

## WILLIAM HILL PLC TRADING STATEMENT

### Improved mobile Sportsbook returns Online to growth

14 November 2016

William Hill PLC (LSE: WMH) (William Hill or the Group) announces a trading update for the unaudited 17 weeks from 29 June to 25 October 2016 (H2 to date) and the 43 weeks to 25 October 2016 (year to date or YTD). Comparatives relate to the equivalent weeks in 2015.

- Continue to expect full-year operating profit<sup>1</sup> to be at the top end of previous £260-280m guidance, subject to normalised gross win margins in the rest of the year
- Online has returned to growth with UK Sportsbook amounts wagered +4% in H2 following mobile Sportsbook enhancements in Q2; H2 focused on improvements to gaming, UX and marketing
- Roll-out of 2,000 proprietary self-service betting terminals (SSBTs) completed in Retail and organisational structure changes on track for implementation from 1 January 2017
- Positive performance continuing in international markets with double-digit wagering and net revenue growth in H2 to date in Australia, the US and Italy and Spain
- Opportunities for c£30m of Group operating efficiencies identified for delivery in 2017, with c£15m of digital marketing spend already identified to be used to drive faster digital net revenue growth

In GBP terms	H2 to date (29 Jun to 25 Oct 2016)				Year to date (to 25 Oct 2016)			
	Amounts wagered	Net revenue	Gross win margin	Change	Amounts wagered	Net revenue	Gross win margin	Change
Online <sup>2</sup>	+6%	+4%	8.4%	+0.1 ppts	+2%	-0%	7.7%	+0.1 ppts
- Core markets (UK, Italy, Spain)	+9%	+2%	9.0%	-0.2 ppts	+5%	-1%	8.4%	-0.1 ppts
- Other markets	-7%	+22%	5.3%	+1.2 ppts	-12%	+2%	4.0%	+0.5 ppts
Retail	-5%	+0%	17.1%	-0.3 ppts	-4%	+3%	18.3%	+0.6 ppts
Australia	+42%	+59%	10.2%	+0.7 ppts	+23%	+12%	10.0%	-0.5 ppts
US	+32%	+81%	8.3%	+2.2 ppts	+36%	+40%	6.7%	+0.2 ppts
<b>Group</b>		<b>+6%</b>				<b>+3%</b>		

#### Philip Bowcock, Interim CEO, commented:

*"In this period we have continued to focus on Online's turnaround, identifying efficiencies and international growth.*

*"Online has returned to wagering growth in the UK following significant enhancements to our mobile Sportsbook in Q2 and we are making good progress on the gaming and user experience improvements in H2, further helped by the Grand Parade team we acquired in August. We will complete the heavy lifting on Online's changes in Q1.*

*"Our international businesses are all performing well, with double-digit wagering and net revenue growth in each of our key markets of Australia, the US and Italy and Spain. In a tough market, the Australian business is benefiting from our in-house technology, which allows us to bring customers innovative new products more frequently than our competitors.*

*"Looking forward, we remain on track to deliver 2016 operating profit at the top end of our guided range. With our significantly improved products and user experience, we are confident that this is the right time to invest further in our Online business. Therefore, the marketing efficiencies we are announcing today will be reinvested in driving faster digital growth to benefit future performance."*

## Online<sup>2</sup>

In Q2, we made significant enhancements to our mobile Sportsbook, giving us a market-leading sports betting offering once again. In H2 we have continued to improve our content, including more than doubling the number of streamed events and further increasing our football markets, improved the speed and ease of use of Cash In, and enhanced the timeliness and relevance of Push Messaging.

We have seen early signs of improved performance: Sportsbook net revenue in H2 to date was up 11%, with amounts wagered up 6%. The gross win margin was slightly higher than normal at 8.4%, benefiting from favourable football results. Gaming net revenue was 2% lower, an improvement from the 6% decline seen in H1 while changes to enhance our gaming experience are ongoing. Within the core markets, UK amounts wagered returned to growth, up 4%, and continued improvements to our products and marketing in Italy and Spain contributed to 16% growth in net revenue on a local currency basis.

Customer key performance indicators are also encouraging. The average revenue per user is 16% higher in H2 to date and the average wagering per Sportsbook active is up 17%. While we address unprofitable activity, new accounts and actives are down. However, the quality of new accounts is improving with, on average, 65% more revenue generated in the first month and a 42% increase in retention rates in the same period.

Our main H2 priorities continue to focus on improving the gaming offering and the user experience around key customer journeys, and the optimisation of our marketing investment. Work is progressing well on the gaming site redesigns, changes to bonusing, VIP management, content and cross-sell for each of the gaming platforms. On marketing, we have removed loss-leading campaigns, reduced bonus abuse, started to invest more in digital areas such as programmatic marketing and launched Offer Club to improve retention and increase share of customer wallet.

With the improving top line trends, we have seen a return to year-on-year growth in operating profit<sup>1</sup> in H2 to date. Our focus is on accelerating growth in 2017, particularly in our core UK market.

## Retail

In Retail, total net revenue was flat in H2 to date. Over-the-counter net revenue was down 6% with gross win margin down 0.3 percentage points and amounts wagered down 5%. Gaming machine net revenue was up 6%.

In the second half, we have rolled out a further 1,200 of our proprietary SSBTs, completing installation of our initial 2,000 units. Through the back end of the year we are releasing further content onto the SSBTs.

Activities to modernise Retail's organisational structure have progressed well and we are on track to implement these changes from 1 January 2017.

## William Hill Australia

Our performance in Australia continues to improve. On a local currency basis in H2 to date, amounts wagered increased 14% and net revenue increased 27%, with gross win margin 0.7 percentage points higher than last year, though slightly below normal expectations as the racing margin was impacted by an above average number of winning favourites. Amounts wagered with the William Hill brand grew 38% in local currency.

As part of our product strategy, we launched our innovative 'Double Down' product ahead of the peak Spring Carnival trading period, providing an exciting in-play option for racing customers. We were also pleased to secure exclusive rights to stream content from Racing New South Wales.

The migration of Centrebet customers to the William Hill brand is progressing well and is on track for completion by the end of 2016.

## William Hill US

Our US business continues to perform strongly. In local currency terms in H2 to date, amounts wagered was up 10% and net revenue was up 52% with gross win margin 2.2 percentage points higher, benefiting from favourable baseball and American football results.

### Efficiencies review

As previously highlighted, as well as the changes to Retail's organisational structure we have been developing detailed plans to increase operational efficiency. We have identified opportunities for c£30m of Group operating efficiencies on an annualised basis and are planning to implement these in 2017. By way of example, we have completed a detailed review of our digital marketing spend, working with a specialist digital marketing consultant, and have identified c£15m of annual spend that can be deployed more effectively over the next 12 months to accelerate our drive for faster digital net revenue growth.

### Board update

We are pleased to have announced today (see separate announcement) that three new Non-executive Directors will be joining the Board. John O'Reilly, former Managing Director at Coral Interactive and a former Board member at Ladbrokes, and Robin Terrell, former Chief Customer Officer at Tesco PLC, will join on 2 January 2017. Mark Brooker, former Chief Operating Officer at Betfair, will join on 3 April 2017. Together, they bring extensive digital, multi-channel and gambling industry experience to the Board.

#### Notes:

1. Operating profit is defined as adjusted profit before interest and tax. Further detail on adjusted measures is provided in note 3 to the half-year report
2. Online now includes the Telephone division. Performance is shown on a pro forma basis

This announcement contains inside information.

The person responsible for arranging for the release of this announcement on behalf of William Hill is Philip Bowcock.

### Enquiries

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William Hill PLC	Philip Bowcock, Interim Chief Executive Officer Mark Summerfield, Interim Chief Financial Officer Lyndsay Wright, Director of IR Ciaran O'Brien, Group Communications Director	Tel: +44 (0) 20 8918 3614 Tel: +44 (0) 20 8918 3607
Brunswick	Andrew Porter / Oliver Hughes	Tel: +44 (0) 20 7404 5959

### Analyst conference call

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Philip Bowcock, Interim CEO, and Mark Summerfield, Interim CFO, will host a conference call for analysts at 8.30 a.m. GMT today. Dial-in details for the call are:

Conference call – live	Conference call – archive	Webcast
8.30 am GMT on 14 Nov 2016	Available to 21 Nov 2016	<a href="http://www.williamhillplc.com">www.williamhillplc.com</a>
Tel: +44 (0) 20 3059 8125	Tel: +44 (0) 121 260 4861	
Password: William Hill	Passcode: 4560438#	

### About William Hill PLC

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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 one of the UK's largest bookmakers 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 after the Group acquired Sportingbet and tomwaterhouse.com 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**

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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 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.