

Half Year 2020

A financial and operating platform for growth

26 weeks ended 30 June 2020

William **HILL**

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William Hill PLC

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Strong first half performance

- Positive trading momentum and strategy execution
- Increased velocity in delivery of new product and technology
- Focused on safety and wellbeing of customers and staff
- Tangible benefits of our strategy reflected across the group
- Trading bounced back – repaying UK furlough reflects confidence
- Significantly strengthened our financial position


Recovered fast. Emerging stronger


Financial review


Matt Ashley, CFO


Financial Overview


Half year results encouraging


- 

Adjusted EBIT - £12m (H1 2019: £76m)
- 

Statutory retained profit - £116m (H1 2019: Loss £61m)
- 

Operating cash flow - £37m (H1 2019: £72m)
- 

Balance sheet strengthened; >£400m proceeds from placing and recognition of VAT refund
- 

Net debt/EBITDA (for covenant purposes) 2.1x (FY 2019: 2.4x)
- 

Return to generating positive free cash flow

Emerged from lockdown financially stronger

Revenue progression: strong recovery

Operating performance: 26 weeks to 30 June 2020					
In GBP	Pre-UK lockdown	Lockdown	Lockdown	Post-UK lockdown	
Total net revenue growth (YoY)	Weeks 1-10 Pre-Coronavirus	Weeks 11-17 Coronavirus	Weeks 18-23 Coronavirus	Weeks 24-26 Coronavirus	Weeks 1-26
Online	+16%	-21%	-3%	+16%	+1%
Online UK	+7%	-33%	-8%	+12%	-8%
Online International	+35%	+5%	+7%	+23%	+17%
Retail like-for-like ¹	-3%	-85%	-100%	+0%	-49%
US	+30%	-90%	-62%	-61%	-28%
Group	-5%	-57%	-50%	-25%	-32%

1. Where like-for-like (LFL) results are stated, this adjusts the 2019 comparative on a weekly basis for shops closed or sold during 2020, excluding period post 15th June where a daily calculation is used due to phased re-opening

Strong trading pre and post lockdown, US Sports now underway

Group income statement – a profitable period

	26 weeks ended 30-Jun-20			26 weeks ended 02-Jul-19		
	Adjusted	Exceptional items & adjustments	Statutory	Adjusted	Exceptional items & adjustments	Statutory
	£m	£m	£m	£m	£m	£m
Net revenue	554.4	-	554.4	811.7	-	811.7
Cost of sales	(140.2)	230.3	90.1	(197.2)	-	(197.2)
Gross profit	414.2	230.3	644.5	614.5	-	614.5
Net operating expenses	(402.4)	(93.6)	(496.0)	(538.3)	(114.3)	(652.6)
Operating profit/ (loss)	11.8	136.7	148.5	76.2	(114.3)	(38.1)
EBITDA inc. IFRS 16	71.7	146.5	218.2	138.9	(106.0)	32.9

- Exceptional items include the proceeds from the VAT refund, an £82m impairment charge against the Retail segment and £11m primarily relating to the amortisation of acquired intangibles

Group income statement – a profitable period

	26 weeks ended 30-Jun-20			26 weeks ended 02-Jul-19		
	Adjusted	Exceptional items & adjustments	Statutory	Adjusted	Exceptional items & adjustments	Statutory
	£m	£m	£m	£m	£m	£m
Profit/ (loss) before interest and tax	11.8	136.7	148.5	76.2	(114.3)	(38.1)
Net finance costs	(26.0)	18.6	(7.4)	(25.4)	-	(25.4)
Profit/ (loss) before tax	(14.2)	155.3	141.1	50.8	(114.3)	(63.5)
Tax	3.1	(28.6)	(25.5)	(3.8)	6.1	2.3
Profit/ (loss) for the period¹	(11.1)	126.7	115.6	47.0	(108.2)	(61.2)
Earnings/ (loss) per share (p)	(1.2)		13.2	5.3		(7.1)

1. These results are the 100% consolidated results of the Group

Group cash flow – generating cash from operations

	H1 2020	H1 2019
	£m	£m
Adjusted operating profit	11.8	76.2
Non IFRS 16 depreciation and amortisation	41.7	40.6
EBITDA exc. IFRS 16	53.5	116.8
IFRS 16 depreciation (i.e. rent)	18.2	22.1
EBITDA inc. IFRS 16	71.7	138.9
Working capital movement	(8.3)	(41.7)
Cash from Operations	63.4	97.2
Net capital expenditure	(46.7)	(60.3)
Net interest paid	(26.2)	(18.1)
Tax refunded/ (paid)	1.0	(5.9)
Free Cash Flow	(8.5)	12.9

EBITDA positive before and after IFRS 16

Working capital impacted, benefitted from government support – will unwind in H2

Negative free cash flow following continued investment in growth/strategic capex and finance charges

Group cash flow – stable leverage

	H1 2020 £m	H1 2019 £m
Free Cash Flow	(8.5)	12.9
Equity placing	218.6	-
Debt financing	1.6	170.5
Disposals (Northern Ireland & Isle of Man)	9.4	2.1
Mr Green acquisition	-	(170.0)
Dividends	-	(67.7)
Other	(8.9)	(24.9)
Net funds flow	212.2	(77.1)
Net debt¹	(339.5)	(565.8)
EBITDA for covenant purposes ¹	164.2	287.1
Net debt / EBITDA ratio¹	2.1x	2.0x

Inflow from equity placing after repayment of 2020 bond and partial draw down of RCF

Down from 2.4x at 31 December 2019

1. Net debt for covenant purposes and EBITDA for covenant purposes are non-statutory measures. The basis of the calculation is as described in note 25 to the financial statements within our 2019 Annual Report, with the addition of the EBITDA of Mr Green for the full rolling 12 month period

Financial Outlook – non operating cash flows

Due to the uncertainties COVID-19 has created, guidance has not yet been re-instated. However, the following material non operating cash flow information is provided

	£m
VAT refund recognised	201.6
Deferred gaming duty – H1 expense	(44.5)
Furlough repayment – H2 expense	(24.5)
Mr Green tax liability (Austria) £66m provided, estimated instalment	(20.0)
2019 shop closure programme previously provided, estimated outflow	(15.0)
Estimated H2 Cash Inflow	97.6
Full year capex	100-110

Summary

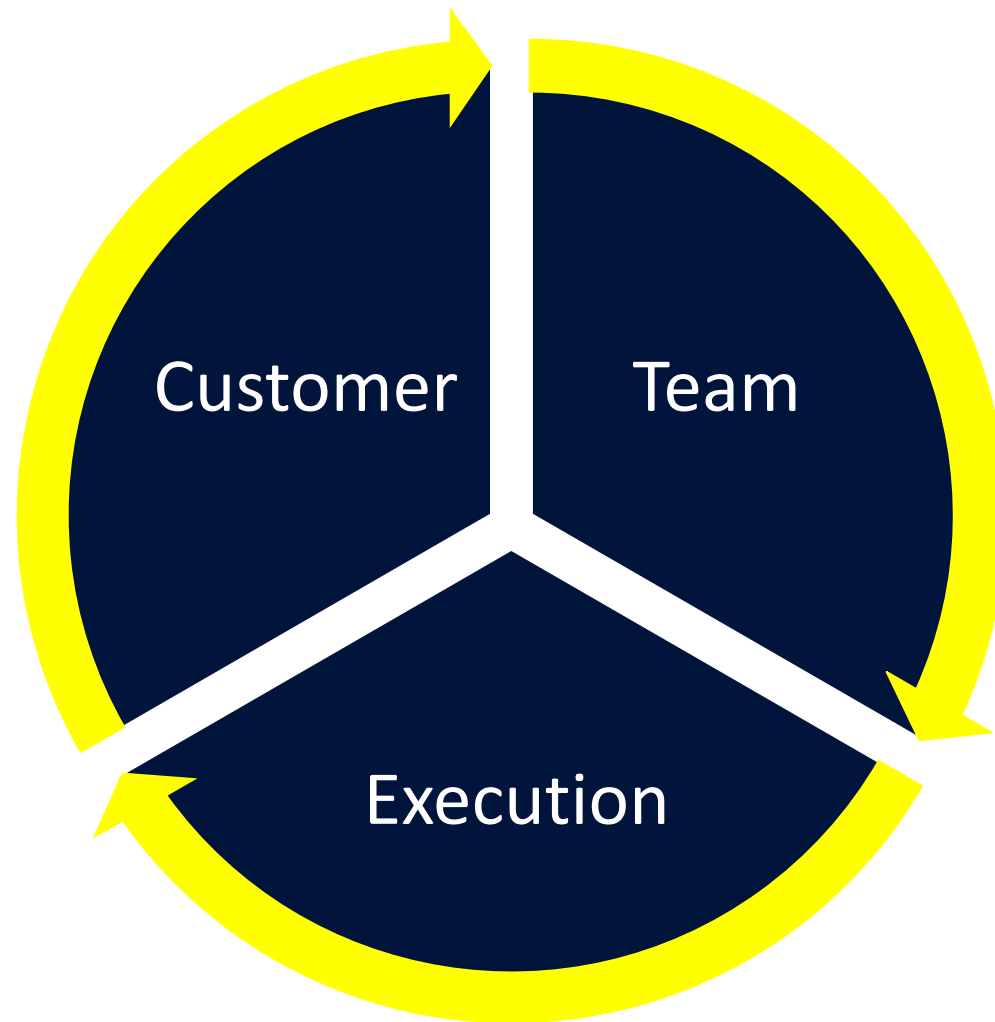
- Strong current trading and cash generative in July
- Online growth
- Swift recovery of Retail
- Resumption of US sports and new state launches imminent
- Robust balance sheet; no near term maturities
- Resources to invest in technology and marketing, especially in US

Financially positioned for growth

Strategic highlights and the US opportunity

Ulrik Bengtsson, CEO

Our Strategy



Our straightforward operational framework

Delivering the strategy

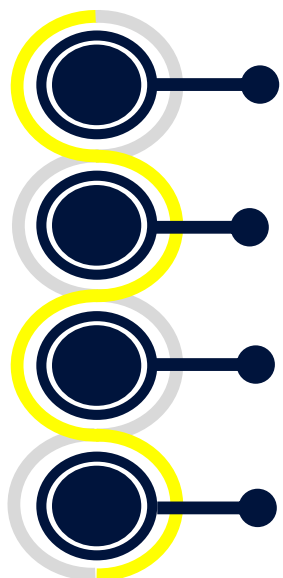
Competitive technology and product growth. Increasing scale and international diversification



Long term sustainable growth

World-class team

Decentralised, empowered and aligned to our strategic priorities

- 
- Talented and highly engaged; eNPS has never been higher
 - Removed internal complexity and decentralised responsibility to enable agility and collaboration
 - Reshaped leadership team, adding capability across the business
 - International operations fully consolidated at the Malta hub

Empowering our team to meet our ambitious objectives

Purpose and culture

Bringing sport and gaming to life in a trusted and supportive environment

- 
- We provide a powerful way for friends to engage with sports and each other
 - Customer engagement is facilitated through our innovative product
 - Resulting in a robust, responsible gambling environment
 - Trust is key; built on our values, delivering on our promises and always acting fairly

Collaborating to drive growth and protect the customer

Building a technology enabled global gambling company

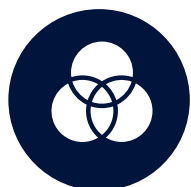
Technology and product development now a global function



Modular, componentised, proprietary tech stack



Smarter, faster, integrated customer experience



Blending customer and trading data in a unique way



Reacting quickly to changing regulation and new market openings



Creating scale, utilising the core technology platform globally



Cloud based infrastructure and improved cost profile



Creating the ability to quickly launch anywhere, regardless of regulation both in the US and International

Driving operational excellence and speed of deployment

The technology to deliver exceptional product

Enhancing the customer experience through continuous innovation



Online speed and performance



Simplified experience



Increased personalisation



Enhanced player safety measures



UK closing in rapidly on the top competitors – NPS and CSAT increasing



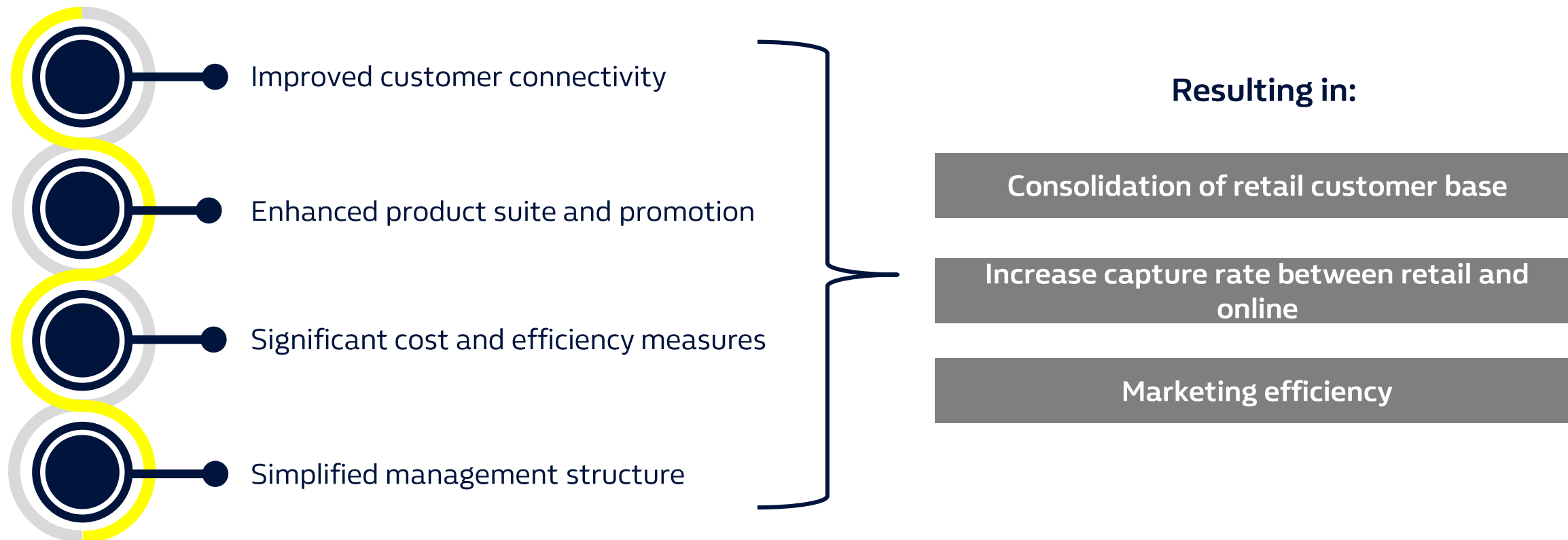
Evolving the operating model to drive efficiency



Accelerating development– significant new launches to come

Faster, more exciting and safer – our customers are seeing the difference

Merging UK Online and Retail – compelling strategic rationale



Combining the UK experience, creating revenue synergy and operating efficiency

Capitalising on our US position

Capturing the benefits of valuable partnerships



Market leading access to 25 states, reaching a population of more than 200m



Exclusive rights to CBS Sports digital platform with access to 82m users



CBS Fantasy - one of the largest fantasy platforms in the world



Proven ability to deploy technology and begin operations quickly. Three new states last week alone

CAESARS

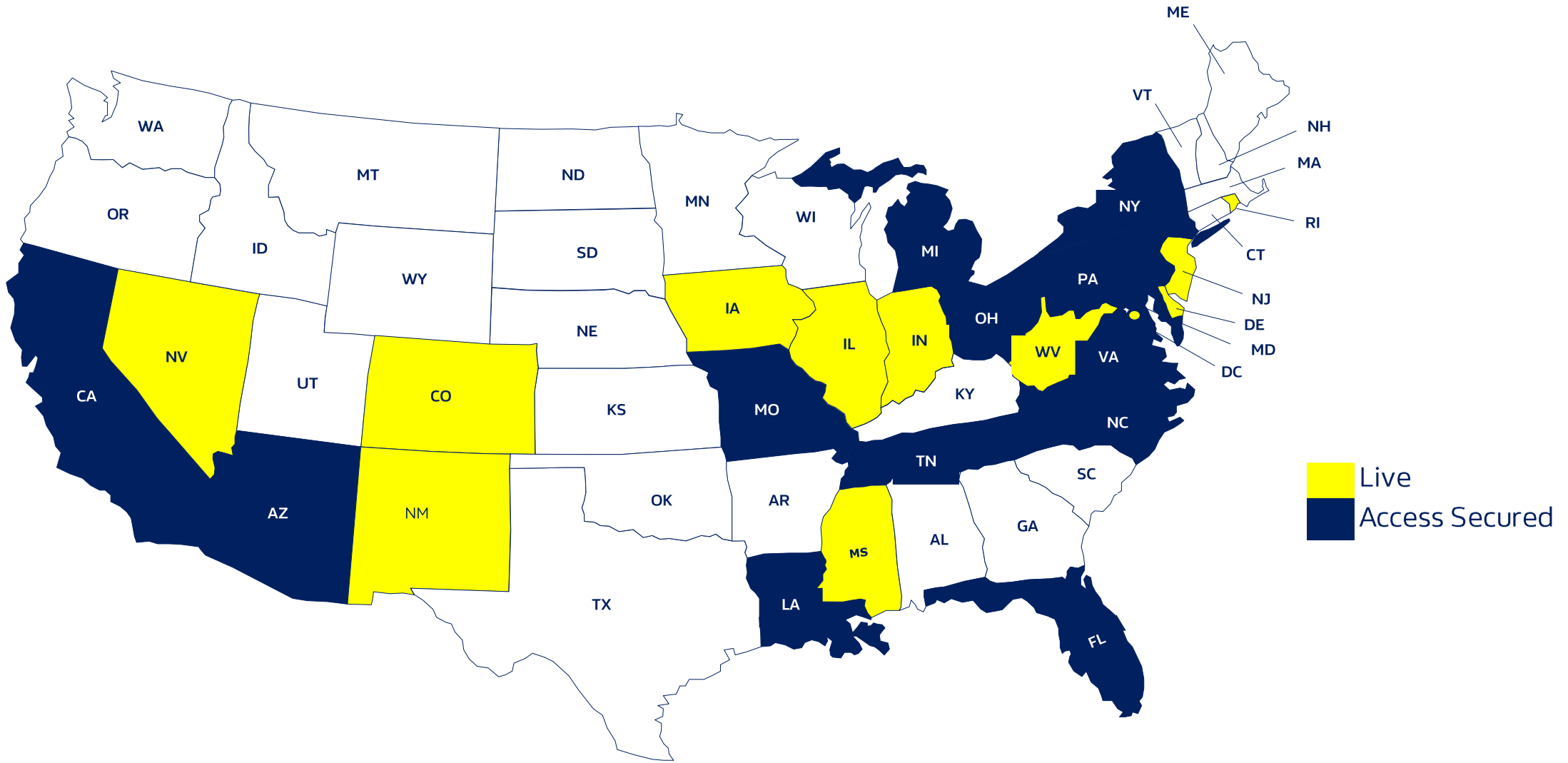
SPORTS BOOK BY *WilliamHILL*

Immediate access to Caesars' 29 live mobile and retail sports books, giving us estimated 29% market share



Eldorado's acquisition of Caesars brings access to 54 properties in 16 states

Unrivalled market access



Confident in our US position



Technology; proprietary, flexible and scalable



Market access; the broadest footprint with access to 25 states



Media; Exclusive CBS Sports partnership, providing efficient customer acquisition



Fantasy database; through our exclusive partnership with CBS Sports



People; the most experienced team in US sports betting



Trading and risk management; in-house



Official sports partnerships; the NHL and the NBA

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Summary



A financial and operating platform for growth

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