

William Hill PLC

Bond Investor Presentation
May 2013



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Agenda

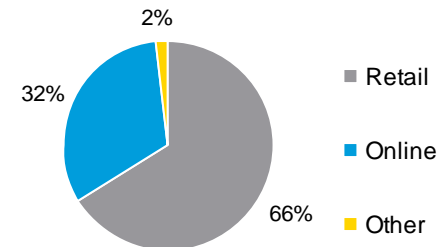
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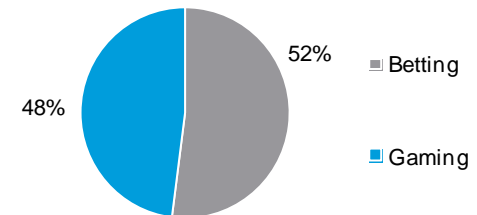
William Hill at a glance

- **Founded in 1934, William Hill is one of the UK's largest Retail and Online bookmakers:**
 - FY 2012 revenues of £1,277m and EBITDA⁴ of £385m
 - c£3.9bn market capitalisation as of 20 May 2013
 - c17,000 employees with operations in: the UK, US, Australia, Gibraltar, Spain, Italy, Philippines, Israel and Bulgaria
 - Credit ratings of Ba1 stable / BB+ stable from Moody's and S&P respectively
- **UK's largest Licensed Betting Office ("LBO") operation with c2,390 betting shops representing 26% market share¹**
- **Leading share of UK's online betting and gaming markets by revenues with c15% market share² and 1.8m active online customers**
- **Growing international presence with acquisitions in USA and Australia**
- **Multi-channel offering across LBOs, online, telephone, mobile and text betting**
- **Balance of income from betting and gaming**

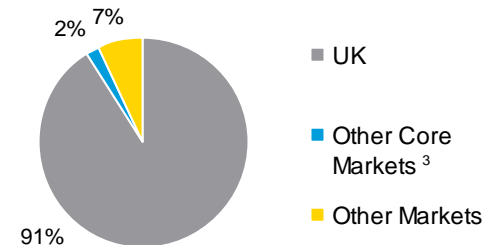
2012 Revenue by Channel



2012 Revenue by Product



2012 Revenue by Geography



1. Gambling Commission

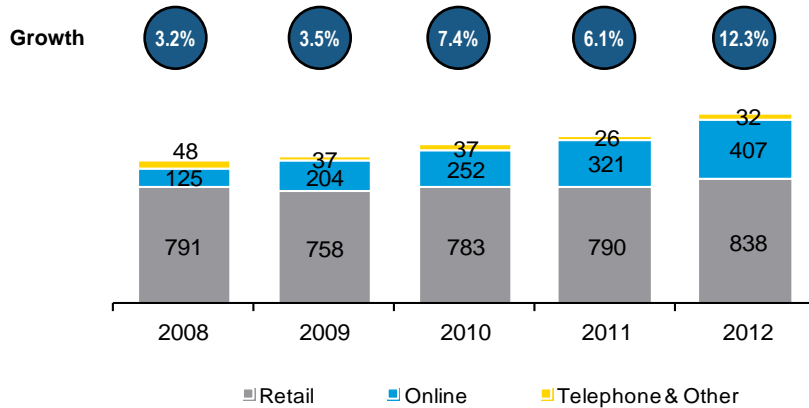
2. GamblingData, European Regulated Online Markets Data Reports 2012

3. Spain, Italy, USA

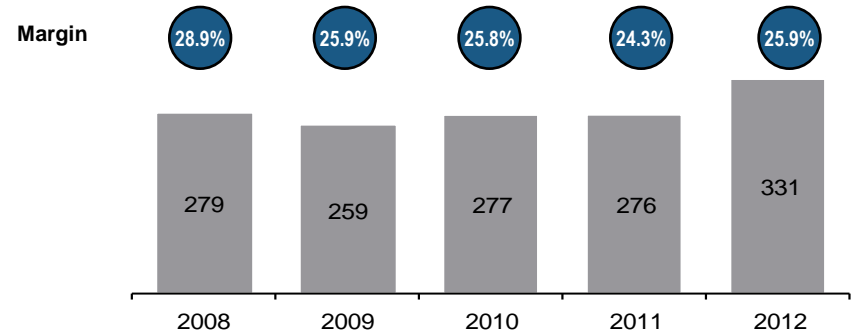
4. EBITDA is calculated as pre-exceptional profit/loss before interest, tax, depreciation, amortisation (including amortisation of specifically identified intangible assets recognised on acquisition) and before non-cash share remuneration charges

Financial performance

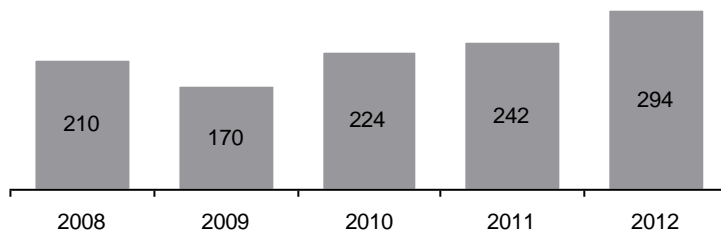
Net Revenue (£m)



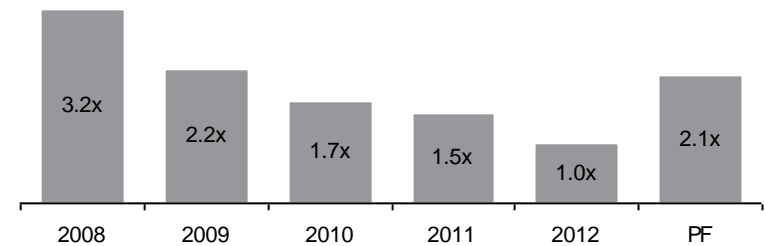
Operating Profit ¹ (£m)



Net cash from operating activities (£m)



Leverage (Net Debt / EBITDA) ²



Source: Company reports

1. Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions.
2. Presented on bank covenant basis ; pro forma based on net debt post acquisitions and 2012 EBITDA

Q1 2013 Current trading and recent developments (Interim management statement - 19 April)

13 weeks to 02/04/13 versus comparable prior year period

Group net revenue¹	+15%
- Online net revenue	+21%
- Retail net revenue ¹	+8%
Group operating profit	+8%
- Online operating profit	+13%
- Retail operating profit	-3%

• Corporate Developments

- Completion of the acquisition of Sportingbet's Australian business plus grant of the option over its Spanish business for £459m
- Completion of the acquisition of 29% stake in William Hill Online owned by Playtech for £424m
- Acquisitions funded by:
 - o c£373m (net) rights issue
 - o £275m Bridge Credit Facilities
 - o £250m drawing under existing RCF

• **The new notes will refinance the bridge facilities with remainder used to clear down outstanding amounts under the RCF**

- **Group operational performance in first quarter benefitted from strong, sporting results-driven, gross win margins in both Retail and Online**
 - Online performance driven by Sportsbook
 - Continued progress in mobile
 - Retail impacted by introduction of Machine Games Duty

1. Group and Retail net revenue performance numbers are flattered by the transition from VAT and Amusement Machine Licence Duty to Machine Games Duty (MGD) on 1 February 2013. On a comparable basis Group net revenues grew by 11% and Retail net revenues by 2%

2. Operating profit is defined as pre-exceptional profit before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions

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Key investment highlights

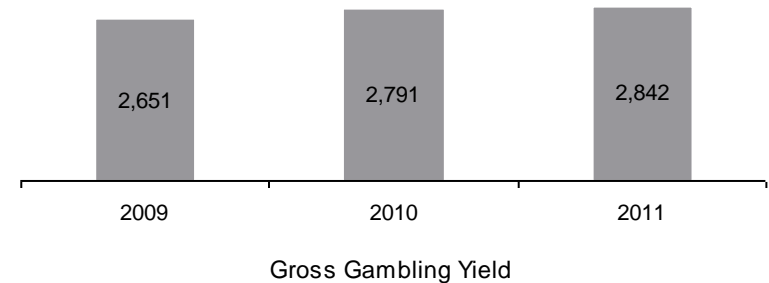
1 Strong gambling market fundamentals	<ul style="list-style-type: none">– Stable UK retail market despite pressure on consumer spending– Growing online market
2 Market leading UK retail operation	<ul style="list-style-type: none">– Source of resilient revenues and stable profits and cash flows– High barriers to entry arising from capital and licensing requirements
3 Market leading and fast growing online operation	<ul style="list-style-type: none">– Growing revenues, profits and cash flows from market growth and increasing UK market share– Further growth opportunities from international expansion
4 International expansion into regulated markets	<ul style="list-style-type: none">– Strategic investment in USA – well positioned to exploit growth opportunities– Investment into attractive Australian gambling market through acquisition of Sportingbet's Australian online business– Reduces dependence on UK market
5 Robust and flexible balance sheet	<ul style="list-style-type: none">– Solid credit metrics: 2.1x pro forma Net Debt/EBITDA; Credit ratings – Ba1 / BB+– Diversified funding sources with good maturity profile– Adequate committed undrawn headroom
6 Consistent cash flow generation from operating activities	<ul style="list-style-type: none">– Highly cash generative business model– Application of cash flow balanced between business investment, returns to shareholders and interests of debt stakeholders
7 Strong management team	<ul style="list-style-type: none">– Combination of extensive expertise in betting and gaming industry and broader general business and management experience– Track record of value creation

1 Strong gambling market fundamentals

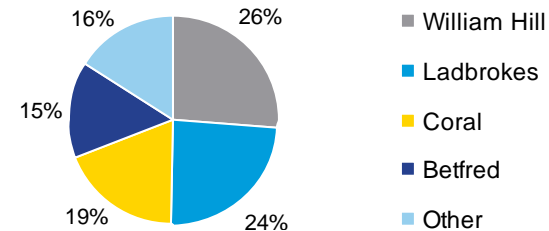
UK retail market

- **Well established market comprising c 9,000 LBOs in UK**
 - Relatively consolidated market with top four operators accounting for 80% market share
- **Market size c£2.8bn split approximately 50/50 between OTC betting and gaming machines¹**
- **Mature market that has performed solidly over recent years despite pressure on consumer spending**
 - c3.5% CAGR in gross gambling yield between April 2010 and March 2012
 - Has demonstrated some resilience to economic pressure due to low ticket nature of spend - affordable leisure experience
- **Remains primary channel of choice for UK customers due to convenience and community experience**
- **High quality source of revenues and cash flows due to barriers to market entry arising from capital and licensing requirements**

UK Retail Gambling Market Size ¹ (£m)



UK market share by number of shops ¹

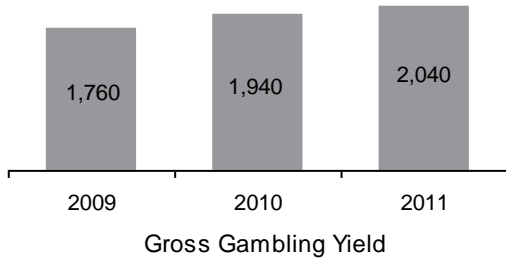


1. Source: Gambling Commission Industry Statistics 2009 – 2012

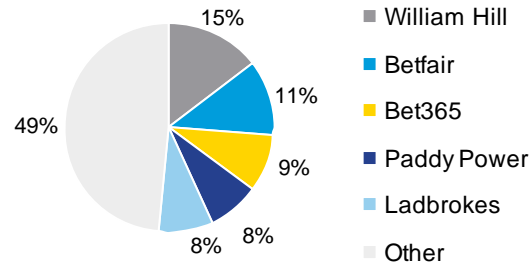
1 Strong gambling market fundamentals

Online market

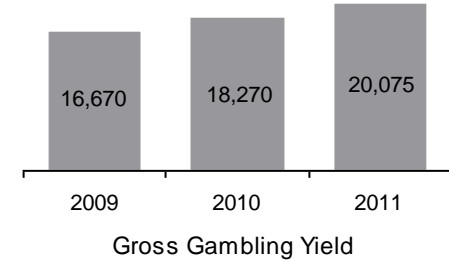
UK Online Gambling Market Size¹ (£m)



UK online market share by revenue³



Global Online Gambling Market Size² (£m)



- **Expanding market**

- Growth of 8% CAGR in UK and 10% CAGR globally over 2010 and 2011
- Underpinned by structural growth drivers: regulatory change (e.g. ability to advertise), internet broadband and mobile technology penetration and trends in leisure spending

- **Market characteristics**

- Split between sports betting and gaming (c40/60 in UK)
- Fragmented market with opportunity to capture market share based on strength of brand and investment in product and marketing

- **New growth opportunities emerging**

- Mobile
- Regulating international markets

1. Source: Gambling Commission Industry Statistics 2009 - 2012

2. Source: H2 Gambling Capital quoted in Gambling Commission Industry Statistics 2009 - 2012.

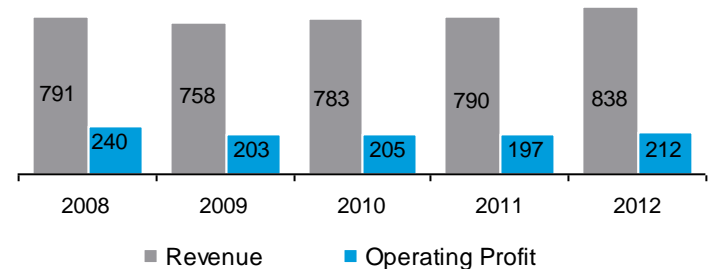
3. Source: GamblingData, European Regulated Online Markets Data Reports 2012

2 Market leading UK retail operation

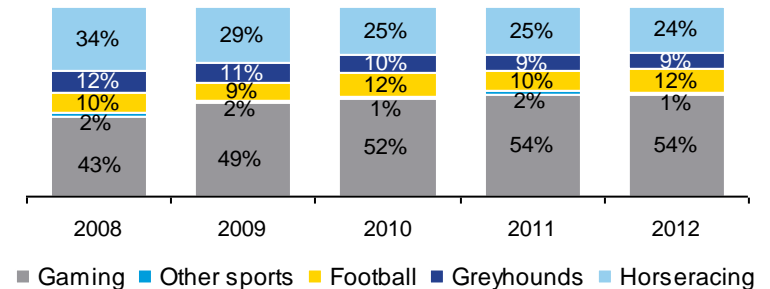
The UK's leading retail operator

- UK's largest operator by number of LBOs with c 2,390 LBOs equating to c26% market share¹
- Solid operational and financial performance over recent years despite fragile economic conditions
- Key strengths:
 - Economies from large scale operation
 - Trusted brand leadership
 - Broad range of betting and gaming products
 - Well located and high quality estate
 - High barriers to entry due to capital and licensing requirements
- Strategy - maintain and build upon market leading position through:
 - Investment in product innovation (e.g. self service betting terminals) and customer experience (e.g. video walls and new shop designs)
 - Ongoing programme of estate improvement and expansion
 - Rigorous cost control and capital discipline

Resilient revenues and stable profits (£m)



Evolving product mix to match consumer trends



1. Source: Gambling Commission Industry Statistics 2009 - 2012.

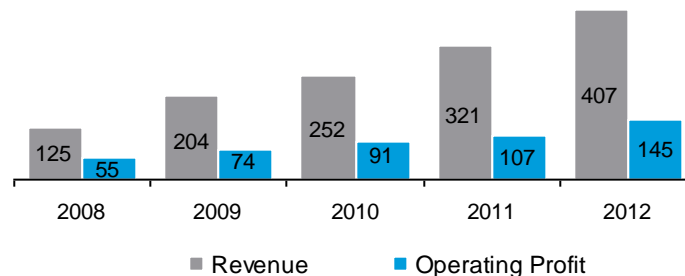
2. Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions.

3 Market leading and fast growing online operation

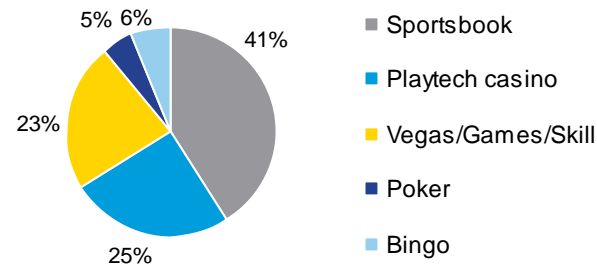
William Hill Online

- **Fast growing business capturing market share in a growing market**
 - c75% of online revenues generated from UK with estimated 15% market share¹;
 - Sportsbook-led strategy with cross-sell into gaming products (primarily casino and slots)
- **Key strengths**
 - Trusted brand leadership
 - Sports betting bookmaking expertise: odds setting, liability management and breadth of product range
 - Online marketing expertise
- **Strategy**
 - Grow UK market share
 - Selective international expansion into locally licensed territories e.g. Spain, Italy
 - Sportsbook led with cross sell into gaming products
 - Develop product offering in sports betting (e.g. in-play betting) and gaming (e.g. Live Casino)
 - Focus on exploiting mobile opportunity

Double digit revenue and profit growth (£m)



William Hill Online revenue split 2012

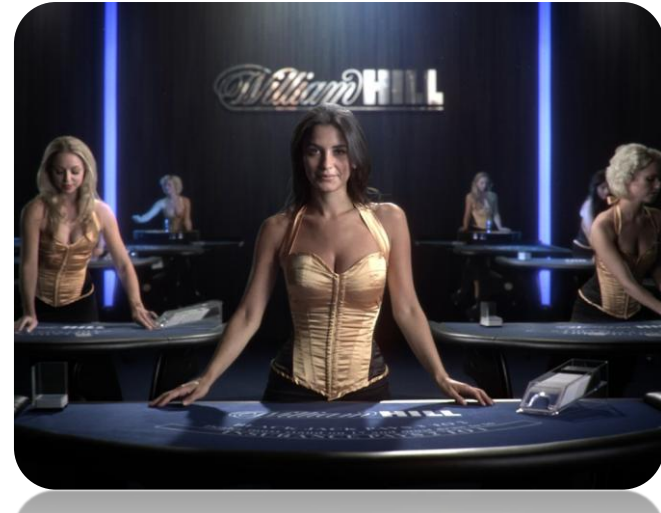


1. Gambling Data UK Data Report June 2012

3 Market leading and fast growing online operation

Acquisition of 29% stake in William Hill Online owned by Playtech

- William Hill Online business originally established as JV with Playtech in December 2008
- Paid £424m for Playtech's 29% stake in April 2013
- Rationale
 - Full ownership of a growth business with a market-leading position and strong earnings and cash flow
 - Increased strategic flexibility to develop business potential by removal of minority interest restrictions e.g. limits on capital expenditure, veto over acquisitions
 - Opportunity to leverage William Hill Online expertise across other parts of the Group e.g. Australia, USA
- Financing
 - Financed through c £373m (net) rights issue and £50m of debt from bridge bank facilities
 - Demonstrates William Hill's commitment to prudent balance sheet management

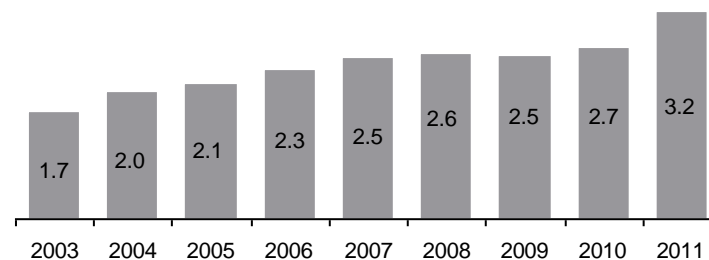


4 International expansion into regulated markets

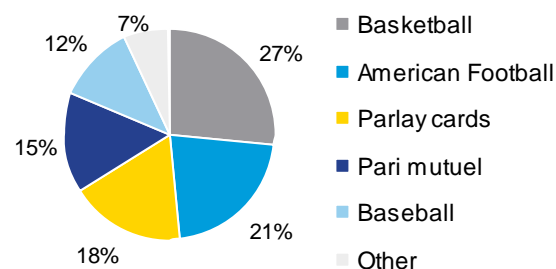
USA

- **Three US land-based sports betting businesses acquired in June 2012 for US\$49m (approx. £31m)**
 - 190 sportsbook locations in Nevada
 - Exclusive risk manager for Delaware state lottery
 - Supplier of hardware and software to other sportsbooks
 - Operator of leading online gambling application in Nevada
- **Strategic investment in US gambling market**
 - Large gambling market
 - Evidence of moves to regulate online gambling on a state by state basis e.g. New Jersey
- **Well positioned to exploit growth opportunities**
 - Possession of top tier Nevada gambling licence
 - Experienced local US management team
 - Innovative mobile offering in Nevada
- **Opportunity to apply existing William Hill expertise to acquired businesses**

Nevada sports handle¹ (\$bn)²



Product mix by win¹



1. Handle is defined as the total amount wagered
2. Source: UNLV Center for Gaming Research March 2013

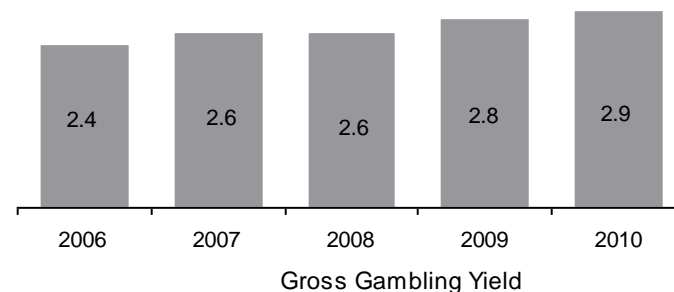
4 International expansion into regulated markets

Sportingbet transaction

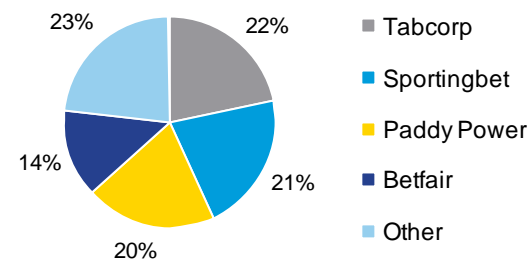


- £459m paid to acquire Sportingbet's Australian online business operating under Sportingbet and Centrebet brands plus option over its Spanish business
- Australian market is attractive
 - Large gambling market
 - Strong growth trends
 - Increasing proportion of online and mobile business
 - Regulated
- Sportingbet business one of the leading players in the Australian online market
- Option over Sportingbet Spanish online business
 - Spain one of William Hill Online's core markets
 - Will help establish critical mass in Spanish market more quickly
- In line with Group strategy of increasing proportion of online earnings and reducing reliance on UK market

Growth of Australian wagering market¹ (AUDbn)



Australian online market share by turnover 2010/11²

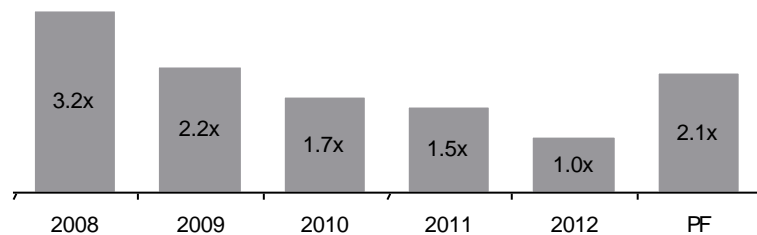


1. Australian Gambling Statistics 1984 – 2010
 2. Nomura research report – Australia Gambling 29/11/12

5 Robust and flexible balance sheet

- **Prudent approach to balance sheet management to support stated business strategy**
 - Acquisitions conservatively funded (including rights issue) to ensure inappropriate capital structure not adopted
- **Track record of improving credit metrics (prior to recent acquisitions)**
 - Indicative Net Debt/EBITDA of c 2.1x
 - EBITDA /Net Cash Interest at 9.3x at for FY 2012
 - Credit ratings of Ba1 / BB+ from Moody's and S&P respectively, both with stable outlook
- **No short term debt maturities other than June 2014 bridge loans to fund acquisitions (to be refinanced from proposed bond issue)**
- **Diversified sources of debt funding between bank and bond markets**
- **Adequate working capital headroom under committed undrawn facilities**

Leverage (Net Debt / EBITDA)



1. Credit metrics presented on bank covenant basis which includes certain adjustments to Net Debt and EBITDA and Net Cash Interest
2. Pro forma ND/EBITDA based on Net Debt post acquisitions and FY 2012 EBITDA on bank covenant basis

6 Consistent cash flow generation from operating activities

	FY2008	FY2009	FY2010	FY2011	FY2012
Net cash from operating activities after working capital, interest and tax	209.9	170.4	223.9	241.7	294.3
Net cash used in investing activities excl acquisitions and inv in JVs	(31.5)	(31.1)	(34.0)	(52.0)	(62.4)
Dividends to shareholders and distributions to minority interests	(80.8)	(34.9)	(79.3)	(91.9)	(109.6)
Net cash flow	97.6	104.4	110.6	97.8	122.3

- **Cash generative business model with track record of strong and growing cash flows from operating activities**
- **Capital expenditure requirements funded from operating cash flow**
 - Expect annual capex run rate to increase to £70m to £90m per annum given increased size of Group and investment opportunities available
- **Dividend policy of paying dividend to shareholders covered c2.5x underlying earnings moving to c2x when the time is right**
- **Use of cash flow balanced between:**
 - Investing in the business (including acquisitions)
 - Returns to shareholders
 - Interests of debt stakeholders
- **Self help levers available to conserve cash flow e.g. cutting dividends, reducing capex and cost savings**

7 Strong management team

- **Combination of extensive expertise in betting and gaming industry and broader general business and management experience**
 - Track record of value creation
- **Strong executive management team led by:**
 - Ralph Topping, CEO – 40 years' experience with William Hill in a variety of operational and management roles; became CEO in 2008
 - Neil Cooper, Group Finance Director – three years at William Hill with prior public market FD experience at Bovis Homes as well as a variety of other finance and consulting roles at Whitbread, PwC and Reckitt & Colman
- **Supported by strong management team below Board level in key executive positions**
 - Strengthened over recent years with high quality hires bringing more “brains” into the business
 - Addition of capable local management teams in USA and Australia
- **Robust independent Board led by Non-Executive Chairman**
 - Gareth Davis - Chairman since 2010 with prior experience as CEO at Imperial Tobacco; in addition, Chairman of Wolseley and DS Smith
 - Supported by experienced Non-Executive Directors with mix of business experience

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Q and A

2 **Market leading UK retail operation**

3 **Market leading and growing online operation**

1 **Strong UK Gambling Market Fundamentals**

4 **International Expansion**



7 **Strong management team**

5 **Robust and flexible balance sheet**

6 **Consistent cash flow generation from operating activities**

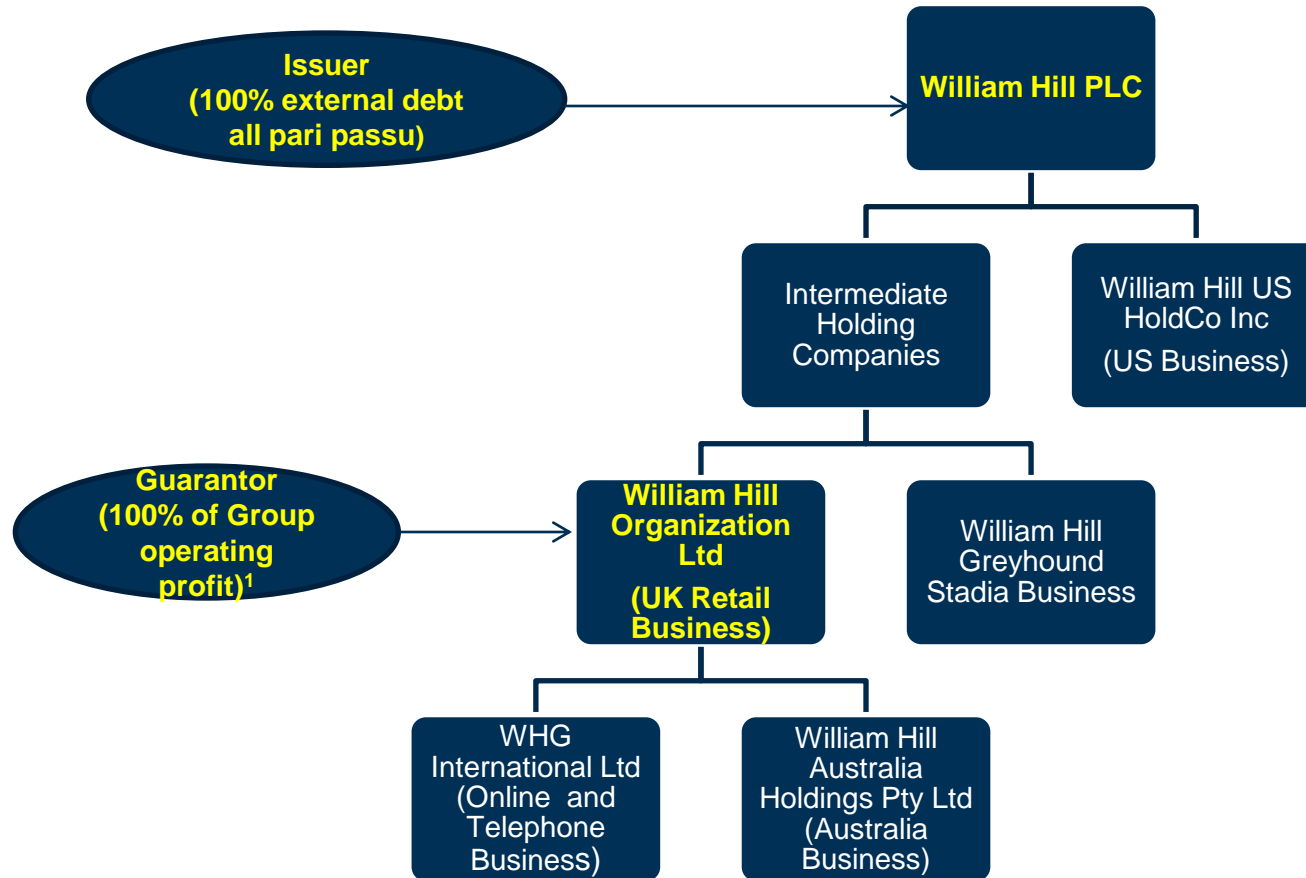
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Key terms

Issuer	William Hill PLC
Guarantor	William Hill Organization Limited
Trustee	The Law Debenture Trust Corporation p.l.c.
Status	Senior, Unsecured, Unsubordinated
Expected Issue rating (Moody's/S&P)	Ba1 (stable) / BB+ (stable)
Issue amount	GBP Benchmark
Tenor	Intermediate
Interest	Payable semi-annually in arrear (fixed rate)
Covenants	<ul style="list-style-type: none"> • Negative Pledge: all monies negative pledge with £150m permitted basket • Change of Control: if Issuer rated sub-investment grade, or unrated, at time of CoC then noteholder put at 101%. No noteholder put if investment grade and two investment grade ratings are retained immediately following the CoC
Early redemption	Issuer's make-whole at Gilts + 50bps
Use of Proceeds	Repay bridge loan, clear down RCF and general corporate purposes
Denominations	£100,000 plus £1,000 multiples
Listing	London Stock Exchange
Governing Law	English
Distribution	Reg S only

Simplified corporate and business structure



1. On a consolidated basis

Income statement¹

	FY 2010 £m	FY 2011 £m	FY 2012 £m	FY 2012 vs FY 2011
Amounts wagered	16,519.8	17,911.4	18,879.1	+5%
Net revenue	1,071.8	1,136.7	1,276.9	+12%
Operating profit²	276.8	275.7	330.6	+20%
Amortisation	(3.6)	(3.6)	(5.0)	+39%
Net finance costs	(53.9)	(32.7)	(32.9)	+1%
Tax	(44.0)	(41.5)	(48.2)	+16%
Non-controlling interest	(26.3)	(31.3)	(42.5)	+36%
Retained profit	149.0	166.6	202.0	+21%
Net debt for covenant purposes	499.4	415.6	338.5	

1. Presented before exceptional items

2. Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions

Key risks

- Negative changes to tax/duty regimes applicable to gambling in the UK and overseas
- Adverse developments in regulation of the gambling industry in the UK and overseas
- Dependence on key supplier relationships
- Business continuity risk from failure of key technology and information systems required to operate the Group's business
- UK and international growth opportunities
- Economic conditions outside the Group's control
- Data protection and technology risk
- Regulatory compliance

Credit ratings

Standard & Poor's: BB+ stable outlook

Market leadership in the cash-generative and historically recession-resilient UK retail betting industry; Fast-growing online business.

We assess William Hill's business risk profile as "satisfactory." Our assessment is underpinned by William Hill's strong brand; leading market share in UK retail and online betting and limited historical cyclicality. The assessment also reflects the company's modern gaming machine portfolio, with regular updates to software content, and a growing online business through William Hill Online and Sportingbet's Australian and Spanish businesses.

(...) William Hill's financial risk profile as "significant," which takes into account the group's desire to maintain flexibility in its capital structure and its sizable adjustments to debt for operating leases.

(...) William Hill's liquidity position as "adequate". Our assessment of William Hill's liquidity position is supported by the company's sufficient cash on hand, solid cash flows, and access to debt facilities to support operating needs over the near term.

S&P's Full Analysis 17 May 2013

Moody's: Ba1 stable outlook

The Ba1 Corporate Family Rating primarily reflects the mature nature of William Hill's premises-based retail business and that the company's growth in online and mobile betting services will continue to rely heavily on increased marketing and technological spend. However, more positively, the rating also reflects the company's leadership position in the UK retail betting industry, with the company reporting a market share of around 26%, as measured by number of licensed betting offices and its established and growing presence in the online betting and gaming market.

The ratings are further supported by William Hill's good level of profitability and its strong financial metrics.

William Hill's robust leverage and interest cover metrics position the company strongly within its rating category (...) Although we do not expect a rapid recovery in consumer confidence in the medium-term, William Hill is well positioned in its rating category and would withstand some reduction in its customers' activity before seeing a material impact on the business or its financial metrics

The company has produced positive free cash flows in each of the past 5 years, thereby covering dividends and its capital expenditure programme, which we see as an essential part of its strategy to keep growing online and mobile activity

Moody's Credit Opinion 20 September 2012