	(227.0)	(120.1)	(4.0)	(30.3)	(0.8)	–	(382.2)
Gross profit	666.9	424.7	39.7	83.5	6.8	–	1,221.6
Depreciation	(25.5)	(0.8)	(1.2)	(0.9)	(0.2)	(3.0)	(31.6)
Amortisation	(5.4)	(36.3)	(0.1)	(6.8)	–	–	(48.6)
Other administrative expenses	(474.0)	(287.1)	(24.1)	(60.4)	(6.7)	(29.1)	(881.4)
Share of results of associates	–	–	–	–	–	1.5	1.5
Adjusted operating profit/(loss)[1]	**162.0**	**100.5**	**14.3**	**15.4**	**(0.1)**	**(30.6)**	**261.5**
Operating exceptional items and adjustments	0.4	(1.2)	(2.1)	(0.7)	–	(32.3)	(35.9)
Profit/(loss) before interest and tax	**162.4**	**99.3**	**12.2**	**14.7**	**(0.1)**	**(62.9)**	**225.6**
Investment income						4.9	4.9
Finance costs						(49.2)	(49.2)
Profit before tax							**181.3**

[1] Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

3. EXCEPTIONAL ITEMS AND ADJUSTMENTS

Adjusted results

The Group reports adjusted results, both internally and externally, that differ from statutory results prepared in accordance with IFRS. These adjusted results, which include our KPIs of adjusted operating profit and adjusted EPS, are considered by the directors to be a useful reflection of the underlying performance of the Group and its businesses, since they exclude transactions which impair visibility of the underlying activity in divisions. More specifically, the directors judge that visibility can be impaired in one or both of the following instances:

- a transaction is of such a material or infrequent nature that it would obscure an understanding of underlying outcomes and trends in revenues, costs or other components of performance (for example, a significant impairment charge); or
- a transaction that results from a corporate activity has neither a close relationship to our businesses' operations nor any associated operational cash flows (for example, the amortisation of intangibles recognised on acquisitions).

Adjusted results are used as the primary measures of business performance within the Group and align with the results shown in management accounts, with the key uses being:

- management and Board reviews of performance against expectations and over time, including assessments of divisional performance (see note 2 and the operating review);
- Remuneration Committee assessments of targets and performance for management remuneration purposes;
- in support of business decisions by the Board and by management, encompassing both strategic and operational levels of decision-making; and
- assessments of loan covenant compliance, which refer to adjusted results.

The Group's policies on adjusted measures have been consistently applied over time, but they are not defined by IFRS and, therefore, may differ from adjusted measures as used by other companies.

The Consolidated Income Statement presents adjusted results alongside statutory measures, with the reconciling items being itemised and described below. We discriminate between two types of reconciling items; exceptional items and defined other adjustments.

Exceptional items

Exceptional items are those items the directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Adjustments

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the directors to be exceptional. They comprise the following:

- the amortisation of specific intangible assets recognised in acquisitions;
- the recognition of interest income on redeemable convertible preference shares (see note 8); and
- fair value movements relating to redeemable convertible preference shares and warrants over equity investments (see note 8).

Exceptional items and adjustments are as follows:

	Exceptional items £m	Adjustments £m	26 weeks ended 27 June 2017 £m	Exceptional items £m	Adjustments £m	26 weeks ended 28 June 2016 £m	52 weeks ended 27 December 2016 £m
Operating							
Restructuring costs	**(14.7)**	**–**	**(14.7)**	(2.6)	–	(2.6)	(10.2)
Disposal of Stadia Operations[1]	**(0.7)**	**–**	**(0.7)**	–	–	–	–
Corporate transaction costs	**–**	**–**	**–**	–	–	–	(9.8)
Portfolio shop closures	**–**	**–**	**–**	0.7	–	0.7	0.4
Amortisation of acquired intangibles	**–**	**(2.7)**	**(2.7)**	–	(2.2)	(2.2)	(6.4)
Fair value movements on derivative financial instruments	**–**	**(2.4)**	**(2.4)**	–	(5.0)	(5.0)	(9.9)
	(15.4)	**(5.1)**	**(20.5)**	(1.9)	(7.2)	(9.1)	(35.9)
Non-operating							
Investment income on redeemable convertible preference shares	**–**	**2.8**	**2.8**	–	0.5	0.5	3.2
	–	**2.8**	**2.8**	–	0.5	0.5	3.2
Total exceptional items and adjustments before tax	**(15.4)**	**(2.3)**	**(17.7)**	(1.9)	(6.7)	(8.6)	(32.7)
Tax on exceptional items and adjustments	**2.5**	**0.6**	**3.1**	0.3	0.5	0.8	3.0
Total exceptional items and adjustments	**(12.9)**	**(1.7)**	**(14.6)**	(1.6)	(6.2)	(7.8)	(29.7)

[1] On 19 May 2017, the Group agreed to sell its Greyhound Stadia operations to Arena Racing Company. These operations, which have been sold on 31 July 2017, have been classified as a disposal group held for sale (see note 10). The Group has recognised a £0.7m expense, partly relating to £0.2m write down of the net assets of the disposal group on classification as held for sale and £0.5m relating to the associated costs to sell. This has been classified as exceptional as it a one-off transaction and is material in the context of the Other segment.

Restructuring costs

This is a continuation of the substantial corporate restructurings the Group commenced in 2016, encompassing cost optimisation and business model initiatives. These initiatives, whose costs include fees for external advisers, provisions for onerous property leases and the cost of staff redundancies, are substantial in scope and impact and do not form part of recurring operational or management activities that the directors would consider part of our underlying performance. For these reasons, the directors judge the directly attributable cost impact to be exceptional.

4. FINANCE COSTS

	26 weeks ended 27 June 2017 £m	26 weeks ended 28 June 2016 £m	52 weeks ended 27 December 2016 £m
Interest payable and similar charges:			
Bank loans, bonds and overdrafts	**18.1**	21.8	47.6
Amortisation of finance costs	**0.9**	1.2	2.6
Interest payable	**19.0**	23.0	50.2
Interest on net pension scheme assets or liabilities	**(0.3)**	(0.5)	(1.0)
	18.7	22.5	49.2

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The effective tax rate in respect of adjusted results was 13.7% (26 weeks ended 28 June 2016: 15.4%; 52 weeks ended 27 December 2016: 9.3%). The effective tax rate in respect of total results was 12.9% (26 weeks ended 28 June 2016: 15.9%; 52 weeks ended 27 December 2016: 9.3%). The current period’s charge was lower than the UK statutory rate of 20% mainly due to lower effective tax rates on overseas profits and adjustments in respect of prior periods.

6. DIVIDENDS PROPOSED AND PAID

The directors have approved an interim dividend of 4.26 pence per share (2016: 4.10 pence per share) to be paid on 30 November 2017 to ordinary shareholders on the Register of Members on 27 October 2017. In line with the requirements of IAS 10 – 'Events after the Reporting Date', this dividend has not been recognised within these interim results.

The 2016 final dividend of 8.4 pence per share (£71.6m) was paid in the period.

Under an agreement signed in November 2002, The William Hill Holdings 2001 Employee Benefit Trust agreed to waive all dividends. Shares held in treasury also do not qualify for dividends. The Company estimates that 858 million shares will qualify for the interim dividend.

7. EARNINGS PER SHARE

The earnings per share figures for the respective periods are as follows:

	26 weeks ended 27 June 2017			26 weeks ended 28 June 2016		
	Basic	**Potentially dilutive share options**	**Diluted**	Basic	Potentially dilutive share options	Diluted
Profit after tax attributable to equity holders of the parent for the financial period (£m)	**81.4**	**–**	**81.4**	84.7	–	84.7
Adjusted profit after tax for the financial period (£m)	**96.0**	**–**	**96.0**	92.5	–	92.5
Weighted average number of shares (million)	**856.8**	**2.4**	**859.2**	877.2	3.3	880.5
Earnings per share (pence)	**9.5**	**–**	**9.5**	9.7	(0.1)	9.6
Adjusted earnings per share (pence)	**11.2**	**–**	**11.2**	10.5	–	10.5

	52 weeks ended 27 December 2016		
	Basic	Potentially dilutive share options	Diluted
Profit after tax attributable to equity holders of the parent for the financial period (£m)	164.5	–	164.5
Adjusted profit after tax for the financial period (£m)	194.2	–	194.2
Weighted average number of shares (million)	871.8	3.0	874.8
Earnings per share (pence)	18.9	(0.1)	18.8
Adjusted earnings per share (pence)	22.3	(0.1)	22.2

An adjusted earnings per share, based on adjusted profits (as described in note 3), has been presented in order to highlight the underlying performance of the Group.

The basic weighted average number of shares excludes shares held by The William Hill Holdings 2001 Employee Benefit Trust and those shares held in treasury as such shares do not qualify for dividends. The effect of this was to reduce the average number of shares by 30.5 million in the 26 weeks ended 27 June 2017 (28 June 2016: 8.3 million, 27 December 2016: 14.4 million).

8. NYX INVESTMENT

In the prior period, the Group entered into a long-term commercial agreement with NYX Gaming Group Limited ('NYX'), with the following transactions:

- an investment of £80.0m into redeemable convertible preference shares issued by NYX ('Convertible Notes');
- an investment of CAD $18.8m (£10.3m) into ordinary equity of NYX, representing 6.8m ordinary shares ('Ordinary Shares'), valued at £9.7m, and 1.7m warrants ('Warrants'), valued at £0.6m. The warrants each entitle the acquisition of one ordinary share at the price of CAD $3.50 for a period of three years; and
- a loan of £3.2m ('Loan').

i) Convertible Notes

These are convertible into NYX ordinary shares or redeemable in cash, with an implied interest coupon of 6% payable in kind at the term of 10 years (in 2026). This investment is accounted for as a loan with an embedded derivative which has been accounted for separately.

Convertible element

The convertible element, which is categorised as fair value through profit or loss, is valued at each reporting date using a Black-Scholes Monte Carlo model framework, with movements recognised in the Consolidated Income Statement as an adjustment, as defined in note 3.

Loan element

The loan element, which is a loans and receivables financial asset, is accounted for on an amortised cost basis at an effective interest rate of 13.6%. The income has been classified as investment income in the Consolidated Income Statement as an adjustment, as defined in note 3. The directors consider the carrying amount of the asset to approximate its fair value.

ii) Ordinary Shares

The ordinary shares are held as an available-for-sale financial asset and therefore they are revalued to fair value at each period end with any movements recognised in other comprehensive income.

iii) Warrants

The warrants are a derivative and are therefore categorised as fair value through profit or loss. These will be revalued to fair value at each period end with any movements recognised in the Consolidated Income Statement as an adjustment, as defined in note 3.

iv) Loan

The loan of £3.2m is due for repayment in June 2020. It has been classified as a loans and receivables financial asset.

A summary of the carrying value of the financial assets acquired within the investment in NYX, separated by category (as defined by IAS 39) and by caption on the Consolidated Statement of Financial Position is analysed as follows:

	27 June 2017 £m	28 June 2016 £m	27 December 2016 £m
Fair value through profit or loss			
Non-current derivative financial instruments ('Convertible element of Convertible Notes')	**32.1**	39.3	34.5
Non-current derivative financial instruments ('Warrants')	**0.3**	0.4	0.3
Total non-current derivative financial instruments	**32.4**	39.7	34.8
Loans and receivables			
Loans receivable ('Loan element of Convertible Notes')	**43.5**	37.7	40.7
Loans receivable ('Loan')	**3.2**	3.2	3.2
Total loans and receivables	**46.7**	40.9	43.9
Available-for-sale			
Investments ('Ordinary Shares')	**4.9**	8.8	5.3
Total financial assets	**84.0**	89.4	84.0

In addition to the investment in ordinary shares in NYX, the Group also holds other investments in unquoted shares of £0.1m (28 June 2016: £0.1m; 27 December 2016: £0.1m).

The following are the balances acquired within the investment in NYX and their movements thereon during the current period:

	At 27 December 2016 £m	Amount (charged)/ credited to income £m	Amount charged to other comprehensive income £m	**At 27 June 2017 £m**
Fair value through profit or loss				
Non-current derivative financial instruments ('Convertible element of Convertible Notes')	34.5	(2.4)	–	**32.1**
Non-current derivative financial instruments ('Warrants')	0.3	–	–	**0.3**
Total non-current derivative financial instruments	34.8	(2.4)	–	**32.4**
Loans and receivables				
Loans receivable ('Loan element of Convertible Notes')	40.7	2.8	–	**43.5**
Loans receivable ('Loan')	3.2	–	–	**3.2**
Total loans and receivables	43.9	2.8	–	**46.7**
Available-for-sale				
Investments ('Ordinary Shares')	5.3	–	(0.4)	**4.9**
Total financial assets	84.0	0.4	(0.4)	**84.0**

Fair value hierarchy

For the purposes of fair value hierarchy (as defined by IFRS 13), the ordinary shares are classified as Level 1 and the convertible element of the convertible notes, as well as the warrants, are classified as Level 3.

The ordinary shares are valued based on the quoted share price of NYX.

The convertible element of the convertible notes is valued using a Black-Scholes Monte Carlo model framework performed by a third party valuation specialist. The key inputs used in the model are as follows:

	27 June 2017	28 June 2016	27 December 2016
Share price (CAD)	**$1.21**	$2.24	$1.29
Expected dividend yield	**0.0%**	0.0%	0.0%
Risk free interest rate	**1.8%**	1.3%	2.0%
Expected volatility	**98.3%**	50.0%	87.3%

A sensitivity analysis has been performed on the key unobserved inputs in the model as illustrated in the table that follows. The illustrations consider the single change shown, with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case).

Assumption	Changes in assumption	Impact on fair value
Expected dividend yield	Increase by 1%	Decrease of £3.1m
Expected volatility	Increase by 1%	Increase of £0.1m

9. BORROWINGS

	27 June 2017 £m	28 June 2016 £m	27 December 2016 £m
Borrowings at amortised cost			
Bank loans	**–**	–	–
Less: expenses relating to bank loans	**(1.6)**	(2.5)	(2.1)
£300m 7.125% Guaranteed Notes due 2016	**–**	300.0	–
Less: discount on £300m 7.125% Guaranteed Notes due 2016 issued for £297.9m	**–**	(0.1)	–
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	**–**	(0.3)	–
£375m 4.25% Guaranteed Notes due 2020	**375.0**	375.0	375.0
Less: expenses relating to £375m 4.25% Guaranteed Notes due 2020	**(1.7)**	(2.3)	(2.0)
£350m 4.875% Guaranteed Notes due 2023	**350.0**	350.0	350.0
Less: expenses relating to £350m 4.875% Guaranteed Notes due 2023	**(2.2)**	(2.5)	(2.3)
Total Borrowings	**719.5**	1,017.3	718.6
Less: amount shown as due for settlement in 12 months	**–**	(299.6)	–
Amount shown as due for settlement after 12 months	**719.5**	717.7	718.6

The gross borrowings are repayable as follows:			
Amounts due for settlement within one year	**–**	300.0	–
In the second year	**–**	–	–
In the third to fifth years inclusive	**375.0**	375.0	375.0
After more than five years	**350.0**	350.0	350.0
	725.0	1,025.0	725.0

Bank facilities

At 27 June 2017, the Group had the following bank facilities:

1. A committed revolving credit bank loan facility (RCF) of £540m provided by a syndicate of banks which expires in May 2019. At the period end, £nil of this facility was drawn down (28 June 2016: £nil; 27 December 2016: £nil).
2. An overdraft facility of £5m, of which £nil was drawn down at the period end (28 June 2016: £nil; 27 December 2016: £nil).

£540m Revolving Credit Facility

Borrowings under the RCF are unsecured but are guaranteed by the Company and certain of its operating subsidiaries.

Borrowings under the Facility incur interest at LIBOR plus a margin of between 1.25% and 2.50%, determined by the Group's consolidated net debt to EBITDA ratio as defined in the loan agreement (see note 23 to the financial statements in the 2016 Annual Report for more information on this). A utilisation fee is payable if more than a certain percentage of the loan is drawn. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings under the RCF.

Upfront participation and arrangement fees plus associated costs incurred in arranging the RCF have been capitalised in the Consolidated Statement of Financial Position and are being amortised on a straight line basis over the life of the Facility.

Overdraft facility

At 27 June 2017, the Group had an overdraft facility with National Westminster Bank plc of £5m (28 June 2016: £5m; 27 December 2016: £5m). The balance on this facility at 27 June 2017 was £nil (28 June 2016: £nil; 27 December 2016: £nil).

Corporate bonds

(i) £375m 4.25% Guaranteed Notes due 2020

In June 2013, the Group issued £375m of corporate bonds and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the funds raised used to reduce outstanding amounts under the Group's RCF. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, bear a coupon rate of 4.25% and are due for redemption in June 2020.

(ii) £350m 4.875% Guaranteed Notes due 2023

On 27 May 2016, the Company issued £350m of corporate bonds and used the net proceeds to refinance the Company's existing debt and for its general corporate purposes. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, were issued with a coupon of 4.875% and are due for redemption in September 2023.

Finance fees and associated costs incurred on the issue of bonds have been capitalised in the Consolidated Statement of Financial Position and are being amortised over the life of the respective bonds using the effective interest rate method.

10. DISPOSAL GROUP HELD FOR SALE

On 19 May 2017, the Group agreed to sell its Greyhound Stadia operations to Arena Racing Company. These operations, which have been sold on 31 July 2017, have been classified as a disposal group held for sale and presented separately in the Consolidated Statement of Financial Position. The estimated proceeds of disposal were less than the book value of the related net assets and accordingly a write down of the disposal group on classification as held for sale of £0.2m has been recognised in the Consolidated Income Statement. This, along with associated costs to sell of £0.5m, has been classified as an exceptional item (see note 3) and has been recognised as a write down to the goodwill balance within the disposal group held for sale.

The major classes of assets and liabilities comprising Stadia operations classified as a disposal group held for sale are as follows:

	27 June 2017 £m
Cash and cash equivalents	**0.1**
Trade and other receivables	**1.1**
Property, plant and equipment	**3.2**
Goodwill	**6.9**
Disposal group assets held for sale	**11.3**
Trade and other payables	**(0.3)**
Corporation tax liabilities	**(0.1)**
Disposal group liabilities held for sale	**(0.4)**
Net assets of disposal group held for sale	**10.9**

11. NOTES TO THE CASH FLOW STATEMENT

	Notes	**26 weeks ended 27 June 2017 £m**	26 weeks ended 28 June 2016 £m	52 weeks ended 27 December 2016 £m
Profit before interest and tax		**109.0**	122.0	225.6
Adjustments for:				
Share of results of associates		**(0.9)**	(0.5)	(1.5)
Depreciation of property, plant and equipment		**15.6**	15.4	31.6
Amortisation of intangibles		**27.7**	26.0	55.0
Loss/(gain) on disposal of property, plant and equipment		**0.2**	–	(4.7)
Loss/(gain) on early settlement of vacant property leases		**–**	(0.7)	(0.4)
Cost charged in respect of share remuneration		**2.2**	3.1	6.1
Defined benefit pension cost less cash contributions		**(4.8)**	(4.9)	(9.3)
Movements on ante post bet liabilities		**(5.9)**	(1.5)	(0.1)
Fair value adjustments on classification of Stadia operations as disposal group	10	**0.2**	–	–
Fair value movements on investment property		**–**	–	0.1
Fair value movements on derivative financial instruments		**2.4**	5.0	9.9
Operating cash flows before movements in working capital:		**145.7**	163.9	312.3
Decrease/(increase) in receivables		**5.3**	0.6	(13.7)
(Decrease)/increase in payables		**(7.6)**	24.9	37.0
Cash generated by operations		**143.4**	189.4	335.6
Income taxes paid		**(10.0)**	(2.9)	(24.6)
Interest paid		**(18.1)**	(20.2)	(45.1)
Net cash from operating activities		**115.3**	166.3	265.9

12. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Trading transactions

Associates

The Group holds an investment of 19.5% of the ordinary share capital of Satellite Information Services (Holdings) Limited (SIS). During the period the Group made purchases of £24.4m (26 weeks ended 28 June 2016: £25.2m; 52 weeks ended 27 December 2016: £50.5m) from Satellite Information Services Limited, a subsidiary of the Group's associated undertaking, SIS. At 27 June 2017 the amount due to or from Satellite Information Services Limited by the Group was £nil (28 June 2016 £nil; 27 December 2016: £nil).

The Group made no purchases from its associated undertaking, NeoGames. At 27 June 2017, no amounts were due to or from NeoGames (28 June 2016: £nil; 27 December 2016: £nil).

All transactions with associates were made at market price.

The Group has made available a US$15m loan facility to NeoGames, of which $nil is drawn down.

Key management personnel

Transactions between the Group and key management personnel in the first half of 2017 were limited to those relating to remuneration previously disclosed as part of the Director's Remuneration Report within the Group's 2016 Annual report. There have been no other material changes to the arrangements between the Group and key management personnel in the period.

13. CONTINGENT LIABILITIES

The Group has potential obligations in respect of legal action following the 2012 acquisition of businesses in Nevada, USA and at this stage there can be no assurance that the results of this legal action will not have a material impact upon the Group's cash flows or results.

The value and timing of possible obligations in this regard are subject to a high degree of uncertainty and cannot be reliably measured. Accordingly, no amounts are provided. There has been no material change to the degree of uncertainty in the period.

Independent Review Report to William Hill PLC

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the 26 week period ended 27 June 2017 which comprises the consolidated income statement, the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 13. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 26 week period ended 27 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor

London, United Kingdom

2 August 2017

GLOSSARY AND ABBREVIATIONS

Adjusted operating profit

Profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Amortisation

Where operating expenses, operating profit or EPS are adjusted for amortisation, this pertains to amortisation of intangibles recognised on acquisition.

Amounts wagered

This is an industry term that represents the gross takings on sports betting.

EPS

Earnings per share.

EBITDA

Earnings before interest, tax, depreciation and amortisation. EBITDA for covenant purposes is adjusted operating profit before depreciation and amortisation, and share remuneration charges.

Free bets

These are recorded as a cost between gross win and net revenue.

Gross win

Gross win is an industry measure which is calculated as total customer stakes less customer winnings. This measure is non-statutory and differs from net revenue as net revenue is stated after deductions for free bets and customer bonuses. It is used by management to evaluate the impact of sporting results and customer activity on performance.

Gross win margin

This is an industry measure that represents gross win as a proportion of amounts wagered.

Net debt for covenant purposes

Net debt less certain restricted cash items of which the largest is balances in customers' accounts. This is not a statutory measure and may differ from loan covenant measures used by other companies.

Net revenue

This is an industry term equivalent to Revenue as described in the Statement of Group Accounting Policies in the 2016 Annual Report.

New accounts

Customers who registered and transacted within the reporting period.

PBIT

Profit before interest and tax.

Sportsbook

Bets placed and accepted online on sporting and other events, or via over-the-counter and SSBTs in Retail.

Sports books

The dedicated sports betting areas operated within casinos in Nevada.

SSBT

Self-Service Betting Terminal.

Unique active players

Customers who placed a bet within the reporting period.