

Interim Management Statement

21 October 2010

William Hill PLC (LSE: WMH) (William Hill or the Group) announces its Interim Management Statement for the 13 weeks ended 28 September 2010 (the period or Q3). All comparisons are with the equivalent period in 2009.

Group overview

The third quarter of the year was characterised by strong year-over-year growth in Retail operating profit. This growth was driven by a good performance in over-the-counter (OTC) gross win margin, both in absolute terms, following positive football results through the quarter, and relatively, given weak football results in the prior year. Retail also benefited from continued good performance in machine income and from the benefit derived from the later stages of the World Cup. William Hill Online's trading performance continued to show strong growth.

Key financial highlights of the period were as follows:

- Group net revenue in growth by 22%
- Retail net revenue in growth by 16%
- Online net revenue in growth by 35%
- Group EBIT in growth by 64%

As a result, and given internal expectations for the fourth quarter of 2010, the Group now expects to deliver operating profit⁽¹⁾ around the top of the current range of analyst forecasts.

Ralph Topping, Chief Executive, commented:

“The Group has performed strongly in the quarter, even taking into account the weak prior year comparatives. We have seen an ongoing positive performance from our growing Online business and from machines which, when allied to a period of very favourable sports results, have driven strong net revenue performance. Whilst a number of macro-economic factors leave us cautious in our expectations for 2011, the Group is very well placed through the final quarter of 2010.”

Trading overview

(a) Group performance

Group net revenue for the period was up 22% with Group EBIT up 64%. The Group's net debt for covenant purposes stood at £501.3m at the end of the period.

(b) William Hill Online

For the period as a whole, Online net revenues were up 35%. Sportsbook continues to deliver outstanding results, with a 287% increase in net revenue from £6m in Q3 2009 to £23m in Q3 2010. Sportsbook turnover was up 45% in the period and gross win margin for the period - at 8.9% - was ahead of the prior year by 5 percentage points (ppts), benefiting from a combination of favourable results and structural improvements in in-play gross win margins. Gaming net revenues fell by 2%, as growth in both Bingo (+58%) and Poker (+6%) net revenues were offset by the impact on Casino of the French closure.

The Online business delivered £26.3m of operating profit in the period, up 80% on the prior year. Playtech's non-controlling interest was £7.5m.

(c) Retail

The Group saw OTC turnover fall 0.6% in the period, with slips down c1% and pence per slip up c0.5%. This benefited from the favourable impact of the later stages of the World Cup in July, with underlying turnover trends in the period being similar to those seen in the first half of the year.

Offsetting this, the OTC gross win margin was above the Group's indicated normalised 17-18% range, at 18.2% for the quarter and significantly ahead of the weak performance in 2009 when the margin was only 15.4%, which reflected unfavourable football results. This 2.8 ppts increase helped deliver an OTC net revenue increase of 18% and was largely driven by favourable results in football. Machines gross win grew by 16% (net revenue grew by 14% reflecting the increase in VAT), delivering £844 of gross win per machine per week in Q3 (Q3 2009 - £736). Overall Retail net revenue grew 16% versus the prior year.

Benefiting from this strong growth in net revenue, operating profit for the channel grew by 41%.

Current trading and outlook

Since 28 September, the Group has seen a continuation of Q3 trading trends. Retail OTC gross win margins were ahead of the Group's normalised range, driven by favourable sporting results, albeit with fluctuating levels of year over year decline in OTC retail turnover. Machines performance remained strong.

Given the strong performance seen in the third quarter of the year, the Group now expects to deliver operating profit around the top of the current range of analyst forecasts for the year as a whole, although this is dependent on the outcome of sporting results and other performance factors over the final quarter.

Looking forward into 2011, the Group remains cautious in its expectations reflecting the impact of the planned VAT increase and the continuing challenging economic environment as well as the potential impact of the Government's recently announced reductions in public expenditure.

Fiscal and regulatory developments

The process is ongoing to agree the terms, rates and conditions of the 50th Levy scheme, which would apply from April 2011. If an agreement is not reached before 31 October 2010, the matter will be referred to the Secretary of State for a determination.

Material events, transactions and financial position

There have been no material events or changes in the financial position of the Group.

Risks

The principal risks and uncertainties for the Group remain consistent with those published on the corporate governance section within the investor section of the corporate website at www.williamhillplc.co.uk. The key risks for 2010 are as follows:

- The impact of the challenging economic climate on trading;
- Changes to taxation or levies relating to either the land-based or online businesses in the UK; and
- Changes to regulation and/or taxation of online betting and gaming in countries outside the UK.

For a fuller discussion of these risks and how we are addressing them, please refer to our 2009 Annual Report and Accounts.

Notes

1. Operating profit is defined as pre-exceptional earnings including associates and excluding interest, taxation and amortisation relating to trade names, affiliate relationships and non-competition agreements as described in note 12 to the 2009 Group Financial Statements.

Enquiries		
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Analyst conference call

Ralph Topping, Chief Executive, and Neil Cooper, Group Finance Director, will be hosting a conference call for analysts at 1.00 p.m. BST. Dial-in details for the call are:

UK telephone: 020 8817 9301
International: +44 20 8817 9301

An archive of the call will be available one hour after the call until Thursday, 28 October 2010. Dial-in details for the archive call are:

UK telephone: 020 7769 6425
International: +44 20 7769 6425
Passcode: 3691162#

An audio webcast of the call will be available at www.williamhillplc.co.uk

Notes to editors

William Hill is a leading betting and gaming company. It is one of the UK's largest bookmakers with over 2,350 LBOs in the UK and Ireland that provide betting opportunities on a wide range of sporting and non-sporting events and, in the UK, gaming machines are offered in every LBO. The Group's online business, William Hill Online, is one of the leading European online betting and gaming businesses by profitability, providing sports betting, casino games, poker, bingo, numbers betting and skill games.