William Hill Signs Agreement to Acquire Tom Waterhouse For £459 million

Friday 9 August, 2013

William Hill PLC (LSE: WMH) (William Hill or the Group), one of the world's leading betting and gaming companies, has announced that it has signed an agreement to acquire Tom Waterhouse N.T. pty Limited (tomwaterhouse.com), the Australian online betting business, for an upfront cash consideration of A$34m (£20m), together with the assumption of up to $6m (£3m) of balance sheet liabilities. A potential additional earn-out on a sliding scale of up to A$70m in cash is payable, subject to tomwaterhouse.com achieving incremental operating profit on a sliding scale between A$10m and A$30m in the year to 31 December 2015.

William Hill acquired Sportingbet PLC's Australian business in March 2013 for £459m. This further acquisition builds on this, reinforcing the Group's strategy of selective international expansion as the Group develops its second 'home' market in Australia.

tomwaterhouse.com was established in 2010 and is one of Australia's fastest growing online racing and sports betting businesses. It is a privately held company owned by Tom Waterhouse and others. It has approximately 80 employees based in Sydney, Melbourne and Darwin, and is led by managing director, Tom Waterhouse. It has delivered rapid customer and revenue growth, and enjoys strong brand recognition in the Australian market. In the financial year to 30 June 2013, it generated revenues of A$28m, growing by 250% year on year. tomwaterhouse.com also has key media deals, including with Channel 9 (NRL) and Channel 7 (Racing and AFL).

The acquisition offers William Hill:

· additional scale in the regulated and rapidly growing Australian online betting market;
· exclusive access to key media deals;
· a business with significant customer and revenue growth momentum;
· a complementary customer base with limited cross-over into William Hill Australia's existing customer base and with a strong focus on recreational customers; and
· significant online and mobile potential, leveraging William Hill's existing expertise.

On completion, tomwaterhouse.com will become part of William Hill Australia, which also includes the Sportingbet and Centrebet brands. Tom Waterhouse will remain as Managing Director of the tomwaterhouse brand and joins William Hill's Australian management team, reporting to Michael Sullivan.

tomwaterhouse.com is not currently profitable but the Group expects to achieve substantial synergies as it supports the business's ongoing growth through its existing William Hill Australia operation. Given the phasing of the proposed integration, the operating profit contribution from tomwaterhouse.com is expected to be marginally negative in the year to 31 December 2013 and marginally positive in the following year, enhancing underlying earnings (i.e., before transaction and integration costs and the amortisation of intangible assets associated with the proposed acquisition) in that year. The acquisition is expected to deliver a return on invested capital in excess of the Group's post-tax cost of capital in 2015. There will be c$7m (£4m) of exceptional transaction and integration costs.

Ralph Topping, Chief Executive of William Hill, said:

"We are pleased to have secured this acquisition. International expansion is a key part of our growth strategy and making Australia our second home is a priority. The Sportingbet acquisition gave us a strong and proven platform with an experienced management team. Acquiring tomwaterhouse.com gives us a rapidly growing business that appeals to a complementary customer base.

"We are bringing together some of the best talent in the bookmaking industry into one formidable team. I'm impressed by Tom Waterhouse and his team, who are passionate and entrepreneurial. They've built a good business in a short period of time and have achieved strong growth momentum."

Tom Waterhouse, Managing Director of tomwaterhouse.com, commented:

"I am excited by tomwaterhouse.com becoming part of the William Hill family. Our customers will benefit from us being able to offer a more extensive product range than before and the kind of innovations that William Hill has already brought to the UK market. We will be able to use shared resources and get

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access to great technology that will help us continue to improve the customers' website and mobile experience. I look forward to becoming part of the William Hill Australia team to capitalise on this opportunity."

The acquisition will be funded in cash. Completion is conditional on receiving approval from the Northern Territory Racing Commission.

- Ends -

Notes to Editors:

About William Hill:

William Hill, The Home of Betting, is one of the world's leading betting and gaming companies, employing more than 17,000 people. Founded in 1934, it is now the UK's largest bookmaker with around 2,400 licensed betting offices that provide betting opportunities on a wide range of sporting and non-sporting events, gaming on machines and numbers-based products including lotteries. William Hill Online (www.williamhill.com) is one of Europe's leading online betting and gaming businesses, providing customers with the opportunity to access William Hill's products online, through their mobile, by telephone and by text services. William Hill US was established in June 2012 and provides land-based and mobile sports betting services in Nevada, and is the exclusive risk manager for the State of Delaware's sports lottery. The Group acquired the Sportingbet Australia business in March 2013, which is one of the leading online corporate bookmakers in Australia, offering sports betting products online, by telephone and via mobile devices. William Hill PLC is listed on the London Stock Exchange and became part of the FTSE100 in May 2013. The Group generates revenues of over £1.2bn a year.

About tomwaterhouse.com:

tomwaterhouse.com was established in 2010 and is one of Australia's fastest growing online racing and sports betting businesses. It is owned by members of the Waterhouse family. The Waterhouse name has been synonymous with betting and racing in Australia for more than a century. Tom Waterhouse himself is a fourth-generation bookmaker. Prior to launching his online racing and sports betting business, Tom was Australia's biggest on-course bookmaker.

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