

# WILLIAM HILL PLC TRADING STATEMENT

6 November 2018

## Rapid progress in the US

William Hill PLC (LSE: WMH) (William Hill or the Group) announces a trading update for the unaudited 17 weeks and 43 weeks to 23 October 2018 (H2 to date and year-to-date (YTD)). Comparatives relate to the equivalent weeks in 2017.

### Highlights

- Online net revenue +4% YTD, with Sportsbook +8% and gaming +1%
- Retail net revenue -4% YTD, with Sportsbook -6% and gaming -2%
- US Existing continues to deliver strong growth in Nevada, with net revenue YTD up 36% in local currency
- US Expansion
  - Good volumes in early months with approximately \$200m wagered, in line with our expectations
  - Now taking sports bets in Delaware, New Jersey, Mississippi and West Virginia
  - iOS and Android apps launched successfully in New Jersey
  - Market access secured in 17 states with partnership deals signed with Eldorado Resorts, Golden Entertainment and IGT
  - Building new proprietary technology platform to go live in 2019, supported by NeoGames' Player Account Management system
- Recommended cash offer for Mr Green & Co AB (MRG) for a total consideration of c£242m<sup>1</sup>, delivering digital and international diversification
- Full-year operating profit expected to be in the range of £225m to £245m, assuming normalised gross win margins in the remaining weeks of the year

In GBP terms	H2 to date (27 Jun to 23 Oct 2018)				Year to date (to 23 Oct 2018)			
	Total net revenue	Sportsbook amounts wagered	Sportsbook gross win margin	Change	Total net revenue	Sportsbook amounts wagered	Sportsbook gross win margin	Change
Online	-5%	+2%	7.4%	-0.2 ppts	+4%	-3%	7.9%	+0.7 ppts
Retail	-4%	-4%	17.3%	-0.3 ppts	-4%	-8%	17.9%	+0.4 ppts
US – Existing	+6%	+17%	7.3%	-0.7 ppts	+29%	+15%	7.5%	+0.8 ppts
US – Expansion	-	-	-	-	-	-	11.6%	-
<b>Group – excl. discontinued operations</b>	<b>-4%</b>	<b>+2%</b>			<b>+0%</b>			

Philip Bowcock, CEO, commented:

“It has been another busy period for William Hill, with significant progress made on our plan to capitalise on the emerging US sports betting opportunity following the Supreme Court’s decision to overturn PASPA in May. I’m pleased to report that we’ve built on our market leading position in Nevada to make rapid progress in other states as they legalise sports betting, and are the only company to be taking sports bets in the first five states to have regulated.

“Our goal is to be in every state. Supported by the extensive experience of our US Existing business in Nevada, we’re building a network of market access agreements, including our strategic partnership with Eldorado, expanding our relationship with Golden Entertainment and exclusively partnering with IGT for sports lottery opportunities. We’ve opened 18 new sports books and launched our initial mobile offering in New Jersey. We’re also progressing a new technology solution to go live in 2019, incorporating the newest elements of the Group’s existing platform and a bespoke Player Account Management system from NeoGames, whose solution is more feature-rich than any sports betting platform currently live in the US.

“In our existing markets, Online continues to deliver good underlying KPIs. Our greater mass market focus is successfully driving new accounts growth, up 11% YTD. As expected average revenue per user is 19% lower, reflecting the more sustainable customer base we are building, with mass market actives up 28% YTD.

“Adverse regulatory and tax changes will impact Online profit growth in 2018 and 2019, including enhanced customer due diligence processes and an increase in Remote Gaming Duty to 21%. The gross effect of these is to reduce profit by £20m in 2018 and a further £25m in 2019. The net effect in 2018 is expected to be lower given the offsetting positive impact of Online’s otherwise strong underlying performance, and from 2020 onwards the Online business is expected to return to strong operating profit growth.

“We have recently announced the proposed acquisition of MRG for £242m<sup>1</sup>. Our strategy is to build a digitally led, geographically diverse gambling business, and this acquisition will bring us an enlarged pan-European footprint in faster growing digital markets, an established Malta hub from which to expand Online internationally and a team with a proven track record of consistently strong revenue growth.

“Looking at the second half performance so far, we have benefited from the later stages of the World Cup but otherwise football and racing margins have been weaker than expected, including three loss-making weeks on horseracing during the summer and customer-friendly football results during the international break in October. Retail continues to be challenged by the wider high street conditions and we have seen gaming as well as sportsbook revenues decline in the period.

“Taking all these factors into account, full-year operating profit is expected to be in the range of £225m to £245m, assuming normalised gross win margins in the remaining weeks of the year.

“The UK Government has stated that the Triennial Review changes will be implemented in October 2019 and we will be ready to meet that deadline, though mitigation benefits are not expected to flow through until 2020.

“We are continuing to experience a period of significant change for our industry and have already made important changes over the last two years to transform our digital business, broaden the management team and enhance our financial flexibility ahead of key regulatory changes. The proposed acquisition of Mr Green will accelerate the diversification of William Hill into a more digital and international business. At today’s Capital Markets Day, we will lay out our medium- and long-term strategy to respond to the latest challenges and opportunities and to successfully build William Hill into a digitally-led, diversified and sustainable gambling business.”

## **MRG acquisition**

On 30 October, we announced a recommended cash offer to acquire Mr Green & Co AB (MRG) for a total consideration of SEK 2,819m (c£242m)<sup>1</sup>. MRG is a fast-growing, innovative iGaming group with operations in 13 markets and brands including MRG and Redbet. MRG holds remote gambling licences in Denmark, Italy, Latvia, Malta, Great Britain and Ireland, and expects to obtain licences in Sweden by the year end. This acquisition supports the Group’s strategy of becoming a digitally led and geographically diverse gambling company by adding an expanded pan-European footprint in faster growing online betting and gaming markets. The consideration payable to MRG shareholders will be funded by cash on William Hill’s balance sheet or through existing credit facilities.

## **Financial position**

On 2 October, the Group signed a new bank loan agreement, entering into a five-year £390m committed multi-currency revolving credit facility (RCF) with a syndicate of banks. The new facility expires in October 2023 and replaces the Group’s existing RCF, which was due to expire in May 2019. It continues the Group’s current financial covenant obligations, which are for net debt/EBITDA to be not more than 3.5 times and for EBITDA/net cash interest to be not less than 3.0 times.

## Enquiries

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### Footnotes:

1. Based on 40,849,413 outstanding shares in MRG. GBP / SEK FX rate of 11.6567.

## 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 3936 2999

Participant Access Code: 510681

An archive of the call will be available until 13 November 2018. Dial-in details for the archive call are:

Telephone: +44 3936 3001

Replay Code: 685680

An audio webcast of the call will be available at [www.williamhillplc.com](http://www.williamhillplc.com)

## About William Hill PLC

William Hill PLC is one of the world's leading betting and gaming companies, employing around 16,000 people. Founded in 1934 and listed on the London Stock Exchange, it aims to provide gamblers with a fun and safe gambling experience, and has set the ambition that nobody is harmed by gambling. The majority of its £1.7bn 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 Online has operations in Italy and Spain and serves online customers throughout the world from its headquarters in Gibraltar. In 2012, it established William Hill US with a focus on retail and mobile operations in Nevada, which is now the largest sports betting business in the US. It currently operates 126 race and sports books in Nevada, New Jersey, Mississippi, West Virginia and Iowa, is the exclusive risk manager for the sports lotteries in Delaware and is the exclusive partner to IGT to provide sports betting services to the lottery in Rhode Island. It also has licensed operations in The Bahamas and St. Kitts. William Hill PLC is listed on the London Stock Exchange and is a member of both the FTSE 250 and FTSE4Good Indices.

## 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 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 this announcement and/or the information incorporated by reference into this announcement. 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 this announcement and/or the information incorporated by reference into this announcement, 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.