



# Financial Results

**2 August 2007**



This presentation contains certain statements that are or may be forward-looking regarding the Group's financial position and results, business strategy, plans and objectives. Such statements involve risk and uncertainty because they relate to future events and circumstances, and there are accordingly a number of factors which might cause actual results and performance to differ materially from those expressed or implied by such statements.



- Introduction** - **David Harding**
- Results** - **Simon Lane**
- Updates** - **David Harding**

# Board changes

## ➤ Ralph Topping

- **Group Director, Operations**
- **34 years at William Hill**
- **Responsibilities include Retail, Telephone, Interactive, IS and marketing**

## ➤ Ian Spearing

- **Group Director, Corporate Strategy and Business Development**
- **16 years at William Hill**
- **Responsibilities include international ventures, public policy and business development**



**Simon Lane**  
**Finance Director**

# Financial Highlights

- EBIT up £1.2m at £161.2m
- Adjusted EPS up 12% at 28.6 pence
- Interim dividend up 7% at 7.75 pence

# Summary of Financial Results

	<u>H1 2007</u>	<u>H1 2006</u>	<u>Change</u>
	<u>£m</u>	<u>£m</u>	<u>%</u>
<sup>(1)</sup> <b>Gross win</b>	498.2	478.3	+ 4%
<b>GPT, VAT, duties, levies, royalties and related costs</b>	<u>( 109.7)</u>	<u>( 98.8)</u>	<u>+ 11%</u>
<b>Gross profit</b>	388.5	379.5	+ 2%
<b>Net operating expenses</b>	<u>( 229.0)</u>	<u>( 221.2)</u>	<u>+ 4%</u>
<b>Associate &amp; JV income</b>	1.7	1.7	+ 0%
<b>EBIT (excluding exceptionals)</b>	<u>161.2</u>	<u>160.0</u>	<u>+ 1%</u>
<b>EBITDA (excluding exceptionals)</b>	<u>177.9</u>	<u>174.2</u>	<u>+ 2%</u>

<sup>(1)</sup> Includes AWP and FOBT cash in box including VAT

# Group Summary of Earnings and Dividends

	<u>H1 2007</u>	<u>H1 2006</u>	<u>Change</u>
	<u>£m</u>	<u>£m</u>	<u>%</u>
EBIT (excluding exceptionals)	161.2	160.0	+ 1%
Net interest payable	( 30.9)	( 26.5)	+ 17%
Profit before taxation	130.3	133.5	- 2%
Taxation	( 29.4)	( 38.1)	- 23%
PAT (pre-exceptionals)	100.9	95.4	+ 6%
Earnings per share (pence) Adjusted <sup>(1)</sup>	28.6	25.5	+ 12%
Diluted <sup>(1)</sup>	29.4	25.1	+ 17%
Interim dividend per share (pence)	7.75	7.25	+ 7%

<sup>(1)</sup> Adjusted basic and undiluted earnings per share based upon 353.1m and 357.0m shares respectively. Adjusted EPS excludes £3.9m profit earned on sale and leaseback of properties.



# Analysis of Group Gross Win

		<u>H1 2007</u>	<u>H1 2006</u>	<u>Change</u>
		<u>£m</u>	<u>£m</u>	<u>%</u>
Retail	OTC	262.7	253.0	+ 4%
	Machines	140.4	121.4	+ 16%
	<b>Total</b>	<b>403.1</b>	<b>374.4</b>	<b>+ 8%</b>
Telephone		29.2	29.9	- 2%
Interactive	Sportsbook	23.9	26.9	- 11%
	Arcade (incl. Bingo)	7.0	4.1	+ 71%
	Casino	19.8	23.6	- 16%
	Poker	11.3	16.1	- 30%
	<b>Total</b>	<b>62.0</b>	<b>70.7</b>	<b>- 12%</b>
Other	<sup>(1)</sup>	3.9	3.3	+ 18%
<b>Total gross win</b>		<b>498.2</b>	<b>478.3</b>	<b>+ 4%</b>

<sup>(1)</sup> Includes greyhound stadia, course and group promotions

# Duty, Levies and Other Cost of Sales

	<u>H1 2007</u>	<u>H1 2006</u>	<u>Change</u>
	<u>£m</u>	<u>£m</u>	<u>%</u>
Gross win	498.2	478.3	+ 4%
GPT/VAT	( 67.8)	( 64.4)	+ 5%
Levies	( 15.8)	( 14.6)	+ 8%
Royalties and other costs	( 26.1)	( 19.8)	+ 32%
Gross profit	<u>388.6</u>	<u>379.5</u>	<u>+ 2%</u>

# Net Operating Expenses

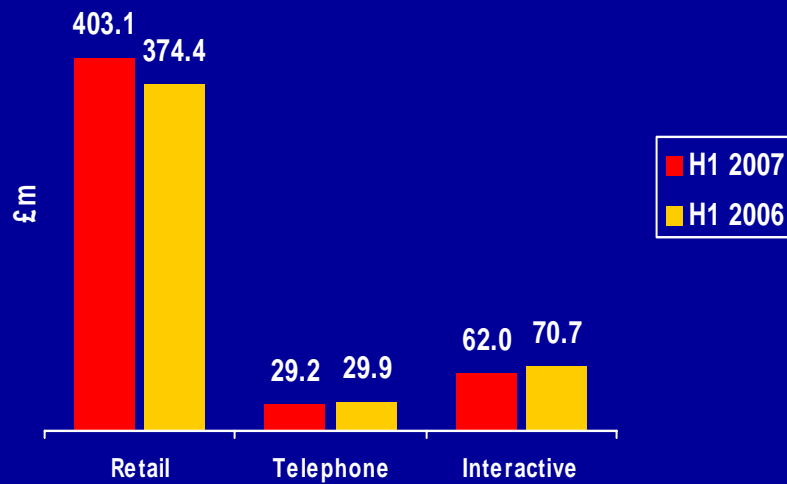
	<u>H1 2007</u>	<u>H1 2006</u>	<u>Change</u>
	<u>£m</u>	<u>£m</u>	<u>%</u>
Staff costs	115.2	113.1	+ 2%
Property costs	40.1	34.5	+ 16%
Depreciation	16.7	14.2	+ 18%
Pictures and data	15.1	14.9	+ 1%
Advertising and sponsorship: General	11.6	12.2	- 5%
World Cup	-	1.6	-
AWP/FOBT rental	0.6	0.7	- 14%
Finance charges (incl chargebacks)	4.0	4.4	- 9%
Communications	4.2	4.9	- 14%
Other	<sup>(1)</sup> 21.5	20.7	+ 4%
<b>Operating expenses</b>	<b>229.0</b>	<b>221.2</b>	<b>+ 4%</b>
<b>Less: costs allocated to divisions</b>	<b>( 225.4)</b>	<b>( 214.1)</b>	<b>+ 5%</b>
<b>Central costs</b>	<b>3.6</b>	<b>7.1</b>	<b>- 49%</b>

<sup>(1)</sup> Includes printing and stationery, legal, consultancy, cleaning and other miscellaneous costs

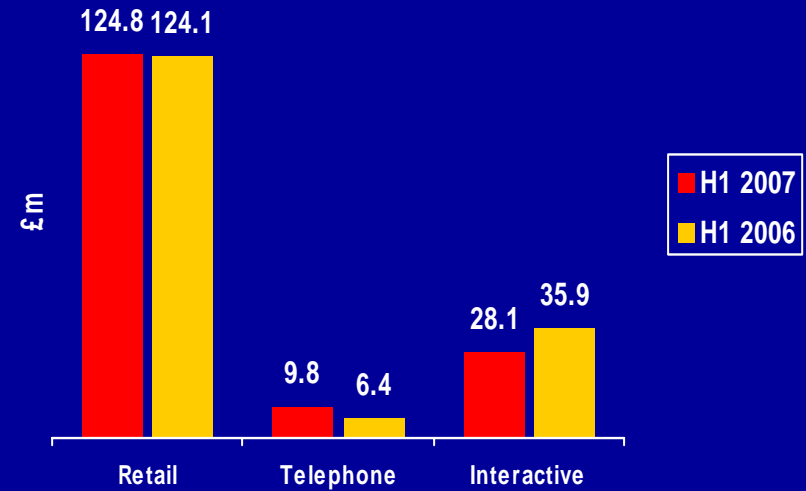
# Results by channel

## H1 2007 v H1 2006

### Gross win by channel



### Operating profit by channel



## Capex spend and forecast

	<u>H1 2007</u>	<u>FY 2007</u>	<u>FY 2008</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
EPOS/Text	0.2	1.0	1.0
Retail development	16.4	48.0	48.0
Retail acquisitions	24.4	30.0	2.0
Core bookmaking systems	5.2	12.0	6.0
International JVs	5.0	11.0	23.0
Other	3.0	12.0	10.0
<b>Total</b>	<b>54.2</b>	<b>114.0</b>	<b>90.0</b>

# Cash flow

	<u>H1 2007</u>	<u>H1 2006</u>	<u>Change</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
EBITDA	177.9	174.2	3.7
Working capital/other	24.7	22.0	2.7
Capital expenditure	( 24.8)	( 36.1)	11.3
Cash from operations	177.8	160.1	17.7
Cash taxes	( 32.8)	( 21.5)	( 11.3)
Net interest	( 31.0)	( 25.8)	( 5.2)
Equity dividends	( 51.2)	( 45.4)	( 5.8)
Free cashflow	62.8	67.4	( 4.6)
Acquisitions (incl. JVs)	( 29.4)	-	( 29.4)
Share buybacks/SAYE redemptions	( 2.0)	( 88.8)	86.8
Net cashflow	31.4	( 21.4)	52.8
Net debt	1,012.7	961.4	51.3



**David Harding**  
**Chief Executive**

# Retail performance strong

<b>£'000 per LBO</b>	<b><u>H1 2006</u></b>	<b><u>H2 2006</u></b>	<b><u>H1 2007</u></b>
<b>OTC GW</b>	<b>115.4</b>	<b>107.2</b>	<b>116.5</b>
<b>Machines GW</b>	<b>55.4</b>	<b>57.0</b>	<b>62.4</b>
<b>Total GW</b>	<b>170.8</b>	<b>164.2</b>	<b>178.9</b>
<b>EBIT</b>	<b>56.6</b>	<b>46.2</b>	<b>55.4</b>

**Average trading units**

**2,191**

**2,202**

**2,255**



# Interactive stabilised

<b>GW £m</b>	<b><u>H1 2006</u></b>	<b><u>H2 2006</u></b>	<b><u>H1 2007</u></b>
<b>Sportsbook</b>	<b>26.9</b>	<b>22.3</b>	<b>23.9</b>
<b>Arcade (incl Bingo)</b>	<b>4.1</b>	<b>5.5</b>	<b>7.0</b>
<b>Casino</b>	<b>23.6</b>	<b>19.2</b>	<b>19.8</b>
<b>Poker</b>	<b>16.1</b>	<b>12.8</b>	<b>11.3</b>

# Poker – initiatives working



# Sportsbook

- **Site refresh July 24**
  - **Much improved navigation**
  - **In-running focus**
  - **Additional betting markets**
  
- **New back-end in early 2008**
  - **Enhanced localisation**
  - **More payment methods**
  - **Enhanced CRM / cross-selling**
  - **Efficiencies**

# International

- **Madrid (Victoria brand)**
  - Licence application made in Madrid – first application
  - Planning to have first trading unit established by the end of 2007
  - Good progress in securing locations
- **Basque region (Victoria brand)**
  - Tender application made in Basque country – strong position to secure
  - Trading expected to commence in 2008
- **Italy (William Hill brand)**
  - Good progress in securing locations
  - Plans in place to have all licences active by mid 2008
  - Remote site expected to be operational by the end of 2007
  - The JV has targeted €40m in total to fund acquisitions and other opportunities over the next 18-24 months

# Current trading

In the four weeks to 24 July 2007

- Group gross win down 1% (up 4% excl World Cup)
- Significant weather impact – 18% racing fixtures cancelled

Initial smoking ban experience

- Too early to assess with so many variables
- Early data suggests similar to Scotland