

William Hill PLC Trading Statement



Trading in line with expectations

21 November 2019

William Hill PLC (LSE: WMH) (William Hill or the Group) announces a trading update for the unaudited 17 weeks and 43 weeks to 29 October 2019 (3 July to date and year-to-date). Comparatives relate to the equivalent weeks in 2018.

Operating highlights:

- The Group is trading in line with full year expectations with net revenue up 1% in the period
- Online UK net revenue grew +4% on a pro forma basis¹, consistent with the market growth rate
- Retail like-for-like net revenue fell 16% since the half year. Executing our remodelling strategy to mitigate the impact of the £2 stake limit saw the closure of c.700 shops
- US net revenue increased 60% as the market continues to grow; we went live in Indiana and Iowa
- Further progress on player safety with the launch of the Safer Gambling Commitments

In GBP terms	H2 to date (3 Jul to 29 Oct 2019)					Year to date (to 29 Oct 2019)				
	Total net revenue	Gaming net revenue	Sportsbook amounts wagered	Sportsbook gross win margin	Change in gross win margin	Total net revenue	Gaming net revenue	Sportsbook amounts wagered	Sportsbook gross win margin	Change in gross win margin
Online	+26%	+51%	-7%	8.1%	+0.6 ppts	+19%	+44%	-7%	8.1%	+0.1 ppts
Retail	-23%	-45%	-1%	18.3%	+1.1 ppts	-16%	-33%	+2%	18.3%	+0.4 ppts
US Existing	+27%		+24%	7.5%	+0.2 ppts	+13%		+24%	6.9%	-0.6 ppts
US Expansion	+200%		+125%	8.2%	+2.7 ppts	+391%		+338%	7.4%	+1.5 ppts
Group (excl. discontinued operations)	+1%	-8%	+2%			+1%	-3%	+4%		

Online

In the trading period Online net revenue grew 26%, with gaming net revenue +51% and sportsbook net revenue +1%. Adjusting for the acquisition of Mr Green, on a pro forma basis¹ Online net revenue grew 1%.

Online UK, which now comprises two thirds of the Online division, has shown growth for the second quarter in a row. On a pro forma basis¹ net revenue grew 4% for the period, consistent with the market growth rate.

Online International net revenue fell 4% on a pro forma basis¹. The integration of Mr Green is well underway and the transaction has performed in line with expectations. However, there were a number of regulatory headwinds during the period, most notably the closure of Switzerland while other European markets experienced disruption to payment methods. Nonetheless, the majority of regions in the underlying International business are delivering good growth.

In line with the digital strategy to deliver a strong product and a more personalised customer experience, a number of new technology developments are scheduled for release. A new sportsbook front end for Italy and Spain will launch in the fourth quarter replacing the current third party solution and a single wallet solution for Spain will roll out towards the end of the year. The Group will deploy a modular platform architecture; the Smart Data Platform will launch early in the new year, a component which is already in use in the US.

Retail

On a like-for-like basis Retail net revenue fell 16%, in line with expectations, driven by gaming net revenue -39% and offset by sportsbook net revenue +13% as we continued to see some customers substitute sports betting for gaming activities. Gaming trends are improving incrementally as customer behaviour adjusts following the implementation of the £2 maximum staking limit.

The Retail business executed the remodelling strategy put in place to mitigate the effect of the Triennial Review. During the period c.700 shops were closed as the Group acted decisively to 'do it once and do it right'. These disciplined and necessary actions have provided certainty for our employees and allowed us to resume our focus on the future. The estate now consists of c.1600 shops and, while still too early to establish a trend, the underlying results are consistent with our existing guidance.

William Hill US

The US business continues to deliver on its retail and mobile strategy to be a US market leader, generating strong growth with net revenue increasing +60% (+53% on a local currency basis). US Expansion net revenue tripled, driven by the opening of new states, while our Nevada business remains strong, generating 27% growth (+22% on a local currency basis).

It is now 18 months since PASPA was overturned and the US sports betting market continues to exhibit strong growth with 13 states accepting legal wagers. During the 17 week period we went live in Indiana and Iowa and we have now taken wagers in 10 states with a market share of 26%.

During the period our new purpose built digital platform went live as planned ahead of the NFL season and we are pleased with its early performance. On 3 October William Hill formed an exclusive partnership with Monumental Sports & Entertainment to open a sportsbook at the Capital One arena in Washington D.C. In anticipation of Eldorado Resorts closing the acquisition of Caesars Entertainment, we are preparing to bring operation of the existing Caesars sports books into the William Hill network, subject to regulatory approval.

Safer Gambling Commitments

On 6 November we saw the launch of a new representative body for the UK's betting and gaming industry, the Betting and Gaming Council (BGC). This represents around 90% of the industry by revenue, including betting shops, online betting and gaming businesses and casinos, bringing together the combined resources of the industry to meet the challenges of responsible gambling and regulatory compliance.

In tandem with the launch of the BGC, the Chief Executives of the leading gambling companies in the UK, including William Hill, announced a package of Safer Gambling Commitments. These five commitments, with 22 initial actions, provide a measurable framework that supports the UK Gambling Commission's national strategy to address issues related to gambling. They will deliver ongoing improvements in how gambling companies are run in the UK and how they empower, protect and support their customers.

The five core Safer Gambling Commitments are targeted to: Prevent underage gambling and protect young people; Increase support for treatment of gambling related harm; Strengthen and expand codes of practice for advertising and marketing; Protect and empower our customers and; Promote a culture of safer gambling.

Ulrik Bengtsson, CEO, commented:

"During my first months as CEO I have been focused on how we can improve our competitiveness whilst ensuring we continue to deliver on our strategic ambitions and I am pleased to confirm we remain on track to meet our full year expectations. We have simplified our structure around our geographical markets, appointed a Chief Technology and Product Officer and introduced a new role of Chief Operating Officer to enable improved customer alignment, execution and drive operational efficiency.

"In the US our business has gone from strength to strength. We have excellent market access, a valuable partnership with Eldorado and we are excited about the potential that is presented by the combination with Caesars.

"We have remodelled the UK retail estate, while the UK Online business has benefited from a series of customer facing improvements evidenced in the stabilising market share in the last two quarters. In addition, we expect our International Online business to benefit from a number of important product improvements that will be delivered over the coming quarters.

"We undoubtedly have great people and a shared vision at William Hill. Our job now is to push on and do even better in terms of customer focus and execution."

Notes

1. Where pro forma results are stated, this assumes that Mr. Green was consolidated into the group at the end of January 2018, in order to provide a more meaningful comparator period.

Analyst conference call

Ulrik Bengtsson, CEO, and Ruth Prior, CFO, will host a conference call for analysts at 9:00 a.m. GMT today. Dial-in details for the call are:

Telephone: +44 20 3936 2999

Participant code: 647075

An archive of the call will be available until 28 November 2019. Dial-in details for the archive call are:

Telephone: +44 20 3936 3001

Replay code: 387527

An audio webcast of the call will be available at:

<https://www.investis-live.com/william-hill-plc/5daf05c5e231010d00485e06/erre>

OAM: Additional Regulated Information

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About William Hill

William Hill PLC is one of the world's leading betting and gaming companies, employing 12,500 people. Its origins are in the UK where it was founded in 1934, and where it is listed on the London Stock Exchange. The majority of its £1.6bn annual revenues are still derived from the UK, where it has a national presence of licensed betting offices and one of the leading online betting and gaming services. William Hill's European Online business is headquartered in Gibraltar and Malta, and is licensed online in 10 countries following the acquisition of Mr Green & Co AB in January 2019. In 2012, it established William Hill US with a focus on retail and mobile operations in Nevada and became the largest sports betting business in the US. Following the ruling in May 2018 by the Supreme Court that the federal ban on state sponsored sports betting was unconstitutional, William Hill US has expanded and continues to expand as new states regulate sports betting. It is now operating in nine states: Delaware, Indiana, Iowa, Mississippi, Nevada, New Mexico, New Jersey, Rhode Island and West Virginia in addition to Washington DC. Eldorado Resorts, Inc. currently owns shares representing 20% of the share capital of William Hill US Holdco, Inc., the holding company of William Hill US.

Cautionary note regarding forward-looking statements

This announcement includes 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 Market Abuse Regulation (596/2014), the Listing Rules, the Disclosure Guidance 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.