2012 Final Results, Proposed Acquisition of 29% of William Hill Online and Rights Issue

Ralph Topping, Chief Executive

Neil Cooper, Group Finance Director

1 March 2013

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Agenda

- **Overview**
  Ralph Topping, Chief Executive

- Financial highlights
  Neil Cooper, Group Finance Director

- Investing and innovating
  Ralph Topping, Chief Executive

- Q&A

Strong performance, strategic progress[1]

Online net revenue[2]	+27%
Retail net revenue	+6%
Group net revenue	+12%
Group Operating profit[3]	+20%
Basic, adjusted EPS	+21%
Dividend	+17%

- Continued strong organic growth
- Operating cash flow of £294m, net debt[4] down to £339m
- William Hill US established
- Pending Sportingbet acquisition
- £424m proposed acquisition of 29% outstanding stake in Online
- £375m (net) Rights Issue

1. The 2012 financial year is a 53 week year. For a 52 week comparison, see slide 35 in the appendices.
2. 'Net revenue; appears in the Group's financial statements as the line item 'Revenue'. The Group uses the terms 'Net revenue' and 'Revenue' interchangeably.
3. 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.
4. Calculated on a bank covenant basis excluding, *inter alia*, client balances.

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Strong revenue and profit growth

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m	% change 53 wks vs 52 wks	% change 52 wks vs 52 wks
Amounts wagered	18,879.1	17,911.4	+5%	+3%
Net revenue	1,276.9	1,136.7	+12%	+10%
Operating profit[1]	**330.6**	**275.7**	+20%	+18%
Amortisation	(5.0)	(3.6)	+39%	+36%
Net finance costs	(32.9)	(32.7)	+1%	-1%
Tax	(48.2)	(41.5)	+16%	+15%
Non-controlling interest	(42.5)	(31.3)	+36%	+33%
Retained profit	**202.0**	**166.6**	+21%	+20%
Basic, adjusted EPS (p)	**29.4p**	**24.2p**	+21%	+20%
Net debt for covenant purposes	338.5	415.6	-19%	
Dividend per share (p)	11.2	9.6	17%	

1. 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.
2. Numbers are presented on a pre-exceptional basis.
3. Adjusted basic EPS is based on profit for the period before exceptional items and amortisation of intangible assets arising on acquisitions. Adjusted basic EPS is based on 703.1 million average shares for 2012 and 699.0 million average shares for 2011.

Exceptional items

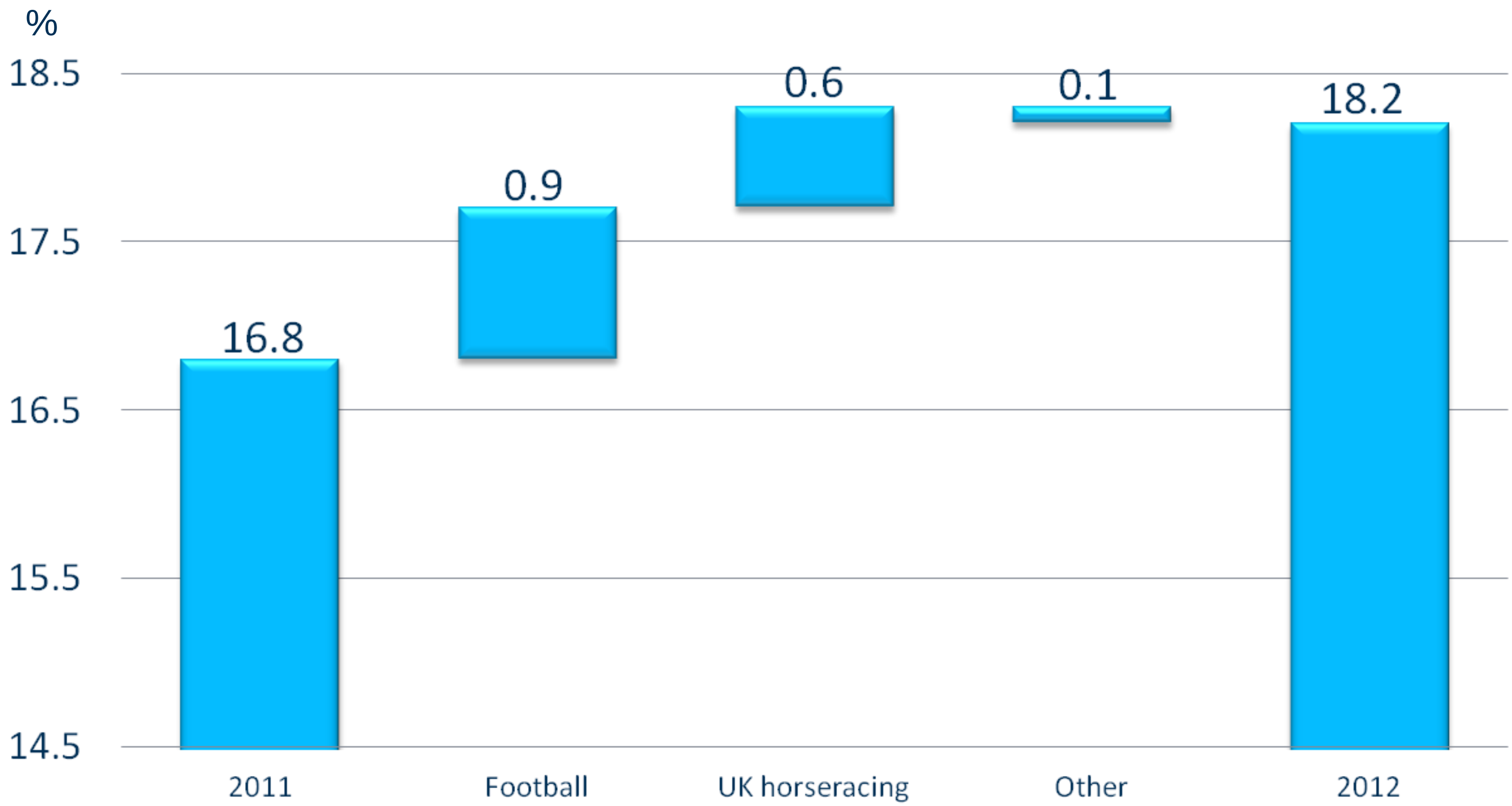
Item	£m
US acquisition / integration	(5.3)
Pending Sportingbet acquisition	(4.6)
Spain back-taxes	(4.6)
Fair-value loss on hedging arrangement	(0.5)
Pre-tax	**(15.0)**
Tax	1.5
Post-tax	**(13.5)**

Retail: operating profit grows 7%

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m	% change 53 wks vs 52 wks	% change 52 wks vs 52 wks
OTC amounts wagered	2,582.4	2,605.4	-1%	-3%
Machines amounts wagered	13,363.4	13,034.6	+3%	+1%
Total Retail amounts wagered	**15,945.8**	**15,640.0**	+2%	+0%
OTC gross win	468.8	437.2	+7%	+6%
OTC gross win margin	*18.2%*	*16.8%*	*1.4 ppts*	*1.5 ppts*
Machines gross win	444.1	423.8	+5%	+3%
Total gross win	**912.9**	**861.0**	+6%	+4%
Net revenue	**837.9**	**789.7**	+6%	+4%
Cost of sales	(137.1)	(131.2)	+4%	+3%
Gross profit	**700.8**	**658.5**	+6%	+5%
Operating costs	(489.3)	(461.7)	+6%	+4%
Operating profit[1]	**211.5**	**196.8**	+7%	+7%

1. 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.

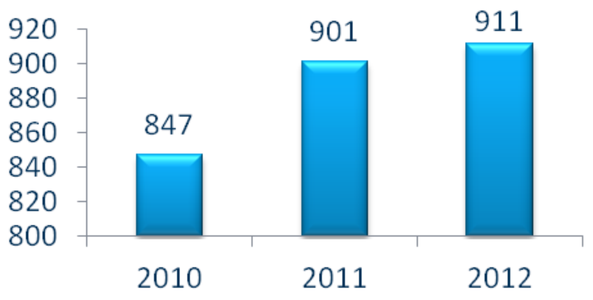
Margin shows strength through the year



Machine performance metrics

	53 wks to 1 Jan 13	52 wks to 27 Dec 11	%
Average number of LBOs	**2,375**	2,374	+0%
Average number of machines	**9,195**	9,049	+2%
Gross win per machine per week	**£911**	£901	+1%
Machine gross win margin	**3.32%**	3.25%	+0.07 ppts

Gross win per machine per week (£)



Cost growth in line with guidance

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m	%
Employee costs	(199.5)	(192.3)	+4%
Property costs	(100.1)	(93.3)	+7%
Content costs	(61.0)	(56.1)	+9%
Depreciation	(27.4)	(26.2)	+5%
Other costs incl. recharges	(101.3)	(93.8)	+8%
Operating costs	**(489.3)**	**(461.7)**	+6%

Excluding 53rd week, costs in growth by 4%

Online: another year of strong growth

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m	% change 53 wks vs 52 wks	% change 52 wks vs 52 wks
Sportsbook	166.7	111.1	+50%	+48%
Playtech Casino	*99.9*	*81.4*	*+23%*	+20%
Vegas/Games/Skill	*94.5*	*82.2*	*+15%*	+11%
Poker	*20.4*	*23.0*	*-11%*	-13%
Bingo	*25.2*	*23.6*	*+7%*	+4%
Gaming net revenue	240.0	210.2	+14%	+11%
Net revenue	**406.7**	**321.3**	+27%	+24%
Cost of sales	(35.6)	(28.5)	+25%	+23%
Gross profit	**371.1**	**292.8**	+27%	+24%
Operating costs	(225.8)	(186.0)	+21%	+19%
Operating profit[1]	**145.3**	**106.8**	+36%	+33%

1. 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.

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Growth in new actives and margin drives Sportsbook performance

	53 wks to 1 Jan 2013	52 wks to 27 Dec 2011	%
Unique active players ('000)[1]	1,793.1	1,408.7	+27%
Revenue per unique active player (£)	226.8	228.1	-1%
New accounts ('000)[2]	1,064.2	790.7	+35%
Average cost per acquisition (£)[3]	100.1	108.6	- 8%
Sportsbook amounts wagered (£m)	2,258.5	1,664.0	+36%
Sportsbook gross win margin	7.9%	7.0%	+0.9 ppts
- Pre-match gross win margin	10.1%	8.7%	+1.4 ppts
- In-play gross win margin	4.8%	4.6%	+0.2 ppts

1. Placed a bet within the period.
2. Registered and transacted within the period.
3. Including affiliates.

Continued marketing investment

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m	%
Employee costs	**(38.5)**	(36.9)	+4%
Marketing	**(106.4)**	(85.8)	+24%
Finance charges	**(14.8)**	(11.4)	+30%
Depreciation and amortisation(1)	**(12.3)**	(9.2)	+34%
Other costs incl. recharges	**(53.8)**	(42.7)	+26%
Operating costs	**(225.8)**	**(186.0)**	+21%

Marketing to net revenue ratio of 26% (2011: 27%)

1. Excludes £3.6m (2011: £3.6m) of Online amortisation relating to trade names, affiliate relationships and non-competition agreements.

Capex and working capital

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m
Retail development[1]	37.9	29.2
William Hill Online	19.9	20.3
Other (including IT)	8.5	6.0
Total cash capital expenditure	**66.3**	**55.5**

- Estate grew by a net 21 shops to 2,392 (32 openings,11 closures, 25 re-sites)
- 2013 cash capex expected to be in the range of £80-90m
- £294m of net cash inflow from operations benefitted from £26m favourable working capital inflow in the period.

1. Gross of proceeds on disposal

Other finance matters

- Effective pre-exceptional tax rate of 16.5%
  - Reduction in deferred tax liabilities driven by statutory tax rate reductions
  - Effective full year income statement rate expected to be c15% in 2013 prior to impact of proposed acquisitions
  - Around 20% effective cash tax rate expected for 2013
- Final dividend of 7.8p per share +16%,
  giving full-year dividend of 11.2p per share +17%

Financing

- Group net debt of £339m at 1 Jan 13
- £460m Sportingbet acquisition fully debt funded
  - ‘Certain funds’ RCF and £225m 2012 Bridge Credit Facility
- £424m William Hill Online acquisition
  - 2012 Bridge Credit Facility and c£375m (net) from proposed Rights Issue
- Scale of Rights Issue leaves the Group with appropriate capital structure having regard to current trading conditions, potential future developments and flexibility to pursue the stated strategy

Rights Issue terms

- To raise net proceeds of c£375m
- 35% discount to TERP
- Directors' intentions
- Fully underwritten
- Rights issue shares will not rank for final 2012 dividend

2012 final dividend

Ex-dividend	13 Mar 13
Record date	15 Mar 13
Payment date	7 Jun 13

Timetable

Final results and Rights Issue announced	1 March 2013
Prospectus expected to be published	1 March 2013
Final dividend (ex-dividend date)	13 March 2013
EGM to approve related-party transaction	18 March 2013
Nil paids trading commences	19 March 2013
Rights Issue closing date	4 April 2013
Last date of payment for non-controlling interest	30 April 2013

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2013 current trading

Group net revenue	+20%
Online net revenue	+29%
Sportsbook net revenue	+75%
Sportsbook stakes[(1)]	+29%
Retail net revenue	+13%
OTC net revenue	+16%
OTC stakes	-3%
Machines gross win	+1%

- Seven weeks from 2 Jan 13 to 19 Feb 13
- Continuing strong gross win margin
  - Sportsbook 11.0%
  - OTC 21.7%

1. ‘Stakes’ appears in the Group’s financial statements as the line item ‘Amounts wagered’. The Group uses the terms ‘Stakes’ and ‘Amounts wagered’ interchangeably.

On track to hit our targets

		2012	2013 (7 wks)
Sportsbook stakes to equal OTC stakes by 2014 World Cup	→	**87%**	**109%**
Sportsbook mobile weekly average stakes of £15m a week by mid-2013	→	**£10.9m**	**£16.0m**
Mobile to be 40% of Sportsbook stakes by end 2013	→	**26%**	**34%**

Delivering our strategy in 2012 and beyond

Developing a wider product range

- In-play and pre-match expansion
- Gaming innovations, e.g., Live Casino
- Continued product evolution in Retail

Driving greater multi-channel usage

- Mobile betting and gaming innovations
- SSBTs and video walls
- Gaming cross-sell
- Self-service betting terminals in shops

Selective international expansion

- William Hill US established
- Locally licensed websites launched in Italy and Spain
- Potential Sportingbet Australia and Spain acquisition

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Positive Retail performance

+17%

growth in football turnover in 2012

- Balanced OTC/machines net revenue growth
- Staking impacted by fixture cancellations, gross win margin and Olympics
- Continued strong football performance
- Virtual racing stakes +26% on enhanced broadcast schedule
- 32 new licences
- 88 video walls
- 650 self-service betting terminals

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Continued development of Retail in 2013

New shop design in 200 shops

Gaming machine cabinet upgrade being trialled, Bonus Club launch

Video walls in another 180 shops, up to 1,000 SSBTs

Outstanding Online performance

+59%

growth in football, basketball and tennis in-play turnover in H2 driven by product enhancements

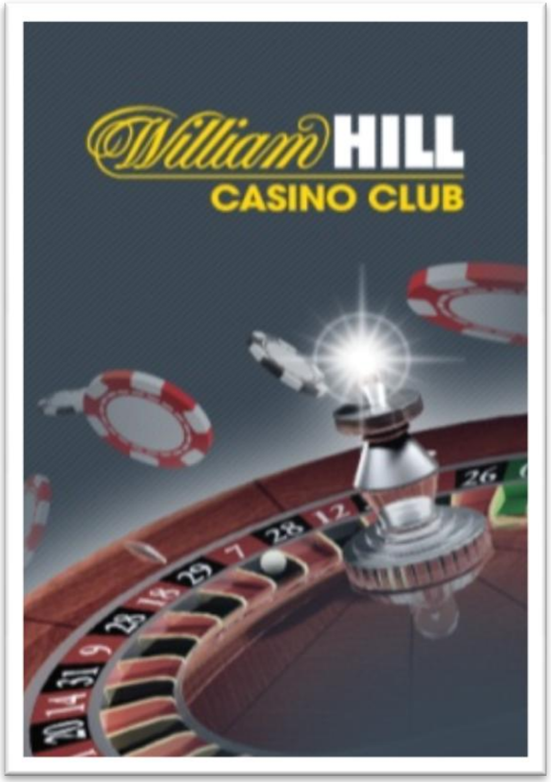
+57%

growth in Live Casino net revenue, advertising launched in September 2012

+700%

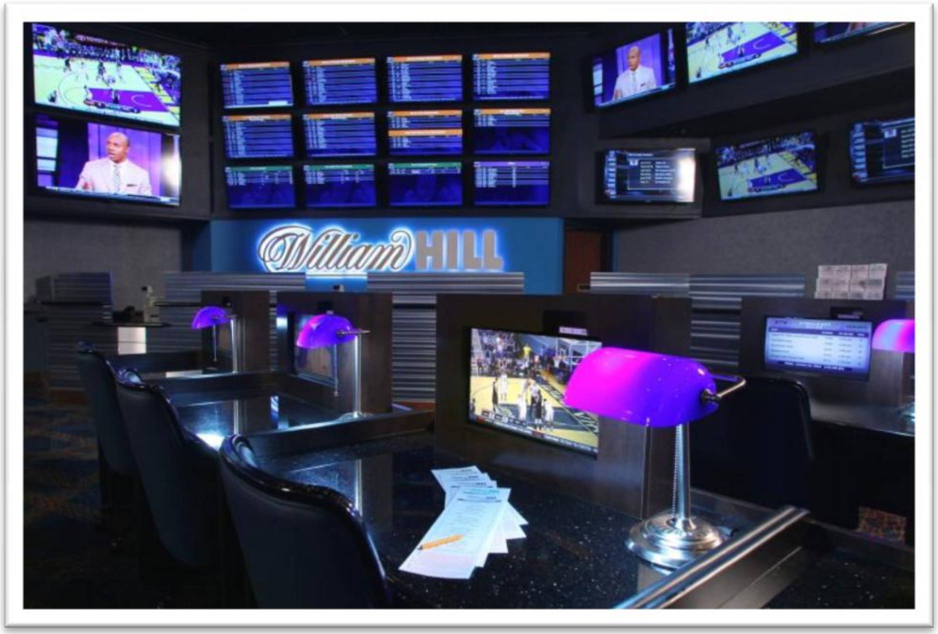
growth in mobile gaming net revenue

Continued investment and innovation in 2013



- Continued product development
- Further mobile launches (UK and international)
- Enhanced player management system
- CRM
- Dedicated international teams
- Website investment

William Hill US



- Integration completed on schedule
- Increased to 180 sportsbooks and bars
- Rebranding completed
- Wagering ahead of projections but margin impacted by NFL results

Sportingbet transaction

- £460m[1] to acquire Sportingbet's Australia and Spain regulated assets
- One of the leading online corporate bookmakers in attractive Australian market demonstrating strong growth trends
- Long-established Miapuesta brand in Spain
- Consistent with our strategy of increased contribution from online, international and locally licensed markets
- Established management team, committed to William Hill

1. £454m acquisition announced in Dec 2012. Subsequently increased by £5.5m due to revision of bondholder terms in Feb 2013.

Sportingbet transaction

Rationale

- Provides a leading position in new international market in Australia
  - Scale market entry
  - Fast growing online market
  - Locally licensed
  - Potential regulatory upside
  - Opportunity to leverage online expertise
- Expands presence in newly liberalised Spanish market

Current status

- Approval for licence transfer from Northern Territory Racing Commission **RECEIVED**
- Approval from Foreign Investment Review Board **RECEIVED**
- Sportingbet shareholder and bondholder approval **RECEIVED**
- GVC shareholder approval **RECEIVED**
- Scheduled effective date: 19 March 2013

William Hill Online call option

- £424m for 29% not already owned by William Hill, representing 9.3x 2012 EBITDA[(1)] attributable to Playtech's 29% holding
- Notified Playtech of decision to exercise on 28 February 2013
- Related party transaction requires shareholder approval
- c£375m (net) Rights Issue announced alongside exercise of the option

1. EBITDA is calculated as pre-exceptional profit/loss before interest, tax, depreciation, amortisation (including amortisation of specifically identified intangible assets recognised on acquisitions).

Rationale for exercising option

- Full ownership of a growth business with a market-leading position and strong earnings and cash flow

- Increased strategic flexibility to grow business through removal of current contractual minority protections
  - Hard capex limits
  - Veto on William Hill Online acquisitions
  - Requirement to offer any online acquisitions into the JV

- Increased operational freedom
  - Support multi-channel strategy and international expansion, e.g., US, Australia
  - Flex investment to enhance product and website development and CRM

- Earnings accretive on a per share basis in the current financial year versus the Rights Issue adjusted alternative[1]

1. This should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins or cashflows of William Hill will necessarily be greater than the historic published figures

Summary

- Strong 2012 performance

- Compelling strategic rationale for exercising call option at first opportunity

- Rights Issue will ensure appropriate capital structure to underpin future growth

- Pleasing start to 2013, well positioned for future growth

APPENDICES

53 week and 52 week comparisons[(1)]

	53 wks to 1 Jan 13 (£m)	52 wks to 27 Dec 11 (£m)	Change vs 27 Dec 11	52 wks to 25 Dec 12 (£m)	Change vs 27 Dec 11
- Retail net revenue	837.9	789.7	+6%	825.0	+4%
- Online net revenue	406.7	321.3	+27%	398.5	+24%
- Telephone net revenue	16.0	18.2	-12%	16.2	-11%
- William Hill US net revenue	8.9	-	-	7.9	-
- Other net revenue	7.4	7.5	-1%	7.3	-3%
Group net revenue	**1,276.9**	**1,136.7**	**+12%**	**1,254.9**	**+10%**
- Retail Operating profit	211.5	196.8	+7%	210.2	+7%
- Online Operating profit	145.3	106.8	+36%	142.1	+33%
- Telephone Operating profit/(loss)	0.5	(4.3)	-	1.0	-
- William Hill US Operating loss	(0.6)	-	-	(1.3)	-
- Other Operating profit	0.5	0.6	-17%	0.5	-17%
- Corporate expenses (including associate income)	(26.6)	(24.2)	+10%	(26.1)	+8%
Operating profit[2]	**330.6**	**275.7**	**+20%**	**326.4**	**+18%**
Amortisation	(5.0)	(3.6)	+39%	(4.9)	+36%
Profit before interest, tax and exceptional items	**325.6**	**272.1**	**+20%**	**321.5**	**+18%**
Exceptional items	(15.0)	(52.0)	-	(15.0)	-
Net interest cost	(32.9)	(32.7)	+1%	(32.3)	-1%
Profit before tax	**277.7**	**187.4**	**+48%**	**274.2**	**+46%**

1. The unaudited 52-week results for 2012 have been calculated by subtracting the 53rd week results from the audited 53-week results. Revenues and cost of sales for the 53rd week are actual figures and operating costs are pro rata figures based on the December run rate.
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.

Net revenue summary

		53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m	%
Retail	OTC	468.8	437.2	+7%
	Machines	369.1	352.5	+5%
	Retail total	**837.9**	**789.7**	+6%
Online	Sportsbook	166.7	111.1	+50%
	Gaming – Playtech Casino	99.9	81.4	+23%
	Gaming – Vegas/Games/Skill	94.5	82.2	+15%
	Gaming – Poker	20.4	23.0	-11%
	Gaming – Bingo(1)	25.2	23.6	+7%
	Gaming total	**240.0**	**210.2**	+14%
	Online total	**406.7**	**321.3**	+27%
Telephone		16.0	18.2	-12%
Other(2)		16.3	7.5	+117%
Total net revenue(3)		**1,276.9**	**1,136.7**	**+12%**

1. Skill games have been reclassified under Flash-based Casino instead of Bingo and Skill
2. The current period includes revenue of £8.9m from the US segment acquired 27 June 2012
3. For net revenue, machines are shown net of VAT, Sportsbook and gaming are shown net of fair-value adjustments for free bets, promotions and bonuses

Net operating expenses by division[1]

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m	%
Retail	(489.3)	(461.7)	+6%
Online	(225.8)	(186.0)	+21%
Telephone	(17.8)	(19.6)	- 9%
US	(8.6)	-	-
Other	(6.0)	(5.9)	+2%
Corporate	(30.3)	(26.6)	+14%
Group net operating expenses	**(777.8)**	**(699.8)**	**+11%**

1. Numbers are presented on a pre-exceptional basis, excluding the amortisation of the specifically identified intangible assets arising on acquisitions of £5.0m (2011: £3.6m) and net of other income of £4.7m (2011:£4.4m)

Net operating expenses by cost category[1]

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m	%
Employee costs	(312.9)	(299.5)	+4%
Property costs	(111.4)	(101.9)	+9%
Depreciation	(43.7)	(37.8)	+16%
Pictures and data	(61.6)	(56.4)	+9%
Marketing	(122.3)	(100.7)	+21%
Finance charges	(21.6)	(19.0)	+14%
Communications	(11.5)	(10.4)	+11%
Other	(92.8)	(74.1)	+25%
Group net operating expenses	**(777.8)**	**(699.8)**	+11%

1. Numbers are presented on a pre-exceptional basis, excluding the amortisation of the specifically identified intangible assets arising on acquisitions of £5.0m (2011: £3.6m) and net of other income of £4.7m (2011:£4.4m)

Telephone

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m	%
Amounts wagered	279.2	370.9	-25%
Gross win	**16.9**	**18.9**	-11%
Gross win margin	*6.1%*	*5.1%*	*+1.0 ppts*
Net revenue	**16.0**	**18.2**	-12%
Cost of sales	2.3	(2.9)	-
Gross profit	**18.3**	**15.3**	+20%
Staff costs	(1.7)	(2.3)	-26%
Marketing costs	(2.0)	(2.2)	-9%
Other costs incl. recharges	(14.1)	(15.1)	-7%
Operating costs	**(17.8)**	**(19.6)**	-9%
Operating profit[(1)]	**0.5**	**(4.3)**	-

1. 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

Interest

	53 wks to 1 Jan 2013 £m	52 wks to 27 Dec 2011 £m
Interest receivable	(0.6)	(0.5)
Bank loan interest	7.3	8.3
Bond interest	21.7	21.3
Amortisation of finance fees	2.2	2.2
Net interest on pension scheme net liability	1.4	1.4
Revaluation of amounts due to NCI	0.9	-
Total pre-exceptional net interest	**32.9**	**32.7**

Cash flow

	53 wks to 1 Jan 2013 (£m)	52 wks to 27 Dec 2011 (£m)
EBITDA[1]	384.9	319.0
Working capital / other	15.4	25.2
Capital expenditure net of disposals	(65.0)	(53.9)
Cash from operations	**335.3**	**290.3**
Cash taxes	(52.0)	(51.6)
Net interest	(39.8)	(47.4)
Distributions to non-controlling interests	(38.5)	(31.0)
Free cashflow	**205.0**	**160.3**
Acquisitions	(19.4)	(4.1)
Exceptional items	(9.6)	(0.5)
Dividends	(71.1)	(60.9)
SAYE redemptions	-	0.1
Repayment of borrowings	(67.5)	(90.0)
Net cashflow	**37.4**	**4.9**
Net debt for covenant purposes	338.5	415.6
Net debt:EBITDA (covenant basis)	1.0 times	1.5 times

1. EBITDA is calculated as pre-exceptional profit/loss before interest, tax, depreciation, amortisation (including amortisation of specifically identified intangible assets recognised on acquisition, and before share remuneration charges

Net debt for covenant purposes

	1 Jan 2013 £m	27 Dec 2011 £m
Bank loans	110.0	170.0
Corporate bonds	300.0	300.0
Finance leases	0.2	0.3
Cash	(151.7)	(114.3)
Net debt	**258.5**	**356.0**
Obligations under bank guarantees	0.6	2.4
Restricted cash – online client balances	57.7	49.1
Restricted cash – non-controlling interest share of cash balances	12.8	8.1
Other restricted cash	8.9	-
Net debt for covenant purposes	**338.5**	**415.6**

- Net debt:EBITDA of 1.0x vs maximum covenant of 3.5x
- EBITDA:net cash interest of 9.3x vs minimum covenant of 3.0x
- BB+/Ba1 stable outlook credit ratings from S&P/Moody's