

# William Hill Australia

Teach-in presentation

Tom Waterhouse, CEO William Hill Australia

16 June 2017

*William* **HILL**

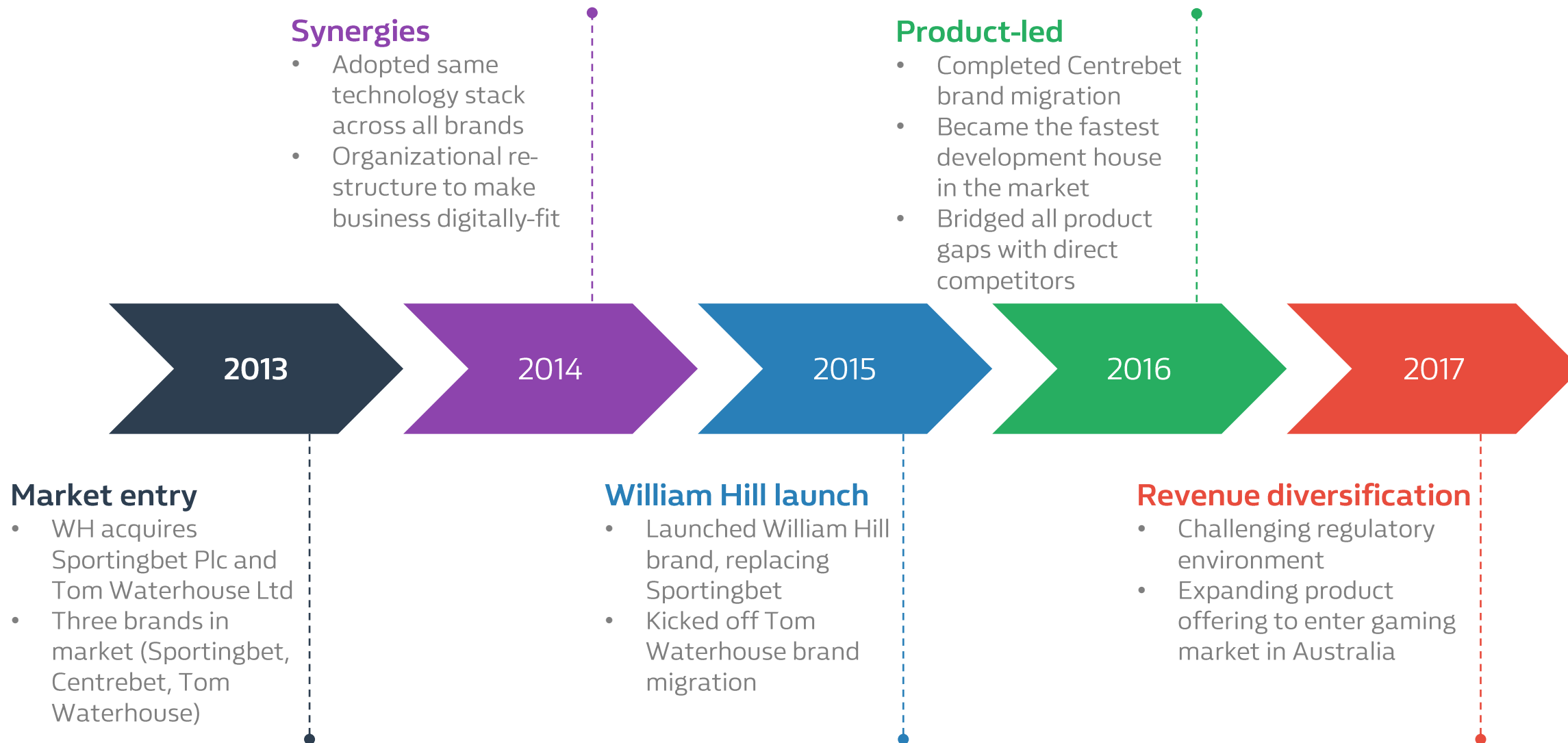


## Key points

- Significantly stronger growth in top line metrics
- A product-led differentiation strategy
- Increasing regulatory tightening and marketing cost inflation
- Our strategy is to:
  - protect and grow the core in our competitive environment and tightening regulation;
  - diversify our revenue stream into the gaming sector; and
  - deliver profit growth.

# Performance update

# William Hill in Australia



## Starting point wasn't easy



William Hill Australia needed impactful changes to be competitive in the market.

## A transformation into a digital business...

### Product

Fastest development house in Australia

Fully bridged the gap with competition

### Digital

Record digital acquisitions for a single brand

Digital expertise in the business

### People

Resources aligned to business objectives

Hired and retained the best

### Brand

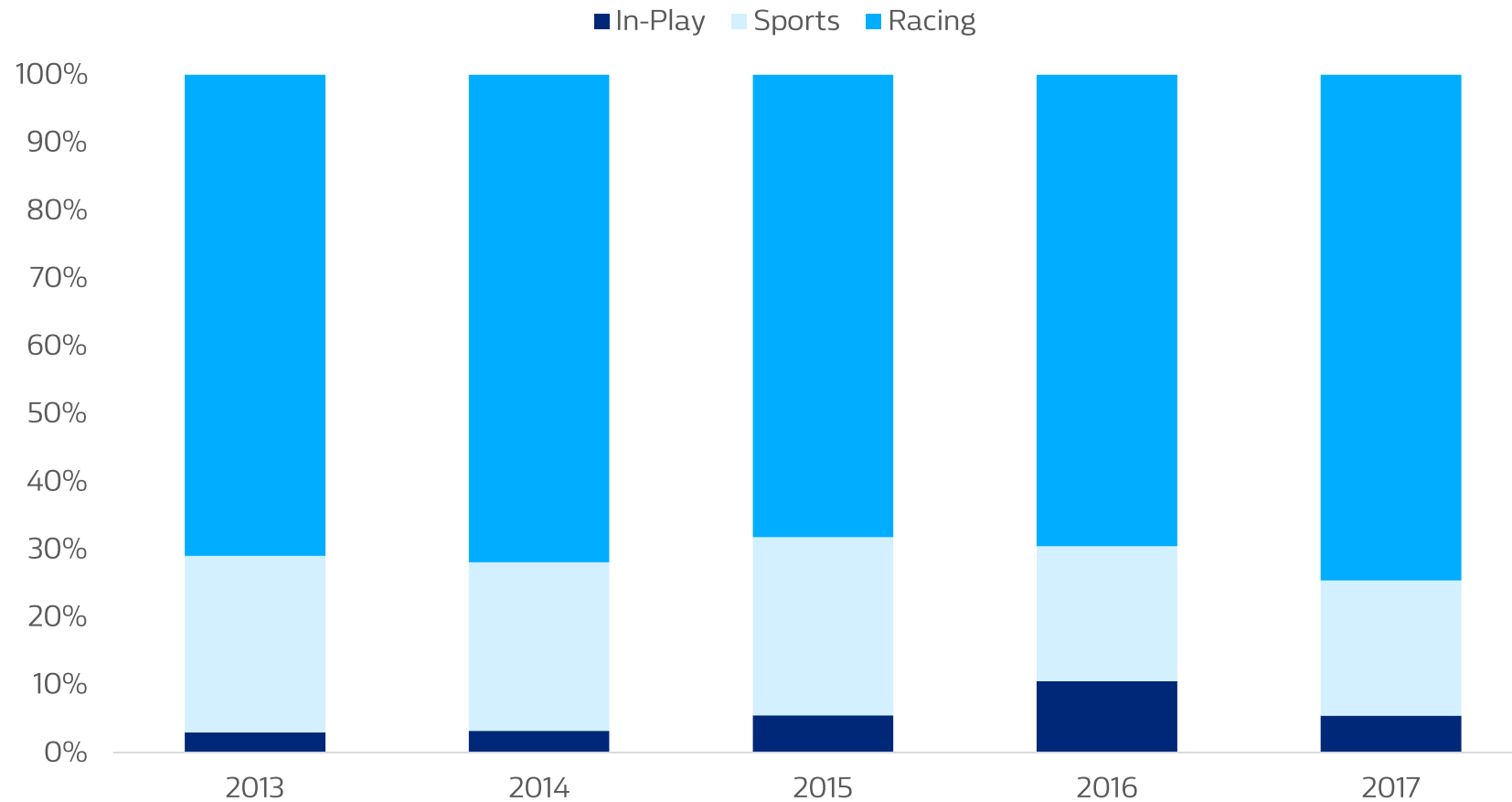
Third highest brand by awareness

Migrated over 1m customer accounts

**...whilst delivering the second highest operating profit amongst corporate bookmakers**

# A changing business

Turnover mix since acquisition\*



\* Turnover in A\$ from all three brands (Tom Waterhouse, Sportingbet, Centrebet, William Hill) in Australia since January 2013.

# Performance update

Business performance	
<b>Top line</b>	<ul style="list-style-type: none"> <li>• Double-digit growth for turnover and gross win up to week 17</li> <li>• Growth in acquisitions from a second successful Australian Open campaign</li> </ul>
<b>FVA</b>	<ul style="list-style-type: none"> <li>• Optimization of spend driving down FVA</li> </ul>
<b>Cost of sales</b>	<ul style="list-style-type: none"> <li>• Cost of sales continues to increase as new fee schedules are released by racing and sports bodies</li> <li>• Proactive management of cost of sales via expanding international content</li> </ul>
<b>Marketing</b>	<ul style="list-style-type: none"> <li>• Strong investment in the first part of the year, with a second successful Australian Open campaign</li> <li>• Achieving a large-scale marketing investment remains a challenge</li> </ul>
<b>Other costs</b>	<ul style="list-style-type: none"> <li>• Organisational changes of the last few years maintained other costs down</li> </ul>



# Monetizing and protecting the core

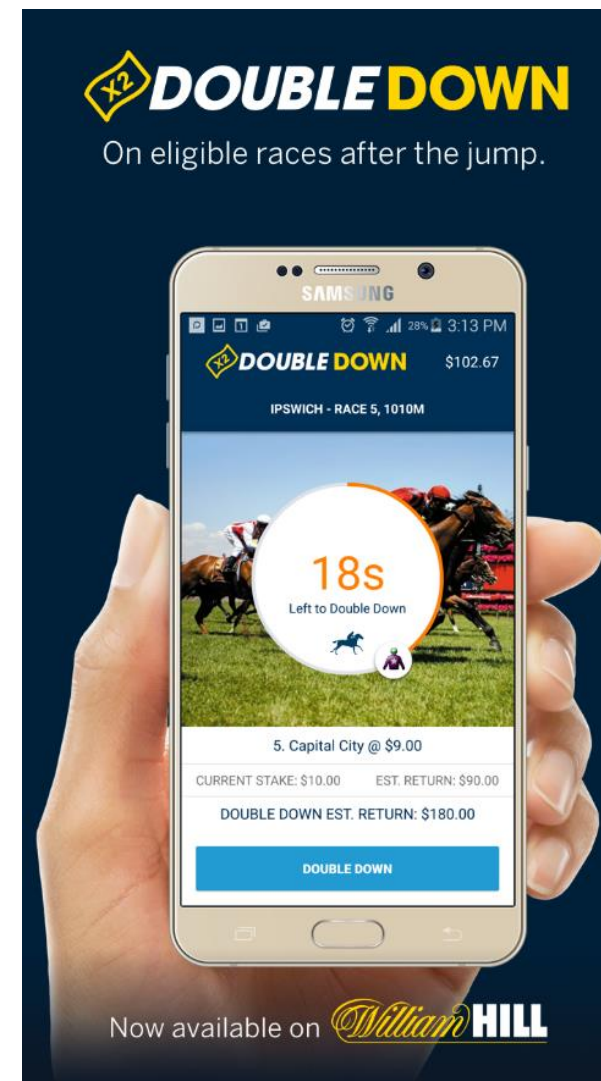
# Product development is currently our biggest competitive advantage in this market

Fastest Delivery House

- A major feature every three weeks
- Expanded development resources in Manila

A reference for competitors

- Exclusive Racing NSW vision\*
- Other operators have copied our design and features



\* Amongst corporate bookmakers

# Delivered most product in 2017 so far, fully bridged the gap and now leading

William Hill	Sportsbet	Crownbet	TAB	Ladbrokes
Web Redesign	New Android App	Multi Express	Bundle Bet	Partial Bet Acceptance
Chase The Ace	Improved Form	Search	Check and Collect	Floating Footer
Fast Multi	Same Game Multis	Last Viewed Market	Racing Streaming	Odds Boost on Multis
Price Pump	My Bets			Exotic Prompt of Betslip
Velocity Rewards Program				
Big Bets				
Exotics Settlement on Interim				
Japanese Racing				
Fluc Graphs				
Online BDM				

First to Market	WHA Following Competitor	Competitor Copy of WHA	Optimization
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# William Hill is one of the fastest and easiest products in the market

## Where is William Hill Faster?\*

	William Hill faster than	William Hill equal fast to	William Hill slower than		
Sign Up	Sportsbet	TAB	Ladbrokes	Crownbet	Bet365
web				in progress	
m.site	In progress		In progress	in progress	
iOS					
Android					
Deposit	Sportsbet	TAB	Ladbrokes	Crownbet	Bet365
web					
m.site					
iOS					
Android					

Increasingly becoming the reference in the market, with operators **copying certain UX solutions and features.**

\* A third-party study tested all channels from our competitors across the key two journeys of signing up and depositing – source: Sitback Solutions, 2017.

## The three strategic pillars of the core business

### Value

- William Hill Rewards
- Price Pump
- Centrebet
- Personalised Promos

### Customer Experience

- Deliver on Fast and Easy promise
- Minimise customer pain-points
- Personalise content on all channels

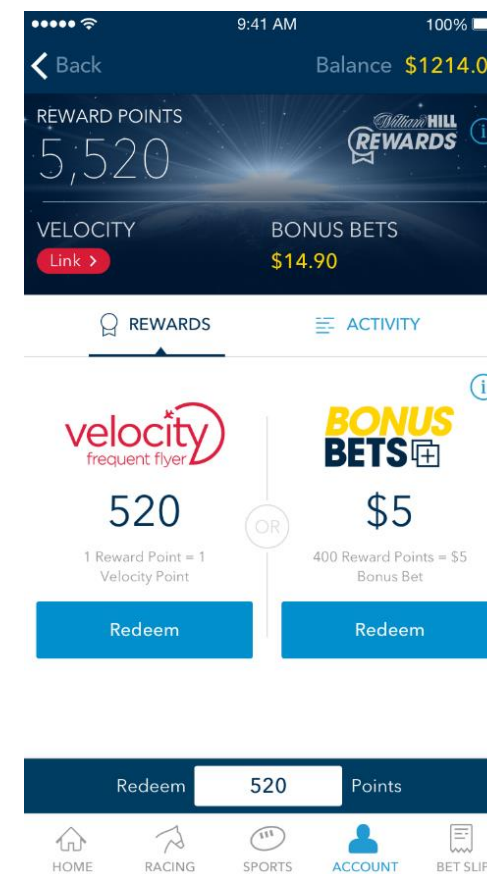
### Racing Focus

- Exclusive vision
- Big racing acquisition
- Virtual racing

# William Hill rewards

## Successful launch and early adoption

- Launched in March 2017
- First Velocity Frequent Flyer partner in wagering
- Easy and simple to use
- Strong engagement levels in points redemption
- Improved retention rates amongst engaged customers



\* Measured against control group, which is excluded from the program.

# Price Pump

## Bridged a key product gap

- Launched in April 2017
- Positioned to provide more value than competitors on majority of events

## Strong early adoption

- Accessible via all channels
- Only available on Thoroughbred, Greyhounds and Harness for single win bets



## Aggressive feature expansion

- Introducing Price Pump on multis and exotics as well as Sports

The screenshot displays a betting interface for a race at Morphetville. The race card shows three horses: 1. Milson (12) with a 'Scratched' status, 2. Impulse Diavolo (10) with odds of 5.50 WIN and 2.05 PLACE, and 3. Enki (5) with odds of 3.40 WIN and 1.55 PLACE. The 'PRICEPUMP' feature is highlighted with a blue dashed line connecting it to the bet slip. The bet slip shows a bet on '2. Impulse Diavolo Win @ \$6.00' (reduced to \$5.50) for a \$5.00 stake, resulting in a \$30.00 payout. The interface also includes options for 'BONUS BET', 'WIN & PLACE', and 'DOUBLE DOWN', along with a 'CONFIRM BET' button.

# Personalised promotions

## Netflix-like personalisation

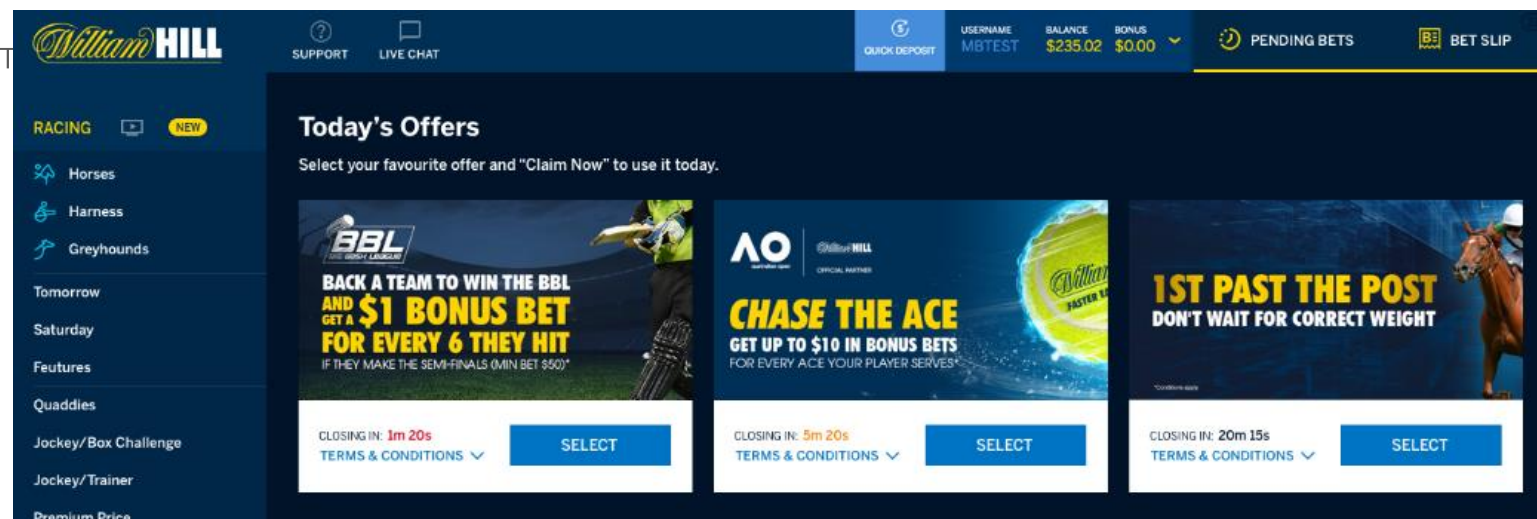
- Launched in June 2017
- Similarly to Price Pump, a feature that incentivises daily come backs

## First to market

- Highly personalised promotions to customers' preferences
- Ability to offer the right offer to the right customer

## Expanded availability of promotions

- Increased offering to provide more choice to customers
- At least three times what the closest competitor offers





# Regulation

## Regulatory environment remains challenging

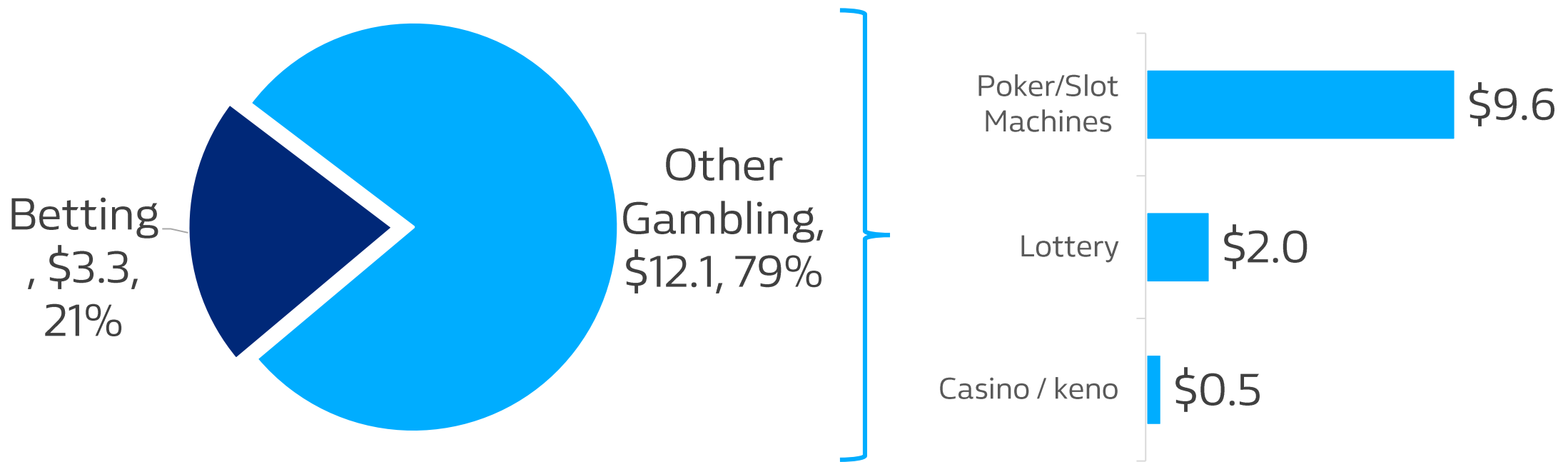
What	Anticipated Impact for William Hill Australia	Chance of Happening	Notes
<b>Credit Ban</b>	High	Likely in the next 9-12 months with potential VIP carve-out	Regulatory Impact Statement seeking consultation around a VIP carve-out.
<b>Point of Consumption Tax*</b>	SA \$2m	From 1 <sup>st</sup> July 2017 in SA National timing unknown	Federal Treasurer reached agreement with states to “prepare a proposal for a nationally consistent approach to POC”.
<b>Advertising Ban</b>	Low	Announced to commence March 2018	Free TV, Pay TV and Streaming gambling advertising ban - 5min before to 5min after live sport before 8.30pm. Implemented via industry codes not legislation.
<b>Consumer Protection Framework</b>	Medium (equal impact across all operators)	High in next 12 months	Federal Government reached agreement with State / Territory Ministers to develop the NCPF. Department of Social Services released Regulatory Impact Statement for consultation.

\* Assuming POC at 15% of Gross Win. Impact measured against 2016 figures.

# Diversification

# Betting is our core, but there is 79% of gambling revenues from products we currently don't offer

Gaming Gross Yield by Product\*  
(2014, \$billion)



\* Roy Morgan Research, State of the Nation, September 2014

## What are we doing to grow in 2017+?

In the next few quarters our focus will be on adding new verticals to the business aimed at de-risking revenue streams:

### eJockey

- Assessing compliant 'virtual' racing opportunities
- Product powered by NT-approved eSports offerings

### Lottoland

- Product to access \$2bn lotto market
- Proven by successful 18 months of Lottoland in Australia

### Gamification

- Product to appeal to casino players yet comply with online restrictions
- Limited investment

# Thank you

William Hill Australia Team

