

WILLIAM HILL

2013 TRADING UPDATE

29 JANUARY 2013

Operator

Welcome to the William Hill trading update conference call. At this time all participants are in a listen-only mode. Later we shall conduct a question and answer session. Please note that this conference is being recorded. I will now turn the call over to your host, Ralph Topping. Sir, you may begin. Thank you.

Ralph Topping - *Chief Executive*

Thank you. Good morning, everybody; thanks for joining us for this quick update call. Neil is with me and he'll run through the numbers shortly, then we'll open for a short Q&A session.

It's been a busy few weeks for us. We missed some of you at our presentation on Sportingbet during Christmas party time, but I'm sure you've all caught up by now. We're not going to update on either that process or the Playtech call option to day. I'll just repeat that. We're not going to update on either that process or the Playtech call option today, both are ongoing and we'll update you when we have something more to say.

Today's very much about the numbers. It's another strong performance from William Hill. Yes, the margin is helping, particularly in football, but Retail net revenue is growing and the growth we're seeing in Online and mobile is very good.

Two years ago I told you Sportsbook turnover would equal OTCs by the time of next year's World Cup. Well, in Q4 it was running at 97% and that's against 68% a year ago. I also told you Sportsbook mobile weekly turnover would be GBP15 million a week by the middle of this year. In Q4 it averaged GBP13.9 [million] a week; in the last week of the year it hit almost GBP20 million. And, in the first three weeks of 2013, I'm pleased to say, it has averaged around GBP15 million a week.

And I told you mobile Sportsbook would be 40% of turnover by the end of 2013. In Q4 it averaged 30%; in December it was 32%.

So, what I'm pleased about? And what I'm really pleased about is that my team have all the talents, is still delivering results like these at a time when there is so much else going on in the business; Australia, the US and the call option. They could all have been a distraction, but the team is focused on what matters and is getting on with their day jobs as well.

So now let me hand you over to Neil to cover the numbers, then I'll come back before the Q&A.

Neil Cooper - *Group Finance Director*

Thanks, Ralph. Let's start with a look at the fourth quarter. Just to remind you, we are reporting 14 weeks, which does flatter comparisons with 2011. So in what follows I'll give you the 13-week comparison, excluding week 53, unless otherwise stated.

Starting with OTC, we saw staking fall 4% versus the comparable quarter. October saw modest growth in staking levels, recovering from weak Q3 trends. Conversely, November staking fell, largely impacted by lower recycling, as the gross win margin for that month was both strong in its own right at over 20%, and also rolled over one of our worst months ever in November 2011.

Five-week December staking also fell, with 18% fewer horseracing fixtures due to the weather, than seen in the prior year.

Off-setting this staking performance, OTC net revenue grew 8% versus the comparable quarter, benefitting from a strong margin performance, which, at 19.1%, was 2.1 percentage points higher than the prior year comparative. Football was the main driver of margin growth, but we've also seen good momentum in horseracing, supported by growth in the second half of 2012 in of around and average book percentages.

Machine gross win growth slowed to around 1% for the quarter, leaving Retail net revenue in 5% growth for the quarter, 12% on a reported basis. The impact of a strong gross win margin also seems to have impacted the amount left by punters in machines, with our weakest year-over-year period in the quarter being November.

Moving to the full year, in Retail amounts wagered was flat, with OTC down 3% and machines up 1%. Net revenue was in growth by 4% with OTC 6% up, benefitting from a swing on gross win margin of 1.5 percentage points, with again both football margin and horseracing margin showing growth.

For machines, we saw gross win growth of 3% and gross win per machine per week of GBP914 on a 52-week basis.

Retails costs grew by 4%, in line with guidance.

We opened net 21 units in 2012, closing the year with 2,392. But given the timing of openings, the average number of shops in the year was broadly in line with the prior year at 2,375.

Online continued to perform well in quarter 4, with growth lead by Sportsbook and Casino. Sportsbook staking continued to show strong growth and net revenue further benefits from a strong gross win margin 8.4%, up 0.8 percentage points on the prior comparable. For the year as a whole, operating profit for Online is expected to grow 33%, or 36% on a reported basis.

Strong gross win margins continue to be a feature of the year, with online enjoying a near percentage point increase above both the prior year and its normal expected range from 7% to 7.9% for the year as a whole.

The business has also benefited from faster revenue -- net revenue growth, than cost growth. In particular, marketing came in at 26% of net revenue; lower than expected, but partly as a result of the strong net revenue performance in the quarter, as well as due to a small underspend. Looking forward we continue to target a 28% marketing to net revenue ratio for this key spend item.

Looking ahead I would also flag that we've closed to customers from a number of markets in 2012, and this needs to be considered when looking at expected 2013 performance. You'll no doubt recall that we've closed sites to business from Greece, Belgium and Germany, as well as several other smaller markets. In total, I would expect that we've lost somewhere between GBP7 million to GBP9 million of operating profit when looking at the annualized contribution from the sum of these market closures.

You'll also recall we had a one-off GBP2 million accrual release, relating to Greece in H1 2012, when you're thinking about progression.

Telephone saw a modest profit in the nascent US operation, a modest loss, largely because of the impact of a bookmaker-unfriendly NFL season in the second half of 2012.

So, on an unaudited Group basis we expect to see full year net revenue 10% ahead of last year, or 12% on a reported basis, with operating profit, or earnings before interest, tax and defined amortization, expected to be around GBP330 million, or GBP326 million on a 52-week basis.

As regards exceptional costs, you'll recall we had GBP7 million in the first half. I would expect to see a further GBP6 million in H2 relating to the US and Australia. And we'll give you more details on that at the final results.

Finally, in terms of cash flow, at least, we ended the year with around GBP340 million of net debt covenant services, which equates to around 1 times net debt over EBITDA.

Versus our previous expectations, strong margins helped cash inflow better than anticipated, but we also saw a benefit in working capital from the cessation of AMLD license payments, ahead of the switch to machine gaming duty in February 2013. Obviously, this is before paying for our proposed acquisition of Sportingbet's, Australian and Spanish businesses.

Finally, don't lose sight of the fact that the government announced a further 1% cut to corporation tax for 2014 in the autumn statement. That will result in an additional credit to our non-cash deferred tax charge in 2013, lowering our previous tax guidance by around 3 percentage points.

That's all I wanted to cover off today. We will, as ever, go into more detail when we see you at the final results on March 1. For now, I'll hand back to Ralph.

Ralph Topping - Chief Executive

Thanks, Neil. So, a good set of 2013 numbers, but as usual, we're not going to run away with ourselves. I'm reminded of the fact this morning, got a note from an analyst which said at the time of Betfair's IPO its market cap was higher than William Hill. Hill's is now 4 times Betfair's market cap. So it doesn't pay to run away with yourself in this business.

Margins are above normal levels. 2012 includes profit from markets we've now exited, which is a positive for the business in terms of us having earnings which are not in the grey area. And GPT is coming. There's a lot to do; there's always a lot to do in this business, and we'll keep up the pressure as ever.

Now I'll hand over for Q&A which, I repeat, will be short, given that we're seeing you in person, in the flesh, on March 1.

QUESTION AND ANSWER

Operator

(Operator Instructions). Vaughan Lewis, Morgan Stanley.

Vaughan Lewis - Morgan Stanley

Just looking at the Sports margins, have you changed any pricing policies or any risk policies, or is the benefit all just driven by favorable results?

Second one on machines --

Ralph Topping - Chief Executive

Can I just answer that? Predominantly favorable results, but we're always improving what we do in the business, Vaughan. We've now installed a sonar in our trading room. The guys are very much focused on improving what we do in that business. We've seen it ourselves, but we'll probably get a question; is it structural? I never understand what that question means until my garage blew over, but it is more to do with results.

Vaughan Lewis - Morgan Stanley

Okay. You haven't reduced the risk limits on -- or anything like that?

Ralph Topping - Chief Executive

No, not at all.

Neil Cooper - Group Finance Director

We're not changing our guidance as a result of what is a good set of numbers. And I think if you look at what Coral said late last year, they also flagged strong results leading to a good margin performance.

Vaughan Lewis - Morgan Stanley

Okay. The second one on machines; what's the timing of the rollout of the new hardware across the estate? And do you think that'll return them to decent growth?

Ralph Topping - Chief Executive

Well, we've got a trial ongoing at the minute. And, Vaughan, we'll give you some further information in March, and much more detail at the half-year.

Vaughan Lewis - Morgan Stanley

And then a final one on the GPT; I think there's a select committee hearing on the 15% point of consumption tax today; are you sending someone to lobby for your position? And what is your current position and thoughts on what that rate might be?

Ralph Topping - Chief Executive

For me it's you've got to read what you read, and it's 15% they're looking for. I'm sure there's a -- I'm sure you should just make that assumption that 15% is coming. There may be some distractions on the route to that 15%, but -- just the only thing you can look at is what's in the minds of government, and it's 15%.

Vaughan Lewis - Morgan Stanley

You're not lobbying for a lower rate then?

Ralph Topping - Chief Executive

We're lobbying.

Neil Cooper - Group Finance Director

Of course, we're lobbying.

Ralph Topping - Chief Executive

But, of course, we're lobbying. And, of course, we would look at other avenues as well. But we're not going to sit here and tell anybody what's running through my mind at the minute, because you wouldn't want to know.

Vaughan Lewis - Morgan Stanley

Okay, thank you.

Neil Cooper - William Hill plc - Group Finance Director

Great, thanks.

Operator

Richard Carter, DB.

Richard Carter - Deutsche Bank Research

Couple of questions. Firstly, could you just give me an estimate of how much net revenue now is from the UK on the Online business?

Neil Cooper - Group Finance Director

I don't think we've seen a huge shift. If anything, it's gone up slightly, because of some of the market closures over the year, but we'll give you a bit more detail on --

Richard Carter - Deutsche Bank Research

So we're talking about 75%?

Neil Cooper - Group Finance Director

Sorry?

Richard Carter - Deutsche Bank Research

Roughly 75%?

Neil Cooper - Group Finance Director

It's around that number, yes. Let's assume it is and I'll double-check offline and come back to you if it's (multiple speakers).

Richard Carter - Deutsche Bank Research

Okay. And on the tax rate, I think guidance was roughly around 18%. Are you saying that we need to cut that by 3% in the P&L for '13?

Neil Cooper - Group Finance Director

No, I think what I said was I would expect the income statement tax rate to drop by 3%, so if 18% less 3% is 15%.

Richard Carter - Deutsche Bank Research

Okay, And then a question just around Sportingbet, how do we think the tax there? Do you -- can you offset that against -- can you put debt into that business to offset the 30% tax rate?

Neil Cooper - Group Finance Director

I think that's a detailed question that's ahead of itself. We will comment in due course, on what we're doing re that acquisition, once we've made that acquisition. So, we've obviously [put] some plans in place, but it's premature of me to be commenting.

Richard Carter - Deutsche Bank Research

Okay, so if I'm assuming 18%, assume 15%. And then in terms of the cash tax rate, is it not dissimilar?

Neil Cooper - Group Finance Director

Well, I've not commented on any change. Obviously, the benefit to income statement is a non-cash deferred tax posting, or non-tax -- non-cash deferred tax credit. So there should be no cash consequence from that credit. So stick to your original -- our previous guidance in cash terms.

Richard Carter - Deutsche Bank Research

And then just finally, when does the software contract with Playtech need to be renewed, can you just remind me?

Ralph Topping - Chief Executive

Two to three.

Neil Cooper - Group Finance Director

It's 2016.

Richard Carter - Deutsche Bank Research

Is it? Okay, all right.

Ralph Topping - Chief Executive

Two or three years away.

Neil Cooper - Group Finance Director

Yes.

Richard Carter - Deutsche Bank Research

Okay, cool, thank you.

Ralph Topping - Chief Executive

Thank you.

Operator

James Ainley, Citi.

James Ainley - Citi

Two questions please. Firstly, can you update us on where you are with SSBTs? I think you said at the Q3 stage you had 1,000 machines out there, and talk about progress.

And then secondly --

Ralph Topping - Chief Executive

Can I just -- before you go on, do one question at a time.

We can play the rollout of another 350 SSBTs in Q4, and brought the total up to 650. Why we're putting the SSBTs in our shops? It's to give them a wider betting -- give punters a wider betting offering. And that is one part of lots of activities to keep Retail growing.

Definitely not going to touch upon our criteria for choosing which shops get SSBTs, but -- because our competitors would be pretty interested in that analysis. But will we stick more SSBTs in the shops? Yes. There will be more information later in the year.

James Ainley - Citi

Okay, thanks. And then secondly, was on -- could you talk about progress in Italy, particularly what's driving growth there, which products? And I think at the half 1 stage, you talked about core, non-UK revenues up 38%, what would --?

Ralph Topping - Chief Executive

What's driving revenue in Italy? Slots.

Neil Cooper - Group Finance Director

Slots have just been -- the market's just been deregulated, as regards slots, and we're seeing some good growth off the back of that, as I'm sure other people in the market are.

James Ainley - Citi

Okay, thanks.

Ralph Topping - Chief Executive

No problem.

Operator

Simon Davies, Canaccord.

Simon Davies - Canaccord

A couple from me. First off, obviously a very strong performance in mobile; can you give us some -- a feel for the margin differential you're seeing between mobile and PC? And given a rising mobile penetration, should we be thinking of a higher normalized margin, going forward, than the 7% that you still refer to?

Ralph Topping - Chief Executive

Too early to say; there's a fairly strong mix. Punter behavior is using the sports, using the computer, if you think of it that way, and using the mobile; you've got to look at it in that respect.

I cannot emphasize enough that we have very strong margins, in sports betting last year; not Sportsbook, not mobile, but sports betting. And I think you have to wait till things settle down to a much more normal level, before you disappear up your own scrotum, analyzing all.

Simon Davies - Canaccord

But you are still seeing better margins in mobile than in PC, and therefore that must be a factor, presumably?

Ralph Topping - Chief Executive

I'm seeing good margins in both actually. So, I think -- and I go back to it; I do need to see that over a period of time, rather than all jump up and down, clap our hands and cry eureka. I'm on that eureka mood. I'm a -- guys, you know me, I'm a dour Scotsman; I'm not going to be giving you any information that I'm not confident in. And at the moment I'm not confident that I've got enough data on this.

Simon Davies - Canaccord

Okay. And second, in terms of Online momentum, is that still being pretty much entirely driven by player numbers, or are you starting to see some improvement in player yields?

Ralph Topping - Chief Executive

Concentration is ongoing, both player numbers and yield. And it's a fairly -- you can probably get loads of other Chief Executives who wax lyrical and write 30-page theories on this. But it's dead simple. You concentrate on getting the numbers in; you concentrate on getting more money out of their pockets. And we've always done that at Hills, and let's continue to do that in Online.

Greater --

Simon Davies - Canaccord

So you are seeing some improvement?

Ralph Topping - Chief Executive

Greater emphasis on CRM; we've got a hell of a big investment on CRM, which we're beginning to see coming through. And I'm confident over the next period of time that we'll, as we develop that, we'll see some improvement in yields as well, but too early to say on anything at all.

Simon Davies - Canaccord

And lastly and very briefly, just on the US, obviously you point to a poor run of results. Are you still confident in your medium-term aspirations for that business? You haven't discovered anything in integration that's [disappointed]?

Neil Cooper - Group Finance Director

We haven't changed. We're not change -- I think we -- at the point we made the acquisition, we made some guidance for the first full year, which is 2013, and we haven't changed that guidance.

If you are interested, there's a really good article in the LA Times, covering results over the second half, and November was actually one of the worst single months ever, for Vegas bookmaking.

Ralph Topping - Chief Executive

That article refers to week 9 on the NFL season, where -- coincidentally I decided to go over there, and pay the guys a visit that weekend. Walked into the worst loss they've ever experienced, I think.

It wasn't a -- you've just got to put a perspective on it. We're bookmakers; we're confident in that business, but really we haven't just bought the business in Nevada. We've got a license in Nevada, which will -- it gives us fantastic credibility as a Group. We're looking to invest in that business.

And we're also looking to invest, as we've done in the Gibraltar business, and the other businesses we have, in brains for those businesses. And there'll be some further developments on that, over the course of the first six months of the year. We are not sitting back and just saying that's what that business is now, thank you very much. We're looking to develop the business. There's going to be a hell of a lot of effort goes into it, and also expanding the business outside of Nevada.

Simon Davies - Canaccord

Great, thanks.

Ralph Topping - Chief Executive

Okay, no problem.

Operator

Ivor Jones, Numis.

Ivor Jones - Analyst

It was sort of a question to you Ralph, so maybe Neil, you can answer on the Lion King's behalf.

I didn't know that you were worried about your grey areas, and now you're saying it's a good thing that you've got rid of some of them. Are there more grey areas to be got rid of, to the benefit of the business?

Neil Cooper - Group Finance Director

No, let's be clear, when Ralph used the phrase grey area, what he should have said is regulated markets where we were trading without a license. So, for example, Greece is the obvious example.

Now, I think it's self-evident when you look around the market that companies who have higher mix of completely licensed businesses seem to be carrying a higher rating now. And conversely, with a lower mix of licensed businesses, people carry a lower rating. Given the uncertainty of a market, like Greece, I think it's fair to say that people clearly put a different value on incomes from that territory than they would from a territory like the UK. So I think that's why we made the comment.

Ivor Jones - Numis Securities

Okay, so then on one thing specifically you mentioned in the statement, and if we're going to be clear, what more information is it that you need, in order to be clear about Germany? You know you're regulatory --

Neil Cooper - Group Finance Director

Don't need any more information. And if you look at the High Court rule, or the German equivalent of the High Court ruling this week, which is to say that they're kicking it up to the ECJ. It think it's clear that our stance on Germany is proportionate, and from a risk basis, a sensible stance.

Ivor Jones - Numis Securities

We're monitoring developments closely. So that seems to suggest that you might or might not come out of Germany?

Neil Cooper - Group Finance Director

It depends what happens doesn't it, with regulation, or licensing.

Ralph Topping - Chief Executive

Or ECJ.

Neil Cooper - Group Finance Director

Or ECJ.

Ivor Jones - Numis Securities

But you'll stay in until there's a substantive regulatory change in Germany? You won't just decide one morning to pull out?

Neil Cooper - Group Finance Director

Yes, yes, I think that's -- yes, for sure. To be fair, that's why we've made the comment we've made. If you hadn't taken it as that, I need to go and give Lyndsay a kick round the ear for terrible drafting. Lindsey?

Ivor Jones - Numis Securities

And just one more. I very much doubt that's where responsibility lies.

Neil Cooper - Group Finance Director

That's what you think.

Ivor Jones - Numis Securities

On machines growth, I know that you've talked about the loyalty card, and we've seen player club stuff built into the machines. Is there anything in the numbers that you're reporting, that is a result of different ways of using promotions on the machines that I ought to have thought about?

Ralph Topping - Chief Executive

No.

Ivor Jones - Numis Securities

So gross win is just clean of all that activity?

Ralph Topping - Chief Executive

Yes, we are looking at some of the, I'm going to call them, loyalty. We're looking at player cards and different experiences for players using cards, so more on that in March and certainly the half-year.

Ivor Jones - Numis Securities

But there's nothing in the --?

Neil Cooper - Group Finance Director

And to be clear, Ivor, we deduct free bets from prior year before you get to gross win, so our gross win per machine, per week takes into account the impact of free bets. Now, our understanding is they're not --

Ivor Jones - Numis Securities

So that's helpful, so has that changed year over year?

Neil Cooper - Group Finance Director

Sorry?

Ivor Jones - Numis Securities

That's helpful, I guess that's what I was getting at, has that changed year over year?

Neil Cooper - Group Finance Director

No, what in terms of accounting policy? No.

Ivor Jones - Numis Securities

No, in terms of a proportion, have you done more of it and, [therefore] --?

Neil Cooper - Group Finance Director

No, it's a fairly small number and continues to be a small number.

Ivor Jones - Numis Securities

So the growth rate you're reporting is a fair reflection of the underlying growth in people leaving money behind in machines.

Neil Cooper - Group Finance Director

Yes, but as I alluded to in my comments, I think you've got to stand back and look at Retail as a single box. And certainly, as we look at the data and look at the month-by-month trends, a month where we've had a near 8 point swing on gross win margin in our favor and very, very strong net revenue growth out of OTC, as a result our machines income looks less good.

I think if punters have done their money in OTC, they've got less to spend on a walking past the -- walking away from the counter with cash in their hands on the machines. And we certainly seem to have seen some of that.

Ralph Topping - Chief Executive

At the risk of being contradicted by yourself, I think you'll see that the Hill's Retail margin is the highest in the High Street. So we're -- what we're winning money off punters. We're probably giving them good value and really good value on sports betting activities, which makes it attractive for them to do accumulators. So at some point we'll get a bang on that, but we've always recovered from those bangs.

But we've had a good year on margin thanks to some of the activity we've undertaken, and particularly in sports betting. So we're winning the money quicker off the punters, which leads to a drop in recycling, we think.

And I've been banging on about this for ages. Machines have been out there, for what, 10 years, something like that. I think the time is long gone when we're treating them as a separate entity as such. We should be looking at what punters are prepared to leave behind in a Hill's shop altogether. And I tell you there's a few retailers out there on the High Street would kill for the kind of numbers that we're seeing in -- during what is a difficult time for the -- overall for the consumer.

Ivor Jones - Numis Securities

You must have wolfed that sandwich down, Ralph; that can't be good for you. But while you're back when you said that you thought that point of consumption tax at 15% was inevitable, was that an answer to Vaughan's question or were you talking to the value as William Hill Online?

Neil Cooper - Group Finance Director

That is a very cynical comment, I'm shocked you should make that assumption.

Ralph Topping - Chief Executive

Ivor, Ivor --

Ivor Jones - Numis Securities

I only get to ask the questions, I don't get to make comments.

Ralph Topping - Chief Executive

You've always been known -- I've always been known as a naive person when I deal with you, because you've trapped me a few times; but I'm genuine.

When I'm talking about it I still think the only thing you can look at is a 15% point of consumption tax. I've nothing else. But what you've got to bank on is something else happening. Of course we're going to all be [in] and, of course, we're all going to challenge. But you've just got to look, see what you see and not what you want to see. And if it changes, it changes. But could you place a bet on it at the minute, no, but that shouldn't stop you trying to stop you trying to change it.

Neil Cooper - Group Finance Director

I'd remind you that the government has actually published its thoughts on this, and it has published its thinking of 15%. This is not just us trying to second guess government. The government has come out and said they are planning to put in a 15% point of consumption tax pending the current consultation.

This is not vaporware. We have to respond to what the government puts in writing and they'll -- clearly, we put our best foot forward, because we don't want to pay out any more than we have to. But I have not seen anything from the government to suggest that they would back away from what they've previously published, have you?

Ivor Jones - Numis Securities

I have seen government's make changes during consultations, but that's very helpful thanks very much.

Ralph Topping - Chief Executive

That's fine, Ivor. If you want to [take a view] That's fine, great. Good talking to you; see you soon.

Ivor Jones - Numis Securities

Thank you.

Ralph Topping - Chief Executive

Cheers, now.

Operator

Nigel Hicks, Agency Partners.

Ralph Topping - Chief Executive

This is the penultimate question, yes.

Nigel Hicks - Agency Partners

Can you just talk through a little bit about January, if you can? I'm presuming that obviously the weather's impacted horse racing, but therefore strongish Online and tougher Retail and machines?

Ralph Topping - Chief Executive

I'll talk through January --

Nigel Hicks - Agency Partners

Not very good results.

Ralph Topping - Chief Executive

I spent five hours on the runway at Heathrow waiting for my plane to be de-iced before I went to Africa. I had to cancel two flights to Sofia. It was a poor month for weather; lots of horse racing cancelled. So you know that; I know that. But, at the same time, you know the football results; I know the football results. There have been compensating factors in January. It's far too early to talk about how the business is performing, but we're not slashing our wrists at this point in time.

Nigel Hicks - Agency Partners

Okay.

Neil Cooper - Group Finance Director

The mighty Leeds United did us a favor on Sunday, but (inaudible).

Nigel Hicks - Agency Partners

And Luton Town and St Mirren. Can I just ask when you said a slight underspend on marketing in Online, because you obviously had Q3 where you under spent then as well, how do you vary it, how much notice do you need to give?

Neil Cooper - Group Finance Director

When I say a small under-spend, we're talking about low single-digit millions. It's not -- I mean the ratio was more impacted by the fact that compared to our previous plans we made more net revenue.

So I wouldn't overplay this. I think, when you look at the difference between 26% and 28% the major impact was actually the fact that net revenue did better than we'd anticipated through Q4 as a result of a number of factors, but obviously margin being a big factor.

And then literally it was low single-digit millions of underspend versus where we thought we might be. That can arise from a number of things. It can be mix. It could be a marketing campaign that we've held over. There's a number of things that could drive that, but I think that's a level of granularity beyond this trading statement call, if I'm honest.

Nigel Hicks - Agency Partners

Sure yes, but I just wonder should we be looking at percentage of a number rather than an absolute number, maybe I don't know?

Neil Cooper - Group Finance Director

Well, we don't. Look, if we're a week out at the end of the year we're not going to tell the Marketing Director go and (expletive deleted) away some money just because we want to hit a percentage. Sorry, excuse my French, but that's not how it works. The Marketing Director would love it to be the case, but it isn't how it works.

We have plans in place. Given our marketing mix in William Hill Online, some of it is affiliate; some of it is pay per click, search engine optimization that will vary depending on results. So this isn't an exact science. I honestly think forecasting from the ratio is as good a way to do it.

Ralph Topping - Chief Executive

The guide is 28% and it isn't an exact science, as Neil's saying and we are -- 28% is the number you should work on. That's our intention to spend 28%. So -- but there's various factors that come into play and have come into play this year.

Nigel Hicks - Agency Partners

Okay, I'll try and work it out later, but can you give a reasonable guide as to what results, the strong sports results in Q4 gave, because obviously there is a trade-off between amounts staked and margin. Would you say it's a net, I don't know, 10/15, I don't know the number?

Neil Cooper - Group Finance Director

I'm sorry 10/15 what?

Nigel Hicks - Agency Partners

Million of EBIT that's due to results net, because obviously there is a trade-off with amounts staked.

Ralph Topping - Chief Executive

Is the question in layman's language, do you see a fall in stakes as a result of winning all the money?

Nigel Hicks - Agency Partners

Well, no, we know that, but what sort of net is it when margins are good compared to amounts staked not so good?

Neil Cooper - Group Finance Director

Look, I think you've got to draw some pretty heroic assumptions about the exact nature of the relationship between a margin shift and the recycling, and it's highly speculative. I certainly wouldn't want to throw a number out, because there's no science behind it.

Nigel Hicks - Agency Partners

Okay, no worries; thank you.

Ralph Topping - Chief Executive

Thanks, Nigel. Last question.

Operator

We have no further questions at this time gentlemen, thank you.

Ralph Topping - Chief Executive

Thank you very much. Good bye, everybody.

Neil Cooper - Group Finance Director

Thank you.

Operator

Thank you, ladies and gentlemen. This concludes today's conference call. Thank you for participating. You may now disconnect.