William Hill PLC

26 February 2016

Good progress on strategic priorities leaves William Hill well placed for 2016

William Hill PLC (LSE: WMH) (William Hill or the Group) announces its final results for the 52 weeks ended 29 December 2015 (the period or full year). Comparatives relate to the 52 weeks ended 30 December 2014.

	52 weeks to 29 Dec 15 £m	52 weeks to 30 Dec 14 £m	Change
Net revenue	1,590.9	1,609.3	-1%
Operating profit[1]	291.4	372.2	-22%
Profit after tax	189.9	206.3	-8%
Earnings per share – basic, adjusted (p)[2]	24.7	29.9	-17%
Earnings per share – basic (p)	21.6	23.6	-8%
Dividend per share (p)	12.5	12.2	+2.5%

- Group operating profit[1] of £291.4m, up 2% excluding c£87m of additional UK gambling duties
- Technology strategy: launch of new mobile website and iOS app under Project Trafalgar, giving Online a platform for rapid innovation
- Omni-channel: proprietary self-service betting terminal (SSBT) roll-out to start in H1 2016
- International: Australia exited 2015 with net revenue growth in local currency terms following William Hill brand launch
- £300.9m of operating cash flow (2014: £368.2m)
- Net debt for covenant purposes reduced to £488.2m (2014: £602.8m), equivalent to 1.3x EBITDA
- Dividend policy changed to increase payout ratio to around 50% of adjusted earnings; Board recommending a 2.5% increase in full-year dividend reflecting future confidence
- Share buyback of £200m announced, to be completed over next 12 months

James Henderson, Chief Executive Officer of William Hill, commented:

“In the last 12 months we have made substantial operational progress against our three strategic priorities of omni-channel, technology and international.

“In technology terms, Online now has a platform that allows us to deliver rapid and frequent innovations to customers, further differentiating our offering. We are also now preparing to roll out our proprietary self-service betting terminal in Retail. This is an important part of our omni-channel strategy and enables us to bring the best of Online to our shops.

“Internationally, I’m particularly pleased that William Hill Australia is now benefitting from our reshaping and investment in the business. We now have one of the highest rated betting apps in Australia and during the William Hill-sponsored Australian Open we acquired an impressive c1,000 customers a day and saw a 680% increase in tennis in-play turnover.

“We have made further good progress on measures to encourage responsible gambling, including using algorithms to identify potentially harmful behaviour and helping to develop a national, cross-operator self-exclusion scheme.

“As one of the largest scale businesses in gambling, the Board is confident in the outlook for the year ahead and believes the Group is well placed to deliver on its growth strategy.

“We have reviewed our priorities for capital alongside our strengthening balance sheet and our continued good cash generation. Together, these underpin our decision to announce a share buyback alongside our ongoing investment to grow the business. In addition, the Board has increased the dividend payout ratio to around 50% of adjusted earnings, reflecting our focus on delivering value for shareholders.”

Notes:

1. Operating profit / loss is defined as pre-exceptional profit before interest and tax, before the amortisation of specific intangible assets recognised on acquisition.
2. Definitions are provided in the glossary at the back of the document.
3. Numbers are presented on a pre-exceptional basis unless otherwise stated.

Enquiries

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Analyst and investor presentation

Meeting	Friday, 26 February 2016 at 9.00 am GMT The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED
Live conference call	Tel: +44 (0) 20 3059 8125. Password: William Hill
Archive conference call	Tel: +44 (0) 121 260 4861. Passcode: 2689916#. Available until 4 March 2016
Video webcast	www.williamhillplc.com

Debt investor conference call

Live conference call	11.00 am GMT. Tel: +44 (0) 20 3059 8125. Password: William Hill debt call
Archive conference call	Tel: +44 (0) 121 260 4861. Passcode 2688138#. Available until 4 March 2016

Notes to editors

William Hill, The Home of Betting, is one of the world's leading betting and gaming companies, employing around 16,000 people. Founded in 1934, it is the UK's largest bookmaker with around 2,370 licensed betting offices that provide betting opportunities on a wide range of sporting and non-sporting events, gaming on machines and numbers-based products including lotteries. The Group's Online business (www.williamhill.com) is one of the world's leading online betting and gaming businesses, providing customers with the opportunity to access William Hill's products online, through their smartphone or tablet, by telephone and by text services. William Hill US was established in June 2012 and provides land-based and mobile sports betting services in Nevada, and is the exclusive risk manager for the State of Delaware's sports lottery. William Hill Australia is one of the largest online betting businesses in Australia, established through the acquisition of two businesses in 2013. It offers sports betting products online, by telephone and via mobile devices. William Hill PLC is listed on the London Stock Exchange. The Group generates revenues of c£1.6bn a year.

Cautionary note regarding forward-looking statements

OVERVIEW AND STRATEGY UPDATE

In the last 12 months we have made substantial operational progress against our three strategic priorities of omni-channel, technology and international.

In technology terms, Online now has a platform that allows us to deliver rapid and frequent innovations to customers, further differentiating our offering. The launch of our new Sportsbook mobile website and iOS app for Online in October was the culmination of more than two years' work to take control of our front-end customer interfaces under Project Trafalgar. After some initial disruption, in the UK amounts wagered growth broadly returned to pre-launch levels at the end of December. Implementation of our Global Trading Platform is well underway, supplying a broader product range across the Group, and we are also now getting ready to roll out our proprietary self-service betting terminal (SSBT) in Retail in 2016, which is an important part of our omni-channel strategy and has also been enabled by Project Trafalgar.

Internationally, it is pleasing to see good signs of progress in Q4 2015 and early 2016 in William Hill Australia, which is now benefitting from our investment and reshaping to focus the business on the recreational customer base who are driving the structural growth of that market. We now have one of the highest rated betting apps in Australia and during the William Hill-sponsored Australian Open we acquired an impressive c1,000 customers a day and saw a 680% increase in tennis in-play turnover.

In profit terms, 2015 was always going to be a challenging year as the Group faced substantial additional gambling taxes on its UK Online and Retail businesses, and Group operating profit[1] declined 22% to £291.4m. However, excluding the c£87m of additional UK gambling duties, Group operating profit[1] grew 2%. The business also remains highly cash generative and we have continued to invest in delivering our strategic objectives. We are confident that our strategic priorities position us for future growth in a highly competitive international gambling market.

Group performance and dividend

Group net revenue declined 1% to £1,590.9m, reflecting the lack of a major football tournament in the period, a lower average number of shops and less favourable sporting results in Retail and extensive work to refocus the Australian business. Cost of sales was 28% or £83.4m higher, reflecting substantial additional gambling duties in the UK. Cost control remained strong, including the effect of Retail's 108 exceptional shop closures in 2014 and Online delivering savings to partially mitigate the impact of the UK Point of Consumption Tax (POCT), which was introduced on 1 December 2014. Net finance costs were 14% lower, reflecting lower average debt levels, and tax costs were 49% lower. Basic, adjusted earnings per share (EPS) was 17% lower at 24.7p, reflecting the operating profit[1] result.

The Board remains confident in the Group's prospects for growth and has decided to increase the dividend payout from c40% to c50% of adjusted EPS, with the intent of continuing to target that level in future. The Board has approved a final dividend of 8.4p per share (2014: 8.2p), giving a full-year dividend of 12.5p per share (2014: 12.2p), an increase of 2.5%.

Balance sheet and capital return

The Group's balance sheet remains strong with net debt for covenant purposes reducing by £114.6m to £488.2m with operating cash flows of £300.9m (2014: £368.2m). Net debt to EBITDA for covenant purposes stood at 1.3x at 29 December 2015 (30 December 2014: 1.4x).

The Board regularly reviews the Group's capital structure and capital allocation priorities, taking into consideration the Group's strong cash flow generation, its organic investment strategy, opportunities to accelerate the strategy through acquisitions, the potential for disruptive regulatory and tax changes and the wider competitive environment. The Board believes an appropriate capital structure for the Group ranges between 1x and 2x net debt to EBITDA. It believes the Group is currently able to increase its capital efficiency without compromising its ability to continue investing in its growth strategies. This underpins the decision to announce a return of £200m to shareholders. The Board intends to return this via a share buyback to be effected over the coming 12 months. Approval for this level of return was given by shareholders at the 2015 Annual General Meeting (AGM) for the period to 11 May 2016; shareholders will be asked to renew this authority at the 2016 AGM on 11 May 2016.

Outlook

Retail remains a resilient and highly cash generative business, and this supports the Group's continued investment in digital and international areas to drive further growth and shareholder value. The omni-channel strategy will benefit from our proprietary SSBT this year, Online now has a platform for delivering rapid innovation, Australia is showing encouraging signs of being competitive in that attractive market and the US business continues to grow apace.

As one of the largest scale businesses in gambling, the Board is confident in the outlook for the year ahead and believes that the Group is well placed to deliver on its growth strategy.

OPERATING REVIEW

Online (35% of Group revenue)

	2015 £m	2014 £m	Change
Sportsbook amounts wagered	**3,963.4**	**3,758.2**	**+5%**
Gross win margin	7.8%	7.6%	+0.2 ppts
Core markets net revenue	483.7	436.2	+11%
Other markets net revenue	67.0	91.2	-27%
Sportsbook net revenue	263.9	253.3	+4%
Gaming net revenue	286.8	274.1	+5%
Online net revenue	**550.7**	**527.4**	**+4%**
Cost of sales	(126.1)	(51.0)	+147%
Operating costs	(298.1)	(298.7)	-0%
Operating profit[1]	**126.5**	**177.7**	**-29%**

During 2015, Online incurred an additional £66.4m in UK POCT following its introduction on 1 December 2014. This was the driver of the year-on-year profit decline. Excluding that additional cost, operating profit[1] would have grown 9%.

Online's principal focus during the year was on launching a new mobile website and iOS app, which went live in October. This is one of the last stages of Project Trafalgar, under which we have built a technology platform that enables us to control our front-end customer interfaces. We are in the process of launching our Android app and will roll out the desktop experience after the EURO 2016 football tournament.

By taking control of our front-end customer interfaces, we are able to deliver much faster customer innovation, which we believe is key to further differentiating our offering and, ultimately, delivering a much more personalised customer service. In addition, the new platform enables faster loading times, an expanding product range and continuous improvement of user journeys. We have already seen benefits, including rapid and frequent updates to the app, significantly faster app loading times, improved mobile registration conversion and higher cross-sell from sports into gaming.

We also continued to enhance our market-leading position in gaming with a unique 'destination gaming' experience. In November, we launched our Macau site, providing exclusive and proprietary Asian-themed content. We have also launched new Live Casino for Vegas, Macau and Mayfair, supporting the destination gaming strategy. Our Live Casino is now, we believe, industry leading with more than 200 live dealer tables available at any given time. Our Vegas product suite grew net revenue 20% in 2015 and now accounts for 66% of our casino revenues. In the second half, we started the roll-out of our in-house developed Bonus Engine, which is further enhancing the competitiveness of products like Vegas and Live Casino with market competitive acquisition bonus capabilities.

Online also collaborated with L Marks, a company that manages corporate accelerators, on a highly successful incubator programme, the first in our industry. The winning company, BetGame, received £150,000 of investment to further develop its eSports betting concept and an ongoing partnership with William Hill to roll out the product in 2016.

At the end of October, along with the rest of the industry we implemented additional responsible gambling measures required under the Gambling Commission's revised Licensing Conditions and Codes of

Practice. This includes measures such as automatic self-exclusion, a 'time out' feature for short-term account closure and additional deposit limits. Although very early days, we are seeing an impact, for instance through increased self-exclusion rates, though any long-term effect is not yet clear.

Online's core markets continued to perform well, with Sportsbook amounts wagered up 7% and gaming net revenue up 15%. Within this, UK net revenue was up 11%. In local currency terms, net revenue in Italy and Spain was up 28% and 13%, respectively. The two together made an operating loss of £0.4m and Italy achieved profitability for the first time in 2015.

However, outside our core markets net revenue declined as we closed five markets and saw foreign exchange and regulatory changes or other government measures impact performance. Within this, there was a 1% decline in Sportsbook amounts wagered and a 30% decline in gaming net revenue. Other markets now represent only c12% of Online net revenue, down from 17% in 2014. Over time, we would expect this to continue to change as we focus our investment behind growing our core markets.

The gross win margin was in line with expectations at 7.8%.

Cost of sales increased 147%, principally due to an additional £66.4m of POCT. Operating costs were flat year-on-year.

Marketing costs were £120.6m (2014: £132.1m), with a 3% increase in spend in the UK, no World Cup investment and lower spend in other markets linked to lower net revenue levels. During the year, we secured our preferred live TV advertising assets for the 2015/16 football season and for the EURO 2016 football tournament.

Retail (56% of Group revenue)

	2015 £m	2014 £m	Change
Over-the-counter (OTC) amounts wagered	**2,416.5**	**2,452.2**	**-1%**
Gross win margin	17.8%	18.3%	-0.5 ppts
OTC net revenue	430.9	449.7	-4%
Gaming machine net revenue	458.6	461.7	-1%
Retail net revenue	**889.5**	**911.4**	**-2%**
Cost of sales	(222.8)	(209.9)	+6%
Operating costs	(495.3)	(508.3)	-3%
Operating profit[1]	**171.4**	**193.2**	**-11%**

During 2015, Retail incurred an additional £19.1m in Machine Games Duty (MGD) as the rate increased from 20% to 25% on 1 March 2015. This was the principal driver of the year-on-year profit decline, excluding which operating profit[1] would have declined only 1%.

In spite of the rapid growth of digital gambling, licensed betting offices (LBOs) remain the channel of choice for the majority of UK customers and Retail continues to be a resilient and highly cash-generative business. Our omni-channel strategy focuses on maximising the large footprint we have in both LBOs and online to target the increasing proportion of customers who are using both digital and land-based channels to bet. We are working towards a 'one customer' proposition that gives William Hill customers a more consistent and joined-up experience online, on their mobile devices and in shops.

A major step in this strategy is the SSBT, which enables us to bring one of our competitive advantages – our broad product range – to Retail customers. Using Online's Trafalgar platform, we have developed a proprietary SSBT. This will benefit from both Online's broad product range and product pipeline and a user experience that shares many features with williamhill.com. Our SSBT is currently being tested in-shop to ensure stability, and will be rolled out in 2016. Customer feedback so far has been positive. Our target is to have an initial 500 SSBTs in key shops for the EURO 2016 football tournament. During the coming year, we will develop ways to further enable customers to move funds between channels.

Retail's overall performance was diluted by the closure of 108 shops in 2014, with the average number of LBOs being 2% lower at 2,363. Over-the-counter wagering declined in the absence of a major international football tournament. Gross win margin was 0.5 percentage points lower but within the expected range.

Gaming machine performance was impacted in H1 by the roll-out of the new Eclipse cabinet, a freeze on the release of new games and the implementation of the '£50 journey'. During the year, we implemented a new content improvement strategy, which included sourcing games through five new supplier contracts. We are now releasing, on average, one game every two weeks and saw gaming machines return to growth in Q4 2015, which has continued into 2016. Gross win per machine per week was 1% higher at £949 (2014: £939).

We continue to open new shops although the rate of openings has slowed since the Government implemented changes to planning regulations that place bookmakers in a sole use class. We opened 25 shops in 2015, closed 16 and resited seven. The number of shops at the end of the period was 2,371 (2014: 2,362).

Cost of sales was 6% higher due to the increase in the MGD rate noted above. Operating costs were down 3%, primarily as a result of the 2014 shop closures and lower staff incentives.

As part of our ongoing responsible gambling improvements, in April 2015 we implemented the '£50 journey', requiring customers staking over £50 on gaming machines to use account-based play or gain authorisation from shop staff to improve customer interaction and encourage more conscious decision-making. We also implemented the ABB's Player Awareness System, which assesses customer behaviour against a range of markers identified through the Responsible Gambling Trust research, and are using in-house developed analytic algorithms to keep improving the effectiveness of our engagement with customers. Finally, we worked with the industry to develop a national, cross-operator self-exclusion scheme that will be rolled out shortly.

William Hill Australia (6% of Group revenue)

	On a statutory reporting basis			On a local currency basis		
	2015 £m	**2014 £m**	**Change**	**2015 A$m**	**2014 A$m**	**Change**
Amounts wagered	**1,007.3**	**1,388.7**	**-27%**	**2,045.9**	**2,542.9**	**-20%**
Gross win margin	11.0%	9.3%	+1.7 ppts	11.0%	9.3%	+1.7 ppts
Net revenue	**97.9**	**121.9**	**-20%**	**198.4**	**223.0**	**-11%**
Cost of sales	(23.2)	(30.1)	-23%	(47.1)	(55.2)	-15%
Operating costs	(61.3)	(67.1)	-9%	(124.7)	(122.7)	+2%
Operating profit[1]	**13.4**	**24.7**	**-46%**	**26.6**	**45.1**	**-41%**

Australia is a very attractive opportunity, with structural growth driven by betting on mobile devices, in-play, fixed odds betting and sports products. We are targeting the mass market, recreational customer base, who are generating the fastest growth rates.

We have continued to develop our brand, product and user experience during 2015. We successfully migrated the Sportingbet and tomwaterhouse.com customers to William Hill in March 2015 and January 2016, respectively. We improved the product range by being the first to launch in-play betting in Australia, expanding our local market product range and implementing the Global Trading Platform in time to support our Australian Open sponsorship. We launched our new app in September and it is now one of the highest rated betting apps in the Australian App Store. In the second half, we achieved A$7m of annualised savings from an operational restructuring which we have reinvested in expanding the IT team from 43 to more than 150 people. Owning and managing our technology platform in-house is a major competitive advantage as it speeds up our delivery of innovations. Since Q4 2015, we have been seeing the benefits of these changes start to translate into improved operational performance.

The decline, however, in the performance of the business year-over-year reflects primarily the amounts wagered decline as we implemented client management and trading changes to address unprofitable turnover following race field fee increases, and the transition to the William Hill brand. The gross win margin has structurally improved from c9% to c11% reflecting the client management and trading changes. Net revenue declined faster than gross win as we increased our proportion of free bets to a more competitive level, from 0.5% of amounts wagered to 1.3%.

Operating costs (in local currency) were higher with additional marketing costs for the brand launch and additional depreciation and amortisation reflecting higher capital investment levels. Operating profit[1] declined as a result of the topline change and reported operating profit[1] was further impacted by an 11% decline in the average value of the Australian dollar against sterling year-over-year.

William Hill US (2% of Group revenue)

William Hill US continues to perform strongly with growth from amounts wagered up 36% (local currency: +26%). Net revenue was 12% higher (local currency: +5%) at £33.3m (2014: £29.7m) with a more normalised gross win margin of 6.5% (2014: 7.9%). Operating costs were 21% higher (local currency: +13%) and operating profit[1] was down 5% (local currency: -11%) to £9.2m (2014: £9.7m).

Other (1% of Group revenue)

Telephone made an operating loss of £1.2m in the period (2014: £0.8m loss). Amounts wagered were up 7% and net revenue was up 5% to £12.4m (2014: £11.8m) with a gross win margin of 5.8% (2014: 6.0%). Operating costs decreased by 8%. From 2016, Telephone's performance will be included within the Online segment, which oversees that business.

Corporate

Central costs decreased £2.6m to £30.6m (2014: £33.2m), principally due to a reduction in staff incentives. Associate income increased to £2.7m (2014: £1.0m).

We are also pleased to see that NeoGames, in which we acquired a 29.4% stake for $25m in August 2015, has won an additional online lottery contract for the State of Virginia and has launched a draw-based games solution.

FINANCIAL REVIEW

With good cost control offsetting a slight fall in net revenue, operating profit[1] was £291.4m, 22% or £80.8m down on 2014 (£372.2m) principally due to an extra c£87m of UK gambling duties. Benefiting from lower finance costs and a lower effective tax rate, adjusted EPS was 24.7p, down 17% (2014: 29.9p). Operating cash flows remained consistently strong at £300.9m, driving net debt down 19% to £488.2m.

Pre-exceptional Income Statement

Net revenue was £1,590.9m, a decline of 1% on 2014. Online contributed an additional £23.3m to the Group's net revenue in the year, through both growth in Sportsbook staking and continued increases in gaming activity, driven by our Vegas product suite. Within this, our core territories of the UK, Italy and Spain grew 11% or £47.5m; other markets declined by £24.2m or 27%. Retail OTC fell by 4% or £18.8m, primarily as a result of the portfolio of 108 shop closures in 2014; adjusting for these closures net revenue was down 3%. OTC was also impacted by the rollover of the 2014 World Cup and weaker year-on-year sporting results in Q3. Revenue from Retail gaming machines was down by 1% (up 1% adjusting for closures), including the impact of the introduction of the '£50 journey' from April 2015. Australian revenues fell by £24.0m, reflecting an adverse currency movement (accounting for £10.5m of the fall) and a 20% decline in underlying turnover following a restructure of the customer base, partly offset by a 1.7 percentage point improvement in the gross win margin. The US division grew 12% to contribute an additional £3.6m of net revenue compared to 2014.

Pre-exceptional costs of sales grew £83.4m or 28%. Of this, Retail saw an increase of £12.9m that primarily reflects increased rates of MGD from March 2015. Online's costs grew £75.1m, of which £66.4m relates to additional POCT following the change of taxation basis in December 2014. William Hill Australia reduced costs of sales by £6.9m, broadly in line with the movement in net revenues.

Net operating expenses, including other operating income, fell £21.9m or 2% to £929.7m. Retail expenses saw a £13.0m fall to reflect both the cost impact of 2014's shop closures and lower staff incentive accruals. Online saw costs flat at £299.4m (2014: £300.0m). Within this, marketing costs reduced by £11.5m, offset by higher depreciation and amortisation charges and software costs to support ongoing growth (£7.6m and £3.1m increases, respectively). Net operating expenses in William Hill Australia fell £6.4m to £65.8m, although in local currency terms showed a small increase. Elsewhere, the Group benefited from lower staff incentive charges and a £1.7m higher benefit from our share of results of associates.

Pre-exceptional profit before interest and tax declined 22% to £283.3m, principally reflecting the impact of c£87m of higher UK gambling duties in Retail and Online, along with the impact in Australia of client management activities.

The Group's net finance costs fell by £6.3m from 2014, mostly due to lower net debt levels from strong operational cash flows but benefiting also from a credit recognised in the defined benefit pension scheme.

Exceptional items before tax

The Group's exceptional operating items amounted to £59.0m, comprising £60.6m of accelerated amortisation of Australian brands (following the brand migration to William Hill in Australia), a £0.2m settlement of tax consultancy fees relating to a prior year and credits of £1.8m on early settlement of onerous property leases relating to the portfolio of shop closures in 2014.

Taxation

The Group's pre-exceptional effective tax rate was 13%, including credits from enacted changes in deferred tax rates (£12.2m). On a post-exceptional basis this was minus 2.8%, additionally reflecting deferred tax credits relating to exceptional amortisation (£18.2m) and the release of prior years' current tax provisions (£19.4m) resulting from the resolution of an open matter with a tax authority. This last matter has been treated as an exceptional item given its scale.

The total amount of taxes and duties incurred across the Group in 2015 was c£418m (2014: c£329m).

Earnings per share

Basic EPS declined 8% to 21.6p, a change that broadly tracks the movement in profit after tax. Our adjusted EPS measure, which is intended to reflect underlying performance and thus excludes exceptional items and amortisation of acquired intangibles, declined 17% to 24.7p.

Cash flows and balance sheet

	2015 £m	2014 £m
Cash flows from operations	300.9	368.2
Capital investment	(67.5)	(74.6)
Acquisitions	(17.4)	(2.6)
Dividends	(108.4)	(104.0)
Cash flows before debt repayments	**107.6**	**187.0**
Net debt for covenant purposes	**488.2**	**602.8**

Operating cash flows were £300.9m, or c£67m lower than in 2014; this reduction reflects the impact of higher gambling duties on profitability, offset by a working capital benefit.

The Group applied its cash flows to capital investment of £67.5m, an investment in NeoGames of £17.4m and dividends of £108.4m. After paying down its revolving debt facility, the Group added £60m to its cash holdings, driving a reduction in net debt of £115m. As a result, our key covenant measure of net debt to EBITDA reduced to 1.3x, versus 1.4x in the prior year and 2.0x in 2013.

FISCAL AND REGULATORY UPDATE

Responsible gambling

Responsible gambling continues to be a major focus for the Group and we have taken a number of steps both to improve the tools available to customers and to share and encourage best practice. In 2015, we worked on a cross-operator self-exclusion trial with a view to implementing nationally by April 2016, rolled out our 'Linked' card scheme for those staking over £50 on gaming machines and developed gaming machine and online behavioural analytics that support more effective interaction with customers showing markers of harmful behaviour.

Gaming machines and Triennial Review

In January 2016, the Department for Culture, Media and Sport published an evaluation of the '£50 journey'. The key findings were that the majority of customers who were previously staking over £50 are now staking at or below £50, which is consistent with our experience. Session length has marginally increased and card use has doubled across the industry. The Government has noted, in various Parliamentary responses, that the regulation appears to be having a positive effect on machine players who are making 'conscious decisions to stay in control'.

The Triennial Review of gaming machine stakes and prizes is expected to start no later than autumn 2016.

Funding for UK horseracing

In December 2015, the Secretary of State determined that the 55th Levy Scheme would be rolled over at the current rate of 10.75%. This had been referred to the Secretary of State after the bookmakers' offer of 5% of online UK horseracing gross win for three years had been refused by Racing. The Government's policy continues to be to introduce a 'racing right', but no detail has yet been forthcoming.

Scotland

The Scotland Bill is now at the report stage. Amendments relating to gaming machines were made to the Bill but were withdrawn and it appears that the Scottish Government will be granted powers to regulate gaming machines for new licences only. This means planning restrictions in Scotland are likely to be revisited.

The 4th EU Money Laundering Directive

The European Parliament passed the 4th EU Money Laundering Directive in June 2015, which may bring retail bookmakers under its auspices for the first time. We contributed to HM Treasury's and the Home Office's national risk assessment of the money laundering and terrorist financing risk in the UK as part of the Government's preparedness for implementing the Directive. Retail betting and gaming were classed as low risk activities. The impact on the UK gambling sector will be finalised during 2016. However, the Gambling Commission has issued a draft gambling sector risk assessment suggesting retail betting is high risk, which we strongly dispute, and is consulting on plans to include additional money laundering measures in its licensing conditions and codes of practice. We are awaiting HM Treasury's consultation on implementation of the Directive, which Member States have to complete before May 2017.

William Hill Australia in-play

Following the introduction of our innovative in-play product in Australia, complaints were made to the Australian Communications and Media Authority, which were referred to the Australian Federal Police. We subsequently received confirmation that the Federal Police did not intend to follow up these complaints.

In August, the Australian Government commissioned a review of the Interactive Gambling Act 2001 to examine the economic impacts of illegal offshore wagering on licensed Australian wagering businesses, measures from international regulatory regimes that could be applied in Australia, technological and legislative options to mitigate the costs of illegal offshore wagering, and the efficacy of measures to protect the consumer. A report was submitted to the Government in December, which we believe will be released in March alongside the Government's response.

BOARD CHANGES

Philip Bowcock joined the Board and Group as Chief Financial Officer on 1 November 2015. He replaced the previous Group Finance Director, Neil Cooper, who stood down from the Board on 6 November 2015.

PRINCIPAL RISKS

The key risk areas for 2016 for the Group are currently identified as:

- regulatory compliance and change;
- execution of IT strategy;
- cyber-crime and security;
- competitive landscape;
- talent;
- fiscal change; and
- business continuity management and disaster recovery.

These are discussed in more detail in our 2015 Annual Report, which can be found on our website www.williamhillplc.com.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE FINAL RESULTS ANNOUNCEMENT

The directors confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report (which includes the management report) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement is approved by the Board of directors and is signed on its behalf by:

J. Henderson	P. Bowcock
Chief Executive Officer	Chief Financial Officer
26 February 2016	26 February 2016

Consolidated Income Statement

For the 52 weeks ended 29 December 2015

	Notes	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 29 December 2015 Total £m	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 30 December 2014 Total £m
Continuing operations							
Amounts wagered	2	**8,892.0**	**–**	**8,892.0**	8,945.7	–	8,945.7
Revenue	2	**1,590.9**	**–**	**1,590.9**	1,609.3	–	1,609.3
Cost of sales	2	**(377.9)**	**–**	**(377.9)**	(294.5)	(9.7)	(304.2)
Gross profit	2	**1,213.0**	**–**	**1,213.0**	1,314.8	(9.7)	1,305.1
Other operating income		**8.9**	**–**	**8.9**	8.9	–	8.9
Other operating expenses	3	**(941.3)**	**(59.0)**	**(1,000.3)**	(961.5)	(71.7)	(1,033.2)
Share of results of associates		**2.7**	**–**	**2.7**	1.0	–	1.0
Profit before interest and tax	2	**283.3**	**(59.0)**	**224.3**	363.2	(81.4)	281.8
Investment income	4	**1.4**	**–**	**1.4**	1.0	–	1.0
Finance costs	5	**(41.0)**	**–**	**(41.0)**	(46.9)	(2.0)	(48.9)
Profit before tax	2	**243.7**	**(59.0)**	**184.7**	317.3	(83.4)	233.9
Tax	3,6	**(32.1)**	**37.3**	**5.2**	(63.1)	35.5	(27.6)
Profit for the period (attributable to equity holders of the parent)		**211.6**	**(21.7)**	**189.9**	254.2	(47.9)	206.3

	Notes			2015			2014
Earnings per share (pence)							
Basic	8			**21.6**			23.6
Diluted	8			**21.5**			23.4

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 29 December 2015

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Profit for the period	**189.9**	206.3
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurements in defined benefit pension scheme	**(14.9)**	36.4
Tax on remeasurements in defined benefit pension scheme	**1.7**	(7.3)
	(13.2)	29.1
Items that may be reclassified subsequently to profit or loss:		
Gain on cash flow hedges	**0.3**	–
Exchange differences on translation of foreign operations	**(21.8)**	(5.4)
	(21.5)	(5.4)
Other comprehensive (loss)/income for the period	**(34.7)**	23.7
Total comprehensive income for the period (attributable to equity holders of the parent)	**155.2**	230.0

Consolidated Statement of Changes in Equity

For the 52 weeks ended 29 December 2015

	Attributable to equity holders of the parent							
	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total equity £m
At 31 December 2014	**87.7**	**683.2**	**6.8**	**(26.1)**	**(1.1)**	**(105.3)**	**515.1**	**1,160.3**
Profit for the financial period	–	–	–	–	–	–	189.9	189.9
Other comprehensive loss for the period	–	–	–	–	–	(21.5)	(13.2)	(34.7)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(21.5)**	**176.7**	**155.2**
Purchase and issue of own shares (note 10)	–	–	–	–	(3.7)	–	0.7	(3.0)
Transfer of own shares to recipients (note 10)	–	–	–	–	0.7	–	(0.7)	–
Other shares issued during the period	0.7	3.4	–	–	–	–	(0.5)	3.6
Credit recognised in respect of share remuneration	–	–	–	–	–	–	7.2	7.2
Tax credit in respect of share remuneration	–	–	–	–	–	–	0.9	0.9
Dividends paid (note 7)	–	–	–	–	–	–	(108.4)	(108.4)
At 29 December 2015	**88.4**	**686.6**	**6.8**	**(26.1)**	**(4.1)**	**(126.8)**	**591.0**	**1,215.8**

	Attributable to equity holders of the parent							
	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total equity £m
At 1 January 2014	**86.7**	**680.7**	**6.8**	**(26.1)**	**(3.8)**	**(99.9)**	**378.9**	**1,023.3**
Profit for the financial period	–	–	–	–	–	–	206.3	206.3
Other comprehensive (loss)/income for the period	–	–	–	–	–	(5.4)	29.1	23.7
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(5.4)**	**235.4**	**230.0**
Purchase and issue of own shares	0.1	–	–	–	(5.8)	–	4.9	(0.8)
Transfer of own shares to recipients	–	–	–	–	8.5	–	(8.5)	–
Other shares issued during the period	0.9	2.5	–	–	–	–	(0.7)	2.7
Credit recognised in respect of share remuneration	–	–	–	–	–	–	7.4	7.4
Tax credit in respect of share remuneration	–	–	–	–	–	–	1.7	1.7
Dividends paid	–	–	–	–	–	–	(104.0)	(104.0)
At 30 December 2014	**87.7**	**683.2**	**6.8**	**(26.1)**	**(1.1)**	**(105.3)**	**515.1**	**1,160.3**

Consolidated Statement of Financial Position

As at 29 December 2015

	Notes	29 December 2015 £m	30 December 2014 £m
Non-current assets			
Intangible assets		**1,732.3**	1,816.3
Property, plant and equipment		**210.6**	225.4
Investments and interests in associates		**33.7**	14.0
Deferred tax asset		**4.2**	12.9
Retirement benefit asset		**23.0**	27.5
Loans receivable		**–**	2.3
		2,003.8	2,098.4
Current assets			
Inventories		**0.1**	0.1
Trade and other receivables		**56.2**	55.3
Cash and cash equivalents		**282.1**	222.1
Investment property held for sale		**4.4**	4.7
Derivative financial instruments		**0.1**	–
		342.9	282.2
Total assets		**2,346.7**	2,380.6
Current liabilities			
Trade and other payables		**(325.8)**	(314.6)
Corporation tax liabilities		**(24.5)**	(44.0)
Borrowings	9	**(299.1)**	–
Derivative financial instruments		**(13.8)**	(11.2)
		(663.2)	(369.8)
Non-current liabilities			
Borrowings	9	**(369.5)**	(716.1)
Deferred tax liabilities		**(98.2)**	(134.4)
		(467.7)	(850.5)
Total liabilities		**(1,130.9)**	(1,220.3)
Net assets		**1,215.8**	1,160.3
Equity			
Called-up share capital		**88.4**	87.7
Share premium account		**686.6**	683.2
Capital redemption reserve		**6.8**	6.8
Merger reserve		**(26.1)**	(26.1)
Own shares held	10	**(4.1)**	(1.1)
Hedging and translation reserves		**(126.8)**	(105.3)
Retained earnings		**591.0**	515.1
Total equity		**1,215.8**	1,160.3

Consolidated Cash Flow Statement

For the 52 weeks ended 29 December 2015

	Notes	**52 weeks ended 29 December 2015 £m**	52 weeks ended 30 December 2014 £m
Net cash from operating activities	11	**300.9**	368.2
Investing activities			
Dividend from associate		**0.4**	1.0
Interest received	4	**1.4**	1.0
Proceeds on disposal of property, plant and equipment		**1.1**	2.2
Proceeds on disposal of investment properties		**–**	4.1
Loans receivable		**–**	2.3
Acquisitions and investments		**(17.4)**	(2.6)
Purchases of property, plant and equipment		**(22.5)**	(29.1)
Expenditure on computer software		**(45.0)**	(45.5)
Net cash used in investing activities		**(82.0)**	(66.6)
Financing activities			
Proceeds on issue of shares under share schemes		**3.6**	2.7
Purchase of own shares		**(3.0)**	(0.8)
Dividends paid	7	**(108.4)**	(104.0)
Repayments under borrowing facilities	9	**(50.0)**	(180.0)
Debt facility issue costs		**–**	(4.1)
Net cash used in financing activities		**(157.8)**	(286.2)
Net increase in cash and cash equivalents in the period		**61.1**	15.4
Changes in foreign exchange rates		**(1.1)**	–
Cash and cash equivalents at start of period		**222.1**	206.7
Cash and cash equivalents at end of period		**282.1**	222.1

1. BASIS OF ACCOUNTING

GENERAL INFORMATION

William Hill PLC is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Greenside House, 50 Station Road, London N22 7TP. The nature of the Group's operations and its principal activities are set out in the Strategic Report within the Annual Report and note 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with our accounting policies.

BASIS OF ACCOUNTING

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Group financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The Group financial statements have been prepared on the historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in our accounting policies. The key accounting policies adopted are set out in our Annual Report.

The financial statements set out in this preliminary announcement do not constitute the Company's statutory accounts for the 52 week periods ended 29 December 2015 or 30 December 2014, but are derived from those accounts. The auditor has reported on those accounts and their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company has published full financial statements that comply with IFRS on 26 February 2016.

ADOPTION OF NEW AND REVISED STANDARDS

The Group has adopted a number of new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations, none of which have had a significant effect on the results or net assets of the Group. A list is provided in an appendix to the Annual Report.

STANDARDS IN ISSUE BUT NOT EFFECTIVE

A complete list of standards that are in issue but not yet effective is included with our full accounting policies in an appendix to the Annual Report.

We anticipate that IFRS 16 'Leases', which will come into effect in 2019, will have a material impact upon the Group's reported performance. Since the impact is influenced by interest rates in future years, it is not yet possible to reasonably quantify its effects. We do not anticipate a material impact on the results or net assets of the Group from any other standards that are in issue but not yet effective.

GOING CONCERN

The Group meets its day-to-day working capital requirements from positive operational cash flow and its available cash resources. These are supplemented when required by additional drawings under the Group's bank loan facilities, which are committed until May 2019. Whilst there are a number of risks to the Group's trading performance, the Group is confident of its ability to continue to access sources of funding in the medium term. The Group's strategic forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available and expected future facilities and its banking covenants for the period of the strategic forecast.

After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business, regulatory and financing risks, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

2. SEGMENT INFORMATION

The Board has reviewed and confirmed the Group's reportable segments in line with the guidance provided by IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports the Group's Chief Executive Officer reviews to make strategic decisions.

The Retail segment comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all activity undertaken online outside of Australia, including sports betting, casino, poker sites and other gaming products. The Telephone segment comprises the Group's telephone betting services outside of Australia. The US segment comprises all activity undertaken in the USA, excluding associates. The Australia segment comprises online and telephone sports betting under the William Hill, Sportingbet, Centrebet and tomwaterhouse.com brands in Australia. Other activities include on-course betting and greyhound stadia operations. There are no inter-segmental sales within the Group.

Segment information for the 52 weeks ended 29 December 2015 is as follows:

	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Amounts wagered	2,875.1	4,250.2	226.9	510.8	1,007.3	21.7	–	8,892.0
Payout	(1,985.6)	(3,699.5)	(214.5)	(477.5)	(909.4)	(14.6)	–	(7,301.1)
Revenue	**889.5**	**550.7**	**12.4**	**33.3**	**97.9**	**7.1**	**–**	**1,590.9**
GPT, duty, levies and other costs of sales	(222.8)	(126.1)	(2.1)	(2.9)	(23.2)	(0.8)	–	(377.9)
Gross profit	666.7	424.6	10.3	30.4	74.7	6.3	–	1,213.0
Depreciation	(26.9)	(0.7)	–	(0.9)	–	(0.2)	(3.5)	(32.2)
Amortisation	(2.5)	(33.5)	(0.2)	–	(5.1)	–	–	(41.3)
Other administrative expenses	(465.9)	(263.9)	(11.3)	(20.3)	(56.2)	(6.1)	(27.1)	(850.8)
Share of results of associates	–	–	–	–	–	–	2.7	2.7
Operating profit/(loss)[1]	**171.4**	**126.5**	**(1.2)**	**9.2**	**13.4**	**–**	**(27.9)**	**291.4**
Amortisation of specific acquired intangibles	–	(1.3)	–	(2.3)	(4.5)	–	–	(8.1)
Exceptional operating items	1.6	–	–	–	(60.6)	–	–	(59.0)
Profit/(loss) before interest and tax[2]	**173.0**	**125.2**	**(1.2)**	**6.9**	**(51.7)**	**–**	**(27.9)**	**224.3**
Non-operating exceptional items							–	–
Investment income							1.4	1.4
Finance costs							(41.0)	(41.0)
Profit before tax								**184.7**

[1] The Group defines operating profit/(loss) as pre-exceptional profit/(loss) before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions.

[2] The reports used by the Chief Executive Officer to make strategic decisions use operating profit as a key metric. A reconciliation to profit/(loss) before interest and tax has been provided for information purposes only.

As at 29 December 2015	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Statement of financial position information								
Total segment assets	1,393.7	399.1	–	45.1	293.0	11.4	200.2	2,342.5
Total segment liabilities	(91.6)	(172.2)	–	(14.8)	(25.5)	(0.4)	(703.7)	(1,008.2)
Included within total assets:								
Goodwill	680.7	183.9	–	20.1	254.0	7.1	–	1,145.8
Other intangibles with indefinite lives	484.3	–	–	–	–	–	–	484.3
Interests in associates	–	–	–	–	–	–	33.6	33.6
Capital additions	16.4	37.6	–	0.8	8.7	–	2.8	66.3

Net assets/(liabilities) have been allocated by segment based on the information reviewed by the Group's Chief Executive Officer. Corporate net assets include net borrowings and the net defined benefit pension asset as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis. The above analysis excludes corporation tax and deferred tax-related balances.

Capital additions in the above table are stated on an accruals basis.

Segment information for the 52 weeks ended 30 December 2014:

	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Amounts wagered	2,913.9	4,032.3	212.2	375.7	1,388.7	22.9	–	8,945.7
Payout	(2,002.5)	(3,504.9)	(200.4)	(346.0)	(1,266.8)	(15.8)	–	(7,336.4)
Revenue	**911.4**	**527.4**	**11.8**	**29.7**	**121.9**	**7.1**	**–**	**1,609.3**
GPT, duty, levies and other costs of sales	(209.9)	(51.0)	(0.1)	(2.5)	(30.1)	(0.9)	–	(294.5)
Gross profit	701.5	476.4	11.7	27.2	91.8	6.2	–	1,314.8
Depreciation	(26.8)	(0.7)	–	(0.6)	(1.3)	(0.2)	(3.9)	(33.5)
Amortisation	(2.7)	(25.9)	(0.2)	–	(3.5)	–	–	(32.3)
Other administrative expenses	(478.8)	(272.1)	(12.3)	(16.9)	(62.3)	(6.1)	(29.3)	(877.8)
Share of results of associates	–	–	–	–	–	–	1.0	1.0
Operating profit/(loss)[1]	**193.2**	**177.7**	**(0.8)**	**9.7**	**24.7**	**(0.1)**	**(32.2)**	**372.2**
Amortisation of specific acquired intangibles	–	(1.3)	–	(2.6)	(5.1)	–	–	(9.0)
Exceptional operating items	(19.9)	(9.7)	–	–	(51.8)	–	–	(81.4)
Profit/(loss) before interest and tax[2]	**173.3**	**166.7**	**(0.8)**	**7.1**	**(32.2)**	**(0.1)**	**(32.2)**	**281.8**
Non-operating exceptional items							(2.0)	(2.0)
Investment income							1.0	1.0
Finance costs							(46.9)	(46.9)
Profit before tax								**233.9**

[1] The Group defines operating profit/(loss) as pre-exceptional profit/(loss) before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions.

[2] The reports used by the Chief Executive Officer to make strategic decisions use operating profit as a key metric. A reconciliation to profit/(loss) before interest and tax has been provided for information purposes only.

As at 30 December 2014	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Statement of financial position information								
Total segment assets	1,384.8	372.1	–	52.5	388.5	11.1	158.7	2,367.7
Total segment liabilities	(90.2)	(139.4)	(0.5)	(10.1)	(44.4)	(0.1)	(757.2)	(1,041.9)
Included within total assets:								
Goodwill	680.7	183.9	–	19.3	274.4	7.1	–	1,165.4
Other intangibles with indefinite lives	484.3	–	–	–	–	–	–	484.3
Interests in associates	–	–	–	–	–	–	14.0	14.0
Capital additions	25.2	31.3	–	2.2	5.8	–	5.8	70.3

Net assets/(liabilities) have been allocated by segment based on the information reviewed by the Group's Chief Executive Officer. Corporate net assets include net borrowings and the net defined benefit pension liability as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis. The above analysis excludes corporation tax and deferred tax-related balances.

Capital additions in the above table are stated on an accruals basis.

Revenues and non-current assets by geographical area are as follows:

	Revenues		Non-current assets	
	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m	**29 December 2015 £m**	30 December 2014 £m
United Kingdom	**1,344.7**	1,322.4	**1,444.5**	1,454.2
Rest of the World	**246.2**	286.9	**559.3**	644.2
	1,590.9	1,609.3	**2,003.8**	2,098.4

Revenue information is based on the location of the customer. Non-current asset information is based on physical location (for tangible assets) or primary operating location of the company using the asset (for all other assets).

3. EXCEPTIONAL ITEMS

Exceptional items are those items the Group considers to be non-recurring or material in nature that should be brought to the reader's attention in understanding the Group's financial performance. Exceptional (charges)/credits before tax are as follows:

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Operating		
Accelerated brand amortisation[1]	**(60.6)**	(44.5)
Portfolio shop closures[2]	**1.8**	(19.4)
VAT repayment[3]	**(0.2)**	(0.5)
Indirect taxation	**–**	(9.7)
tomwaterhouse.com acquisition and integration costs	**–**	(3.3)
Revaluation of tomwaterhouse.com contingent consideration	**–**	(2.2)
Australian management restructuring	**–**	(1.8)
	(59.0)	(81.4)
Non-operating		
Costs in respect of refinancing	**–**	(2.0)
	–	(2.0)
Total exceptional items before tax	**(59.0)**	(83.4)

Within the tax line, we present both exceptional tax items and the tax impact of exceptional items before tax, comprising the following:

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Tax credit in respect of accelerated brand amortisation	**18.2**	13.4
Tax (charge)/credit in respect of portfolio shop closures	**(0.3)**	3.7
Tax credit in respect of VAT repayment	**–**	0.1
Tax credit in respect of indirect taxation	**–**	1.0
Tax credit in respect of tomwaterhouse.com acquisition and integration costs	**–**	1.0
Tax credit in respect of Australian management restructuring	**–**	0.5
Tax credit in respect of refinancing costs	**–**	0.4
Release of historical corporation tax provisions[4]	**19.4**	15.4
	37.3	35.5

[1] In 2014, William Hill Australia began a process to rebrand its operations to William Hill and, accordingly, accelerated the amortisation of relevant brand assets. The incremental amortisation charge resulting from this change has been presented as an exceptional item in 2014 and in 2015, given its material scale.

[2] As a result of HM Treasury's announcement in March 2014 of an increase in Machine Games Duty, the Group closed a portfolio of 108 shops during 2014 and provided for onerous leases and other expenses. The Group has exited a number of these leases in the period and the difference between provisions held and any final settlement is credited or charged to exceptional items, consistently with the original provisions.

[3] Tax advisory fees have been charged in 2015 in respect of a VAT refund in prior years. These fees are presented as exceptional, consistently with the original refund and associated items.

[4] During 2015, the Group released certain historical provisions for corporation tax, following resolution of discussions with a tax authority. This release has been presented as an exceptional item, due to its scale.

4. INVESTMENT INCOME

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Interest on bank deposits	**1.4**	1.0

5. FINANCE COSTS

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Interest payable and similar charges:		
Bank loans, bonds and overdrafts	**39.7**	43.7
Amortisation of finance costs	**2.5**	2.6
Interest payable	**42.2**	46.3
Interest on net pension scheme assets or liabilities	**(1.2)**	0.6
	41.0	46.9

The above does not include exceptional finance costs as described in note 3.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax (credit)/charge comprises:

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Current tax:		
UK corporation tax	**26.7**	39.8
Overseas tax	**14.5**	16.9
Adjustment in respect of prior periods	**(21.4)**	(15.6)
Total current tax charge	**19.8**	41.1
Deferred tax:		
Origination and reversal of temporary differences	**(15.3)**	(12.8)
Impact from changes in statutory tax rates	**(12.2)**	–
Adjustment in respect of prior periods	**2.5**	(0.7)
Total deferred tax credit	**(25.0)**	(13.5)
Total tax on profit on ordinary activities	**(5.2)**	27.6

The effective tax rate in respect of ordinary activities before exceptional items was 13.2% (52 weeks ended 30 December 2014: 19.9%). The effective tax rate in respect of ordinary activities after exceptional items was minus 2.8% (52 weeks ended 30 December 2014: 11.8%). The current period's credit was lower than the UK statutory rate of 20.25% mainly due to lower effective tax rates on overseas profits, adjustments in respect of prior periods and the deferred tax credit arising on the enacted fall in the rate of UK corporation tax. The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	52 weeks ended 29 December 2015		52 weeks ended 30 December 2014	
	£m	**%**	£m	%
Profit before tax	**184.7**		233.9	
Tax on Group profit at standard UK corporation tax rate of 20.25% (2014: 21.5%)	**37.4**	**20.3**	50.3	21.5
Impact of changes in statutory tax rates	**(12.2)**	**(6.6)**	–	–
Different tax rates in overseas territories	**(15.8)**	**(8.6)**	(10.2)	(4.3)
Tax on share of results of associates	**(0.5)**	**(0.3)**	(0.2)	(0.1)
Adjustment in respect of prior periods	**(18.9)**	**(10.2)**	(16.3)	(7.0)
Permanent differences – non-deductible expenditure	**4.8**	**2.6**	4.0	1.7
Total tax charge/(credit)	**(5.2)**	**(2.8)**	27.6	11.8

William Hill plc pays taxes in the UK and therefore the tax rate used for tax on Group profit for the purposes of this analysis is the standard rate for UK corporation tax.

There are no material unrecognised deferred tax assets.

7. DIVIDENDS PROPOSED AND PAID

	52 weeks ended 29 December 2015 Per share	52 weeks ended 30 December 2014 Per share	**52 weeks ended 29 December 2015 £m**	52 weeks ended 30 December 2014 £m
Equity shares:				
– current period interim dividend paid	**4.1p**	4.0p	**36.2**	35.1
– prior period final dividend paid	**8.2p**	7.9p	**72.2**	68.9
	12.3p	11.9p	**108.4**	104.0
Proposed final dividend	**8.4p**	8.2p	**74.4**	72.3

The proposed final dividend of 8.4p will, subject to shareholder approval, be paid on 3 June 2016 to all shareholders on the register on 29 April 2016. In line with the requirements of IAS 10 – 'Events after the Reporting Period', this dividend has not been recognised within these results. The Group estimates that approximately 886 million shares will qualify for the final dividend.

Under an agreement signed in November 2002, The William Hill Holdings 2001 Employee Benefit Trust agreed to waive all dividends. Details of shares held by the William Hill Holdings 2001 Employee Benefit Trust are given in note 10.

8. EARNINGS PER SHARE

The earnings per share figures for the respective periods are as follows:

	52 weeks ended 29 December 2015			52 weeks ended 30 December 2014		
	Basic	**Potentially dilutive share options**	**Diluted**	Basic	Potentially dilutive share options	Diluted
Profit after tax attributable to equity holders of the parent for the financial period (£m)	**189.9**	**–**	**189.9**	206.3	–	206.3
Exceptional items (note 3) (£m)	**59.0**	**–**	**59.0**	83.4	–	83.4
Exceptional items – tax credit (note 3) (£m)	**(37.3)**	**–**	**(37.3)**	(35.5)	–	(35.5)
Amortisation of intangibles (net of tax) (£m)	**5.9**	**–**	**5.9**	6.6	–	6.6
Adjusted profit after tax for the financial period (£m)	**217.5**	**–**	**217.5**	260.8	–	260.8
Weighted average number of shares (million)	**880.9**	**4.3**	**885.2**	873.2	8.2	881.4
Earnings per share (pence)	**21.6**	**(0.1)**	**21.5**	23.6	(0.2)	23.4
Amortisation adjustment (pence)	**0.7**	**–**	**0.7**	0.8	–	0.8
Exceptional adjustment (pence)	**2.4**	**–**	**2.4**	5.5	(0.1)	5.4
Earnings per share – adjusted (pence)	**24.7**	**(0.1)**	**24.6**	29.9	(0.3)	29.6

An adjusted earnings per share, based on profit for the period before exceptional items and before the amortisation of specific intangible assets arising on acquisitions, has been presented in order to highlight the underlying performance of the Group.

The basic weighted average number of shares excludes shares held by The William Hill Holdings 2001 Employee Benefit Trust and those shares held in treasury. The effect of this was to reduce the average number of shares by 0.9 million in the 52 weeks ended 29 December 2015 (52 weeks ended 30 December 2014: 0.3 million).

9. BORROWINGS

	29 December 2015 £m	30 December 2014 £m
Borrowings at amortised cost		
Bank loans	**–**	50.0
Less: expenses relating to bank loans	**(3.0)**	(3.8)
£300m 7.125% Guaranteed Notes due 2016	**300.0**	300.0
Less: discount on £300m 7.125% Guaranteed Notes due 2016 issued for £297.9m	**(0.3)**	(0.7)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	**(0.6)**	(1.3)
£375m 4.25% Guaranteed Notes due 2020	**375.0**	375.0
Less: expenses relating to £375m 4.25% Guaranteed Notes due 2020	**(2.5)**	(3.1)
Total Borrowings	**668.6**	716.1
Less: amount shown as due for settlement in 12 months	**(299.1)**	–
Amount shown as due for settlement after 12 months	**369.5**	716.1

The gross borrowings are repayable as follows:		
Amounts due for settlement within one year	**300.0**	–
In the second year	**–**	300.0
In the third to fifth years inclusive	**375.0**	50.0
After more than five years	**–**	375.0
	675.0	725.0

Bank facilities

As at 29 December 2015, the Group had the following bank facilities:

1. A committed revolving credit bank loan facility (RCF) of £540m provided by a syndicate of banks which expires in May 2019. At the period-end, £nil of this facility was drawn down (30 December 2014: £50m).
2. An overdraft facility of £5m, of which £nil was drawn down at the period-end (30 December 2014: £nil).

£540m Revolving Credit Facility

Borrowings under the RCF are unsecured but are guaranteed by the Company and certain of its operating subsidiaries.

Borrowings under the Facility incur interest at LIBOR plus a margin of between 1.25% and 2.50%, determined by the Group's consolidated net debt to EBITDA ratio as defined in the loan agreement. A utilisation fee is payable if more than a certain percentage of the loan is drawn. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings under the RCF.

Upfront participation and arrangement fees plus associated costs incurred in arranging the RCF have been capitalised in the Consolidated Statement of Financial Position and are being amortised on a straight line basis over the life of the Facility.

Overdraft facility

At 29 December 2015, the Group had an overdraft facility with National Westminster Bank plc of £5m (30 December 2014: £5m). The balance on this facility at 29 December 2015 was £nil (30 December 2014: £nil).

Corporate bonds

(i) £300m 7.125% Guaranteed Notes due 2016
As part of its strategy to diversify its funding and strengthen its balance sheet, the Company issued £300m of corporate bonds to investors in 2009. These bonds mature in November 2016 and are guaranteed by the Company and certain of its operating subsidiaries. The bonds carry a coupon of 7.125% but, together with the discount on issue of the bonds, bear an effective interest rate of 7.25%.

(ii) £375m 4.25% Guaranteed Notes due 2020

In June 2013, the Group issued £375m of corporate bonds and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the bond used to reduce outstanding amounts under the Group's RCF. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, bear a coupon rate of 4.25% and are due for redemption in June 2020.

Finance fees and associated costs incurred on both issues of bonds, together with the discount on the 2009 issue, have been capitalised in the Consolidated Statement of Financial Position and are being amortised over the life of the respective bonds using the effective interest rate method.

10. OWN SHARES

	£m
At 31 December 2014	(1.1)
Purchase and issue of own shares	(3.7)
Transfer of own shares to recipients	0.7
At 29 December 2015	**(4.1)**

Own shares held comprise:

	29 December 2015			30 December 2014		
	Number of shares	**Nominal value £m**	**Cost £m**	Number of shares	Nominal value £m	Cost £m
William Hill Holdings Employee Benefit Trust (EBT)	**1,089,463**	**0.1**	**4.1**	316,606	–	1.1

11. NOTES TO THE CASH FLOW STATEMENT

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 (restated) £m
Profit before interest and tax	**224.3**	281.8
Adjustments for:		
Share of results of associates	**(2.7)**	(1.0)
Depreciation of property, plant and equipment	**32.2**	33.5
Amortisation of intangibles	**110.0**	85.8
Gain on disposal of property, plant and equipment	**(0.1)**	(1.4)
(Gains)/losses on early settlement of vacant property leases	**(1.8)**	0.2
Cost charged in respect of share remuneration	**7.2**	7.4
Defined benefit pension cost less cash contributions	**(9.2)**	(9.1)
Fair value movements on investment property	**0.3**	0.5
Movement on financial derivatives	**2.8**	1.5
Operating cash flows before movements in working capital:	**363.0**	399.2
Change in inventories	**–**	0.1
Decrease in receivables	**0.6**	0.9
Increase in payables	**16.7**	46.1
Cash generated by operations	**380.3**	446.3
Income taxes paid	**(39.4)**	(34.5)
Interest paid	**(40.0)**	(43.6)
Net cash from operating activities	**300.9**	368.2

In previous reporting periods, the Company used profit before interest, tax and exceptional items as the starting position for reporting net cash from operating activities. This presentation has now been revised and the reconciliation begins with profits inclusive of exceptional items. This is a purely presentational change and has no impact upon the measurement or reporting of net cash from operating activities. The comparative figures for the period ended 30 December 2014 have been restated accordingly.

12. CONTINGENT LIABILITIES

The Group has potential obligations in respect of legal action following the 2012 acquisition of businesses in Nevada, USA. The Group does not expect a material adverse outcome, but there can be no assurance that the results of this legal action will not have a material impact upon the Group's cash flows or results.

The value and timing of possible obligations in this regard are subject to a high degree of uncertainty and cannot be reliably measured. Accordingly, no amounts are provided.

ABBREVIATIONS AND GLOSSARY

Amortisation

Where operating profit and EPS are adjusted for amortisation, this pertains to amortisation of intangibles recognised on acquisition.

Amounts wagered

This represents the gross takings in Retail OTC, Telephone, US, Australia and Online Sportsbook. On the Consolidated Income statement and in note 2, this additionally includes net revenue from Retail gaming machines and Online gaming products.

Basic, adjusted EPS

This is based upon profit for the period before exceptional items and before the amortisation of specific intangible assets recognised on acquisition.

EBITDA

Earnings before interest, tax, depreciation and amortisation. EBITDA for covenant purposes is pre-exceptional earnings before interest, tax, depreciation and amortisation, and share remuneration charges.

Gross win and net revenue

Gross win is calculated as the total amount that the Group retains from customers after paying out any winnings. Net revenue is the primary measure for all divisions. This is defined as gross win less fair-value adjustments for free bets, promotions and bonuses, which are used extensively in digital operations but less so in Retail.

Gross win margin / net revenue margin

This is a measure, inter alia, of the effect of sporting results on the business. The margin is defined as gross win/net revenue as a percentage of amounts wagered. The margin is also affected by the mix of products with different margins and the amount of concessions or free bets offered to customers.

Operating profit

Pre-exceptional profit before interest and tax, before the amortisation of specific intangible assets recognised on acquisition, amounting to £8.1m in 2015 (2014: £9.0m).

OTC

Retail over-the-counter, which largely constitutes bets placed on sporting events, virtual events and lottery-style numbers games.

MGD

Machine Games Duty. This is levied on Retail's gaming machine revenues. The rate was increased from 20% to 25% on 1 March 2015.

Net debt for covenant purposes

Borrowings plus counter-indemnity obligations under bank guarantees less cash adjusted for customer funds and other restricted balances.

POCT

Point of Consumption tax. This is levied on UK revenues from the Online business at 15% of net revenue for gaming and 15% of gross win for sports. It was first applied on 1 December 2014.