



Financial Results

1 August 2006



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



Simon Lane
Finance Director

Financial Overview

- Solid results
 - EBIT growth of 10% (original WH estate)
 - Stanley delivering £23.4m in EBIT
 - Pre-exceptional EPS up 33% @ 25.5p
 - Interim dividend up 19% @ 7.25p

- Further facilities raised to continue buy-back programme

- Accounts prepared under IFRS

Summary of Financial Results H1 2006 v H1 2005

	<u>W Hill</u> <u>H1</u> <u>2006</u> <u>£m</u>	<u>Stanley</u> <u>H1</u> <u>2006</u> <u>£m</u>	<u>Group</u> <u>H1</u> <u>2006</u> <u>£m</u>	<u>Group</u> <u>H1</u> <u>2005</u> <u>£m</u>	<u>Movement</u> <u>excl.</u> <u>Stanley</u> <u>%</u>	<u>Movement</u> <u>incl.</u> <u>Stanley</u> <u>%</u>
Gross win (1)	401.5	76.8	478.3	383.4	+5%	+25%
GPT, VAT, duties, levies, royalties and related costs	(84.1)	(14.7)	(98.8)	(85.6)	+18%	+15%
Gross profit	<u>317.4</u>	<u>62.1</u>	<u>379.5</u>	<u>297.8</u>	+7%	+27%
Net operating expenses	(182.5)	(38.7)	(221.2)	(175.9)	+5%	+26%
Associate income	<u>1.7</u>	<u>-</u>	<u>1.7</u>	<u>1.4</u>	+21%	+21%
EBIT excluding exceptional items	<u>136.6</u>	<u>23.4</u>	<u>160.0</u>	<u>123.3</u>	+10%	+30%
EBITDA excluding exceptional items	<u>148.9</u>	<u>25.3</u>	<u>174.2</u>	<u>132.6</u>	+12%	+31%

1. Includes casino drop, AWP and FOBT cash in box incl VAT

Total Group Summary of Earnings and Dividends H1 2006 v H1 2005 Excluding Exceptionals

	<u>H1, 2006</u> £m	<u>H1, 2005</u> £m	<u>Movement</u> %
EBIT excluding exceptionals	160.0	123.3	+30
Net interest payable	(26.5)	(14.7)	+80
Profit before taxation	<hr/> 133.5	<hr/> 108.6	<hr/> +23
Taxation	(38.1)	(33.3)	+14
Profit after taxation (pre-exceptionals)	<hr/> <hr/> 95.4	<hr/> <hr/> 75.3	<hr/> <hr/> +27
Earnings per share (pence)			
Basic (excl exceptionals) (1)	25.5	19.2	+33
Diluted (1)	25.1	16.9	+49
Interim dividend per share	7.25	6.1	+19

(1) Basic and diluted earnings per share based upon 374.8m and 380.4m shares, respectively

Analysis of Gross Win excl Stanley Retail H1 2006 v H1 2005

		<u>H1 2006</u>		<u>H1 2005</u>		<u>Movement</u>
		<u>£m</u>	<u>% mix</u>	<u>£m</u>	<u>% mix</u>	<u>%</u>
Retail	OTC	196.4	49%	198.9	52%	-1%
	FOBTs (1)/AWPs (2)	101.2	25%	88.1	23%	+15%
	Total	297.6	74%	287.0	75%	+4%
Telephone		29.9	7%	28.6	8%	+5%
Interactive Sportsbook/Arcade/TV		30.8	8%	29.3	8%	+5%
	Casino/Poker	39.9	10%	32.6	8%	+22%
	Total	70.7	18%	61.9	16%	+14%
Other (3)		3.3	1%	3.5	1%	-6%
Total Gross Win (excl Stanley)		401.5	100%	381.0	100%	+5%

1. Average number of FOBTs H1 2006: 6,033 (H1 2005: 5,710)
2. Average number of AWP's H1 2006: 292 (H1 2005: 468)
3. Includes Greyhound Stadia, Course and Group Promotions

Duty, Levies and Other Costs excluding Stanley Retail H1 2006 v H1 2005

	<u>H1 2006</u>	<u>H1 2005</u>	<u>Movement</u>
	<u>£m</u>	<u>£m</u>	<u>%</u>
Gross win	401.5	381.0	+5%
GPT/VAT	(53.7)	(51.9)	+3%
Levies	(12.8)	(14.1)	-9%
Royalties, free bets and other costs	(17.6)	(19.0)	-7%
	<hr/>	<hr/>	<hr/>
Gross profit	317.4	296.0	+7%
	<hr/>	<hr/>	<hr/>

Net Operating Expenses excluding Stanley Retail H1 2006 v H1 2005

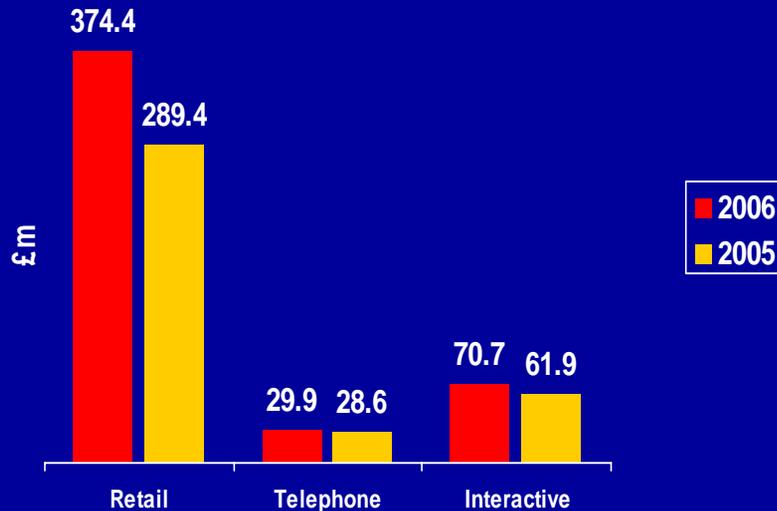
		<u>H1 2006</u>	<u>H1 2005</u>	<u>Movement</u>
		<u>£m</u>	<u>£m</u>	<u>%</u>
Staff costs		91.3	85.4	+7%
Property costs		29.2	26.6	+10%
Depreciation		12.6	9.3	+35%
Pictures and data		11.2	10.7	+5%
Advertising and sponsorship				
	Routine	5.1	4.1	+24%
	Retail/Telephone/Group			
	Interactive	6.7	6.0	+12%
	World Cup	1.6	-	
AWP/FOBT Rental		0.4	2.7	-85%
Finance charges (incl chargebacks)		3.9	3.6	+8%
Communications		3.8	3.5	+9%
Other (1)		16.7	21.8	-23%
Operating expenses		182.5	173.7	+5%
Less: costs allocated to trading divisions		(175.4)	(167.4)	+5%
Central costs (2)		7.1	6.3	+13%

1. Includes legal, consultancy, printing and stationery, cleaning and miscellaneous other costs

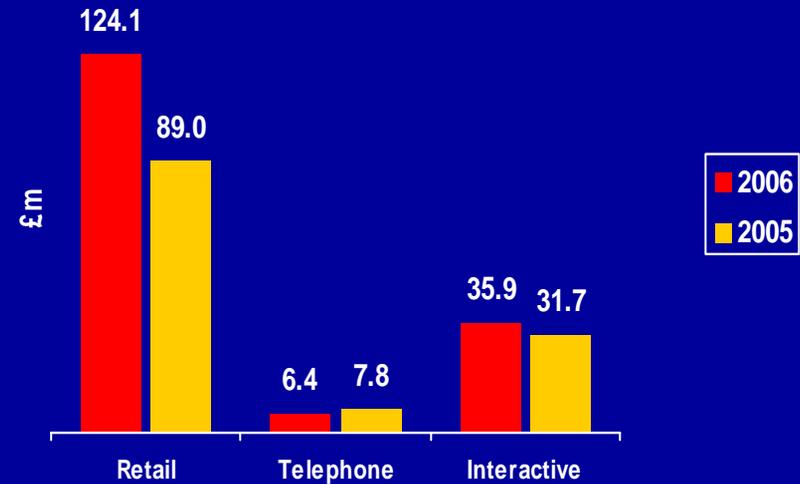
2. Primarily central support functions and property costs

Results by channel (incl Stanley) H1 2006 v H1 2005

Gross win by channel



Operating profit by channel



Cashflow H1 2006 v H1 2005

	<u>H1 2006</u>	<u>H1 2005</u>	<u>Movement</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
EBITDA	174.2	132.6	41.6
Associate income	(1.7)	(1.4)	(0.3)
Exceptional costs	-	(7.2)	7.2
Disposal of LBOs	(1.2)	0.1	(1.3)
Working capital/other	24.9	9.9	15.0
Capital expenditure	(36.1)	(26.0)	(10.1)
Cash from operations	160.1	108.0	52.1
Net interest	(25.8)	(13.9)	(11.9)
Cash taxes	(21.5)	(26.6)	5.1
Equity dividends	(45.4)	(43.1)	(2.3)
	<u>67.4</u>	<u>24.4</u>	<u>43.0</u>
Acquisitions	-	(500.2)	500.2
Loan facilities drawn down	32.4	575.4	(543.0)
Share buybacks/SAYE redemptions	(88.8)	-	(88.8)
Increase in cash	<u>11.0</u>	<u>99.6</u>	<u>(88.6)</u>
Net debt	<u>961.4</u>	<u>915.5</u>	<u>(45.9)</u>

Capex Cashflow H1 2006 and forecast FY 2006 and FY 2007

	<u>H1 06</u>	<u>FY 06</u>	<u>FY 07</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Epos/Text	9	11	3
Retail Development	18	39	40
Core Bookmaking Systems	6	14	10
Other	3	6	5
Total	36	70	58

Capital Structure - Update

- New bank facility secured
 - 5 year term
 - £250m
 - 90 bps margin

- Net debt/EBITDA target maintained at 3.5 x
 - H1 actual 3.1 x

- Buy-back programme on track
 - £167m since Autumn 2005 to H1 2006 (29m shares cancelled)
 - Further £150m - £225m to end 2007

Appendix

Revenue under IFRS

- Definition of Revenue
 - IFRS = gains and losses from betting net of VAT
 - UK GAAP = amounts wagered
- Reconciliation between IFRS and UK GAAP:-

	<u>WH Group</u> <u>2006</u> <u>H1</u> <u>£m</u>	<u>WH Group</u> <u>2005</u> <u>H1</u> <u>£m</u>
Amounts wagered = "UK GAAP" Revenue	<u>6,561.0</u>	<u>5,054.5</u>
Gross Win	478.3	383.4
Machine VAT	<u>(18.1)</u>	<u>(0.4)</u>
"IFRS" Revenue	<u>460.2</u>	<u>383.0</u>



David Harding
Chief Executive

Updates

- Stanley
- Product/Service Development
- Regulation (UK, US)
- International/Codere
- World Cup
- Current Trading

Stanley Acquisition

- Net cost £483m for 560 LBOs (after disposals)
- H1 EBITDA £25m
- EBIT/LBO £41.8k, 68% of William Hill estate £61.7k
- 180 identified development opportunities

Key Product/Service Developments

Retail

Tote Direct	(Q3)
Mark sense enhancements	(Q3)
Second channel	(In trial)
New FOBT products	(ongoing)
Winter evenings	(Q4 '07)
Jackpot/gaming on FOBTs	(Q4 '07)

Remote

Enhanced in-running	(Q3)
Casino window in poker	(Q3)
Enhanced mobile	(Q3)
Instant play games	(Q4)
New arcade games	(Q4)
Payment methods	(Q2 '07)
Website redesign	(Q2 '07)
Language variants	(Ongoing)

Regulation

UK

- Consultation process
- Gambling Commission operational September 1 2007

US

- Wire Act additions (Goodlatte/Leach)
- BetonSports
- William Hill position
 - No sports bets
 - Deminimis gaming
 - < 5000 actives/£500K H1

International

- Internet only – active customers in 200 jurisdictions
- Focus on EU – Italian case key
- In country where fiscal/regulatory environment conducive, opportunity material and partnerships viable

MoU with Codere

- Premier Spanish gaming organisation
- Strong in Spain, Italy and Latin America
- Complementary expertise – Slots, Bingo, Casinos, Racetracks
- Strong government relationships
- Potential sports betting licences in several Spanish regions

World Cup

Gross Wins £m '06	
Retail	11.9
Telephone	1.9
Interactive	3.7
Group	17.5

Gross Wins £m	
Euro 2004	11.1
World Cup '02	13.2
Euro 2000	1.6

- H1 £10.7m, H2 £6.8m (Group stages poor, Q/F, S/F and final H2)
- <10% stakes on outright markets (Tournament Winner, Golden Boot), Growth in match by match (90 minutes, correct score, goalscorers, HF/FT, inrunning)
- Results below live match average
 - Favourite 66%
 - Draw 27%
 - Underdog 8%
- Key results on Saturdays (Italy–USA, Argentina–Mexico, Trinidad–Sweden)
- Assume 50% substitutional

Current Trading

- In the four weeks to July 25 Group gross win up 13.3 %
- Up 8.3% discounting 50% of World Cup