

# Acquisition of Australian and Spanish locally licensed businesses of Sportingbet plc

20 December 2012

Ralph Topping, Chief Executive  
Neil Cooper, Group Finance Director



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A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's (the "**Panel**") website at [www.takeoverpanel.org.uk](http://www.takeoverpanel.org.uk). "Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks used above are defined in the Takeover Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

# Agenda

- Overview  
Ralph Topping, Chief Executive
- Financials  
Neil Cooper, Group Finance Director
- Strategic rationale and business overview  
Ralph Topping, Chief Executive
- Q&A

# Transaction highlights

- £454m to acquire Sportingbet's Australia and Spain regulated assets
- One of the leading online corporate bookmakers in attractive Australian market
  - Strong proprietary platform
  - Standalone operations
- Long-established Miapuesta brand in Spain
  - Call option to separate from European business
- Subsidiary of William Hill, not William Hill Online, in the short term
- Fully in line with strategy of increasing revenues from online, international and regulated markets

# Financials

Neil Cooper  
Group Finance Director



# Details of the recommended offer

- 56.1p per Sportingbet share
  - 44.8p in cash
  - 0.0435 new GVC shares per Sportingbet share<sup>1</sup>
  - Includes proposed final dividend of 1.1p per share<sup>2</sup>
- Recommended by Sportingbet Board
- ‘Mix and match’ facility
- Scheme of Arrangement
- Conditionality
  - William Hill being awarded an Australian licence
  - GVC’s shareholder vote
  - Sportingbet shareholder vote
- Significant levels of irrevocable support from both Sportingbet and GVC shareholders
- Offer expected to complete by end of Q1 2013

## Notes

1. Based on GVC closing price of 233.5p per share on 15 October 2012
2. The final dividend is payable on 17 January 2013, which is likely to be prior to closing of the transaction

# Acquisition price

- £485m fully diluted equity value
- William Hill to fund 86% (£417m) of fully diluted equity value as well as additional consideration of £36.5m arising from the transaction
- Earnings enhancing in first 12 months after completion before transaction and integration costs and the amortisation of intangible assets associated with the acquisition
- Post-tax return on invested capital meets prospective WACC in third full year of ownership

<b>William Hill adjusted deal cost</b>	
	<b>£m</b>
Ordinary equity value	367
Options	12
Convertible bonds	<u>106</u>
<b>Fully diluted equity value</b>	<b>485</b>
Less: GVC share contribution	<u>(68)</u>
<b>William Hill contribution to fully diluted equity value</b>	<b>417</b>
Additional consideration funded by William Hill	<u>37</u>
<b>William Hill adjusted deal cost</b>	<b><u>454</u></b>

## Notes on adjusted deal cost:

- Excludes estimated exceptional transactions fees of c£16m.
- Sportingbet issued share capital of 667,095,640 shares.
- Sportingbet fully diluted share capital of 882,018,070 shares.

# Sportingbet Australia historic financial performance

- Strong historic growth trends
- Near-term profit volatility
  - Change in indirect tax/levy structure to be based on turnover
  - Reduced VIP activity
- Anticipated continuation of underlying growth trends

# Other matters

- Funding

- Acquisition to be funded in cash from existing RCF plus a new bridge facility
- 18-month Bridge facility of £225m, with ratchet margin, expected to be 2% plus LIBOR through initial period
- On a pro forma basis, peak ND/EBITDA expected to be 2.6x at half year, falling to 2.5x by year end 2013
- Longer term capital structure to be reviewed alongside outcome of Playtech valuation

- Other

- Marginal deal rate not expected to move current Group average tax rate

# Strategic rationale and business overview

Ralph Topping  
Chief Executive

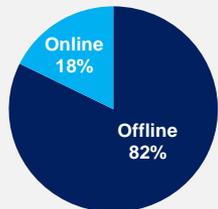


# Delivering our strategy

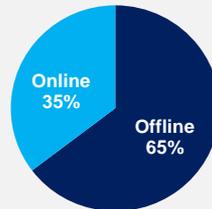
- Consistent with our strategy of increased contribution from online, international and regulated markets
- Increases the proportion of fast-growing online businesses within Group to over 40%
- Provides a leading position in new international market
  - Scale market entry
  - Second domestic market
- Expands presence in newly liberalised Spanish market

## GROUP ONLINE / OFFLINE SPLIT OF EBIT

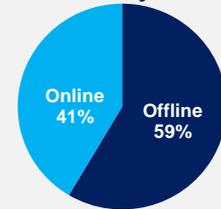
*WMH June 2008 H1 EBIT*



*WMH December 2011 FY EBIT*



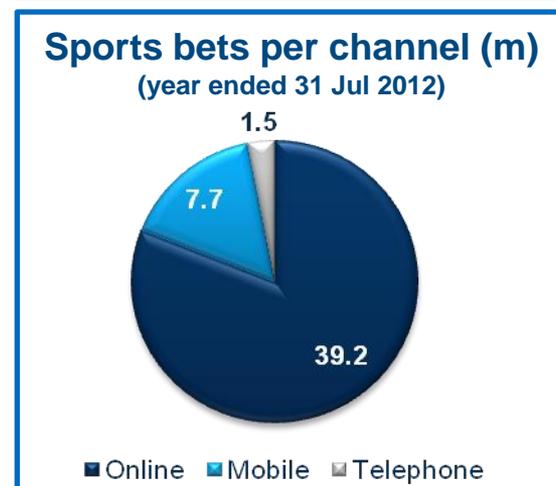
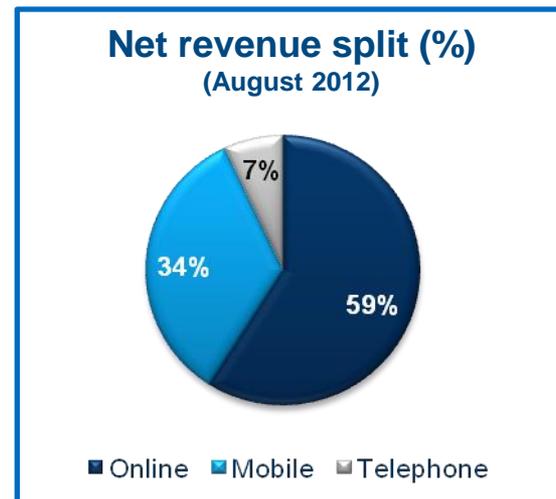
*WMH December 2011 FY EBIT +  
SBT Australia July 2012 FY EBIT*



# A leadership position in Australia

- A leading online corporate bookmaker
- Northern Territory licence, operations in Sydney
- 210 employees
- Strong proprietary platform
- EBITDA of £34.8m in year ended 31 Jul 12

Year ended	31 Jul 2012	31 Jul 2011	
Active players ('000)	172.0	82.2	+109%
Revenue per active player (£)	508.1	489.1	+4%
Overall sports margin	5.8%	4.9%	+0.9 pts
Online sports margin (post tax)	6.8%	6.8%	-
Telephone sports margin (post tax)	2.7%	2.5%	+0.2 pts
Mobile sports margin (post tax)	8.5%	8.3%	+0.2 pts



# The two brands



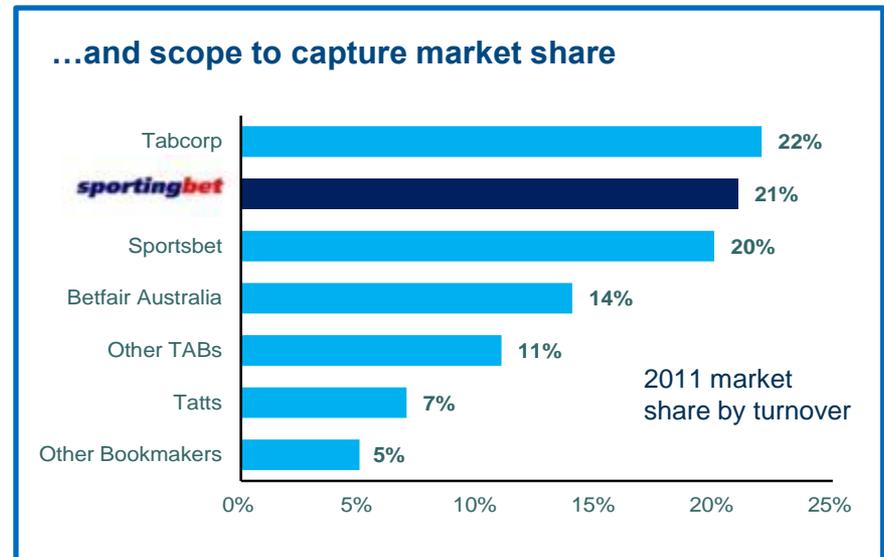
- Launched in 2003
- Aligned to more serious/experienced punters
- Strong focus on horseracing
- Turnover split: online/mobile 62%, telephone 38%
- [www.sportingbet.com.au](http://www.sportingbet.com.au)



- Established in 1992, launched online in 1996, acquired by Sportingbet in August 2011
- More recreational/mass market punters
- Stronger focus on sports betting than racing
- Turnover split: online/mobile 84%, telephone 16%
- [www.centrebet.com](http://www.centrebet.com)

# Australia : an attractive and growing market

- Well-established online market
- Licensed and regulated regime
- High growth rates
- Mature relationship between industry and government
- Limited online deregulation to date



Source: H2GC market report.

Source: Nomura equity research. Sportsbet brand is owned by Paddy Power.

# Regulatory position

- Interactive Gaming Act 2001 (“IGA”)
  - Online in-play betting, casino, games and poker are illegal
- Report from Australia’s Productivity Commission in January 2010
  - Recommended regulation of all products
  - Present Government initiated a review of the IGA in 2011
  - Interim report from government review (May 2012) recommended that online tournament poker be given a five-year trial, and that online in-play betting be allowed, including some exotic bets
- Current view
  - Opposition from independent MPs who currently hold the balance of power in Parliament
  - Recommended changes to legislation are unlikely to progress under the present Labour minority government

# Established management team

- Manage as a separate business
- Leadership team committed to William Hill
- Long-term, retention and incentive arrangements in place for key employees

# The Spanish business

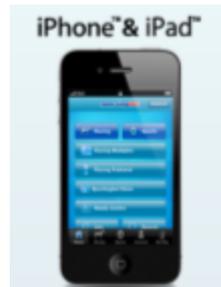
- An attractive growth market
- Long-established, leading “miapuesta” brand offering sports and gaming products through mobile and online platforms
- We acquire the brands upon completion, option to acquire the customer lists within six months



# Delivering value from the acquisition



Product



Channels



Brand



Regulation

# Summary

- Market leading presence in highly attractive market
- Consistent with our strategy
- Opportunity to deliver further value for William Hill shareholders

# Q&A

Ralph Topping

Chief Executive

Neil Cooper

Group Finance Director

Robin Chhabra

Head of Strategy & Corporate Development