



# H1 2015 results presentation

26 weeks ended 30 June 2015 | 7 August 2015

*William Hill Haskell Invitational - Monmouth Park - 2 August 2015. American Pharoah, the Triple Crown winner, ridden by jockey Victor Espinoza, sprints down the home stretch to win the William Hill Haskell Invitational at Monmouth Park in Oceanport, New Jersey.*

**William HILL**  
THE HOME OF BETTING

# Disclaimer

---

This presentation has been prepared by William Hill PLC (“William Hill”). This presentation includes 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 this presentation and the information incorporated by reference into this presentation, 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 and hence may prove to be erroneous. 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 this presentation and/or the information incorporated by reference into this presentation. 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 this presentation and/or the information incorporated by reference into this presentation, those results or developments may not be indicative of results or developments in subsequent periods.

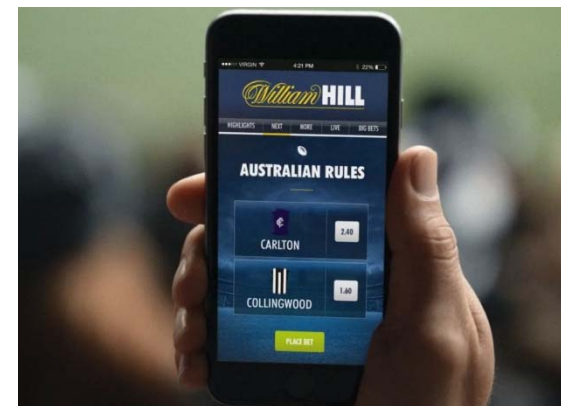
Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules), William Hill does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

# H1 overview

- Good progress on strategic priorities
- Many moving parts in H1 results
  - World Cup 2014 rollover
  - 108 exceptional shop closures in H2 2014, average estate falls 3%
  - £36m Point of Consumption Tax payments
  - £8m of increased MGD rate cost
  - £50 journey implementation and impact
- Confident transition through Point of Consumption disruption
  - Online UK net revenue growth continues to be good, up 16%
  - Key UK marketing contracts secured for 2015/16
- International divisions making good operational progress
- Extending into emerging online lotteries market by acquiring 29.4% NeoGames stake for \$25m



41% of Group net revenue came from our digital<sup>1</sup> businesses in H1 (H1 2014: 40%)



16% of Group net revenue came from international markets in H1 (H1 2014: 17%)





Neil Cooper, Group Finance Director  
H1 2015 financial results

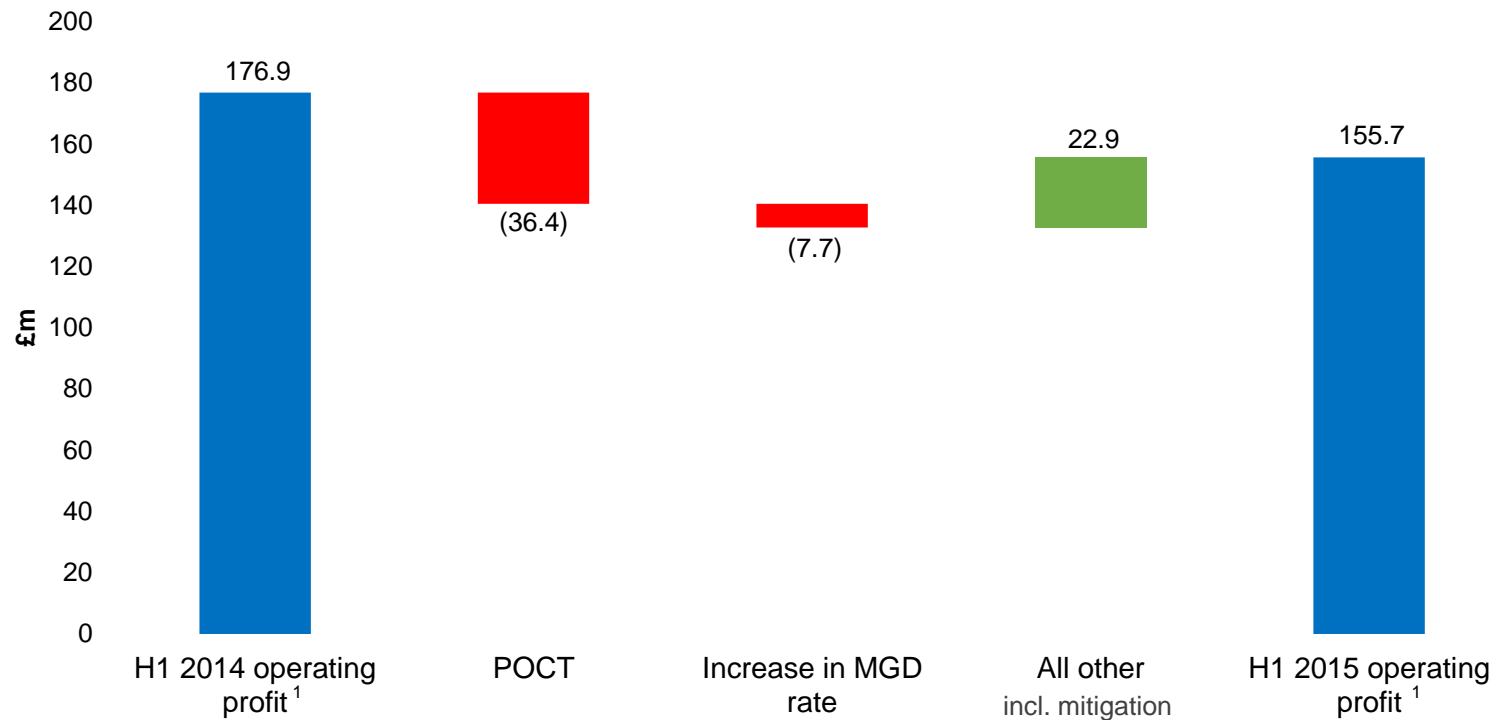
# Tax and regulation changes impact profit progression

|  | H1 2015<br>£m | H1 2014<br>£m | Change     |
|--|---------------|---------------|------------|
| Amounts wagered <sup>1</sup>               | 4,632.1       | 4,611.5       | +0%        |
| Net revenue                                | 808.1         | 805.2         | +0%        |
| <b>Operating profit<sup>2</sup></b>        | <b>155.7</b>  | <b>176.9</b>  | -12%       |
| Amortisation                               | (4.5)         | (4.5)         | 0%         |
| Net finance costs                          | (19.9)        | (24.2)        | -18%       |
| Tax  | (25.0)        | (28.5)        | -12%       |
| <b>Retained profit</b>                     | <b>106.3</b>  | <b>119.7</b>  | -11%       |
| <b>Basic, adjusted EPS (p)<sup>3</sup></b> | <b>12.5</b>   | <b>14.1</b>   | -11%       |
| Net debt for covenant purposes             | 539           | 720           | -25%       |
| Net debt / EBITDA                          | 1.3x          | 1.8x          | -28%       |
| <b>Dividend per share (p)</b>              | <b>4.1</b>    | <b>4.0</b>    | <b>+3%</b> |

Numbers are presented on a pre-exceptional basis

1. Amounts wagered comprises the gross takings in OTC, Telephone, US, Australia and Online Sportsbook, and net revenue in Retail gaming machines and Online gaming products
2. Operating profit is defined as pre-exceptional profit before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions
3. Basic, adjusted EPS is based on profit for the period before exceptional items and amortisation of intangible assets arising on acquisitions. Basic adjusted EPS is based on 879.1 million average shares for H1 2015 and 870.1 million average shares for H1 2014

# Impact of tax and regulation



1. Operating profit is defined as pre-exceptional profit before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions

# Exceptional items

---

|  | H1 2015<br>£m |
|--|---------------|
| Australian brand accelerated amortisation            | (53.1)        |
| Movement on shop closure provision                   | 0.7           |
| Other items  | (0.2)         |
| <b>Pre-tax</b>                                       | <b>(52.6)</b> |
| Australian brand accelerated amortisation tax credit | 15.9          |
| Shop closure tax charge                              | (0.1)         |
| <b>Post-tax</b>                                      | <b>(36.8)</b> |

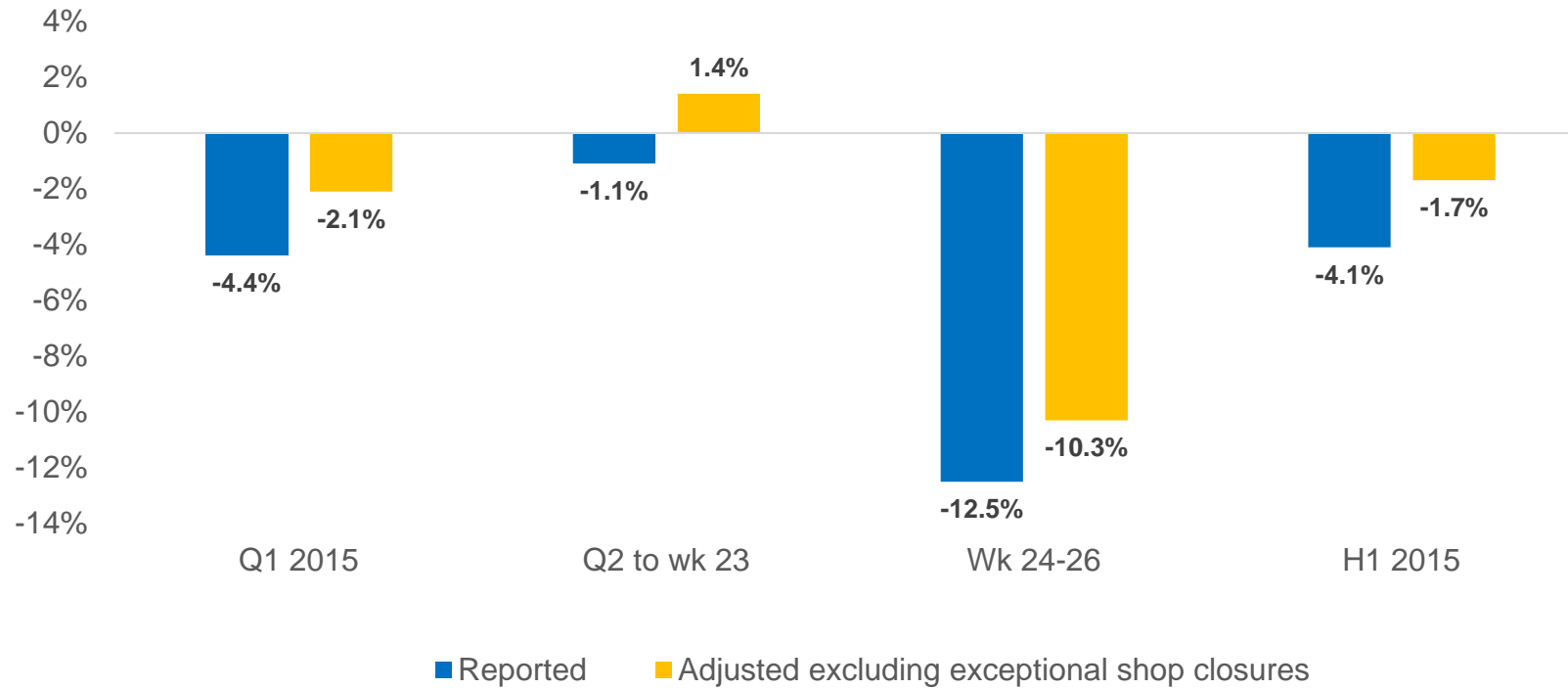
# Retail benefits from fall in operating costs

|                                     | H1 2015<br>£m | H1 2014<br>£m | Change           | Adjusted change<br>excl. exceptional<br>shop closures <sup>2</sup> |
|-------------------------------------|---------------|---------------|------------------|--|
| OTC amounts wagered                 | 1,229.9       | 1,281.9       | -4%              | -2%  |
| OTC gross win                       | 219.7         | 231.1         | -5%              | -3%  |
| <i>OTC gross win margin</i>         | <i>17.9%</i>  | <i>18.0%</i>  | <i>-0.1 ppts</i> | <i>-0.1 ppts</i>   |
| Machines gross win                  | 229.3         | 232.1         | -1%              | +1%  |
| <b>Total gross win</b>              | <b>449.0</b>  | <b>463.2</b>  | <b>-3%</b>       | <b>-1%</b>   |
| <b>Net revenue</b>                  | <b>448.9</b>  | <b>463.1</b>  | <b>-3%</b>       | <b>-1%</b>   |
| Cost of sales                       | (110.7)       | (106.8)       | +4%              | +6%  |
| <b>Gross profit</b>                 | <b>338.2</b>  | <b>356.3</b>  | <b>-5%</b>       | <b>-3%</b>   |
| Operating costs                     | (247.7)       | (256.0)       | -3%              | -0%  |
| <b>Operating profit<sup>1</sup></b> | <b>90.5</b>   | <b>100.3</b>  | <b>-10%</b>      | <b>-9%</b>   |

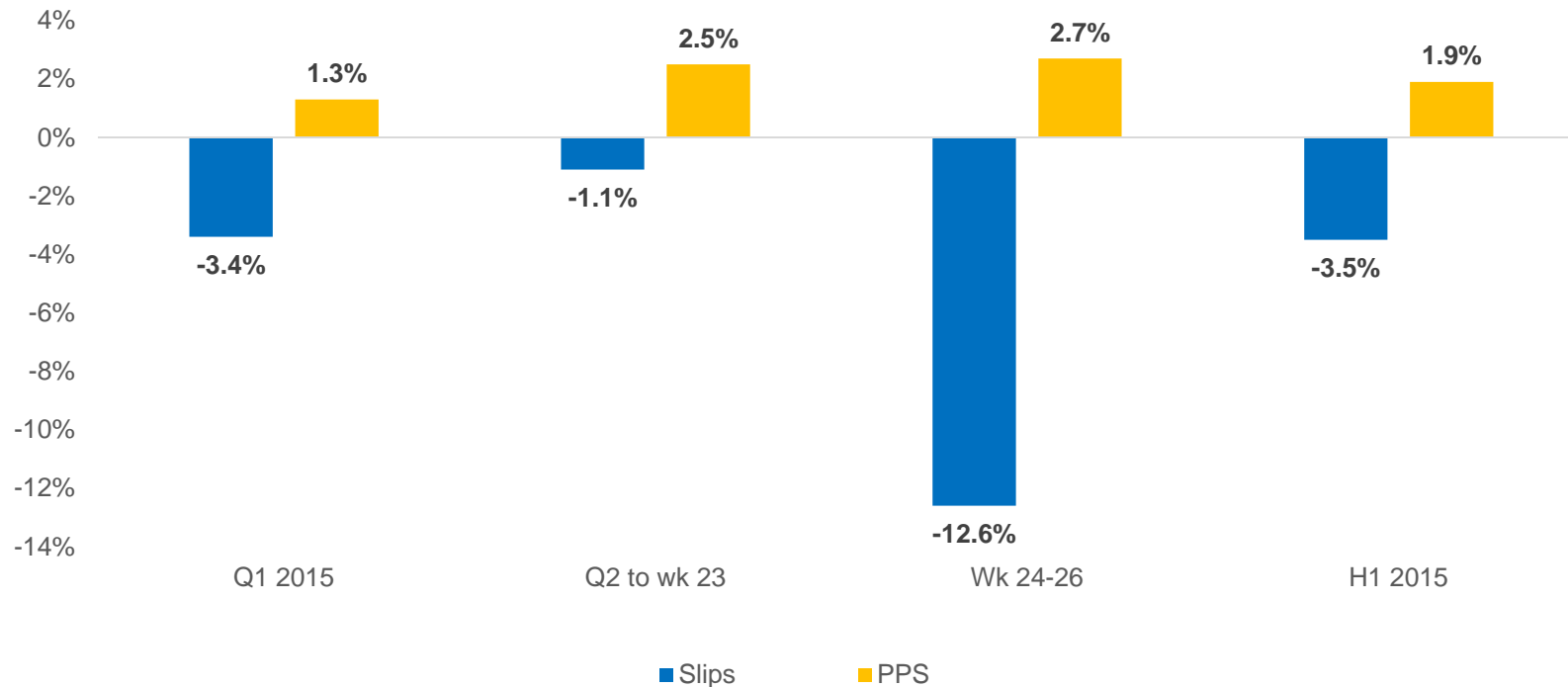
1. Operating profit is defined as pre-exceptional profit before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions
2. The Group closed 108 shops in H2 2014 as an exceptional portfolio



# OTC wagering trends impacted by 2014 World Cup rollover



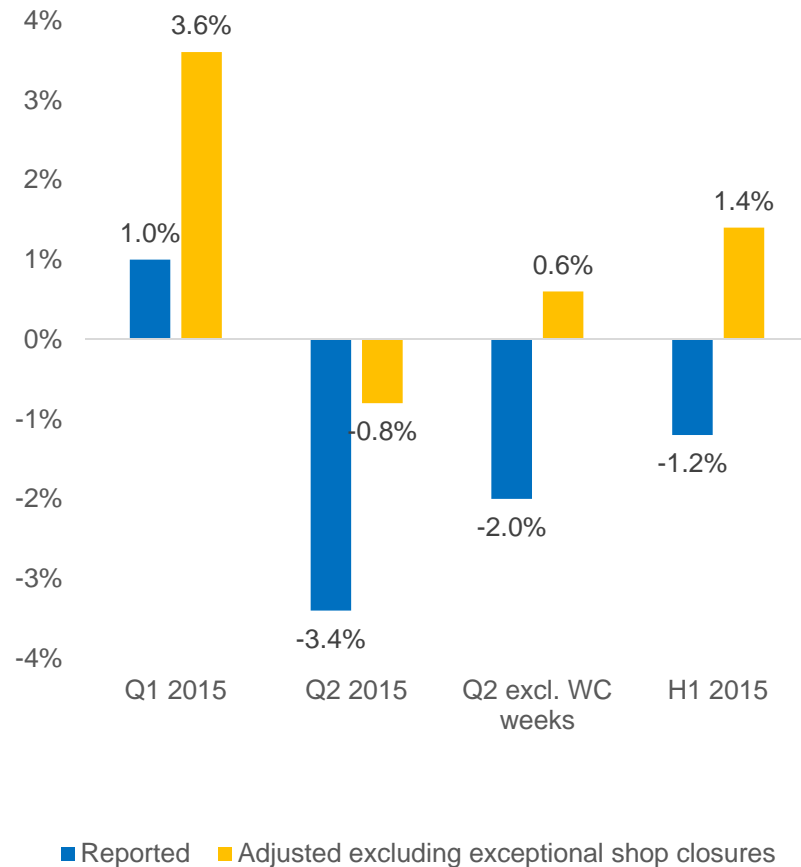
# OTC wagering seeing good pence per slip growth



- H1 2015 reported average pence per slip £7.87
- H1 2015 reported slips down 6%, PPS up 2%

# Machine performance shows impact of £50 journey

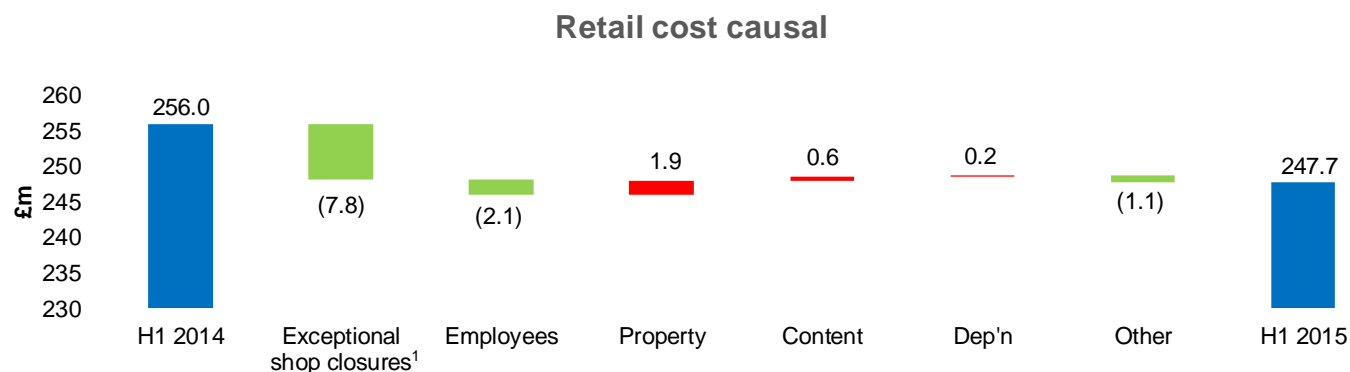
Gross win vs PY (%)



- Significant change in customer behaviour following implementation of £50 journey
- Stakes above £50 drop by 71% and stakes between £40 and £50 increase by 280%
- Net impact in Q2 appears to be c3-4% reduction versus previous run rate
- Looking ahead, expected H2 impact of between £5-10m dependent on pace of consumer behaviour change

# Fall in operating costs in Retail benefits bottom-line

|                             | H1 2015<br>£m  | H1 2014<br>£m  | Change     |
|-----------------------------|----------------|----------------|------------|
| Employee costs              | (92.5)         | (98.2)         | -6%        |
| Property costs              | (51.8)         | (52.5)         | -1%        |
| Content costs               | (35.4)         | (35.3)         | +0%        |
| Depreciation                | (12.4)         | (12.6)         | -2%        |
| Other costs incl. recharges | (55.6)         | (57.4)         | -3%        |
| <b>Operating costs</b>      | <b>(247.7)</b> | <b>(256.0)</b> | <b>-3%</b> |

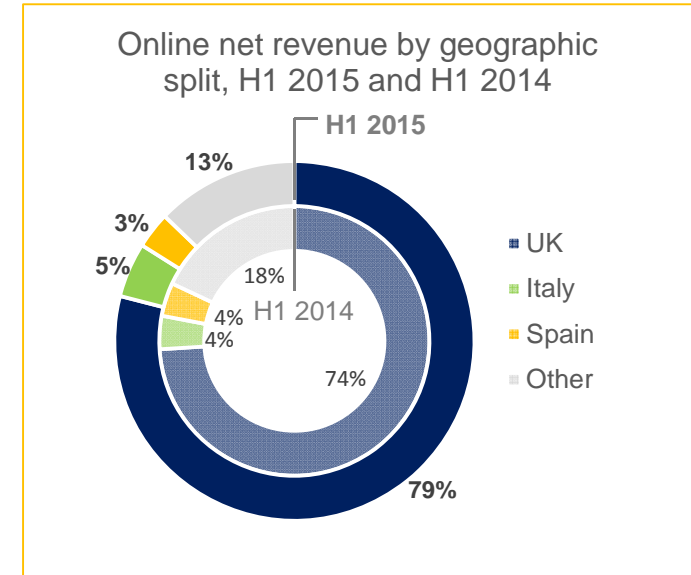


1. Closure estate also includes c£1m of allocated content costs expected to be avoided going forward



# Online net revenue growth continues post-World Cup

|                                     | H1 2015<br>£m | H1 2014<br>£m | Change      |
|-------------------------------------|---------------|---------------|-------------|
| Sportsbook                          | 134.3         | 121.4         | +11%        |
| Casino                              | 128.1         | 120.0         | +7%         |
| Poker                               | 5.5           | 7.9           | -30%        |
| Bingo                               | 12.0          | 11.8          | +2%         |
| Gaming net revenue                  | 145.6         | 139.7         | +4%         |
| <b>Net revenue</b>                  | <b>279.9</b>  | <b>261.1</b>  | <b>+7%</b>  |
| POCT                                | (35.4)        | -             | -           |
| Other cost of sales                 | (27.6)        | (24.8)        | +11%        |
| <b>Gross profit</b>                 | <b>216.9</b>  | <b>236.3</b>  | <b>-8%</b>  |
| Operating costs                     | (152.0)       | (155.2)       | -2%         |
| <b>Operating profit<sup>1</sup></b> | <b>64.9</b>   | <b>81.1</b>   | <b>-20%</b> |



# Sportsbook wagering growth continues

|   | H1 2015 | H1 2014 | Change   |
|---|---------|---------|----------|
| Unique active players ('000) <sup>1</sup>     | 1,849.2 | 1,710.2 | +8%      |
| Revenue per unique active player (£)          | 151.4   | 152.7   | -1%      |
| New accounts ('000) <sup>2</sup>              | 742.1   | 742.2   | -0%      |
| Average cost per acquisition (£) <sup>3</sup> | 82.8    | 97.8    | -15%     |
| Sportsbook amounts wagered (£m)               | 2,139.9 | 1,951.4 | +10%     |
| - Pre-match amounts wagered (£m)              | 1,152.8 | 1,139.7 | +1%      |
| - In-play amounts wagered (£m)                | 987.1   | 811.7   | +22%     |
| Sportsbook gross win margin                   | 7.3%    | 7.1%    | +0.2 pts |
| - Pre-match gross win margin                  | 9.2%    | 8.4%    | +0.8 pts |
| - In-play gross win margin                    | 5.1%    | 5.2%    | -0.1 pts |

- Q1 wagering growth of 15.7%, with wagering growth in Q2 to week 23 of 16.7%, 4.1% for full Q2

# Italy and Spain

---

|       | Net revenue<br>H1 2015 (£m) | Year-on-year<br>growth |
|-------|-----------------------------|------------------------|
| Italy | 13.8                        | +23%                   |
| Spain | 9.2                         | -13%                   |
| Total | 23.0                        | +6%                    |

|       | Operating loss <sup>1</sup><br>H1 2015 (£m) | Year-on-year<br>growth |
|-------|---|------------------------|
| Italy | (0.1)                                       |                        |
| Spain | (2.1)                                       |                        |
| Total | (2.2)                                       | -21%                   |

- Italy expected to be profitable by year-end with Spain lagging behind

## Cost progression in Online benefits from changes in marketing

|                                     | H1 2015<br>£m  | H1 2014<br>£m  | Change     |
|-------------------------------------|----------------|----------------|------------|
| Employee costs                      | (28.0)         | (26.5)         | +6%        |
| Marketing                           | (61.4)         | (72.6)         | -15%       |
| Finance charges                     | (11.7)         | (10.4)         | +13%       |
| Depr. and amortisation <sup>1</sup> | (15.6)         | (12.1)         | +29%       |
| Other costs incl. recharges         | (35.3)         | (33.6)         | +5%        |
| <b>Operating costs</b>              | <b>(152.0)</b> | <b>(155.2)</b> | <b>-2%</b> |

- Sportsbook free bets / amounts wagered ratio 1.0%
- Marketing / net revenue ratio 22% versus 28% H1 2014 and 22% H2 2014



# William Hill Australia

|                                     | H1 2015<br>£m | H1 2014<br>£m | Change      | Local currency<br>change <sup>2</sup> |
|-------------------------------------|---------------|---------------|-------------|---------------------------------------|
| Amounts wagered                     | 525.8         | 724.1         | -27%        | -23%                                  |
| Gross win                           | 58.7          | 62.6          | -6%         | -1%                                   |
| <i>Win margin</i>                   | 11.2%         | 8.6%          | +2.6 ppts   | +2.6 ppts                             |
| <b>Net revenue</b>                  | <b>53.2</b>   | <b>58.9</b>   | <b>-10%</b> | <b>-4%</b>                            |
| Cost of sales                       | (12.3)        | (14.6)        | -16%        | -12%                                  |
| <b>Gross profit</b>                 | <b>40.9</b>   | <b>44.3</b>   | <b>-8%</b>  | <b>-2%</b>                            |
| Operating costs                     | (31.1)        | (33.8)        | -8%         | -2%                                   |
| <b>Operating profit<sup>1</sup></b> | <b>9.8</b>    | <b>10.5</b>   | <b>-7%</b>  | <b>0%</b>                             |
| Unique active players ('000)        | 204.7         | 203.0         | +1%         | +1%                                   |
| Revenue per unique active (£)       | 259.9         | 291.2         | -11%        | -5%                                   |
| New accounts ('000)                 | 40.6          | 56.2          | -28%        | -28%                                  |
| Average cost per acquisition (£)    | 329.2         | 223.7         | +47%        | +57%                                  |

1. Operating profit is defined as pre-exceptional profit before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions
2. William Hill Australia's performance in local currency terms is provided on slide 42

# William Hill US

---

|                                     | H1 2015<br>£m | H1 2014<br>£m | Change      |
|-------------------------------------|---------------|---------------|-------------|
| Amounts wagered                     | 233.5         | 156.2         | +49%        |
| <i>Gross win margin</i>             | 6.8%          | 7.8%          | -1.0 pts    |
| <b>Net revenue</b>                  | <b>15.9</b>   | <b>12.2</b>   | <b>+30%</b> |
| Cost of sales                       | (1.3)         | (0.9)         | +44%        |
| <b>Gross profit</b>                 | <b>14.6</b>   | <b>11.3</b>   | <b>+29%</b> |
| Operating costs                     | (10.3)        | (8.4)         | +23%        |
| <b>Operating profit<sup>1</sup></b> | <b>4.3</b>    | <b>2.9</b>    | <b>+48%</b> |

# Capex, cashflow and working capital

---

|                                       | H1 2015<br>£m | H1 2014<br>£m |
|---------------------------------------|---------------|---------------|
| Retail development <sup>1</sup>       | 5.3           | 16.5          |
| Online                                | 16.5          | 11.2          |
| Australia                             | 2.5           | 3.1           |
| US                                    | 0.2           | 0.8           |
| Other (including IT)                  | 3.0           | 2.7           |
| <b>Total cash capital expenditure</b> | <b>27.5</b>   | <b>34.3</b>   |

- Estate grew by a net two shops to 2,364 (11 openings, nine closures, four resites)
- 2015 full-year cash capex expected to be c£75-80m
- Net cash inflow from operations of £159m (H1 2014: £176m)

# Summer Budget

---

- National Living Wage
  - Range of factors will have a bearing on impact, including organisation structure and wage differentials; work underway
  - 2016 immediate minimum impact: c£1-2m versus previous expected run rate in 2016
- Corporation tax changes
- ‘Use and Consumption’ review of VAT rules on UK advertising



# Other finance matters

---

- Effective pre-exceptional income statement tax rate of 19.0% (H1 2014: 19.2%)
  - Full-year pre-exceptional ETR guidance remains 19%  
**plus** c£10m deferred tax credit expected in H2
  - Cash tax guidance remains 20%
- £21m accounting surplus on pension scheme, down £7m on year-end position
- Impact of NeoGames stake acquisition
  - c£16m investment cost
  - Accounted for as an associate / joint venture
  - Expect c£2-3m operating loss<sup>1</sup> on full-year basis in short term
- Interim dividend of 4.1p per share, +2.5%



James Henderson, Chief Executive Officer  
Performance and strategy update

# Further good UK growth under POCT regime

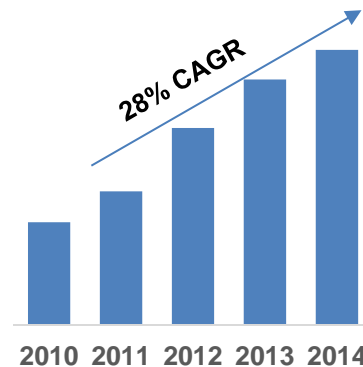
## Good UK KPIs against record World Cup performance in 2014

|                      |             |
|----------------------|-------------|
| Overall net revenue  | <b>+16%</b> |
| New accounts         | <b>+1%</b>  |
| Unique actives       | <b>+9%</b>  |
| Revenue per active   | <b>+6%</b>  |
| Cost per acquisition | <b>-11%</b> |

**+18%**

Growth in UK Sportsbook net revenue in H1 2015

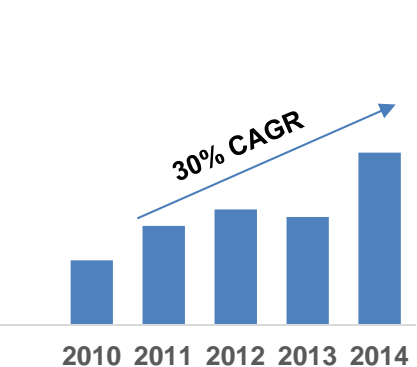
UK Sportsbook net revenue



**+23%**

Growth in UK Vegas product suite net revenue in H1 2015

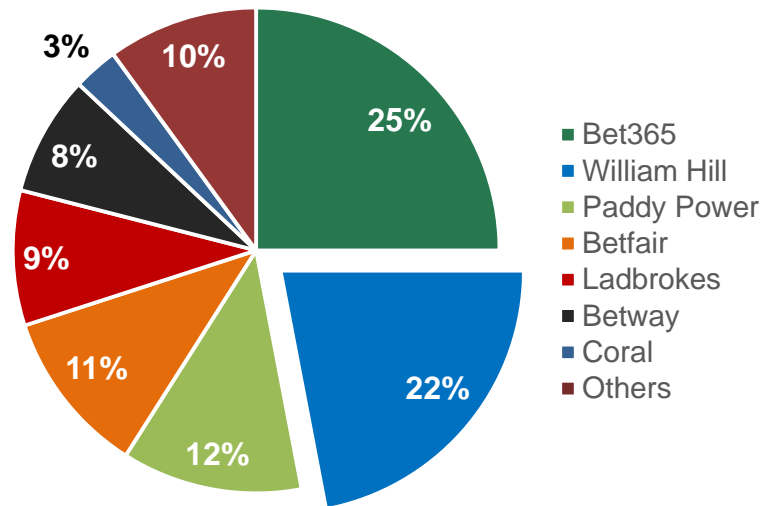
UK Vegas<sup>1</sup> net revenue



1. The Vegas suite of products includes the Vegas, Games and Live Casino tabs

# Strong share of voice (SoV) in live football advertising

## Strong SoV in 2014/15 season live football<sup>1</sup>



**20-21%** Estimated Share of Voice for live football in 2015/16

## Key contracts secured for next 12-18 months

|   |   |
|---|---|
|  |  |
| Top bookmaker package   | Top two bookmaker package   |
|  |  |
| Top bookmaker package   | Perimeter advertising   |

UEFA Euro 2016  
 English Premier League  
 Championship  
 La Liga  
 2015 Rugby World Cup  
 Cup games  
 Copa del Rey



# Gaming machines and the £50 journey

---

- Increasing 'Linked' card uptake
  - From 9,000 to 25-30,000 weekly active accounts
  - 11% to 14% of machine gross win
- Improving content release schedule
  - 'Return to Player' review impacted game releases in Q4/Q1
  - Now releasing one B3 game every two weeks
- Roll-out of Eclipse terminal complete
- Continuation of B3 trends
  - Increased to 30% of gaming machine gross win (H1 2014: 27%)
  - Structurally increasing total gaming machine yield to 3.47% (H1 2014: 3.44%)



# Good progress in strategic priority areas

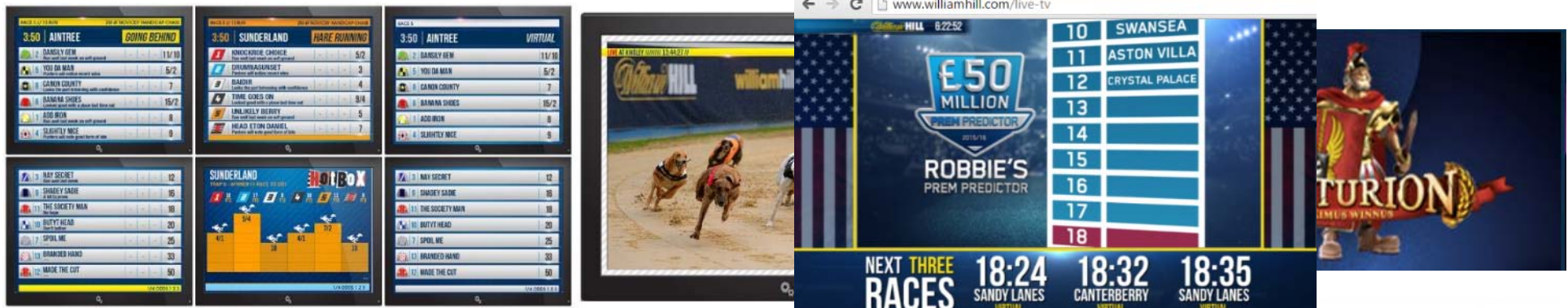
---

| OMNI-CHANNEL                     | INTERNATIONAL                                 | TECHNOLOGY             |
|----------------------------------|---|------------------------|
| Priority Access                  | William Hill brand in Australia               | William Hill API       |
| Responsible gambling algorithms  | Australia margin management                   | Vegas Bonus Engine     |
| Proprietary SSBT prototype       | 'Click to Call'                               | Shoreditch Accelerator |
| Product expansion and cross-sell | Spanish live casino and slots                 | Project Trafalgar      |
| WHTV and gantry user experience  | Nevada expansion with in-play, 7-Eleven sites | Central feeds          |
| Omni-summits, supplier vision    | Entry into online lottery market              | First Apple Watch app  |

# Omni-channel: progress across key areas

## Launched

## Upcoming



# Omni-channel: our proprietary SSBT solution

---



## Process

- Scientific Games appointed as strategic hardware partner
- Working prototype into model shop in Q3
- Evolve key functionality
- Staged roll-out through 2016

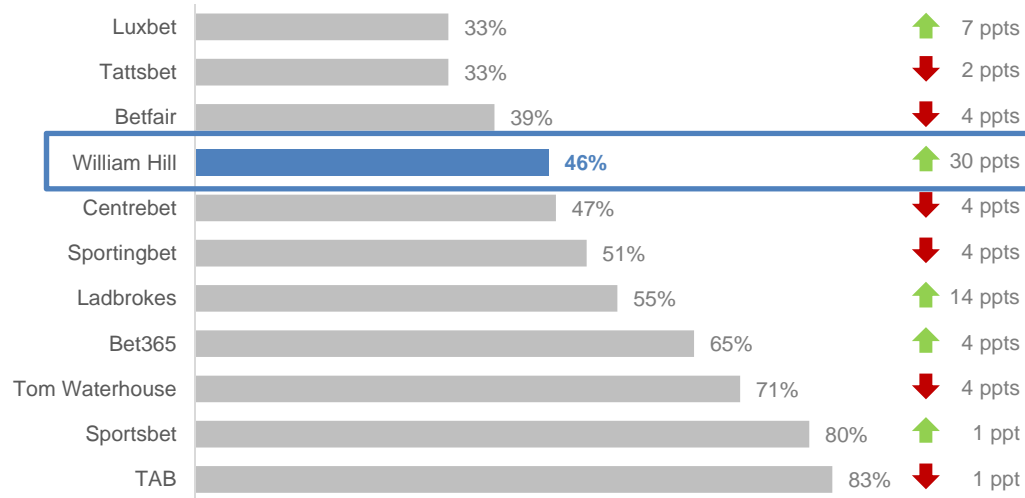
## Benefits

- Expanded product range for Retail
- Access to Online's product development
- No revenue share
- Flexible platform

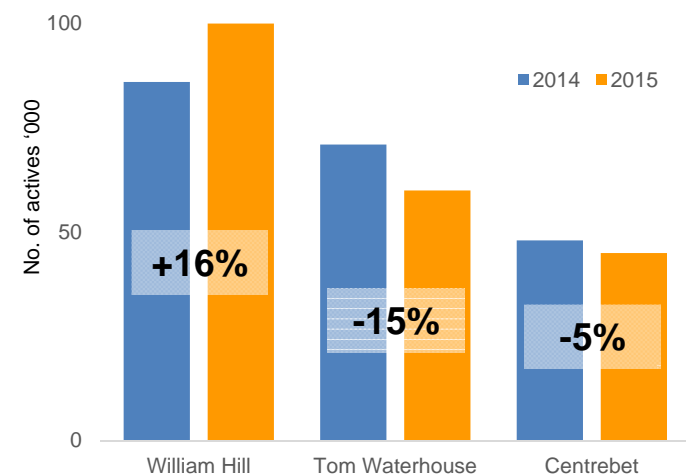
# International: Good William Hill brand performance in Australia

- 2015 focus on brand, mobile experience and margin improvement
- Good William Hill brand performance offset by weakness in tomwaterhouse.com
- William Hill post-launch<sup>1</sup>: new accounts +21% and actives +13%

## Good increase in William Hill brand awareness<sup>2</sup>



## William Hill Australia customers by brand<sup>3</sup>

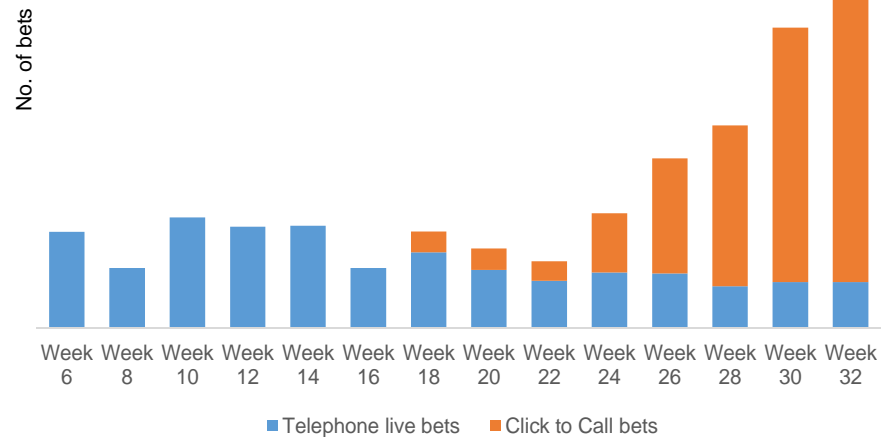


1. Reflects William Hill Mar-Jun 2015 versus Sportingbet Mar-Jun 2014  
 2. Compares prompted brand awareness in May 2014 and May 2015  
 3. 'William Hill' includes William Hill + Sportingbet customers in H1 2015 versus Sportingbet in H1 2014

# International: positive customer response to Click to Call

- Improved mobile app before Spring Carnival
- Live bets more than trebled through Click to Call
- Accelerating £10m of technology capex over three years to support APIs for Central Feeds and product expansion

Live bets through Click to Call launch period



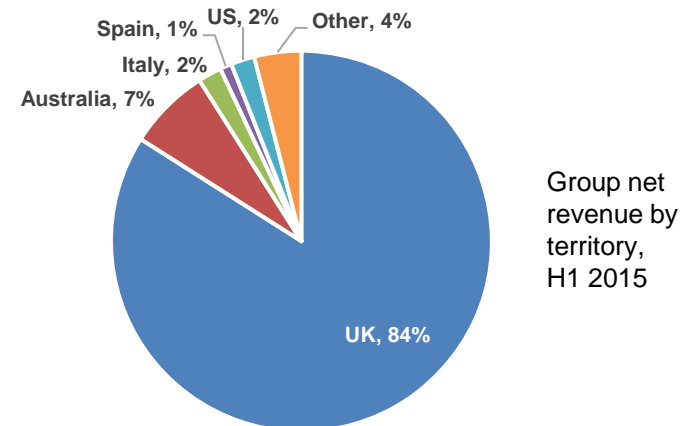
# International: good progress in Italy, Spain and the US

- Decommissioning of Official Palinsesto in Italy in Q1 2016
- Slots launched in Spain in June 2015
- Nevada market share of sports gross win up from 12% to 21% in three years<sup>1</sup>
- Mobile now accounts for 50% of turnover
- In-play basketball product expanded
- Expanded locations for kiosks: 7-Eleven in 200 locations

International target: grow net revenue from international locally licensed markets by more than 50% by end of 2018<sup>3</sup>

## William Hill US performance since acquisition<sup>2</sup>

- +6%** Growth in number of William Hill sports books
- +93%** Growth in handle
- +148%** Growth in gross win



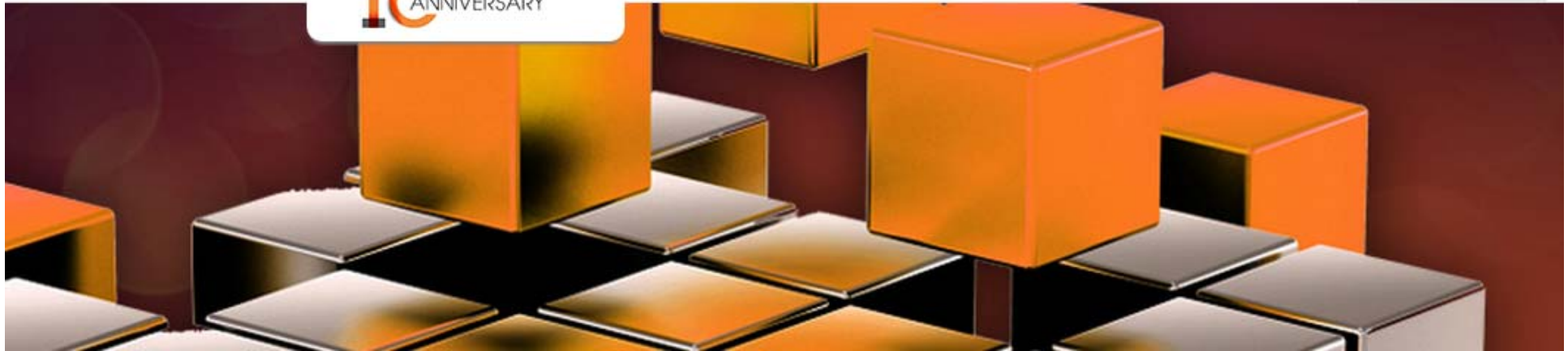
1. Nevada Gaming Control Board and company data  
 2. On a constant currency basis  
 3. On a constant currency basis from 2014 to 2018



# NeoGames investment in emerging online lotteries market



CORPORATE GAMES PLATFORM SERVICES iLOTTERY 360°



## The market

- US lottery market sales are c\$60bn today
- Four states have awarded online contracts, eight coming up
- Online lotteries are in their infancy but gaining 10-40% penetration so far
- Mobile is broadening appeal

## About NeoGames

- Founded 2005
- Full solution combining proprietary technology and operating services
- Disruptive player
- Highest market penetration rate in US online lotteries
- Awarded Michigan iLottery contract in August 2013
- Other contracts include Sisal (Italy) and Santa Casa (Portugal)
- Strong customer focus

## The transaction

- 29.4% of NeoGames acquired for \$25m
- Call options on remaining 70.6% after three and five years
- Capital stays within the business to support growth
- \$15m working capital facility provided
- Two Board representatives

# Technology: Project Trafalgar implementation underway

## Benefits

- Better mobile and tablet experience
- Improved in-play experience for mobile, including five-minute markets
- Enhanced testing and data capability
- Rapid response with thousands of releases a year in real-time
- Product expansion plus optimisation of existing product

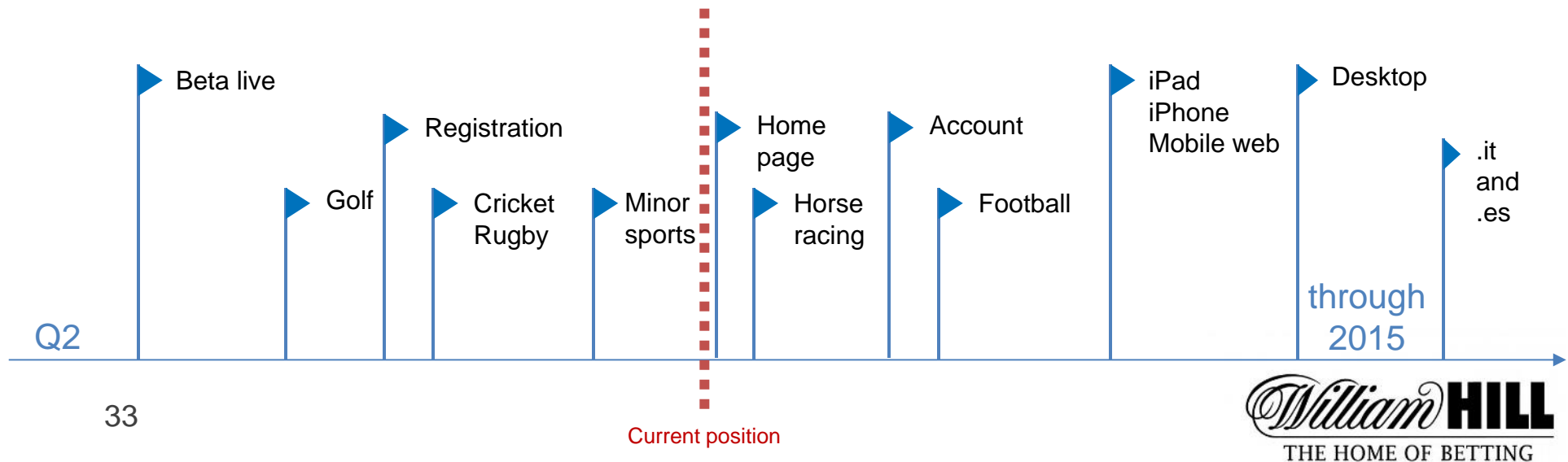
**44** sports added to the Beta site to date

**144,000** visits to the Beta site so far

**c2,000** customers a day on the site

**Up to 50%** faster page loading than our OpenBet site

**More** selections, bet slips and bets placed per page view



## Technology: bonus engine and Shoreditch innovation

---



- 22% growth in Vegas product suite net revenue in H1
- Better acquisition bonusing with bonus engine and hybrid wallet
- Iterative roll-out of bonus types and supplier integration



- Developed hybrid wallet for bonus engine
- API developer portal launched
- Rapid innovation: first Apple Watch App
- Industry first 'WH Labs Accelerator' programme

# Summary

---

- Good progress against clear strategy
- Continued activities to diversify through digital and international opportunities
- Scale supporting continued marketing and technology investment
- Strong balance sheet

# Appendices

# Performance by division

|                        | Net revenue   |               |            | Operating profit/(loss) <sup>1</sup> |               |             |
|------------------------|---------------|---------------|------------|--------------------------------------|---------------|-------------|
|                        | H1 2015<br>£m | H1 2014<br>£m | Change     | H1 2015<br>£m                        | H1 2014<br>£m | Change      |
| Retail                 | 448.9         | 463.1         | -3%        | 90.5                                 | 100.3         | -10%        |
| Online                 | 279.9         | 261.1         | +7%        | 64.9                                 | 81.1          | -20%        |
| Telephone              | 6.7           | 6.3           | +6%        | (0.3)                                | (0.5)         | -40%        |
| William Hill Australia | 53.2          | 58.9          | -10%       | 9.8                                  | 10.5          | -7%         |
| William Hill US        | 15.9          | 12.2          | +30%       | 4.3                                  | 2.9           | +48%        |
| Other                  | 3.5           | 3.6           | -3%        | 0.1                                  | 0.0           | -           |
| Associates             |               |               |            | 1.6                                  | (0.1)         | -           |
| Corporate              |               |               |            | (15.2)                               | (17.3)        | -12%        |
| <b>Total</b>           | <b>808.1</b>  | <b>805.2</b>  | <b>+0%</b> | <b>155.7</b>                         | <b>176.9</b>  | <b>-12%</b> |

1. Operating profit/(loss) is defined as pre-exceptional profit/(loss) before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions

# Net operating expenses by division<sup>1</sup>

---

|                                     | H1 2015<br>£m  | H1 2014<br>£m  | Change     |
|-------------------------------------|----------------|----------------|------------|
| Retail                              | (247.7)        | (256.0)        | -3%        |
| Online                              | (152.0)        | (155.2)        | -2%        |
| Telephone                           | (5.9)          | (6.8)          | -13%       |
| William Hill Australia              | (31.1)         | (33.8)         | -8%        |
| William Hill US                     | (10.3)         | (8.4)          | +23%       |
| Other                               | (3.0)          | (3.2)          | -6%        |
| Corporate                           | (15.2)         | (17.3)         | -12%       |
| <b>Group net operating expenses</b> | <b>(465.2)</b> | <b>(480.7)</b> | <b>-3%</b> |

1. Numbers are presented on a pre-exceptional basis, excluding the amortisation of the specifically identified intangible assets arising on acquisitions of £4.5m (H1 2014: £4.5m) and net of other income of £3.7m (H1 2014: £4.1m)



# Telephone

---

|                                   | H1 2015<br>£m | H1 2014<br>£m | Change           |
|-----------------------------------|---------------|---------------|------------------|
| Amounts wagered                   | 116.9         | 115.1         | +2%              |
| <b>Gross win</b>                  | <b>7.1</b>    | <b>6.9</b>    | <b>+3%</b>       |
| <i>Gross win margin</i>           | <i>6.1%</i>   | <i>6.0%</i>   | <i>+0.1 ppts</i> |
| <b>Net revenue</b>                | <b>6.7</b>    | <b>6.3</b>    | <b>+6%</b>       |
| Cost of sales                     | (1.1)         | 0.0           | -                |
| <b>Gross profit</b>               | <b>5.6</b>    | <b>6.3</b>    | <b>-11%</b>      |
| Operating costs                   | (5.9)         | (6.8)         | -13%             |
| <b>Operating loss<sup>1</sup></b> | <b>(0.3)</b>  | <b>(0.5)</b>  | <b>-40%</b>      |

# Net finance costs

---

|  | H1 2015<br>£m | H1 2014<br>£m |
|--|---------------|---------------|
| Interest receivable                            | (0.8)         | (0.5)         |
| Bank loan interest                             | 1.5           | 4.4           |
| Bond interest                                  | 18.6          | 18.6          |
| Amortisation of finance fees                   | 1.2           | 1.4           |
| Net interest on pension scheme net liability   | (0.6)         | 0.3           |
| <b>Total pre-exceptional net finance costs</b> | <b>19.9</b>   | <b>24.2</b>   |

# Net debt for covenant purposes

---

|                                       | As at 30<br>June 2015<br>£m | As at 30<br>Dec 2014<br>£m |
|---------------------------------------|-----------------------------|----------------------------|
| Bank loans                            | -                           | 50.0                       |
| Corporate bonds                       | 675.0                       | 675.0                      |
| Cash                                  | (227.6)                     | (222.1)                    |
| <b>Net debt</b>                       | <b>447.4</b>                | <b>502.9</b>               |
| Obligations under bank guarantees     | 3.2                         | 3.2                        |
| Restricted cash – client balances     | 80.5                        | 89.7                       |
| Other restricted cash                 | 7.4                         | 7.0                        |
| <b>Net debt for covenant purposes</b> | <b>538.5</b>                | <b>602.8</b>               |

- Net debt: EBITDA of 1.3x vs maximum covenant of 3.5x (30 Dec 2014: 1.4x)
- EBITDA: net cash interest of 10.8x vs minimum covenant of 3.0x
- BB+ stable outlook / Ba1 positive outlook credit ratings from S&P/Moody's

# Australia performance in local currency

|                                     | H1 2015<br>A\$ | H1 2014<br>A\$ | Change          |
|-------------------------------------|----------------|----------------|-----------------|
| Amounts wagered                     | 1,022.9        | 1,331.2        | -23%            |
| Gross win                           | 114.2          | 114.9          | -1%             |
| <i>Gross win margin</i>             | <i>11.2%</i>   | <i>8.6%</i>    | <i>+2.6 pts</i> |
| <b>Net revenue</b>                  | <b>103.4</b>   | <b>108.2</b>   | <b>-4%</b>      |
| Cost of sales                       | (23.9)         | (27.2)         | -12%            |
| <b>Gross profit</b>                 | <b>79.5</b>    | <b>81.0</b>    | <b>-2%</b>      |
| Operating costs                     | (60.3)         | (61.8)         | -2%             |
| <b>Operating profit<sup>1</sup></b> | <b>19.2</b>    | <b>19.2</b>    | <b>0%</b>       |
| Unique active players ('000)        | 204.7          | 203.0          | +1%             |
| Revenue per unique active (A\$)     | 505            | 533            | -5%             |
| New accounts ('000)                 | 40.6           | 56.2           | -28%            |
| Average cost per acquisition (A\$)  | 641            | 409            | +57%            |

# US performance in local currency

---

|                                     | H1 2015<br>\$m | H1 2014<br>\$m | Change      |
|-------------------------------------|----------------|----------------|-------------|
| Amounts wagered                     | 355.5          | 260.5          | +36%        |
| Gross win                           | 24.3           | 20.3           | +20%        |
| <i>Win margin</i>                   | 6.8%           | 7.8%           | -1.0 ppts   |
| <b>Net revenue</b>                  | <b>24.3</b>    | <b>20.3</b>    | <b>+20%</b> |
| Cost of sales                       | (2.0)          | (1.5)          | +33%        |
| <b>Gross profit</b>                 | <b>22.3</b>    | <b>18.8</b>    | <b>+19%</b> |
| Operating costs                     | (15.8)         | (14.0)         | +13%        |
| <b>Operating profit<sup>1</sup></b> | <b>6.5</b>     | <b>4.8</b>     | <b>+35%</b> |

# Retail KPIs

---

|                                | H1 2015 | H1 2014 | Change    |
|--------------------------------|---------|---------|-----------|
| Average number of LBOs         | 2,362   | 2,436   | -3%       |
| Average number of machines     | 9,294   | 9,591   | -3%       |
| Machine density                | 3.93    | 3.94    | -0%       |
| Gross win per machine per week | £949    | £931    | +2%       |
| Machine gross win margin       | 3.47%   | 3.44%   | +0.03 pts |

# Retail comparison on a reported and adjusted basis

|                                     | H1 2015<br>£m | H1 2014        |                                 | Adjusted<br>£m | Change to<br>adjusted |
|-------------------------------------|---------------|----------------|---------------------------------|----------------|-----------------------|
|                                     |               | Reported<br>£m | Exceptional<br>shop<br>closures |                |                       |
| OTC amounts wagered                 | 1,229.9       | 1,281.9        | 30.3                            | 1,251.6        | -2%                   |
| OTC gross win                       | 219.7         | 231.1          | 5.1                             | 226.0          | -3%                   |
| <i>OTC gross win margin</i>         | <i>17.9%</i>  | <i>18.0%</i>   | <i>16.8%</i>                    | <i>18.0%</i>   | <i>-0.1 pts</i>       |
| Machines gross win                  | 229.3         | 232.1          | 5.9                             | 226.2          | +1%                   |
| <b>Total gross win</b>              | <b>448.9</b>  | <b>463.2</b>   | <b>11.0</b>                     | <b>452.2</b>   | <b>-1%</b>            |
| <b>Net revenue</b>                  | <b>448.9</b>  | <b>463.1</b>   | <b>11.0</b>                     | <b>452.1</b>   | <b>-1%</b>            |
| Cost of sales                       | (110.7)       | (106.8)        | (2.6)                           | (104.2)        | +6%                   |
| <b>Gross profit</b>                 | <b>338.2</b>  | <b>356.3</b>   | <b>8.4</b>                      | <b>347.9</b>   | <b>-3%</b>            |
| Operating costs                     | (247.7)       | (256.0)        | (7.8)                           | (248.2)        | -0%                   |
| <b>Operating profit<sup>1</sup></b> | <b>90.5</b>   | <b>100.3</b>   | <b>0.6</b>                      | <b>99.7</b>    | <b>-9%</b>            |