

WILLIAM HILL PLC TRADING STATEMENT

20 November 2017

Continued momentum in 2017 for William Hill

William Hill PLC (LSE: WMH) (William Hill or the Group) announces a trading update for the unaudited 17 weeks and 43 weeks to 24 October 2017 (H2 to date and year to date (YTD)). Comparatives relate to the equivalent weeks in 2016.

- Online net revenue up 6% with wagering up 13% despite rolling over EURO 2016 and gaming net revenue up 14%
- Retail net revenue up 3% with growth in both Sportsbook and gaming
- Australia delivering improved gross win margin, softening a 5% wagering decline
- US continues to deliver strong net revenue growth, up 30% in local currency
- On track to deliver previously announced £40m of annualised cost efficiencies by end of 2017, for reinvestment
- Performance remains in line with market expectations assuming normalised margins

In GBP terms	H2 to date (28 Jun to 24 Oct 2017)				Year to date (to 24 Oct 2017)			
	Amounts wagered	Net revenue	Gross win margin	Change	Amounts wagered	Net revenue	Gross win margin	Change
Online	+13%	+6%	7.6%	-0.8 ppts	+12%	+5%	7.2%	-0.5 ppts
Retail	-1%	+3%	17.6%	+0.5 ppts	+1%	+0%	17.5%	-0.8 ppts
Australia	-5%	-2%	10.8%	+0.6 ppts	+26%	+11%	8.9%	-1.1 ppts
US	+33%	+28%	8.0%	-0.3 ppts	+31%	+31%	6.7%	0.0 ppts
Group		+4%				+3%		

Philip Bowcock, CEO, commented:

“We have delivered good financial and operational progress so far in the second half. Our Online business has performed particularly well, with UK wagering 14% ahead of last year, in spite of the absence of a major football tournament, and an acceleration in gaming growth. Retail has benefited from a stronger gross win margin to deliver both Sportsbook and gaming net revenue growth. Internationally, our US business continues to deliver strong double-digit net revenue growth and Australia’s gross win margin has normalised relative to H1.

“We continue to make good progress on our transformation programme, which is on track to deliver £40m of annualised savings by the end of this year. This is supporting reinvestment in our business, including marketing increases in this second half to promote Online’s reinvigorated product and customer experience.

“The Triennial Review has now moved into the second consultation stage and we look forward to receiving much needed clarity. We will contribute both directly and via the industry trade associations, emphasising the need for evidence-based decision making. Betting shops have a unique and positive role to play in supporting problem gamblers who typically, use five or six gambling products.

“Separately, we look forward to the US Supreme Court’s hearing on PASPA on 4 December and its decision next year. As the largest operator of sports books in Nevada and with our 80-plus year heritage in the UK, we are actively engaged in helping sports bodies, regulators and other interested parties to understand the benefits of having a licensed and well-regulated US betting industry.

“Overall, I am encouraged by the huge amount of progress the William Hill team has made this year in improving our customer proposition and delivering on our strategy. We remain on track to deliver on market expectations for 2017.”

Strategic priorities

We have made further good progress against our three medium-term strategic priorities.

Grow UK market share

In the UK, we launched Bet Boost as a personalised enhanced odds offering and in-play for #YourOdds, implemented our programmatic marketing systems ahead of the new football season and released a series of gaming apps for Android. For Retail and our omni-channel programme, we replaced the 800 BGT cabinets with our proprietary self-service betting terminal and we are on track to have at least one per shop by the year-end. This supports upcoming initiatives, including the launch of in-play horseracing and a 'single wallet' so Online customers can access their account in our shops.

Grow international revenues

Internationally, William Hill US continues to perform very strongly, with double-digit growth in amounts wagered and net revenue. During the period, we launched #MyOdds as a localised version of #YourOdds and benefited from strong interest in the Mayweather-McGregor bout in Las Vegas. In Australia, we are starting to manage the credit betting transition ahead of the ban becoming effective in February 2018. As a result, turnover has been impacted. However, gross win margin has normalised compared with the H1 performance and profit in H2 to date is ahead of the same period last year.

Deliver key projects: technology and transformation

We are making very good progress on our transformation programme, which is both enabling the revenue growth we are seeing and delivering in excess of £40m of annualised savings (including £25m of in-year savings for 2017) by the end of this year, which is being reinvested to support growth. The exceptional cost of this programme is likely to be c1.5-2 times the annualised savings over 2017 and 2018. In technology, we have soft-launched our new Trading Automated Platform, further enhancing our market-leading trading capability by accelerating the time to implement changes and expanding automation across pre-match and in-play.

Operating review

The following narrative relates to H2 to date.

(a) Online

Online net revenue was up 6%, with Sportsbook net revenue 1% lower and gaming net revenue up 14%. Sportsbook amounts wagered was up 13%, with 14% growth in the UK, continuing the improving trends seen since H2 2016. Gross win margin was in line with expectations at 7.6% but 0.8% below the prior year which had benefited from good football results. Free bets were higher at 0.8% of amounts wagered. Gaming saw growth across both core and non-core markets. Cost of sales were 16% higher with the addition of the horseracing levy and Point of Consumption tax on gaming free bets. Operating costs were 8% higher, driven by the previously announced increase in marketing investment in H2.

(b) Retail

Retail net revenue was up 3%, with Sportsbook net revenue up 2% and gaming net revenue up 4%. Sportsbook amounts wagered was down 1% as we rolled over EURO 2016. Gross win margin was 0.5 percentage points higher and in line with expectations at 17.6%. Costs of sales increased in line with revenue and operating expenses were 2% higher, in line with expectations.

(c) William Hill Australia

Amounts wagered was 5% lower (local currency -8%). The gross win margin returned to a more normal level at 10.8%, 0.6 percentage points higher than last year, and net revenue was down 2% (local currency down 5%).

The Australian market remains challenging. With the credit betting ban now passed by the Australian Government and the potential for a Point of Consumption Tax to be adopted by other states, we continue to manage spend carefully while extending and diversifying our product range.

(d) William Hill US

Our US business continues to perform strongly. Amounts wagered was up 33% (local currency +35%) and net revenue was up 28% (local currency up 30%) with gross win margin 0.3 percentage points lower at 8.0%.

OAM: Additional Regulation Information
William Hill LEI: 213800MDW41W5UZQIX82

Enquiries

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Analyst conference call

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

Telephone: +44 20 3059 8125
Password: William Hill

An archive of the call will be available until 27 November 2017. Dial-in details for the archive call are:

Telephone: +44 121 260 4861
Passcode: 7339394

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

About William Hill PLC

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 the one of the UK's largest bookmakers with around 2,350 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) 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

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 may appear in a number of places throughout this announcement and the information incorporated by reference into this announcement

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