



# THE HOME OF BETTING

William Hill corporate presentation  
September 2014

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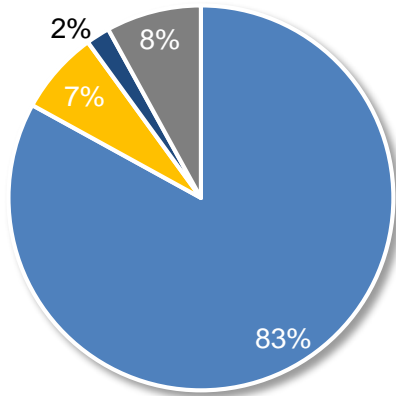
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# William Hill at a glance

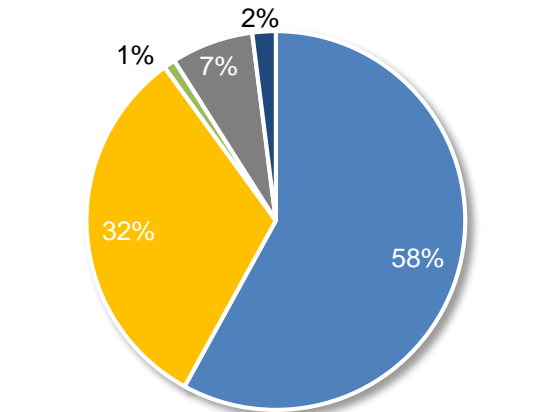
- One of the world's leading multi-channel betting and gaming company
- 17,000 employees in nine countries
- A balanced business: 54% betting and 46% gaming<sup>1</sup>
- Successful multi-channel model: 61% Retail and 39% Online<sup>1</sup>
- UK-focused with increasing international reach: 83% UK and 17% international<sup>1</sup>

Revenue by geography



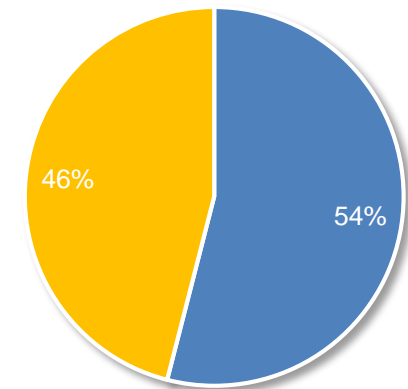
■ UK ■ Australia ■ US ■ Other

Revenue by business segment



■ Retail ■ Online  
■ Telephone ■ William Hill Australia  
■ William Hill US

Revenue by product type

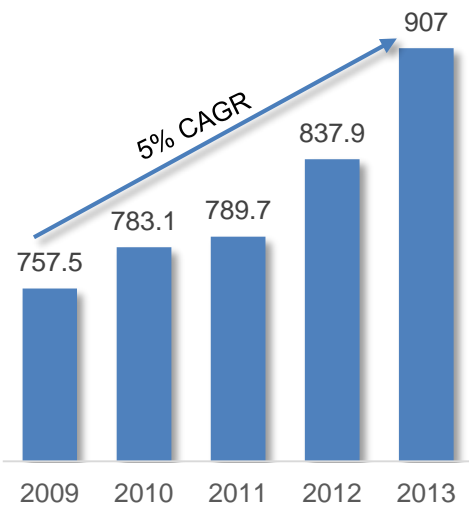


■ Betting ■ Gaming

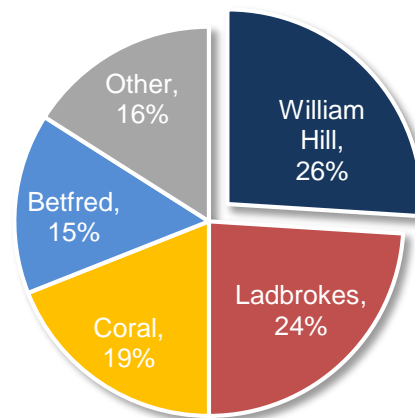
# UK Retail

- Largest business segment, representing 58% of revenue<sup>1</sup>
- Market leader with 2,360 LBOs<sup>2</sup>, equivalent to 26% market share<sup>3</sup>
- 52% betting (OTC) and 48% gaming (machine)
- £907m net revenue and £196m operating profit in 2013
- Resilient, cash-generative business

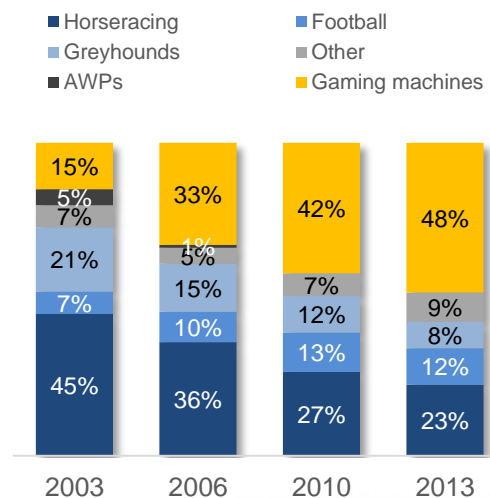
## Delivering growth against challenging economic backdrop



## Leader in UK retail bookmaking<sup>3</sup>



## Evolving product mix

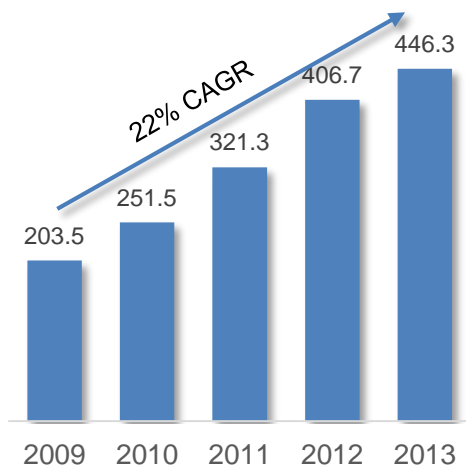


1. Based on net revenue H1 2014  
 2. Licensed betting offices, end of August 2014  
 3. Gambling Commission Industry Statistics April 2012-March 2013

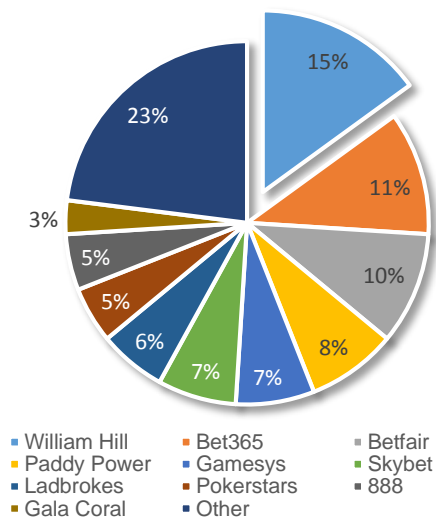
# Online

- c1,500 employees across seven countries, 32% of Group revenue<sup>1</sup>
- Market leader with 15% market share by revenue in the UK<sup>2</sup>
- 48% betting (Sportsbook) and 52% gaming (casino, bingo, poker)
- £446m net revenue and £148m operating profit in 2013
- Well-positioned ahead of UK Point of Consumption Tax

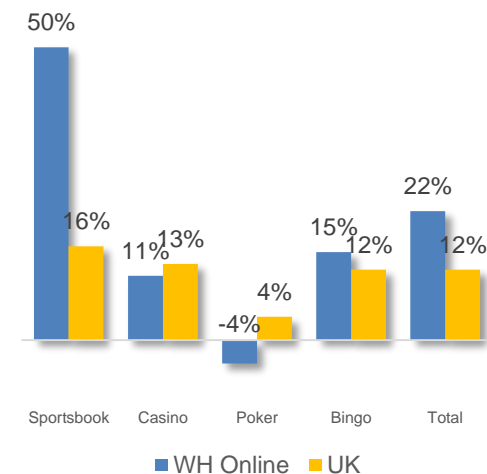
## Strong profit growth



## Leader in UK online market<sup>2</sup>



## Growing ahead of the market<sup>3</sup>

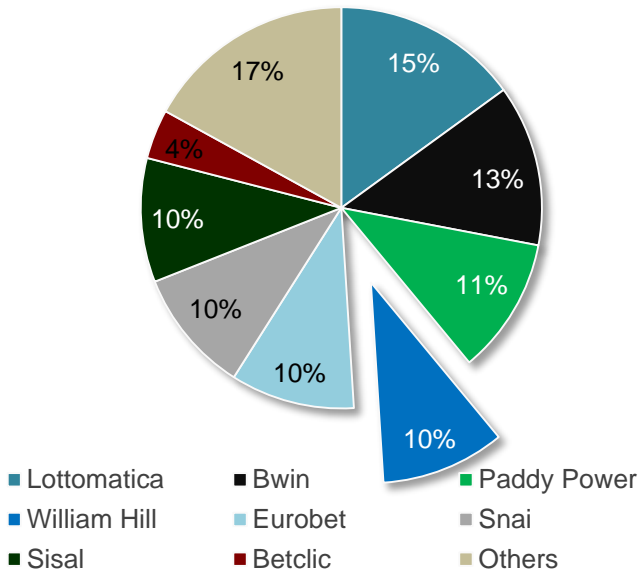


1. Based on net revenue H1 2014  
 2. Gambling Data , European Regulated Online Markets Data Report 2012  
 3. 2009 to 2013 CAGR, UK data from H2GC

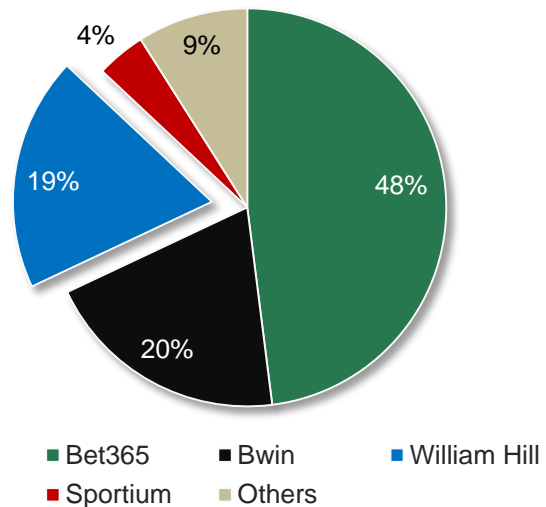
# Italy and Spain

- Mobile already generating c30% of net revenue on average
- Strengthening brand awareness: No. 1 in Italy, No. 2 in Spain<sup>1</sup>
- Strong market share gains
- On track for break-even in 2015

Italy online sports market share by turnover<sup>2</sup>



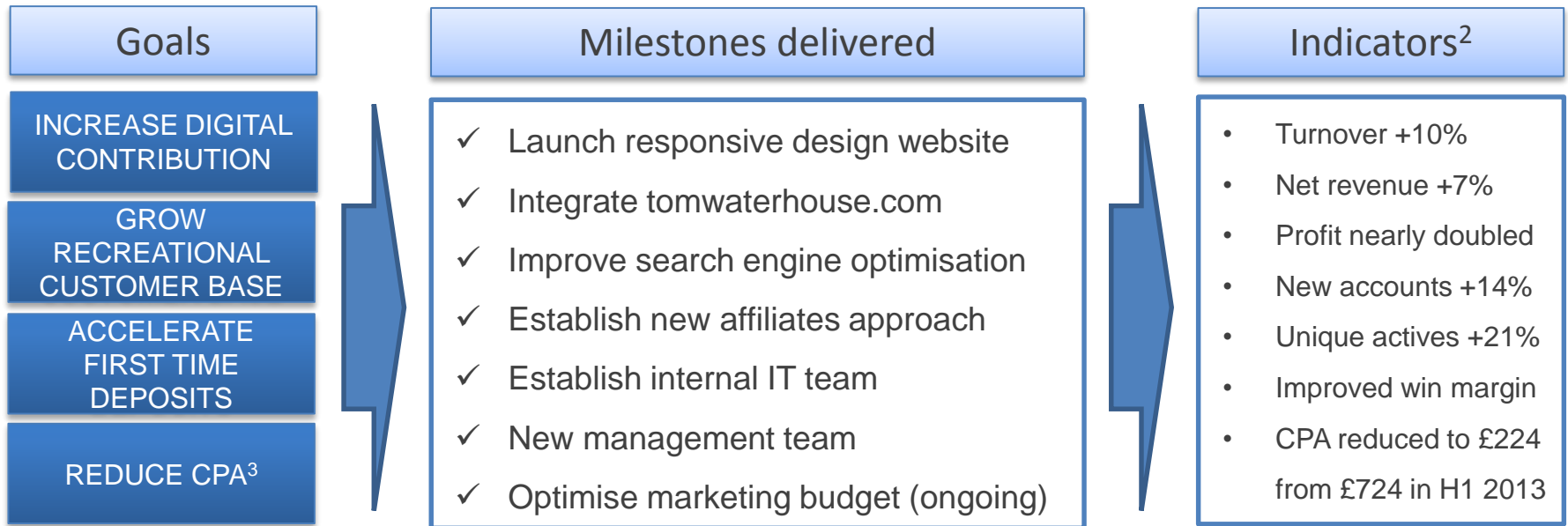
Spain online sports market share by turnover<sup>3</sup>



1. European Brand Study, July 2014  
 2. Agimeg and AAMS  
 3. DGOJ

# William Hill Australia

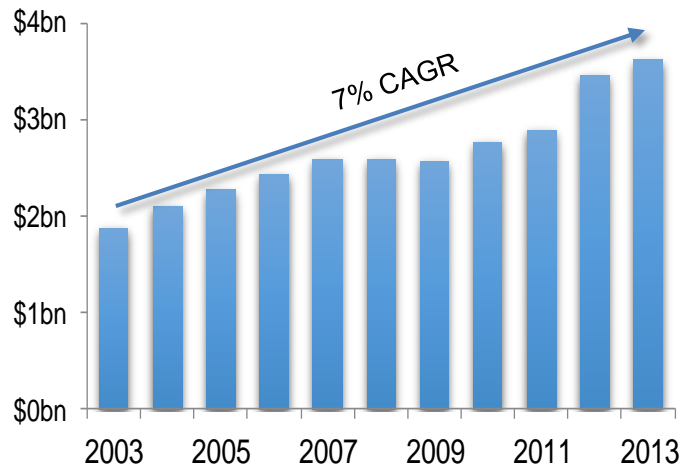
- One of the leading corporate bookmarkers with three distinct brands: Sportingbet, Centrebet, tomwaterhouse.com
- 21% online sports market share<sup>1</sup>
- Good operational progress with strong improvement in KPIs
- A\$200m net revenue and A\$20m operating profit in 2013 (pro forma)



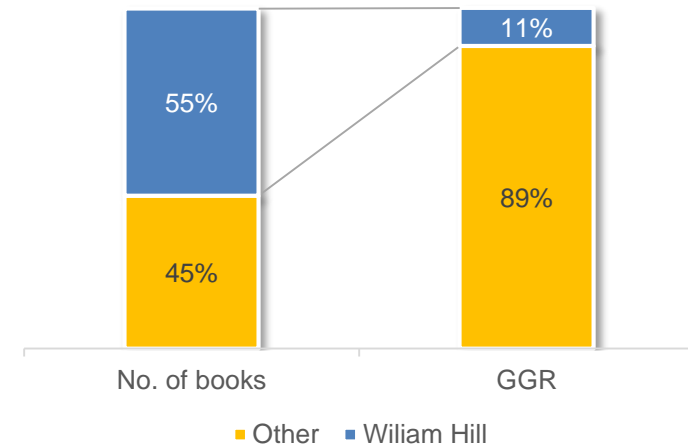
# William Hill US

- Land-based Sports Books and mobile offering in Nevada, with B2B opportunities
- Exclusive risk manager for Delaware state lottery
- Full gaming licence, well-positioned to exploit growth opportunities
- Strong performance since integration
- £23m net revenue and £5m Operating profit in 2013

Nevada sports handle<sup>1</sup> growth



Nevada sports book market share<sup>1</sup>





# Our strategic priorities

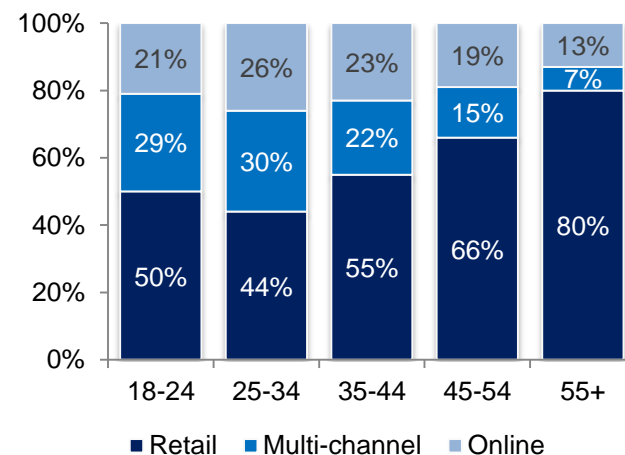
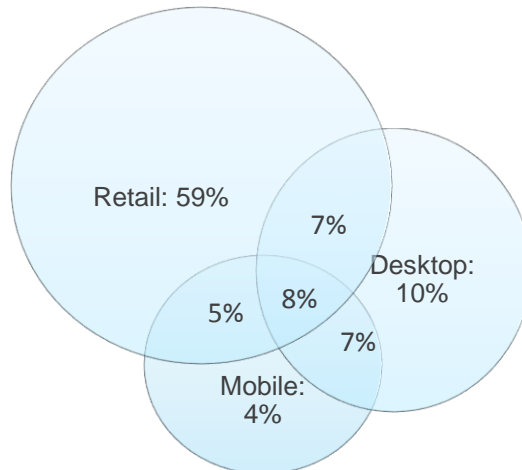
## MULTI-CHANNEL

- Emerging trend in multi-channel usage in the UK
- William Hill best placed as no.1 in Retail and no.1 in Online
- Already successful in gaming launches
- Drive towards one customer proposition
- Higher yields, higher retention, lower CPA

## INNOVATION, TECHNOLOGY AND DATA

UK betting population by channel and age<sup>1</sup>

## INTERNATIONAL



# Our strategic priorities

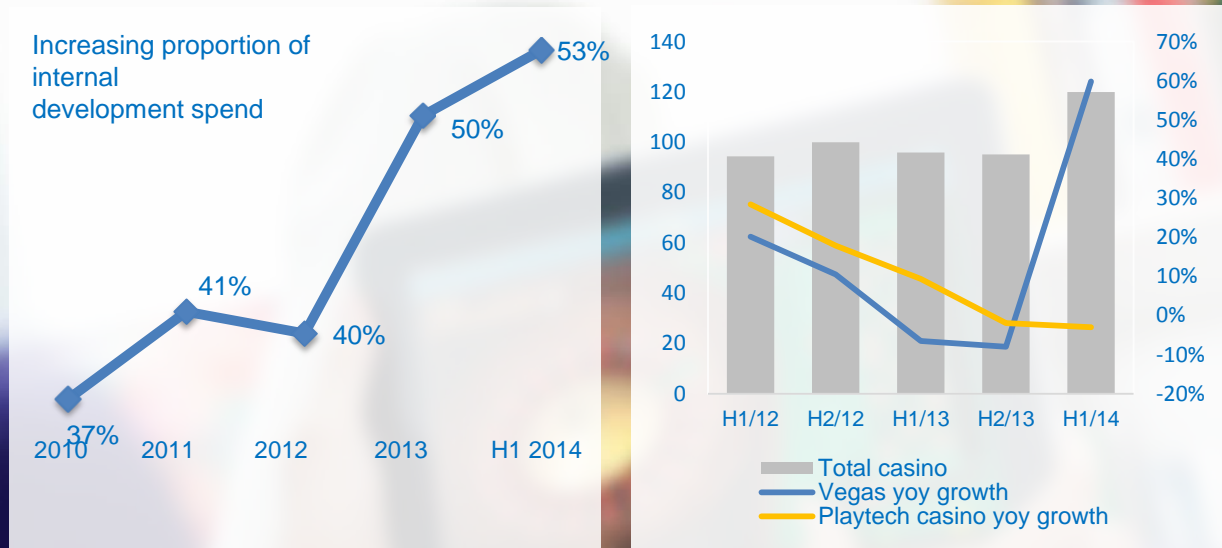
MULTI-CHANNEL

- Blend of internal and external excellence and innovation
- Strong in-house track record: Trading platform and Vegas
- Project Trafalgar
- Improved data management, more personalisation

INNOVATION,  
TECHNOLOGY AND DATA

Investing in internal technology capabilities<sup>1</sup>

INTERNATIONAL



1. Company data

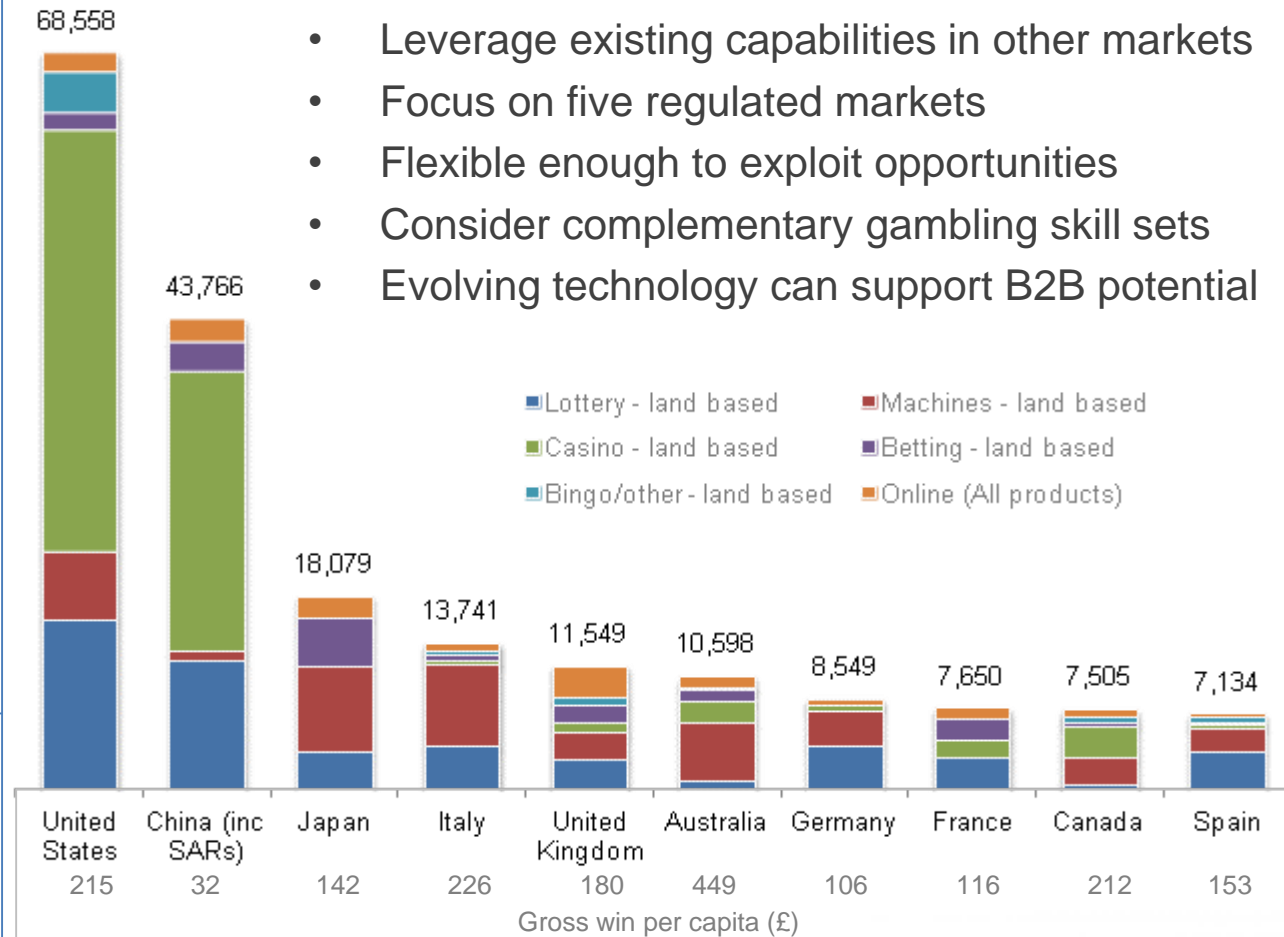
# Our strategic priorities

MULTI-CHANNEL

INNOVATION,  
TECHNOLOGY AND DATA

INTERNATIONAL

Top ten gambling markets by gross win (2013, £bn)<sup>1</sup>

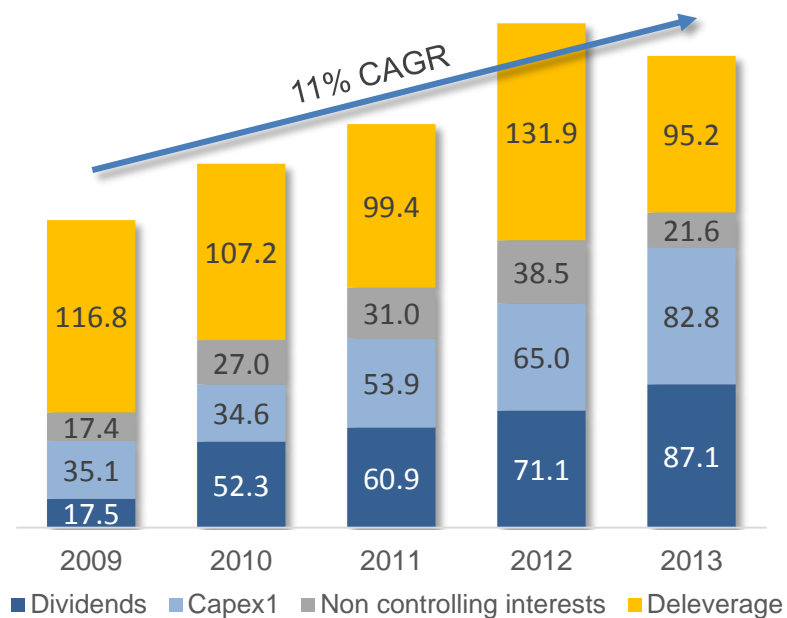


- Leverage existing capabilities in other markets
- Focus on five regulated markets
- Flexible enough to exploit opportunities
- Consider complementary gambling skill sets
- Evolving technology can support B2B potential

■ Lottery - land based      ■ Machines - land based  
■ Casino - land based      ■ Betting - land based  
■ Bingo/other - land based      ■ Online (All products)

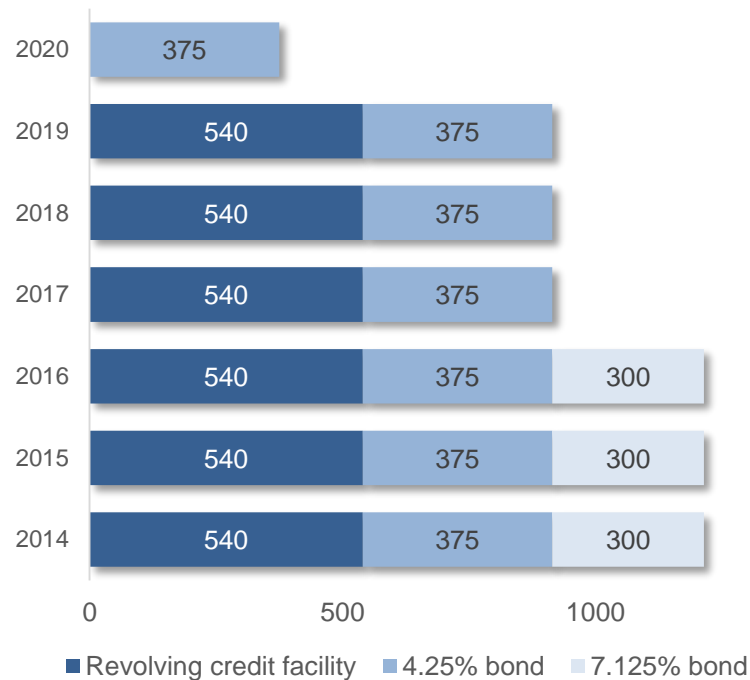
# Strong free cash flow and solid balance sheet

## Strong cash generation (£m)



Around 2.5x dividend cover

## Diversified sources of debt funding (£m)



Net debt/EBITDA 1.8x vs covenant of 3.5x

# Regulatory update

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## UK ONLINE LICENSING

- Gambling (Licensing and Advertising) Bill passed in May
- 1 October deadline for licences
- Provision included to extend UK horseracing levy
- GBGA applied for judicial review against UK Gov on new regime

## UK RETAIL

- £22m impact of Machine Games Duty increase<sup>1</sup>
- Government position clearly outlined
  - New approach to gaming machine staking over £50
  - Consultation ongoing on voluntary advertising code
  - Consultation awaited on planning changes
- RGT / NatCen research expected in autumn: to identify harmful patterns of play and appropriate solutions without ruining the experience for the majority
- Consultations on offshore levy / levy replacement

1. Gibraltar Betting and Gaming Association

2. The UK Chancellor has announced his intention to increase Machine Games Duty on Retail gaming machines from 20% to 25% of gross win from 1 March 2015. Based on 2013 gross win, it would have cost the Group an additional £22m

# Strong underlying growth in H1

Unaudited	2014 H1
Group net revenue <sup>1</sup>	+7%
Group Operating profit <sup>2</sup>	-2%
Online Sportsbook wagering	+41%
Mobile sportsbook wagering	+74%
Online gaming net revenue	+18%
Mobile gaming net revenue	+146%
Retail machine net revenue <sup>1</sup>	+7%
Australia wagering	+10%
Australia Operating profit	+94%
US wagering	+22%
US Operating profit	+383%

- Successful diversification continues, with 52% of Operating profit from digital channel and 17% net revenue from international market
- Record-breaking World Cup performance with Online wagering for the tournament +211% on 2010
- Continued strong growth in online sportsbook turnover
- Retail net revenue flat, with impact of poor sports results partly mitigated through effective cost control
- Improving Australia KPIs with unique actives +21%, new accounts +14% and CPA -36%
- Continued strong performance in US
- Healthy interim dividend growth, +8%
- James Henderson appointed CEO from 1 August

1. Group net revenue and Retail machine net revenue was flattered by the introduction of Machine Gaming Duty in February 2013. Underlying performance was +6% for the Group and +5% for machine
2. Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions

# Record-breaking World Cup wagering

	H1 2014 £m	FY 2014 £m	FY 2010 £m	Change %
Retail	33.5	44.3	48.6	-9%
Online	122.3	158.6	51.0	+211%
Telephone	3.7	5.3	15.8	-66%
Other <sup>1</sup>	13.0	18.6	-	-
<b>Total amounts wagered</b>	<b>172.5</b>	<b>226.8</b>	<b>115.4</b>	<b>+97%</b>
Retail	8.0	12.9	18.1	-29%
Online	17.7	24.7	10.2	+142%
Telephone	0.4	0.6	3.9	-85%
Other <sup>1</sup>	1.7	2.3	-	-
<b>Total gross win</b>	<b>27.8</b>	<b>40.5</b>	<b>32.2</b>	<b>+26%</b>
Retail	24.0%	29.2%	37.2%	-8.0 pts
Online	14.5%	15.6%	20.0%	-4.4 pts
Telephone	9.5%	11.3%	24.5%	-13.2 pts
Other <sup>1</sup>	13.1%	12.4%	-	-
<b>Total gross win margin</b>	<b>16.1%</b>	<b>17.8%</b>	<b>27.9%</b>	<b>-10.1 pts</b>

1. 'Other' includes William Hill Australia and William Hill US

# Compelling investment proposition

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Market leading UK multi-channel betting and gaming business

Capitalising on fast-growing digital opportunity

Further diversification through international expansion

Strong free cash flow and balance