William Hill PLC

9 August 2019

Delivering on our strategy and well positioned for future growth

William Hill PLC (LSE: WMH) (William Hill or the Group) announces its half-year results for the 26 weeks ended 2 July 2019 (the period or H1 2019). Comparatives relate to the 26 weeks ended 26 June 2018.

	Statutory results[1]			Adjusted results[1]		
	H1 19 £m	H1 18 £m	Change %	H1 19 £m	H1 18 £m	Change %
Net revenue	811.7	802.9	+1%	811.7	802.9	+1%
Adjusted operating profit[2]	-	-	-	76.2	113.6	-33%
(Loss) before interest and tax	(38.1)	(802.3)	-	-	-	-
(Loss)/profit before tax	(63.5)	(819.6)	-	50.8	96.3	-47%
(Loss)/earnings per share (EPS) (p)[3]	(7.1)	(93.5)	-	5.3	9.1	-42%
Dividend per share (p)	2.66	4.26	-38%	2.66	4.26	-38%

Financial results

- H1 results in line with expectations during period of transition and Year 1 of new strategy
- Group net revenue up 1% to £811.7m, impacted by £2 stake limit on gaming machines in betting shops and reflecting the acquisition of Mr Green
- Adjusted operating profit[2] down 33% to £76.2m reflecting £2 stake limit and investment in US Expansion
- Exceptional charge and adjustments of £114.3m, including £97.1m relating to mitigation measures following the £2 stake change, including the proposed closure of c700 betting shops, leading to a statutory loss before tax of £63.5m
- Net debt to EBITDA for covenant purposes[4] of 2.0 times, up from 1.0 times at the full year, in line with expectations
- Corporate bond successfully refinanced with new 4.75% seven-year £350m bond maturing in 2026
- Interim dividend of 2.66p per share, consistent with the Board's commitment to an 8p per share underpin

Strategic and operational progress

- Building a scale business in US sports betting with $1bn of amounts wagered and 27% market share across seven states in H1
  - On track to launch market-leading and proprietary sports betting technology platform ahead of NFL season
  - Now live with sports betting in eight US states, two more to go live imminently
  - Announced Eldorado Resorts, Inc. acquisition of Caesars Entertainment, if completed, would provide access to 34 additional casinos, which we anticipate would generate c$20-35m additional retail EBITDA within three years, and to five incremental states including New York
- Diversifying Online with contribution from international markets increasing to 33% of net revenue in H1
  - Online UK net revenue down 1% reflecting weaker sports results year on year and enhanced customer due diligence, year on year impact now at an end
  - Product improvements driving improved customer metrics and 7% UK net revenue growth in Q2
  - Online International revenues up 66% and positive momentum from Mr Green
  - International hub established in Malta, providing a base within the European Union
  - Integration on track with c£4m annualised cost synergies to be achieved this year
- Remodelling Retail following implementation of £2 stake limit on B2 gaming products on 1 April
  - Revenue impact in line with our previous guidance
  - Decisive action taken with start of colleague consultation on proposed closure of c700 shops
- Distinctive new brand proposition launched in UK in time for new domestic football season
- Commitment alongside four other leading companies to increase funding for treatment of problem gambling
- Full-year performance expected to be in line with previous guidance

Philip Bowcock, Chief Executive Officer of William Hill, commented:

"We are making good progress against the five-year strategy we outlined last year, delivering strong revenue growth in the US and other international markets and positioning William Hill well for future growth.

"We continue to expand rapidly in the US, both in Nevada and in the new states, with over $1bn wagered with us in the first half. We are now live in eight states and will expand into at least two more states in H2.

"Online International revenues have grown strongly, up 66%, with the acquisition of Mr Green. We are becoming more diversified with non-UK markets now contributing a third of Online's revenues, up from just

24% last year. In the UK, performance has improved through the half, up 7% in Q2, as we manage the tax and regulatory impacts.

“In Retail we took the tough decision to announce a consultation process over the proposed closure of around 700 shops to protect the long-term future of the business following the introduction of the £2 stake limit. The response of our colleagues has been incredibly professional during this difficult time and I would like to thank each and every one of them for that.

“Underpinning William Hill’s progress is our sustainability strategy and long-term ambition that nobody is harmed by gambling. The voluntary whistle-to-whistle ban has begun and we have, together with other leading operators, committed to a significant increase in funding for safer gambling measures, including for treatment. We continue to work on additional measures to protect our customers and lead the regulatory agenda.”

Notes:

1. Both the statutory and adjusted results include the performance of Mr Green since the acquisition completed in January 2019.
2. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3 to the financial statements.
3. Basic EPS is based on an average of 871.8 million shares for H1 2019 and an average of 858.7 million shares for H1 2018. Adjusted EPS is based upon adjusted profit after tax.
4. Net debt for covenant purposes and EBITDA for covenant purposes are non-statutory measures. The basis of the calculation is as described in note 24 to the financial statements within our 2018 Annual Report and Accounts, with the addition of the EBITDA of Mr Green for the full rolling 12 month period.
5. Results in the Online operating review table are presented on an adjusted basis including Mr Green’s results post acquisition on 28 January 2019.
6. Where pro forma results are stated, this assumes that Mr Green was consolidated into the Group at the end of January 2018, in order to provide a more meaningful comparator period. Further detail on pro forma results are provided in note 13 to the financial statements.
7. The US Existing business has now been simplified to contain only revenues from Nevada, with all revenues from Delaware now recognised in US Expansion. 2018 results are restated to reflect this change.
8. Definitions are provided in the glossary at the back of the document.
9. Results are presented on an adjusted basis unless otherwise stated.

OAM: Additional Regulated Information
William Hill LEI: 213800 MDW41W5UZQ1X82

Enquiries

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Analyst and investor presentation

Meeting	Friday, 9 August 2019 at 9.30 am BST Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED
Live conference call	Tel: +44 (0) 20 3936 2999. Access code: 683118#.
Archive conference call	Tel: +44 (0) 20 3936 3001. Access code: 821680#. Available until 16 August 2019
Video webcast	www.williamhillplc.com

Debt investor conference call

Live conference call	11.30 am BST. Tel: +44 (0) 20 3936 2999. Access code: 134514#
Archive conference call	Tel: +44 (0) 20 3936 3001. Passcode: 817634#. Available until 16 August 2019

Notes to editors

William Hill PLC is one of the world's leading betting and gaming companies, employing c15,500 people. Its origins are in the UK where it was founded in 1934, and where it is listed on the London Stock Exchange. The majority of its £1.6bn annual revenues are still derived from the UK, where it has a national presence of licensed betting offices and one of the leading online betting and gaming services. In 2012, it established William Hill US with a focus on retail and mobile operations in Nevada and became the largest sports betting business in the US. Following the ruling in May 2018 by the Supreme Court that the federal ban on state sponsored sports betting was unconstitutional, William Hill US has expanded and continues to expand as new states regulate sports betting. It is now operating in eight states: Delaware, Mississippi, Nevada, New Mexico, New Jersey, Pennsylvania, Rhode Island and West Virginia. William Hill’s Online business is headquartered in Gibraltar and Malta, and the Group is licensed online in 10 countries following the acquisition of Mr Green & Co AB at the end of January 2019.

Cautionary note regarding forward-looking statements

These results include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout these results and the information incorporated by reference into these results and include statements regarding the intentions, beliefs or current expectations of the directors, William Hill or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of William Hill and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond William Hill's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in these results and/or the information incorporated by reference into these results. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Group and the development of the industry in which it operates, are consistent with the forward-looking statements contained in these results and/or the information incorporated by reference into these results, those results or developments may not be indicative of results or developments in subsequent periods. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), William Hill does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

OVERVIEW

Since announcing our new five-year strategy in November 2018, we have made good progress in all three of our divisions.

In the US, we are becoming a major scale player, with more than $1bn of wagering handled by William Hill US in H1. Strong double-digit wagering growth continues in our US Existing business and our US Expansion business is accelerating with a total of over $1bn of wagering handled by new William Hill locations since the federal ban on sports betting was overturned in May last year. We are encouraged by the appetite shown by states to regulate sports betting, with 10 now legalised and live, three more expected in 2019 and another 10 that have legislated or are progressing draft legislation; altogether, this would represent a population of c175 million people, compared to c67 million in the UK. We are on track to deliver the pivotal milestone of going live with our new proprietary US technology platform ahead of the upcoming NFL season. This enables us to enhance our product, improve marketing and lower costs giving us the critical flexibility needed to meet the complex and evolving demands of these new markets and customers.

In Online, we completed the acquisition of Mr Green at the end of January 2019, which is seeing good momentum. This is further diversifying our sources of revenue away from the UK, accessing faster growing international online markets and building out our ability to expand in these. International markets contributed a third of Online's net revenue in H1 as a result of the contribution from Mr Green. In the UK, we are making good progress in enhancing our product, building data capabilities and improving the customer experience while managing through the impact of enhanced customer protection measures implemented last year. We saw improved performance in Q2, with Online UK net revenue up 7%, and up 12% excluding the impact of enhanced customer due diligence. This was supported by improved customer metrics across H1 as a whole, including net promoter score and customer satisfaction.

In Retail, we implemented the new £2 stake limit on gaming machines in April and early trends are in line with the guidance we gave at our trading update in May, with Retail normalising into our previously stated guidance range. We have also taken decisive steps to start the restructure of the estate to ensure it can be a sustainable cash generator for the Group, having entered into a consultation process in July with colleagues relating to the proposed closure of c700 shops.

We continue to make important progress in collaborating with other major operators on a package of measures to enhance safer gambling and address public concerns about gambling. The second of these, following the voluntary whistle-to-whistle ban on advertising, was a commitment to increase our funding for research, education and treatment and was formally announced by the Secretary of State for the Department of Communications, Culture, Media and Sport (DCMS) in the House of Commons on 2 July. This was also welcomed by Tom Watson as Shadow Secretary of State and the Gambling Commission. We do not see this as the end of our responsibilities and we continue to work with the industry to develop additional measures to protect our customers, in line with our ambition that nobody is harmed by gambling.

We were pleased to see our US strategic partner, Eldorado Resorts, Inc., announce their proposed merger with Caesars Entertainment, Inc., on 24 June. Should the transaction complete, William Hill would be the combined entity's exclusive partner for retail sports betting in the US through the terms of our deal with Eldorado, as well as having first refusal on the first skin to grant access for online betting and options on any second skin for casino and poker. This combination would create the largest gambling company in the US and would provide William Hill US with market access to an additional five states, including California and New York, as well as a further 34 casinos, of which 29 are in states that have passed sports betting legislation. We anticipate that the annual EBITDA contribution from retail operations at Caesars casinos would be c$20-35m within three years. This, together with profits from the US Existing business and current US Expansion retail operations, would see William Hill US generating c$100m of EBITDA before any investment in digital expansion states, which represents strong early progress towards our $300m EBITDA target and contribute to our investment in the US digital betting opportunity.

Under the terms of an agreement made with The Stars Group, Inc. (TSG), Eldorado and William Hill also share initial equity and revenue share payments arising from granting TSG second skin access rights for sports betting using the Eldorado casino licences. In the period, the Group was entitled to 50% of a $25m of equity interest in TSG, which equated to $9m (£7.1m) based on the share price of TSG at 2 July 2019.

Performance summary

Whilst the Group's adjusted operating profit[2] is down significantly on 2018, it is very much in line with our expectations and reflects the different challenges and opportunities we are addressing during this first year of the strategic plan we announced in 2018, with 2019 being a period of transition.

Group net revenue was up 1% and adjusted operating profit[2] from continuing operations was down 33%, with investment in US Expansion and lower revenue in Retail following the £2 stake limit on B2 gaming products more than offsetting growth from the expanded Online business and William Hill US. Our investment in the US Expansion states led to losses of £9.9m in H1. This half also saw a period of enhanced customer due diligence measures in Online, the year on year impact of which has now come to an end.

The Group recorded exceptional items and adjustments of £114.3m, of which £97.1m relates to mitigation measures in Retail following the implementation of the new £2 stake limit, including the proposed closure of c700 shops. The remainder relates principally to the transformation programme and corporate transaction and integration costs relating to Mr Green. This contributed to a statutory loss before tax of £63.5m.

Basic adjusted EPS[3] was 42% lower at 5.3p per share, reflecting the trends described above. On a statutory basis, there was a loss per share of 7.1p, additionally reflecting the impact of the exceptional items and adjustments.

Group cash capital expenditure was up 40% to £60.3m, including investment in the new US technology platform, and was supported by operating cash flows of £72.4m. As expected, net debt to EBITDA for covenant purposes[4] increased to 2.0 times with reduced profitability in Retail compared to a year ago. We have previously indicated we expect this ratio will be above our one to two times balance sheet policy at the end of 2019 as we invest in US Expansion and manage the remodelling of Retail.

The Board has approved an interim dividend of 2.66p per share (2018: 4.26p per share). This is in line with the Board's previous commitment to an 8p per share underpin of the dividend during this period of transition, based on our usual practice of paying one third of the anticipated full-year dividend as an interim dividend.

Delivering against our strategy

In November 2018, we laid out a clear strategy to build a digitally led, internationally diverse gambling company and with the ambition to double the Group's profits over five years by:

- Driving digital growth in the UK and internationally;
- Growing a business of scale in the US;
- Remodelling Retail; and
- Delivering our ambition that nobody is harmed by gambling.

a) Driving digital growth in the UK and internationally

Overall, Online net revenue grew 14%, including the addition of Mr Green, the European online gaming company with operations in 13 markets and licences in seven countries. As a result of this, our proportion of Online revenues derived from outside the UK increased to 33% in H1. This is encouraging progress towards our target of generating £1bn of Online revenues, with at least 50% of these coming from outside the UK, by 2023.

During the period, Online's UK net revenue declined 1%, including a lower gross win margin year-on-year. We estimate that enhanced customer due diligence measures, which resulted in the closure of customer accounts in 2018, reduced revenue by c£16m and adjusted operating profit[2] by c£11m in H1. Active customer numbers for sports were flat year-on-year excluding the World Cup weeks, following a period of strong acquisition in H1 2018.

During H1, we embedded a series of models to further improve the efficiency of our marketing spend and made good progress towards implementation of our new data platform, planned for the turn of the year; both of these will be key drivers of future value. We continued to enhance our product including, for instance, improvements to our conversion rates at customer registration, better search engine results for Sportsbook and an increase in UK card acceptance rates. As a result, our net promoter score (NPS) and customer satisfaction (CSAT) scores continued to improve, with NPS up 5 percentage points in 2019 and CSAT at an all-time high. In customer protection terms, we successfully implemented the Gambling Commission's changed age verification standards on 7 May, our next-generation safer gambling algorithm to monitor behavioural markers of gambling-related harm and the first phase of a new case management system to better integrate our customer engagement when we see signs of at-risk play.

Net revenue from international markets was 66% higher than in 2018, including the additional revenues from Mr Green. The integration is progressing well and we are on track to deliver c£4m of annualised cost synergies this year against our Year 3 target of c£6m. Mr Green saw strong growth across major markets outside of Sweden, where the industry experienced disruption as a result of the implementation of a new licensing regime; we have now returned to growth in Sweden. We have restructured our digital operations to make Malta the hub for Online International, where a team of c350 people are based, led by Patrick Jonker who has been appointed Managing Director.

On 1 August we launched the new William Hill brand proposition, which will be presented initially in sports, gaming and brand advertising campaigns rolling out during August and September. We have identified a unique space for the William Hill brand, centred on betting and gaming as a shared experience and modernising our positioning while building on our 85-year-old trusted brand heritage. This will build on the Anthony Joshua-led campaign that ran from April to June, which successfully increased brand consideration for William Hill in the UK by 6 percentage points.

b) Growing a business of scale in the US

In the US, we are encouraged by the momentum in the number of states regulating sports betting. By the end of 2019, we expect 13 states to be legalised and see another 10 that have legislated or are progressing draft legislation. On this basis, we are increasingly confident of the potential size of this market and see it comfortably falling within a $5-19bn range within the first five years as highlighted at our Capital Markets Day in November 2018.

We recently went live in New Mexico, meaning that we are currently operational in eight states. We will be adding Iowa to this in the next few days, for retail and mobile, as well as Indiana in September. We have also secured an access agreement for Florida.

The announced combination of Eldorado Resorts and Caesars Entertainment, Inc. is expected to further enhance our long-term strategic partnership with Eldorado. In particular, we are excited by the right for William Hill US to exclusively operate sports books acquired by Eldorado subsequent to our original agreement with them and by the potential offered by digital and marketing opportunities.

We are seeing a mix of regulatory approaches from different states, from retail only states to those moving quickly to adopt mobile with remote registration. We continue to pursue a strategy to operate in all states that allow sports betting, and we benefit from having a strong retail component to our strategy, with good cash flow from those operations supporting our expansion and investment in building brand awareness.

Overall, we are benefiting from being an early mover in this market with our market share across all states being 27% in H1 against our long-term target of 15%. Nevada delivered yet another period of strong growth, with amounts wagered up 16% in local currency, though net revenue was down as gross win margins were unusually strong in H1 2018. In New Jersey, we remain the leading non-Daily Fantasy brand, with 12% market share and a clear third place overall.

We remain on track to go live with our new proprietary technology platform ahead of the NFL season. This will be a pivotal step forward for the US business, supported by the wider Group, to deliver a modern, flexible and proprietary tech stack. It will give William Hill US the market-leading sports betting platform, which will be the first to have been built specifically for the needs of this complex market. This enables us to customise our offering for the likely many different business models and regulatory regimes required and to roll out quickly and cost effectively state by state.

We are exploring potential partnerships to enhance our brand presence and customer acquisition capabilities and leverage these on a regional and national scale. We are currently in talks with a number of interested parties and are reviewing the merits of each, but would only proceed on the basis of the deal delivering meaningful value in the near term and the longer term as more states open up across the US.

c) Remodelling Retail

On 1 April, we implemented the new £2 stake limit on B2 gaming products which has resulted in a 45% drop in gaming revenues in Q2, in line with our expectations. Substitution into other products has been encouraging and contributed to a net reduction in Retail net revenues of 12% in H1. Overall, performance is in line with our previous guidance.

We are continuing to pursue cost reduction measures, including engaging with the c1,700 landlords of our c2,300 licensed betting offices (LBOs). However, as expected, a material number of shops became loss-making in Q2.

In July, we entered into a consultation process with Retail colleagues over the proposed closure of c700 shops. A large number of redundancies is anticipated with 4,500 colleagues' roles at risk. We are providing support to all colleagues throughout the process and will be applying redeployment measures extensively. Subject to the outcome of the consultation, the majority of shop closures are likely to be in Q4 2019.

d) Nobody Harmed

Throughout H1, we have been engaging positively with a number of other gambling companies on ways to encourage safer gambling and address gambling-related harm.

On 2 July, we and four other major betting and gaming companies – Bet365, Flutter, GVC and SkyBet – announced that we had agreed a package of measures to fund an expansion of treatment and initiatives to create a safer gambling environment in Britain. The principal focus is a ten-fold increase in our financial support for safer gambling measures, including for treatment of problem gambling, targeting an expansion in the number of problem gamblers receiving treatment from the current level of 2.5% to 10%. We will also increase the amount of safer gambling messaging in advertising, reviewing the tone and content of all our marketing, and seek to share data to protect problem gamblers from experiencing further harm. On 1 August, the voluntary whistle-to-whistle ban on advertising around live sports also came into effect and we are looking to see a significant reduction in the amount of exposure to gambling adverts around sports, particularly where there is the risk of exposure to under 18s.

We are continuing to work closely with a wider group of companies in the sector on a number of initiatives and will make further announcements in the coming months.

OPERATING REVIEW

The following commentary on divisional performance reflects adjusted results, since that is the basis on which they are reported internally and in our segmental analysis. An explanation of our adjusted results, including a reconciliation to the statutory results, is provided in note 3 to the financial statements. Where pro forma[6] results are stated, this assumes that Mr Green was consolidated into the Group at the end of January 2018, in order to provide a more meaningful comparator period. A reconciliation to the pro forma[6] results is provided in note 13 to the financial statements.

Online[5] (45% of Group revenue)

	H1 2019 £m	H1 2018 £m	Change
Sportsbook amounts wagered	**2,286.0**	**2,352.7**	**-3%**
Gross win margin	8.0%	8.3%	-0.3 ppts
UK net revenue	244.9	247.2	-1%
International net revenue	122.4	73.7	+66%
Sportsbook net revenue	152.4	164.5	-7%
Gaming net revenue	214.9	156.4	+37%
Online net revenue	**367.3**	**320.9**	**+14%**
Cost of sales	(99.4)	(80.6)	+23%
Operating costs	(213.6)	(180.4)	+18%
Adjusted operating profit[2]	**54.3**	**59.9**	**-9%**

The following narrative is presented on a pro forma[6] basis unless otherwise stated.

On a statutory basis, total Online net revenue was up 14%, including the addition of Mr Green.

Net revenue was down 2% in the period, driven by a 10% reduction in Sportsbook net revenue due to a combination of reduced amounts wagered (down 5%) and a weaker margin of 8.0%, down from 8.2% in H1 2018. Gaming net revenue was up 3%, principally due to growth in the UK.

Online UK amounts wagered was down 5% which, combined with a lower gross win margin compared to a very strong margin in the prior year of 8.8% (0.4 ppts ahead of H1 2019), resulted in UK Sportsbook net revenue being down 11%. Gaming net revenue was up 5%, bringing total UK net revenue to down 3% for the period. UK actives were down 11%, impacted by strong acquisition around the World Cup last year and following a year of very strong growth of 25% in 2018. Excluding the World Cup weeks, sports actives were flat and we were encouraged to see record levels during the Cheltenham festival and the Grand National.

Online International net revenue was down 1%, including disruption to Sweden revenues in the early stages of the new regulatory regime. However, it had returned to growth in Q2, with strong growth in other markets demonstrating the benefit of the more diverse country portfolio we have now established. Growth in gaming net revenue offset a decline in Sportsbook, with staking down 5% while the gross win margin was 0.1 ppts higher this year. International actives were up 9%, driven by growth in gaming.

Cost of sales was up 4%, with c£5m of additional cost following the increase in UK Remote Gaming Duty (RGD) from 15% to 21% being applied from 1 April. Operating costs were down 3% resulting in adjusted operating profit[2] being down 12%.

William Hill US (7% of Group revenue)

US Existing[7]				On a local currency basis		
	H1 2019 £m	H1 2018 £m	Change	H1 2019 US$m	H1 2018 US$m	Change
Amounts wagered	**591.8**	**479.2**	**+23%**	**766.6**	**660.3**	**+16%**
Gross win margin	6.5%	7.7%	-1.2 ppts	6.5%	7.7%	-1.2 ppts
Net revenue	**38.4**	**36.9**	**+4%**	**49.8**	**50.7**	**-2%**
Cost of sales	(3.4)	(3.3)	+3%	(4.4)	(4.5)	-2%
Operating costs	(21.7)	(16.3)	+33%	(28.0)	(22.3)	+26%
Adjusted operating profit[2]	**13.3**	**17.3**	**-23%**	**17.4**	**23.9**	**-27%**

US Expansion[7]	H1 2019 £m	H1 2018 £m	Change	H1 2019 US$m	H1 2018 US$m	Change
Amounts wagered	**186.2**	**4.7**	**>100%**	**241.1**	**6.2**	**>100%**
Gross win margin	6.6%	11.9%	-5.3 ppts	6.6%	11.9%	-5.3 ppts
Net revenue	**14.5**	**0.9**	**>100%**	**18.8**	**1.1**	**>100%**
Cost of sales	(1.9)	(0.1)	>100%	(2.5)	(0.1)	>100%
Operating costs	(22.5)	(17.7)	+27%	(29.4)	(23.4)	+26%
Adjusted operating loss[2]	**(9.9)**	**(16.9)**	**-41%**	**(13.1)**	**(22.4)**	**-42%**

Numbers referenced in the following section are presented on a local currency basis.

In the first half we built on our position as the leading sports betting operator in the US capturing 27% of the regulated market nationwide. The US Existing business continues to grow and remains the market leader.

The US Existing business delivered amounts wagered growth of 16% in the period. The gross win margin returned to a more normalised level of 6.5%, 1.2 ppts below H1 2018 which saw very positive sporting results, and net revenue as a result was 2% behind last year. Expenses were up 26% on last year, principally due to increased staff costs, leaving adjusted operating profit[2] down 27%. Our market share in Nevada remained constant at 32% of sports betting revenues and 57% of sports books.

The US Expansion business handled more than $500m of gross amounts wagered during the period, already equivalent to approximately two thirds of that generated by our US Existing business. Within that, $241m was direct amounts wagered, at a margin of 6.6%, the majority of which came in New Jersey where we have retained a strong number three market share of 10% online and 21% in retail. In the period, we received an equity interest in The Stars Group valued at $9m as part of our revenue share agreement granting them second skin access rights for sports betting using the Eldorado casino licences. The value of this interest is reflected in US Expansion net operating costs in the table above.

The development of our new proprietary technology platform was a key operational focus during the period and is on track to be launched in time for the beginning of the NFL season. The new platform gives us a market-leading technology solution in the US, which will improve performance and efficiency, be customisable for different states and be flexible enough to serve the different B2C, B2B and B2G operating models that are required for full coverage of the US market.

There are currently ten states where sports betting is live and we are now operational in eight of those, having gone live in New Mexico in July. We will be opening four sports books in Iowa shortly, with a mobile launch to follow. This is due to be followed by an expected launch in Indiana.

We estimate that the profit contribution possible from additional retail operations at Caesars casinos after Eldorado acquires Caesars would be an additional c$20-35m of annual EBITDA within three years. This would help to offset expected increased future investment costs from launching sports betting operations in new states and marketing, especially in states where remote registration mobile is possible.

Retail (48% of Group revenue)

	H1 2019 £m	H1 2018 £m	Change
Sportsbook amounts wagered	**1,119.3**	**1,071.7**	**+4%**
Gross win margin	18.4%	18.4%	0.0 ppts
Sportsbook net revenue	205.4	197.0	+4%
Gaming net revenue	186.1	247.1	-25%
Retail net revenue	**391.5**	**444.1**	**-12%**
Cost of sales	(92.5)	(112.6)	-18%
Operating costs	(256.3)	(256.4)	-0%
Adjusted operating profit[2]	**42.7**	**75.1**	**-43%**

The £2 maximum staking limit was implemented on 1 April and has, as expected, materially impacted the retail business, resulting in the proposed action we announced on 4 July.

The impact on the business has been broadly in line with expectations, with both gaming substitution and increased Sportsbook staking slightly ahead of our modelling.

However, this has not been sufficient to support all of the 900 shops that we previously guided would become loss making and we have regrettably entered into consultation on the proposed closure of c700 of our shops.

Gaming net revenue declined 25% following the implementation of the £2 maximum stake on 1 April. Sportsbook net revenue was up 4% with wagering up 4%, and gross win margin flat year-on-year. Gross win grew in all categories with greyhounds and horseracing showing the largest percentage increases as customer behaviour changed following implementation of the £2 stake limit.

Staking performance was impacted by horseracing fixture cancellations and equine flu in the early part of the year. Since the £2 stake limit we have seen strong Sportsbook staking growth of c7%.

Our proprietary self-service betting terminals (SSBTs) accounted for 18% of total Sportsbook stakes and over 60% of all football wagering, demonstrating their continued increasing popularity with customers. The SSBT density now averages 1.7 per shop. All SSBTs from proposed shop closures will be repurposed throughout the estate with the intention that every shop will have at least two SSBTs in the future.

In gaming the focus in Q1 was ensuring we were ready and compliant for the staking restrictions. Since 1 April, additional product development and launches have been limited, as we concentrate on consolidating our existing offering and continue to work with the UK Gambling Commission on new products that are compliant with the spirit of the law.

Operating costs were broadly flat as we focused on controllable costs in order to offset the impact of inflation and the National Living Wage. Operating costs will materially reduce as we remodel the Retail estate and review support functions.

Adjusted operating profit[2] fell by 43%, in line with our expectations and driven by the expected decline in gaming since the implementation of the £2 maximum stake.

The average number of shops fell 1% to 2,306 (H1 2018: 2,339) with 44 shops closed in the period. The number of shops at the end of the period was 2,275.

We are confident that the decisive action taken on the shop estate is the right thing to do for the long-term success and sustainability of the Retail division. It will result in a profitable estate that is well positioned to gain market share in the future.

SUMMARY AND OUTLOOK

In the US, we are encouraged by the momentum we are now seeing in states' regulation of sports betting and the real progress in our US Expansion operations, which have now handled over $1bn of amounts wagered since launch a year ago. Together with the exciting opportunities offered by the Eldorado acquisition of Caesars, this further increases our confidence in both the potential size of this market and our ability to deliver our $300m EBITDA target. In H2, we expect to launch in three states, the first of which, New Mexico, went live in July. This will incur additional start-up costs, but the performance of the business in the first half means we expect losses from the overall US business still to come within our previously guided range for 2019 of $0-20m.

In Online we are expecting mid-single digit revenue growth in line with our market growth expectations (on a 52-week pro forma[6] basis). As shown earlier, the UK has been improving through the period and delivered 7% growth in Q2, Mr Green is showing good momentum, and we are focused on marketing and product to drive other international growth in H2.

We now have clarity that the customer response to the new £2 gaming stake limit in Retail is in line with our expectations and have taken decisive action to start remodelling the estate and management structure. We now expect adjusted operating profit[2] for the year to be in the middle of the £50-70m range previously guided to.

At this stage in the year, we expect the Group's full-year performance will be in line with our previous guidance, assuming normalised gross win margins in the remainder of the year.

FINANCIAL REVIEW

Overview

Note the difference between statutory results and adjusted results is due to exceptional items and defined adjustments, principally relating to £97.1m of costs as part of our mitigation strategy following the implementation of the £2 maximum stake on B2 gaming products, in particular £93.3m related to the costs associated with the proposed closure of c700 shops. In the previous period, this principally related to an impairment charge of £882.8m recognised in the Retail division following the announcement of the £2 maximum stake on B2 gaming products, one of the outcomes of the Triennial Review in the UK. Further detail on adjusted results is provided in note 3 to the financial statements.

The analysis below considers only continuing operations unless specifically stated otherwise. In the previous period, the Group disposed of William Hill Australia, the Group's Australia segment, in April 2018. This was classified as a discontinued operation and therefore not included within the comparative in the below analysis.

The Group grew revenue by 1% in the period to £811.7m. With costs of sales flat but net operating expenses growing at 9%, adjusted operating profit[2] fell by 33% to £76.2m. Within the revenue growth, there was a decline in Retail revenue of 12% after the implementation of £2 maximum stake on B2 gaming products from 1 April 2019; growth of 14% in Online after the acquisition of Mr Green; and growth of 40% in William Hill US, driven by the growth of the US Expansion business since the federal ban on sports betting was overturned in May 2018. The increase in operating expenses includes the increased cost from acquiring Mr Green and increased investment in the US business, both US Existing and US Expansion.

Adjusted profit before tax fell £45.5m or 47% to £50.8m. We have incurred exceptional charges of £114.3m, mainly relating to costs from the restructuring programme to mitigate the impact of the implementation of the £2 maximum stake from 1 April 2019. The costs relating to this programme were £97.1m of which £93.3m related to costs associated with the proposed c700 shop closures. This led to a statutory loss before tax of £63.5m (H1 2018: statutory loss before tax of £819.6m predominantly driven by an impairment charge of £882.8m recognised in the Retail segment following the announcement of the UK Government's decision to reduce the maximum stake on B2 gaming products under the Triennial Review).

Reflecting these movements and a lower adjusted tax charge, adjusted EPS[3] fell 42% to 5.3p. On a statutory basis, EPS was a loss per share of 7.1p (H1 2018: loss per share of 93.5p).

We remain strongly operating cash generative with operating cash flows of £72.4m, although this was a reduction of 34% compared to £110.0m driven by the reduction in adjusted operating profit[2]. We issued a new £350m corporate bond in the period with £170.2m used to repurchase part of the outstanding 2020 Notes. These cash inflows continued to support investment in the business as we completed the acquisition of Mr Green (£170.0m). This increase in net debt coupled with a decrease in EBITDA for covenant purposes has led to an increase in closing net debt to EBITDA for covenant purposes[4] ratio to 2.0x (26 June 2018: 0.8x and 1 January 2019: 1.0x).

The commentary below on divisional performance reflects adjusted results, since that is the basis on which they are reported internally and in our segmental analysis. An explanation of our adjusted results, including a reconciliation to the statutory results, is provided in note 3 to the financial statements.

Income Statement

Group revenue grew 1% or £8.8m to £811.7m. Retail's revenue fell £52.6m or 12% to £391.5m. This decline reflects the £2 maximum staking limit on B2 gaming products implemented on 1 April, which has driven a 25% decline in gaming machine net revenue. Sportsbook net revenue offset this in part with growth of £8.4m, or 4%. This was driven by staking growth of 4% with the gross win margin remaining flat compared to the previous period at 18.4%. Since the £2 stake limit was implemented, we have seen strong Sportsbook staking growth of c7%.

Online revenue grew £46.4m or 14% to £367.3m. This growth is driven by the acquisition of Mr Green which contributed revenue of £59.9m in the period. On a pro forma[6] basis, revenue declined 2% in the period with a decline in Sportsbook of 10% partly offset by an increase in gaming of 3%. The decline in Sportsbook was driven by a reduction in amounts wagered of 5% and a decline in gross win margin of 0.2 percentage points from 8.2% to 8.0%.

Revenue in the US Existing segment increased by 4% from £36.9m in H1 2018 to £38.4m in H1 2019. This was driven by staking growth of 23% with a decline in gross win margin of 1.2 percentage points to a more normalised 6.5% compared to the high margin from positive sporting results in H1 2018. On a local currency basis staking growth was 16% and net revenue declined by 2%.

The US Expansion segment contributed £14.5m of revenue in the period compared to £0.9m in H1 2018, with the overturning of the US federal ban on sports betting in May 2018 toward the end of the comparative period.

Cost of sales stayed flat in the period at £197.2m compared to £196.6m in H1 2018 with the gross profit margin therefore staying broadly consistent to H1 2018.

Adjusted net operating expenses grew by 9% or £45.6m to £538.3m. Part of this increase relates to Mr Green which drove an increase in Online adjusted net operating expenses of 18%; on a pro forma[6] basis these were broadly flat. US Existing segment increased by 33%, primarily due to increased staff costs. US Expansion segment increased by 27% to £22.5m. Costs in Retail were flat in the period but are expected to materially reduce as we remodel the Retail estate and review support functions. Net corporate costs increased 14% to £24.2m (H1 2018: £21.3m), driven by staff costs, principally an increased accrual for full-year employee bonus payments.

Adjusted operating profit[2], taking account of the above, fell £37.4m or 33% to £76.2m (H1 2018: £113.6m).

Net finance costs increased to £25.4m from £17.3m, an increase of 47%. This reflects the interest payable on £350m of new unsecured guaranteed Notes issued in the period, the prepaid interest and premium on the partial repurchase of the 2020 Notes and the re-classification of a portion of lease costs as interest under the new IFRS 16 Leases standard.

Exceptional items and adjustments

Exceptional items amounted to a charge of £114.3m (H1 2018: £915.9m predominantly relating to an £882.8m impairment recognised in the Retail division following the announcement of the £2 maximum stake on B2 gaming products).

£97.1m of the £114.3m relates to continuing costs incurred as part of our mitigation strategy following the implementation of the £2 maximum stake on 1 April 2019 (referred to as 'triennial mitigation restructuring programme' in our financial statements). £93.3m of the £97.1m relates to costs associated with the proposed shop closures of which £47.3m was an impairment charge against the relevant right-of-use lease assets and £46.0m relates to other costs of closure, onerous costs and redundancy costs. The restructuring programme is Group-wide and is distinct from the transformation programme as it is a specific result of the external regulatory change as opposed to an internally led programme. The programme is expected to last until 2020 and we continue to expect cash costs of the programme of c£75m, of which c£60m relates to the Retail segment and c£15m of cost from a Group-wide cost saving programme initiated as a specific result of the Triennial Review decision. The cost incurred to date across the Group in 2018 and H1 2019 of £101.7m is greater than this expected cash cost as it does not include mitigation strategies such as the sale of freehold properties and any savings from early exit from lease arrangements.

£3.3m of exceptional costs relates to the continuation of the transformation programme. This programme began in 2016 and will come to an end in 2019, with the benefits continuing to underpin the future growth of the business. The programme has incurred costs of £99.0m to H1 2019 and we expect to incur a further c£5m up to the closure of the programme.

The remaining exceptional items relate to £5.1m incurred on transaction and integration costs as part of the Mr Green acquisition and £0.5m of legal fees on a specific US legal case which is a continuation of an exceptional item from the previous period.

Adjustments totalled a net charge £8.3m (H1 2018: £1.5m). This has increased due to amortisation charges on intangibles recognised on the Mr Green acquisition and the partnership with Eldorado Resorts.

Taxation

On a statutory basis, the Group recognised a tax credit of £2.3m on losses before tax of £63.5m, giving an effective tax rate of 3.6% (H1 2018: 2.0%). The rate is impacted due to the non-deductibility of certain exceptional costs (principally the impairment of the lease right-of-use asset).

On an adjusted basis, the Group recognised a tax charge of £3.8m on adjusted profits before tax of £50.8m, giving an effective tax rate of 7.5% (H1 2018: 18.9%). This rate is lower than the UK statutory rate, reflecting the lower tax rates on profits earned in Gibraltar and the release of a provision held in respect of the unwinding of the intragroup lending on the disposal of the Australian operations, offset by the recognition of a provision for additional tax payable following a potential change, with retrospective effect, in specific UK tax legislation.

The Group's adjusted effective tax rate for 2019 is now expected to be c8%, reflecting the benefit of the provision release. For 2020 the adjusted effective tax rate is expected to increase to c12%, in line with previous expectations.

Profit and EPS

Following the above, there was a statutory loss after tax of £61.2m compared to a loss after tax of £803.3m in H1 2018. EPS changed proportionally to a 7.1p loss per share from a loss of 93.5p per share in H1 2018.

On an adjusted basis, profit after tax fell by £31.1m or 40% from £78.1m to £47.0m, with EPS falling 42% from 9.1p to 5.3p.

Of the statutory loss after tax of £61.2m, a loss of £62.0m related to equity holders of the Group whereas £0.8m profit related to non-controlling interest, which predominantly related to the 20% stake in William Hill US held by Eldorado Resorts as part of our partnership agreement which completed In January 2019.

IFRS 16 Leases

We have applied the new IFRS 16 *Leases* accounting standard for the first time in 2019. This standard has a material impact on the financial statement as it leads to most leases being recognised on the Statement of Financial Position as a right-of-use asset and a lease liability. The lease cost will change from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability.

We have adopted the modified retrospective transition approach and therefore comparative periods are not restated.

The impact of IFRS 16 in H1 2019 is to increase depreciation by £22.1m and interest expense by £2.3m while reducing other administrative expenses by £23.2m. This therefore leads to an increase in profit before interest and tax of £1.1m and a decrease in profit after tax of £1.2m in the period.

At H1 2019 we hold a lease right-of-use asset of £129.3m within Property, plant and equipment within non-current assets, which is net of a £47.3m impairment against the relevant lease assets from the proposed c700 shop closures announced on 4 July. We also hold lease liabilities of £171.3m split between current and non-current liabilities.

Statement of Financial Position

Intangible assets have increased by £415.5m compared to 1 January 2019 to £1,101.6m. The increase relates in part to the acquisition of Mr Green with intangible assets of £114.8m recognised on acquisition across brands (£84.3m), customer relationships (£12.9m) and software (£17.6m) and goodwill on acquisition of £153.0m. The increase also relates to an asset recognised of £138.0m representing exclusive access to licences and markets as part of the partnership with Eldorado Resorts. This asset is amortised over the 25-year life of the agreement.

Property, plant and equipment has increased by £131.5m compared to 1 January 2019 primarily due to the recognition of the right-of-use lease asset on implementation of IFRS 16 *Leases*. This increase, alongside the increase in intangible assets, resulted in an increase in non-current assets of £544.9m to £1,482.7m compared to 1 January 2019.

Total current liabilities have increased by £328.0m to £757.3m compared to 1 January 2019. This increase relates to the transfer of £204.3m outstanding on the 2020 Notes from non-current to current and the recognition of the current portion of the IFRS 16 lease liability (£43.6m). Within current liabilities there is also an increase of £78.4m in provisions due to a provision of £50.3m held relating to a Mr Green contested gaming tax liability in Austria and the current portion of the provision on the proposed closure of c700 shops (£28.8m). Note the relevant lease liabilities on the proposed c700 shop closures continue to be presented within lease liabilities as opposed to provisions.

Non-current liabilities increased by £125.0m compared to 1 January 2019 following the recognition of lease liabilities under IFRS 16 of £127.7m and the long-term portion of the provision on the proposed closure of c700 shops (£17.2m). Borrowings decreased by £26.6m reflecting the part-early settlement and part transfer to current liabilities of the 2020 £375m bond, offset by the issue of £350m 2026 bond in the period.

Net assets of £321.4m is an increase of £22.5m compared to 1 January 2019. Of the £321.4m, £309.3m relates to total equity attributable to equity holders of the parent whereas £12.1m relates to non-controlling interest, relating to the 20% stake in William Hill US held by Eldorado Resorts after the completion of our partnership agreement in January 2019 and certain minority interest holdings acquired as part of the acquisition of Mr Green.

Cash flow and net debt

Operating cash flows were £72.4m, broadly in line with adjusted operating profit[2] of £76.2m. This was £37.6m, (34%) lower than H1 2018 driven primarily by the 33% reduction in adjusted operating profit[2] in the period. The removal of rent payments from operating cash flows to financing cash flows under IFRS 16 (£22.3m) was broadly offset by a decrease in working capital of £17.1m.

We issued a new £350m corporate bond in the period with £170.2m used to repurchase part of the outstanding 2020 Notes. The Group returned £67.7m to shareholders through dividends and the costs associated with leases, which are now presented as cash from financing activities since the implementation of the IFRS 16 *Leases* accounting standard in the current period, were £22.3m in the period. This led to a cash inflow from financing activities of £80.1m.

We completed the acquisition of Mr Green in the period with a net cash outflow of £170.0m in the period in addition to the £19.2m in H2 2018. This includes the cost of the acquisition of the shares in Mr Green of £241.1m net of the cash acquired of £51.9m.

We invested £60.3m on capital expenditure, an increase of 41% compared to H1 2018 (£42.8m). This reflects continued investment, particularly in the Expansion US segment with the new proprietary technology platform which is on track to launch before the new NFL season.

Overall, this led to a cash outflow of £77.2m in the period, compared to a cash inflow of £228.9m in H1 2018, mainly driven by the disposals of the Australia operations and NYX investments in the prior period.

Net debt for covenant purposes[4] has increased from £308.1m at 1 January 2019 to £565.8m at H1 2019, reflecting the issue of the new bond and the cash outflow in the period. The rolling 12-month EBITDA for covenant purposes fell 8% from £312.7m at 1 January 2019 to £287.1m at H1 2019, reflecting the decrease in adjusted operating profit[2] after the implementation of the £2 maximum stake on B2 gaming products from 1 April 2019. This EBITDA for covenant purposes removes the impact of IFRS 16 Leases accounting standard. This led to an increase in the net debt to EBITDA for covenant purposes[4] ratio to 2.0x (26 June 2018: 0.8x and 1 January 2019: 1.0x).

The Board remains committed to an 8p per share underpin of the dividend during this period of transition.

BOARD CHANGES

Lynne Weedall joined the Board as a Non-executive Director on 1 July 2019. Lynne is currently a Non-executive Director and Remuneration Committee chair of Greene King plc (LSE: GNK), the UK's largest pub retailer and brewer and Non-executive Director of Treatt Plc (LSE: TET), an ingredients manufacturer and solutions provider to the global flavour, fragrance and consumer markets. On joining the Board, Lynne became a member of the Board's Corporate Responsibility, Nomination and Remuneration Committees. Following the appointment of Lynne to the Corporate Responsibility Committee, Robin Terrell stepped down from the Committee with effect from 1 July 2019.

Jane Hanson also joined the Board as a Non-executive Director and a member of the Board's Nomination and Audit and Risk Management Committees on 1 July 2019. Jane is a Non-executive Director and Chair of the Board Risk Committee of Direct Line Insurance Group plc (LSE:DLG), an insurance company with multiple brands, products and distribution channels across motor, home, rescue and commercial insurance. She is also Chairman of The Reclaim Fund Ltd; Honorary Treasurer and Trustee of the Disasters Emergency Committee; and Independent Member of the Fairness Committee at ReAssure Ltd. Jane brings extensive expertise in risk management and corporate governance in highly regulated environments. She has deep knowledge of developing and monitoring consumer-centric and conduct risk frameworks and has also overseen major IT and transformation programmes. Jane has previously held a number of executive roles, including Director of Audit, and Risk and Governance Director, at Aviva plc. She is a Fellow of the Institute of Chartered Accountants in England and Wales and is also a Magistrate.
Following the appointment of Jane Hanson, Gordon Wilson stepped down from the Audit and Risk Management Committee.

Georgina Harvey has informed the Board that she will step down as Chair of the Remuneration Committee of William Hill, with effect from 9 October 2019 and from the Board, with effect from 31 December 2019. The Board has agreed that Lynne Weedall will succeed Georgina Harvey as Chair of the Remuneration Committee, with effect from 9 October 2019. Lynne Weedall is the current serving chair of the Remuneration Committee of Greene King plc, a role she has performed since 2013.

PRINCIPAL RISKS AND UNCERTAINTIES

We have reviewed our risk profile as set out in the 2018 Annual Report and considered the risks facing the Group in the remaining six months of the financial year. The key risks are identified as:

- Regulatory and political risk;
- Cyber crime and information security;
- Competitive landscape;
- Delivery of IT strategy;
- Talent engagement and retention;
- Programme optimisation; and
- Compliance.

Further information on the above risks is available on pages 57 to 60 of the 2018 Annual Report, which is available on our corporate website at www.williamhillplc.com, with the exception of compliance which is a new risk this year and is outlined in more detail below. Our review has taken account of the completion of the acquisition of Mr Green, the proposed shops closures in Retail and the announced acquisition of Caesars by Eldorado in the US. This has included impacts on programme optimisation and on the competitive landscape.

Without a consistent risk appetite, aligned policies and corporate standards, there is a risk that the divisions work to differing standards, which could potentially ultimately undermine or threaten the Group's compliance status. Following the 2018 regulatory settlement we commenced a review of compliance roles, responsibilities and operations throughout the Group. The outcomes are now being implemented to enhance our position and to integrate the newly acquired Mr Green business.

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

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

- The unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial reporting"; and
- The interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R and Disclosure and Transparency Rule 4.2.8R.

Neither William Hill PLC nor the directors accepts any liability to any person in relation to the half-year financial report except to the extent that any such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

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

P. Bowcock	R. Prior
Chief Executive Officer	Chief Financial Officer
9 August 2019	9 August 2019

William Hill PLC

Interim Consolidated Income Statement (unaudited)

for the 26 weeks ended 2 July 2019

		26 weeks ended 2 July 2019			26 weeks ended 26 June 2018			
	Notes	Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m	Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m	53 weeks ended 1 January 2019 £m
Revenue[1]	2	**811.7**	**-**	**811.7**	802.9	-	802.9	1,621.3
Cost of sales	2	**(197.2)**	**-**	**(197.2)**	(196.6)	-	(196.6)	(385.6)
Gross profit	2	**614.5**	**-**	**614.5**	606.3	-	606.3	1,235.7
Other operating income		**9.2**	**-**	**9.2**	2.8	-	2.8	5.7
Other operating expenses	3	**(547.9)**	**(114.3)**	**(662.2)**	(495.4)	(915.9)	(1,411.3)	(1,932.2)
Share of results of associates		**0.4**	**-**	**0.4**	(0.1)	-	(0.1)	2.9
(Loss)/profit before interest and tax	2	**76.2**	**(114.3)**	**(38.1)**	113.6	(915.9)	(802.3)	(687.9)
Investment income		**1.8**	**-**	**1.8**	1.4	-	1.4	4.7
Finance costs	4	**(27.2)**	**-**	**(27.2)**	(18.7)	-	(18.7)	(38.7)
(Loss)/profit before tax	2	**50.8**	**(114.3)**	**(63.5)**	96.3	(915.9)	(819.6)	(721.9)
Tax	3,5	**(3.8)**	**6.1**	**2.3**	(18.2)	34.5	16.3	5.8
(Loss)/profit for the period from continuing operations		**47.0**	**(108.2)**	**(61.2)**	78.1	(881.4)	(803.3)	(716.1)
Profit for the period from discontinued operations		**-**	**-**	**-**	4.5	(0.7)	3.8	3.8
(Loss)/profit for the period		**47.0**	**(108.2)**	**(61.2)**	82.6	(882.1)	(799.5)	(712.3)
Attributable to:								
Equity holders of the Company		**46.0**	**(108.0)**	**(62.0)**	82.6	(882.1)	(799.5)	(712.3)
Non-controlling interest		**1.0**	**(0.2)**	**0.8**	-	-	-	-
		47.0	**(108.2)**	**(61.2)**	82.6	(882.1)	(799.5)	(712.3)
(Loss)/earnings per share from continuing and discontinued operations (pence)								
Basic	7	**5.3**		**(7.1)**	9.6		(93.1)	(83.1)
Diluted	7	**5.3**		**(7.1)**	9.6		(93.1)	(83.1)
(Loss)/earnings per share from continuing operations (pence)								
Basic	7	**5.3**		**(7.1)**	9.1		(93.5)	(83.6)
Diluted	7	**5.3**		**(7.1)**	9.0		(93.5)	(83.6)

[1] The Group recognised service provider revenue, previously referred to as bookmaking services income, through other operating income for the 26 weeks ended 26 June 2018. From the period 53 weeks ended 1 January 2019, in order not to distort the other operating income figure, the Group reclassified service provider revenue as revenue. As such, service provider revenue of £3.6m (26 weeks ended 26 June 2018: £0.3m and 53 weeks ended 1 January 2019: £2.9m) is recognised as revenue. The comparative for the 26 weeks ended 26 June 2018 has been reclassified.

William Hill PLC

Interim Consolidated Statement of Comprehensive Income (unaudited)

for the 26 weeks ended 2 July 2019

	26 weeks ended 2 July 2019 £m	26 weeks ended 26 June 2018 £m	53 weeks ended 1 January 2019 £m
Loss for the period	**(61.2)**	(799.5)	(712.3)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial remeasurements in defined benefit pension scheme	**2.2**	(34.3)	(27.3)
Tax on remeasurements in defined benefit pension scheme	**(0.4)**	5.8	4.7
Items that may be reclassified subsequently to profit or loss:			
Exchange differences:			
Translation of foreign operations	**3.6**	(7.4)	(5.2)
Reclassified to profit and loss on disposal of Australia operations	**-**	84.3	84.3
Gains on financial assets classified as fair value through other comprehensive income:			
Changes in fair value reclassified to profit and loss on disposal of investments in NYX	**-**	0.4	0.4
Other comprehensive income for the period	**5.4**	48.8	56.9
Total comprehensive loss for the period	**(55.8)**	(750.7)	(655.4)
Attributable to:			
Equity holders of the Company	**(56.9)**	(750.7)	(655.4)
Non-controlling interest	**1.1**	-	-
	(55.8)	(750.7)	(655.4)

William Hill PLC

Interim Consolidated Statement of Changes in Equity (unaudited)

for the 26 weeks ended 2 July 2019

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated losses £m	Total attributable to owners of parent £m	Non-controlling interest £m	Total equity £m
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(26.1)**	**(88.0)**	**6.6**	**(378.5)**	**298.9**	**-**	**298.9**
Loss for the financial period	-	-	-	-	-	-	(62.0)	**(62.0)**	0.8	**(61.2)**
Actuarial remeasurements in defined benefit pension scheme	-	-	-	-	-	-	2.2	**2.2**	-	**2.2**
Tax on remeasurements in defined benefit pension scheme	-	-	-	-	-	-	(0.4)	**(0.4)**	-	**(0.4)**
Exchange differences on translation of foreign operations	-	-	-	-	-	3.3	-	**3.3**	0.3	**3.6**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**3.3**	**(60.2)**	**(56.9)**	**1.1**	**(55.8)**
Purchase and issue of own shares	-	-	-	-	0.8	-	(1.2)	**(0.4)**	-	**(0.4)**
Partnership with Eldorado (note 14)	1.3	20.5	-	-	-	-	110.3	**132.1**	5.8	**137.9**
Credit recognised in respect of share remuneration	-	-	-	-	-	-	3.3	**3.3**	-	**3.3**
Acquisition of MRG (note 13)	-	-	-	-	-	-	-	**-**	5.2	**5.2**
Dividends paid (note 6)	-	-	-	-	-	-	(67.7)	**(67.7)**	-	**(67.7)**
At 2 July 2019	**90.0**	**709.9**	**6.8**	**(26.1)**	**(87.2)**	**9.9**	**(394.0)**	**309.3**	**12.1**	**321.4**

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated losses £m	Total attributable to owners of parent £m	Non-controlling interest £m	Total equity £m
At 26 December 2017	**88.7**	**689.4**	**6.8**	**(26.1)**	**(97.0)**	**(72.5)**	**473.4**	**1,062.7**	**-**	**1,062.7**
Loss for the financial period	-	-	-	-	-	-	(799.5)	**(799.5)**	-	**(799.5)**
Actuarial remeasurements in defined benefit pension scheme	-	-	-	-	-	-	(34.3)	**(34.3)**	-	**(34.3)**
Tax on remeasurements in defined benefit pension scheme	-	-	-	-	-	-	5.8	**5.8**	-	**5.8**
Exchange differences on translation of foreign operations	-	-	-	-	-	(7.4)	-	**(7.4)**	-	**(7.4)**
Exchange differences reclassified to profit and loss on disposal of Australia operations	-	-	-	-	-	84.3	-	**84.3**	-	**84.3**
Changes in fair value reclassified to profit and loss on disposal of investments in NYX	-	-	-	-	-	-	0.4	**0.4**	-	**0.4**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**76.9**	**(827.6)**	**(750.7)**	**-**	**(750.7)**
Transfer of own shares to recipients	-	-	-	-	7.3	-	(6.2)	**1.1**	-	**1.1**
Credit recognised in respect of share remuneration	-	-	-	-	-	-	3.0	**3.0**	-	**3.0**
Tax charge in respect of share remuneration	-	-	-	-	-	-	(0.8)	**(0.8)**	-	**(0.8)**
Dividends paid	-	-	-	-	-	-	(76.8)	**(76.8)**	-	**(76.8)**
At 26 June 2018	**88.7**	**689.4**	**6.8**	**(26.1)**	**(89.7)**	**4.4**	**(435.0)**	**238.5**	**-**	**238.5**

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated losses £m	Total attributable to owners of parent £m	Non-controlling interest £m	Total equity £m
At 26 December 2017	**88.7**	**689.4**	**6.8**	**(26.1)**	**(97.0)**	**(72.5)**	**473.4**	**1,062.7**	**-**	**1,062.7**
Loss for the financial period	-	-	-	-	-	-	(712.3)	**(712.3)**	-	**(712.3)**
Actuarial remeasurements in defined benefit pension scheme	-	-	-	-	-	-	(27.3)	**(27.3)**	-	**(27.3)**
Tax on remeasurments in defined benefit pension scheme	-	-	-	-	-	-	4.7	**4.7**	-	**4.7**
Exchange difference on translation of foreign operations	-	-	-	-	-	(5.2)	-	**(5.2)**	-	**(5.2)**
Exchange differences reclassified to profit and loss on disposal of Australia operations	-	-	-	-	-	84.3	-	**84.3**	-	**84.3**
Changes in fair value reclassified to profit and loss on disposal of investments in NYX	-	-	-	-	-	-	0.4	**0.4**	-	**0.4**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**79.1**	**(734.5)**	**(655.4)**	**-**	**(655.4)**
Transfer of own shares to recipients	-	-	-	-	9.0	-	(7.8)	**1.2**	-	**1.2**
Credit recognised in respect of share remuneration	-	-	-	-	-	-	5.5	**5.5**	-	**5.5**
Tax charge in respect of share remuneration	-	-	-	-	-	-	(1.6)	**(1.6)**	-	**(1.6)**
Dividends paid	-	-	-	-	-	-	(113.5)	**(113.5)**	-	**(113.5)**
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(26.1)**	**(88.0)**	**6.6**	**(378.5)**	**298.9**	**-**	**298.9**

William Hill PLC

Interim Consolidated Statement of Financial Position (unaudited)

as at 2 July 2019

	Notes	**2 July 2019 £m**	26 June 2018 £m	1 January 2019 £m
Non-current assets				
Intangible assets		**1,101.6**	665.0	686.1
Property, plant and equipment		**281.3**	134.0	149.8
Interests in associates		**23.7**	28.7	23.3
Investments	8	**7.2**	0.1	21.4
Deferred tax assets		**14.5**	7.8	11.9
Retirement benefit asset		**47.0**	29.9	40.5
Loans receivable		**7.4**	3.1	4.8
		1,482.7	868.6	937.8
Current assets				
Trade and other receivables		**69.4**	65.2	61.7
Investment property held for sale		**1.7**	3.5	1.7
Cash and cash equivalents		**433.4**	544.9	510.5
		504.5	613.6	573.9
Total assets		**1,987.2**	1,482.2	1,511.7
Current liabilities				
Trade and other payables		**(399.9)**	(425.0)	(387.3)
Corporation tax liabilities		**(11.9)**	(11.7)	(18.8)
Derivative financial instruments		**(10.9)**	(17.2)	(14.9)
Borrowings	9	**(204.3)**	-	-
Lease liabilities	1	**(43.6)**	-	-
Provisions		**(86.7)**	(8.2)	(8.3)
		(757.3)	(462.1)	(429.3)
Non-current liabilities				
Borrowings	9	**(693.1)**	(721.4)	(719.7)
Lease liabilities	1	**(127.7)**	-	-
Provisions		**(17.2)**	-	-
Deferred tax liabilities		**(70.5)**	(60.2)	(63.8)
		(908.5)	(781.6)	(783.5)
Total liabilities		**(1,665.8)**	(1,243.7)	(1,212.8)
Net assets		**321.4**	238.5	298.9
Equity				
Called-up share capital		**90.0**	88.7	88.7
Share premium account		**709.9**	689.4	689.4
Capital redemption reserve		**6.8**	6.8	6.8
Merger reserve		**(26.1)**	(26.1)	(26.1)
Own shares held		**(87.2)**	(89.7)	(88.0)
Hedging and translation reserves		**9.9**	4.4	6.6
Accumulated losses		**(394.0)**	(435.0)	(378.5)
Total equity attributable to equity holders of the parent		**309.3**	238.5	298.9
Non-controlling interest		**12.1**	-	-
Total equity		**321.4**	238.5	298.9

William Hill PLC

Interim Consolidated Cash Flow Statement (unaudited)

for the 26 weeks ended 2 July 2019

	Notes	**26 weeks ended 2 July 2019 £m**	26 weeks ended 26 June 2018 £m	53 weeks ended 1 January 2019 £m
Net cash from operating activities – continuing operations	10	**72.4**	110.0	197.1
Net cash from operating activities – discontinued operations		**-**	1.0	1.0
Investing activities				
Dividends from associates		**-**	-	8.2
Interest received on cash and cash equivalents		**0.8**	0.7	2.4
Proceeds on disposal of property, plant and equipment		**-**	0.3	0.7
Proceeds on disposal of investment property		**-**	-	1.7
Amounts drawn down on loan facility made available to NeoGames		**(2.3)**	(3.0)	(4.7)
Net proceeds on sale of Australia operations		**-**	141.0	141.6
Net proceeds from disposal of NYX investments		**-**	100.7	100.7
Acquisition of Mr Green & Co AB		**(170.0)**	-	(19.2)
Investment in and subsequent disposal of Featurespace		**2.1**	-	(1.3)
Purchases of property, plant and equipment		**(12.9)**	(13.4)	(41.9)
Expenditure on intangible assets		**(47.4)**	(29.7)	(75.4)
Net cash (used in)/from investing activities – continuing operations		**(229.7)**	196.6	112.8
Net cash used in investing activities – discontinued operations		**-**	(3.0)	(2.9)
Financing activities				
Proceeds on issue of shares under share schemes		**-**	1.1	1.2
Purchase of own shares		**(0.4)**	-	-
Debt facility and bond issue costs		**(1.3)**	-	(3.1)
Proceeds on issue of 4.75% corporate bond due May 2026	9	**350.0**	-	-
Amounts paid on redemption of existing bond	9	**(170.2)**	-	-
Existing bond redemption costs		**(8.0)**	-	-
Lease liabilities – principal payments		**(22.3)**	-	-
Dividends paid	6	**(67.7)**	(76.8)	(113.5)
Net cash from/(used in) financing activities – continuing operations		**80.1**	(75.7)	(115.4)
Net cash used in financing activities – discontinued operations		**-**	-	-
Net (decrease)/increase in cash and cash equivalents in the period		**(77.2)**	228.9	192.6
Changes in foreign exchange rates		**0.1**	(1.0)	0.9
Cash and cash equivalents at start of period		**510.5**	317.0	317.0
Cash and cash equivalents at end of period		**433.4**	544.9	510.5

William Hill PLC
Notes to the Group Financial Statements
for the 26 weeks ended 2 July 2019

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 1 Bedford Avenue, London, WC1B 3AU. The condensed consolidated financial information for the 26 weeks ended 2 July 2019, which has been approved by a committee of the Board of Directors on 8 August 2019, has been prepared on the basis of the accounting policies set out in the Group's 2018 Annual Report on pages 121-123 and 168-173, which can be found on the Group's website www.williamhillplc.com. This condensed consolidated financial information for the 26 weeks ended 2 July 2019 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated financial information for the 26 weeks ended 2 July 2019 should be read in conjunction with the annual financial statements for the 53 weeks ended 1 January 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies used in the preparation of the interim financial information have been consistently applied to all periods presented.

The condensed consolidated financial information for the 26 weeks ended 2 July 2019 is unaudited and does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but has been reviewed by the auditor and their report is set out at the end of this financial information. The results for the 53-week period ended 1 January 2019 shown in this report do not constitute the Company's statutory accounts for that period but have been extracted from those accounts, which have been filed with the Registrar of Companies. The auditor has reported on those accounts. Their report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

BASIS OF ACCOUNTING

The interim condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and therefore complies with Article 4 of the EU IAS Regulation.

The interim financial information has 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.

BASIS OF CONSOLIDATION

The financial information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) up to 2 July 2019. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

ADOPTION OF NEW AND REVISED STANDARDS

In preparing the Group financial statements for the current period the Group has adopted the following new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations. The new standards are further explained below.

IAS 12 (amended):	Income Taxes
IAS 19 (amended):	Employee Benefits
IAS 23 (amended):	Borrowing Costs
IAS 28 (amended):	Investments in Associates
IAS 39 (amended):	Financial Instruments: Recognition and Measurement
IAS 40 (amended):	Investment Property
IFRS 1 (amended):	First-time Adoption of International Financial Reporting Standards
IFRS 2 (amended):	Share-based Payment
IFRS 9 (new):	Financial Instruments
IFRS 11 (amended):	Joint Arrangements
IFRS 15 (new):	Revenue from Contracts with Customers
IFRS 16 (new):	Leases
IFRIC 22 (amended):	Foreign Currency Transactions and Advance Consideration
IFRIC 23 (amended):	Uncertainty over Income Tax Treatments

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' sets out the requirements for recognising, classifying and measuring financial assets and financial liabilities and includes guidance in respect of general hedge accounting. This standard has replaced IAS 39 'Financial Instruments: Recognition and Measurement.' The Group has elected not to restate prior period comparative financial information on adoption of IFRS 9.

Classification and measurement

New classification and measurement criteria require financial instruments to be classified into one of three categories being amortised cost, fair value through other comprehensive income, or fair value through profit or loss. The Group holds an investment that under the previous accounting standard would have been classified as an available-for-sale equity instrument, however under IFRS 9, it has elected to classify this as fair value through profit or loss and therefore all gains/losses on these investments will be recognised in the Consolidated Income Statement (note 8).

Impairment

IFRS 9 requires the Group to use an expected credit loss model for its financial assets measured at amortised cost, on either a 12-month or a lifetime basis. The Group financial assets at amortised cost currently consist of cash and cash equivalents, trade receivables and loans receivable. None of these financial assets have a significant financing component and the Group applies the simplified approach and records lifetime expected losses on all trade receivables and loans receivable measured at amortised cost.

Hedge accounting

The general hedge accounting mechanism of IAS 39 has been retained, however greater flexibility has been introduced over the instruments eligible for hedge accounting and effectiveness testing. The changes relating to hedge accounting have not impacted the Group's financial statements.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 'Revenue from contracts with customers' establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group's core revenues of sports betting and gaming are not within the scope of IFRS 15. This is due to these revenues being treated as derivatives under IFRS 9: 'Financial Instruments' and thus falling out the scope of IFRS 15. The Group's other income streams mostly represents service provider income, previously referred to as bookmaking services income, rents receivable on properties let by the Group, bookmaking software licensing income and income from software development. Rents receivable is also not within the scope of IFRS 15.

The Group has elected to apply the Cumulative Effect Method of transition and therefore prior period financial information is not restated retrospectively in line with IFRS 15.

Adoption of this standard has not had a material impact on the Group financial statements or its revenue recognition accounting policy.

IFRS 16 'Leases'

IFRS 16 'Leases' has replaced IAS 17 in its entirety. The distinction between operating leases and finance leases for lessees is removed and it results in most leases being recognised on the Statement of Financial Position as a right-of-use asset and a lease liability. For leases previously classified as operating leases, the lease cost has changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability. The Group's previously classified operating leases include rentals payable by the Group for certain of its LBOs and office properties and amounts payable for the use of certain office and computer equipment and vehicles.

The Group has applied IFRS 16 using the modified retrospective approach. A lease liability has been recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate. A right-of-use asset has been recognised equal to the lease liability adjusted for prepaid and accrual lease payments. The Group has applied the below practical expedients permitted under the modified retrospective approach;

– exclude leases for measurement and recognition for leases where the term ends within 12 months from the date of initial application and account for these leases as short-term leases;

– apply a single discount rate to a portfolio of leases with similar characteristics;

– adjust the right-of-use asset on transition by any previously recognised onerous lease provisions;

– use hindsight to determine the lease term if the contract contains options to extend or terminate; and

– exclude initial direct lease costs in the measurement of the right-of-use asset.

The following reconciliation to the opening balance for the lease liabilities as at 2 January 2019 is based upon the operating lease obligations as at 1 January 2019:

	£m
Minimum lease payments under operating leases at 1 January 2019	**228.9**
Short-term and low-value leases not recognised as liabilities	(21.8)
Gross lease liabilities as at 2 January 2019	**207.1**
Effect of discounting using the incremental borrowing rate at 2 January 2019	(16.9)
Present value of lease liabilities at 2 January 2019	**190.2**
Present value of finance lease liabilities under IAS 17 as 1 January 2019	-
Lease liability recognised as at 2 January 2019	**190.2**

The cumulative impact of the changes made to the Interim Consolidated Statement of Financial Position as at 2 January 2019 for the adoption of IFRS 16 is summarised as follows:

	1 January 2019 (as previously reported)	IFRS 16 adoption effect	**2 January 2019 £m**
Non-current assets			
Property, plant and equipment	**149.8**	196.1	**345.9**
Current assets			
Trade and other receivables	**61.7**	(5.9)	**55.8**
Total assets	**1,511.7**	190.2	**1,701.9**
Current liabilities			
Lease liabilities	**-**	(43.7)	**(43.7)**
Non-current liabilities			
Lease liabilities	**-**	(146.5)	**(146.5)**
Total liabilities	**(1,212.8)**	(190.2)	**(1,403.0)**
Net assets	**298.9**	-	**298.9**

The impact of the adjustments made to adjusted results in the Interim Consolidated Income Statement for the 26 weeks ended 2 July 2019 due to the adoption of IFRS 16 is summarised as follows:

	£m
Decrease in Other operating expenses	**23.2**
Increase in Depreciation	**(22.1)**
Profit before interest and tax	**1.1**
Finance costs	**(2.3)**
Loss before tax	**(1.2)**

STANDARDS IN ISSUE BUT NOT EFFECTIVE

Below is a list of those IFRSs, amendments to IFRSs and IFRIC interpretations that are in issue but not yet effective, none of which are expected to have a significant impact on the Group's results:

IAS 1 (amended):	Presentation of Financial Statements
IAS 8 (amended):	Accounting Policies, Changes in Accounting Estimates and Errors
IFRS 3 (amended):	Business Combinations
IFRS 17 (new):	Insurance Contracts

GOING CONCERN

The Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. These are supplemented when required by additional drawings under the Group's revolving credit bank loan facilities, which are committed until October 2023. Currently this facility is undrawn and the Group holds a strong liquidity position with a cash balance of £342.9m (excluding customer balances and other restricted cash of £90.5m). The outstanding balance on the Group's 2020 £375m bond of £204.8m (note 9) is repayable within the next 12 months and is shown as a current liability. The Group issued a new £350m bond in May 2019 and are using these proceeds in part to refinance this debt, which alongside the undrawn facility and strong liquidity position, will be used to meet this current liability. Whilst there are a number of risks to the Group's trading performance, as summarised in the 'Managing our risks' section on pages 57-61 within the 2018 Annual Report, 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 Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the condensed financial statements.

SEASONALITY

The Group's overall profitability is primarily sensitive to sporting results, largely in terms of outcome but also in terms of the timing and presence of significant events that attract a large amount of stakes. For example, the previous reporting period included part of the 2018 World Cup football tournament whereas the current reporting period does not.

FAIR VALUES

Assets and liabilities measured at fair value include ante post bets derivative financial instruments and an equity investment in The Stars Group (TSG) classified as fair value through profit or loss (note 8).

The valuation of the equity investment in TSG was based on the TSG share price at the reporting period end.

The valuation of ante post bets is determined with reference to anticipated gross win margins on unsettled bets. Changes in fair value have not had a material impact upon the profit for the period.

Fair value hierarchy

The hierarchy (as defined in IFRS 13) of the Group's financial instruments carried at fair value was as follows:

	2 July 2019				1 January 2019			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets/(liabilities) held at fair value								
TSG shares (note 8)	**7.1**	**-**	**-**	**7.1**	-	-	-	-
Ante post bet liabilities	**-**	**-**	**(10.9)**	**(10.9)**	-	-	(14.9)	(14.9)
Investment in Mr Green	**-**	**-**	**-**	**-**	19.2	-	-	19.2
Featurespace	**-**	**-**	**-**	**-**	-	2.1	-	2.1
Total	**7.1**	**-**	**(10.9)**	**(3.9)**	19.2	2.1	(14.9)	6.4

There were no transfers between levels of fair value hierarchy during the period.

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 that the Group's Chief Executive Officer and Chief Financial Officer as chief operating decision makers review to make strategic decisions.

The Retail segment comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all online and telephone activity, including sports betting, casino, poker sites and other gaming products along with telephone betting services. The Online segment includes the results of MRG since the Group's acquisition in January 2019 as the chief operating decision makers review it as part of the Online segment when making decisions regarding the allocation of resources between segments. The US Existing segment comprises all activity undertaken in the existing US business in Nevada before the Supreme Court overturned PASPA in May 2018. The US Expansion segment includes all operations in new US locations where gambling has been regulated following the Supreme Court's overturn of PASPA. There are no inter-segmental sales within the Group.

Segment performance is shown on an adjusted basis, with a reconciliation from adjusted operating profit to statutory results for clarity. Segment information for the 26 weeks ended 2 July 2019 is as follows:

	Retail £m	Online £m	US Existing[1,4] £m	US Expansion[1,4] £m	Other £m	Corporate £m	Group £m
Direct revenue	391.5	367.3	38.4	10.9	-	-	808.1
Service provider revenue[2]	-	-	-	3.6	-	-	3.6
Revenue	**391.5**	**367.3**	**38.4**	**14.5**	**-**	**-**	**811.7**
GPT, duty, levies and other costs of sales	(92.5)	(99.4)	(3.4)	(1.9)	-	-	(197.2)
Gross profit	299.0	267.9	35.0	12.6	-	-	614.5
Depreciation	(27.8)	(2.3)	(1.8)	(0.5)	-	(3.4)	(35.8)
Amortisation	(4.6)	(20.8)	(0.3)	(0.6)	-	(0.6)	(26.9)
Other administrative expenses	(223.9)	(190.5)	(19.6)	(21.4)	-	(20.6)	(476.0)
Share of results of associates	-	-	-	-	-	0.4	0.4
Adjusted operating profit/(loss)[3]	**42.7**	**54.3**	**13.3**	**(9.9)**	-	**(24.2)**	**76.2**
Operating exceptional items and adjustments	(97.1)	(5.2)	(1.3)	(2.3)	-	(8.4)	(114.3)
(Loss)/profit before interest and tax	**(54.4)**	**49.1**	**12.0**	**(12.2)**	-	**(32.6)**	**(38.1)**
Investment income	-	-	-	-	-	1.8	1.8
Finance costs	(1.9)	(0.1)	(0.1)	(0.1)	-	(25.0)	(27.2)
(Loss)/profit before tax	**(56.3)**	**49.0**	**11.9**	**(12.3)**	**-**	**(55.8)**	**(63.5)**

[1] Both the US Existing and US Expansion segments operate within the William Hill US business but are currently reviewed separately with decisions made regarding the allocation of resources to those segments separately made by the Chief Executive Officer and the Chief Financial Officer, being the chief operating decision makers.

[2] The Group previously recognised US Existing segment service provider revenue, previously referred to as bookmaking services income, through other operating income. It is the Group's view that in order not to distort the other operating income figure, income earned through service provider revenue shall be recognised as revenue. Prior period comparatives have been reclassified.

[3] Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

[4] Results from the state of Delaware were previously split between US Existing and US Expansion. The approach has changed and now all Delaware results are presented in US Expansion to provide a clearer presentation. Prior period comparatives have been reclassified.

Segment information for the 26 weeks ended 26 June 2018 is as follows:

	Retail £m	Online £m	US Existing[1,4] £m	US Expansion[1,4] £m	Other £m	Corporate £m	Group £m
Direct revenue	444.1	320.9	36.9	0.6	0.1	-	802.6
Service provider revenue[2]	-	-	-	0.3	-	-	0.3
Revenue	**444.1**	**320.9**	**36.9**	**0.9**	**0.1**	**-**	**802.9**
GPT, duty, levies and other costs of sales	(112.6)	(80.6)	(3.3)	(0.1)	-	-	(196.6)
Gross profit	331.5	240.3	33.6	0.8	0.1	-	606.3
Depreciation	(12.4)	(0.4)	(0.7)	-	-	(0.8)	(14.3)
Amortisation	(5.5)	(18.0)	(0.1)	-	-	-	(23.6)
Other administrative expenses	(238.5)	(162.0)	(15.5)	(17.7)	(0.6)	(20.4)	(454.7)
Share of results of associates	-	-	-	-	-	(0.1)	(0.1)
Adjusted operating profit/(loss)[3]	**75.1**	**59.9**	**17.3**	**(16.9)**	**(0.5)**	**(21.3)**	**113.6**
Operating exceptional items and adjustments	(882.6)	(0.5)	(1.1)	-	-	(31.7)	(915.9)
(Loss)/profit before interest and tax	**(807.5)**	**59.4**	**16.2**	**(16.9)**	**(0.5)**	**(53.0)**	**(802.3)**
Investment income	-	-	-	-	-	1.4	1.4
Finance costs	-	-	-	-	-	(18.7)	(18.7)
Loss before tax	**(807.5)**	**59.4**	**16.2**	**(16.9)**	**(0.5)**	**(70.3)**	**(819.6)**

[1] Both the US Existing and US Expansion segments operate within the William Hill US business but are currently reviewed separately with decisions made regarding the allocation of resources to those segments separately made by the Chief Executive Officer and the Chief Financial Officer, being the chief operating decision makers.

[2] The Group previously recognised US Existing segment service provider revenue, previously referred to as bookmaking services income, through other operating income. It is the Group's view that in order not to distort the other operating income figure, income earned through service provider revenue shall be recognised as revenue. Prior period comparatives have been reclassified.

[3] Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

[4] Results from the state of Delaware were previously split between US Existing and US Expansion. The approach has changed and now all Delaware results are presented in US Expansion to provide a clearer presentation. £0.3m of adjusted operating profit has been reclassified from US Existing to US Expansion for the 26 weeks ended 26 June 2018.

Segment information for the 53 weeks ended 1 January 2019 is as follows:

	Retail £m	Online £m	US Existing[1,4] £m	US Expansion[1,4] £m	Other £m	Corporate £m	Group £m
Direct revenue	895.2	634.4	78.2	10.4	0.2	-	1,618.4
Service provider revenue[2]	-	-	0.2	2.7	-	-	2.9
Revenue	**895.2**	**634.4**	**78.4**	**13.1**	**0.2**	**-**	**1,621.3**
GPT, duty, levies and other costs of sales	(226.6)	(154.1)	(7.4)	(1.6)	-	-	(389.7)
Gross profit	668.6	480.3	71.0	11.3	0.2	-	1,231.6
Depreciation	(22.0)	(0.6)	(1.4)	(0.3)	-	(0.2)	(24.5)
Amortisation	(10.2)	(38.4)	(0.3)	(0.2)	-	-	(49.1)
Other administrative expenses	(486.1)	(311.1)	(38.0)	(42.9)	0.1	(49.3)	(927.3)
Share of results of associates	-	-	-	-	-	2.9	2.9
Adjusted operating profit/(loss)[3]	**150.3**	**130.2**	**31.3**	**(31.9)**	**0.3**	**(46.6)**	**233.6**
Operating exceptional items and adjustments	(886.0)	3.2	(3.6)	-	-	(35.1)	(921.5)
(Loss)/profit before interest and tax	**(735.7)**	**133.4**	**27.7**	**(31.9)**	**0.3**	**(81.7)**	**(687.9)**
Investment income	-	-	-	-	-	4.7	4.7
Finance costs	-	-	-	-	-	(38.7)	(38.7)
Loss before tax	**(735.7)**	**133.4**	**27.7**	**(31.9)**	**0.3**	**(115.7)**	**(721.9)**

[1] Both the US Existing and US Expansion segments operate within the William Hill US business but are currently reviewed separately with decisions made regarding the allocation of resources to those segments separately made by the Chief Executive Officer and the Chief Financial Officer, being the chief operating decision makers.

[2] The Group previously recognised US Existing segment service provider revenue, previously referred to as bookmaking services income, through other operating income. It is the Group's view that in order not to distort the other operating income figure, income earned through service provider revenue shall be recognised as revenue. Prior period comparatives have been reclassified.

[3] Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

[4] Results from the state of Delaware were previously split between US Existing and US Expansion. The approach has changed and now all Delaware results are presented in US Expansion to provide a clearer presentation. £1.3m adjusted operating profit has been reclassified from US Existing to US Expansion for the 53 weeks ended 1 January 2019.

3. EXCEPTIONAL ITEMS AND ADJUSTMENTS

Adjusted results

The Group reports adjusted results, both internally and externally, that differ from statutory results prepared in accordance with IFRS. These adjusted results, which include the Group's KPIs of adjusted operating profit and adjusted EPS, are considered by the directors to be a useful reflection of the underlying performance of the Group and its businesses, since they exclude transactions that impair visibility of the underlying activity in segments. More specifically, the directors judge that visibility can be impaired in one or both of the following instances:

- a transaction is of such a material or infrequent nature that it would obscure an understanding of underlying outcomes and trends in revenues, costs or other components of performance (for example, a significant impairment charge); or
- a transaction that results from a corporate activity has neither a close relationship to the businesses' operations nor any associated operational cash flows (for example, the amortisation of intangibles recognised on acquisitions).

Adjusted results are used as the primary measures of business performance within the Group and align with the results shown in management accounts, with the key uses being:

- management and Board reviews of performance against expectations and over time, including assessments of segmental performance (see note 2 and the Operating Review);
- Remuneration Committee assessments of targets and performance for management remuneration purposes;
- in support of business decisions by the Board and by management, encompassing both strategic and operational levels of decision-making; and

- assessments of loan covenant compliance, which refer to adjusted results.

The Group's policies on adjusted measures have been consistently applied over time, but they are not defined by IFRS and, therefore, may differ from adjusted measures as used by other companies.

The Consolidated Income Statement presents adjusted results alongside statutory measures, with the reconciling items being itemised and described below. We discriminate between two types of reconciling items; exceptional items and defined adjustments.

Exceptional items

Exceptional items are those items the directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Adjustments

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the directors to be exceptional. They comprise the amortisation of specific intangible assets recognised in acquisitions.

This is defined as an adjustment as the directors believe it would impair the visibility of the underlying activities across the segments as it is not closely related to the businesses' or any associated operational cash flows. This item is recurring with the amortisation of specific intangible assets recognised in acquisitions charged over their useful life.

Exceptional items and adjustments are as follows:

	Exceptional items £m	**Adjustments £m**	**26 weeks ended 2 July 2019 £m**	Exceptional items £m	Adjustments £m	26 weeks ended 26 June 2018 £m	53 weeks ended 1 January 2019 £m
Operating							
Cost of sales							
Indirect taxation[1]	**-**	**-**	**-**	-	-	-	4.1
Other operating expenses							
Impairment of Retail segment[2]	**-**	**-**	**-**	(882.8)	-	(882.8)	(882.8)
Transformation programme restructuring costs	**(3.3)**	**-**	**(3.3)**	(29.9)	-	(29.9)	(31.2)
Triennial mitigation restructuring costs	**(97.1)**	**-**	**(97.1)**	-	-	-	(4.6)
Corporate transaction and integration costs	**(5.1)**	**-**	**(5.1)**	-	-	-	(1.8)
Legal fees	**(0.5)**	**-**	**(0.5)**	(0.4)	-	(0.4)	(0.6)
Guaranteed minimum pension equalisation[3]	**-**	**-**	**-**	-	-	-	(1.4)
Disposal of investments in NYX[4]	**-**	**-**	**-**	(0.4)	-	(0.4)	(0.4)
Disposal of Australia operations[5]	**-**	**-**	**-**	(1.1)	-	(1.1)	(0.6)
Portfolio shop closures[6]	**-**	**-**	**-**	0.2	-	0.2	0.3
Amortisation of acquired intangibles	**-**	**(8.3)**	**(8.3)**	-	(1.5)	(1.5)	(2.5)
	(106.0)	**(8.3)**	**(114.3)**	(914.4)	(1.5)	(915.9)	(921.5)
Non-operating							
Costs in respect of refinancing[7]	**-**	**-**	**-**	-	-	-	(0.6)
	-	**-**	**-**	-	-	-	(0.6)
Total exceptional items and adjustments before tax	**(106.0)**	**(8.3)**	**(114.3)**	(914.4)	(1.5)	(915.9)	(922.1)
Tax on exceptional items and adjustments	**6.3**	**(0.2)**	**6.1**	34.3	0.2	34.5	37.9
Exceptional tax items[8]	**-**	**-**	**-**	-	-	-	(8.0)
Total exceptional items and adjustments	**(99.7)**	**(8.5)**	**(108.2)**	(880.1)	(1.3)	(881.4)	(892.2)

1 The Group previously accrued for certain indirect taxes that it expected to pay following clarifications on tax interpretations in certain jurisdictions. The retrospective element was presented as exceptional within Costs of sales in light of the material scale and one-off nature of the charge. In 2018, the Group reached tax settlements within certain jurisdictions which led to a release of previously accrued balances. The release was treated as exceptional consistent with the original expense.

2 In 2018, as a result of the conclusion of the Triennial Review and the announcement of the maximum stakes on B2 gaming products reducing to £2, management recognised an impairment of the assets of the Retail segment. This was presented as an exceptional item due to its material and one-off nature.

3 Following the judgement in the Lloyds case on 26 October 2018, the need to equalise for the effect of differences in guaranteed minimum pensions (GMPs) between males and females was made more certain and consequently an allowance for the effect of GMP equalisation was made in 2018. The Scheme's Actuary estimated that the potential GMP equalisation cost as at 1 January 2019 was £1.4m, which is included within the defined benefit obligation. This was recognised as a past service cost within exceptional items in 2018.

4 On 5 January 2018, the Group completed the disposal of its investments in NYX. Accumulated fair value movements recognised in other comprehensive income were reclassified to profit and loss on disposal completion. This was classified as an exceptional item in 2018 due to the one-off nature of the disposal with the previous movements in this investment classified within adjustments.

5 On 23 April 2018, the Group sold its Australian operations to CrownBet Holdings Pty Ltd. The resulting loss on disposal of £1.1m was classified as an exceptional in 2018 due to its one-off nature.

6 During 2017, as part of the ongoing Group-wide transformation programme, the Group performed a full strategic review of the shop estate. This review led to the closure of 25 shops with a provision made for onerous leases and other costs of closure. This strategic review was a one-off exercise leading to a material expense and, therefore, the directors judged the cost to be exceptional. During 2018, the Group negotiated the early exit of certain leases, resulting in a reversal of the

provisions held in respect of those leases. The provision for the proposed c700 shop closures announced in July 2019 is presented within Triennial Review mitigation restructuring costs.

[7] In 2018, the Group entered into a £390m revolving credit facility, replacing the existing revolving credit facility. The remaining capitalised balance of finance fees on the terminated facility, which were being expensed over the life of the replaced facility, were expensed and recognised as an exceptional item given the one-off nature of the charge.

[8] In 2018, the Group recognised an exceptional tax provision of £8.0m in respect to potential additional tax payable relating to a change, with retrospective effect, in specific non-UK tax legislation.

Transformation programme restructuring costs

This is a continuation of the substantial corporate restructuring the Group commenced in 2016, encompassing cost optimisation and business model initiatives. This is part of a Group-wide programme, which is still expected to complete in 2019. This programme, for which costs include fees for external advisers and the cost of staff redundancies, is substantial in scope and impact. These costs do not form part of recurring operational or management activities that the directors would consider part of our underlying performance. For these reasons, the directors judge the directly attributable cost to be exceptional. A reconciliation of the costs incurred to date and expected for the remainder of the programme is provided in the Financial Review.

Triennial Review mitigation restructuring costs

In May 2018, the results of the Triennial Review were announced with a reduction in the maximum stake on B2 gaming products to £2. In November 2018, the Government announced that the £2 maximum stake on gaming products would be implemented in April 2019 with an increase in Remote Gaming Duty from 15% to 21%. The significant impact of these regulatory changes has led to a Group-wide restructuring programme expected to last until 2020. This includes costs such as shop closures, staff redundancies and fees for external advisers.

£93.3m of the cost recognised in the period relates to costs associated with the proposed c700 shop closures announced in July 2019 of which £47.3m was an impairment charge against the relevant right of use lease assets and £46.0m relates to other costs of closure, onerous costs and redundancy costs. The remaining £3.8m predominantly relates to other Group-wide redundancy costs as part of the cost saving restructuring programme.

The programme is expected to last until 2020 and we continue to expect cash costs of the programme of c£75m, of which c£60m relates to the Retail segment and c£15m of cost from a Group-wide cost saving programme initiated as a specific result of the Triennial Review decision. The costs recognised to date across 2018 and H1 2019 of £101.7m are greater than this expected cash cost as they do not include mitigation strategies such as any savings from early exit from lease arrangements and the potential sale of freehold properties.

The directors assess the costs as exceptional as they are both material and not considered part of recurring operational or management activities that are part of the Group's underlying performance.

Corporate transaction and integration costs

In 2019, the Group completed the acquisition of MRG and completed its strategic partnership with Eldorado. The costs relating to these corporate transactions incurred in 2018 were recognised as exceptional and these costs continue to be recognised on a consistent basis in 2019. The Group will continue to incur integration costs surrounding MRG throughout 2019 and these costs will continue to be presented as exceptional given their one-off nature that would otherwise distort an understanding of the Group's underlying cost base.

Legal fees

These represent fees in respect of specific legal action following the 2012 acquisition of businesses in Nevada, USA. These were classified as exceptional given they are material in the context of the US segment and due to the potential of damages and fees being awarded to the Group (see note 12), which would be treated as an exceptional gain due to their material scale and one-off nature.

4. FINANCE COSTS

	26 weeks ended 2 July 2019 £m	26 weeks ended 26 June 2018 £m	53 weeks ended 1 January 2019 £m
Interest payable and similar charges:			
Bank loans, bonds and overdrafts	**24.1**	17.8	36.4
Interest on lease liabilities	**2.3**	-	-
Amortisation of finance costs	**0.8**	0.9	1.7
	27.2	18.7	38.1

The numbers in the table above relate to adjusted results and therefore do not include exceptional finance costs as detailed in note 3.

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

On a statutory basis, the Group recognised a tax credit of £2.3m on losses before tax of £63.5m, giving an effective tax rate of 3.6% (H1 2018: 2.0%). The rate is adversely impacted due to the non-deductibility of certain exceptional costs (principally the impairment of the relevant lease right of use assets).

On an adjusted basis, the Group recognised a tax charge of £3.8m on adjusted profits before tax of £50.8m, giving an effective tax rate of 7.5% (H1 2018: 18.9%). This rate is lower than the UK statutory rate, reflecting the lower tax rates on profits earned in Gibraltar and the release of a provision held in respect of the unwinding of the intragroup lending on the disposal of the Australian operations, offset by the recognition of a provision for additional tax payable following a potential change, with retrospective effect, in specific UK tax legislation.

The Group's adjusted effective tax rate for 2019 is now expected to be c8%, reflecting the benefit of the provision release. For 2020, the adjusted effective tax rate is expected to increase to c12%.

6. DIVIDENDS PROPOSED AND PAID

The directors have approved an interim dividend of 2.66 pence per share (2018: 4.26 pence per share) to be paid on 28 November 2019 to ordinary shareholders on the Register of Members on 25 October 2019. In line with the requirements of IAS 10 'Events after the Reporting Date', this dividend has not been recognised within these interim results.

The 2018 final dividend of 7.7 pence per share (£67.7m) was paid in the period.

Under an agreement signed in November 2002, The William Hill Holdings 2001 Employee Benefit Trust agreed to waive all dividends. Shares held in treasury also do not qualify for dividends. The Company estimates that 874 million shares will qualify for the interim dividend.

7. (LOSS)/EARNINGS PER SHARE

The (loss)/earnings per share figures for the statutory results are as follows:

	26 weeks ended 2 July 2019			26 weeks ended 26 June 2018		
	Basic	**Potentially dilutive share options**	**Diluted**	Basic	Potentially dilutive share options	Diluted
Statutory (loss)/profit (£m)						
Continuing operations	**(62.0)**	**-**	**(62.0)**	(803.3)	-	(803.3)
Discontinued operations	**-**	**-**	**-**	3.8	-	3.8
Total	**(62.0)**	**-**	**(62.0)**	(799.5)	-	(799.5)
Weighted average number of shares (million)	**871.8**	**3.6**	**875.4**	858.7	4.5	863.2
(Loss)/earnings per share (pence)						
Continuing operations	**(7.1)**	**-**	**(7.1)**	(93.5)	-	(93.5)
Discontinued operations	**-**	**-**	**-**	0.4	-	0.4
Total	**(7.1)**	**-**	**(7.1)**	(93.1)	-	(93.1)

	53 weeks ended 1 January 2019		
	Basic	Potentially dilutive share options	Diluted
Statutory (loss)/profit (£m)			
Continuing operations	(716.1)	-	(716.1)
Discontinued operations	3.8	-	3.8
Total	(712.3)	-	(712.3)
Weighted average number of shares (million)	857.0	7.3	864.3
(Loss)/earnings per share (pence)			
Continuing operations	(83.6)	-	(83.6)
Discontinued operations	0.4	-	0.4
Total	(83.1)	-	(83.1)

The earnings per share figures for the adjusted results are as follows:

	26 weeks ended 2 July 2019			26 weeks ended 26 June 2018		
	Basic	**Potentially dilutive share options**	**Diluted**	Basic	Potentially dilutive share options	Diluted
Adjusted profit (£m)						
Continuing operations	**46.0**	**-**	**46.0**	78.1	-	78.1
Discontinued operations	**-**	**-**	**-**	4.5	-	4.5
Total	**46.0**	**-**	**46.0**	82.6	-	82.6
Weighted average number of shares (million)	**871.8**	**3.6**	**875.4**	858.7	4.5	863.2
Earnings/(loss) per share (pence)						
Continuing operations	**5.3**	**-**	**5.3**	9.1	(0.1)	9.0
Discontinued operations	**-**	**-**	**-**	0.5	-	0.5
Total	**5.3**	**-**	**5.3**	9.6	(0.1)	9.5

	53 weeks ended 1 January 2019		
	Basic	Potentially dilutive share options	Diluted
Adjusted profit (£m)			
Continuing operations	176.1	-	176.1
Discontinued operations	4.5	-	4.5
Total	180.6	-	180.6
Weighted average number of shares (million)	857.0	7.3	864.3
Earnings/(loss) per share (pence)			
Continuing operations	20.6	(0.2)	20.4
Discontinued operations	0.5	-	0.5
Total	21.1	(0.2)	20.9

All profit/(loss) figures in the above tables relate to those attributable to equity holders of the Company.

Adjusted earnings per share, based on adjusted profits (as described in note 3), has been presented in order to highlight the underlying performance of the Group.

Potential ordinary shares are treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase losses per share.

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 as such shares do not qualify for dividends. The effect of this was to reduce the average number of shares by 26.9 million in the 26 weeks ended 2 July 2019 (26 June 2018: 27.6 million, 1 January 2019: 28.0 million).

8. INVESTMENTS

The Stars Group (TSG) shares

As part of the Group's agreement with Eldorado Resorts, Inc (Eldorado), completed on 29 January 2019, the Group is entitled to 50% of equity interest in any third party issued as consideration of any betting skins.

In November 2018, TSG announced an agreement with Eldorado to give TSG certain options to operate online betting and gaming in states where Eldorado operates casino properties. As part of this agreement, TSG offered Eldorado upfront equity interest of $25m (with potentially an additional $5m of equity upon exercise of the first option by TSG). A further equity stake may be provided after five years, based on TSG's net gaming revenue generated in markets accessed via Eldorado. The Group will also receive the first $25m of revenue share payable by TSG and the majority of the revenue share thereafter.

The Group was therefore entitled to 50% of the $25m of equity interest in TSG. At 2 July 2019, these shares were worth $9m (£7.1m) based on the share price in TSG at 2 July 2019. These shares have been classified as fair value through profit or loss and therefore the gain on these shares has been recognised within other operating income.

The Group also holds other investments in unquoted shares of £0.1m (26 June 2018: £0.1m, 1 January 2019: £0.1m).

9. BORROWINGS

	2 July 2019 £m	26 June 2018 £m	1 January 2019 £m
Borrowings at amortised cost			
Bank loans	**-**	-	-
Less: expenses relating to bank loans	**(2.7)**	(0.8)	(2.9)
£375m 4.25% Guaranteed Notes due 2020	**204.8**	375.0	375.0
Less: expenses relating to £375m 4.25% Guaranteed Notes due 2020	**(0.5)**	(1.1)	(0.8)
£350m 4.875% Guaranteed Notes due 2023	**350.0**	350.0	350.0
Less: expenses relating to £350m 4.875% Guaranteed Notes due 2023	**(1.4)**	(1.7)	(1.6)
£350m 4.75% Guaranteed Notes due 2026	**350.0**	-	-
Less: expenses relating to £350m 4.75% Guaranteed Notes due 2026	**(2.8)**	-	-
Total Borrowings	**897.4**	721.4	719.7
Less: Borrowings as due for settlement in 12 months	**(204.3)**	-	-
Total Borrowings as due for settlement after 12 months	**693.1**	721.4	719.7

The gross borrowings are repayable as follows:			
Amounts due for settlement within one year	**204.8**	-	-
In the second year	**-**	375.0	375.0
In the third to fifth years inclusive	**350.0**	-	350.0
After more than five years	**350.0**	350.0	-
	904.8	725.0	725.0

Bank facilities

At 2 July 2019, the Group had the following bank facilities:

1. A committed revolving credit facility (RCF) of £390m provided by a syndicate of banks which expires in October 2023. This replaced the previous RCF of £540m which was due to expire in May 2019. At the period end, £nil of this facility was drawn down (26 June 2018: £nil; 1 January 2019: £nil).
2. An overdraft facility of £5m, of which £nil was drawn down at the period end (26 June 2018: £nil; 1 January 2019: £nil).

£390m 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 (see note 24 to the financial statements in the 2018 Annual Report for more information on this). 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 2 July 2019, the Group had an overdraft facility with National Westminster Bank plc of £5m (26 June 2018: £5m; 1 January 2019: £5m). The balance on this facility at 2 July 2019 was £nil (26 June 2018: £nil; 1 January 2019: £nil).

Corporate bonds

(i) £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 funds raised 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.

On 30 April 2019, the Company invited holders of its 2020 Notes to tender such notes for purchase subject to the successful completion of the issue of the new 2026 Notes. Since this condition was met, the Company was able to repurchase £170m of the 2020 Notes, leaving £205m outstanding.

(ii) £350m 4.875% Guaranteed Notes due 2023

On 27 May 2016, the Company issued £350m of corporate bonds and used the net proceeds to refinance the Company's existing debt and for its general corporate purposes. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, were issued with a coupon of 4.875% and are due for redemption in September 2023.

(iii) £350m 4.75% Corporate Bond due May 2026

On 1 May 2019, the Company issued £350m of corporate bonds and used the net proceeds to refinance the Company's existing debt and for its general corporate purposes. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, were issued with a coupon of 4.75% and are due for redemption in May 2026.

Finance fees and costs associated with the issue of bonds 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. NOTES TO THE CASH FLOW STATEMENT

	26 weeks ended 2 July 2019 £m	26 weeks ended 26 June 2018 £m	53 weeks ended 1 January 2019 £m
Loss before interest and tax	**(38.1)**	(802.3)	(687.9)
Adjustments for:			
Share of results of associates	**(0.4)**	0.1	(2.9)
Depreciation of property, plant and equipment	**35.8**	14.3	24.5
Amortisation of intangibles	**35.2**	25.1	51.6
Impairment of Retail segment and right-of-use lease assets	**47.3**	882.8	882.8
Provision for proposed retail shop closures	**46.0**	-	-
Guaranteed minimum pension equalisation	**-**	-	1.4
Gain on disposal of property, plant and equipment	**-**	-	(0.1)
Gains on early settlement of vacant property leases	**-**	(0.2)	(0.3)
Loss on disposal of Australian operations and costs to sell	**-**	7.9	6.8
Gain recognised on TSG shares (note 8)	**(7.1)**	-	-
Cost charged in respect of share remuneration	**3.3**	3.0	5.5
Defined benefit pension cost less cash contributions	**(3.7)**	(4.9)	(8.5)
Fair value movements on investment property	**-**	-	0.1
Fair value movements on ante post bet liabilities	**(4.0)**	3.8	1.6
Fair value movements and losses on disposal on derivative financial instruments	**-**	0.4	0.4
Operating cash flows before movements in working capital:	**114.3**	130.0	275.0
(Increase)/decrease in receivables	**(6.7)**	(6.4)	(2.6)
(Decrease)/increase in payables	**(10.4)**	10.4	(28.4)
Cash generated by operations	**97.2**	134.0	244.0
Income taxes paid	**(5.9)**	(6.1)	(11.3)
Interest paid	**(18.9)**	(17.9)	(35.6)
Net cash from operating activities – continuing operations	**72.4**	110.0	197.1
Net cash from operating activities – discontinued operations	**-**	1.0	1.0

The following is a reconciliation of liabilities arising from financing activities:

	26 weeks ended 2 July 2019 £m	26 weeks ended 26 June 2018 £m	53 weeks ended 1 January 2019 £m
Total liabilities from financing activities at the beginning of the period	**719.7**	720.5	720.5
Recognition of lease liabilities on adoption of IFRS 16	**190.2**	-	-
Net cash flows	**156.2**	-	(3.1)
Lease acquisitions and lease reassessments	**2.9**	-	-
Other non-cash movements	**(0.8)**	0.9	2.3
Foreign exchange movements	**0.5**	-	-
Total liabilities from financing activities at the end of the period	**1,068.7**	721.4	719.7

11. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Trading transactions

Associates

The Group holds an investment of 19.5% of the ordinary share capital of Sports Information Services (Holdings) Limited (SIS). During the period the Group made purchases of £40.9m (26 weeks ended 26 June 2018: £34.1m; 53 weeks ended 1 January 2019: £73.3m) from Sports Information Services Limited, a subsidiary of the Group's associated undertaking, SIS. At 2 July 2019 the amount due to or from Sports Information Services Limited by the Group was £nil (26 June 2018 £nil; 1 January 2019: £nil).

During the period, the Group made purchases of £3.2m from its associated undertaking, NeoGames (26 weeks ended 26 June 2018: £nil; 53 weeks ended 1 January 2019: £nil). The Group has made available a US$15m loan facility to NeoGames, of which $4m was drawn down on 13 March 2018, a further $2m drawn down on 11 October 2018 and a further $3m drawn down on 29 January 2019. At 2 July 2019, $9m of the drawn-down loan and $0.3m interest on the drawn-down amount was receivable from NeoGames (26 June 2018: $4.1m; 1 January 2019: $6.2m). At 2 July 2019, no amounts were outstanding from/to NeoGames in respect of purchases (26 June 2018: £nil; 26 December 2017: £nil).

All transactions with associates were made at market price.

Key management personnel

Transactions between the Group and key management personnel in the first half of 2019 were limited to those relating to remuneration previously disclosed as part of the Director's Remuneration Report within the Group's 2018 Annual report. There have been no other material changes to the arrangements between the Group and key management personnel in the period.

12. CONTINGENT ASSET AND LIABILITY

Contingent asset

The Group has incurred legal fees in respect of specific legal action following the 2012 acquisition of businesses in Nevada, USA. These fees have been classified as exceptional (note 3). There are potential damages and fees being awarded to the Group. We are unable to quantify the amount or the timing of the potential gains while the court process is ongoing.

Contingent liability

The Austrian tax authorities have appealed a decision of the Austrian Tax Court which supports the Group's position on gambling tax. Whilst the Group is confident that its position, as supported by the court, will be respected, the potential exposure if the tax authorities were to be successful is in the region of EUR 4.5m to EUR 5.0m.

13. MR GREEN & CO AB ACQUISITION

On 28 January 2019, the Group completed the acquisition of Mr Green & Co AB (MRG), acquiring 98.5% of the issued share capital. MRG is a fast-growing, innovative iGaming group with operations in 13 markets and brands including Mr Green and Redbet. MRG holds remote gambling licences in Denmark, Italy, Latvia, Malta, United Kingdom, Ireland and Sweden. MRG has leading gaming and casino products supported by a fast growing sportsbook. The acquisition is expected to strengthen the Group's Online international business and drive further online penetration.

Provisional details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£m
Net assets acquired:	
Cash and cash equivalents	**51.9**
Intangible assets	**114.8**
Property, plant and equipment	**4.8**
Deferred tax assets	**0.3**
Trade and other receivables	**5.4**
Trade and other payables	**(32.0)**
Provisions	**(43.9)**
Corporation tax liabilities	**(0.1)**
Lease liabilities	**(2.8)**
Deferred tax liabilities	**(5.1)**
Net identifiable assets acquired	**93.3**
Less: Non-controlling interest	**(5.2)**
Add: Goodwill	**153.0**
Total consideration	**241.1**

	£m
Purchase consideration:	
Cash paid	**241.1**
Less: cash and cash equivalents acquired	**(51.9)**
Net consideration	**189.2**

The goodwill is attributable to MRG's assembled workforce, its strong position and profitability trading in iGaming and synergies expected to arise after the Group's acquisition. It has been allocated to the Online segment. The amount of goodwill that is expected to be deductible for tax purposes is £nil.

Acquisition-related costs and integration costs of £5.1m have been recognised as exceptional costs (see note 3).

Intangible assets comprised of separately identifiable acquired intangibles that comprised brands, customer relationships and platform software.

The fair value of acquired trade receivables is £5.4m. The gross contractual amount for trade receivables due is £5.4m.

The provision acquired of £43.9m relates to a contested gaming tax liability in Austria.

The Group has chosen to recognise the non-controlling interests at its fair value. The fair value of the non-controlling interest in the residual shares in MRG is the estimate price the Group will pay to acquire the remaining shares. The acquisition of the remaining shares is expected to be completed by year-end.

The acquired business contributed revenue of £59.9m, adjusted profit of £4.7m (statutory loss after tax of £1.5m) to the Group from 29 January 2019 to 2 July 2019. If the acquisition had occurred on 2 January 2019 the contributed consolidated revenue, adjusted profit, and statutory loss after tax for the interim period ended 2 July 2019 would have been £71.6m, £3.1m, and £2.9m respectively.

Where current period results are compared to the previous period pro forma results, these include results of MRG for the comparative period of February-June in the prior period. These results for MRG were as follows:

	£m
Revenue	**55.7**
Cost of sales	**(15.2)**
Gross profit	**40.5**
Other operating expenses	**(38.7)**
Adjusted operating profit[1]	**1.8**
Operating exceptional items and adjustments	**-**
Profit before interest and tax	**1.8**

[1] Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Of the revenue from the period February-June in the prior period as disclosed above, £5.9m related to UK operations and £49.8m related to International operations. Furthermore, £3.9m related to Sportsbook and £51.8m related to Gaming. Sportsbook amounts wagered for this period was £56.7m.

14. ELDORADO RESORTS, INC. PARTNERSHIP

On 6 September 2018, the Group announced a partnership between William Hill US and Eldorado Resorts, Inc. (Eldorado). This partnership agreement obtained all regulatory clearances on 29 January 2019.

This agreement led to William Hill US becoming the exclusive partner in the provision of betting services conducted through all retail and online channels and gaming services in online channels at or attached to all current and future Eldorado properties. As part of the agreement Eldorado received 13,430,434 William Hill PLC shares, which are subject to an initial 3-5 year lock-up period, as well as a 20% shareholding in William Hill US and 40% of betting and gaming profits generated in respect of Eldorado properties. The agreement is for an initial 25-year term.

William Hill Plc issued 13,430,434 ordinary shares to Eldorado with nominal value of 10p each. Shares were issued at a premium of 152.77p per share, making a total of 162.77p per share.

The sale of William Hill US shares has been treated as a partial disposal of a 20% stake in a previously wholly-owned subsidiary and accounted for as an equity transaction, with a non-controlling interest created. William Hill US has retained 80% of the enhanced business, retaining strategic and operational control. The non-controlling interest has been recognised as a proportionate share of the William Hill US net assets.

The partnership agreement represents a share-based payment transaction and is therefore accounted for under IFRS 2. All rights arising from the partnership with Eldorado Resorts, pertaining to exclusive access and use of gaming licences obtained by Eldorado, have been recognised as an intangible asset, with a useful life of 25 years. Under IFRS 2, we have determined that the equity consideration disposed of is an equitable cost for the asset acquired and therefore we have valued the asset based on the fair value of the equity consideration disposed of. As such, at inception the Group recognised an intangible asset of £138.0m with the value representing both the shares in William Hill PLC valued at £21.8m based on the share price on the date of completion of the agreement, and £116.2m ($153.0m) value attributable to 20% of the William Hill US business. This is based on a third party valuation of $765m for the US business as whole, estimates of risk-adjusted cash flows provided by management using their best estimate at that point in time. These future cash flows involve a high degree of judgement about which states will regulate retail and/or online gaming and when. It also includes estimates on the market size of each state and the expected market share William Hill US would be expected to obtain.

This third party valuation produced a range of values of $675m to $890m, providing a range of the 20% holding of $135m to $178m.

At inception, 20% of the book value of William Hill US was recognised as non-controlling interest with the difference between the value of the intangible asset and the non-controlling interest recognised directly in equity.

Independent Review Report to William Hill PLC

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the 26 week period ended 2 July 2019 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated cash flow statement and related notes 1 to 14. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 26 week period ended 2 July 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor

London, United Kingdom

9 August 2019

GLOSSARY AND ABBREVIATIONS

Adjusted operating profit

Profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Amortisation

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

Amounts wagered

This is an industry term that represents the gross takings on sports betting.

Betting skin

Right to offer mobile betting derived from agreement with a licenced partner.

DCMS

Department for Communications, Culture, Media and Sport.

Direct revenue

Direct revenue is measured at the fair value of consideration received or receivable from customers and represents amount received for goods and services that the Group is in business to provide, net of discounts, marketing inducements and VAT.

Eldorado

Eldorado Resorts, Inc.

EPS

Earnings per share.

EBITDA

Earnings before interest, tax, depreciation and amortisation. EBITDA for covenant purposes is adjusted operating profit before depreciation and amortisation, and share remuneration charges.

Gross win

Gross win is an industry measure which is calculated as total customer stakes less customer winnings. This measure is non-statutory and differs from net revenue as net revenue is stated after deductions for free bets and customer bonuses. It is used by management to evaluate the impact of sporting results and customer activity on performance.

Gross win margin

This is an industry measure that represents gross win as a proportion of amounts wagered.

Mr Green / MRG

Mr Green & Co AB and subsidiaries

Net debt for covenant purposes

Borrowings plus counter-indemnity obligations under bank guarantees less cash adjusted for customer funds and other restricted balances. This is not a statutory measure and may differ from loan covenant measures used by other companies.

Net revenue

This is an industry term equivalent to Revenue as described in the Statement of Group Accounting Policies in the 2018 Annual Report. It is equivalent to gross win less fair value adjustments, which are principally free bets.

New accounts

Customers who registered and transacted within the reporting period.

PASPA

Professional and Amateur Sports Protection Act 1992.

PBIT

Profit before interest and tax.

Service provider revenue

Service provider revenue is receivable from third party operators where the Group provides sportsbooks and gaming services to the operator.

Sportsbook

Bets placed and accepted online on sporting and other events, or via over-the-counter and SSBTs in Retail.

Sports books

The dedicated sports betting areas operated within casinos in Nevada.

SSBT

Self-Service Betting Terminal.

Unique active players

Customers who placed a bet within the reporting period.