



Financial Results

2 March 2006



Introduction	-	David Harding
2005	-	Shai Wasani
Priorities and Progress	-	Tom Singer
Strategy	-	David Harding



This presentation contains certain statements that are or may be forward-looking regarding the Group's financial position and results, business strategy, plans and objectives. Such statements involve risk and uncertainty because they relate to future events and circumstances, and there are accordingly a number of factors which might cause actual results and performance to differ materially from those expressed or implied by such statements.



Shai Wasani
Acting Finance Director

Summary of Financial Results FY 2005 v FY 2004

	<u>W Hill</u> <u>£m</u>	<u>Stanley</u> <u>£m</u>	<u>FY. 2005</u> <u>£m</u>	<u>FY. 2004</u> <u>£m</u> <u>(restated) ⁽³⁾</u>	<u>Movement</u> <u>Excl.</u> <u>Stanley %</u>	<u>Movement</u> <u>Incl.</u> <u>Stanley %</u>
Turnover ⁽¹⁾	9,812.3	933.8	10,746.1	8,287.7	18	30
Gross win ⁽²⁾	737.0	70.7	807.7	722.1	2	12
Gross win % - betting business	6.8%	7.6%	6.8%	7.9%		
GPT, duties, levies, royalties and related costs	(161.5)	(15.0)	(176.5)	(160.7)	0	(10)
Gross Profit (Contribution)	575.5	55.7	631.2	561.4	3	12
Net operating expenses	(348.7)	(40.1)	(388.8)	(330.4)	(6)	(18)
Associate income	3.6	0.0	3.6	3.1	16	16
EBIT excluding exceptional items	230.4	15.6	246.0	234.1	(2)	5
EBITDA excluding exceptional items	251.9	17.9	269.8	251.5	0	7

1. Includes casino drop and AWP cash-in-box- net of VAT
2. Includes casino drop and AWP cash-in-box inclusive of VAT
3. Restatement of share-based remuneration costs on the adoption of FRS 20

Total Group Summary of Earnings and Dividends FY 2005 v FY 2004 Excluding Exceptionals

		<u>FY, 2005 £m</u>	<u>FY, 2004 £m (restated)</u>	<u>Movement %</u>
Profit before interest and taxation		246.0	234.1	5
Net interest payable		(41.0)	(26.7)	
Profit before taxation		205.0	207.4	(1)
Taxation		(63.7)	(57.6)	
Profit after taxation		141.3	149.8	(6)
Dividend				
	Interim	(23.5)	(22.0)	
	Final	(46.1)	(43.1)	
	Total	(69.6)	(65.1)	(7)
Retained earnings		71.7	84.7	(15)
Earnings per share adjusted to exclude exceptionals (pence)				
	Basic (excl. exceptionals)	(2) 36.2	36.5	(1)
	Diluted	(2) 28.1	35.9	(22)
Dividend per share (pence)				
	Interim	6.1	5.5	
	Final	12.2	11.0	
	Total	18.3	16.5	11

1. Based on 378.2m shares qualifying for the final dividend
2. Basic and diluted earnings per share based upon 390.5m and 396.0m shares, respectively.

Exceptional Costs FY 2005

	<u>FY 2005</u> <u>£m</u>
<u>Profit and Loss</u>	
WH Text / Epos Installation	(7.4)
Stanley Due Diligence / Integration	
- Cash	(13.6)
- Non Cash	(5.4)
Aborted return of capital	(3.0)
Profit on sale of WH shops	2.5
PBIT	<u>(26.9)</u>
Interest - Write off of old facility fees	<u>(2.4)</u>
PBT	<u>(29.3)</u>
Taxation	<u>(0.6)</u>
PAT	<u>(29.9)</u>
<u>Balance Sheet</u>	
Capitalised Finance costs	(4.6)
Professional fees	(4.1)
Stamp Duty	<u>(2.5)</u>
Total	<u>(41.1)</u>

Analysis of Gross Win excl Stanley Retail FY 2005 v FY 2004

	<u>H1 2005</u> <u>£m</u>	<u>H1 2004</u> <u>£m</u>	<u>Movement</u> <u>%</u>	<u>H2, 2005</u> <u>£m</u>	<u>H2, 2004</u> <u>£m</u>	<u>Movement</u> <u>%</u>	<u>FY Movement</u> <u>%</u>
Retail							
OTC	198.9	224.8	(12)	179.5	181.8	(1)	(7)
FOBTs (1)/AWPs (2)	88.1	66.0	33	86.2	75.5	14	23
Total	287.0	290.8	(1)	265.7	257.3	3	1
Telephone	28.6	34.6	(17)	24.8	25.7	(4)	(11)
Interactive							
Sportsbook/Arcade/TV	29.3	28.0	5	26.0	22.5	16	10
Casino/Poker	32.6	24.9	31	35.4	30.7	15	22
	61.9	52.9	17	61.4	53.2	15	16
Other (3)	3.5	3.8	(8)	4.1	3.8	8	0
Total (4)	381.0	382.1	(0)	356.0	340.0	5	2

1. Average number of FOBTs FY 2005; 5,892 (FY 2004: 4,442)
2. Average number of AWP's FY 2005: 353 (FY 2004: 1,392)
3. Includes Greyhound Stadia, Course and Group Promotions
4. Euro 2004 contributed £10m in H1 2004 and £1.1m in H2 2004

Analysis of Gross Win mix FY 2005 v FY 2004

		FY 2005 excl Stanley		FY 2005 incl Stanley		FY 2004	
		£m	%mix	£m	%mix	£m	%mix
Retail							
	OTC	378.4	51	430.8	53	406.6	56
	FOBTs / AWP	174.3	24	192.6	24	141.5	20
	Total	552.7	75	623.4	77	548.1	76
Telephone		53.4	7	53.4	7	60.3	8
Interactive							
	Sportsbook / Arcade / TV	55.3	8	55.3	7	50.5	7
	Casino / Poker	68.0	9	68.0	8	55.6	8
		123.3	17	123.3	15	106.1	14
Other		7.6	1	7.6	1	7.6	1
Total		737.0	100	807.7	100	722.1	100

Duty, Levies and Other Costs of Sales FY 2005 v FY 2004 excluding Stanley

	<u>FY 2005</u>	<u>FY 2004</u>	<u>Movement</u>
	<u>W Hill</u>	<u>W Hill</u>	<u>%</u>
	<u>£m</u>	<u>£m</u>	
Gross win	737.0	722.1	2
GPT	(96.9)	(96.8)	(0)
Levies	(27.3)	(28.2)	3
Vat, royalties, free bets and other costs	(37.3)	(35.7)	(4)
Gross profit (Contribution)	575.5	561.4	3

Profit Conversion (Operating profit as a % of gross win)

		<u>FY 2005</u>	<u>FY 2004</u>	<u>FY 2003</u>
		<u>%</u>	<u>%</u>	<u>%</u>
Retail	(1)	29.1	30.2	30.1
Telephone		24.3	36.7	39.3
Interactive		49.6	48.7	43.7

1. Includes Stanley Retail

Net Operating Expenses excl Stanley Retail FY 2005 v FY 2004

			<u>FY, 2005</u>	<u>FY, 2004</u>	<u>Movement</u>
			<u>£m</u>	<u>£m</u>	<u>%</u>
				<u>(restated)</u>	
Staff costs			168.0	170.0	1
Property costs			54.9	49.5	(11)
Depreciation			19.3	16.2	(19)
Pictures and data			21.6	19.9	(9)
Advertising and sponsorship					
	Routine	Retail/Telephone/Group	7.8	7.6	(3)
		Interactive	13.0	9.8	(33)
	Euro 2004		-	0.9	
AWP/FOBT rental			3.1	7.3	58
Finance charges (incl chargebacks)			7.4	6.6	(12)
Communications			7.4	6.9	(7)
Other	(1)		46.2	35.7	(29)
Operating expenses			348.7	330.4	(6)
Less: costs allocated to trading divisions			(335.4)	(322.4)	(4)
Central costs	(2)		13.3	8.0	(66)

1. Includes printing and stationery, legal, consultancy, cleaning and miscellaneous other costs

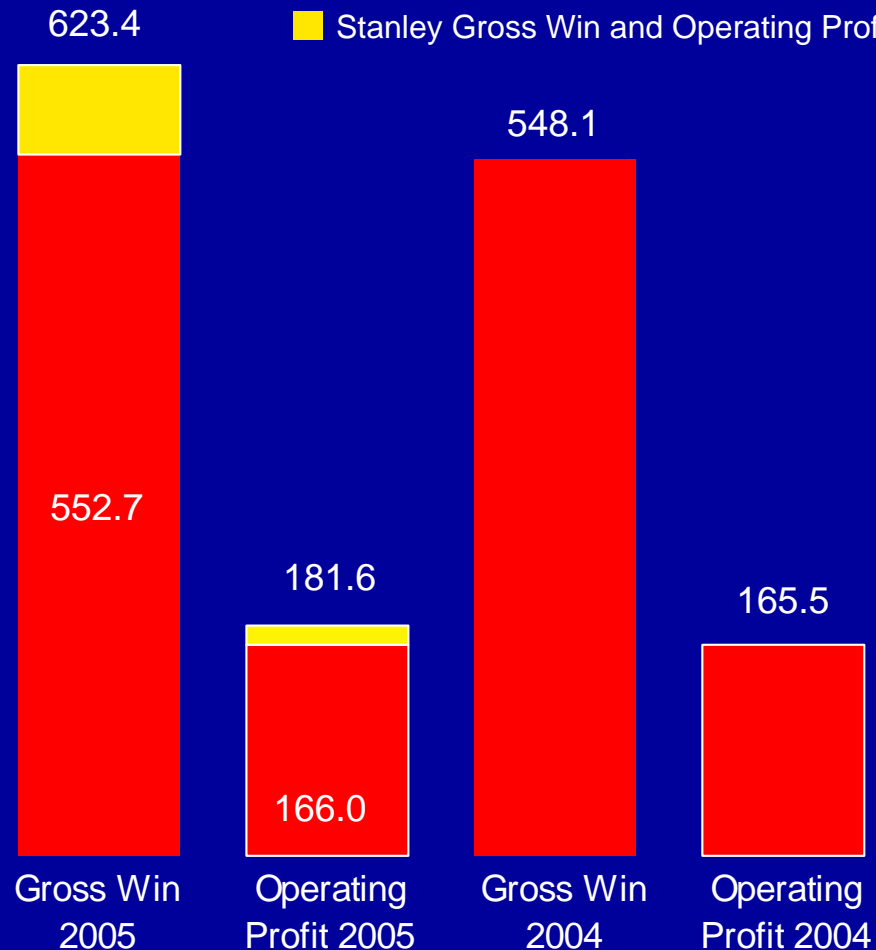
2. Primarily central support functions and property costs

Retail: Results (incl Stanley Retail) FY 2005 v FY 2004

Growth rate

- William Hill Gross Win and Operating Profit
- Stanley Gross Win and Operating Profit

- Increase in average number of FOBTs to 5,892 terminals (2004: 4,442) excluding Stanley. Stanley added a further 1,613 terminals.
- Decrease in average number of AWP's to 353 machines (2004: 1,392) excluding Stanley. Stanley added a further 335 machines.
- Acquired net 560 LBOs from the Stanley purchase less Tote disposal
- Opened 31 new licences plus 107 development and shopfitting projects
- Average number of trading LBO's 1,620 excluding Stanley. Stanley added a further 560 (2004: 1,590)

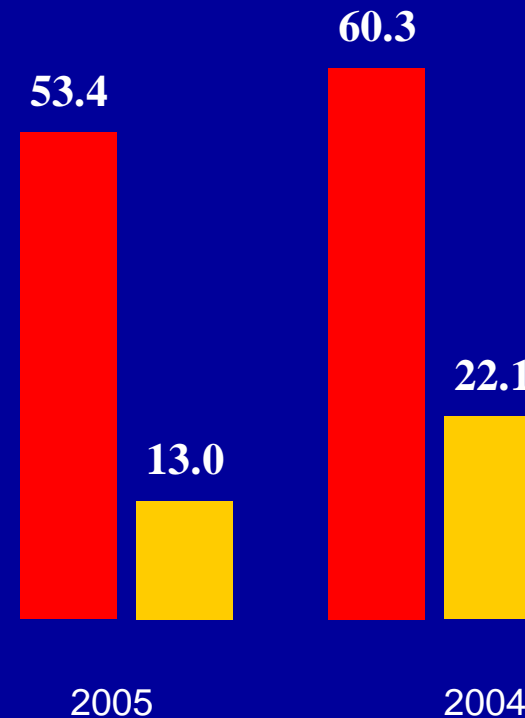


Telephone : Results FY 2005 v FY 2004

- Decrease in active accounts to 174,000 (2004: 184,000)
- Adversely impacted by unfavourable results

Growth rate (Yr on Yr)

■	Gross win	- 11.4%
■	Operating profit	- 41.2%

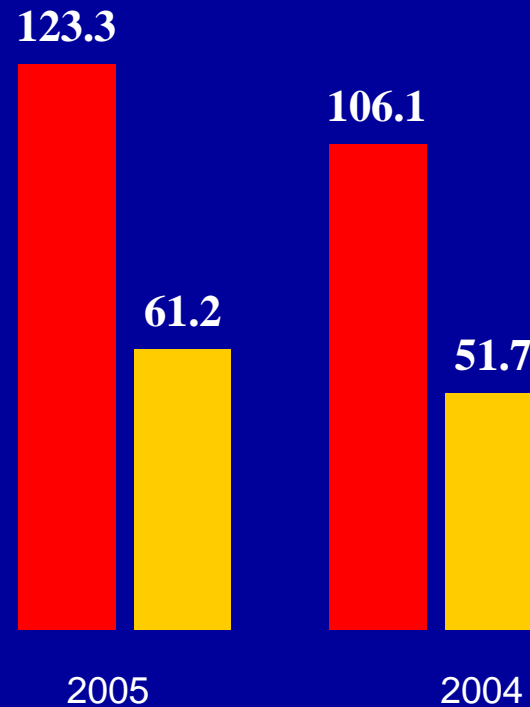


Interactive: Results FY 2005 v FY 2004

Growth rate (Yr on Yr)

■ Gross win	+16.2%
■ Operating profit	+18.4%

- Increase in active accounts to 341,000 (2004: 292,000)
- Gross win growth in all products, significant growth in Poker and on a smaller scale Arcade.



Cashflow FY 2005 v FY 2004 (including Stanley)

	<u>FY 2005</u>	<u>FY 2004</u>	<u>Movement</u>
	<u>£m</u>	<u>(restated) £m</u>	<u>£m</u>
EBIT	246.0	234.1	11.9
Associate Income	(3.6)	(3.1)	(0.5)
Dividend from Associate	2.1	-	2.1
Depreciation / amortisation	23.8	17.4	6.4
Exceptional costs	(16.8)	-	(16.8)
Additional defined benefit pension scheme funding	(9.4)	-	(9.4)
Working capital / other	2.7	(0.2)	2.9
Capital expenditure	(54.5)	(28.2)	(26.3)
Cash taxes	(49.4)	(57.4)	8.0
	<hr/> 140.9	<hr/> 162.6	<hr/> (21.7)
Net Interest	(33.4)	(23.3)	(10.1)
Equity dividends	(66.6)	(59.6)	(7.0)
	<hr/> 40.9	<hr/> 79.7	<hr/> (38.8)
Acquisitions (net of related disposals)	(466.1)	(3.8)	(462.3)
Loan facilities drawn down	515.4	83.7	431.7
Share buybacks / SAYE redemptions	(74.1)	(145.5)	71.4
	<hr/> 16.1	<hr/> 14.1	<hr/> 2.0
Net debt	<hr/> 939.5	<hr/> 437.0	<hr/> (502.5)

Capex Cashflow FY 2005 and Forecast FY2006 and FY2007

Capex	<u>FY 05</u> <u>£m</u>	<u>FY 06</u> <u>£m</u>	<u>FY 07</u> <u>£m</u>
WH Epos / Text	20	4	3
Retail development	23	39	40
Core bookmaking systems	6	7	10
Other	3	6	5
Purchase of Fixed Assets	52	56	58
Stanley integration	1	2	-
Stanley Epos / Text	2	5	-
Total	55	63	58
Revenue			
EPOS/Text	8	-	-
Core bookmaking systems	2	2	-



Tom Singer
Chief Operating Officer

Operational Update

- Retail Technology Programme
- Integration of Stanley Retail
- Next Generation Technology Programme
- Product initiatives 2006
- Current trading

Retail Technology Programme

<u>Project</u>	<u>Status</u>
1. Roll out EPOS and new text systems in WH estate	Complete
2. Roll out same version of EPOS and text systems in SLY estate	Completes mid March
3. Expand Tote offering	April, 2006
4. Improve mark sense (football) and in-running capabilities	2Q, 2006
5. Time and attendance system	2Q, 2006
6. Improve mark sense capabilities for other sports	3Q, 2006
7. Retail field hardware development	3Q, 2006

Stanley Retail Betting -The Opportunity

- Moves William Hill to #1 spot in:
 - Shops
 - Interactive
 - Phone
- Substantial cost and revenue synergies
- Increased scale gives the potential to improve underlying profit margin
 - Make William Hill the most efficient producer
 - Spread fixed costs and investments
- Strong base on which to acquire and grow further
- And to become the partner of choice

Integration Overview

Stanley Retail Betting:

- Cash outlay £ 531.2m
- 3,000 staff
- 624 shops
- Mainland UK, NI, RoI, CI, IoM



William Hill:

- 11,000 staff
- 1,613 shops
- Mainland UK

Not other Stanley businesses:

- Telephone
- Internet
- International
- Casinos

Enlarged William Hill:

- 14,000 staff
- 2,161 shops
- Mainland UK, NI, RoI, CI, IoM

Tote:

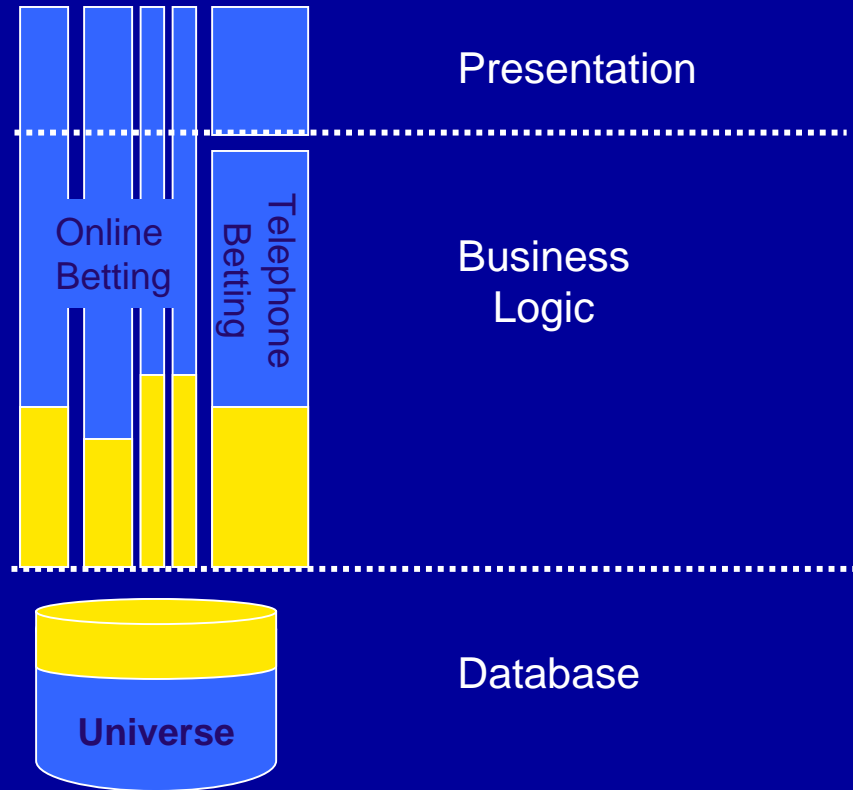
- Net disposal proceeds for 76 shops of £34.4m

Estimated Annualised Synergies & Other Benefits (current position)

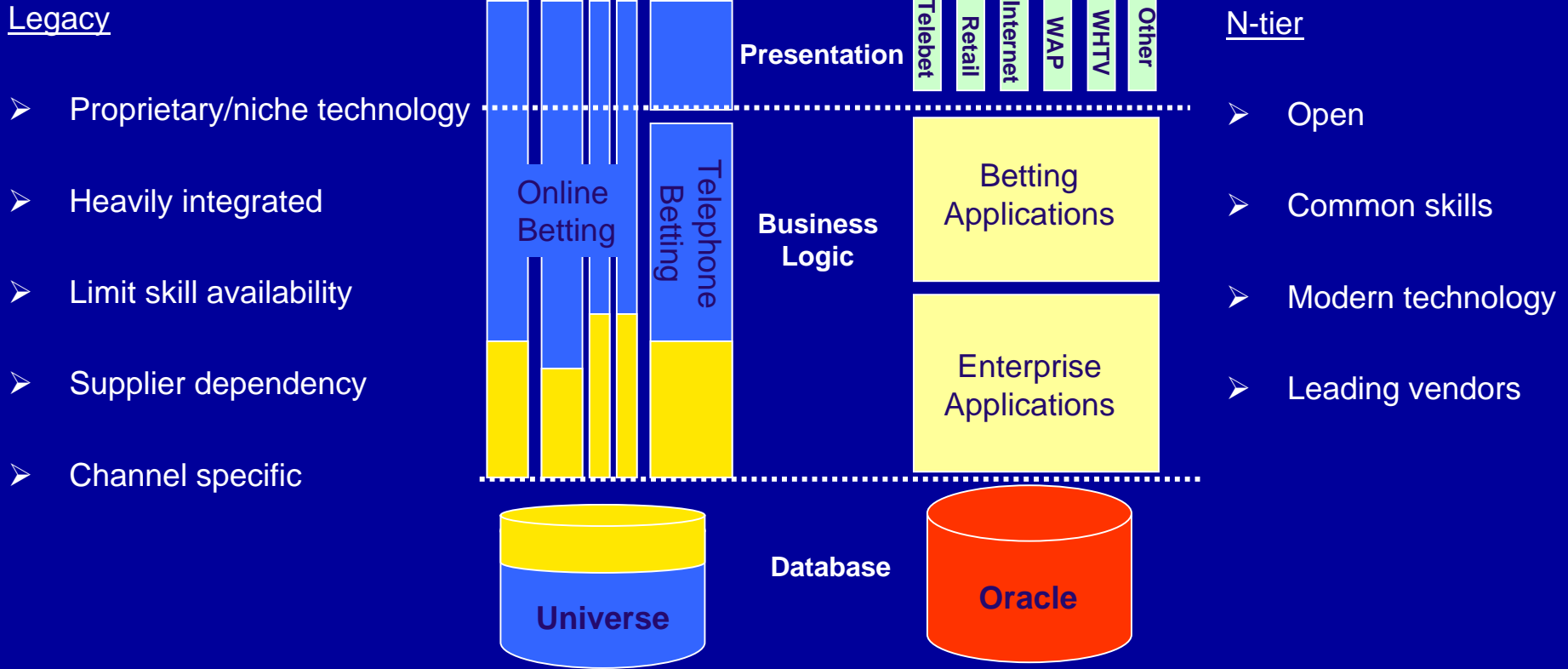
	<u>£m</u>	
Starting estimate	13.0	
Saving in data charges (non mainland UK)	1.5	From January 2006
Integration of line management	2.5	From April 2006
Changes to Irish betting tax	0.75	From July 2006
Current estimate	<u>17.75</u>	
<u>Additional benefits</u>		
Progressive impact of actions taken to date	?	
Development activity	?	
Enhance machine business	?	
Sunday trading in Northern Ireland	?	
Further cost savings	?	

Legacy Systems

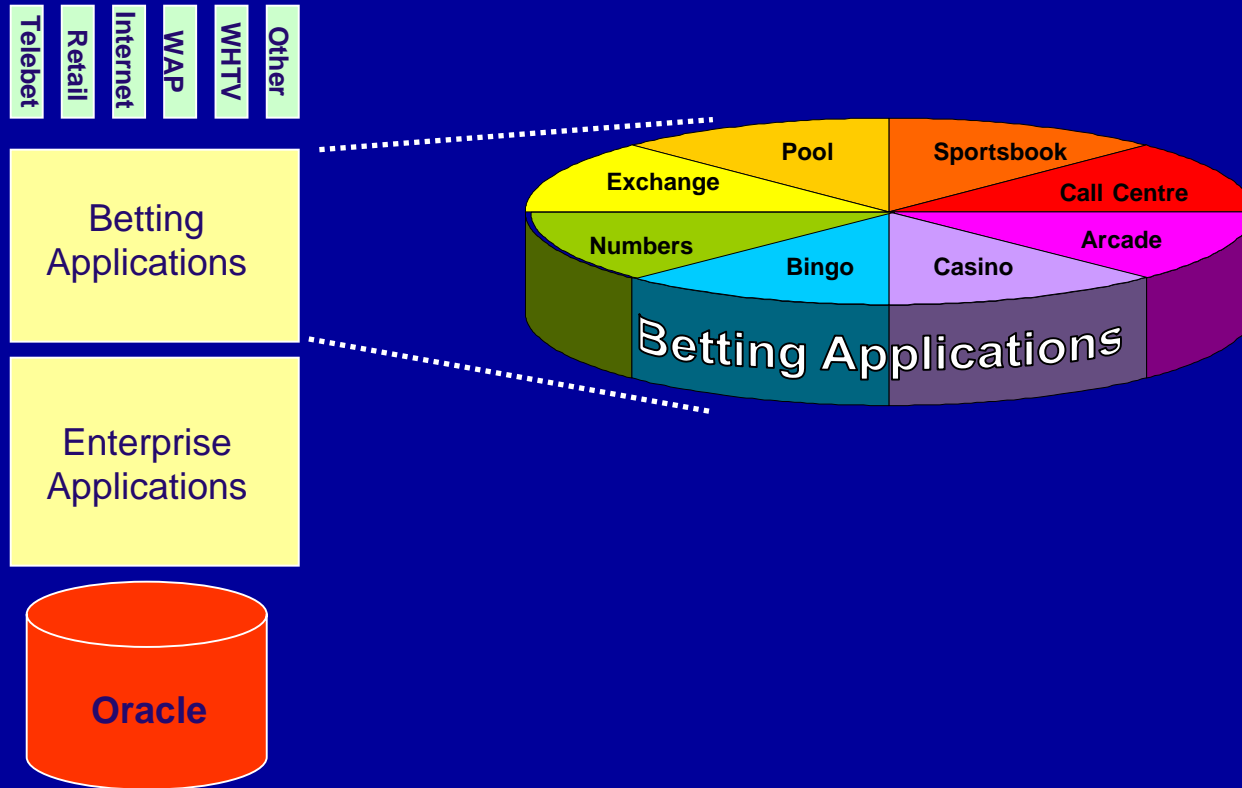
- Proprietary/niche technology
- Heavily integrated
- Limit skill availability
- Supplier dependency
- Channel specific



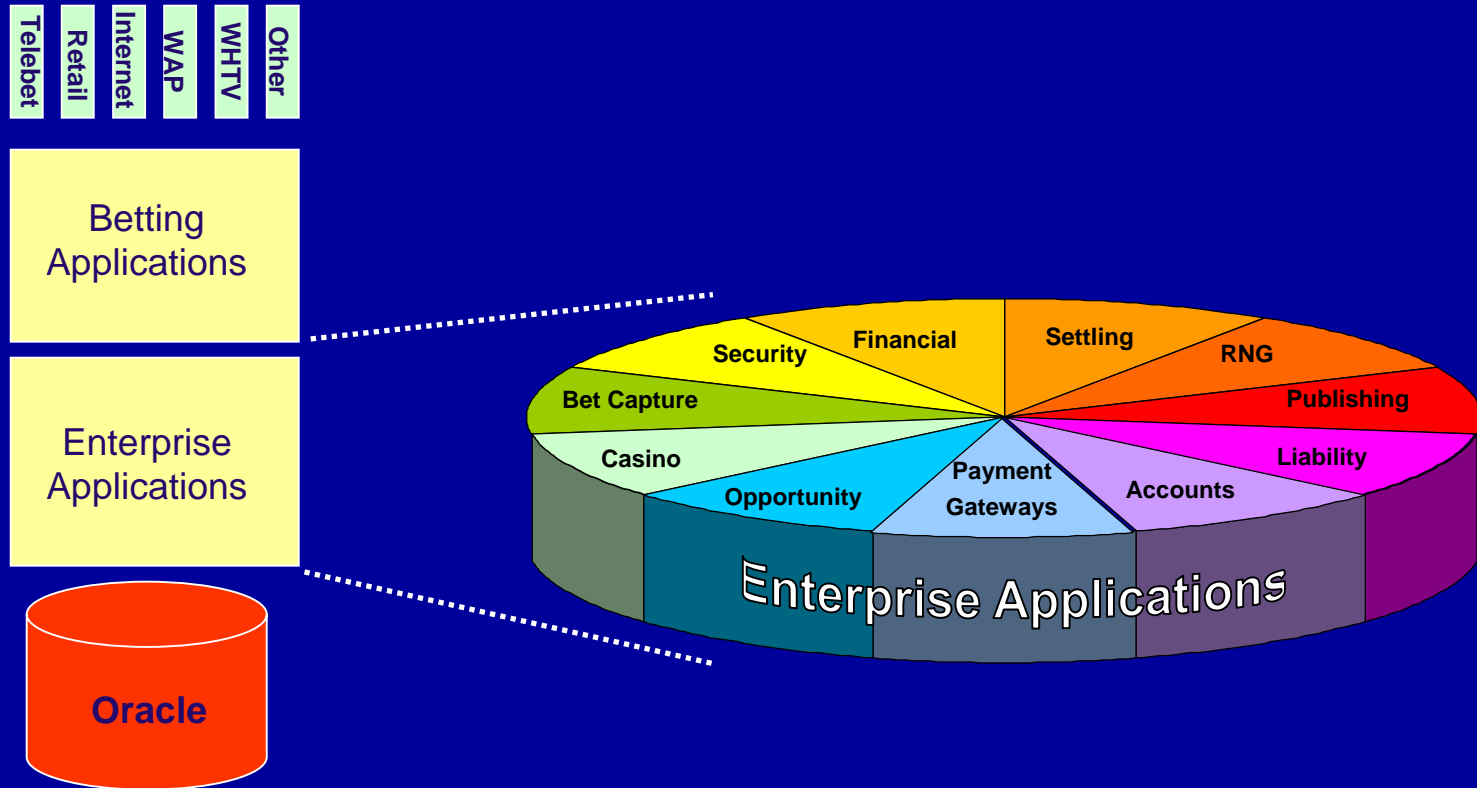
Comparison of Legacy and N-Tier Architecture



Re-Use of N-Tier Betting Applications



Re-Use of N-Tier Enterprise Applications



Product Initiatives 2006/Early 2007

- Tote - Full range of products including exotic bets and Scoop 6
- William Hill TV
 - 100 shop trial
 - Two 37 inch screens plus dedicated audio output
 - Focus on in-running betting opportunities, additional virtual racing and new Alphabet game
- Arcade - Launch at least 10 new games
- Enhanced WAP service - Simpler navigation, more product, wider range of handsets
- Sportsbook - Deliver new version of online sportsbook (1Q, 2007)

Current Trading

- Mixed sporting results in first 8 weeks
- Strong growth in online gaming
- Costs under control
- Looking forward to WC2006 and full year benefits of Stanley Retail and EPOS



David Harding
Chief Executive

William Hill since IPO

- 20% CAGR in EBIT (pre exceptionals)
- 47% IPO market cap returned via dividend/buyback
- 184% TSR
- Over 1/3 GW from new products/channels
- Threat of value migration to content providers mitigated
- Investment in core competencies
 - Estate development and refurbishment
 - Estate acquisition
 - IT development
 - Organisation development

Next phase of growth influenced by global trends

<u>Gross Gaming Yield</u>	<u>World</u>	<u>N Am</u>	<u>UK</u>	<u>R o Eur</u>
Casino	32	56	9	18
Lottery	32	24	32	51
Gaming m/c ex casino	18	8	20	20
Pari-mutuel betting	10	5	2	6
Fixed odds betting	6	*	31	1
Bingo/Keno/other	2	7	6	4

1. Gross gaming yield = amount lost
2. Source: Global Betting & Gaming Consultants, 2003 data

Key Global Trends

1. Consolidation in commercial markets
 - Casinos USA
 - Betting UK
 - Gaming UK

2. Internationalisation where protectionism low/ineffective
 - Online poker
 - Sports betting
 - Casinos – Macau, Singapore.....UK?

3. Convergence where regulation allows
 - Customer experience/demand
 - Technology enabled
 - Scope for loyalty/cross selling and larger jackpots
 - Underway among technology providers
 - Sportingbet/Paradise and Coral/Gala first operator plays

Group Strategy

Be the best and most profitable bookmaker

- core competence
- partner of choice

Diversify product/channel market where brand/core competence relevant

Leverage technology to succeed in low margin/rapid turnover world

- EPOS/Text
- RNG games in common middleware
- Single back end – bookmaking/account management
- Open architecture – interface
- Economies of scale

Exploit international opportunities

- Via internet where localised core product sufficient
- Via local joint venture where sufficient opportunity

Explore value enhancing/low risk convergence opportunities

Tightly manage costs and capital allocation

In summary

Strong brand and core bookmaking competencies

Proven track record

Short term growth from

- Full year effects Stanley/EPOS
- World Cup
- Product development
- eGaming
- Selected international
- Gambling Act

Longer term opportunities

- We understand the trends
- Are investing ahead of them
- Are positioned for success however they evolve

Q & A