William Hill PLC
2010 Final Results
25 FEBRUARY 2011

PRESENTATION

Ralph Topping - ***William Hill Plc - Chief Executive***

Good morning, ladies and gentlemen, it's good to see you again. Thank you for coming along. I have with me today our CFO, Neil Cooper. I'm delighted to say that our Chairman, Gareth Davis, is here too, right down the front, in fact. Gareth joined us last Autumn, so this is the first time he's had the pleasure of meeting you guys.

I'm going to give you a quick overview of our year; Neil is going to fill in on all the detail you need. We've had two years of being focused on the short term; today I want to look at the future and our next stage of development. There are good opportunities for growth at William Hill. I want you to hear about some of them, but first, the overview.

Our operating profit is up 7%, which is ahead of expectations. We're looking at particularly good results from Online, an outstanding net revenue growth in Sportsbook of 95%, strong improvements in our in-play gross win margin, and a doubling of the in-play amounts wagered.

With net in-play revenue up 277%, you see why the expertise we're bringing to in-play is paying off. We've also seen net revenue growth in Retail, that's up 7%, and we've seen good amounts bet as well. We rolled out more of our very successful Storm machines, and we've seen a strong performance in Football.

As for the balance sheet, well, we've strengthened it. The changes in William Hill in recent years continue. We've redefined our approach to trading. We've a leading in-play football product, and we're leading the industry on online growth and gaming machine growth. And we've restructured our Phone business.

So a lot done, a lot we're doing, and a lot more we're aiming to do. But first Neil, and the financials.

Neil Cooper - ***William Hill Plc - CFO***

Thanks, Ralph, and good morning to you all. Confirming our recent trading statement, the Group is pleased to announce this morning 7% year-over-year growth in net revenue to GBP1,071.8 million for the year ended December 28, 2010.

Growth in Retail benefited from Machines and Football, and all of our Online verticals showed net revenue growth, particularly so for Sportsbook, as Ralph has already mentioned.

Operating profit, which refers to pre-exceptional profit before interest, tax and defined amortization, came in at GBP276.8 million, again up 7% on the prior year. Pre-exceptional PBIT was GBP273.2 million. With both tax and net finance costs falling, pre-exceptional retained profit grew by 16% to GBP149 million. Basic earnings per share, adjusting for the defined amortization and exceptional items, grew by 5% to 21.7p per share.

Whilst this is a lower rate of year-over-year growth than we saw in retained profit, I would remind you that our share base expanded during 2009 following our rights issue, so our denominated grew by 9%. Following a successful period of cash inflow from operations, net debt for covenant purposes has fallen to below GBP500 million. Allied to our refinancing during the fourth quarter, our balance sheet continues to strengthen.

As previously indicated, we saw a number of exceptional items in 2010. Firstly, the revenue cost of our telephony restructuring came in at GBP6.1 million. Together with GBP2.4 million of CapEx, this totals GBP8.5 million of one-off costs associated with this project, slightly ahead of our previous guidance.

Secondly, you'll recall a GBP5.6 million VAT refund. And finally, a number of exceptional finance costs. I'll remind you that we took a GBP4.1 million ineffective interest rate hedge valuation charge in the first half, caused by movements in yield curves. The impacts of the yield curve movement in the second half were net nil.

Following on from the final quarter refinance, we wrote off the remaining GBP7.2 million unamortized arrangement fees from our forward start agreement, and our remaining effective interest hedges became ineffective with the expiry of this agreement. Accordingly, we wrote off GBP14.2 million of cost on this de-designation, which was lower than our previous estimate.

I would remind you that, whilst this is a non-cash movement in 2010, the interest rate hedge contracts remain in place until expiry at the end of 2012, and do need to be modeled for cash flow purposes. There is a slide in the appendix outlining our current expectations of this cash flow, although the exact final amount does, of course, depend on the actual yield curve outturn between now and then.

Moving into the detail of our Retail channel, we saw a strong year for Machines, with amounts wagered in growth by 11%, gross win by 13% and net revenue showing the impact of the VAT rise at the start of the year back to 11%. Whilst the main driver of growth was the very successful Storm cabinet rollout, non-Storm performance was also very positive, as Ralph will outline later.

OTC gross win fell slightly, benefiting from gross win margin growth, but impacted by a 3% decline in amounts wagered, whilst underlying wagers in OTC, adjusting for the World Cup trading period and for a weather affected December, were also 3% in decline.

Slips were down less than 1% on this basis, demonstrating in our view a largely continued propensity to gamble over the counter. Pence per slip conversely showed the impact of the ongoing downturn on our consumer base being down more than 2%.

We remain positive about the performance of this channel, with amounts wagered, net revenue and operating profit all in growth in 2010, despite the less than buoyant retail consumer backdrop.

As mentioned, gross win margins saw growth in the year, benefiting from a very strong second half performance, well above the normal range at 18.6% in the half, an outturn helped by favorable football results during that half.

Outside of the weak first half horseracing festival performance we saw, and we outlined at our interims, gross win margin for Horseracing was broadly in line with the prior year, albeit that falling amounts wagered means that absolute gross win from Horseracing has fallen.

At GBP847 of gross win per machine per week, our Machine category continues to show underlying growth over a long period, benefiting from a combination of operational effectiveness, and technological developments. The graph shows clearly the consistent track record of like-for-like growth we delivered, up over 64% in this area since 2005.

Looking at the Retail cost base, whilst overall the Retail cost base grew by 5% during the year, this was driven by a number of specific items which the causal on the right of the chart makes clear. Firstly, the impact of net new developments accounted for around 1 percentage point. Therefore, the like-for-like cost base grew by around 4%. Of this, the impact of provisions for tail site closures, taken together with the impact of project costs which relate to shop cleaner outsourcing, accounted for around 1 percentage point.

Increased year-over-year bonus payments have accounted for just over 1 percentage point, and increased retail marketing accounted for around 0.5 percentage point. Content costs continue to increase well ahead of inflation. Excluding these specific items, all other costs grew by less than 1%.

Looking ahead into 2011 we expect Retail costs to grow by around 3% to 4%. I would also just mention that we expect the incremental annualized impact of last week's levy announcement to be between GBP3 million to GBP4 million dependent, of course, on the actual outturn of Retail UK horserace wagering. And if you intend to adjust for this in your 2011 models, the new scheme starts from April 2011.

Following an improved gross win margin, Telephone showed a modest GBP900,000 profit in 2010, benefiting from an 11% operating cost reduction. As previously announced, the Group has closed the UK Telephone operation, reopening in Gibraltar at the end of January this year. The challenge for the business now will be to take advantage of cost benefits, whilst maximizing its commercial opportunity against a backdrop of declining amounts wagered.

The strength of the Online performance in 2010 has been pleasing. Sportsbook has led the way with a 95% year-over-year increase in net revenue, driven by strong wagering growth, an improved in-play margin, and the impact of favorable football results on pre-match margins.

Casino was flat year over year, but this hides the fact that France, being our largest non-UK casino market, closed in June. Adjusting for this, Casino net revenue grew 10% year over year. After a slow start to the year, Poker grew net revenue year over year from quarter 2 onwards, and Bingo grew year-over-year net revenues by 52%. Overall, net revenue grew by 24%, and operating profit by 22%, versus the prior year.

The success of the Group's Online business performance is evident from these key operating statistics. Revenue per unique active player grew year over year by 19%, showing the increased share of wallet being earned per customer as our offer broadens and deepens, albeit that our cost of customer acquisition is also increasing as we up-weight our marketing spend.

Sportsbook statistics demonstrate how strong the performance of the business was during 2010. Overall amounts wagered were up 57% year over year. Within this, pre-match wagers were up 37%, and in-play up over 100% at 114%. Whilst the core growth was football led, consistent with our in-play development focus, horseracing wagers grew 25% year over year.

Benefiting from results, and from the improvements seen in our in-play pricing and trading capabilities, gross win margins grew by 1.4 percentage points from 6.6% to 8%; most markedly in-play margins nearly doubled from 2.7% to 4.8%.

Developing regulation remains a key theme for the European online space. We remain excited about the possibilities of regulated markets, although this is likely to mean that profits in a regulating market fall before they rise, as an existing income stream incurs additional taxes.

That all said, driven partly by growth of the Sportsbook, and partly through the closure of France, net revenues from our primary regulated market, being the UK, now accounts for around 75% of our net revenue.

To fuel the development of a compelling and competitive product range in Sportsbook, and with continued gaming innovation, we've invested in the growth of the Online business during 2010. Marketing has grown from 21% of net revenue to 24% of net revenue, fuelling that strong net revenue growth.

Staff costs have also increased, partly as the technology, product and market development capabilities of the Online business have grown, and partly arising as a result of the strong performance of the year as it impacts staff bonuses, particularly marked, given a minimal payout in 2009.

But, given the current economic climate, the cost control focus of the Group remains a priority. 2010 saw the final benefits of a multiyear shop staff and head office pay freeze, closure of tail sites, bank refinancing and the restructuring of our telephone operations. 2011 will see the closure of our final salary pension scheme to future accruals, and the outsourcing of shop cleaners, as well as ongoing retail labor model tweaking.

But whilst we're passionate about our focus on controlling costs, we're also prepared to increase costs where we believe this will add value. For example, our Online organization structure has grown, and marketing has increased, both for Retail and for Online.

Developing new products and services for Gaming and Sportsbook require investment in the right people, technology, and services to enable us to continue to generate strong top line growth. And Ralph will speak more on this later.

Moving away from channel performance, the Group saw a 2.9% year-over-year reduction in net finance charges. Looking ahead, we expect to see a lower level of net finance charges in 2011, with amortization of finance fees reducing, and with no effective interest rate hedge costs anticipated, following the de-designation of the remaining effective hedges in the final quarter of 2010.

Cash capital expenditure was lower than anticipated during 2010 with delays getting on site, particularly around refurbishments, and with a reduction in Group IT spend versus our own internal expectations. This delay was, I think, evident from the high level of capital accruals at the end of the year, which took cash CapEx plus capital accruals to GBP43 million. The Group opened 62 new units and closed 27, a net estate growth of 35, or around 1.5%.

We also announced, at the end of year, the planned closure of a further 20 units in the Republic of Ireland, which will take place in the first quarter of this year. Looking into 2011, we plan to up-weight our refurbishment and our IT spend in Online, with around 35 unit openings planned at this stage.

Having regard to cash flow modeling, looking forward, we except a capital spend of circa GBP70 million in 2011. We should also flag that we expect to see a negative working capital movement in 2011 of somewhere between GBP10 million to GBP15 million as the favorable 2010 movement partially unwinds.

The Group saw net cash inflow from operating activities of GBP224 million in 2010, of which GBP34 million was consumed by investing activities, largely cash CapEx spend. A further GBP85 million was expended on financing activities, largely William Hill and minority shareholder dividends. This left around GBP100 million which was used to reduce net debt for covenant purposes from GBP602 million at the end of 2009, to GBP499 million at the end of 2010. Credit metrics remained strong, with net debt over EBITDA at 1.7 times, interest cover at 4.8 times, and with substantial headroom.

As previously announced, the Group further strengthened its balance sheet in 2010 with its fourth quarter refinancing, giving the Group longer term refinancing with a more balanced blend of fixed and floating rate exposures.

Finally from me, commenting on a number of other finance matters that relate to the year. The Group saw an effective tax rate of 20% in the year, benefiting from reducing deferred tax liabilities, and from the release of prior year provisions now no longer required. Given current assumptions, we expect an effective income statement tax rate of 22% in 2011, and 21% in 2012. From a cash flow perspective, effective cash tax is expected to be 22% in both of these years.

Secondly, arising from combination of improving scheme asset values, and continued cash payments by the Group, the Group's defined benefit pension deficit reduced, over 2010, by GBP12.3 million, leaving a balance sheet deficit of GBP31 million.

Last but not least, reflecting what has been, in our view, a good year, and the confidence we feel in our business, a final dividend of 5.8p per share has been announced, which takes the full year dividend to 8.3p per share, up 11% on the prior year.

Now back to Ralph, who will take you through business progress and current trends.

Ralph Topping - ***William Hill Plc - Chief Executive***

Thanks, Neil. So that's 2010 put to bed. How are things going in 2011? Well, as you would expect me to say, it's early days, but so far, so good. In fact, Group net revenue is up 9% in the first eight weeks; it's 6% up in betting shops, despite below average rating in football results. We've had double-digit turnover growth in both over-the-counter and machines. Pence per slip has been up every week since the New Year. The volume of bets is also up every week since the New Year, and overall transactions are up steeply as well.

Online, I'm pleased to say, is performing strongly with net revenue up 22%, Gaming is performing well, but it's Sportsbook that continues to climb with amounts bet up 79% on a higher pence per bet. We're showing a 50% increase in bet volumes.

The other current news, of course, is the injunction we've taken against Playtech. I'm going to speak slowly here. Let me be as clear as I can be. What I'm going to say now is everything, and I mean everything, we are able to say about this. I know you want to ask questions, but this is now a legal matter, and I'm not going to answer any questions, no matter how determined, or smart you are about asking those questions. When I say I'm not going to answer the questions, can I just say Neil's not going to answer questions either, and nobody else from William Hill in the audience is allowed to speak.

Neil Cooper – ***William Hill Plc – Finance Director***

Apart from the Chairman.

Ralph Topping - ***William Hill Plc - Chief Executive***

No, he's been told as well, in a very nice way. We've all seen the press speculation about discussions between Playtech and Ladbrokes. Playtech initiated discussions with us about possible significant amendments to the William Hill Online joint venture agreements. To ensure our legal rights under that agreement are maintained, we secured an injunction against Playtech.

This is now a legal process, we will update you as and when appropriate. That's it, no more, no questions, no going round the back door, in the front door, climbing in through the window, as we're not accepting any questions on this, ladies and gentlemen.

Now let's talk about the things we're going to create, are doing to create further growth in this great business. I'm not going to make this complicated; we've some very simple goals in our business. We make ourselves available to as many customers as possible, we maximize the yield from every customer, and we make it as cost effective as possible to recruit new customers and here's the team that's doing it.

Now, every winning football team has a strong defensive spine. You might ask me, what is a guy who's the Chairman of the SPL know about strong defensive spines? Again, that's another subject I'm not taking any questions on today. Likewise in business, at the back Neil Cooper, Group Finance Director, signed from Bovis United. Nothing gets past him; I like that in a corporate goalie. Then we've got David Steele, Slugger Steele, Corporate Services Director, 25 years with William Hill, and responsible for industry and Government affairs. Affairs, we don't mean anything naughty by that, he just deals with the Government, and he deals with industry.

James Henderson is currently working with Online, but we're switching him back to Retail, and he's another guy with 25 years at Hill's. These guys are steeped in the game, they know how to play it. Completing the defense the younger looking guy in the center is our new signing, Alan Johnson. Famous name, no football connection though, and he's got a wealth of experience in the Retail sector, and 11 years at Superdrug.

We're going 3-5-2 today, it's the only way to play the modern game. In our team we've wing backs who can bomb up and down the flanks, and turn defense into attack. On the right wing we've got Eyal Sanoff, who leads our Tel Aviv marketing team, that's Online marketing affiliates, search engine optimization, and pence per click deals.

On the left wing we've got Kristof Fahy looking after brand, marketing, and customer experience. I've told you before, he has strong branding and offline marketing experience, which means he works with the Eyal to marry online and offline marketing, advertising, and promotion as well.

I was brought up in a great Scottish tradition, bright, cocky, creative midfielders, so in contrast, we have Henry Birch, our Chief Executive of William Hill Online, and we've got Jeff Dunham, who's our Group CTO. Jeff's another new signing; he's Californian, but we won't hold that against him. He's here to support technology-led development, and he's based in Gibraltar. Jeff used to play for Victor Chandler, and also Flutter, the betting exchange business bought out by Betfair.

Now I told my team no snoods, by the way. I didn't think I'd have to tell them no dark glasses in the team photo. You'll not be surprised to learn that Jeff's new nickname is the Fonz when you look at him.

Then there's the player/manager pulling it all together. He's home-grown talent; he joined as a youth player, and he's still [been] in the first team. We all feed and support the front guys, the most dangerous striking partnership since Kenny Dalglish and Ian Rush wore Liverpool shirts. For you youngsters in the audience they were the best since Ian St John and Roger Hunt. I've got some apologies for Mr. Torres and Mr. Drogba; the clue is in the word partnership.

We snapped up Aussie Terry Pattinson a couple of years ago, and brought him into the first team last May. Terry has got extensive years of experience of Asian and Australian betting markets. He is the consummate trader, and he's rarely caught offside.

Jamie Hart came through our academy system, we farmed him out for Coral's for a while, and we brought him back to run the Sportsbook. He's now Developing Director of William Hill Online, running our research and development team in Gibraltar.

Then, of course, there are the boot room boys, the guys who keep the team in peak condition. David Russell, who's our HR Director, he works the magic sponge. Thomas Murphy, General Counsel, that's all we want to say about Thomas Murphy, General Counsel. And of course, the Chairman, Mr. Davis. In football the Chairman's never known by his first name, so we'll keep the analogy going; it's Mr. Davis. Football chairmen traditionally smoke cigars, for some reason ours is keener on cigarettes, and we can't work that one out at all.

Okay, so I'm making light of it, but there's a serious point here about William Hill. We are a team of many talents; we've assembled a team of many talents, with mixed experience and new faces. In an organization with a clear purpose, with a history that [informs] the present and the future, a modern business, certainly, but one that still has William Hill in the DNA of its players.

Now I started by saying we aim to make ourselves available to the widest customer base. That's not only in the UK, but also in countries around the world and, potentially, many more countries around the world. Of course, the best way to be widely available in any territory, I think, is by being multichannel. Here is the varying population of the UK, you can see that our world is not either or, either betting shop, or Online. Our world is and, betting shop, and Online.

Our model gives us access to a bigger market and, of course, greater spend. Our brand does a lot of the work for us Online; we spend less than our peers per acquired customers, and we enjoy the benefit of scale. At Hill's, more than a half of our Online customers continue to come into shops. They're still in the brand; we give them that choice of channels; we get a higher share of wallet. Given that choice, many choose betting shops. Look at the numbers, look at the relative sizes of the channel. Here at Hill's we don't let the excitement and potential of Online blind us to the still massive strength of our Retail operation.

Here you can see just how resilient Retail is. The line falters a little only as we hit the tough conditions of the last three years, falters and largely recovers. Take a snapshot at the start of those tough years, and another in 2010, and we see a decline in revenues of around 1%. Sure, there was the World Cup in 2010, and there was the European Championships in 2008, in case somebody remembers that, and asked me a question about it yesterday; I'm holding my hands -- after the session here, holding my hands up.

But to put that 1% in context, as I look around, I'm not the only guy in the room who remembers the early '90s where we saw a 7% top line decline in the recession then. So let's go back to the question of busyness in shops, that b-u-s-y-n-e-s-s. When we strip out the effects of the World Cup in June and July, and the snow in December, the number of slips was only slightly down by 0.6% in 2010. The total number of transactions in our betting shops in the year was up 17%.

The fact is, people like to bet in shops, they like the feel of cash in their hands. When you take a walk down the high street, and you'd find retailers who'd sell their grannies into slavery to achieve resilience like this. But it hasn't happened by chance. This is the reward for the way in which we have managed the betting shop estate.

I've shown you this slide several times before, here's the updated picture for 2010. This is how we've diversified the product base, offsetting weakness in traditional products, with good growth in new ones. We've got a CAGR of 8% for Football, and 12% for Machines.

As we develop new products we bring in customers in their 20s and 30s, and as a younger demographic for football and gaming machines, there is certainly a perception that our customer base is getting older; it isn't. In fact, the average age is stable to slightly reducing. Our older customers are living longer, thank the Lord, and we've got 20 and 30 year old customers coming in. We haven't made a big fuss about this, but we've transformed this business delivering solid results from the core customer base, even while expanding into a new and growing one.

Even within a category, you find the one product has greater appeal than another. So it's not just a matter of having machines and getting new machines into your estate, it's selecting the right machines to put into your estate. We've two suppliers, our Storm machines from Inspired Gaming are definitely attracting a younger base. When you look at the cabinets I think you can see why; the technology wins out. Younger, and also more inclined to spend. The average retail spend from those playing Storm is higher, in fact, than from those playing machines from Global Draw. The good news, though, is that in January machines from both suppliers delivered double-digit growth.

So I like to think when we innovate in Retail, we see growth and we see benefits. We have some very interesting innovations to come in our business. Retail remains in rude health, even in the tough climate. It's big, it's strong, and it's resilient, and it's fundamental to our business. An essential part of our multichannel approach in the UK, and hugely useful in conveying the strength of the William Hill brand.

Now let's look at another channel, let's look at Online. You can never stop developing Online; there's always something extra in the pipeline. But at William Hill, in the last three years, we've done a huge amount of the heavy lifting. We did a deal, and we brought in the talent we needed in this business, and we're constantly bringing in more.

We've actually changed the William Hill mindset in three years, and everyone has bought into the new world, right through the business. We've got terrific marketing resource in Israel, we've got great client services in Bulgaria, and we're running the show with a talented team in Gibraltar underneath Henry Birch.

Our reward is the performance we're seeing from our Sportsbook, so why are we Sportsbook led? Well, the average casino customer moves on after two to three months; our average Sportsbook customer has been with us for more than 18 months, and many for more than five years. Sportsbook has the best cross-sell performance. Sports betting customers are brand loyal, which speaks to the importance of the brand, and critically, we differentiate our offering.

Sports betting's incredibly difficult to do. Lots of people who are in software industries are moving into those find it even harder, find it harder to do it well. It's a very specialized offering that is very hard to replicate, and you can't buy sports betting mouse off the shelf.

The stats tell the story. From 2008 to 2010 we saw Sportsbook turnover grow by 88%. In 2008 Sportsbook turnover was 20% the size of the Retail over-the-counter turnover. I said, way back in my naive days, that we would grow Sportsbook quickly. Well, in 2010 Sportsbook turnover was 44% the size of Retail's over-the-counter turnover. Sportsbook turnover currently is 67% the size of over-the-counter turnover.

We've an internal target; by the time of the next World Cup in 2014,we expect to see turnover in Sports betting regularly being the equal of Retail. Again, we will invest in brains; we'll invest in technology and product to get us to those numbers.

We see that type of growth being achievable, and key members of our team are being incentivized annually to hit stretch targets.

The big leap forward for us in in-play betting, where we recently hit a new record turnover level, beating even the World Cup period last year. We're now offering in-play in 14 different sports. Football continues to hit turnover records; tennis turnover doubled year on year.

We took a new basketball model before Christmas and, last month, our turnover was three times more than the previous January. In fact, our gross win in basketball in January was close to what we achieved in the whole of 2010 on in-play in that sport.

We will continue to invest in betting-in-play in the next three years, in terms of brainpower, trading skills, and development of our technology platforms.

The success of Sportsbook owes much to our ability to offer so many odds on so many events. Call it the kangaroo tail, that's what I call it anyway. More markets, more sports, more choice, more creativity, more depth. The tail of opportunities is growing and growing, and there is no end in sight yet to that tail.

That strength is reinforced by our pricing approach. Our odds are accurate, thanks to our betting feeds and our algorithms. We believe in the accuracy of our odds. We, therefore, lay our odds. We stood by our odds right through the World Cup, including the final where we were out on our own with Spain at 6/5. I'm not saying we really enjoyed the match. We had lots of nervous moments, and I had to talk my chief trader, Terry, down off the roof three times, as I remember, but we did stay with our prices, because we were confident in our prices.

We offer highly competitive prices, without sacrificing margin. We can take higher bets, confident in the solidity of our odds.

Hill's are now traders, with a stronger DNA in betting than any other company in the UK and, I would say, more than any other company in the world. So when I say, headline seeking, I mean things such as being top of the tree, 8/1 England for the World Cup, and holding the prices, after a wee bit of advice from the Chairman of SPL.

Old-fashioned bookmaking principles still exist in our business, but we build onto them algorithms and automation that steer a lot of our new developments. You know, it's another great virtue of our online development, the product-based approached we've developed there can flow back into Retail.

Industry leading means no-one, and I mean no-one, bets-in-play football better than Hills.

They may come to bet on football, but they stay to play on games. 40% of Williamhill.com customers have played at least two of our products during the year. They are particularly keen on Vegas, William Hill's own platform of exclusive flash-based games. These avoid the need for download. Those games now, they showed a 34% rise in net revenue last year, and they now make up 21% of Online's net revenue.

As I said, when we moved into the new world three years ago, we started bringing in the people who understood it. I used to talk here about new brains and big brains, and now I'm completely surrounded by them.

What we are doing at William Hill is being done by our own people. Colleagues on the William Hill Online payroll are driving this business, and have been driving it for two years. We've actually got people at William Hill who could have been rocket scientists.

We used to have people at William Hill who needed rockets up their anatomy; guys writing algorithms for new sports, as you see here. Someone's actually transcribed this one wrong. I did say I wanted to sign it off; I sign every algorithm off in the organization before they put it up, but you probably spotted the error before I did.

These are the type of super clever people whose brightness scares you to death; they absolutely frighten you when you meet them. But they give us the edge we need in developing new products like our proprietary fixed-odds financial betting. They are also leading the charge on apps, a new betting concept for mobiles.

There have been over 200,000 downloads of the Racing Post app, and you'll never believe this, but 22,500 downloads of something called Shake-a-Bet, and Shake-a-Bet is now in the top 20 of free sports downloads in the Apple store. And how did I know that? Because Jamie Hart reminds me every single day of my life that it's in the top apps in the Apple store.

So mobile is another channel we're focusing on. It's growing fast, confirming the customers' desire to use several channels.

The vast majority of mobile users use mobile and other channels. Our target in the next 30 months is to be hitting turnover levels of over GBP5 million per week from Sports betting on mobile. That's our magic number, and we will invest in brains, technology, product, and, indeed, partnerships to achieve growth in this area. We see mobile as a crucial part of William Hill's future.

We saw a 400% growth in gross win in 2010, and more than 500% in January 2011.

We're seeing massive interest in apps, and we've terrific new mobile products launching this year. We have a new Sportsbook that is revolutionary. It's in production at the moment, and we will have new casinos and new apps in casinos. We will be producing about an app a month. Text and SMS betting are not being neglected, and they're set to grow as well.

We're able to launch new games simultaneously on all platforms, including Machines and Retail, creating a multichannel experience, enabling us to get that higher share of wallet.

So Online has a clear future in the UK, but we're also expanding outside the UK.

The regulation of markets, as Neil said, we still think is a big opportunity. We're keen on regulated markets, and the world is waking up to them. We're good at working in regulated markets, as has been demonstrated by our experience in the UK. We've no reason, ever, to fear regulation. Sometimes, in these situations, you find it's three steps forward and two back. Sometimes, it's two forward and three back, as conditions settle down. We know that, and we expect it. We will meet those challenges as we move forward. We're very clear where we want to expand, and our Sportsbook will lead the strategy.

I'm getting a lot of interest from major international operators nowadays, asking us to provide odds on risk management. The models are wide ranging, from powered by William Hill, to franchises, to our Sportsbook implanted in casinos. We're open to a variety of approaches in these areas as well.

I've talked before about the power of our brand. We are the most used bookmaker, and the most used casino, in the UK. We're neck and neck with Betfair as the online brand for people who are serious about betting.

What our customers think is very important to us. When punters answer questions on the perceptions of the brand, our customers are positive about us, and getting more positive still, as the graphs show. As an observation, we have more active accounts than any other online brand in the UK. We're the most often used brand in casino gaming.

In terms of perception, recognition, and opinion, we are rising in all these categories. This is the power of the William Hill brand, and recognition of the ways in which we've extended and developed it. That is one of the reasons why we're completely confident in our identity as the home of betting.

That trust that we have built in the brand gives us a massive advantage, as we build up our different channels. It gives new customers the confidence to come to us, existing customers the confidence to spend more with us.

We've got the online platform, we've got the trading platform, we've got the people, we've got the brand, we're definitely moving into the next phase.

We will invest in the medium-term in growing our future in the UK, and other markets. We're not about the talk at William Hill, we're about the numbers; we're about delivering on new technology and innovation.

Whatever the channel, whatever the product, and wherever we choose to locate ourselves, our customers know they can expect from us four essential qualities, expertise, service, choice and personal focus.

We're confident in what we're doing; we're continuing to expand the products we offer, and we'll invest in providing more. We're making use of all the technology that can give us an edge, and we'll invest to continue to have that edge.

We take forward a trading capability that is written into our DNA, and we'll invest to develop that trading capability. We're going out to increase the brand profile still further with some highly cost-effective and targeted marketing.

Thanks for listening, now we'll take your questions.

QUESTION AND ANSWER

Ivor Jones - ***Numis Securities - Analyst***

Thank you very much. Why is your first listed risk, an uncertainty, an inability to effectively manage with the William Hill Online joint venture?

Ralph Topping - ***William Hill Plc - Chief Executive***

I think it's topical, and I'm not going to answer any more questions on that.

Ivor Jones - ***Numis Securities - Analyst***

So the court case relates to a matter which relates to the management of a 71% owned subsidiary?

Ralph Topping - ***William Hill Plc - Chief Executive***

I'm not going to answer any questions on it, Ivor. A brave attempt; the SAS of question makers. Thank you very much.

Ivor Jones - ***Numis Securities - Analyst***

Then, in relation to Online, when you first announced the deal in '08, you were hoping for profits considerably higher for 2010 than you've now announced. So it would be interesting to hear you talk about where the shortfall has come, and when you think you're going to hit the '08 target, the target that was talked about in '08?

Ralph Topping - ***William Hill Plc - Chief Executive***

Well, I think the '08 target's been revised, and management's been incentivized on different targets, and we acknowledged that last year at the presentation.

We were very bullish when we did the deal, both in terms of sports betting capabilities, and other capabilities, and it's taken us a good two years to get into the business and develop it. And I think our ambitions are not so dewy eyed as perhaps they were at that time.

Nevertheless, I think the figures themselves demonstrate how successful we have been in creating a strong online presence. Much better than we would have been had we done it on our own, to be quite frank.

Ivor Jones - ***Numis Securities - Analyst***

And, lastly, you haven't given any geographic split for the Online numbers. The very strong growth, particularly in Sports betting, is that particularly in the non-UK segment of the business, or particularly in the UK?

Ralph Topping - ***William Hill Plc - Chief Executive***

There's strong growth in our Online business, in terms of sports business, all over the place, but where we're seeing growth, Ivor, is in our, as I said in bet-in-play, which is a very, very sophisticated product that appeals to a sophisticated audience in the UK. So it should be no surprise that a lot of the in-play betting's coming from UK customers.

Ivor Jones - ***Numis Securities - Analyst***

Well, actually, I lied, there is one more question. The growth that you got from Machines, can you just talk about how it went through the year after the anniversary of the replacement cycle?

Ralph Topping - ***William Hill Plc - Chief Executive***

Well, the full rollout -- I think we've gone into this year showing double-digit growth. I don't think we've given a number on that, Neil, have we, the current trading?

Neil Cooper - ***William Hill Plc - CFO***

For 2011, no.

Ralph Topping - ***William Hill Plc - Chief Executive***

We haven't, but it's a strong double-digit number, and we saw the strong double-digit numbers right through last year during the rollout phase, and post the rollout phase.

A good supplementary question for somebody else is, why is that? But you've already had five, so thank you very much Ivor.

Ivor Jones - ***Numis Securities - Analyst***

Thank you.

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

Just following on from that on Machines then, you talked an awful lot there about Online driving the Sportsbook performance, but you've not really touched on, looking forward to this year, what's going to drive Machine growth against more difficult comps, now that we've got the new machines in there, you've passed the anniversary in the first quarter. What is going to drive Machine growth? And I suppose the blunt question is, do you expect that double-digit growth trying to continue through this year?

Ralph Topping - ***William Hill Plc - Chief Executive***

Well, we never forecast what growth in Machines is going to be, and I'll tell you why. Because every forecast we've ever had on machines we've got wrong. They've always exceeded our expectations. But you'd normally expect that you wouldn't see the kind of double-digit growth you've got now that you're into the full rollout phase, and you're into what you would normally expect to be lower growth. But sometimes we're still seeing the double-digit growth, even as we speak. So we've had an excellent performance January/February, and I'm not going to call it. Most logically you would think it would go down to single digit, but I'm not going to call it at this point until we actually see what the trading numbers are.

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

But can you give us a bit of an idea on what the machine suppliers and Inspired are planning on machines this year?

Ralph Topping - ***William Hill Plc - Chief Executive***

No I can't actually, they won't tell me. You would expect, though, given the history of both companies that is, Global does something different, Inspired will react and bring something else to it. But Jim's in the audience and he's sworn the fifth amendment. He's guy out the back with the gray hair and the beard from Inspired, and if you get the answer let me know will you, Matt?

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

And a couple more, firstly in Online I think last time we were hear you talked about long-run gross win margins in Online sneaking up to 7.5%. You've done more than in 2010; you've done 7.9%. Have you got an updated view on long-run gross win margins in online?

Ralph Topping - ***William Hill Plc - Chief Executive***

Yes, sure, we've said we'll get about 5% in betting in play from normal clients. As you get larger clients you'll expect to see that bet-in-play number drop, and we've had some skews at various points during last year and, indeed, the first couple of weeks of this year.

The real issue when you get the larger clients in is, what's happening to your gross wins in that period. So with normal clients you will get about 4% to 5% in-play, and you will get about 8% or 9% in pre-match betting or pre-event betting from Online. Now, those numbers can be skewed by bigger clients, but we're confident, as I said in the presentation, in our numbers, and we're confident that, all other things being equal, Matt, you will get those numbers.

Neil Cooper - ***William Hill Plc - CFO***

Just one more point. It's perhaps obvious, but given the differential turnover growth rates, over time the lower in-play margin will blend down the overall numbers. I'm not sure what you're modeling for your own growth rates between in-play and pre-match, but you should probably be considering that, because there is a very clear and distinct margin profile about those two individual different types of sport betting. And one is, no doubt, growing faster than the other, so there will be a blended impact, over time, through that phenomena.

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

And just the last one. You mentioned 3% to 4% cost growth in Retail this year, was that a like-for-like number or an absolute number?

Neil Cooper - ***William Hill Plc - CFO***

No I would expect that would be the total number.

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

Total number. Okay thank you.

Ralph Topping - ***William Hill Plc - Chief Executive***

Thanks, Matt.

Tej Randhawa - ***Citigroup - Analyst***

One of your machine contracts is due up for renewal later this year, or at the end of the year. I just wanted to know, do you have any early thoughts as to whether the single supply or a dual supply strategy is the right one, going forwards?

Ralph Topping - ***William Hill Plc - Chief Executive***

Currently, we're happy with the dual suppliers' arrangements. Why? Because it gives us a bit of competitive tension between the suppliers, and because of the arrangements we've got in place around penalties. So it's worked for us for a number of years, and at this stage in time we have in our mind where we'll go with that. If I was placing a bet on it I would say we'll still stick with the dual supplier arrangements, and there would need to be very convincing reasons why we'd go single supplier. But we'll reach a decision on that later in the year; no doubt advise you when we've either done something or not done something. In fact, if we've not done something we'll not advise you, save a bit of time.

Tej Randhawa - ***Citigroup - Analyst***

This time last year you talked a lot about M&A, or you talked about it, at least. You mentioned in the statement that you're looking to launch some new sites in new territories in the coming months. I don't imagine you'll give what territories they are right now --

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Ralph Topping - ***William Hill Plc - Chief Executive***

Correct, well done.

Tej Randhawa - ***Citigroup - Analyst***

But should we assume that your strategy, going forward, is more organic now rather than --?

Ralph Topping - ***William Hill Plc - Chief Executive***

Well, it's been strong organic for the last two years Online, but you can never say exclusively that it's going to remain organic. If the right opportunity came up you would take a good look at it, and opportunities have come up, and we have taken a good look at them. But you would never stand up here and say, no, we're going to be organic for the rest of our lives. Only hippies can say that.

Tej Randhawa *- Citigroup - Analyst*

Okay. And just lastly, I just noticed in your statement that your definition of amounts wagered has changed, and I just wanted to know what has changed; I know you've restated previous year's numbers as well?

Neil Cooper *- William Hill Plc - CFO*

Yes, what we had realized, increasingly, is that the statutory definition we had applied was slightly different to the, what you might call, common sense definition that was being used the analysts presentations. And it was increasingly becoming confusing -- certainly I found it confusing, I don't know about anyone else.

So we've taken a look at the definition, and it largely relates to how you classify some gaming costs between, are they amounts wagered, or they are costs. So we've just cleaned it up. Clearly, it is a non-statutory disclosure item and, indeed, even if it was it wouldn't make any difference to the net revenues, and so on. It is just a slight tweak to the definition to ensure that, when we then show you guys the numbers by vertical, you can add it through, and it will add up to the non-statutory number in the report and accounts.

Tej Randhawa *- Citigroup - Analyst*

Okay, thank you.

Roohi Siddiqui *- BofA Merrill Lynch Intl - Analyst*

I have a few questions, if I may? Firstly, in the first eight weeks of the year, is it possible for you to give a split of what the underlying, over-the-counter wager development was? Obviously, January benefited from (multiple speakers)?

Ralph Topping *- William Hill Plc - Chief Executive*

Yes, if [you know] through the first two weeks, and then overall I think you're showing an increase of about 4%. But every week has been in the black from the first week, which was I think we said week commending December 29, right through to the last week, which ended on Tuesday evening. So these are good numbers; they're encouraging signs.

But really, one swallow doesn't make a summer and I would urge everybody just to hang on, as we are going to do, and wait until we go through our next interesting phase, which will be through Cheltenham and Grand National, which are important to us in the overall picture in a year. But also, I think we're take stock at the half year and just look at how we've performed over that cycle.

Neil Cooper *- William Hill Plc - CFO*

And, Roohi, just as well as the turnover we've also said that our underlying OTC gross margin was lower than you'd expect, so we may well have seen some recycling in that period as well, hence, it's a bit early to get too carried away.

Roohi Siddiqui *- BofA Merrill Lynch Intl - Analyst*

The next thing is on the Machine gross win in the first eight weeks, is it possible to give us a figure of the average gross income from Machine was?

Ralph Topping *- William Hill Plc - Chief Executive*

We haven't given a figure. I don't have it to hand other than to say we're up strongly by double digits. Perhaps we should have put in a slide and advised where we stood on it, but it's not a figure that I think we can be ashamed of. And I think if we can probably give you an indication at the minute it's about 12% we were up.

Roohi Siddiqui *- BofA Merrill Lynch Intl - Analyst*

But that's 12% year on year and then you're lapping the rollout of Storm right, so was it up on Q4, could you give us [qualification in line]?

Neil Cooper - ***William Hill Plc - CFO***

That's probably a level of detail that -- we've put these statistics in to give you guys a sense for the trends. It isn't an IMS, it isn't anything more statutory than that. So I think we should, as a matter of good order really, just stick to the numbers that we've disclosed.

Roohi Siddiqui - ***BofA Merrill Lynch Intl - Analyst***

Okay, thanks. And can I just ask, on Greece and Spain, where would they fit within -- slide 12 you've got the pie chart of regulated regulating, etc., markets, would they be in more favorable or less favorable?

Neil Cooper - ***William Hill Plc - CFO***

Well, it depends on which day you look at what Spain is proposing, doesn't it? I think, at the time that we made that slide, we had them in more favorable on the basis that it is a judgment call about whether you expect to be able to trade profitably in that market, post regulation.

Now, what I would, as a general comment, say is that the pace of change of what some of these regulations look like is, frankly, bewildering. And if you look at Spain, literally changed overnight from a turnover proposal to a GPT proposal. So it is designed to give you a sense of risk around the net revenues of the business, it is very subjective, it's a management view, and it will be dynamic in the sense that it will change as these regulatory processes change. So with that caveat, I think we'd put those in more favorable.

Roohi Siddiqui - ***BofA Merrill Lynch Intl - Analyst***

And is it possible for you to quantify whether Greece is bigger than Spain, or about the same size?

Neil Cooper - ***William Hill Plc - CFO***

We can certainly say I think, as a market, now I'm looking at Henry for a bit of help here, Greece is bigger than Spain.

Roohi Siddiqui - ***BofA Merrill Lynch Intl - Analyst***

Thank you.

Neil Cooper - ***William Hill Plc - CFO***

There we go, thank you Henry.

Ralph Topping - ***William Hill Plc - Chief Executive***

That's one area where the Sports betting is strong in Greece.

Nick Edelman - ***Goldman Sachs & Co - Analyst***

Just two on UK Retail. Firstly, in terms of the UK Retail margin you talked about the Online margin changing as in-play grows. Has horseracing betting declined as a proportion of Retail, should we be modeling a trend up in the margin there?

Ralph Topping - ***William Hill Plc - Chief Executive***

Well, we had a really good margin last year and, again, I don't think you can take last year as a -- I'd rather see two years or three years before we commented on horseracing margin. I think in terms of talking about horseracing being in decline, I'd far rather say horseracing was finding its level. It's still very popular in both online and in betting shops, and it is finding a level as we introduce new products.

So the margin probably is under a wee bit of challenge because of the recession. You've got racecourses; you have so many bookmakers chasing less punters. I know there's a lot more attendees going to the racecourses, but punters are not turning up there just to see Simply Red in concert. The market of racecourses is a tight one at the moment. I think you have to look at this, over time, and the results last year in horseracing didn't help the margin, so it will be interesting this year. Normally, you would expect to see that margin recover because you had some bad trading on horseracing last year.

Nick Edelman - ***Goldman Sachs & Co - Analyst***

And secondly, you've outlined why the UK Retail market is attractive to you, but can you just say what the dynamic is more broadly in UK Retail. So are you taking share from competitors, are you seeing other shops closing?

Ralph Topping - ***William Hill Plc - Chief Executive***

Well, there's about four shops a week was the last that I saw that were closing. Those are mainly private bookmakers, probably that's slowed down recently. From our point of view we look at betting shops on a local level, so we don't ever look at the estate and think in grand terms. We try and bring everything back down to the local level.

In lots of locations, more than not we are, we feel, taking market share from our competitors. But that's based on our offer; it's based on our pricing; it's based on the quality of people that we have in our betting shops, and the effort we put into the training of our staff, and the effort we put into the front line development.

So we've always taken a view, in the last seven years, that William Hill was very much a local Company, it should view itself as a local Company at the local level. And I don't know if others do that, but certainly it works for us.

Nick Edelman - ***Goldman Sachs & Co - Analyst***

Thank you.

Sam Ross - ***Rogge Global Partners - Analyst***

Just a couple of questions, the first one is about regulations, specifically the UK Online business. Do you foresee any taxes being imposed?

Ralph Topping - ***William Hill Plc - Chief Executive***

No, I don't see that at the moment. Probably we're two weeks too early. I've got a meeting with John Penrose in two or three weeks' time, where I'll learn more about what the Government thinking is at that meeting. But I don't think I'm, at this stage, too worried about taxation as such.

Sam Ross - ***Rogge Global Partners - Analyst***

Thanks. And the second question is, you talk about percentage change in pence per slip, do you give the absolute number?

Ralph Topping - ***William Hill Plc - Chief Executive***

No, we don't.

Sam Ross - ***Rogge Global Partners - Analyst***

You don't. And another quick question, but why is your year end at December 28?

Neil Cooper - ***William Hill Plc - CFO***

It's because we have a fixed end of trading week. And rather than trying to put a [stub] two or three days through, which doesn't then match any of the data that's produced on a weekly basis, we just close to the nearest end of trading week, if you like. So we always end of the same day.

Ralph Topping - ***William Hill Plc - Chief Executive***

A really simple answer to that, because it is.

Nigel Parson *- Evolution Securities - Analyst*

Do you have any principal views on loyalty schemes for Retail?

And one of your unnamed competitors says you don't know who your customers are, and they're going to target, them or your main customers?

Ralph Topping *- William Hill Plc - Chief Executive*

No, I might not know who my customers are, but I know who my bottom line is. Listen, if it was going to work, it would have worked, right? So if loyalty schemes are going to work, they're going to work in year 1, and I think we're in year 3. The jury's out; they've gone home, fed up being in court.

Ed Birkin *- Barclays Capital - Analyst*

Just following on, on the UK regulation, what's your reaction to John Penrose's comments following the [problems] that either the Gambling Act expanded gambling and which is also about they're looking through measures to (multiple speakers)

Ralph Topping *- William Hill Plc - Chief Executive*

Cheap, political point scoring against the Labor Party. John's better than that. He's numerate; he can see what the stats are telling him. And I think somebody in the Conservative central office appended his name to something. He's a lot smarter than that. And I think it was just a quick political paper that was issued by the Conservatives/Liberals to get points made over Labor. He's a much more reflective man than that, and we give him credit for thinking about it.

Ed Birkin *- Barclays Capital - Analyst*

So you're not concerned over land-based regulations?

Ralph Topping *- William Hill Plc - Chief Executive*

No, because John Penrose is -- I think his name was put to something, to be honest with you. But no doubt he'll tell me in private.

Ed Birkin *- Barclays Capital - Analyst*

Okay, thanks.

Simon McGrotty *- Davy Stockbrokers - Analyst*

Just one quick question on Retail, Ralph. You mentioned that during the 1990s recession, the top line declined by 7%. Can you just confirm was that a turnover decline, or is this gross win?

Ralph Topping *- William Hill Plc - Chief Executive*

I think, from memory, that was turnover decline. Because bear in mind what we were relying on at that time was horses and greyhounds, predominantly. Maybe you don't remember it.

James Hollins *- Evolution Securities - Analyst*

I've got three. First, could you give some stats or trends on your market share changes over the last year or two in UK Online Sportsbook?

The second is --

Ralph Topping *- William Hill Plc - Chief Executive*

The answer to that is no, so carry on; second question.

James Hollins - ***Evolution Securities - Analyst***

Can you not even mention trends in how it's moved?

Ralph Topping - ***William Hill Plc - Chief Executive***

Sorry?

James Hollins - ***Evolution Securities - Analyst***

Any trends rather than actual figures?

Neil Cooper - ***William Hill Plc - CFO***

You can look at our Sportsbook growth and you can look at, certainly, the guys who are public can disclose their Sportsbook growth. If theirs is less than ours, we must be making some share gains, right?

James Hollins - ***Evolution Securities - Analyst***

I think you're right, yes.

Neil Cooper - ***William Hill Plc - CFO***

Yes. Now my serious answer is, it's not like AC Nielsen data in the supermarket, where you know exactly what twitched on what shelf the day after it happened. It's not as well reported.

So to be fair, we don't want to talk about it in the sense that we see a range of different numbers that come at this from different sources. Some of them are highly contradictory and, therefore, we don't want to get stuck on one set of numbers that we are somewhat concerned about I think.

Ultimately, as Ralph as said, the bottom line is the bottom line. If we're growing our bottom line faster than everybody else, we must be either dragging new entrants into the market, or nicking people off other people. That's how it is, I suppose.

Ralph Topping - ***William Hill Plc - Chief Executive***

I think, compared to others, we are doing something right. It's when we find out what we're doing, we'll give you a shout.

James Hollins - ***Evolution Securities - Analyst***

That's great and the second --

Ralph Topping - ***William Hill Plc - Chief Executive***

Like that, it's a sum of things. I think you can never put your hand -- when you're dealing with retail, and I've been around the retail business for 40 odd years, it's not about doing one thing right; it's not about getting in a loyalty card; it's not that we're doing this, that and the other. You've got to do a whole range of things right.

And that's why you have to pay attention to what's going on at the local level. Because if you don't get it right at the local level, that will impact your national figures. So a big emphasis on our business, and the shop managers and assistant managers getting it right; the district operations managers and area operations managers, and we've put a hell of a lot of effort into those guys focusing on their patch and the local patch, not worrying what's going on in the rest of the country.

James Hollins - ***Evolution Securities - Analyst***

That's great. The second, I'm just looking for a figure on -- you talk about the average age of shops, the average age of customers in your shops is, on average, maybe slightly down. Have you got any exact figures on that on how it's moved?

Ralph Topping - ***William Hill Plc - Chief Executive***

Not on me at the minute, sorry.

Neil Cooper - ***William Hill Plc - CFO***

If you speak with Lyndsay after she'll help you with that.

Ralph Topping - ***William Hill Plc - Chief Executive***

Lyndsay will get it after. We've got our marketing guy here as well; maybe he'll give us some information on that.

James Hollins - ***Evolution Securities - Analyst***

That's great. The final one, it looks like CapEx was up 20% year on year, and I think guidance was up another 60% this year. Can you just say where particularly that's going, if there's any particular projects?

Neil Cooper - ***William Hill Plc - CFO***

Yes, I think the first thing just to understand in terms of the '10 on '11 movement is you may recall that we were guiding to a higher number for '10 than we actually achieved at the end of the year, because we are, and we've said consistently, that we took a refurbishment holiday, if you like, as part of our balance sheet self-help, as we went through the funding crisis in the market from 2008/2009.

So we were always intending to step up refurbishment, and that was evident, to be fair, in the guidance we gave, which we undershot. So if you looked at what we had intended to spend in '10 versus '11, the delta is not particularly huge; well, not as huge as the actual delta has been.

We're not trying to sort that out by over-egging 2011. Again, our guidance for '11 is broadly -- I think we previously guided GBP65 million to GBP70 million, we're now saying it's GBP70 million. So we're not trying to lump on what we missed in '10 into '11.

The reality is, we do need to push up the refurbishment in the estate. There are a couple of projects around things like flat screen TVs. We're not trying to do that all in one go, but we still have a number of shops with CRTs in, cathode ray tubes in. It's got to the point now where it costs more to dispose of than they probably cost to buy in the first place, because of the environmental regulations around them.

And there's obviously a consumer impact in terms of the impact of walking into a shop and seeing shiny new TVs. It's probably more important than carpet or soft furnishings for the consumer experience.

So we've got more money there. We've talked at some length about the development in online around an increase in CapEx there. So I think, I would boil it down to spending more money on CapEx in IT, largely in Online, but with some stuff going into the Group IT and increasing refurbishments.

Paradoxically actually, next year I think we may have a lower number of unit openings than we had in 2010, as I guided to on the slide.

Nigel Hicks - ***Liberum Capital Limited - Analyst***

Firstly, an easy one. Can you give some guidance on central costs for [this] year?

Neil Cooper - ***William Hill Plc - CFO***

Next year, I think that they will go up, I imagine, by a similar rate to the retail estate, so around inflation for central costs. We saw a bit step up this year, but it won't go up again by those sorts of totals.

Nigel Hicks - ***Liberum Capital Limited - Analyst***

Okay. On CapEx, the GBP70 million spend, how much would you say is maintenance against expansion? And what sort of returns and timing are you looking at on the expansionary.

Neil Cooper - *William Hill Plc - CFO*

Our expansionary returns expectations are disclosed. Broadly, new units we expect to see 20%, and then there are differential rates for extensions and re-sites. I think it's 15% and 25%, but I'm sure Lyndsay can dig those out of the published material and send them to you.

We're happy that, on a portfolio basis, we achieved our target returns. Now that doesn't mean everyone does but, equally, it means that some overachieve. So on balance, we're happy that we can still continue to invest CapEx here.

We don't set out in the same way an aggressive expectation for refurbishment. It is about bringing the store back to the ideal state for the retail experience. And in my previous life with other retail businesses, the reality is, you don't step up if you refurb, you just stop yourself falling off a cliff, if that makes sense.

So we have had a view that there is a 6, 12, and 18 year model around our refurbishment cycle and it's stuff that needs to be done; carpet takes a hammering; eventually even some of the harder materials in the shop will start to take a hammering.

Nigel Hicks - *Liberum Capital Limited - Analyst*

But if, say, I don't know, GBP30 million is maintenance, and replacing shops or refurbishing. On the other GBP40 million are you looking at say 20% return year 1?

Neil Cooper - *William Hill Plc - CFO*

Well, don't forget you've got somewhere around, certainly in this year's numbers, you've got someone around GBP25 million of IT CapEx. Now, investing in the building of some IT capability that enables the expansion of your in-play technology is a little bit more tricky to do a very simply, well okay, here's a box, I know what I spent on this box, and I know what I'm getting from that box.

We clearly do seek to make returns out of our IT investments in some cases. Equally, replacing the email system because the current one we've got is falling over may cost a couple of million quid across the Group, but it isn't going to make a return unless you regard the ability to see no more emails from your bosses as a positive.

So what I'm trying to avoid doing, as I'm sure you realize, is I don't want to say X amount of the pot will drive X return. We do expect a return off our investment, off our expansionary retail CapEx. It's a bit more complicated in the short run on our IT CapEx, because some of it is just keeping the pipes and structures of the business flowing; some of it is expansionary in its aim.

Ralph Topping - *William Hill Plc - Chief Executive*

On refurbs, Nigel, you get about north of 10% return on your investment. But it's the necessary cost of maintaining your estate as you would put it.

And you've got to remember that lots of the estate, we look at a 6, 12, and 18 year cycle, in fact, which has proven very cost effective for us over the years. So we'll go in at 6 years and do the soft furnishings, etc., etc.; at 12 years, we make the critical decision whether we just move counters around, put flat screens, because the shops maybe in a good condition, and we'll upgrade at that point to get another 6 years out of it, or do the full Monty in terms of a refurb.

In terms of our new licenses, you're looking at a return there of 20% northwards, 20% being a bit conservative.

Nigel Hicks - *Liberum Capital Limited - Analyst*

On machine legislation and B3s, a), is that still likely to go ahead, despite the prevalence study? Is there a timing on that? Is there a benefit? What sort of scale of benefit could that be to you?

Ralph Topping - *William Hill Plc - Chief Executive*

Well, I'm not going to sit here and have you salivating like Pavlov's dogs if I tell you. Sorry, what was your question? Do I think B3s give us some hope? Yes, I do, but it's early days. And again, what we've got constantly through David Steele and Andrew Lyman, who's at the back, is in constant contact with ministers. And when they want to see me at some point, it's because of substantial reasons. So I'm going to see John Penrose for about the third time in four months in two weeks' time, so --

[But I'll work, nonetheless], Nigel, as you can expect.

Nigel Hicks - ***Liberum Capital Limited - Analyst***

Finally, would you say -- you've talked about what a good 2010, you've got a lot of things happening. If you're trying to move from 21p of earnings to, I don't know, 25p/30p that's got to be the target for driving the business forward.

If you've got a relatively similar number of shops, maybe 1% a year more, you've got to get back from high GBP80,000s towards GBP100,000 plus of EBIT per shop. Obviously Online's growing fast. These are the ways. It's happening? This is what's got to be done.

Ralph Topping - ***William Hill Plc - Chief Executive***

As you know, you've been in the trade a long time, you've got to see at some point, when you see the end of the recession, whenever that is, I think you'll see a spike in betting office business. I'm still a big fan of that, and I know there's a lot of people in here sometimes are a bit skeptical about it. But hey, it's easy to be skeptical in a recession.

I'm sure they will be the same people who say, well, I told you so, when the spike happens. So I think there's some recovery there. I think there's still growth in that business; I still think there's growth in Online.

But, yes, if we're going to see growth in earnings per share, and see the business move forward, we'll need to look at other activities at some point in time.

Nigel Hicks - ***Liberum Capital Limited - Analyst***

And just finally -- try in the back door -- are you happy with the operational performance of Online, apart from the numbers?

Ralph Topping - ***William Hill Plc - Chief Executive***

Delighted. We've got a fantastic operation in Bulgaria, a fantastic operation in Tel Aviv. Henry Birch is a fantastic Chief Executive and midfield player. We've got a good business.

So we have got a good operational business and we're delighted with it. The one thing I would like to stress is, it's run by William Hill Online people; people who are on our payroll, so we run that business.

Nigel Hicks - ***Liberum Capital Limited - Analyst***

A lot of the benefit has come through the Sportsbook -- I know the other business has been growing -- a lot's been through the Sportsbook. Is that partly because of what Playtech has added via the affiliate marketing, and the customer loyalty bonus, [whatever else]?

Ralph Topping - ***William Hill Plc - Chief Executive***

Just remember, we took those businesses and we've been running them. So if you're going to say, yes, those were sound businesses, but they're run by William Hill now, William Hill Online and the William Hill Online team. So it's William Hill that's running those businesses.

John Beaumont - ***Matrix - Analyst***

A couple of questions. First of all, if you don't have a loyalty card, which obviously you don't, I was just wondering how you actually know the ages of your customer base. You've got the split there --

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Ralph Topping - ***William Hill Plc - Chief Executive***

Wonderful, you do market research, and you ask them, and then they tell you. That's how it happens.

John Beaumont - ***Matrix - Analyst***

They don't lie. And finally, on the Online side, just looking at the Poker performance, which obviously is a tough area for most UK businesses, I was just wondering what can you do about that to try and rejuvenate that, or you've just got to wait until the US finally clamps down on the [poker] sites.

Neil Cooper - ***William Hill Plc - CFO***

The first thing I'd say about Poker is, to be fair, whilst it's unexciting, in the sense that it's a lot lower some of our other vertical performances, relative to some of our peers, it's a fairly good result I understand. Or at least that's what Henry told me to say.

So I think, credit where credit is due, Poker does have its structural issues in terms of liquidity. We're all aware of that. And as you say, there's an awful lot of speculation going on around the place about what may happen in the US around gaming, but particularly poker legislation.

We are genuinely just going to have to see, because the one thing we can't do is out-swim the big tides. We've got to position ourselves correctly for the big tides, but you're not going to out-swim them.

John Beaumont - ***Matrix - Analyst***

It's a wait and see then.

Neil Cooper - ***William Hill Plc - CFO***

Yes, that's probably a more succinct way of -- certainly wait and see.

Jeffrey Harwood - ***Oriel Securities - Analyst***

Just in terms of the Online marketing expenditure, should we continue to expect that to increase at a faster rate than revenues?

Ralph Topping - ***William Hill Plc - Chief Executive***

No, I think it will be about the same level as last year, and hopefully, revenues will be greater than last year. We hope we'll see the same kind of trend as in weeks one to eight. But we're not predicting. Okay?

That's it, I think. Thank you very much. Great to see you.