

William Hill PLC

Trading statement

19 January 2011

William Hill PLC (LSE: WMH) (William Hill or the Group) announces a trading update for the 13 weeks from 29 September to 28 December 2010 (Q4) and the 52 weeks to 28 December 2010 (full year).

Fourth quarter

The fourth quarter of 2010 saw a continuation of the positive Group net revenue trend seen in previous quarters in the year, driven primarily by strong growth from William Hill Online and from gaming machines in the shops. Retail turnover grew by c4% in December and by c8% in Q4, in spite of the impact of adverse weather on fixtures and trading, with 47% of scheduled UK horseracing meetings cancelled in December and with one weekend of minimal football. Retail over-the-counter (OTC) gross win margins in the quarter at 19.0% were above the Group's normalised range as favourable football results continued.

Full year⁽¹⁾

The Group has delivered a strong performance at the top end of market expectations for Operating profit⁽²⁾ for the full year, benefitting from this performance in Q4. The Board currently expects that the Group will have grown net revenue by c7% for the year as a whole, delivering pre-exceptional earnings before interest, tax and amortisation of around £275m (2009: £258.6m).

Online

William Hill Online performed strongly, with total online net revenue year-on-year growth of c24%. This was underpinned by a strong Sportsbook performance, with turnover up c57%, including c114% growth in in-play turnover with increased awareness prompted through advertising of William Hill Online's improved in-play offering. Sportsbook gross win margin was at the top end of the Group's expected range at 8.0%, resulting in net revenue growth of 95% versus 2009. Online gaming net revenues grew c5%, with a good performance in Bingo helping to offset the adverse impact of the French closure, which resulted in a flat Casino performance.

This resulted in an Operating profit for William Hill Online c22% higher than the prior year and a non-controlling interest for Playtech of £5.9m for the quarter and £26.3m for the year as a whole.

Online innovation continued during Q4 with the successful launch of the Day Trader financial betting product and the Match Predictor and Shake-a-Bet apps, which are available in Apple's App Store.

Retail

Retail turnover grew c8% year-on-year, driven by a strong machines performance following the roll-out of the 'Storm' cabinets. OTC gross win margin was at the top end of the normal trading range at 17.9%. Retail net revenue grew by c3% year-on-year, with machines gross win growth of c13% more than offsetting a c1% decline in OTC net revenue. On a net revenue basis, machines grew by 11%, reflecting the impact of the VAT increase in January 2010. Overall, this resulted in flat Operating profit year-on-year.

Telephone

Telephone delivered an Operating profit in the second half which means that the channel is likely to make a small Operating profit in 2010 as a whole. The Group previously announced that it expected to close the UK Telephone business and to open a new business within William Hill Online in Q4. This has been slightly delayed and is now expected to be completed by February 2011.

Taxation

The effective pre-exceptional income statement tax rate for 2010 is now expected to be c20% benefitting from the release of prior year provisions no longer deemed necessary and from the first of a series of reductions in deferred tax liabilities arising as a result of the scheduled reduction of the UK corporation tax rate. This latter benefit is expected to recur over the next three years, reducing the Group's expected ongoing effective tax rate to around 22% in 2011. Whilst the reduction in deferred tax liabilities will not affect cash tax, there will be a c£1.5m one-off favourable cash tax impact arising from the prior year releases.

Final results announcement

The Group will announce its final results for the 52 weeks ended 28 December 2010 on 25 February 2011.

Ralph Topping, Chief Executive of William Hill, commented:

"This is a strong performance and I am delighted that, in particular, our Online business and the gaming machines in our shops continued to see encouraging revenue growth during Q4. Our continuing technological developments in what is a fast changing industry have underpinned growth and the doubling of our turnover from in-play this year demonstrates that customers are welcoming these innovations."

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References

- (1) All numbers are unaudited and quoted on a pre-exceptional basis
- (2) All references to Operating profit are defined as pre-exceptional earnings before interest, taxation and amortisation relating to trade names, affiliate relationships and non-competition agreements.

Enquiries

William Hill PLC
Ralph Topping, Chief Executive
Neil Cooper, Group Finance Director
Lyndsay Wright, Director of IR
Tel: +44 (0) 20 8918 3614

Brunswick
Simon Sporborg / Justine McIlroy
Tel: +44 (0) 20 7404 5959

Analyst conference call

Ralph Topping, Chief Executive and Neil Cooper, Group Finance Director will be hosting a conference call for analysts at 8.30 am GMT.
Dial-in telephone number: 0845 634 0041
International telephone number: +44 (0) 20 8817 9301
PIN: 4133558
Company: William Hill

A replay of the call will be available for a period of one week to 26 January 2011 on telephone number +44 (0) 20 7769 6425, PIN 4133558. The call is also accessible by webcast at www.williamhillplc.com.

About William Hill

William Hill is a leading betting and gaming company. It is one of the UK's largest bookmakers, with around 2,350 shops in the UK and Ireland that provide betting opportunities on a wide range of sporting and non-sporting events and, in the UK, offer gaming machines. William Hill Online provides internet-based sportsbetting, casino, poker and bingo, and is one of the leading European online betting and gaming businesses operated by a listed company.