

# WILLIAM HILL TRADING UPDATE

23 March 2016

William Hill PLC (LSE: WMH) (William Hill or the Group) announces a trading update for the period to 20 March 2016.

In the year-to-date, two main factors have combined to deliver a weaker than expected Online performance.

First, from a regulatory perspective, we have seen an acceleration in the number of time-outs and automatic self-exclusions over recent weeks and this is impacting the level of actives across the Online business, particularly in gaming. Whilst the trend is still evolving, we estimate that, should these trends persist around current levels, the consequent lower revenues will reduce Online's profits by £20-25m in 2016.

Second, gross win margins for Online are 1.9 percentage points below expectations in the period at 6.2%, affected as previously highlighted by European football results and also by the worst Cheltenham results in recent history.

Meanwhile, following the appointment of Crispin Nieboer as Interim MD, Online in January, a number of strategic priorities have been identified. These include refocusing the business on maximising UK customer yields, improving performance in non-core markets and assessing opportunities for cost efficiencies. Online continues to have strong brand traction and good lifetime values from longer term and mobile customers but focus needs to be placed on improving the quality of account acquisition.

The broader William Hill Group continues to trade well and is overall in line with our internal expectations. Though Retail recorded a loss on Cheltenham, it has benefited from favourable UK football results and the US had a strong Super Bowl result in February. Momentum is continuing to build in Australia following the changes made in 2015, with further growth in wagering, new accounts and actives.

Overall, taking these factors together, we now expect the Group's operating profit<sup>1</sup> for 2016 to be in the range of £260-280m, subject to normalised gross win margins in the rest of the year. The Group also confirms that it is in advanced discussions with a partner which would see it invest in OpenBet. These discussions may, or may not, lead to a transaction. Notwithstanding the changes outlined above, the Board remains committed to the share buyback programme previously announced.

James Henderson, CEO of William Hill, commented:

"Today's statement reflects the combined effect of our assessment of the impact of recent regulatory changes and unfavourable sporting results including the worst results at Cheltenham in our recent history. We are also experiencing softer UK growth as a consequence of acquiring lower value customers. While the rest of the Group is performing in line with our expectations, we continue to focus on improving Online's performance so that we can, once again, outperform the market."

## Notes

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

## Enquiries

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Analyst conference call

James Henderson, CEO, and Philip Bowcock, CFO, will host a conference call for analysts at 7.45 a.m. GMT today. Dial-in details for the call are:

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Conference call – live

Conference call – archive

Webcast

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7.45 am GMT on 23 March 2016

Available to 30 March 2016

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#### **About William Hill**

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

#### **Cautionary note regarding forward-looking statements**

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 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.