

Interim results for 26 weeks to 28 June 2011

Ralph Topping, Chief Executive

Neil Cooper, Group Finance Director



Agenda

- **Overview**
Ralph Topping, Chief Executive
- Financial highlights
Neil Cooper, Group Finance Director
- Investing for growth
Ralph Topping, Chief Executive
- Q&A



Highlights: strong H1 result

- Continued outstanding Sportsbook and in-play growth
- Innovation driving growth, e.g., >600% increase in mobile gross win
- Slips and stakes growth across Retail: both OTC and machines
- Telephone restructure completed
- 9% Operating profit⁽¹⁾ growth, at top of expectations
- Good operating cash flow reduces net debt further
- Impending US acquisitions, Online launch in Italy

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Strong first half performance

26 weeks to	28 Jun 11	29 Jun 10	%
Amounts wagered	8,981.6	8,296.6	+8%
Net revenue	567.8	529.9	+7%
Operating profit⁽¹⁾	147.7	135.6	+9%
Amortisation	(1.8)	(1.8)	0%
Net finance costs	(16.4)	(28.1)	-42%
Tax	(24.7)	(25.9)	-5%
Non-controlling interest	(16.5)	(12.9)	+28%
Retained profit	88.3	66.9	+32%
Basic, adjusted EPS (p)	12.8	9.8	+31%
Net debt for covenant purposes	460.1	530.4	-13%

1. Operating profit is defined as pre-exceptional profit including associates and excluding interest, tax and £1.8m (2010: £1.8m) of Online amortisation relating to trade names, affiliate relationships and non-competition agreements
2. Numbers are presented on a pre-exceptional basis
3. Basic EPS is based on 698.3 million average shares for 2011 and 697.8 million average shares for 2010



Exceptional items

Item	£m
US transaction costs to date	(0.8)
Fair value loss on hedging arrangements	(1.8)
Tax	0.5
Post-tax	(2.1)

Retail growth in H1

26 weeks to	28 Jun 2011 £m	29 Jun 2010 £m	%
OTC amounts wagered	1,335.8	1,312.3	+2%
Machines amounts wagered	6,536.1	6,067.2	+8%
Total Retail amounts wagered	7,871.9	7,379.5	+7%
OTC gross win	224.0	227.7	-2%
<i>OTC gross win margin</i>	<i>16.8%</i>	<i>17.4%</i>	<i>-0.6 pts</i>
Machines gross win	210.1	190.9	+10%
Total gross win	434.1	418.6	+4%
Net revenue	398.8	389.8	+2%
Cost of sales	(66.1)	(64.4)	+3%
Gross profit	332.7	325.4	+2%
Operating costs	(228.7)	(222.8)	+3%
Operating profit⁽¹⁾	104.0	102.6	+1%

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Machine strength continues

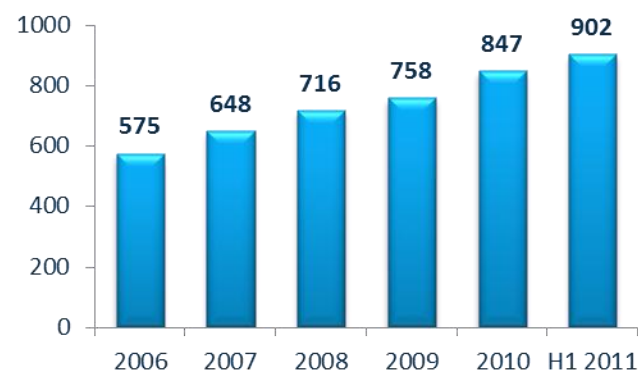
- Gross win per machine per week averaging over £900 for the half
- Good growth has continued past the anniversary of full roll-out of 'Storm'
 - Q1 11% gross win growth
 - Q2 9% gross win growth

26 weeks to

28 Jun 11 29 Jun 10 %

Average number of LBOs	2,366	2,344	+1%
Average number of machines	8,958	8,779	+2%
Gross win per machine per week	£902	£836	+8%
Machine gross win margin	3.21%	3.15%	+0.06 ppts

Gross win per machine per week



Weaker Q2 gross win margin

- 16.8% H1 margin, below normalised 17-18% range and below prior year (2010: 17.4%)
 - Q1 18.1% (Q1 2010: 17.5%)
 - Q2 15.6% (Q2 2010: 17.2%)
- Comparator period includes strong World Cup margin
- Football margins stronger in Q1 than Q2, impacted by Champions League
 - c£2m loss on final game
- Major Q2 horseracing festivals disappointed on margin
 - Largest Q2 major festivals on or below average quarterly margin
 - Other Q2 major flat racing festivals disappointing
- Other UK racing held up year-on-year

Retail cost overview

26 weeks to	28 Jun 2011 £m	29 Jun 2010 £m	%
Staff costs	(96.0)	(94.4)	+2%
Property costs	(47.9)	(45.3)	+6%
Content costs	(27.1)	(25.2)	+8%
Depreciation	(9.0)	(8.5)	+6%
Other costs incl. recharges	(48.7)	(49.4)	-1%
Operating costs	(228.7)	(222.8)	+3%

All Online verticals growing

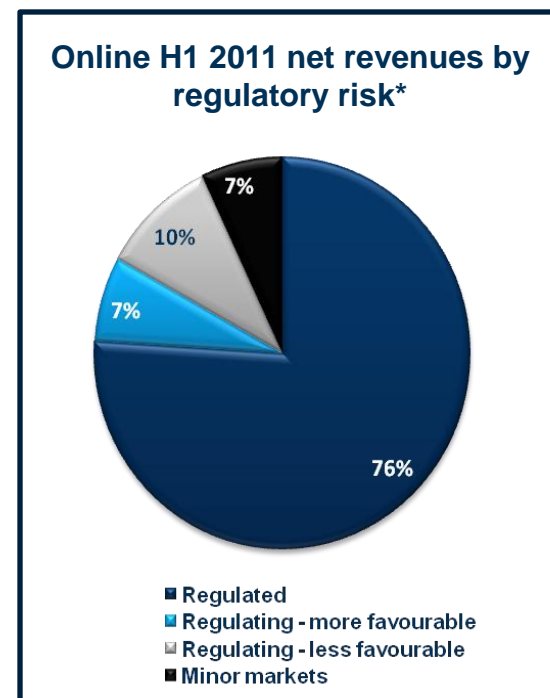
26 weeks to	28 Jun 11 £m	29 Jun 10 £m	%
Sportsbook	53.0	37.7	+41%
Casino	76.0	66.4	+14%
Poker	11.8	10.6	+11%
Bingo ⁽¹⁾	11.9	9.5	+25%
Net revenue	152.7	124.2	+23%
Cost of sales	(11.6)	(9.8)	+18%
Gross profit	141.1	114.4	+23%
Operating costs	(85.2)	(69.5)	+23%
Operating profit⁽²⁾	55.9	44.9	+24%

1. Skill games have been reclassified under Casino instead of Bingo and Skill
2. Operating profit is defined as pre-exceptional profit including associates and excluding interest, tax and £1.8m (2010: £1.8m) of Online amortisation relating to trade names, affiliate relationships and non-competition agreements

William Hill Online – key metrics

26 weeks to	28 Jun 11	29 Jun 10	%
Unique active players ('000) ⁽¹⁾	1,019.4	957.9	+6%
Revenue per unique active player	149.8	129.6	+16%
New accounts ⁽²⁾	443.2	493.4	-10%
Average cost per acquisition (£) ⁽³⁾	88.4	63.8	+39%
Sportsbook amounts wagered (£m)	827.1	548.2	+51%
Sportsbook gross win margin	6.8%	7.7%	-0.9 pts
- Pre-match gross win margin	8.8%	9.2%	-0.4 pts
- In-play gross win margin	4.2%	4.8%	-0.6 pts

1. Placed a bet within the period
2. Deposited and placed a bet within the period
3. Including affiliates



Business growth and marketing investment continue to drive cost base

26 weeks to	28 Jun 2011 £m	29 Jun 2010 £m	%
Staff costs	(16.6)	(12.8)	+30%
Marketing	(39.2)	(31.5)	+24%
Bank charges	(5.7)	(4.5)	+27%
Depreciation and amortisation	(4.2)	(3.4)	+24%
Other costs incl. recharges	(19.5)	(17.3)	+13%
Operating costs	(85.2)	(69.5)	+23%

Telephone in modest profit

26 weeks to	28 Jun 2011 £m	29 Jun 2011 £m	%
Amounts wagered	169.7	269.1	-37%
Net revenue	12.5	12.5	+0%
<i>Net revenue margin</i>	<i>7.4%</i>	<i>4.6%</i>	+ 2.8 ppts
Cost of sales	(2.2)	(3.2)	-31%
Gross profit	10.3	9.3	+11%
Staff costs	(1.4)	(3.1)	-55%
Marketing costs	(1.2)	(2.0)	-40%
Other costs incl. recharges	(7.5)	(6.5)	+15%
Operating costs	(10.1)	(11.6)	-13%
Operating profit/(loss)⁽¹⁾	0.2	(2.3)	
Active players⁽²⁾	80,565	90,300	-11%

(1) Operating profit is defined as pre-exceptional profit including associates and excluding interest, tax and £1.8m (2010: £1.8m) of Online amortisation relating to trade names, affiliate relationships and non-competition agreements

(2) Players who placed a bet during the period

H2 2010 refinancing shows benefits in 2011

26 weeks to	28 Jun 2011 £m	29 Jun 2010 £m
Net interest receivable	0.3	0.1
Bank loan interest	(4.2)	(7.0)
Effective interest rate hedges	-	(6.4)
Bond interest	(10.7)	(10.7)
Amortisation of finance fees	(1.1)	(3.0)
Net interest on pension scheme net liability	(0.7)	(1.1)
Total net interest	(16.4)	(28.1)

Capex and estate growth

26 weeks	28 Jun 11 £m	29 Jun 10 £m
Retail development*	14.0	6.5
William Hill Online	8.0	5.4
Other	2.4	2.1
Total capital expenditure	24.4	14.0

- Estate in year-on-year growth on average by 1% (H1 2011: 2,366 average)
- Absolute estate size fell in H1 to 2,363 shops
 - 11 shop openings, five UK closures and 20 Rol closures
 - 7 re-sites
- 2011 capex now expected to be c£60m, including refurbishments

Cash flow

- Net cash increase before debt retirement of £46m (2010: £73m)
- Cash flow from operating activities £4m lower year-on-year

Positives

- + EBITDA increase
- + Lower cash interest payments

Negatives

- Prior year one-off VAT refund
- Adverse ante-post movement
- Working capital movement

- £22m increases in investing/financing cash outflows: capex (£14m including US), dividends (£5m) and non-controlling interest (£3m)

Other finance matters

- Effective tax rate of 19.1%
 - Reduction in deferred tax liabilities as UK corporation tax rate reduces
 - Effective income statement rate expected to be 19% in FY 2011 and 20% in 2012
 - 2011 and 2012 effective cash tax rate expected to be 22%
- Pension deficit fell £15.3m to £15.6m vs 28 Dec 2010
 - Actuarial gain as liabilities fall in value
- Interim dividend of 2.9p per share, +16%, payable on 8 December 2011

Regulation

- UK regulation of offshore online operators
- Machine Gaming Duty consultation
- Consultation on the future funding of Racing

Current trading for 5 weeks to 2 Aug

- Group net revenue -2%
- Retail
 - Amounts wagered +6%: good gaming machine performance, underlying OTC showing modest stakes growth
 - Gross win margin 15.6%
 - Net revenue -6%
- Online
 - Net revenue +21%
 - Sportsbook amounts staked +36%
- Given comparator period included a strong World Cup result, performance is in line with the Board's expectations

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How we're delivering these results

Standing out through innovation in:

- Pricing
- Product
- Technology

Pricing: headline-grabbing prices

TOP PRICES GUARANTEED*

BARCELONA v MAN

AVAILABLE ONLINE, TELEPHONE AND ON YOUR MOBILE

9/1

DON'T PUSH

JOHN SMITH'S GRAND NATIONAL

8 Don't Push It	33 West End Rd
11 The Midnight Club	40 Chief Dan G
12 What A Friend	40 Comely Dr G
14 Backthere	50 Drovers G

3/1

CARLTON HOUSE

AVAILABLE ONLINE, IN SHOP, BY PHONE OR ON YOUR MOBILE

GREAT & MONEY PRICES & BACK

ON THE OPEN

IF YOU MISS THE CUT

If your prayer misses the cut by up to 3 shots 1/2 of 3 shots, you will get your money back 50% free back

AVAILABLE ONLINE, IN SHOP, BY PHONE OR ON YOUR MOBILE

CHAMPIONS LEAGUE FINAL

KNOCKOUT PRICES

HAYE 7/4

DAVIS 50/1

ON THE OPEN

IF YOU MISS THE CUT

EVENS!

SO YOU THINK

AVAILABLE ONLINE, IN SHOP, BY PHONE OR ON YOUR MOBILE

VESTEC DERBY

1 Carlton House	16 Wrought Tresson
2 Hurdal	25 Washed Warvet
3 Javelin	25 Tresson South
4 Four Mile	30 Pines Spur
5 Rubber Khan	100 Warfalia Malpas
6 Seven Mile	100 Carlensville King
7 Halloway	

Official Betting Partner

2/1 TAYLORS SKY

PLUS 1/3 THE ODDS A PLACE ON TONIGHT'S NINE SKY RACES

AVAILABLE ONLINE, IN SHOP, BY PHONE OR ON YOUR MOBILE

EVENS MAN CITY TO WIN THE FA CUP

in 90 minutes. Extra time does not count.

AVAILABLE ONLINE, IN SHOP & ON THE PHONE

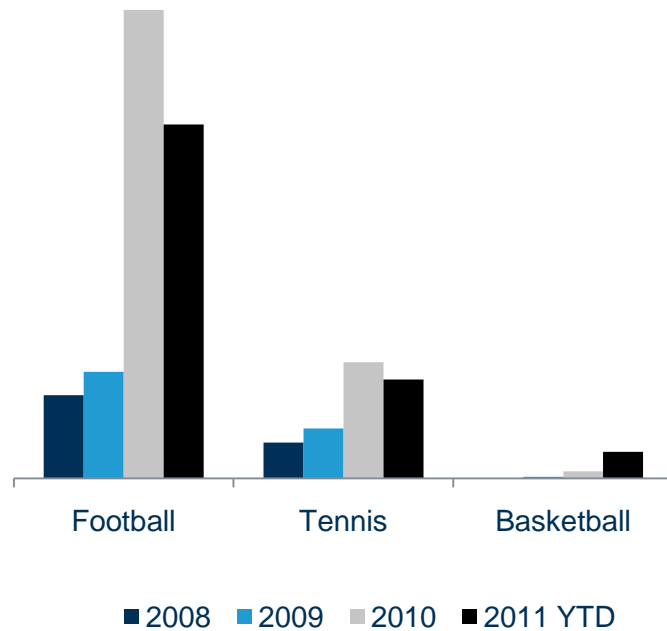
RACING POST APP EXCLUSIVE OFFER

MONEY BACK IF THE QUEEN WINS THE DERBY

SEE RACING POST APP FOR FULL DETAILS

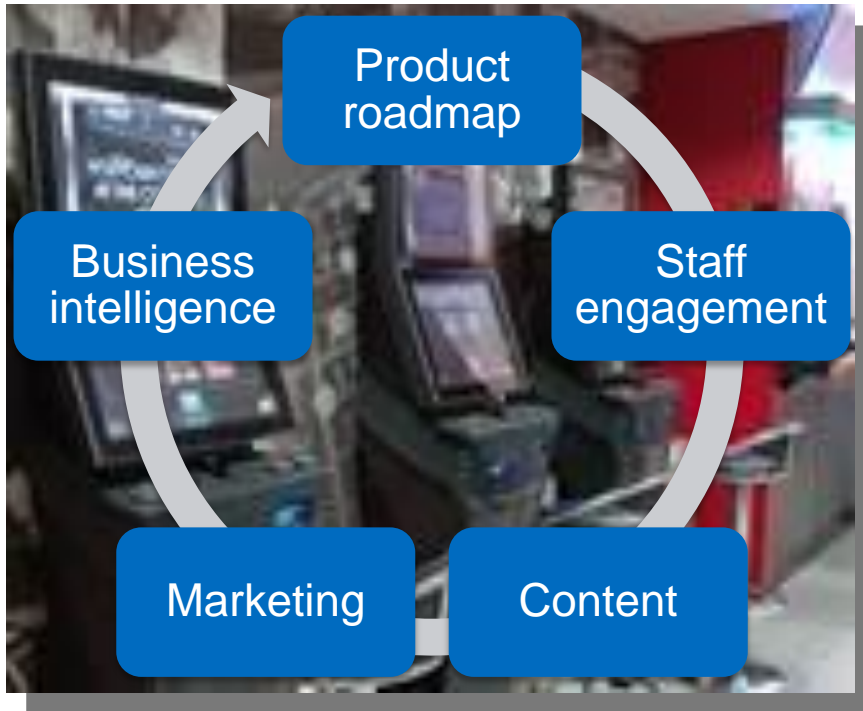
Product: in-play delivers results

H1 2011 in-play gross win for three major models has almost matched FY 2010 already



- Amounts wagered **+95%**
- Gross win **+68%**
- Number of bets **+111%**
- Football gross win **+68%**
- Tennis gross win **+57%**
- Basketball gross win **+582%**

Product: superior machines



15

New £2 stake B3 games

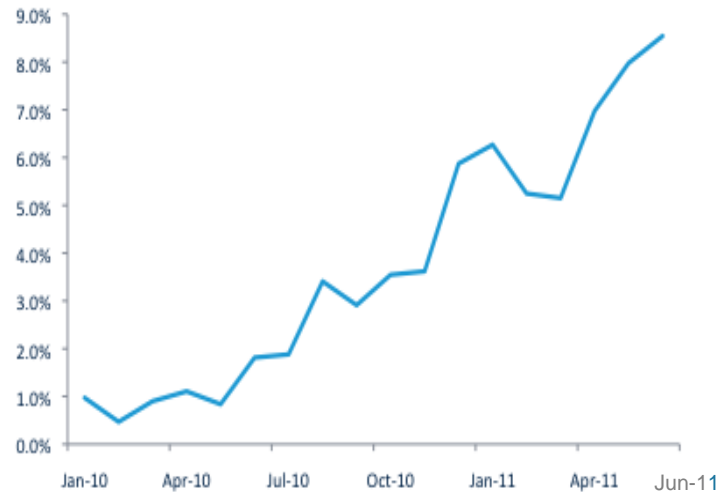
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New games released in
H1 2011

Technology: mobile innovation



Mobile sports gross win as a percentage of Online Sportsbook gross win



+657%

increase in mobile Sportsbook gross win

+797%

increase in mobile Sportsbook bets placed

Exploiting our multi-channel advantage

Brand strength

Cross-sell

Performance

The most loyal
Retail customers

84%

of William Hill
customers use William
Hill most often

74%

of our customers would
choose a William Hill
over any LBO

Exploiting our multi-channel advantage

Brand strength

Cross-sell

Performance

49%

of William Hill Online
customers use more than
one product

67%

of machine customers
bet over-the-counter

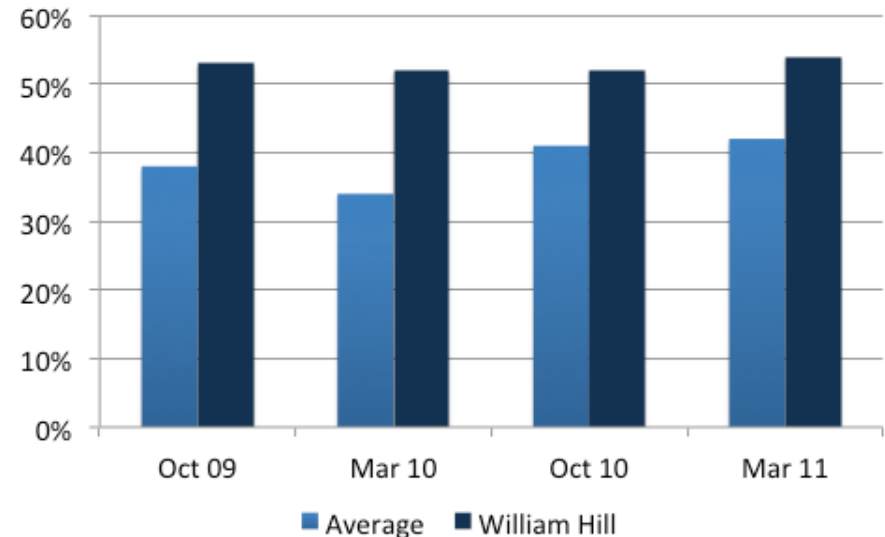
Exploiting our multi-channel advantage

Brand strength

Cross-sell

Performance

More William Hill Online customers place sports bets in shops...



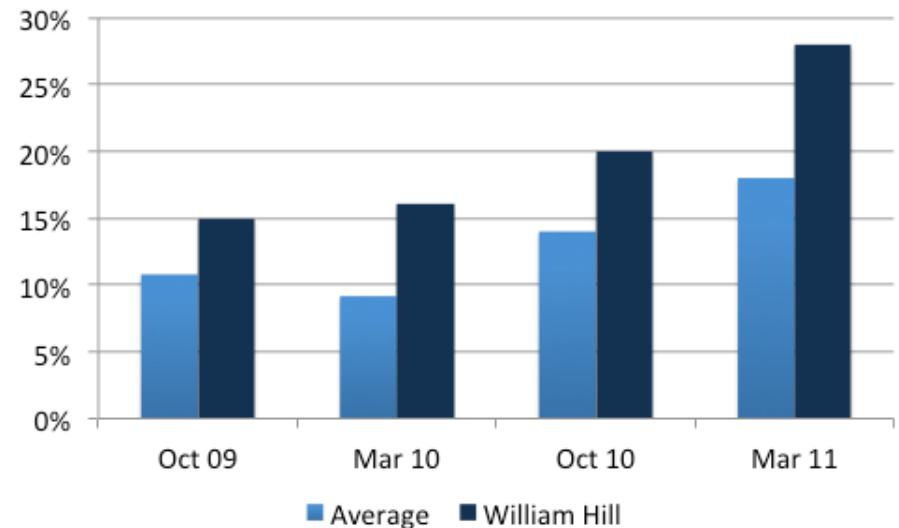
Exploiting our multi-channel advantage

Brand strength

Cross-sell

Performance

...and are increasingly using the gaming machines



Exploiting our multi-channel advantage

Products promoted across channels perform better

Brand strength

Cross-sell

Performance



Exploiting our multi-channel advantage

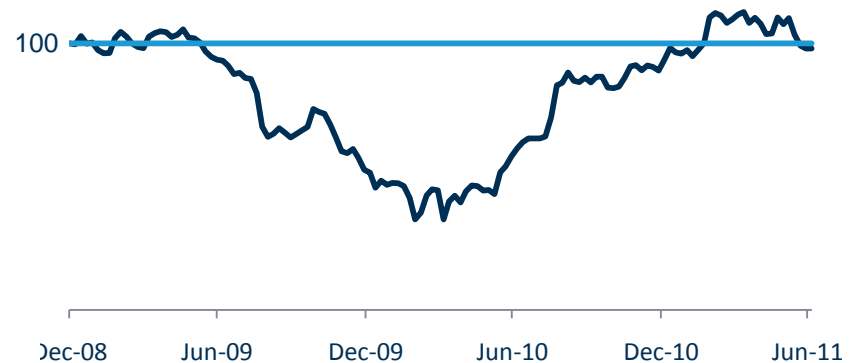
Brand strength

Cross-sell

Performance

Retail resilience

Total gross win in shops open
between 2008 and H1 2011
(12-month rolling average rebased from end of 2008)



Exploiting our multi-channel advantage

Brand strength

Cross-sell

Performance

19%

Ratio of marketing spend
to net revenue in the UK

+39%

Growth in UK online
revenue in H1 2011

We are not standing still

- New shop technology – SSBTs, gaming developments
- Further product development, including revamping our horseracing offering
- Further mobile development, including gaming

Rapid growth opportunity in Europe

52%

Revenue growth from Greece*

181%

Revenue growth from Spain*

International growth: stateside

- Over half the sportsbooks in Nevada
- Exclusive business-to-government sportsbook operator in Delaware
- Sportsbook technology platform used by approximately 75% of the Vegas 'Strip'
- Licence application submitted to Nevada regulators

News

William Hill coming to America with three acquisitions

As speculation about online gambling legislation in the US begins to rise after 'Black Friday', **William Hill** has put itself in the box seat with three strategic acquisitions.

CONSOLIDATION



(\$13.7m) for the firm.
Vic Salerno, CEO of AWI, stated: "William Hill is a UK industry leader in sports betting and online gaming technology. They will provide Nevada gaming customers an unprecedented level of service, along with their cutting edge portfolio of gaming products. This is a great fit for our Leroy's casino and tavern partners, along with the casinos that are served by our sportsbook management technology."
Jeff Siri, CEO of Calveva, commented: "With

Other key themes

- Government
- Technology
- People

Summary

- Good operational performance delivering good first half results and dividend growth
- Standing out from the crowd through innovations in core strengths
- Maximising the brand through our multi-channel business
- Developing international opportunities
- More to come



**On the high street, online, on the
phone ...and on the move**

APPENDICES

FINANCIAL RESULTS

Performance by division

26 weeks to	Net revenue			Operating profit ⁽¹⁾		
	28 Jun 2011 £m	29 Jun 2010 £m	Change %	28 Jun 2011 £m	29 Jun 2010 £m	Change %
Retail	398.8	389.8	+2%	104.0	102.6	+1%
Online	152.7	124.2	+23%	55.9	44.9	+24%
Telephone	12.5	12.5	+0%	0.2	(2.3)	-
Other	3.8	3.4	+12%	0.4	-	-
Associates				1.4	1.4	+0%
Corporate				(14.2)	(11.0)	+29%
Operating profit				147.7	135.6	+9%
Amortisation				(1.8)	(1.8)	+0%
Total	567.8	529.9	+7%	145.9	133.8	+9%

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 2. Numbers are presented on a pre-exceptional basis

Net revenue summary

26 weeks to		28 Jun 2011 £m	29 Jun 2010 £m	%
Retail	OTC	224.0	227.7	-2%
	Machines	174.8	162.1	+8%
	Retail total	398.8	389.8	+2%
Online	Sportsbook	53.0	37.7	+41%
	<i>Gaming – casino</i>	76.0	66.4	+14%
	<i>Gaming – poker</i>	11.8	10.6	+11%
	<i>Gaming – bingo⁽¹⁾</i>	11.9	9.5	+25%
	Gaming total	99.7	86.5	+15%
	Online total	152.7	124.2	+23%
Telephone		12.5	12.5	+0%
Other		3.8	3.4	+12%
Total net revenue⁽²⁾		567.8	529.9	+7%

Operating expenses by division

26 weeks ended	28 Jun 2011 £m	29 Jun 2010 £m	%
Retail	(228.7)	(222.8)	+3%
Online	(85.2)	(69.5)	+23%
Telephone	(10.1)	(11.6)	-13%
Other	(2.9)	(3.0)	-3%
Corporate	(14.2)	(11.0)	+29%
Group operating expenses	(341.1)	(317.9)	+7%

Operating expenses by cost category

26 weeks ended	28 Jun 2011 £m	29 Jun 2010 £m	%
Employee costs	(147.2)	(138.4)	+6%
Property costs	(51.7)	(49.5)	+4%
Depreciation	(18.7)	(18.0)	+4%
Pictures and data	(27.2)	(25.4)	+7%
Marketing	(46.3)	(39.9)	+16%
Finance charges	(8.3)	(7.9)	+5%
Communications	(5.0)	(4.3)	+16%
Other	(36.7)	(34.5)	+6%
Group operating expenses	(341.1)	(317.9)	+7%

Cash flow

26 weeks to

28 Jun 2011 (£m)

29 Jun 2010 (£m)

EBITDA*	169.8	156.3
Working capital / other	6.2	28.3
Net capital expenditure	(23.9)	(12.7)
Cash from operations	152.1	171.9
Cash taxes	(21.4)	(24.4)
Net interest	(24.7)	(32.4)
Distributions to non-controlling interests	(15.3)	(12.7)
Free cashflow	90.7	102.4
Investments made	(3.4)	-
Exceptional items	(0.8)	5.6
Dividends	(40.6)	(35.5)
SAYE redemptions	0.1	0.2
Capital principal repaid	(45.0)	(375.1)
Capital principal drawn down	-	359.0
Net cashflow	1.0	56.6
Net debt for covenant purposes	460.1	530.4
Net debt:EBITDA (covenant basis)	1.5 times	1.9 times

* Before share remuneration charges

Net debt for covenant purposes

	28 Jun 2011 £m	29 Jun 2010 £m
Bank loans	215.0	359.0
Corporate bonds	300.0	300.0
Finance leases	0.4	0.4
Cash	(110.4)	(176.4)
Net debt	405.0	483.0
Obligations under bank guarantees	-	0.7
Restricted cash – client balances	49.1	42.6
Restricted cash – non-controlling interest share of cash balances	6.0	4.1
Net debt for covenant purposes	460.1	530.4

- Net debt:EBITDA of 1.5x vs maximum covenant of 3.5x
- EBITDA:net cash interest of 5.8x vs minimum covenant of 3.0x
- BB+/Ba1 stable outlook credit ratings from S&P/Moody's

Hedging cash flow

	H2 2011	H1 2012	H2 2012	Total
Cash out flow all hedges (£m) ⁽¹⁾	7.4	3.7	7.2	18.3 ⁽²⁾

1. The amount finally paid will vary depending on movements in the forward curve between now and settlement
2. There is no ordinary P&L impact from these hedges as they have been de-designated. Any valuation movements will be treated as an exceptional item.