

William Hill PLC

2011 Q1 IMS

21 APRIL 2011

Ralph Topping - William Hill Plc - Chief Executive

Okay. Thank you very much. Good morning, everyone. Thank you for joining us for an update on our first quarter results.

It seems I'm now making a habit of joining these calls from interesting locations. Today, it's Denmark and, before anybody gets any ideas about Denmark being the next land-based move, I'll strive to reassure you that I'm actually on holiday and I'm not anywhere exotic; I'm in LEGOLAND.

Now that there's such a thing for William Hill executives as holidays, as Neil Cooper will also testify, Neil's holiday in the Algarve being disturbed by various matters when he was off. But today, Neil's joining us from London.

As you can see, it's been a fairly busy period for us, and not just because we were working on deals in the US. Overall, I'm very pleased with Retail. Machines grew strongly in the quarter, and over-the-counter has done well as well.

I know we have all seen the scare stories coming out of the general retailers, but it looks like the leisure side has been doing relatively better to judge by both the bookmakers' and the pubs' performance. But I'm not calling the end of the consumer squeeze just yet; with the VAT hike, petrol prices and other inflationary pressures on the working man, I'd be a fool to do so.

But maybe we're at the stage when the betting man says, you know what, it's doom and gloom out there, I'm going to have my bit of fun regardless. And that's where being a low-ticket leisure activity becomes a strength.

Of course, I'm naturally delighted in how Online continues to deliver strong growth too, particularly as we're getting growth not only in Sportsbook, though that continues to lead the way, but also in the Gaming verticals. In-play continues to be strong for us, and so is mobile, and there's more innovations yet to come through there.

The big news recently for me, of course, is the announcement we made last week about our agreement to acquire two land-based sports betting companies in Nevada. I know some of you may have missed the call as we weren't able to flag it ahead of time, so we'll be happy to answer a few questions on that today.

Please don't expect detail just yet, though. We're applying for a full gaming license, and we estimate it could take anything up to 12 to 18 months to complete that process. We only take over these companies after that.

I'm happy to talk about why I think this is strategically the right move for us, but don't expect me to answer questions on the nitty-gritty of integration of our operation just yet.

But for now, I'll hand over to Neil in London to take you through the numbers.

Neil Cooper - William Hill Plc - CFO

Thank you, Ralph, and good morning to you all. I don't actually propose to take you through the numbers in detail, as you can clearly see those from this morning's announcement, but let me do the headlines for you and add a bit of color whilst I do.

As Ralph has said, our Group net revenue has continued to grow well during the period, up 11% on the prior year. The favorable operating leverage in the business that we saw during the quarter means that the 11% growth in net revenue translated into 21% growth in operating profit, or earnings before interest, tax and defined amortization.

Turning to Retail, let me give you the underlying picture for the weeks 3 to 13, which excludes the first 2 weeks which were badly affected by weather in 2010.

On that underlying basis, Retail amounts wagered was up 7%, with OTC up 1% and Machines up 8%. At a gross win level, before the effect of the VAT hike, we saw 5% growth in OTC and 11% growth in gaming machines. Slips were slightly ahead on that underlying basis, and pence per slip was stable year over year.

OTC benefited from an atypically strong margin in those 11 weeks, coming in 0.7 percentage points higher than in 2010, principally driven by strong football results in March.

At Cheltenham, volumes were marginally up, but the results went against us on a year-over-year basis, so the festival overall wasn't a key driver of this good performance.

Turning back to the whole quarter, we opened 5 new shops in the period and closed 23, the vast majority of those closures in the Republic of Ireland as we flagged at the year-end. We made GBP885 of gross win per machine per week, up from GBP814 in 2010.

Costs are in line with our expectations, giving us an operating profit result 24% ahead of this time last year.

In Online, you'll have seen from this morning's announcement that Sportsbook is still performing strongly, up 54% in net revenue terms. But we've also had double-digit growth in all the Gaming verticals, giving Gaming net revenue growth of 15%, and that, despite rolling over the closure of France in June last year.

After adjusting for this, underlying Gaming net revenue was up 30%, and underlying Casino net revenue was up 31%.

Sportsbook continues to benefit from growth in all areas; pre-match, in-play and mobile. In the quarter, we saw some high staking clients backing at low odds in in-play, hence the combination of the very high 138% amounts wagered growth, and a slightly lower margin at 3.8% for in-play.

Whilst we don't expect to see this particular combination continuing past quarter 1, the combination of the two in the quarter led to good net revenue growth.

In-play was 47% of Sportsbook turnover in the period, 64% if you strip out horse racing. Mobile is making great strides from a low base, with turnover up almost 800%.

Costs again were in line, resulting in a 28% growth in operating profit.

Finally from me, one technical point on tax. The additional 1% drop in corporate tax for the tax year '11/'12 announced in the recent budget will not only reduce our current tax expectation for this year, but it will also benefit it in terms of a reduced deferred tax liability, similar to that which we saw at the end of 2010.

So we would now expect that our effective income statement rate will be around 18% for the year, which is below our previous guidance of 22%. We are not changing our cash tax guidance.

Overall, this IMS taken in the round means that we've had a good start to the year, but we don't want to get too carried away. This is only the first three months of the year, with some pronounced consumer weaknesses evident elsewhere. We also have the World Cup rollover period to come in June and July.

It's a bit early, therefore, to be changing our view of the year as a whole, but we do certainly feel more confident in our outlook, which is a good place to be.

That's everything I wanted to cover. Now I'd like to hand over to the moderator to open the lines for questions for Ralph and I.

Ralph Topping - William Hill Plc - Chief Executive

If I could just jump in there, moderator. We'll take the calls through myself in Denmark and whiz them over to London if we have to, all right?

QUESTION AND ANSWER

Gavin Kelleher - *Goodbody Stockbrokers - Analyst*

Just in terms of the growth in the Online gaming side of the business, could you give us a bit of color on whether it was player numbers increasing, or was it yield in the likes of Bingo, Casino and Poker; what was really behind the impressive performance?

Ralph Topping - *William Hill Plc - Chief Executive*

It's across the piece; it's not one specific thing. When you look at our Online business, I think we've seen exceptional Sportsbook growth with good growth across all other products. I think, if you go back to where we were three years ago, we didn't have a Sportsbook [worth] its place in the world, and we've done a lot to develop it since then. It's now much more competitive, and it looks like our growth is outstripping competitors at this point. And it's the same in our Gaming business [guise], so we've put a lot of work in it and we've assembled a very good team.

Gavin Kelleher - *Goodbody Stockbrokers - Analyst*

I'm sorry, just maybe a slight follow-on, you're not breaking it down, but could you say it's more yield, or is it more player growth?

Ralph Topping - *William Hill Plc - Chief Executive*

A balance of the two.

Gavin Kelleher - *Goodbody Stockbrokers - Analyst*

Okay, thanks.

Operator

Vaughan Lewis, Morgan Stanley.

Alex Davey - *Morgan Stanley - Analyst*

This is actually Alex Davey from Morgan Stanley. Just a quick question on Italy, how are you positioned for the opening of Casino there? Have you got a brand or a product ready to go?

Ralph Topping - *William Hill Plc - CEO*

Neil, do you want to take this one?

Neil Cooper - *William Hill Plc - Group Finance Director*

Yes, and I'm happy to do so. We're positioned quite well. Obviously, the exact starting time has been moving around from a position late last year where we felt that we'd be in a position to go really from the start of this year to the current position where we're still in a slightly wait and see position. But it is a priority market for us in 2011; obviously, the start date will depend on the regulatory process in Italy. We are excited about the Casino in Italy; obviously it will be a licensed product in due course and, frankly, we're keen to get going.

Ralph Topping - *William Hill Plc - CEO*

We've not done anything on the branding yet, but we've traded in Italy as William Hill before, and so I don't see any difference this time around.

Alex Davey - *Morgan Stanley - Analyst*

Okay, thanks guys.

Operator

Matthew Gerard, Credit Suisse.

Matthew Gerard - Credit Suisse - Analyst

Three from me, if I could? Neil, you said costs in Retail are in line with your expectation; I think at full year you said 3% to 4% total. Are we expecting any phasing through the course of this year? Can you remind us how the wage freeze, for example, runs through, i.e., are we in line with that 3% to 4% for the first quarter?

Secondly, on William Hill Online, can you give us an idea, is this growth still predominately coming from UK? And can you talk a bit about your marketing strategy currently in place in markets that are expected to regulate? I'm talking Germany, Greece. [Do you have a] plan of the increasing marketing spend now, in advance, to try and build a position and brand awareness ahead of regulation?

And then lastly, Retail wages up 1%, excluding the bad weather comparatives. Are you seeing growth in both racing and football, can you give us an idea by product there?

Ralph Topping - William Hill Plc - CEO

Well, I'll take the last one first. We're seeing growth in football, and we're seeing a strengthening margin in racing. And I think racing, we're beginning to see racing coming out of its dip. Cheltenham, although the results weren't great, we had a good Cheltenham week that week across horseracing and football, so the weekend of Cheltenham was good for us in horseracing and football.

I think we're seeing some recovery, especially on Saturdays on horseracing, and football is strong for us as well. So I'm not being a doomsayer about racing. I think, as I would say, we're seeing the beginning of the end of the dip for horseracing; it's beginning to improve.

A lot of that is down to what we are doing, we believe, on the horseracing product and we've got a lot more to do this summer on the horseracing product. And we've said about a year ago that we're going to strengthen the offer in horseracing, and we're about to do so with some exciting stuff we're about to launch in the peak of the summer, early autumn. So not horseracing, I think, is again reaching the end of the dip in horseracing.

As far as -- what was the other question, the middle question, Vaughan?

Matthew Gerard - Credit Suisse - Analyst

It's Matthew, Ralph.

Ralph Topping - William Hill Plc - CEO

Sorry, what was your question?

Matthew Gerard - Credit Suisse - Analyst

It was on your strategy in some of the international markets for William Hill Online, and whether you're ramping up marketing spend to build a brand in advance of regulation?

Ralph Topping - William Hill Plc - CEO

We're looking at it at the minute. I think what you've got to do in this situation is pick your markets very carefully. And what you can't do is have a wholesale rush into saying, we're going to be everywhere and we're going to spend marketing budget all over the place. I think you have to pick your markets, and there's obviously some that are stronger for us and some that are weaker for us. And we're going to have to get our marketing strategy absolutely right for those.

We've got a lot of people coming to us recently saying, are you going to sponsor this football team, are you going to sponsor that football team. People are getting a wee bit excited about all that kind of thing. But being in football myself, I think what you don't want to get into is some form of rental victim, as far as football is concerned, in terms of marketing. So you have to be very careful what you're going to do, but these markets are strong for us, and we're intent on remaining strong in most of these markets.

Neil Cooper - William Hill Plc - Group Finance Director

Matthew, I think the other thing just to consider is, as well as the strategy around how we would enter a regulated market, whether you'd invest upfront or not, the state of the regulation has a large bearing on that. Obviously, we're all aware of the draft German proposals, which frankly would make it a relatively unattractive market and, therefore, that might give you one set of views about whether you want to invest much in it ahead of the curve.

The pace of regulation in Spain, in Greece, having regard to what the EU have just done in timing and, obviously, in Germany, is both prompt and very rapidly changing. So it is a sort of regulatory inputs into that decision that are moving quickly, and we cannot get too definitive until we're comfortable that the deckchairs have stopped moving.

Ralph Topping - William Hill Plc - CEO

I think it's fairly obvious our preference is regulated markets. And we will concentrate resourcing those markets with lower risks. So at the moment, we're waiting to see where regulation actually ends up in a lot of these places, and they're all in the process of regulating. And, at the moment, it's wait and see, and we are making plans as far as marketing is going, and I illustrate that by the kind of thinking around football sponsorship and whatever else. At the moment, it's more a let's wait and see and make whatever plans you can against that backdrop.

Matthew Gerard - Credit Suisse - Analyst

Just one follow-up, I think at the full-year pack you have your pie chart of William Hill Online net revenues by regulating favorably, regulating unfavorably, and I think unfavorably and favorably were split 10% each. Was Germany included in the regulating favorably at the time?

Neil Cooper - William Hill Plc - Group Finance Director

We haven't commented on the breakdown of those, Matthew, really because it's a very fast moving analysis, and we don't want to update you guys with the constituent part every time they change.

Ralph Topping - William Hill Plc - CEO

I think you have to just take our assurance that none of these places ever accounts for more than 5% of our figures, our numbers. And given where we came from in France, Matt, you can see the kind of growth curve we're on anyway, and I'm not too worried about our situation at the moment.

As I say in summary, I think where markets regulate we want to be there, but we want to be there cost effectively, that's why we didn't go into France. And you know my views on the French regulators anyway. I think if there's any regulators out there daft enough to do daft things with regulation, then we won't be daft enough to -- we'll be sanguine enough about our approach in those territories. But we feel we're on a growth curve anyway, at the moment, and can compensate anything like France, as we've done this year.

Matthew Gerard - Credit Suisse - Analyst

Okay, thanks guys.

Neil Cooper - William Hill Plc - Group Finance Director

Matthew, sorry, in terms of your first question about the Retail cost, what we had said is, we were going to take a 1% pay rise in October and a further 1% pay rise in March at the retail shop staff level. Now what you should be able to infer from that is that, in our 3% to 4% range, we're at the low end of that range at the moment, because we haven't had that second 1% come through. And I'm not going to disclose the specific number, but that is entirely consistent with the data we've seen in the quarter.

Matthew Gerard - Credit Suisse - Analyst

Sure, thanks a lot.

Ralph Topping - William Hill Plc - CEO

Thanks, Matt.

Operator

Roohi Siddiqui, Bank of America Merrill Lynch.

Roohi Siddiqui - BofA Merrill Lynch - Analyst

A few questions from me, if I may? Firstly, is it possible to give us some guidance on the P&L tax for 2012, going forward, should we assume that that's coming down as well from your previous guidance?

And then on Cheltenham, could you give us an idea what the swing impacts have been on revenue for the business? That would be helpful.

Ralph Topping - William Hill Plc - CEO

Can I deal, and we'll let you come back in for some more. Neil, I think I'll do the Cheltenham; do you want to do the P&L tax?

Neil Cooper - William Hill Plc - Group Finance Director

Yes, are you sure you don't want to do it the other way round?

Ralph Topping - William Hill Plc - CEO

Well, we could throw everybody. If we do Cheltenham; can I just -- there's a number of big race meetings in a year where you look to because they're key indicators for how your business health is, and we had a healthy Cheltenham. As Neil said in his commentary, Cheltenham wasn't terrific for us. If memory serves me right, we had not a great Tuesday, a very good Wednesday, a moderate Thursday and Friday, but the result in the big race wasn't that great for us.

So overall, the meeting itself wasn't fantastic, but the actual week of Cheltenham, i.e., all the other days added together, meant that we were just under where we expected to be on Cheltenham week. So we had a very good weekend that weekend, from memory. So Cheltenham hasn't been a distorter for us at all in terms of our figures.

Neil Cooper - William Hill Plc - Group Finance Director

In terms of tax, Roohi, we did guide on '11 and '12 at the prelims. The impact of the change that we've seen in the budget a week or so ago, or a couple of weeks ago, obviously, I've told you the '11 impact. The '12 impact, I think, if you just look at what we previously guided and just take off the additional percent, the additional deferred tax change that is benefiting '11 is a one-off in '11. Okay?

Roohi Siddiqui - BofA Merrill Lynch - Analyst

Okay, thank you.

Neil Cooper - William Hill Plc - Group Finance Director

Did you have some more questions, Roohi?

Operator

James Hollins, Evolution.

James Hollins - Evolution - Analyst

Just two very quick ones for Neil, if you want to switch back to your holiday for a minute, Ralph.

James Hollins - Evolution - Analyst

The number of shops year-end full year '11, would we expect against 2010 to actually be lower? You're net minus [18] in Q1.

Neil Cooper - William Hill Plc - Group Finance Director

Yes.

James Hollins - Evolution - Analyst

Is that the answer, yes?

Neil Cooper - William Hill Plc - Group Finance Director

No, I was just waiting to see whether there was any more to the question.

James Hollins - Evolution - Analyst

No, that was it.

Neil Cooper - William Hill Plc - Group Finance Director

Okay. Typically, we would say we would look to add between 1% to 2%. In 2011, we got a slightly smaller shop opening gross shop adds than we had in '10, just because of the way that they've fallen, and we obviously have a big tranche of Irish sites that we've closed.

So actually, I wouldn't be surprised if we came out broadly break-even in '11. It's a bit early to be predicting the exact ability to get sites open, particularly because we have a tendency to bunch site openings up to the last quarter. Not exactly sure why that is, other than just that's the way it's always happened. So it is difficult to guide, this far out, on whether we'll get planning and get contractors on site and get done.

I'm not anticipating huge swathes of closures this year outside the normal where we would close 10 to 20 a year. So even if we do another 10 or so from here and open the sort of openings we're expecting, we should be there or thereabouts on the opening number for shops for the year.

James Hollins - Evolution - Analyst

Right, so a sensible forecast is flat?

Neil Cooper - William Hill Plc - Group Finance Director

Probably, yes, at this stage.

Ralph Topping - William Hill Plc - CEO

Yes, we're still investing in new licenses, so those will come through as the year progresses.

James Hollins - Evolution - Analyst

Okay, great. The final one was just probably a stupid question, but Group EBIT was up 21%, Retail was up 24%, Online was up 28%. Is the relatively lower Group number, is it much higher central costs, or is it something to do with recognition of the Playtech divi?

Neil Cooper - William Hill Plc - Group Finance Director

No, the Playtech divi comes out after EBIT or operating profit, because it's a distribution of a minority interest.

James Hollins - Evolution - Analyst

Okay, yes.

Neil Cooper - William Hill Plc - Group Finance Director

It's a couple of things. Obviously, we haven't disclosed telephony. We will talk about that at the half-year, but it was quite a choppy quarter for us in telephony because we were cutting over from the UK business to the offshore business during the period. And central costs are up a little bit, but not sufficient, I think, to cause the phenomena that you're suggesting seeing.

James Hollins - Evolution - Analyst

So telephony, we're looking at probably quite big losses in Q1. Is that right?

Neil Cooper - William Hill Plc - Group Finance Director

Not -- a couple of million.

James Hollins - Evolution - Analyst

Okay. That's fine.

Neil Cooper - William Hill Plc - Group Finance Director

But not material.

James Hollins - Evolution - Analyst

All right, cool. Thanks very much.

Operator

Ivor Jones, Numis.

Ivor Jones - Numis - Analyst

This joint venture agreement with Playtech, presumably it provided for the circumstances in which their stake in William Hill Online could be sold. Is that right?

Ralph Topping - William Hill Plc - CEO

Well, I'll tell you what I'm going to do. I'm going to just ask my colleague in London to take this question, because this is his area of expertise. So on you go, Neil.

Neil Cooper - William Hill Plc - Group Finance Director

Thanks, Ralph. Well, we have disclosed I think in various -- well, not least of which in the rights issue prospectus, we would have discussed in there the basis on which this transaction for us got unwound. We've talked about the call option rights; we have a number of times. So I think you can infer from that that the way in which the JV came to an end was something that we felt had been discussed and agreed contractually, yes.

Ivor Jones - Numis - Analyst

Just trying to get to understand why an injunction would be needed. It's the first time you've been explicit in writing, at least, about the substance of your injunction.

Neil Cooper - William Hill Plc - Group Finance Director

I think we commented actually -- I don't think we've said anything new in this IMS. We have made two statements in relation to the injunction, the first statement being when we sought the injunction in the first instance; the second statement following a return hearing at which the injunction was in place. And at that point, we did comment specifically that the main element of the injunction was to prevent Playtech from disposing of its interests.

Ivor Jones - Numis - Analyst

And I guess, following on from that, once again, the first risk that you've listed is the failure to manage the William Hill Online joint venture effectively. Does that fairly reflect management's view about the principal risk facing the Group at the moment?

Neil Cooper - William Hill Plc - Group Finance Director

If it didn't, we wouldn't have put it in our statement, would we?

Ralph Topping - William Hill Plc - CEO

I think, when you look at that, you have to just be fairly careful, because every risk you put down nowadays, and I'm sure you do it in your Group, you look at that and you think it's beyond the obvious. Online is such a big part of our business now that if we don't manage any part of it effectively, then it's going to cause us some concerns.

But when you talk about -- and I'd split the thinking here. We obviously have the Playtech situation at the moment which is -- I'm quite sure there's a court date in May. But more than that, the Online operation, we feel, is central to our development of Online currently, but we are running that operation as William Hill. Playtech are a passive investor in that operation, other than in terms of some strategic direction, and we are concerned perhaps some elements of that would inhibit the growth at William Hill; so we have to manage it effectively.

It's nothing more than a normal audit scrutiny on any part of our business. If we fail to manage our Machines business effectively with a few suppliers, then that would have an effect on our business. I think you have to put it in that context and not be reading too much into it.

Ivor Jones - Numis - Analyst

Should I link the injunction with the fact that this is put as a risk above, say, a failure to manage machines, or a failure to manage shops?

Ralph Topping - William Hill Plc - CEO

No, I wouldn't, because we could quite easily put in there if we don't manage Orbis or OpenBet effectively, then our Sportsbook business would see some impact. So --

Neil Cooper - William Hill Plc - Group Finance Director

To be fair, this isn't a -- sorry, I was just going to make the point that this IMS isn't the first time that we've displayed this risk in terms of our (multiple speakers).

Ivor Jones - Numis - Analyst

No, but I didn't understand it the other times either, though.

Neil Cooper - William Hill Plc - Group Finance Director

Okay.

Ralph Topping - William Hill Plc - CEO

Thanks, Ivor.

Ivor Jones - Numis - Analyst

Thanks.

Operator

Richard Carter, Deutsche Bank.

Richard Carter - Deutsche Bank - Analyst

A couple of questions, please. Could you split the Online revenue growth into UK and non-UK, if possible? And also, in terms of the Online, would you expect EBIT growth this year to exceed revenue growth?

Ralph Topping - William Hill Plc - CEO

On the first question, we'll give you an update at the half-year.

Richard Carter - Deutsche Bank - Analyst

Okay.

Ralph Topping - William Hill Plc - CEO

And the second question, Neil will take that one.

Neil Cooper - William Hill Plc - Group Finance Director

Yes, sorry, can you just repeat that question? I was actually just thinking about my answer to the first question. I apologize.

Richard Carter - Deutsche Bank - Analyst

Okay, well, you can still give it if you want to. In terms of revenue growth in the Online, would you expect EBIT growth this year to be higher than revenue growth? Because I know you invested quite a lot in marketing in Q1.

Neil Cooper - William Hill Plc - Group Finance Director

Yes, I think I'm loathe to comment on that because, clearly, I don't want to start putting markers down in that much detail, above and beyond the information that we've given and the actual information we've given.

Richard Carter - Deutsche Bank - Analyst

Okay, and then could you just give us some sense of how important, in a normalized year, Q1 EBIT is to the full-year outcome in terms of phasing?

Neil Cooper - William Hill Plc - Group Finance Director

I think, given that the football season effectively leaves us off air, as it were, in football through June, through July, June/July and a little bit of early August, our expectation would typically be that P4, or Q4, would be our strongest period, followed by Q1, and then Q2 and Q3. So it's an important trading period for us, the second most important trading period in a normal year.

Now I'm ignoring World Cups and Europeans which will skew that, so 10 isn't a great guide in that regard; 9 is probably a better -- the odd years are better guides because you typically don't have a big football tournament in the middle of the year. So Q1 is important for us.

Richard Carter - Deutsche Bank - Analyst

Okay, thank you.

Operator

Richard Stuber, JPMorgan.

Richard Stuber - JPMorgan - Analyst

Just the one question more on Poker; obviously, following the US decisions last Friday, I was wondering whether you've seen, in the last five or six days, any significance of pickup in your Poker activity.

Ralph Topping - William Hill Plc - CEO

No major change, and we wouldn't expect there to be in the short term.

Richard Stuber - JPMorgan - Analyst

Right, thank you.

Ralph Topping - William Hill Plc - CEO

Okay, thanks. Next question? If there's no more questions, I think --

Operator

Nigel Hicks.

Nigel Hicks - Liberum Capital - Analyst

Could you maybe just say whether there is as big a differential as previously between Global Draw and Storm on the machine performance?

Ralph Topping - William Hill Plc - CEO

We never comment on -- I'm not going to comment on that other than we're very happy with the performance of the Machines division at the moment.

Nigel Hicks - Liberum Capital - Analyst

Okay. On net debt, do we knock GBP60 million off the number you've given us at covenanted debt level as previously, Neil?

Neil Cooper - William Hill Plc - Group Finance Director

Sorry, I think we disclosed the net debt for covenant purposes as GBP458 million.

Nigel Hicks - Liberum Capital - Analyst

Yes, but do we then knock GBP60 million off for the real debt?

Neil Cooper - William Hill Plc - Group Finance Director

Yes, my apologies. Well, we haven't guided to the amount of cash we're holding, but typically that would be a reasonable assumption. Now I say that, not suggesting that would be a reasonable assumption for this quarter, but typically that would be a reasonable assumption.

We do hold quite a bit of cash which is actually relating to customer deposits and which, for covenant purposes, we obviously can't -- isn't free cash for the purposes of the covenant.

Nigel Hicks - Liberum Capital - Analyst

Okay. Do you see, with what you've achieved in amounts staked in OTC, whether you now feel that you've hit a base level? I know you're going to have tougher comps as we go through with no World Cups, etc., but do you feel that the consumer, despite being hit by whether it be petrol prices, VAT, tax, job losses, public sector, is the consumer now at a base level that you seek?

Ralph Topping - William Hill Plc - CEO

I've got to watch myself on this answer here. I think, as I've said, the working man has found it very tough for the last three years. I think what we've seen in the first quarter has been encouraging, but you know what, up until the snow last December, we had a stronger performance in Retail than we've been seeing for a while.

That was disrupted by the bad weather we experienced in the last month of the year. And we've seen a bit -- if you were looking at the last quarter last year without the disruption and the first quarter just now, there are encouraging signs that the working man is pursuing his leisure interests, of which betting is one of them.

We'll wait and see what impact the rest of the year has because, thankfully, I can only speak on behalf of William Hill and not Her Majesty's Government. I don't know what they've got stored up for us later in the year. But at the moment, we've had a good quarter, and the working man's certainly come out to play in Retail, on horse racing, and on football betting.

Nigel Hicks - Liberum Capital - Analyst

Obviously, hitting the World Cup comps, have you got -- you talked about horse racing initiatives, June and July no football around, are you going to say, or will you be doing, specific things to try and promote things in June/July?

Ralph Topping - William Hill Plc - CEO

Well, actually, we've been actively promoting horse racing. The one thing you can never forget is that when you walk into a betting shop for about 70% of the day you'll see horse racing being promoted.

In terms of our trading of horse racing, I think we've taken a much bolder initiative in promoting horse racing through special offers, especially at the weekends, which we have been seeing bearing fruit. Now, what will happen in the summer time, the real crux for us is what happens during evening racing because, if people are coming out to play, they'll come out to play during evening racing, after work is finished.

Nigel Hicks - Liberum Capital - Analyst

On France, I'm sure I can probably working out based on the two numbers you've given, but can you give an indication of the French profit Online impact in Q1, because it's a storming Online number?

Neil Cooper - William Hill Plc - Group Finance Director

Nigel, sorry, listen, we can't actually give you that because you can't work it out in absolute terms from the information we've given you. If you can, by all means ring me up and tell me. But if we do give it to you, you'll then be able to derive other numbers, which we haven't disclosed either, so we're not going to tell you that.

Nigel Hicks - Liberum Capital - Analyst

Okay.

Ralph Topping - William Hill Plc - CEO

But you're right, it's a good performance, Nigel.

Nigel Hicks - Liberum Capital - Analyst

Finally, can I just ask, have you locked in the employees who were part of the Playtech, whether it's in, I don't know, Bulgaria, or Israel, or wherever they are? So that if you do the call option in two years they don't just walk away, or whatever.

Ralph Topping - William Hill Plc - CEO

They've got a massive upside from the development of the business; massive in terms of their earning power. And not only them, there are good people in Gibraltar. So it's something that organizations always look to do, which is to secure their future, and especially when you've got good employees.

Nigel Hicks - Liberum Capital - Analyst

Okay, many thanks.

Neil Cooper - William Hill Plc - Group Finance Director

Nigel, sorry, are you still there?

Nigel Hicks - Liberum Capital - Analyst

Yes.

Neil Cooper - William Hill Plc - Group Finance Director

Sorry, because I was unhelpful to you on that last question, I'll help you on your first question. I've just had a quick look at the accounts and we had GBP43 million of client cash at the end of the year. And as you would expect, given the growth in Online, that has grown; it's not over GBP50 million, but it has grown a bit over the first quarter, so just to give you a sense of scale on that.

Nigel Hicks - Liberum Capital - Analyst

Okay, thanks.

Ralph Topping - William Hill Plc - CEO

Okay, last question, if there are any, because the park is about to open.

Operator

Michael Campbell, Daniel Stewart.

Michael Campbell - Daniel Stewart - Analyst

Just two questions. Firstly, just on the court hearing, the upcoming case, you mentioned mid-May, can you give us an exact date there?

And secondly, can you remind us --

Ralph Topping - William Hill Plc - CEO

No, I can't.

Michael Campbell - Daniel Stewart - Analyst

You can't?

Ralph Topping - William Hill Plc - CEO

Just on the date, can't do that, can't give you an exact date, but on you go with the second question.

Michael Campbell - Daniel Stewart - Analyst

Okay, fine. And then the second question, on the shape of the JV now, as I understand it, William Hill has an option to buy out Playtech's share, but does Playtech have any other option to sell to any other party?

Ralph Topping - William Hill Plc - CEO

Neil, do you want to come in on that?

Neil Cooper - William Hill Plc - Group Finance Director

Well, clearly, we don't think so; that's about all I'm going to say.

Michael Campbell - Daniel Stewart - Analyst

But does the agreement specifically state that it can only sell its share to William Hill?

Ralph Topping - William Hill Plc - CEO

Our view is, the answer is no. The answer is no, they haven't.

Michael Campbell - Daniel Stewart - Analyst

Okay, thank you.

Neil Cooper - William Hill Plc - Group Finance Director

Until the call option point, that's clear, right?

Michael Campbell - Daniel Stewart - Analyst

Okay, great. Thank you.

Ralph Topping - William Hill Plc - CEO

Okay, thank you, everyone. [Lindsey] and Neil are in the rest of the day; me, I'll be watching some kids having fun in Denmark. Thank you very much.

Neil Cooper - William Hill Plc - Group Finance Director

Thank you.

Operator

Thank you, ladies and gentlemen. This concludes today's conference call. Thank you for participating, you may now disconnect.
