IT'S WHO YOU PLAY WITH

William HILL

Annual Report and Accounts 2019
William Hill PLC

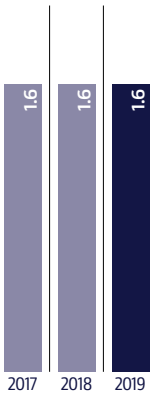
Contents

Pages 01 to 61 form the Strategic Report of William Hill PLC for the 52-week period ended 31 December 2019.
The Strategic Report has been approved by the Board of William Hill PLC and signed on behalf of the Board by the CEO and CFO.

2019 performance highlights

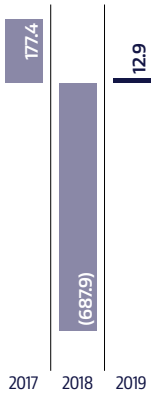
Net revenue[1] (R) (£bn)

£1.6bn



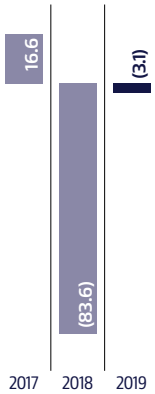
Profit/(loss) before interest and tax (£m)

£12.9m



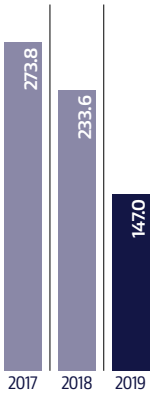
Basic (loss)/ earnings per share (p)

-3.1p



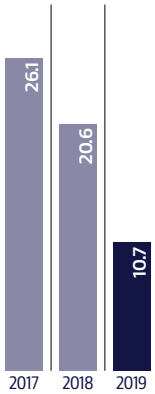
Adjusted operating profit[2] (R) (£m)

£147.0m



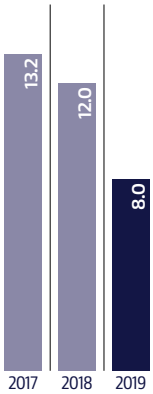
Basic, adjusted earnings per share[3] (R) (p)

10.7p



Dividend per share (p)

8.0p



1. Net revenue is an industry term equivalent to revenue as defined in the notes to the financial statements.
2. We achieved a statutory profit of £12.9m due to £134.1m of exceptional costs, predominantly related to the restructuring of the Retail estate post Triennial Review. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.
3. Adjusted EPS is calculated using adjusted profit after tax and is used in evaluating performance for dividend policy purposes. Further detail on adjusted measures is provided in note 3 to the financial statements. The calculation of EPS measures is shown in note 11 to the financial statements.

(R) This performance metric is linked to Directors' remuneration (see page 93 onwards).

WILLIAM HILL IS ONE OF THE WORLD'S LEADING SPORTS BETTING AND GAMING COMPANIES

Our 86 years of heritage and strong brand, combined with our growing digital expertise and global presence, create a solid platform from which to grow. With these foundations in place, our strategy will build a sustainable business that puts player safety at the heart of our culture.

We are excited by the opportunities and recognise the challenges that lie ahead, as we work with our customers, our teams and our partners to provide a great betting and gaming experience.

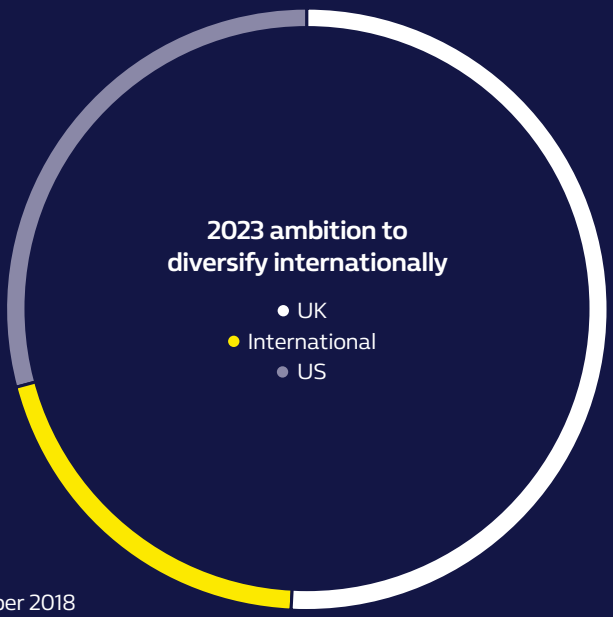
IT'S WHO YOU PLAY WITH

Images from our 'Brotherhood' marketing campaign which promotes moderate and sociable sports betting and gaming.

TO REALISE OUR AMBITION...

An investment in William Hill delivers cash-generative growth opportunities, underpinned by an embedded focus on safer gambling. This has enabled us to sustain the dividend while continuing to grow the business.

...OF DOUBLING PROFITS BY 2023...



The ambition to double operating profit was established in November 2018 and relates to full year 2018 adjusted operating profit of £233.6m.

1. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.
2. Geographical market is based on operating profit excluding corporate costs and other of £56.0m.

...WE'RE BUILDING A DIGITALLY LED...

The global gambling industry is worth cUS$300bn[1]; only 12% happens online and the growth is outpacing the retail market. This is a significant opportunity. Through continuous investment in our modular digital platform the competitiveness of our offering will ensure we participate in the growth of digital gaming and sports betting.

12%

of global gambling happens online

1. H2GC; Global gambling gross win data, October 2019.

...INTERNATIONALLY DIVERSE...

We are diversifying our global reach through organic and inorganic growth. We anticipate the US, where we have access to 24 states[2], will be the largest sports betting market in the world. Following the overturn of PASPA, estimates forecast the market will grow rapidly to be worth between US$5bn and US$19bn[3] by 2023. We will continue to expand our Online offering into high-growth global geographies beyond the UK.

By 2023, the US gambling market is estimated to be worth up to

US$19bn

2. 24 states is contingent on the completion of the acquisition of Caesars by Eldorado. Excluding Caesars, William Hill US has access to 18 states. When referring to states this includes Washington D.C.
3. Broker research, CIA country profiles, U.S. Census Bureau, H2GC.

...SAFE AND RESPONSIBLE...

Our investment case is underpinned by our commitment to safer gambling. Our aspiration that nobody is harmed by gambling guides our decision-making and sustains a culture of customer protection. In the UK we are actively involved in the Betting and Gaming Council and are working with others to lead the development of the Safer Gambling Commitments.

NOBODY HARMED BY GAMBLING

...BUSINESS OF SCALE

Betting and gaming are intrinsically cash-generative activities. William Hill delivers strong operating cash flow. When combined with our disciplined approach to investment, we have maintained a healthy balance sheet and a long-term track record of dividend payment while continuing to grow the business.

Net revenue[1]

£1,582m

Adjusted operating profit[2]

£147m

Operating cash flow

£183m

1. Net revenue is an industry term equivalent to revenue as defined in the notes to the financial statements.
2. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.

A YEAR OF TRANSITION

2019 has been a promising year of transition as we set out to deliver on our five-year plan to build a digitally led and internationally diverse business of scale.

Roger Devlin, Chairman

Basic, adjusted earnings per share[1]

10.7p

Dividend per share

8.0p

During the first year of delivery of our long-term strategy, we made good progress on a number of fronts, while continuing to respond to the changing regulatory landscape in the UK and overseas.

We completed the acquisition of Mr Green in January 2019 for £245m to expand our global footprint and enhance our digital capability. Mr Green brings the Group broader access to regulated markets, and its emphasis on customer protection through its Green Gaming technology is a natural cultural fit. The integration has progressed well, and we have rebased our International operations to Malta, to ensure the Company has an EU domicile post Brexit.

In April 2019, we saw the implementation of the £2 stake limit on B2 gaming products. As set out in our strategic review in 2018, our commitment to remodel our Retail operations saw the decisive closure of 713 shops in the third quarter. Our Retail colleagues have risen to the challenge, executed the strategy, and we acknowledge their professionalism during this difficult but necessary transition.

In 2018, the Professional and Amateur Sports Protection Act (PASPA) was overturned, a regulatory development that has provided the Group with material opportunities. We continued to grow market access and scale in the US and maintained our US market share of 24%, taking nearly one in every four legal sports bets in the US, across both Online and Retail channels. With the recent addition of an exclusive media partnership with CBS Sports, we continue to build on our formula for success in the US. We look forward with great anticipation to the completion of the acquisition of Caesars Entertainment by our valued partner, Eldorado Resorts.

Creating a culture of self-regulation

Throughout 2019, and in recognition of the regulatory developments the industry is facing, we pushed forward with self-regulation. In July, we agreed a package of measures to fund research, education and treatment initiatives in collaboration with industry peers. This will see a ten-fold increase in our financial support for safer gambling measures over the next five years. In August, the voluntary 'whistle-to-whistle' ban on advertising around live sports matches came into effect with the intention to reduce exposure to under 18s. We are pleased to note this has been a successful initiative, with a 97% reduction in sports gambling TV advertising seen by children[2].

In November, the industry worked together with our new representative body, the Betting and Gaming Council, to announce a package of Safer Gambling Commitments. This is a comprehensive set of measures intended to deliver long-term benefits to address the harm caused by gambling.

In January 2020, the Gambling Commission announced that the use of credit cards to gamble in the UK would be banned from April 2020. A small proportion of deposits, c5%, are taken through credit cards online while our UK shops accept cash and debit cards only.

1. Adjusted EPS is calculated using adjusted profit after tax and in evaluating performance for dividend policy purposes. Further detail on adjusted measures is provided in note 3 to the financial statements. The calculation of EPS measures is shown in note 11 to the financial statements.
2. 'Whistle-to-whistle' analysis for the Remote Gambling Association, Enders Analysis, October 2019.

"We continue to embed customer protection and self-regulation at the heart of our culture."

We revisited our brand and marketing proposition during 2019 with our commitment to safer gambling at its heart. Our brand ambassador, Anthony Joshua, featured in a campaign promoting player control and the valuable benefits derived from taking a break in play. We followed this with our 'Brotherhood' campaign which promotes moderate and sociable sports betting and gaming, imagery from which is featured throughout this report. A bet is more than just a transaction; it is a connection, it is about what you bet on and who you play with. When our customers play with William Hill they can do so knowing customer protection and self-regulation are at the heart of our culture.

Performance review

As anticipated, performance in 2019 reflected the regulatory developments in the UK and overseas. During the past year, we witnessed the ongoing regulation of European markets in the Online business, the impact of the £2 stake limit in Retail, and the continuing regulation of the US market. Group net revenue declined 2% and adjusted operating profit[3] declined 37%.

The Online business benefited from the acquisition of Mr Green. The UK Online business returned to growth in the second half[4] while the International business faced a number of regulatory headwinds. Retail revenue and operating profit declined as anticipated. Gaming revenues fell as the implementation of the £2 stake limit took effect, and we recognised a non-recurring charge of £95.1m for mitigation activities related to the restructuring of the UK retail estate. The US business continued to grow and invest; the US Existing business grew net revenue for the seventh consecutive year, while the US Expansion business tripled net revenue.

At the Group level, statutory earnings per share (EPS) was a loss of 3.1p. Excluding exceptional and adjustments of £120.8m, principally related to the restructuring of the Retail business, adjusted EPS was 10.7p, down 48%.

Prior to the imposition of the £2 stake limit and the growth of the US Expansion business, the dividend policy called for a payout of c50% of underlying earnings. However, in 2018 and in recognition of the importance of the dividend to our shareholders, the Board elected to underpin the annual dividend, in the absence of unforeseen circumstances, to be not less than 8.0p per share until such time as the earnings are once again in line with the payout policy. Therefore, the Board has confirmed a final dividend of 5.34p, and a full year dividend of 8.0p.

We have continued to invest for long-term growth. Following the acquisition of Mr Green, the ongoing investment in the US business and the Group-wide development of our digital platform, net debt to EBITDA (see Abbreviations and glossary on page 197) is 2.4x.

Board changes

During 2019, we reshaped our Board to reflect our intention to grow digitally and expand our global reach. We welcomed new Non-Executive Directors, Gordon Wilson, Lynne Weedall and Jane Hanson who bring to the Board experience in technology, international growth, cultural change and regulatory affairs. Following completion of eight years as a Non-Executive Director, Georgina Harvey retired from the Board in December. I would like to thank Georgina for her contribution as Remuneration Committee Chair and I am pleased that Lynne has assumed this role.

In September, Philip Bowcock stepped down and Ulrik Bengtsson was appointed Chief Executive Officer. With a deep operational understanding of the provision of digital gambling and sports betting, combined with his international experience, the Board unanimously agreed that Ulrik was the ideal successor, providing continuity and stability. I would like to thank Philip for his contribution to William Hill through a period of unprecedented change. During his four years as CFO and CEO, Philip built a great team, a strong culture and he leaves William Hill in good shape.

In January 2020, Ruth Prior, notified the Board of her intention to step down as CFO. She has supported the Group through considerable change and we thank her for all she has done for William Hill.

We are delighted to welcome Adrian Marsh to the Board as CFO. Adrian is a proven CFO of a FTSE listed company with M&A, deal execution and multi-sector finance experience in US and European markets. Adrian will join the Company, later in 2020.

Outlook

2019 was a year of transition, as we responded to changes in regulation in the UK and overseas and put in place the foundations that will allow the Group to deliver on its long-term ambitions. We commence 2020 with a simplified operating model, a flourishing US business and a Retail operation that has been substantially remodelled. We expect to see our digital offering gain in competitiveness, as the investments we have made continue to gain traction.

Preparations are well underway to bring the operation of the existing Caesars sports books into our network, subject to regulatory approval, and we are excited by the options available to us from the larger portfolio of combined US assets. The Group has a number of growth opportunities available to it. We manage our leverage carefully as we balance the investment opportunities against the potential for regulatory developments across our global business. As a Board, we will continue to consider all capital allocation options available to us.

The Board and I would like to thank our William Hill colleagues for their continuing dedication and commitment in a year of transition. We have a clear strategy, a strong team and the foundations for our future growth are now firmly in place. We look forward to another year of delivering an enjoyable and safe gambling experience for our customers.

Roger Devlin
Chairman

3. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.
4. Reported on a pro forma basis, assuming Mr Green was consolidated into the Group at the end of January 2018 and also adjusting Q4 2018 so that it is on a 13-week basis given 2018 was a 53-week period.

DESIGNED TO BRING CUSTOMERS A GREAT SPORTS BETTING AND GAMING EXPERIENCE

WILLIAM HILL TODAY

Our purpose is to provide a great gambling experience while ensuring nobody is harmed by gambling.

A proud 86-year heritage

Founded in the UK in 1934, William Hill is a recognised and trusted brand in the global sports betting and gaming market.

c12,000 employees worldwide

We employ more than 12,000 people in 10 countries globally and are unified by our Group value to always 'Go one better'.

Operating in 12 licensed markets

We are present in over 100 gambling markets and are licensed in 12 countries worldwide.

Go one better

- Eyes on the customer
- Give a damn
- Own it
- On the same side
- "It'll do" will never do

GROUP NET REVENUE[1]

By geographical market

UK:	76%
International:	16%
US:	8%

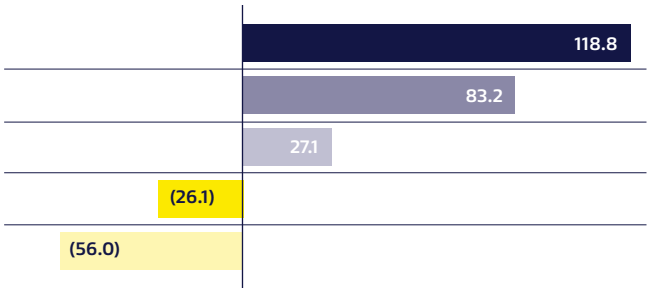
By business division

Online:	47%
Retail:	45%
William Hill US:	8%

GROUP ADJUSTED OPERATING PROFIT[2]

By reporting segment (£m)

£147.0m



Online:	81%
Retail:	57%
US Existing:	18%
US Expansion	-18%
Corporate costs and other:	-38%

1. Net revenue is an industry term equivalent to revenue as defined in the notes to the financial statements.
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ONLINE

Our Online business has been operating since 1998

We are now one of the leading online betting and gaming providers to customers in the UK, Southern Europe and the Nordics. Our acquisition of Mr Green in January 2019 has enhanced our pan-European footprint. More than three million customers gambled with Online in 2019, and our customers have access to more than a million betting opportunities every week, enhancing the fun of watching a match or the thrill of gaming.

Unique active players

>3 million

Revenue per active player

£233

Online net revenue – split by product

Sportsbook	Gaming
42%	58%

Read more about our Online business on page 26.

RETAIL

William Hill is a familiar name on the UK high street, where it has been taking bets since 1966

As at 31 December 2019, we have 1,568 licensed betting offices (LBOs) nationwide. Following the outcome of the Triennial Review, in April 2019, new regulations came into force limiting machine stakes to a maximum £2. As a result, we remodelled our Retail estate to create a sustainable business for the future.

Number of LBOs

1,568

SSBT density per shop

2.4

Retail net revenue – split by product

Sportsbook	Gaming
56%	44%

Read more about our Retail business on page 30.

US

William Hill US was created in 2012 by merging three small sportsbook operators under the William Hill brand

Following the ruling in May 2018 by the Supreme Court of the United States declaring the Professional and Amateur Sports Protection Act (PASPA) unconstitutional, states have begun to legalise and regulate sports betting. William Hill is one of the first companies to capitalise on this opportunity with access secured to 24 states[1].

States live

9

Amount wagered

$2.9bn

US net revenue – split by operation

Online	Retail
55%	45%

Read more about our US business on page 34.

1. 24 states is contingent on the completion of the acquisition of Caesars by Eldorado. Excluding Caesars, William Hill US has access to 18 states. When referring to states this includes Washington D.C.

BUILDING A SPORTS BETTING AND GAMING BUSINESS OF SCALE

We have 86 years of history and a proud heritage as a trusted, UK-focused bookmaker. We are transitioning William Hill into a digitally led, internationally diverse business of scale with a strong online position in several fast-growing markets, particularly the US.

Ulrik Bengtsson, Chief Executive Officer

This is my first letter as CEO of our Company, William Hill.

2019 was a year of transition, although it was not without its challenges. The implementation of the £2 stake limit imposed by the regulator saw our UK Retail adjusted operating profits[1] decline by £67m, ultimately leading us to close over 700 shops in the third quarter. In addition, the increase in the Remote Gaming Duty affected the profitability of the UK Online business by £13m. Both events underline the challenging trading environment in our home market due to regulatory pressures, and reinforces the importance of our drive to reshape the business. We are facing a number of hurdles, and it is clear we have more to do.

My goals are aligned with yours, to build a more valuable William Hill for you as shareholders as well as for all of our stakeholders. In this update, I will outline the actions we are taking to improve our competitive position and to put Customer, Team and Execution at the forefront of our strategy.

1. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.

WE ARE MAKING PROGRESS…

Our UK Online business is showing signs of stabilising, having grown at the market rate for three consecutive quarters[2] and maintained market share. We have achieved this through a relentless customer focus and investing in both product and service.

To accelerate our international diversification, we acquired Mr Green, giving us an established hub in Malta from which to grow our International business. The team has country-specific expertise and operates a localised product, supporting our ambition to expand our geographic footprint. Mr Green has given us a strong market position in a number of European markets.

We have experienced considerable regulatory pressures in our home market, the UK. In Retail, the £2 stake limit was implemented on 1 April 2019 and, as expected, materially impacted the business. As a result, we took decisive action to remodel the estate, closing 713 shops in the third quarter, to ensure the best possible future for our business, colleagues and customers.

We have invested in our biggest opportunity, the US. Following the Supreme Court's decision to overturn the Professional and Amateur Sports Protection Act (PASPA) in May 2018, it is an exciting time for William Hill US. A growing number of states are legalising sports betting and by the end of 2019 14 states were live. William Hill US is live in nine of them, more than any other sports betting operator. We continue to leverage our recently launched US technology platform and market access partnerships, most notably with Eldorado, which is expected to complete its proposed acquisition of Caesars in the first half of 2020.

Market estimates suggest that the US could generate between US$5bn and US$19bn[3] of sports betting revenues by 2023, depending on the speed and nature of state-by-state regulation, and William Hill is well positioned to participate, with market access secured in 24 states[4].

Across the Group, our aim is that all of our customers play safely and within their means. To support this goal, we have continued to invest in personnel, IT systems and rigorous processes to ensure our customers are appropriately protected. With the support of technology based on behavioural science, we closely monitor patterns of play and intervene when necessary to guide our customers to a safer way of playing. We provide our players with tools they can use to remain in control and, where appropriate, we will enforce a break in play.

In 2019, we invested in our front line team as we furthered our ambition to protect our customers. We recruited an experienced Head of Player Safety to lead the expanded Player Safety team and to provide further in-depth training and support to our c600 front line customer service colleagues. Through regular training, our front line colleagues are better equipped to identify customers that would benefit from our suite of protection tools that can help them remain in control and play safely.

At the start of the year, we set ourselves a Group objective to increase the number of customers that set deposit limits by 50%, and I am pleased to say that we have delivered upon that target. There is more to do with respect to customer protection but the progress that has been made at William Hill and by the industry is real.

At William Hill, our broader corporate responsibility is equally important to us and each year we seek opportunities to work with communities beyond the immediate realms of sports and gambling. Through the William Hill Foundation, we have pledged to raise awareness of dementia and Alzheimer's disease and to raise £2m over three years for our charity partner, the Alzheimer's Society.

We move into 2020 in a stronger position in a number of markets. 24% of revenue is now generated outside the UK compared to 15% in 2018, and we have made great progress embedding a culture of safer gambling across the Group. Notwithstanding these improvements, our stakeholders are cognisant of the regulatory changes impacting the industry in the UK and across Europe. Nonetheless, I am confident that the business has the correct foundations in place across our divisions. With the introduction of a new operating model, we are well positioned to deliver long-term sustainable growth.

2. Reported on a pro forma basis, assuming Mr Green was consolidated into the Group at the end of January 2018 and also adjusting Q4 2018 so that it is on a 13-week basis given 2018 was a 53-week period.
3. Broker research, CIA Country profiles, U.S. Census Bureau, H2GC.
4. 24 states is contingent on the completion of the acquisition of Caesars by Eldorado. Excluding Caesars, William Hill US has access to 18 states. When referring to states this includes Washington D.C.

WE MOVE INTO 2020 IN A STRONGER POSITION... AND ARE WELL POSITIONED TO DELIVER LONG-TERM SUSTAINABLE GROWTH

Ambition

To build a digitally led and internationally diverse business of scale

Strategic objectives

- Driving digital growth
- Remodelling UK Retail
- Growing scale in the US

Strategic priorities

Customer	Competitive customer offering achieved through continuous innovation, increasing personalisation and best-in-class customer support, while protecting our customers
Team	Collaborative and agile team with the right capabilities and culture, focused on delivering against our goals
Execution	Revenue growth, led by William Hill International and the US expansion, with the UK performing in line with the market, and enabled by robust customer data analytics
	Operational efficiency through a culture of continuous improvement, evolving operating models, simplified ways of working, increased automation and improved marketing efficiency
	Scale created by using selected core platform components and processes across multiple divisions and selective non-organic opportunities

Aspiration

Nobody Harmed by gambling

LOOKING FORWARD…

Our ambition to be a digitally led, internationally diverse business of scale remains unchanged. In November 2018, we set out to deliver a number of strategic objectives: to drive digital growth, remodel the UK and grow scale in the US, while continuing to evolve our safer gambling agenda. We have already made material progress towards achieving our objective to remodel Retail, which responded decisively to the regulatory challenges and is now ready to focus on the future.

To accelerate the delivery of our ambition, as we go forward, we will increase the operational emphasis on three critical elements: **Customer, Team and Execution**. We will do that by focusing on five strategic priorities that will be implemented holistically across the Group: **competitive customer offering, collaborative and agile team, revenue growth, operational efficiency and scale**.

As we evolve the Group to achieve our ambition, we have simplified our operating model, streamlined our project work and created two new executive roles in order to accelerate the delivery of our goals. Our new Chief Product and Technology Officer will have end-to-end accountability for driving our customer offering across all divisions. The new role of Chief Operating Officer will focus our key business support operations into a single, customer-centric function. Combining these areas and streamlining the interface between the divisions will deliver the support they require to reduce their costs and hit their targets.

Competitive customer offering

We have a clear product mission to delight our customers in each of our markets. We have already succeeded in improving and automating our customer support functions, leading to an all-time high customer satisfaction score. The immediate future will be about product which we believe is an opportunity for competitive advantage.

There are five areas of operational focus:

- Brilliant basics. Be a market leader on app performance for the customer moments that matter: deposits, withdrawals, login, settlement, registration;
- Establish a sustainable competitive advantage through faster innovation, a focus on football and in play experience and provide a richer gaming experience;
- Exceed customer service expectations. Increase self-service with live, high-touch service when necessary, automated back office, faster response times and increased transparency;
- Promote safer gambling activities including real-time monitoring, customer dashboards, unified safer gambling tools for the UK and International and embrace innovations; and
- US technology platform evolution, introducing sophisticated trading capability at scale.

Collaborative and agile team

An effective and highly motivated team is what makes any company a success, and we are committed to investing in our people in order to achieve our long-term goals. We have focused on defining our operating model and key revenue growth strategies to prepare the team for the opportunities and challenges that lie ahead.

"To accelerate the delivery of our ambition, we will focus on three critical elements: Customer, Team and Execution."

Improvements have been made in employee engagement, and we will continue to focus on improving the end-to-end employee experience to attract, retain and motivate our people to advocate positively for our brand. During the coming year, we will continue enhancing the operating model to enable collaboration and deliver effective execution. We understand the skills and capabilities the organisation requires to be successful, and we are building skills programmes, succession plans and talent academies to ensure we are future proofed. These developments, in tandem with the other strategic priorities, will help to drive employee engagement.

The following three strategic priorities focus on Execution.

Revenue growth

Our focus in the next few years will be on revenue growth, diversifying our global footprint by growing our International and US businesses. In parallel with cost optimisation and activities driving operational excellence to improve our profitability, each division has a clear operational plan in place to drive revenue growth:

- Provide globally personalised customer experiences and targeted real-time engagement driving share of wallet.
- Online UK:
  - Maintain UK market share by optimising the yield of existing customers through the new Smart Data Platform and continuous product enhancements.
- Online International:
  - Accelerate growth in the Nordics by capitalising on the launch of Sweden, improving content in Denmark and increasing localised marketing; and
  - Grow Spain and Italy by monetising recent product improvements and launch Mr Green in Spain.
- US:
  - Capitalise on the competitive customer experience and products that will be supported by the new technology platform;
  - Improve marketing efficiency; and
  - Leverage our partnerships to accelerate our expansion as states continue to legalise and regulate.

OUR GLOBAL PRESENCE

We are licensed in 12 countries worldwide.

Operational efficiency

As we take the Company forward, we will focus on operational efficiency. Through a culture of continuous improvement, we will deliver lean and agile processes, thereby retaining control over the cost base. In 2019, we commenced an operating model review to drive automation, improve location footprint and remove duplication of efforts, and this will continue throughout 2020.

We defined a set of initiatives within our customer service operations, including robotic process automation, to substantially improve service quality and consequently reduce costs. Further, in 2019, we launched the Smart Data Platform and analytics tools that will allow us to make timely decisions and ensure greater efficiency from our marketing efforts going forward.

Scale

Over the past five years, the sector has consolidated, delivering geographic diversification and economies of scale for our competitors. The financial benefits have enabled our peers to invest in product and technology. William Hill, by contrast, has been relatively more focused on the UK, where developments in regulation have brought material changes to the business model. As we evolve our business, we will optimise our technology blueprint, location strategies and core back office operations to ensure we realise the benefits of scale.

We have three distinct business areas who are empowered and accountable. We will invest in our proprietary technology and excel in product delivery. Our Global Trading Platform and Smart Data Platform, which is already in use in the US, will be utilised across the Group by the end of 2020 to generate economies of scale.

THIS IS A GREAT OPPORTUNITY…

…AND IT IS AN EXCITING TIME TO TAKE OVER AS CEO.

Our industry is evolving and with this comes great opportunity. The total betting and gaming market is valued at cUS$300bn[5] globally and only 12% of world gambling is conducted online. William Hill has less than 0.5% share of this substantial addressable market and we are well positioned to capitalise in the UK and overseas. The ongoing digitalisation presents material opportunities for those well positioned, underlining the importance of our efforts to reposition the Group. We are focused on managing operational performance with a clear path for delivery.

I am excited by the opportunities and recognise the challenges that lie ahead. We have the right strategy and foundations in place to deliver competitive products that win with the customer. We have a renewed operational focus on Customer, Team and Execution, and combined with the strong team at William Hill, I believe this positions us well for growth in the years to come.

Ulrik Bengtsson
Chief Executive Officer

5. H2GC; Global gambling gross win data, October 2019.

UNDERSTANDING THE CHANGING GLOBAL SPORTS BETTING AND GAMING MARKET

INCREASING REGULATION

The vast majority of countries around the world already have land-based gambling legislation in place. Governments are now responding to customer demand for digital by introducing online regulations, providing the industry with both opportunities and challenges.

In the US, there has been a recognition that a prohibition on sports betting is no longer constitutional or effective at stopping such activities. A large legal market is opening up with diverse new regulations on a state-by-state basis. More mature markets, such as the UK, have recently seen regulatory tightening with greater restrictions being introduced.

How we respond

Our strategy is underpinned by our long-term aspiration that nobody is harmed by gambling, and we have put customer protection at the heart of everything we do. We are a member of the Betting and Gaming Council and have signed up to a package of Safer Gambling Commitments.

SAFER GAMBLING COMMITMENTS

DATA-DRIVEN PERSONALISATION

The effective utilisation of data is key for personalisation. That enables our customers to receive the offers they want and to enjoy an online experience that is specifically designed for them.

Tailoring the customer experience to each individual through data profiling makes it possible to deliver bespoke offers and personalised marketing while simultaneously remaining compliant. The effective use of data is crucial if gambling companies are to stay relevant in a competitive environment where consumers expect online offerings to adapt to their preferences.

How we respond

We have implemented our Smart Data Platform in our new technology platform in the US. This will enable us to respond in real time to our customers with an increasingly personalised experience. We will be deploying this technology more broadly throughout 2020.

MIGRATION TO DIGITAL

Today, only 12%[1] of total worldwide gambling happens online. However, the continued shift by customers from retail channels towards online and mobile is unmistakable. Across different sectors and in virtually all countries there is a migration to digital taking place. Operators must adapt to this if they are to thrive.

Competitors in the digital betting market include traditional land-based companies who have moved online and companies that began life online. National, and sometimes state markets, vary significantly in terms of whether digital is permitted and, if so, how it is regulated, but the trend is towards greater acceptance of digital and greater regulation.

How we respond

Through continuous investment in our modular digital platform, combined with operational emphasis on Customer, Team and Execution, we continue to drive the competitiveness of our product to ensure we participate in the migration to online betting and gaming.

1. H2GC; Global gambling gross win data, October 2019.

UNLICENSED OPERATORS

Every time a customer chooses an unlicensed operator instead of a licensed one, they fall outside the umbrella of regulation and adequate customer protection.

On average, only 72%[2] of online gambling in Europe happens through licensed operators, which is skewed by the UK where 95% happens through licensed channels. Therefore, over €6bn of gross gaming revenue is neither licensed nor taxed in Europe, nor are there any safeguards in place.

How we respond

The most effective solution is for the industry to collaborate with the regulator to build a sustainable industry through shared responsibility and self-regulation. In 2019, William Hill along with its peers, signed up to a package of Safer Gambling Commitments and implemented the pre-9pm watershed voluntary 'whistle-to-whistle' advertising ban in the UK.

CUSTOMER PROTECTION

It is in everybody's interest for gambling companies to meet the expectations placed upon them by society. There are general measures that all good corporate citizens need to take, such as complying fully with GDPR data protection requirements.

Others are industry-specific, including more sophisticated ways to determine whether a customer may be at risk of gambling-related harm. In both cases, customers need to believe that a company is behaving in an ethical and responsible manner or they can easily take their business elsewhere.

How we respond

We have invested in training of our people and improving our IT systems and processes to ensure our customers play safely. We utilise behavioural science-based technology, monitor patterns of play for markers of harm and intervene in the most effective ways possible to protect our customers.

GAMSTOP

COMPETITIVE PRODUCT

In today's sports betting and gaming market, which offers many digital and retail alternatives and easy switching, it is increasingly important that products are competitive. Our customers expect a seamless and personalised experience from registration and deposit to settlement and withdrawal, which also protects them from gambling-related harm.

The provision of a high-quality experience that simultaneously protects our customers requires a modular digital architecture that is flexible and scalable and can incorporate best-in-class products with efficient operational costs.

How we respond

We have introduced a new executive role: Chief Product and Technology Officer. The role will have end-to-end accountability for driving our customer offering across all divisions. In addition, we have succeeded in automating and improving our customer support functions.

2. H2GC.

CONSOLIDATION

There has been substantial consolidation across the industry in recent years, particularly in the UK. 2019 witnessed the continuation of this trend with the announcement by Flutter Entertainment of its intention to merge with The Stars Group.

Throughout the past year, European operators have entered partnerships and arrangements to gain access to the emerging US sports betting market. This contrasted with M&A in prior years, much of which targeted multi-brand strategies, value creation through UK consolidation and opportunities for cost synergies.

How we respond

We have partnered with Eldorado in the US to create a portfolio with the broadest market access. We announced the acquisition of Mr Green in January 2019 to expand our global reach and online gaming capability. In December 2019 we announced the acquisition of CG Technology to consolidate the market in Nevada.

US REGULATION

In May 2018, the Supreme Court of the United States declared the Professional and Amateur Sports Protection Act (PASPA) unconstitutional. Since then, individual states have moved to legalise and regulate sports betting. Market gross gaming revenue estimates range from US$5bn to US$19bn by 2023, depending on the pace and nature of regulation.

As the US sports betting landscape emerges, it is apparent that regulation and policy are state-specific, creating complex market dynamics. In order to navigate this developing market, operators are securing market access arrangements and operational partnerships.

How we respond

We have been providing legitimate sports betting in the US since 2012. We have built on our strong local team with valued partnerships for market access combined with the launch of a new, purpose-built technology platform.

24

We have access to 24 states[3] in the US, more than any other operator.

Our sports book at Ocean Casino Resort in Atlantic City, New Jersey.

3. 24 states is contingent on the completion of the acquisition of Caesars by Eldorado. Excluding Caesars, William Hill US has access to 18 states. When referring to states this includes Washington D.C.

HOW WE CREATE VALUE

INPUTS

People
Our people are passionate about William Hill. Our continuous improvement culture encourages them to keep their eyes on the customer to deliver an exciting experience.

Brand and reputation
Our brand has grown to become one of the most trusted and most recognised in sports betting and gaming, supported by our long track record, our retail presence and investments in marketing.

Intellectual property
Our business calls for highly specialised skills, from trading and risk management to product development, data management, digital marketing and regulatory compliance. We invest in technology and people, and where appropriate we have built proprietary and bespoke technology systems to support competitive differentiation and a great customer experience.

Partnerships
We have established valuable partnerships and third-party relationships to complement our in-house capabilities. We utilise a combination of proprietary tools and third-party suppliers to offer our customers a great sports betting and gaming experience.

Financial capital
We fund our investments in people, product, marketing and technology from cash generated from our own operations and, where necessary, from external providers of capital. These are, principally, banks for short-term debt facilities, and bond and equity holders for longer-term funding requirements.

CUSTOMER EXPERIENCE

What customers bet on
We offer our customers global sports betting opportunities and a broad variety of gaming products.

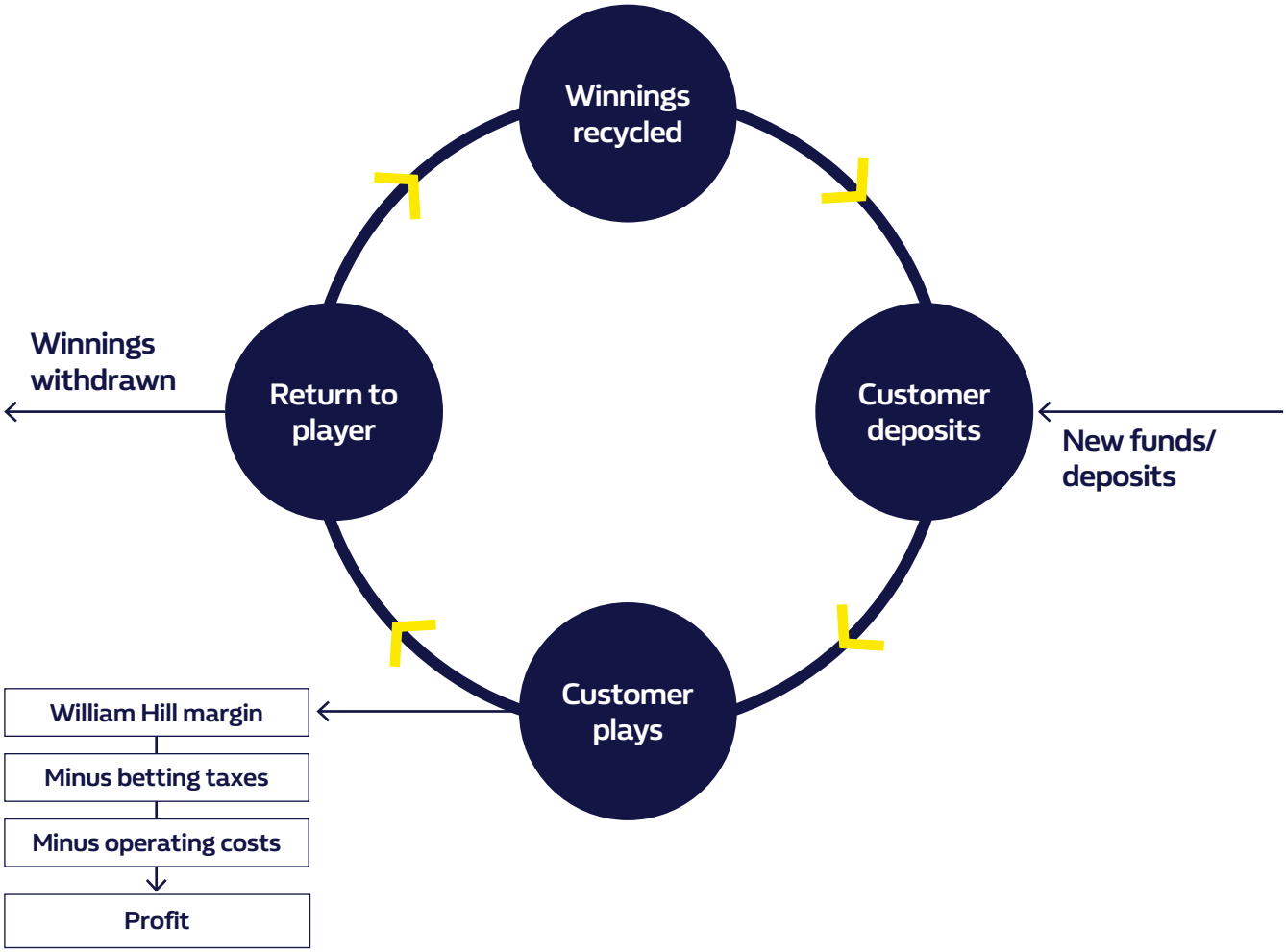
Where customers bet
We provide sports betting and gaming through both Retail and Online channels. Within our retail environments, our customers can utilise our proprietary Self Service Betting Terminals (SSBTs), kiosks or place a bet over the counter.

How we attract and retain customers
The William Hill brand has 86 years of history and a proud heritage as a trusted bookmaker. This is complemented by our targeted marketing and sponsorships campaigns, as well as the service provided by both our Retail colleagues and Online customer service support teams.

Safer gambling
Our business model is underpinned by our embedded approach to player safety; encouraging safer gambling, sustaining a culture of customer protection and operating with integrity. Our aspiration that nobody is harmed by gambling guides our decision-making, and we are actively involved in the development of the Safer Gambling Commitments.

See page 40

FINANCIAL MODEL



THE VALUE WE CREATE

For customers	For our community	For shareholders
Sports bets placed in 2019	Taxes	Basic, adjusted earnings per share[1]
c590m	£397.1m	10.7p
No. employed in the Player Safety team	Community contributions	Dividends
c160	£33.1m	£90.9m

1. Adjusted EPS is calculated using adjusted profit after tax and is used in evaluating performance for dividend policy purposes. Further detail on adjusted measures is provided in note 3 to the financial statements. The calculation of EPS measures is shown in note 11 to the financial statements.

ALIGNING OUR LONG-TERM STRATEGY WITH THE NEEDS AND EXPECTATIONS OF OUR STAKEHOLDERS

The Board's Statement on s172(1)

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

Illustrations of how s172 factors have been applied by the Board can be found throughout the Strategic Report. For example, information on how we respond to the changing global gaming market can be found on pages 17 – 19; for details on how we have considered the impact of the Company's operations on the community and environment see pages 48 – 49; for capital allocation and investment decisions, see pages 51 – 57; and for an example of how the Board considered the likely consequences of decisions in the long term see the Retail case study on page 73. The Non-Financial Information Statement on page 50, should also be used to identify information relevant to s172 factors including for example, how the Company maintains high standards of business conduct. The adjacent table sets out our key stakeholder groups, how we engaged with them throughout the year and how we measured the effectiveness of the engagement. Read more about how the Board consider the views of shareholders, employees, customers and other key stakeholders in their decision-making on pages 72 – 73.

Customers	Employees
Our customers have access to more than a million sports betting and gaming opportunities every week, enhancing the fun of watching a match or the thrill of gaming. Trust is important to our customers, and our competitive customer offering is achieved through protecting our customers, improved product, increased personalisation, continuous innovation and best-in-class customer support.	We work in an exciting industry that is going through unprecedented change. Employee engagement is critical to our future success. In a year of transition, our employees have worked hard to support the business and sustain our culture. Empowerment, career development, health and well-being and social responsibility are all areas our employees have told us they consider important in the workplace.
How we engage	
– Our distinctive new brand proposition appeals to the recreational and digital player and promotes safer gambling behaviours – We provide a number of tools that customers can use to monitor and restrict their sports betting and gaming, including a 24/7 customer support team – Social media is a key channel for mobilising customer engagement, and during 2019, we invested in a suite of messages across our digital marketing and social media channels, including on safer gambling	– Our approach to employee engagement is channelled through our strategic narrative; management team and the Board; employee voice enablers; and organisational integrity through our values – Our NEDs have collective responsibility for engagement with the workforce and meet with colleagues throughout the year. All colleagues have the opportunity to provide feedback through employee engagement surveys, forums and apps such as Slido and Yammer – As part of the integration of Mr Green, we created an on-boarding mobile app called '2gether', to welcome Mr Green colleagues and share information about integration activities – All employees have access to the independent whistleblowing hotline
How we measure	
– Customers have generally responded positively to product, content and marketing changes introduced in 2019 – We regularly measure the quality of our service performance through customer satisfaction (CSAT), net promoter scores (NPS) surveys and web analytics – In 2019, online customer adoption rates significantly increased from 18% to 32% – In a recent survey, 83% of customers surveyed had good awareness of the safer gambling tools that are available to help them stay in control	– In the 2019 'Your Say' survey, participation levels remained high at 87% – In the same survey, 80% of colleagues stated they 'agree' or 'strongly agree' that William Hill is a responsible business, a significant increase year-on-year – We continue to monitor and develop our approach to performance management, to promote a culture of continuous improvement – Mandatory training is provided to all employees to align and embed our culture and values

Shareholders	Regulators, governments and wider industry groups	Key suppliers	Community and environment
Our shareholders play an important role in monitoring the performance of the Company. We recognise the importance of the activities and outcomes of stewardship and regularly engage with investors and shareholders on our: financial performance, strategy and business model; Environmental, Social and Governance (ESG) performance; and our approach to governance and Board leadership.	We have an open and transparent dialogue with the regulatory and industry bodies that we work with. Building public trust in the industry through raising industry standards in sports betting and gaming, and creating a safe and enjoyable gambling environment for customers is fundamental to our business.	We have established long-term partnerships that complement our in-house expertise, and have built a network of specialised partners within the industry and beyond. The Board fosters strong supplier relationships, ensuring they are treated fairly and ethically.	We are committed to making a positive contribution to the communities within which we operate, including through payment of taxes, reducing our environmental impact and creating employment opportunities.
– We have an active engagement programme with institutional investors – Our Annual General Meeting (AGM) provides an opportunity for shareholders to meet and engage with the Board – Shareholder consultations on remuneration-related matters take place ahead of changes to relevant policies or share plans – The Board maintains a dialogue with shareholders on the governance of the Company	– We maintain strong relationships with national and local government bodies such as the Department of Culture, Media and Sport (DCMS), the UK Gambling Commission (UKGC) and local licensing authorities – We have a calendar of ongoing regulatory and political engagement events throughout the year and have contributed to various sector-related consultations – In 2019, the Board met with the UKGC to discuss regulatory updates and best practice, and representatives from William Hill attended the bi-annual UKGC 'Raising Standards' event	– We have an open, constructive and effective relationship with all suppliers through regular meetings which provide both parties the ability to feedback on successes, challenges and the future roadmap – The Company's whistleblowing hotline is available to suppliers to allow them to raise any concerns anonymously and all issues are tracked and monitored	– Through the William Hill Foundation, we are focused on improving mental well-being, through colleague support, community programmes and employment opportunities and innovations addressing problem gambling – The Foundation provides seed funding to pilot new ideas and draw on the skills and expertise within the Group to support organisations working to tackle problem gambling – The Foundation's hardship fund supports colleagues across the Group when they face financial hardship
– All resolutions put to shareholders at the 2019 AGM were passed with over 98% approval – An investor perception study was conducted during the year to ascertain how investors viewed the Company, its investment proposition and future prospects. The Board assessed the results of the study, factoring in key investor concerns in their overall decision making	– During the year, we worked with other industry leading companies to establish a challenging programme of Safer Gambling Commitments. Progress against these commitments is monitored and tracked – We adhere to and monitor compliance against the Industry Code for Socially Responsible Advertising, which implemented the voluntary 'whistle to whistle' ban on advertising around live sports before the 9pm watershed	– We regularly monitor the relationship and engagement approach with our third-party suppliers – Suppliers considered to be highly critical to the business are audited annually to assess their compliance with Anti-Bribery and Corruption, Modern Slavery, GDPR and Information Security regulations, and findings are discussed – We publish our Modern Slavery Statement on the Company's website which includes KPIs to track progress – Payment policies, practice and performance are reported through the Government's Payment Practices Reporting portal	– We have pledged to raise £2m over three years for the Alzheimer's Society, progress on which will be monitored throughout the year – The Foundation's hardship fund made 26 grants in 2019 – Our Environmental Policy includes KPIs to track our efforts to reduce our environmental impact – During the year, we further reduced our carbon footprint by 25% – Taxes and gambling duties paid in 2019 was £397m

DRIVING OUR PERFORMANCE

Key Performance Indicators (KPIs) enable us to objectively track business performance over time.

In 2018, we defined our long-term ambition to be a digitally led and internationally diverse business. As a consequence, in 2019 we have updated the Group's KPIs to reflect our strategic priorities.

The previous financial KPIs of net revenue, adjusted operating profit and basic, adjusted EPS are still important metrics to the Group, but they are outputs of the strategy rather than an indicator of performance against it.

The financial KPIs, as referenced last year, are Online net revenue, market entry in the US and cash generated by Retail.

The non-financial KPIs are aligned to our sustainability goals under our Nobody Harmed initiative. The Remuneration Committee has also aligned these to Directors' remuneration.

GROUP KPIs

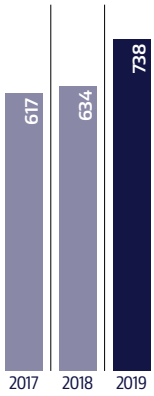
Online net revenue[1] (£m)

£738m

Online net revenue and its growth is a key indicator of the Group's ambition to be digitally led and internationally diverse.

The Online segment of the Group incorporates all Online markets outside the US.

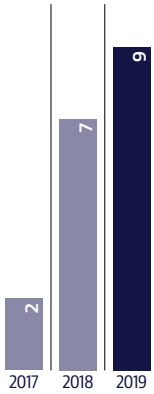
In 2019, Online net revenue was up 16% year-on-year at £738m. This includes Mr Green which was acquired at the end of January 2019 so has no prior year comparator. Excluding Mr Green, Online net revenue was down 5% year-on-year at £601m.



Market entry in the US

9 states

Since PASPA was overturned in May 2018, US states have been able to grant sports betting licences. We currently operate in nine states and through our partnership with Eldorado and a number of other independent deals, we have access to 24 states[2].



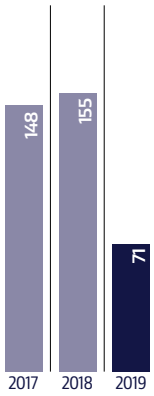
Cash[3] generated by Retail (£m)

£71m

Retail is a cash-generative business and enables the Group to fund growth in other segments.

Following the implementation of the £2 stake limit on gaming products, Retail's operating cash flow (EBITDA[4]) has reduced. In addition, the Group faces exceptional cash payments as a result of closing 713 shops.

In 2019, Retail generated £71m cash, comprising EBITDA of £110m, capital expenditure of £(5)m and exceptional cash costs of £(34)m relating to the remodelling of the Retail estate.



1. Net revenue is an industry term equivalent to revenue as defined in the notes to the financial statements.
2. 24 states is contingent on the completion of the acquisition of Caesars by Eldorado. Excluding Caesars, William Hill US has access to 18 states. When referring to states this includes Washington D.C.
3. Cash is EBITDA (excluding impact of IFRS 16) less capital expenditure, less exceptional cash items.
4. Earnings before interest, taxation, depreciation and amortisation.

CORPORATE RESPONSIBILITY KPIs

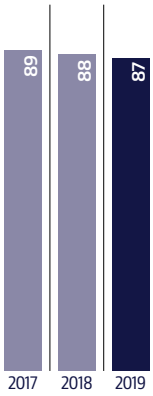
Employee engagement participation (%)

87%

Employee engagement participation reflects the proportion of our colleagues who participate in our annual employee survey 'Your Say', which measures our colleague's satisfaction in working with William Hill and highlights areas for improvement.

In 2019 our overall engagement score improved by 3 percentage points and our KPIs of engagement, enablement, and empowerment all improved by between 3 and 5 percentage points. We saw improvements in 31 of the 36 areas we track.

We are proud that we have seen a second substantial year-on-year increase in the number of colleagues who believe we are a responsible company.

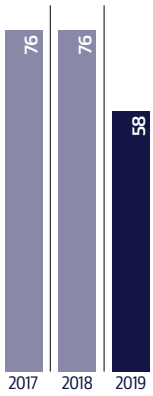


Retail Net Promoter Score (NPS)(%)

58%

Retail NPS addresses the overall satisfaction of our Retail customers with their experience of our shops, reflecting the quality of our customer service, product range and in-shop experience. The NPS is based on the likelihood of customers recommending our shops.

We achieved an NPS of 58%, which decreased during the course of 2019 following the announcement to close 713 shops. This created some uncertainty across our customer base although it did not appear to have an adverse impact on performance. This is a key focus for 2020 now we have reshaped the estate.

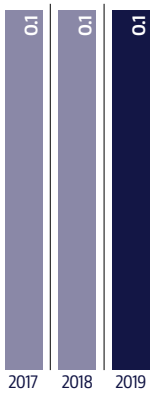


Contribution to safer betting and gaming (%)

0.1% of UK gross gambling yield

Our contribution to safer betting and gaming reflects our intention to increasingly self-regulate and comply with licensing requirements.

The introduction of our Nobody Harmed initiative and our participation in the Safer Gambling Commitments demonstrate our intention to encourage safer gambling. In July 2019, we voluntarily committed to increase our funding for research, education and treatment from 0.1% of UK gross gambling yield to 1% over four years.



ONLINE
DELIVERING DIGITAL GROWTH AND INTERNATIONAL DIVERSITY

Marketplace

Digitalisation represents an opportunity for well-positioned brands such as William Hill to take advantage of this trend. The UK is a large regulated market and a pillar of our online strategy, whilst the international markets present opportunities for growth and greater economies of scale.

UK

With an estimated market value of £5.3bn[1], the UK remains our largest online market and an area of key focus given the changing competitive and regulatory landscape. The market remains competitive, in part due to historically low barriers to entry.

Increased regulation, scale and technological developments have raised these barriers and the UK Online business has responded well, developing a competitive customer offering, focusing on increased personalisation and providing best-in-class customer support.

We have been proactive in our approach to safer gambling with our Nobody Harmed initiative. During 2018, we implemented enhanced due diligence checks and we, alongside the industry as a whole, have made real progress in 2019 to continue to self-regulate.

Growth in the UK has slowed over time as the market matures. Online and particularly mobile, remains the fastest growing segment in the UK gambling industry and we have maintained our market share against that backdrop.

International

The online betting and gaming market continued to grow in 2019 providing an opportunity to diversify our international footprint. There is an increased focus on regulation and compliance in some of the European markets, although we saw the region stabilise towards the end of 2019.

We anticipate growing regulatory complexity in the coming years, most notably in Germany. Nonetheless, we are well prepared for these developments and expect further growth opportunities to come from our international markets.

Strategy

Our ambition is to build a digitally led and internationally diverse business. Aligned with that ambition, our goal in the Online business is to reach £1bn revenue by 2023 with at least 50% generated outside the UK. Currently 65% of our Online revenues are derived from the UK, with 35% generated from higher growth international regions. Our strategy is to continue to diversify geographically and focus on markets that have potential for faster growth in order to achieve our ambition.

Multi-brand strategy

Following the acquisition of Mr Green, we are now able to pursue a multi-brand strategy to build two global brands in sports and casino. We already have a strong brand presence in existing markets and aim to leverage each brand's reputation when entering new markets through clear brand positions and attractive player offerings. In 2020, with the Malta hub in place, we will cross-sell our brands in markets where we already have established expertise and supply chain relationships, enabling faster entry to new markets.

Gambling is a legitimate leisure activity that our players engage in for fun. With a relentless focus on our customers, we are developing our products and services to promote player protection and ease of use. We track our progress through objective customer data points, including net promoter measurements and various touchpoints in our product. Everything we do is underpinned by our commitment to safer gambling practices, and it is our long-term aspiration that nobody is harmed through gambling.

Sportsbook net revenue

£307.6m

Gaming net revenue

£430.7m

INTEGRATING MR GREEN

In January 2019, we completed the acquisition of Mr Green which diversified our sources of revenue away from the UK and brought access to faster growing international markets. More than a third of Online net revenue is now generated outside the UK, compared to 24% in 2018. We have made good progress integrating Mr Green and we achieved £4m of cost savings in 2019 against our Year 3 target of c£6m.

1. Gambling Commission Industry Statistics, March 2019.

UK approach

In sports betting, we will continue to improve our overall product offering, with football and horse racing the key areas of focus, especially with the 2020 UEFA European Football Championship (Euro 2020) later in the year. Together with gaming, we will invest in product development, IT systems and personnel to improve the customer experience through personalisation and automation.

In 2019, our marketing and promotional activity continued to shift away from driving short-term volume towards sustainable and recreational players. We repositioned our brand and marketing proposition to modernise the appeal of William Hill and focus on betting and gaming as a shared experience. A bet is not just a transaction, it is about who you play with and our 86-year-old trusted brand is a strong foundation from which to deliver that message. In 2020, we will continue with this strategy alongside the use of marketing tools and technology developed to optimise our investment and enhance our players' experience. Our relentless focus on our customers and our investments in product and service have combined to stabilise our UK market share, and we enter 2020 confident in our strategy and delivery.

International approach

In our International Online business, 2019 was a pivotal year. The acquisition of Mr Green delivered on our strategy to diversify our business internationally, and now 35% of our Online revenues are generated outside the UK.

Our international diversification centres around eight local licences. The Mr Green acquisition gives us an established agile international hub in Malta, enabling us to take advantage of further international opportunities to drive additional geographic diversification into 2020 and beyond. Our approach in the International business mirrors our UK go-to-market strategy. We focus on driving growth through product improvements, top class user interaction, attractive payment methods, and through using the most popular game providers. In addition, we strive to maximise player value through efficient cross-sell between sports and casino.

In 2019, the focus for the Southern European region was on significant product improvements for the William Hill brand. We improved the mobile front-end experience and introduced a single wallet and additional gaming providers in Spain, concluding 2019 with significantly increased player engagement. For the Mr Green brand, we saw strong growth in player engagement from product improvements, with particular traction from personalised content based on player preferences and activity.

With two strong brands in sports betting and gaming, together with significant product developments in 2019, we remain well placed to expand our global footprint and drive growth.

Our performance[2]

The following commentary is presented on a pro forma basis unless otherwise stated.

At the end of January 2019 we completed the acquisition of Mr Green and as a consequence 35% of Online statutory revenues are now delivered outside the UK compared to 24% in 2018. The integration has enabled us to operate from two distinct hubs: Gibraltar now focuses on all UK operations, while all International operations are conducted from Malta. The integration has progressed well, Mr Green performed in line with our expectations, and we have delivered £4m of cost synergies in 2019 against our Year 3 target of c£6m.

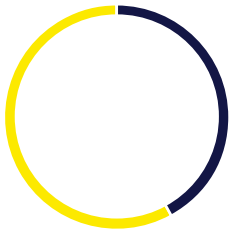
At the time of the Mr Green acquisition, the UK facing gaming business was subject to an investigation arising from systemic compliance failings following a corporate evaluation undertaken by the Gambling Commission in summer 2018. Since we completed our acquisition, we have implemented enhanced policies and processes designed to ensure that the business meets all requisite compliance standards. We made a provision of £3m for a fine from the Gambling Commission relating to the failings identified and we expect to conclude a regulatory settlement with the Gambling Commission in line with the provision imminently.

During 2019, to reflect the more mature nature of the UK Online market, we redirected our UK marketing activity to deliver return on investment with a focus on yield rather than volumes. As a consequence, in the UK we saw unique active users decrease by 14% while average revenue per user (ARPU) increased by 13%.

Online UK continued to experience headwinds during the first quarter from the enhanced customer due diligence actions taken in 2018. However, when adjusted for the impact of the 53rd week in 2018, we were encouraged to see three consecutive quarters of growth[3], in line with the market, and market share maintained.

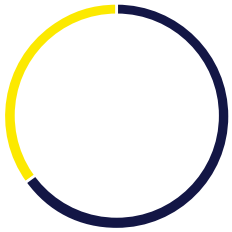
UK sportsbook amounts wagered fell 8%, driven predominantly by horseracing, while the gross win margin increased 0.3 percentage points supported by favourable results, particularly towards the year end. Gaming net revenue fell as we implemented customer protection measures and reflected self-exclusions across acquired brands. In combination this led to a fall in Online UK net revenue of 3% in the year.

Online net revenue – by product (%)



Sportsbook	42%
Gaming	58%

Online net revenue – by market (%)



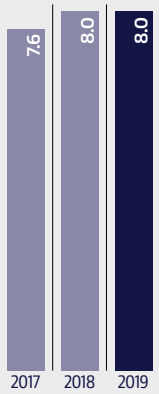
UK	65%
International	35%

2. Where pro forma results are stated, this assumes Mr. Green was consolidated into the Group at the end of January 2018, in order to provide a more meaningful comparator period.
3. Reported on a pro forma basis, assuming Mr Green was consolidated into the Group at the end of January 2018 and also adjusting Q4 2018 so that it is on a 13-week basis given 2018 was a 53-week period.

ONLINE PERFORMANCE MEASURES

Sportsbook margin
(%)

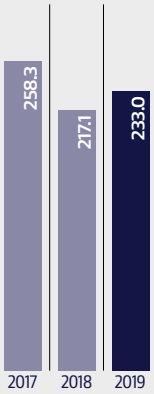
+0.0ppts



Sportsbook margin gives an indication of how sporting results have affected our performance during the year. Our normalised range for Online is 7-8%. In 2019, the gross win margin was flat year-on-year reflecting consistent sporting results.

Revenue per unique active player
(£m)

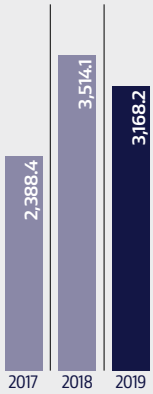
+7%



Revenue per unique active player reflects the average net revenue generated from customers (ARPU) who have used our products during the year. ARPU was up 7%[1], reflecting the shift in our strategy towards a more sustainable focus on yield from a recreational customer base.

Unique active players
('000)

-10%



In 2019, unique active players fell 10%[1] as we implemented customer protection measures, reflected self-exclusions across acquired brands and focused our marketing in the UK on yield.

1. Reported on a pro forma basis, assuming Mr Green was consolidated into the Group at the end of January 2018 and also adjusting Q4 2018 so that it is on a 13-week basis given 2018 was a 53-week period.

Online International grew unique active users 2% and ARPU fell 4% as we continued to pursue a traditional growth strategy in international markets. International experienced a number of regulatory headwinds during 2019, most notably the introduction of a new regime in Sweden, an advertising ban in Italy and the closure of Switzerland.

Online International sportsbook amounts wagered were stable, although gross win margin fell 0.4 percentage points due to poor sports results and legacy product limitations. International gaming net revenue was stable. As a result, Online International net revenue fell 3%. During the second half, customers adjusted to accommodate the new regulatory landscape and we saw early signs of recovery in Sweden.

On a statutory basis, taking into account the acquisition of Mr Green, gaming net revenue increased 36% and total net revenue increased 16%.

Cost of sales increased 31%, as we absorbed the increase in UK Remote Gaming Duty from 15% to 21% which was applied on 1 April 2019. Operating costs increased 19%, reflecting the incorporation of Mr Green, resulting in an adjusted operating profit[4] of £118.8m, down 9%.

We continued to enhance our customer offering with product and service improvements, embedding player protection processes and tools across the platform. International launched new developments in the fourth quarter, as planned, with a new sportsbook front end and single wallet solution in Spain, with further product launches planned in Italy in 2020. We expect to see the new Smart Data Platform deployed in the UK in 2020, a component which is already in use in the new US platform, as we pursue a modular platform architecture.

4. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.

UK RETAIL REMODELLED

FIT FOR THE FUTURE

Marketplace

William Hill has been operating Licensed Betting Offices (LBOs) since 1966 and is one of the oldest brands in the market with a visible high street presence. The number of betting shops reached a peak of c16,000 in the 1970s and since then has more than halved to the 2019 level of c7,200. The LBO market has consolidated and four companies now account for 92% of shops.

We operate on-course betting shops at 36 of the 59 racecourses across the UK, providing an outstanding service to c6 million racegoers each year. This presence has a positive feedback loop to the rest of the estate, with winning bets from the Cheltenham Festival cashed in at c600 of our shops across the country. On-course betting shops provide additional staking for the home track, as c40% of staking is on races taking place at other tracks.

The LBO sector has proved resilient in the face of change. Despite the rapid growth of digital gambling, betting shops have remained a popular place for our customers to place a bet. The betting shop is an established part of the high street, where people can build individual bonds that sustain over time.

Nevertheless, 2019 was a year of unprecedented structural change across the UK LBO landscape. In 2018, the UK Government, as part of the Triennial Review, announced that the maximum stake on B2 gaming products would be limited to £2. Following the Triennial Review, we highlighted the significant impact the implementation of the £2 stake limit would have on Retail revenues, for both William Hill and the broader industry.

Strategy

Since April 2019, retail operators have adopted a variety of strategies to manage the impact of the £2 stake limit. At William Hill, we took decisive action to remodel the UK Retail estate to ensure we have a robust, profitable and sustainable footprint with strong foundations for the future.

We adopted a strategy designed to remodel the estate with a range of mitigating activities. Following a full consultation, we made a decision to close 713 shops with the intention to ensure the best possible future for our business, our colleagues and our customers. We implemented a customer-centric approach to support our customers through the impact of the change, and we have remained in close contact with the UK Gambling Commission throughout. In gaming, we were fully compliant for 1 April 2019.

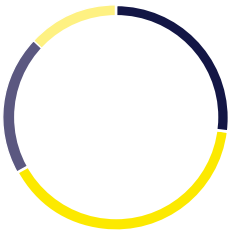
We took an exceptional charge of £95.1m relating to continuing costs incurred as part of the mitigation strategy relating to shop closures, redundancy costs and other costs related to the shop closures. We continue to closely manage the mitigation of our outstanding property exceptional costs, as we maintain our disciplined cash focus in Retail.

Through a rigorous focus on redeployment opportunities, we were able to minimise the number of colleagues that were made redundant and to offer c80% of the people that were affected their stated preference. By 'doing it once' and 'doing it right', we have given certainty to our employees, simultaneously adjusting the Retail management and support structures, enabling us to once again focus on the future.

Commitment to safer gambling in Retail

As a regulated industry, betting shops provide a positive environment for safer gambling activities. Our colleagues are regularly trained to identify potentially harmful gambling behaviour and to engage with customers to encourage safer gambling. In 2019, colleagues in William Hill shops received c95,000 hours in total of training, of which 10% was specifically spent on safer gambling. We partnered with social enterprise, BetKnowMore, and youth gambling charity, YGAM, to review and update our safer gambling training for front line colleagues. Furthermore, nearly 8,000 hours were dedicated to the implementation of revised staking limits in response to the Triennial Review.

UK market share – by number of LBOs[1] (%)



William Hill	27%
GVC	40%
Betfred	20%
Other	13%

1. Gambling Commission Industry Statistics, March 2019.

£2 STAKE LIMIT

In 2018, the UK Government, as part of the Triennial Review, announced that the maximum stake on Fixed Odds Betting Terminals (FOBT), also known as B2 gaming products, would be limited to £2. This presented a significant challenge, and we responded decisively with a programme of 713 shop closures, with the intention to 'do it once' and 'do it right'. This has given our customers and employees clarity and we are, once again, focused on our future.

As a Group, we are actively involved in industry bodies and Retail is utilising technology wherever possible. We are working hard to promote responsible behaviour, including the use of algorithms during play on gaming machines and trialling facial recognition technology as a means of preventing self-excluded customers from gambling.

Fit for the future

We now have greater certainty in two key areas of our business. Firstly, the impact of the £2 stake limit has been broadly in line with our expectations, with both gaming substitution and sportsbook staking ahead of our model. Secondly, early indications are that the migration of William Hill customers from our closed shops to our remaining estate has been ahead of our expectations.

Looking to the future, we are well positioned and see opportunities ahead of us. We invested significant effort preparing for the regulatory changes and in closing the shops themselves. Our remodelled estate is now in a position to deliver a sustainable profit, and will continue to generate the cash required to help fund expansionary plans elsewhere in the business. We are optimistic that now we are refocused on the day-to-day running of our estate, we will be able to drive incremental gains across the business.

Self Service Betting Terminals (SSBTs)

Our proprietary SSBTs continue to be a real success story for William Hill and enable us to bring more of the choice and breadth of markets experienced by our Online customers into our shops. We now offer 19 sports to bet on, including in-play, have over 3,700 machines across the estate, with density increasing from 1.6 to 2.4 per shop and the average amount wagered on each machine per week increased by 17% in 2019. SSBTs now account for 19% of total amounts wagered and over 62% of football amounts wagered.

For a typical 3pm football kick-off on a Saturday afternoon, our customers have the choice of over 320 bets per match, and we take over 160,000 bets on an average Saturday solely on our SSBTs. Other Sports have seen significant growth and continue to be an opportunity going forward, with all sports (with the exception of tennis due to regulatory change) seeing year-on-year growth in staking.

SSBTs are popular with our customers and they will play an important part as we continue to improve our customer experience and offers. In 2020, we will remain focused on the functionality and user experience of these machines as we look to the future.

Our performance

Retail is a profitable and cash-generative business and we are delighted with the robust performance this year. This performance review will focus on like-for-like (LFL)[1] results related to the remaining estate of 1,568 shops.

LFL Retail net revenue declined 13% overall, as we witnessed customers substitute gaming activities with more sports betting.

LFL sportsbook wagering was up 6%, with material increases seen in greyhounds, other sports and virtual products. Total sportsbook gross win margin was up 0.3 percentage points to 18.5%, benefiting from a strong end to the year, especially in football. LFL sportsbook net revenue increased 8%, although on a statutory basis sportsbook net revenue was flat due to the shop closures.

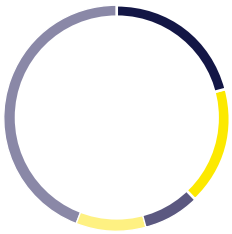
In gaming, LFL net revenue fell 30%, driven by the £2 stake limit. During the course of the year, gaming revenues began to settle as our customers adjusted to the new limits. The fourth quarter result was ahead of our expectations.

Our SSBTs remain popular with our customers and we have increased our density materially

2.4

from 1.6 per shop

Retail net revenue – split by product (%)



Horse racing	21%
Football	17%
Greyhounds	8%
Other	10%
Gaming machines	44%

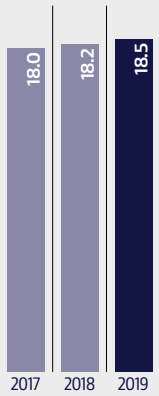
Our Retail business remains an integral part of the Group. Our decisive action means we are now well placed to focus on the future and continue to provide profitable, sustainable cash flows that support the Group's other investments.

1. Where like-for-like (LFL) results are stated, this adjusts the 2018 comparative for shops closed during 2019.

RETAIL PERFORMANCE MEASURES

Sportsbook margin (%)

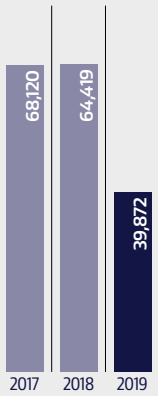
+0.3ppts



Sportsbook margin gives an indication of how sporting results have affected our performance during the year. At 18.5%, the gross win margin was 0.3% higher than the prior year and outperformed against our normalised range of 17-18%, reflecting favourable sporting results, particularly towards the end of the year.

Average profit per LBO (£)

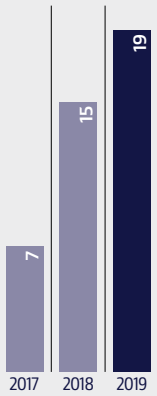
-38%



Average profit per LBO reflects the average profitability of the shops. Adjusted operating profit was 45% lower at £83.2m due to the shop closure programme following the £2 stake limit. The average number of shops reduced significantly to 2,087 (2018: 2,333) following the shop closure programme. Therefore, average profit per LBO was down 38%.

SSBT staking as a percentage of total staking (%)

+4ppts



SSBT staking as a percentage of total staking represents the mix between placing bets on a machine or over-the-counter (OTC). The 4 percentage points increase was primarily driven by a 17% increase in machine weekly average staking, with growth seen across all major sports. Year-end machine density increased from 1.6 to 2.4, as we redistributed our SSBT estate.

We took an exceptional charge of £95.1m relating to continuing costs incurred as part of the mitigation strategy relating to shop closures, redundancy costs and other related costs. We continue to closely manage the mitigation of our outstanding property costs, as we maintain our disciplined cash focus in Retail, anticipating an exceptional cash impact of c£70m.

As part of our efforts to mitigate the cash impact of the shop closures, we have agreed the sale of 35 shops in Northern Ireland and the Isle of Man to BoyleSports in January 2020. These actions constitute part of the planned mitigation activities and, as such, the financial impact is included in our expectations for the coming year.

Operating costs reduced 9%, primarily as a result of the shop closures, and we continue to focus on managing controllable costs to offset the impact of inflation and the National Living Wage.

Adjusted operating profit[2] fell 45% to £83.2m, ahead of our original expectations of £50m to £70m, driven partly by the strong gross win margin, resilient gaming net revenue and successful migration and retention of our customers from closed shops.

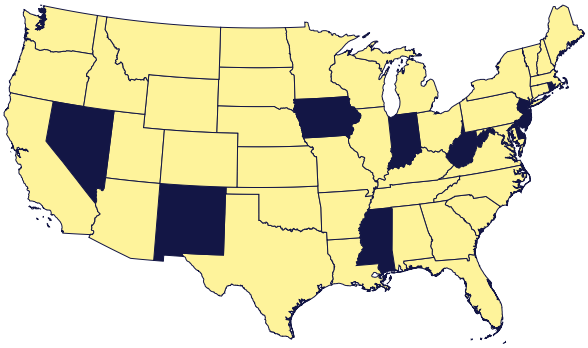
The average number of shops fell 11% to 2,087 (2018: 2,333), primarily as a direct result of the shop closures. The revised estate, following the shop closures and sale of Northern Ireland and the Isle of Man, will be 1,533 shops located across the British Isles.

2. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail in exceptional items and adjusted measures is provided in note 3 to the financial statements.

UNITED STATES

BUILDING A MARKET LEADING BUSINESS

A land of opportunity – legalisation of sports betting is gaining pace. William Hill US operates in nine states.



Marketplace

In May 2018, the Supreme Court of the United States overturned the Professional and Amateur Sports Protection Act (PAPSA). This has transformed the legal sports betting landscape in the US and provided William Hill with an excellent opportunity to expand its global footprint.

Americans are passionate about sport, watching over 2 trillion minutes of sport across more than 11,000 live events each year[1]. Many of those fans use betting on sports to enhance their engagement with and enjoyment of the match or race and, since PASPA was overturned, that is now a legitimate exercise in a growing number of states. Prior to PASPA, wagering through the illegal sports betting market in the US was estimated to be nearly US$200bn[2]. In 2019, we believe fewer than 5% of wagers have been placed legally.

During the course of the past 20 months, considerable progress has been made to legislate and regulate on a state-by-state basis. By December 2019, 14 states had legalised and regulated sports betting. We are encouraged by the momentum in the number of states regulating sports betting. We are increasingly confident of the potential size of the market and see it falling comfortably within a US$5bn to US$19bn range within the first five years post PASPA. Nonetheless, the market is unlikely to mature for at least a decade.

Regulation is evolving on a state-by-state basis creating a complex landscape for operators to navigate and generating real barriers to entry in the form of market access, capital requirements, licensing and digital capability. Regulation by state typically follows one of three operating models, land-based only, land-based plus 'tethered mobile' (where a mobile or online account must first be opened by a customer in a licensed location) or land-based plus remote access (where a mobile or online account can be undertaken remotely, as in the UK). However, land-based wagering is typically only permitted at casinos and in some cases racetracks, while digital licences are typically limited in number and tethered to a land-based licensee. There are also states where there is a single sports betting licence, typically held by the local state lottery.

1. Fox Custom Study, 2017.
2. H2GC.
3. 24 states is contingent on the completion of the acquisition of Caesars by Eldorado. Excluding Caesars, William Hill US has access to 18 states. When referring to states this includes Washington D.C.
4. US Expansion market share. Nevada market share split by channel is not published.

Strategy

Our strategic goal is to be a market leader and grow a US business of scale. For a US sports betting operator, there are a number of key components to ensure success: market access through partnerships, a flexible operating model, including software that can be released quickly and cater for different regulations, routes to market and brands, and operational excellence in different combinations of retail and mobile. The capability to provide a service model, such as for a state lottery, will ensure the broadest possible coverage. Finally, a recognisable brand and effective marketing partnerships are essential to delivering a business of scale in the long term.

Delivering the strategic objective

Market access is the critical starting point for success in US sports betting, as state access is predominantly controlled by land-based casinos, racetracks and state lotteries. It is our intention to enter every US state we can, offering retail and mobile sports betting where permitted by the law in each state.

We have been taking legal sports wagers in the US since 2012 when William Hill US was created from the combination of three small acquisitions. During that time, our growing team of local operators has demonstrated a meaningful competitive advantage, negotiating the regulatory, licensing and partnership landscape, to create a business with unmatched market access, secured in 24 states covering a potential accessible population of over 200 million people.

Since entering the market in 2012, the Nevada business has grown rapidly, providing sports betting at 114 locations, often at small venues away from Las Vegas. The Nevada business is digitally led, with 69% of all betting carried out via online channels and 31% through retail, giving us a market share in Nevada based on gross revenue of 32%. In 2020, pending the completion of the Eldorado-

Our US footprint

Market access[3]

24

States

9

Live states

Market share[4]

35%

Retail

9%

Online

The Eldorado proposed acquisition of Caesars

William Hill entered into a strategic partnership with its long-term business partner, Eldorado Resorts, Inc (Eldorado), in September 2018. Under the agreement, William Hill gained the right to exclusively operate sports books at all properties owned or managed by Eldorado and to operate the first mobile licence ('skin') in states where online is permitted. Therefore, this right applies to casinos currently owned or managed by Caesars Entertainment (Caesars) if Eldorado's acquisition of Caesars is completed. The benefits to William Hill are increased market access, including New York, Arizona, California, North Carolina and Kentucky. We anticipate the acquisition to complete in the first half of 2020.

In the 18 months since PASPA was overturned we have a new customer centric platform, we have doubled our team and we are live in nine states with access to 24.

Caesars merger and our previously announced proposed acquisition of CG Technology, more commonly known as Cantor, we will further expand our Nevada position, adding 15 locations. Many of these locations are on the Las Vegas Strip, providing William Hill a leading sports book presence in this iconic location for the first time.

Since PASPA was overturned, we have been investing in people, technology and partnerships to enable the business to take advantage of the new regulatory environment.

In January 2019, we entered a partnership with Eldorado to be their exclusive sports book provider, sharing in all economics related to sports betting. Eldorado is a leading casino entertainment company in the US, currently owning or operating 23 properties in 11 states and a loyalty club with c10 million members. Under the terms of the deal, Eldorado received a 20% stake in William Hill US.

In June 2019, Eldorado announced a proposed acquisition of Caesars. William Hill's exclusive sports betting rights across retail and mobile carry forward to the acquired company. If completed, Eldorado will be, by far, the largest owner and operator of US gaming assets with a combined portfolio of 60 casinos in 16 states and William Hill will have the greatest secured market access, of any sportsbook operator.

In October 2019, we secured access to Washington D.C. through an exclusive partnership with Monumental Sports and Entertainment, one of America's largest sports and entertainment companies, to operate a sports book at the Capital One Arena. This sports book, due to open later in 2020, will be the first in a downtown metropolitan area of a major US city outside Nevada.

During 2019, we continued to build out our local team and operating model with a focus on flexibility and scalability. We opened a new digital office in New Jersey, expanded our operations in Las Vegas and launched our new, purpose-built digital platform ahead of the 2019 NFL season.

Aligned with the Group's intention to move towards a modular digital architecture, using best-in-class components, our proprietary US technology platform provides an efficient, differentiated and scalable product. The platform is already live in New Jersey and is ready to be deployed more broadly as states regulate across the country. Over time, the platform will service all products, retail, online and mobile, while the front end sportsbook experience has been tailored to US customers for use in B2B, B2C and white label operating environments.

Our tailored US product is managed and delivered by the most experienced sports betting team in the US today. Joe Asher has been CEO of William Hill US since 2012, having founded the Brandywine Bookmaking LLC in 2008 which formed the foundation of William Hill US.

As we grow the business we are building out a scalable and efficient marketing capability, enabling us to optimise our return on marketing spend. In addition we have partnered with CBS Sports, giving us a fully integrated, exclusive presence on a leading media and digital platform. CBS Sports is the number two digital US sports brand with over 80 million users per month and one of the largest fantasy platforms. This partnership will drive highly efficient customer acquisition and is another major step forward in our US expansion.

Our performance

The following commentary is presented on a local currency basis.

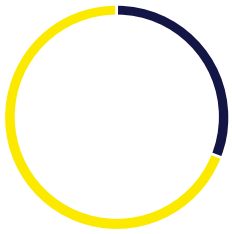
The regulatory landscape is complex and changing, as the US evolves towards what we expect will be a primarily online market in the long term. However, at the current time, only nine of the states that are live are online and William Hill US offers online wagering in Nevada, New Jersey, Iowa and Rhode Island. During 2019, William Hill US handled US$2.9bn of gross amounts wagered, either directly or indirectly, and 55% was placed through online channels.

In 2019, we committed to generate adjusted operating profit of US$0m to -US$20m in the combined US business. We are pleased to report that the US performed ahead of expectations and delivered adjusted operating profit of US$1.6m, driven by strong wagering growth and disciplined investment.

US Existing

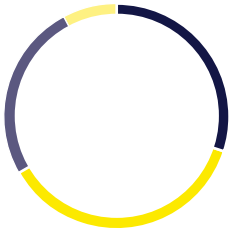
During 2019 the US Existing business delivered its seventh consecutive year of growth. We saw amounts wagered grow 14% to US$1.6bn of which 69% were placed through digital channels. The gross win margin normalised to 6.6%, 0.6 percentage points lower due to strong sports results in the prior year. As a result, net revenue grew 2%.

Nevada mix (%)



Retail	31%
Online	69%

Sports mix (%)

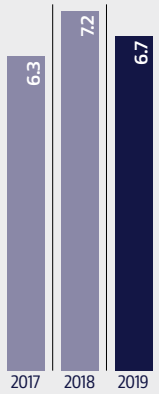


American Football	27%
Basketball	33%
Baseball	23%
Other	7%

US PERFORMANCE MEASURES

Sportsbook margin (%)

-0.5ppts

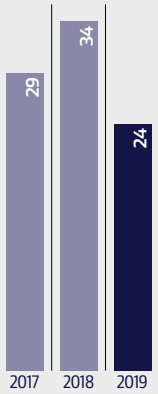


Nationwide sports book margin gives an indication of how sporting results have affected our performance during the year.

Our normalised range is 6-7%. In 2019, sporting gross margin was 6.7%, due to strong sports results in the prior year and contribution from lottery states. Within this, mobile margin was 6.0% and retail margin was 8.2%.

Market share (%)

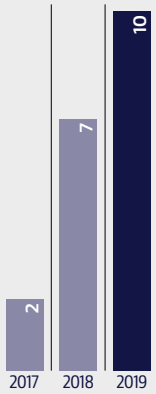
-10ppts



Nationwide market share shows how well our US business is performing relative to our peers. We have been present in Nevada since 2012 where our market share in 2019 was 32%. As new states regulate and competition enters, we anticipate our market share will decrease. We believe the US will be one of the largest sports betting markets in the world, and our long-term goal is to be a market leader.

Number of states in which we have taken sports bets

10



The number of states in which we have taken sports bets is growing. Since PASPA was overturned in May 2018, we have moved quickly to secure broad market access with the goal to be present in every regulated state. During 2019, we went live in a further three states and have now secured access to 24 states as we continued to sign new deals and our partner, Eldorado, looks to acquire Caesars.

We maintained market share of 32% across Nevada. Operating costs increased 17% as we expanded our Nevada base, primarily due to increased staff and property costs. As a consequence, adjusted operating profit fell 17% on a local currency basis.

In the fourth quarter, we agreed to acquire the sports book assets of CG Technology, subject to regulatory approval. This brings access to a number of marquee sites on the Las Vegas Strip, including The Cosmopolitan of Las Vegas, The Venetian and The Palazzo.

US Expansion

During 2019, the US Expansion business handled US$1.3bn of gross amounts wagered, of which US$655m, was handled directly. We took sports bets in three new states and opened nine retail sports books. Gross win margin increased 0.4 percentage points to 7.1%. As a result, net revenue increased 224%, including the income from our service provider activities which increased 280%.

The US Expansion business delivered a blended market share of 20%, with leading retail market share of 35% and number three digital market share of 9%. Our disciplined growth strategy saw operating costs increase 43%, as we continued to grow the local team and expand our New Jersey presence. As a result, adjusted operating losses decreased to US$(33.2)m, an improvement of 21%.

Under the terms of an agreement by Eldorado with The Stars Group (TSG) in 2018, granting TSG second skin access rights for sports betting using the Eldorado casino licences, Eldorado and William Hill share the economic benefit of equity and revenue share payments related to those access rights. In 2019, William Hill's beneficial interest in the initial equity received by Eldorado was sold, generating a gain of US$13.5m, the value of this interest is reflected in the US Expansion net operating costs.

We were pleased to see Eldorado announce the proposed acquisition of Caesars in June, where William Hill's exclusive sports betting rights across retail and mobile will carry forward to the acquired company. If completed, Eldorado will be the largest owner and operator of US gaming assets. We estimate the profit contribution possible from additional retail operations at Caesars casinos would be cUS$20m to US$35m of annual EBITDA after three years.

In 2020 we will report the US business combined as William Hill US.

OUR COMMITMENTS TO SUSTAINABILITY

Sustainable business

Our approach to sustainability is focused on four areas in which we can make a significant contribution, underpinned by our aspiration that nobody is harmed by gambling, which guides our decision-making. Safer gambling is one of four areas where we are focused on delivering a significant positive impact and, through long-term programmes, we are making important progress in all four areas:

- Encouraging safer gambling;
- Sustaining the right culture to make good long-term decisions;
- Being transparent about how we operate with integrity; and
- How we make positive contributions to society.

We are putting safer gambling at the heart of the William Hill customer experience. In the last year, we have made significant changes to advertising, increased funding for research, education and treatment, and worked with the other leading gambling companies to establish a comprehensive programme of safer gambling commitments.

In this year of transition, it has been important to sustain the right culture as we reshape Retail, integrate Mr Green and build out our US digital and land-based business, while also encouraging mental well-being, diversity and engagement. As part of this focus, we have a compliance measure in our annual bonus plans for all of our leaders and we are the only operator to have a sustainability metric in our long-term incentive plan (LTIP).

As a regulated business, with gambling licences in 12 countries, operating with integrity is built into our culture and reinforced in how we operate. We aim to be transparent in how we operate, particularly in how we are addressing areas that are of particular focus for stakeholders.

Our positive community contribution comes in both financial and non-financial terms. In 2019, the Group paid £313m in corporate taxes and gambling duties, £420m in employing c12,000 people and £19m in property payments, primarily in the UK high street. We also contributed £137m to sports through sponsorship, levies and pictures payments. We are committed to continue to reduce our CO_2 footprint, which is down a further 23% from 2018, and the William Hill Foundation is focused on improving mental well-being through colleague support, community programmes, employment opportunities and innovations addressing problem gambling.

THE SAFER GAMBLING COMMITMENTS

COMMITMENT I
Preventing underage gambling and protecting young people

COMMITMENT II
Increasing support for treatment of gambling harm

COMMITMENT III
Strengthening and expanding codes of practice for advertising and marketing

COMMITMENT IV
Protecting and empowering our customers

COMMITMENT V
Creating a culture of safer gambling

In November 2019, we and the other leading UK gambling companies, together with our new industry body the Betting and Gaming Council, announced a package of Safer Gambling Commitments that will be developed to better protect and empower customers and young people.

These represent the most comprehensive set of measures from a wide group of leaders across the sector to support the UK Gambling Commission's National Strategy. They have the potential to deliver long-term and fundamental changes in how gambling companies are run in the UK and how they empower, protect and support their customers.

The five core Safer Gambling Commitments are targeted to: prevent underage gambling and protect young people; increase support for treatment of gambling harm; strengthen and expand codes of practice for advertising and marketing; protect and empower our customers; and promote a culture of safer gambling.

SAFER GAMBLING

"Our strategy is underpinned by our long-term aspiration that nobody is harmed by gambling. We want gambling to be a fun part of people's spare time and we'll help all our customers to play safely."

Ulrik Bengtsson
CEO

A new approach to advertising

In recent years, as coverage of live sports proliferated, so too did gambling advertising, raising concerns about exposure of under 18s. From 1 August 2019, in what is commonly referred to as the 'whistle-to-whistle' ban, we voluntarily stopped advertising on TV before the 9pm watershed, reducing exposure of under 18s by 97%[1]. Reducing exposure of gambling to under 18s is important, and this was an effective move by the industry.

Going further, in the UK, we used our brand and marketing to promote safer gambling behaviours, including the use of deposit limits, which has significantly increased in 2019 (see table on page 41). This started with the Anthony Joshua campaign in spring, which was embedded in our 'Brotherhood' brand proposition in September and culminated in a month-long safer gambling campaign in November, dovetailed around the UK's third annual Responsible Gambling Week.

Our 'Brotherhood' brand position in the UK encouraged moderate and sociable gambling, addressing concerns about how hidden gambling, and as a consequence problem gambling, can be prevented through open, honest conversations and social experiences with friends. We used the 'Brotherhood' characters to spotlight good gambling behaviours and encouraged customers to use the tools available to help them control and be aware of how much time and money they spend.

We provide a number of tools that customers can use to monitor and restrict their gambling. First and foremost, we want to see more customers set a deposit limit and have actively promoted this during the year, increasing adoption rates from 18% to 32% in Online UK.

In November, we ran a month-long safer gambling customer campaign, dovetailing the 'Brotherhood' messages with the third annual Responsible Gambling Week and reprising Anthony Joshua's 'Control is everything' messages in the run-up to regaining his titles in December. Our other ambassadors also got involved, including Robbie Savage and Sir AP McCoy, and we invested in a suite of messages across our digital marketing channels, including doubling the volume of safer gambling messages on our social media channels during the month.

Customers responded very positively to this content, with the new tone of voice resonating well and coming across as relevant and easy to understand. In a customer survey, 83% had good awareness of the safer gambling tools that are available to help them stay in control.

1. Betting and Gaming Council.

Investing in research, education and treatment

Problem gambling is a complex issue that requires a multi-faceted response to ensure sufficient support exists for customers who need it and harm prevention measures improve. In July, we were one of five major companies to commit to increase our funding for research, education and treatment from 0.1% of UK gross gaming yield (GGY) to 1% over four years, taking our contribution from c£1m in 2019 to c£10m in 2023. In particular, we are supporting a four-fold increase in the number of problem gamblers receiving treatment.

Safer Gambling Commitments

In November, we announced the Safer Gambling Commitments, which will deliver a step-change in safer gambling over the coming months and years. We believe it is important that companies deliver a consistent approach and help raise standards right across the industry. Our first priorities include a VIP Code of Conduct, using ad-tech in de-targeting under 18s or vulnerable people, and exploring ways to share data on at-risk customers.

Continuous improvement

We have continued to develop our safer gambling measures, adding specialist leadership roles in each division.

In Retail, a new Anonymous Player Awareness System was launched, and we initiated trials of enhanced customer controls. Lived experience experts help improve our interaction training. In UK Online, our new algorithm now uses extensive behavioural markers to identify at-risk customers. As a consequence player safety interactions increased year-on-year. We observe our customers are 50% more likely to use one of our safer gambling tools, such as setting deposit limits, after an interaction.

Mr Green released the Green Gaming Predictive Tool 2.0 at the beginning of the year. The safer gambling algorithm now includes sportsbook data in addition to the previous gaming data, as well as additional behavioural markers supporting the identification of at-risk players. The 2.0 launch includes four behavioural motivational interventions that have been built based on cognitive behavioural therapy, giving customers the ability to assess their own risk directly via the website. Mr Green also took the first steps towards personalising the customer's lobby based on the customer's risk score. Customers at risk are presented with Safer Gaming Campaigns and information directly in the lobby, following login.

3m

Social media impressions were achieved during our safer gambling campaign in November

1.4m

Total views across our Anthony Joshua 'Control is everything' videos during spring

KEY PERFORMANCE MEASURES

Objective	Measures	2019	2018	Comments
Encourage safer gambling in all customers	% of Online UK customers using deposit limits	32%	18%	Increasing Online customer adoption of deposit limits is a core objective and has significantly increased in 2019
Protect the vulnerable	Number of safer gambling interactions (UK)	Retail 33,789 Online 200,771	Retail 41,837 Online 36,758	We use both automated and personal interventions with at-risk customers. Cross-operator self-exclusion schemes are embedded in shops and online
	Number of self-exclusions (UK)	Retail 8,794 Online 85,803	Retail 10,890 Online 38,913	In 2019, William Hill acquired Mr Green, which contributed to an increase in Online numbers and the closure of 713 shops in the third quarter contributed to the fall in Retail
Strengthen support	Funding for research, education and treatment (RET)	£1.29m (0.1%)	£1.35m (0.1%)	We invested 0.1% of UK GGY in RET in 2019. Funding was reduced by the fall in Retail GGY. This will increase to 0.25% in 2020 and to 1.0% by 2023
Empower colleagues	Believe William Hill is a responsible business	80%	75%	The proportion of colleagues who 'agree' or 'strongly agree' with this question in the annual colleague survey increased again in 2019

SUSTAINING THE RIGHT CULTURE

"With three different businesses, it's our culture that binds William Hill together wherever we are in the world – the blue-and-gold thread that runs through all our people and unites us in a common purpose."

Karen Myers
Chief HR Officer

William Hill, and the wider gambling sector, is experiencing a period of unprecedented change as our landscape is redefined by regulatory developments, consumer trends such as the adoption of mobile gambling and evolving societal expectations of gambling companies.

As we build William Hill into a digitally led, internationally diverse business, the Board and the Executive team aim to sustain the right culture to deliver our purpose. This is underpinned by the values we set in 2017 and the leadership 'vitals' that outline the behaviours we expect of our leaders through this period of change.

The values are now well established and embedded across the Group. In our latest colleague survey, our KPIs of engagement, enablement and empowerment all improved between 3 and 5 percentage points, and we saw improvements or the same score across 31 of the 36 areas we consistently track. Scores for all five questions that relate to drivers of engagement also improved. We are also encouraged to see a second substantial year-on-year increase in the number of colleagues who believe we are a responsible company. We include a sustainability and compliance measure into all of our leader's bonus plans to reinforce our commitment to sustaining the right culture of responsibility.

Managing change

2019 was a year of transition, as we reshaped and integrated different parts of the business.

Remodelling Retail

The Retail team were faced with remodelling the business in response to the new £2 stake limit and managing the closure of nearly a third of our betting shops. This complex and far-reaching change demanded effective engagement with a range of stakeholders, particularly colleagues. Our decision to close all 713 affected shops in one go was driven by the desire to give colleagues much needed clarity and certainty as soon as possible. We ensured the overall process was transparent and effective through a meaningful consultation process, at all levels, which included constructive representation from the Retail Colleague Forum, and dedicated communications channels, which attracted high levels of engagement.

Of our c12,000 Retail colleagues, c4,500 were put at risk of redundancy. A fair and transparent selection process, in addition to management of our vacancies, enabled us to redeploy c60% of impacted colleagues elsewhere in Retail.

Creating Online International

Strategically, we are now more focused on developing our digital international markets, which offer faster growth opportunities. To support this, we restructured our existing Online business, splitting it into Online UK in Gibraltar and Online International in Malta, integrating and building out from the Malta hub acquired with Mr Green. We have successfully integrated Mr Green's processes and systems with William Hill's, and transitioned Online's existing International business to Malta. In November, we introduced William Hill's values and vitals to the Malta and Stockholm teams, which have been well received.

Building the US business

In the US, the state-by-state expansion presents huge opportunities for growth but are also demanding unprecedented change within our business. The team has had to move swiftly to scale up and enhance our capabilities in order to take wagers in nine states, to build a new bespoke technology platform and launch a competitive mobile offering. A key part of this has been the creation of a digital office in New Jersey, while simultaneously growing our presence in Las Vegas. The leadership team have focused on engaging and sustaining the talented people we attract and establishing a consistent culture from the outset.

Our values

Eyes on the customer
- They matter most
- Do the right thing

Give a damn
- Show you care
- Call things out
- Be your best self

Own it
- Step up
- Grab it
- See it through

On the same side
- One business
- One vision
- No silos

"It'll do" will never do
- Be bold
- Never settle
- Keep improving

For more information about how we develop, reward and recognise colleagues, visit our corporate website at www.williamhillplc.com/sustainability

Encouraging well-being

Health and well-being is a strong focus across the Group. We held Mental Well-being Month in May, opening conversations about mental health with colleagues. We are working with the Alzheimer's Society to become the leading Dementia Friendly business in our industry, helping those with dementia to sustain their normal activities for as long as possible, such as visiting their local betting shop, while minimising at-risk behaviours.

New apps, Unmind and Nudge, help colleagues to think about their own mental health and financial well-being, and a dedicated hub on our colleague website provides a wealth of other resources. We are encouraging a more supportive work environment through improvements to our policies on maternity and paternity leave and flexible working.

Increasing diversity

We are committed to creating a diverse and inclusive workplace, believing this makes us a stronger business and a more attractive employer. We have improved across all our diversity KPIs during the year and are on target for our 2020 goals.

We set the tone from the top by fostering diversity in our Board and leadership teams. Women made up 30% of the Executive Committee and 37.5% of Board Directors at the year-end.

Furthermore, having joined the 30% Club in 2017, we hit our target for women within our wider leadership population (below Executive Committee). Not only that, and as shown on page 44 which summarises our gender pay progress, women now also represent 29% of our senior management population as at the mandatory gender pay reporting date of 5 April 2019 (up from 22% in 2018). Women represented 52% of all colleagues as at the same date.

Colleagues in the US took part in 'Memory Walks', raising money for their respective local Alzheimer's Association charities.

"We have improved our performance across all our diversity KPIs."

Karen Myers
Chief HR Officer

Our Executive team all have specific goals to drive improvements within their functions. We introduced a new mandatory training programme for people managers in 2019 on how to avoid unconscious bias in hiring. We continue to run our Women in Leadership, Women of William Hill and Women in Tech initiatives to support women who want to progress within our business, and 34 colleagues are participating in the 30% Club's cross-company mentoring programme.

The recent appointments of Jane Hanson, Lynne Weedall and Gordon Wilson have also broadened and deepened the experience around the Board table, bringing additional insight into technology, reputation management and stakeholder engagement, regulated industries, the US market, transformation and change management, and M&A.

Developing our people

Developing talent internally is key to our sustainability, particularly as external negativity around gambling can make recruitment a challenge. Our talent strategy, launched in April 2018, is outlined on our corporate website.

In 2019, we added a new dimension: lived experience of problem gambling. We believe it is important that our leadership experiences for themselves how problem gambling affects people to attune them to being part of the solution. Our 'Rising Stars', 24 colleagues from the UK and European operations, took part in a new nine-month programme. This included a project partnering with four of the UK's leading problem gambling support charities to identify solutions to strategic issues they were facing. Our 'Legacy' programme paired eight senior leaders with people living with the effects of problem gambling in 1 to 1 coaching and personal development sessions.

We have also partnered with social enterprise organisations and charities to develop new training for front line colleagues that draws on lived experience, to help them feel confident about how to engage with customers we are concerned about.

KEY PERFORMANCE MEASURES

Objective	Measures	2019	2018	Comments
Foster strong engagement	Employee engagement index – participation rate	87%	88%	Participation in our annual colleague survey, 'Your Say', remained high at 87%. Colleague NPS dropped to -22 (from -17) principally as a result of the decision to close significant shop numbers
Invest in colleague development	Total number of training days	27,656	26,639	Retail spend was down c£0.1m year-on-year in line with the rationalisation of the estate.
	Value of training investment (£)	£1,723,923	£2,158,000	
Encourage diversity[1]	Women represent 30% of senior management	29%	22%	Our target is 30% in 2020
	Colleagues believe all employees are treated fairly	75%	75%	Our target is to score at least 90% in 2020
	Mean gender pay gap[2]	14.7%	16.6%	Our target is to reduce this to less than 10% in 2020

1. All figures are as shown in our gender pay report published on 26 February 2020 and effective as at the reporting date of 5 April 2019).
2. For William Hill's Organisation (UK colleagues).

OPERATING WITH INTEGRITY

"The voluntary 'whistle-to-whistle' ban on advertising around live matches has reduced exposure of sports gambling TV advertising seen by under 18s by 97%[1]."

As a Company operating in a regulated industry, many aspects of our operations are defined by our regulators. We are licensed in 12 countries worldwide. Compliance with these regulations is a core part of our day-to-day activities and is continually reviewed and monitored.

However, we recognise that there are a number of other areas in which stakeholders are interested in our performance, and we aim to provide relevant information about these areas within this section of the Sustainability Report.

Treating customers fairly and openly

We make available a comprehensive set of rules in our betting shops and online that detail the terms and conditions under which all transactions placed with William Hill are accepted. We have specialist customer service teams for shop, telephone and online customers to respond to their needs. The Online UK team have reviewed their terms and conditions for plain English standards and will be publishing these in 2020.

We want customers to feel they are treated fairly and openly, and endeavour to resolve all betting disputes in a clear and equitable manner. When a customer disagrees with our decision, they can refer to the Independent Betting Adjudication Service (IBAS), (see the key performance measures table on page 47).

Compared with 2009, the total number of robberies, burglaries and cash-in-transit incidents in 2019 fell by

-81.2%

20 of our colleagues received Dementia Friends awareness training to offer support for visitors to the St Leger Festival.

1. 'Whistle-to-whistle' analysis for the Remote Gambling Association, Enders Analysis, October 2019.

We regularly measure the quality of our service performance through Customer Satisfaction (CSAT) and Net Promoter Scores (NPS) surveys. CSAT has increased 20% between 2018-2019. The CSAT improvements have come from listening to our customers and using the feedback to reduce friction points and improve communications.

The overall NPS moved from 18 in 2018 to 16 in 2019, due to a constant decline in gaming while sportsbook overall NPS remained flat across both years. In Retail, NPS has been measured since 2011 and shows a consistently high rating, which was 58% in 2019.

Socially responsible marketing

We adhere to the Industry Code for Socially Responsible Advertising, overseen by the Industry Group for Responsible Gambling. This was updated in 2019, to implement the voluntary 'whistle-to-whistle' ban on TV advertising around live sports before the 9pm watershed. Under the Association of British Bookmakers' Responsible Gambling Code, we do not advertise gaming machines in our betting shop windows and 20% of shop window advertising is dedicated to safer gambling messages.

Protecting children

Gambling is an adults-only activity and we are fully committed to preventing under-18s from gambling. We devote significant resources to minimising any risk of accepting bets from minors, as well as adopting clear policies around age-gating on social media.

In our betting shops, we use a 'Think 21' approach, requiring colleagues to seek proof of age from any customer who appears to be under 21, and we ask individuals to leave if they are unable to provide that proof. Every shop undergoes independent age verification tests and we ensure we maintain a consistently high pass rate.

In Online UK, new age verification procedures were introduced in May 2019 meaning all customers are checked on registration, which resulted in a doubling of the number of checks conducted annually. We have clear processes to ensure our advertising content complies with the Advertising Standards Authority UK Code of Broadcast Advertising and does not appeal to children, and have strengthened controls regarding affiliates in this area. Our content is labelled 18+ and includes 'BeGambleAware' messaging and age gates are applied on social platforms.

Keeping crime out of gambling

One of the principal benefits of having a regulated gambling industry is the ability to keep crime out of gambling.

Crime prevention

William Hill takes crime prevention extremely seriously and devotes considerable people and financial resources to this area. As retail outlets can be a target of crime. We have adopted rigorous processes and safe working practices. We have invested in networked, monitored CCTV in all shops, and have deployed safe havens across the estate and the use of StaffSafe, a monitoring and intervention system to protect colleagues in shops.

Over the last decade, we have materially reduced the level of crime and focused on protecting the safety of our colleagues, customers and communities. Compared with 2009, robberies are down 85%, burglaries are down 75% and cash-in-transit incidents are down 77%. Societal violence in the workplace continues to be an area of high priority and we hold around 100 risk-based, anti-social behaviour workshops for Retail colleagues each year, usually in collaboration with the local police and local authority support.

Anti-money laundering

We are an active member of the Gambling Anti-Money Laundering Group, which has adopted best practice guidelines on anti-money laundering. Our Online business is subject to the 4th EU Anti Money Laundering Directive and in the UK we also adhere to the Proceeds of Crime Act 2002.

We have dedicated risk management teams employing more than 70 people full time in monitoring and investigating suspicious activities in Online and in Retail.

We use 'Know Your Customer' and 'Enhanced Due Diligence' checks on customers in compliance with the relevant licensing regulations and laws. In addition to these, we conduct source of funds/ wealth checks on customers. We are also adopting further affordability checks based on publicly available income data.

Sports betting integrity

We also support efforts to uphold the integrity of sports and sports events, and are active members of the International Betting Integrity Association in Europe and the new Sports Wagering Integrity Monitoring Association in the US, which provide a platform for sharing data on suspicious betting patterns and reporting on them publicly.

We also have a number of memoranda of understanding with sports governing bodies where we work closely in sharing information and best practice on sports integrity issues relating to betting. In the UK, we are actively involved in the Sports Betting Integrity Forum, established by the Government and the Gambling Commission, which has developed the Sports Betting Integrity Action Plan.

Human rights

The Board considers that it is not necessary for the Group to operate a specific human rights policy at present. Our policies already operate within a framework to comply with relevant laws, to behave in an ethical manner and to respect the human rights of our employees and other stakeholders in the business. Most of the Group's business is focused in the UK and in jurisdictions where human rights are generally observed. The Corporate Responsibility Committee, on behalf of the Board, is satisfied that William Hill's policies operate in a way that is consistent with the UN's Global Compact, covering areas of human rights, labour, the environment and anti-corruption. The Group also operates its own bribery and corruption policy.

The Group's statement on the Modern Slavery Act 2015 was reviewed and updated in February 2020. The statement is available via the Group's website, www.williamhillplc.com.

KEY PERFORMANCE MEASURES

Objective	Measures	2019	2018	Comments
Treating customers fairly and openly	Disputes referred to IBAS	271	331	Customers can refer disputes to IBAS, an independent arbitrator. In 2019, in 97.8% of referred cases our original decision was upheld
	IBAS disputes found in the customer's favour	2.2%	2.4%	
Creating a safe environment	RIDDOR reportable accidents – customers	4	1	RIDDOR requires accidents to be reported when they result in absence from work for over seven days or, in the case of customers, being taken directly to hospital. This data applies to the UK business
	RIDDOR reportable accidents – colleagues	2	2	
Keeping crime out of gambling	Incidents of violence in the workplace	291	466	Through robust security measures, a risk-based and collaborative approach, we continue to reduce crime incidents associated with our betting shops 49 robberies in 2019 is the lowest annual total, down 44% on 2018; average cash loss of £207 is also the lowest annual figure, down 44% on last year Significant violence in the workplace incidents declined from 466 in 2018 to 291 in 2019
	Number of robberies	49	87	
	Number of burglaries	53	51	
	Number of cash-in-transit incidents	7	8	

A POSITIVE CONTRIBUTION

"William Hill continues to make a significant contribution to the communities in which we operate both financially and in how we manage our wider footprint."

Ruth Prior
CFO

Our economic footprint

William Hill is a significant generator of tax revenues. In 2019, we paid £352m in gambling duties, corporate tax and irrecoverable VAT, £19m in business rates and £27m in employee-related taxes. Our total tax contribution as a Group, therefore, was £397m.

Globally, we employed c12,000 people as at the year-end, with the cost of employing, rewarding, training and developing our people totalling £423m.

In the UK, we have a significant high street presence through our 1,568 betting shops. In relation to these, we paid £31m in lease charges and £13m in business rates in 2019.

We also paid £91m in dividends to our shareholders and £39m in interest payments, predominantly to UK-based banks.

Supporting sport

There is, and always has been, an intrinsic relationship between sport and betting. We support a wide range of sports through sponsorship agreements, levies for horseracing and greyhound racing, and payments to broadcast pictures from sporting events in our betting shops and online. In 2019, our payments in these areas amounted to £137m. We sponsored a wide range of sports and events, from boxing, cricket, darts, football and horseracing in the UK to football leagues in Spain and ice hockey in the US.

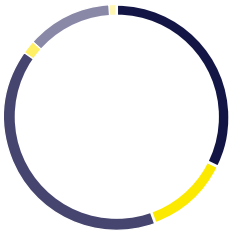
Community programmes

Throughout 2019, colleagues participated in fundraising activities for the Alzheimer's Society, and other global charities addressing the disease. The William Hill Foundation (see below) ran its first 'Forget Me Not' Gala quiz evening in partnership with the charity, helping the event raise more than £82,000.

The Foundation partnered with the Scottish Football Association (SFA) to help deliver programmes supporting mental well-being. A 'Support Within Sport' initiative offers a confidential helpline and follow-up specialist treatment to those in Scottish football who may be suffering from mental health issues.

The Foundation also collaborated with the SFA to run a 'Mental Health and Wellbeing League' for men and women across Scotland. This gives those

Group's cost of sales and operating costs



Taxes and gambling duties	33%
Sports-related payments	12%
People costs	40%
Property payments	2%
Dividends and interest	12%
Sponsorship	1%

THE WILLIAM HILL FOUNDATION

The William Hill Foundation was established in 2011 to administer the hardship fund for colleagues and other charity programmes, the first of which was the five-year Project Africa, which ran from 2012 to 2017.

In 2019, the Foundation was relaunched with a new and expanded focus on mental well-being. Mental health is a major issue that touches many people, with one in four of us experiencing difficulties at some point in our lives.

In the Foundation's first partnership in this space, we are working with the Alzheimer's Society, which focuses on the leading cause of dementia in the UK. This ground-breaking three-year partnership, the first of its kind in the gambling sector, aims to make William Hill the most dementia-friendly gambling company, and we will raise awareness and fundraise in support of significant advances in research and treatment. In addition, by partnering with Alzheimer's Society, we aim to provide colleagues with information and tools to support themselves, customers, friends, family and members of their communities who are living with the disease, which can have a profound effect on a person's emotional and mental well-being.

Beyond this, the Foundation is working across three principal areas: supporting colleagues; employability; and problem gambling. Through the Foundation's hardship fund, we will also continue to support colleagues who, through no fault of their own, are facing financial difficulties. Providing skills and opportunities for employment has been a core priority of William Hill's community programme over the last few years. Recognising the importance of work to people's mental well-being, the Foundation will continue to support programmes to help people back into work, either through a role at William Hill or elsewhere. The Foundation will also support William Hill's ambition that nobody is harmed by gambling by providing seed funding to encourage innovations, pilot new ideas and draw on the skills and expertise within the William Hill Group to support organisations working to tackle problem gambling.

William Hill's total tax and levy contribution in the UK in 2019 was

£342m

Our contribution to sports through sponsorships, levies and pictures payments in 2019 was

£137m

who may be struggling with mental health issues the opportunity to take part in physical exercise with 200 different players participating in 2019.

Additionally, by supporting the Haringey Box Cup for the 5th year running, we helped provide an opportunity to 250 young boxers to compete in the annual event at Alexandra Palace.

Environmental impact

Climate change remains one of the greatest challenges of our time and every company has to play its part in minimising its environmental footprint. With operations across three continents, we have a real opportunity to make a positive impact in the areas in which we operate.

Strategy

In comparison with other sectors, our impact on the environment is relatively low as our product is largely virtual. However, we do still have an impact, so our goal is to reduce our carbon footprint globally until we become a carbon neutral business.

In 2019, 85% of our carbon footprint was related to the electricity we consumed in our UK betting shops and offices. As we are expanding in larger physical sites in the US, and have a strategy to become a more international business, we are addressing not only our electricity consumption but also waste management, water usage and travel.

In February 2020, the Board approved an updated Environmental Policy and five-year strategy. This includes targets to divert 95% of our waste away from landfill and to increase adoption of technology-enabled meetings by 400%.

We intend to deliver significant reductions in the tonnes of CO_2 equivalent (tCO_2e) generated by the business and the intensity measure, which is the ratio of tCO_2e to revenue.

Performance

In 2019, we further reduced our carbon footprint by 25%, which means we have reduced this overall by 42% over two years. Our tCO_2e metric includes Scope 1 and Scope 2 emissions, including natural gas consumption, electricity consumption, refrigerant emissions and fuel from company cars. This included a full-year benefit of the LED lighting we installed in the betting shops in 2018 and the reduction in the UK Retail estate by nearly a third from October 2019, partially offset by the expansion of the US business into nine sports books and a new East Coast office, and the addition of the Malta hub for Online International. We have adopted high-quality, person-to-person video conferencing across the Group, in order to minimise global travel as we internationalise the business, and saw conferencing usage increase 50% during the year.

Since 2013, we have used an intensity measure, tonnes of CO_2 equivalent per £1m of net revenue, to track our performance. In 2019, we saw a 23% decrease in this metric due to a material reduction in revenues generated by Retail following implementation of the £2 stake limit on gaming machines. We consider this a new baseline, given this material change, and aim to improve this KPI year-on-year from this revised level.

These data points were calculated using BEIS guidelines and conversion rates.

KEY PERFORMANCE MEASURES

Objective	Measures	2019	2018	Comments
Our economic contribution	Taxes and gambling duties	£397m	£414m	Our contribution of £397m was lower than in 2018 due to a smaller Retail estate offset by the increase in remote gaming duty
Supporting sport	Levies, sponsorship and pictures payments	£137m	£126m	Payments to broadcast sporting events made up the majority of this figure. We paid £21m for the UK horseracing levy and voluntary greyhound levy
Reducing our environmental impact	Tonnes of CO_2 equivalent	23,973	31,853	Scope 1 emissions were 1,859 tCO_2e (2018: 2,225 tCO_2e) and Scope 2 emissions were 22,114 tCO_2e (2018: 29,628 tCO_2e). Our intensity measure decreased 23% in 2019
	tCO_2e per £1m of net revenue	15.16	19.68	
Support colleagues	William Hill Foundation grants	£48,203	£24,646	The Foundation's hardship fund supports colleagues across the Group when they face financial hardship. It made 26 grants in 2019

NON-FINANCIAL INFORMATION STATEMENT

The following aligns to the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006.

Our Code of Conduct which has been approved by the Board sets out the basic principles which we expect all employees to comply with across the Group and covers matters such as Anti-Bribery and Corruption, Fraud, Diversity, Community and the Environment. This is supplemented by more detailed policies and procedures in a number of areas which are communicated to employees as appropriate.

Our Code of Conduct and all of our public policies are available at www.williamhillplc.com.

Reporting requirement	Relevant policies	Where to read more	Page
Environmental matters	– Environmental policy	– Stakeholder engagement – Sustainability – Environmental impact	22 38 49
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STRONG EXECUTION IN A YEAR OF TRANSITION

2019 has been a year of transition across all our three divisions as we build a digitally led, internationally diverse business of scale. In Online we acquired Mr Green, creating a hub for our International business in Malta, and integrated it into our Online business to accelerate our international diversification. In the US we have continued to invest to grow a business of scale and are live in nine states taking over US$2.9bn in wagering and in Retail we have reshaped our business, following the closure of 713 shops, in response to the implementation of the £2 stake limit on gaming products.

Ruth Prior, Chief Financial Officer

Adjusted Operating Profit[1]

£147.0m

US wagering

US$2.9bn

Summary

In 2019 we have delivered an adjusted operating profit[1] of £147.0m, a decline of £86.6m / 37% against 2018 which was also a 53 week year. The statutory operating profit of £12.9m is £700.8m better than the prior year primarily due to an impairment of £882.8m taken in the prior year. The reconciliation between adjusted and statutory operating profit is detailed in note 3. 2019's performance reflects the implementation of the £2 stake limit on Retail gaming products in April 2019, as guided, leading to significantly reduced profits in our Retail division which resulted in the closure of 713 shops.

Performance of the other two divisions has been mixed. The US made £1.0m, at the upper end of our US$0 to US$20m loss guidance, and ahead of 2018 by £1.6m following the opening of new states, disciplined investment and income from the sale of shares held in The Stars Group ("Stars"). Nevada wagering grew for the 7th consecutive year and total wagering, including service provider states, was over US$2.9bn, US$1.3bn going through states that went live post PASPA. Online performance at £118.8m was £11.4m down against 2018. Online net revenues were +16% year-on-year on a statutory basis due to the inclusion of Mr Green post acquisition. Excluding Mr Green they were 5% down with the UK trading over the period before enhanced customer due diligence actions took effect in 2018 as well as the World Cup and 53rd week. International markets were also impacted by regulatory headwinds across a number of countries during the year.

In its first year of acquisition, Mr Green delivered synergies of c£4m as well as benefiting by c£8m through the treatment of software depreciation on acquisition being classified as an adjusted item. Trading was impacted by regulation in a number of key countries such as Sweden and Switzerland, but post regulation, especially in Sweden, we have returned to growth strengthening momentum as we exited the year.

Progress against our ambition

We retain the ambition set out in our Capital Markets Day in November 2018 to double our 2018 profits over five years and 2019, allowing for regulatory impacts, has performed in line with our targets to achieve this.

This ambition will be realised through strong growth from International markets and being a market leader in the US, capitalising on opportunities as they arise.

1. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.

Online

We acquired Mr Green for £192.9m, net of cash acquired, in January 2019. Mr Green has provided an operational hub in Malta, giving access to the EU, from which we now operate our International business post integration. The Group has continued to consider the extent to which operations will be affected by Brexit and this information is available on page 59.

Regulatory changes have impacted a number of markets resulting in performance behind our expectations and against prior years. We are responding to these challenges by investing in key markets in both product and technology.

In Spain we have replaced the legacy Sportsbook front end with our new propitiatory version and we introduced a single wallet to help cross sell between Sportsbook and Gaming. Both of these products can be used across multiple jurisdictions as we focus on building scalable technologies.

The UK market annualised the enhanced customer due diligence measures that we took in 2018 and revenues returned to YoY growth from Q2 when accounting for the 53rd week in 2018. The UK has also been impacted by three quarters of the increased RGD rate (15% to 21%), this will annualise in Q1 2020.

Retail

In Retail, we took the difficult decision to close 713 shops as a result of the implementation of the £2 stake limit on gaming products. The impact to the Retail business was marginally better than we initially modelled as we saw a greater level of substitution from gaming into sports betting, notably greyhounds and virtual racing. There still remains a high degree of uncertainty though until the rest of the Retail market decides how to respond and customer behaviour becomes more predictable. The Group-wide mitigation strategy to the £2 stake limit will continue until the end of 2020, although we now expect the cash costs of the programme for Retail to increase to c£70m as we anticipate lower cash inflows from certain asset disposals.

US

In the US, we continue to show revenue growth in our existing and established business in Nevada of 7%, the 7th year of growth, while we invest in new states as they regulate. Over US$2.9bn of wagering was taking in the US, including Service Providers, and US$1.3bn of this went through expansion states. Margins across the US were broadly at normalised levels.

We entered into a partnership with Eldorado Resorts Inc ("Eldorado") in January 2019 to be their exclusive sportsbook provider with Eldorado receiving a 20% stake in William Hill US. The announcement in June of Eldorado's proposed acquisition of Caesars Entertainment Corporation ("Caesars") will offer us exclusive sports betting rights across retail and mobile in Caesars in addition to Eldorado, which will provide access to 24 states.

We have developed our own purpose built, proprietary and market-leading technology platform, which was launched in New Jersey in time for the beginning of the NFL season as planned. With 55% of total wagering on mobile this supports the investment in this proprietary technology. Investment will continue as we enter new states, continuously improve the customer offer, and include additional components such as gaming and kiosks.

Sustainability

We continued with our aspiration that nobody is harmed by gambling by signing up to increased funding for research, education and training ("RET") from 0.1% of UK gross gambling yield ("GGY") to 1% across the next 5 years. In 2020 0.25% of GGY will be funded.

Balance sheet and cash flow

We retain a strong balance sheet, with available cash at year-end of £371.5m, £425m of revolving credit facilities (RCF) currently undrawn and we issued a new £350m bond in May 2019 with a coupon of 4.75% which will mature in May 2026. This underpins our ambition and allows us to fund expansion while balancing the interests of our creditors and shareholders. At the same time, our net debt to EBITDA[2] ratio has increased to 2.4x (from 1.0x) given the acquisition of Mr Green and the reduction in EBITDA[2] due to decreasing profits in the period after the implementation of the £2 stake limit on B2 gaming products. The impact to EBITDA[2] will annualise at the end of Q1 2020.

We have implemented IFRS 16 Leases for the first time in 2019. The new standard has a material impact on our financial statements as summarised on note 32. We have applied the modified retrospective approach therefore our prior year comparative is not restated.

Exceptional costs

The main exceptional cost incurred in 2019 is in response to the £2 stake limit in Retail gaming. A charge of £99.8m was recognised in the year, primarily due to the closure of shops and subsequent redundancies. We also recognised exceptional costs in the period relating to dual running costs as we moved our land-based data centres into the cloud. This will allow us to increase our technology flexibility and agility to meet business demands and allow us to expand rapidly into geographically dispersed markets. These dual running costs are expected to be incurred until 2021 at a total of c£15m split equally across the three-year programme. The transformation programme that commenced in 2016 has now ended.

Outlook

Looking ahead to 2020, the UK will be impacted by the announcement of the credit card ban from April which we estimated to be between £5m and £10m in year. The completion of the Eldorado Caesars deal in H1 will provide access to Caesars sports books and we anticipate up to 8 new states opening. This deal, in addition to new states will complement the partnership with CBS Sports that we have entered into.

We announced the acquisition of CG Technology ("Cantor") in the USA to further expand the Group's Las Vegas footprint. The acquisition is expected to complete in H1 2020. We have also announced the disposal of our 33 Northern Ireland and 2 Isle of Man shops to BoyleSports.

In 2018, the Board applied our dividend policy to underlying earnings excluding US Expansion. For 2019 and 2020, the Board believes it appropriate that dividends are paid out of true underlying earnings and, as such, US Expansion will be included in the calculation. However, we have also declared an underpin to the overall annual dividend at not less than 8 pence per share.

Ruth Prior
Chief Financial Officer

2. Net debt for covenant purposes and EBITDA for covenant purposes are non-statutory measures used to assess compliance with our debt covenants. These are explained further in note 25 to the financial statements.

Consolidated income statement

Results from continuing operations	Statutory results 2019 £m	Statutory results 2018 £m	Statutory results %	Adjusted results 2019 £m	Adjusted results 2018 £m	Adjusted results %
Revenue	**1,581.7**	1,621.3	-2	**1,581.7**	1,621.3	-2
Cost of sales	**(377.9)**	(385.6)	-2	**(377.9)**	(389.7)	-3
Gross profit	**1,203.8**	1,235.7	-3	**1,203.8**	1,231.6	-2
Net operating expenses	**(1,190.9)**	(1,923.6)	-38	**(1,056.8)**	(998.0)	+6
Profit/(loss) before interest and tax	**12.9**	(687.9)	+102	**147.0**	233.6	-37
Net finance costs	**(50.5)**	(34.0)	+49	**(50.5)**	(33.4)	+51
Tax	**10.6**	5.8	+83	**(2.7)**	(24.1)	-89
(Loss)/profit after tax	**(27.0)**	(716.1)	-96	**93.8**	176.1	-47
(Loss)/earnings per share – basic	**(3.1)p**	(83.6)p	-96	**10.7p**	20.6p	-48

Statutory to adjusted profit

Note the difference between statutory results and adjusted results is due to exceptional items and other defined adjustments. These principally relate to £99.8m of costs relating to our mitigation strategy following the implementation of the £2 stake limit on B2 gaming products in April 2019, including the costs associated with the 713 shop closures in the third quarter. It also includes corporate transaction and integration costs of £8.2m predominantly relating to the acquisition of Mr Green in January 2019, £5.2m of dual running costs associated with the transition of the Group's land-based data centres into the cloud and £18.2m of amortisation of acquired intangibles. In the previous period, this principally related to an impairment charge of £882.8m recognised in the Retail division following the original announcement of the £2 stake limit on B2 gaming products. Further detail on adjusted results is provided in note 3 to the financial statements.

The analysis below considers only continuing operations unless specifically stated otherwise. In the previous period, the Group disposed of William Hill Australia, the Australia segment, in April 2018. This was classified as a discontinued operation and therefore not included within the comparative in the below analysis. The Group acquired Mr Green in January 2019. The analysis does not include Mr Green performance before acquisition date unless the financials are specifically stated as pro forma.

Summary

The Group's revenue declined by 2% or £39.6m to £1,581.7m, with the decline in retail revenue following the implementation of the £2 stake limit offset by revenue growth in the US and Online divisions, including the revenue recognised from Mr Green. The prior period was also a 53-week trading period compared to 52-weeks in the current period. With costs of sales decreasing by 2%, this led to gross profit of £1,203.8m, a decrease of 3% or £31.9m. Net operating expenses declined by £732.7m (38%) on a statutory basis, mainly reflecting movements in exceptional items and adjustments with £882.8m impairment charge of the Retail segment recognised in the previous period.

On an adjusted basis, net operating expenses grew by £58.8m (6%) to £1,056.8m. This includes the costs of Mr Green, as well as increased investment costs in the continued expansion in the US business since PASPA was overturned in May 2018. This led to a decrease in the Group adjusted operating profit[2] of 37% to £147.0m.

On a statutory basis, net finance costs have increased by 49% or £16.5m, primarily due to parallel running of bonds with a new £350m bond issued in May 2019 and due to the implementation of the new IFRS 16 Leases accounting standard. We recognised a total tax credit of £10.6m on a loss before tax of £37.6m. This represented an effective tax rate of 28.2% (2018: 0.8%). A lower amount of non-deductible expenditure attributable to exceptional costs in 2019 together with a release of prior year tax provisions no longer required have contributed to a larger tax credit this year. Loss after tax for the period was £27.0m (2018: loss after tax £716.1m). This was driven by the exceptional items across both periods with £99.8m cost relating to the mitigation strategies as a result of the £2 stake limit on B2 gaming products in the current period and with £882.8m impairment charge of the Retail segment in the previous period. This corresponds to a loss per share of 3.1p (2018: loss per share of 83.6p). On an adjusted basis, profit after tax decreased by 47%, or £82.3m, to £93.8m with a corresponding 48%, or 9.9p, decrease in basic earnings per share to 10.7p.

We continued to generate strong operational cash flow in the period, despite the drop in adjusted operating profits due to the implementation of the £2 stake limit on B2 gaming products, with net cash flow from operating activities of £183.0m. This was a decrease of £14.1m or 7% compared to the previous period. The acquisition of Mr Green and continued investment in capital expenditure and the expanding US business has led to an increase in net debt to £535.7m compared to £308.1m in the prior period. This, coupled with a reduction in EBITDA for covenant purposes due to reduced operating profits as a result of the £2 stake limit on B2 gaming products, led to an increase in net debt to EBITDA for covenant purposes to 2.4 times (2018: 1.0 times).

Income statement by segment

	Revenue			Adjusted operating profit		
	2019 £m	2018 £m	%	**2019 £m**	2018 £m	%
Online	**738.3**	634.4	+16	**118.8**	130.2	-9
Retail	**717.0**	895.2	-20	**83.2**	150.3	-45
US Existing	**83.6**	78.4	+7	**27.1**	31.3	-13
US Expansion	**42.8**	13.1	+227	**(26.1)**	(31.9)	-18
Total US	**126.4**	91.5	+38	**1.0**	(0.6)	+267
Other	**–**	0.2		**0.2**	0.3	-33
Corporate	**–**	–		**(56.2)**	(46.6)	+21
Group	**1,581.7**	1,621.3	-2	**147.0**	233.6	-37

The commentary below on divisional performance reflects adjusted results, since that is the basis on which they are reported internally and in our segmental analysis. An explanation of our adjusted results, including a reconciliation to the statutory results, is provided in note 3 to the financial statements. The current period was a 52-week period compared to a 53-week comparative. This has not been adjusted for in the analysis below.

Online

Online revenues of £738.3m grew 16% following the acquisition of Mr Green offsetting regulatory impacts in both the UK and International markets. The increase in remote gaming duty in the UK from 15% to 21% at a cost of c£13m coupled with inflationary cost pressures resulted in adjusted operating profit of £118.8m, 9% lower YoY. The Online division also benefited by c£8m through the treatment of software depreciation on acquisition being classified as an adjusted item.

Retail

Retail revenue fell £178.2m or 20% as gaming machines decreased by 36% due to the implementation of the £2 stake limit on B2 gaming products and Sportsbook remained flat with a 2% decrease on staking offset by a 0.3%pt increase in margin. On a like for like ("LFL")[3] basis sports staking grew 6% as shops benefited from both substitution of customer spend from gaming machines into sports and customers migrating from closed shops across the industry.

Profit at £83.2m was £67.1m or 45% down YoY as a result of the lower revenues offset by the closure of loss making shops and a c£7m benefit from the rental costs of the closed shops being classified as exceptional costs for the three month period between announcing the closure and them closing.

US

Our US division, which comprises the US Existing segment (with all operations existing before PASPA was overturned in May 2018 excluding Delaware) and the US Expansion segment (with all operations in new jurisdictions since PASPA was overturned including Delaware) saw revenue growth of 38% to £126.4m. The US Existing segment, with growth at 7%, has experienced seven consecutive years of growth. The US Expansion segment benefited from the opening of three new states in the year, which resulted in revenues of £42.8m, growth of 227%.

US Revenue includes service provider revenue, which represents net profit share where William Hill US provides sportsbooks to the operator.

Adjusted operating profit in the US was £1.0m, an increase of £1.6m from 2018 following the contribution from new states, disciplined investment across the Expansion segment and the £10.3m income from the sale of shares held in The Stars Group, which we were entitled to as part of our agreement with Eldorado (see note 16 to the financial statements).

Exceptional items and adjustments

Exceptional items and adjustments amounted to £120.8m after tax, a decrease of £771.4m compared to the prior period, which included an impairment charge of the Retail division of £882.8m following the announcement of the stake limit on B2 gaming products being reduced from £100 to £2.

The largest exceptional item in the year at £99.8m relates to the triennial mitigation restructuring programme following the implementation of the £2 stake limit on B2 gaming products.

£95.1m of the £99.8m relates to costs in the Retail division, the majority associated with the planned shop closures of which £47.3m was an impairment charge against the relevant right-of-use lease assets. The remaining costs in the Retail division relate to other costs of closure, onerous costs and redundancy costs.

This programme is expected to last through 2020 with cash costs of c£70m relating to the Retail segment This has increased from the costs disclosed previously, as we are not expecting to receive the amount of cash inflows from certain asset disposals in the Retail division as we previously estimated.

The accounting costs incurred to date during 2018 and 2019 of £104.4m are greater than the expected cash costs to deliver the programme, which include potential mitigation strategies through the sale of freehold properties and any savings from early exit from lease arrangements. The accounting and cash costs will converge but will not equal each other by the end of 2020 when the programme ends as mitigation strategies will continue to be realised after 2020.

3. Where like-for-like (LFL) results are stated, this adjusts the 2018 comparative for shops closed during 2019.

Exceptional items and adjustments

Exceptional items	2019 £m	2018 £m
Restructuring costs		
Triennial mitigation	**99.8**	4.6
Other portfolio shop closures	**(1.2)**	(0.3)
Transformation programme	**3.5**	31.2
	102.1	35.5
Other		
Corporate transaction and integration costs	**8.2**	1.8
Dual running costs	**5.2**	–
Legal fees	**0.4**	0.6
Impairment of Retail segment	**–**	882.8
Other 2018 exceptional items	**–**	(1.1)
	13.8	884.1
Adjusted items		
Amortisation of acquired intangibles	**18.2**	2.5
	18.2	2.5
Total exceptional items and adjustments before tax	**134.1**	922.1
Tax		
Tax on exceptional items and adjustments	**(13.3)**	(37.9)
Exceptional tax items	**–**	8.0
	(13.3)	(29.9)
Total exceptional items and adjustments	**120.8**	892.2

£3.5m of costs relate to the final elements of the Transformation programme that commenced in 2016. This programme has now ended. The total incurred since 2016 is £99.3m. This programme delivered a range of cost optimisation and business model initiatives which continue to underpin the future growth in the business. The costs incurred in 2019 were less than expected, in part due to a profit on disposal of the previous Group head office, Greenside House, and in part due to a higher than expected proportion of cost being capitalised. Corporate transaction and integration costs of £8.2m have been incurred in relation to the Mr Green acquisition as well as the partnership with Eldorado.

In 2019 we recognised an exceptional cost of £5.2m relating to dual running costs as we move our land-based data centres into the cloud. The dual running costs treated as exceptional are specifically those costs relating to our land-based data centres that will no longer be incurred once the migration to the cloud is complete. These dual running costs are expected to be incurred until 2021 at a total of c£15m split equally across the three-year programme.

Adjustments totalled a net charge before tax £18.2m (2018: £2.5m). This related to amortisation charges on acquired intangibles, which have increased due to the additional intangibles recognised in the period from the acquisition of Mr Green and the partnership with Eldorado Resorts.

Taxation

On a statutory basis, the Group recognised a tax credit of £10.6m on losses before tax of £37.6m, giving an effective tax rate of 28.2% (2018: 0.8%). The tax credit and therefore the tax rate is adversely impacted by the non-deductibility of certain exceptional costs (principally the impairment of the lease right-of-use asset).

On an adjusted basis, the Group recognised a tax charge of £2.7m on adjusted profits before tax of £96.5m, giving an effective tax rate of 2.8% (2018: 12.0%). This rate is lower than the UK statutory rate, primarily as a result of operating in territories with lower tax rates such as Gibraltar and Malta. The rate also benefits this year from the release of provisions previously held for uncertain tax positions and which have been offset by the recognition of a provision for additional tax payable following a potential change, with retrospective effect, in specific UK tax legislation.

The Group's adjusted effective tax rate for 2020 is now expected to be c9%.

Earnings per share

Basic EPS was a loss per share of 3.1p compared to a loss per share of 83.6p in the prior period. This reflected the current period loss after tax made of £27.0m including £99.8m of exceptional costs relating to the mitigation strategies following the implementation of the £2 stake limit on B2 gaming products, compared to a loss after tax of £716.1m, due predominantly to the £882.8m impairment of the Retail segment. Adjusted EPS[4] decreased by 48% to 10.7p, due to the 47% decrease in adjusted profits after tax to £93.8m.

4. Adjusted EPS is calculated using adjusted profit after tax and in evaluating performance for dividend policy purposes. Further detail on adjusted measures is provided in note 3 to the financial statements.

Of the statutory loss after tax of £27.0m, a loss of £26.9m related to equity holders of the company and £0.1m loss related to non-controlling interest. This predominantly relates to the 20% stake in William Hill US held by Eldorado Resorts created as part of our partnership agreement which completed In January 2019, in addition to certain non-controlling interests created as part of the acquisition of Mr Green.

IFRS 16 Leases

We have applied the new IFRS 16 Leases accounting standard for the first time in 2019. This standard has a material impact on the financial statements as it leads to most leases being recognised on the Statement of Financial Position as a right of use asset and a lease liability. The lease cost will change from an in-period operating lease expense to recognition of depreciation of the right of use asset and interest expense on the lease liability.

We have adopted the modified retrospective transition approach and therefore comparative periods are not restated.

The impact of IFRS 16 in 2019 is to increase depreciation by £43.5m and interest expense by £5.1m while reducing other administrative expenses by £45.8m. This includes the impact of the reduced Retail estate after 713 shop closures in the third quarter. This therefore leads to an increase in profit before interest and tax of £2.3m and an increase in loss before tax of £2.8m in the period.

On the Statement of Financial Position, we hold a lease right-of-use asset of £129.6m within property, plant and equipment within non-current assets, which has been reduced by a £47.3m impairment against the relevant lease assets from the 713 shop closures in the third quarter. We also hold lease liabilities of £163.2m split between current and non-current liabilities.

Statement of financial position

Intangible assets have increased by £409.8m compared to 1 January 2019 to £1,095.9m. The increase relates in part to the acquisition of Mr Green with intangible assets of £114.5m recognised on acquisition across brands (£83.9m); customer relationships (£12.8m); acquired tech platform (£16.3m) and other software intangibles (£1.5m), in addition to goodwill on acquisition of £153.0m. The increase also relates to an asset recognised of £138.0m representing exclusive access to licences and markets as part of the partnership with Eldorado Resorts. This asset is amortised over the 25-year life of the agreement.

Property, plant and equipment has increased by £115.2m compared to 1 January 2019 primarily due to the recognition of the right-of-use lease asset on implementation of IFRS 16 Leases. Deferred tax assets increased by £31.6m to £43.5m primarily as a result of recognising the benefit of current year tax losses and other deductions for companies that are anticipated to make profits in the foreseeable future. These increases, alongside the increase in intangible assets, resulted in an increase in non-current assets of £549.8m to £1,487.6m compared to 1 January 2019.

Cash flows and net debt

	2019 £m	2018 £m
Cash flows from operating activities	**183.0**	197.1
Acquisitions and Investments	**(171.6)**	(20.5)
Disposals	**–**	242.3
Net capital expenditure	**(88.5)**	(116.6)
Dividends	**(90.9)**	(113.5)
Net movement in borrowings	**168.8**	3.1
Lease liabilities principal payments under IFRS 16	**(46.7)**	–
Other movements in cash	**(2.6)**	0.7
Net cash (outflow)/inflow	**(48.5)**	192.6
Net debt for covenant purposes	**535.7**	308.1
EBITDA for covenant purposes	**226.2**	312.7
Net debt to EBITDA ratio	**2.4**	1.0

Within current assets and current liabilities we have recognised net assets held for sale of £6.6m relating to the Group's 35 shops across its Northern Ireland and Isle of Man operations. We have agreed to dispose of these operations with the sale expected to complete in full in Q1 2020.

Total current liabilities have increased by £352.9m to £782.2m compared to 1 January 2019. This increase mainly relates to the transfer of the £203.2m outstanding on the 2020 Notes from non-current to current and the recognition of the current portion of the IFRS 16 lease liability (£37.5m). In addition the increase relates to provisions of £76.9m relating in part to a provision acquired with Mr Green relating to a gaming tax liability in Austria (£53.7m) and in part the remaining provision on the costs of closure associated with the 713 shops closed in the third quarter (£17.4m). Note the relevant lease liabilities on the 713 shop closures continue to be presented within lease liabilities as opposed to provisions.

Non-current liabilities increased by £118.6m compared to 1 January 2019 following the recognition of lease liabilities under IFRS 16 of £125.7m. Borrowings decreased by £26.2m reflecting the part early settlement and part transfer to current liabilities of the 2020 £375m bond, offset by the £350m 2026 bond issued in the period. Deferred tax liabilities increased by £17.5m to £81.3m reflecting the acquisition of Mr Green's balances.

Net assets of £320.2m is an increase of £21.3m compared to 1 January 2019. Of the £320.2m, £312.9m relates to total equity attributable to equity holders of the parent whereas £7.3m relates to non-controlling interest, relating to the 20% stake in William Hill US held by Eldorado Resorts after the completion of our partnership agreement in January 2019 and certain small minority interest holdings acquired as part of the acquisition of Mr Green.

Operating cash flows were £183.0m, higher than the adjusted operating profit of £147.0m primarily due to the reclassification of the costs associated with leases, which are now presented as cash from financing activities since the implementation of the IFRS 16 Leases accounting standard in the current period. This was £14.1m (7%) lower than the prior period, reflecting the 37% reduction in adjusted operating profits, offset by the reclassification of lease expenses in the current period.

We issued a new £350m corporate bond in the period with £171.6m used to repurchase part of the outstanding 2020 Notes. The Group returned £90.9m to shareholders through dividends and the costs associated with leases were £46.7m in the period. Overall, this led to a cash inflow from financing activities of £30.7m.

We completed the acquisition of Mr Green in the period with a net cash outflow of £173.7m in the period in addition to the £19.2m in H2 2018. This includes the cost of the acquisition of the shares in Mr Green of £244.8m net of the cash acquired of £51.9m.

We invested £94.6m on capital expenditure in the period with disposals of property, plant and equipment of £6.1m. This includes investment in our proprietary technology platform in New Jersey, which launched in time for the beginning of the NFL season, as well as the new sportsbook front end and single wallet in Spain.

Overall, this led to a cash outflow of £48.5m in the period, compared to a cash inflow of £192.6m in 2018, mainly driven by the disposals of the Australia operations and NYX investments in the prior period. This reduced the cash and cash equivalents balance to £459.4m (2018: £510.5m) with cash excluding customer balances and restricted cash reducing £49.3m or 12% to £371.5m

Net debt for covenant purposes has increased from £308.1m at 1 January 2019 to £535.7m at 31 December 2019, reflecting the cash outflows in the period from the acquisition of Mr Green and the mitigation strategy to the implementation of the £2 stake limit on B2 gaming products. The rolling 12 month EBITDA for covenant purposes fell 28% from £312.7m in the prior period to £226.2m for the current period, reflecting the decrease in adjusted operating profit after the implementation of the £2 stake limit on B2 gaming products from 1 April 2019. This EBITDA for covenant purposes removes the impact of IFRS 16 Leases accounting standard. This led to an increase in the net debt to EBITDA for covenant purposes ratio to 2.4x (2018: 1.0x).

The Board has continued with the 8p underpin of the dividend during this period of transition.

VIABILITY STATEMENT

In accordance with Provision 31 of the 2018 UK Corporate Governance Code, William Hill has assessed the prospects of the Company over a longer period than the 12 months required by the Going Concern provision.

The Directors confirm that they have a reasonable expectation that William Hill will continue to operate and meet its liabilities as they fall due, over a three-year period to December 2022. In making this statement, the Board has assessed the Company's current position, its prospects and its strategy, as well as performed a robust assessment of the principal risks facing the Company both individually and in aggregate, including those risks that could potentially threaten William Hill's business model, future performance, solvency or liquidity.

The principal risks facing William Hill and how the Company addresses such risks are described in this Strategic Report, and the key risks are summarised in the section 'Managing our risks'. The most relevant of these risks to the viability of the Company were considered to be:

- Changing regulation in Online. Specifically the impact of a potential introduction of a maximum stake on online slot machines in the UK; the impact of the ban on the use of credit cards to gamble in the UK from April 2020 being significantly worse than currently forecast; a change in international tax laws and regulations and the impact of potential new regulations in the European Countries in which we operate;
- Reputational impact and fines from regulators if we have a breach in our compliance procedures that results in a failure to meet the expectations of regulators, our shareholders and broader stakeholders;
- The failure to compete effectively in Retail, Online or the US market;
- Information security risk through data breaches or a major business continuity event; and
- The impact of Brexit as explained on page 59.

In addition, although not a principal risk, we have considered the impact of climate change and concluded the impact upon our business as low across the three-year period.

The nature of the risks and opportunities faced by the Group (in particular, the actual or possible impact of future fiscal and regulatory changes, regulatory actions and the pace of technological change) limits the Directors' ability to make reliable longer-term predictions.

Accordingly, the Board has agreed to maintain a three-year horizon to allow for a greater degree of certainty in their assumptions.

The Directors' assessment includes a financial review, which is derived from the Group's two year budget and forecast, being the most recent Board-approved forecasts, extrapolated to a third year using plausible and sensible assumptions. It identifies the expected cash flows, net debt headroom and funding covenant compliance throughout the three years under review. These forecasts also incorporate hypothetical downside case scenarios, modelling the potential impact on viability of one or more of the Group's principal risks crystallising during the period, both individually and in combination. As a result, a number of different operational and principal risk downside scenarios were considered and modelled, including:

- the impact of an introduction of a £2 maximum stake on online slot machines in the UK;
- different combinations of other online regulation being introduced in multiple markets in which we operate simultaneously, including a change in international tax laws and regulations;
- poorer than expected performance through a failure to compete with no growth forecast in Online; William Hill US expected to remain only break-even and Retail to gain no competitive advantage from the closure of competitors shops; and
- impact of a compliance, data or information security breach.

The downside scenarios consider William Hill's cash flows; sustainability of dividends; funding strategy; and other key financial ratios over the period, and include reasonable assumptions such as, following a material risk event, the Group would review the dividend, adjust capital management to preserve cash and or review which variable costs could be reduced; and that the Group will be able to effectively mitigate risks through enacted or available actions, as described in the section 'Managing our risks'.

The Directors note that in such an event where mitigating actions, as described above, were necessary it would likely impact the Group's ability to invest in growth markets such as the US and alternative sources of investment may be required to deliver on this element of its strategy.

Sensitivity analysis on these metrics has been undertaken to stress test the resilience of the Group. The sensitivity analysis considers all of William Hill's principal risks, and tests a number of the main assumptions underlying the forecasts, as well as effective mitigation that could occur to avoid or reduce the impact or occurrence of the risk.

Through this analysis, the Directors have a reasonable expectation that no singular event or plausible combination of events would be sufficient enough to impact its viability and even under the most severe stress tests, the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment.

Ulrik Bengtsson
Chief Executive Officer

26 February 2020

Ruth Prior
Chief Financial Officer

26 February 2020

A STRONG RISK MANAGEMENT APPROACH

We continue to take a pragmatic and commercial approach to managing risk which is carefully balanced with commercial realities, allowing us to acknowledge an increased appetite for risk where significant opportunity exists. First and foremost, we put our regulatory requirements and the protection of our customers as key priorities when setting our risk appetite. We have invested in our governance and control environments to ensure this approach to regulation and player safety is understood and executed consistently.

No system of control or governance can practically seek to guarantee all risk is mitigated. It is the aim of the Group risk management process to highlight risks, ensure management are aware of the ongoing position, support their decision making so that they can take appropriate steps within a wider framework of risk management, and to deliver in line with the Board's risk appetite.

Our approach

The Board is responsible for oversight and approval of appropriate responses to potentially significant risks in pursuit of the Group's strategic objectives. During the year, the Board re-affirmed the existing risk appetite as being appropriate. The Board confirms the assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity was robust.

Each business unit has fully considered their own risk profile, which has been appraised, challenged and approved by the Executive, with a consolidated view presented to the Board.

The Group Executive are charged with managing risk, and undertake these duties through regular review of the business unit risk registers, by monitoring key risk indicators, and formally considering risk as part of the investment appraisal process, Group and regional capital expenditure and project appraisals, review of key changes and a thorough discussion with the Board as part of Group strategy days.

We set out on the following pages the principal risks facing the business, as approved by the Board, as well as commentary providing examples of how we mitigate these risks. As explained, this list is not exhaustive, but represents the Board and management's assessment of those risks which require our considered response at this time.

Brexit

We previously set out our position on Brexit within the 2018 Annual Report and Accounts, which has required careful monitoring and action by management. The key challenges to the business are access to licensed markets, availability of staff and impacts on data handling. Our acquisition of the Mr Green business, and the associated licences in Malta held by our international business mitigates the licence issue. We have appropriate business continuity arrangements in place for short term border disruptions affecting the movement of our people, and are not otherwise over exposed to the impact of Brexit in this area. Finally appropriate data sharing arrangements are in place to allow us to continue to fulfil our data handling obligations.

Given these mitigations, Brexit is not assessed as a Strategic level risk, but is being handled in individual business unit risk registers.

EMERGING RISKS

Our risk management processes include consideration of emerging risks, which are reviewed by Executive Management. We engage in such horizon scanning to allow management to take timely steps to intervene as appropriate. Methods to identify emerging risks include reviews with both internal and external subject matter experts, use of key risk indicators from management information and reports, and consultation papers and publications from within and outside the industry.

The ever-changing regulatory landscape is a risk to the business, and throughout the year some risks have emerged which have been monitored by management, and action was taken when these started to crystallise. Emerging risks (including opportunity risks) continue to develop, for example, live debates in the UK market regarding caps on online gaming stakes, media speculation across European markets on advertising restrictions, moves to further responsible gambling regulation, and possible increases to taxation rates. We continue to monitor these emerging areas and others to assess where action is required.

International opportunities continue to arise, which represent risk in decision-making on strategic opportunities, or our position in key markets changing as others make strategic moves. There is clear risk in the regulatory complexity and the ability to operate effectively in new markets as they develop. We have experience in opening new markets, enhanced by the Mr Green acquisition, which helps our mitigation as these opportunities develop.

Risk category	Strategic area	Management and mitigation examples	Net risk movement
Regulatory, political and legal risk			
Risks arise from breaches and/or changes to regulation, regulatory policy and interpretation, and applicable laws. Our continuing international expansion, and the opening up of newly licensed markets, brings further complexity to our multi-jurisdictional regulatory position, and the additional requirements internally to ensure we are fulfilling our obligations. Our industry exists in varying political regimes, with the sentiment towards gambling varying depending on the regime. The attitude towards gambling in these landscapes, and the relationship with political agendas, tends to be driving political decisions based on the maturity of those markets. Further, given our presence in multiple jurisdictions and as a large, listed, and regulated employer of scale we have clear legal obligations to manage and monitor our regulatory requirements.	1 2 3 4	We seek to work with our peers and key groups within the industry and through direct engagement with key stakeholders, to provide input to the approach to regulation, both internationally and particularly at this time in relation to the UK Online market. As we increasingly diversify our revenues across multiple regulated markets we become less sensitive to changes in any one individual market. Our depth of experience in the US market through an established, compliant business in Nevada provides a sound platform from which to extend our US compliance processes and teams to meet regulation in new and emerging US states. Throughout the year, we have strengthened our Compliance functions significantly, investing in growth areas, aligning our regulatory teams to the new business structures internationally, and addressing historic issues highlighted within the 2018 regulatory settlement. We revised the structure of our compliance teams, providing local accountability aligned with central oversight and assurance. Group management receive appropriate comfort that compliance obligations are being addressed consistently and proportionately across the Group. In the year we completed a major project, which clarified the organisational accountabilities for key areas of compliance along a three lines of defence model. This provided additional oversight and control of key regulatory matters whilst also ensuring that management were directly accountable for embedding compliance activities throughout the Group. Given the increasing complexity driven through the number of regulated markets, and our continuing growth ambitions, the gross risk is assessed as increasing which results in an increase to the overall net risk as some of these factors are not directly controllable. Where we are able to influence or control risks internally in order to mitigate them we have taken appropriate action.	↑
Strategic risk			
Our core strategy is based on a set of key assumptions, and in some cases those assumptions contain informed views around how the risk landscape will develop and also where this will present opportunity. Within our industry this strategic risk includes the disruption of the competitive landscape as others engage in new business combinations, new products and new routes into additional markets. We have already seen some of the assumptions underpinning our strategic risks begin to crystallise. For example, 'early mover' states have opened up following the repeal of PASPA, and we have seen further mergers and changes across the industry during the year. Neither of these matters represent a conclusion to the movement of the risk landscape as further changes are probable in both instances.	1 2 3 4	The US remains our most significant near-term opportunity. As we continue to hold leading positions in existing states, and work to launch in newly accessible states, the complexity of our US business increases. States have varying models depending on local regulations and each business must be suitably tailored to each states' requirements. The PLC Board actively reviews our US growth strategy, and adequate governance and oversight is in place to monitor progress. Our new relationship with Eldorado, and further the Eldorado relationship with Caesars, increases our footprint and provides access to an increased number of properties, licences and customers. We continue to assess opportunities in the US, such as the recent deal relating to Cantor. Budgets are available for resourcing support functions and rapidly maturing the support environment for new state launches from our core base in Nevada, and locally as required. The industry continues to see innovation and disruption. We recognise the need to constantly evolve our offering to remain credible in the market. The ongoing integration of Mr Green, and the access to products, markets, licences and skills this provides is a key step in ensuring that we continue to be an operator of choice for our customers. By aligning our new capabilities in Mr Green with our existing areas of strength, such as the development capabilities of the Grand Parade business in Krakow, we are able to continually refresh our product. Further alignment of technology and product under one leadership role helps drive continual innovation, and ensure our development efforts are fully focused on enhancing our interactions with our customers. Our strength in the US market, and the partnerships we have entered into allows us to respond in line with market evolution. Our increasing strengths and offerings ensure that we are well placed to excel in continually evolving markets elsewhere. For these reasons we assess this risk as stable.	—

Risk category	Strategic area	Management and mitigation examples	Net risk movement
Market/financial risk			
Our growth plans, expansion into new territories and continuous improvement programmes across the organisation mean we need to maintain clear focus on liquidity and funding. As with all businesses, there is a need to balance ambition with strong fiscal management to ensure funds are available and funding requirements are met.	1 2 3	We proactively engage with lenders and rating agencies, loan facilities are kept under review, and we actively monitor cash flow forecasts across the Group. We have adequate governance in place to understand the implications of our liquidity and funding position and appropriately prioritise how we invest our resources to manage our existing operations whilst taking advantage of growth opportunities. Investment opportunities are assessed on a Group basis, and significant investments are actively managed through clear delegated authority limits across the Group. This ensures that significant programmes of work, or individual projects are approved at a Group level, ensuring management are able to assess investments across business units and ensure funds are being invested in the most appropriate way. Overall our assessment is that this risk remains significant, but stable.	—
Operational risk			
As with all businesses, we face risks that our operational processes, procedures and controls do not work efficiently and effectively if they are not correctly implemented and managed. A business of our size, complexity and geographical footprint must ensure appropriate systems and controls are in place to manage operations locally, and provide Group management with sufficient information to align operations across the Group.	1 2 3	Historically William Hill has operated a wide range of legacy systems, which presents challenges to ensure our platforms are stable and available at key times. Significant investment has been made in this area including a project to move land-based data centres into the cloud. Reliance on older legacy platforms is reducing. Technology has been brought together with product under one function, reporting to a single member of the Executive Management team. This will align priorities and should lead to better prioritisation and allocation of resource. Significant investments have been made in addressing legacy issues in recent years and the record of unplanned issues has declined significantly. We continue to invest in our cyber security response for both prevention of issues and reaction to threats. We work closely with leading-edge partners to access external solutions to protect against significant application and network denial-of-service attacks. We also invest heavily in our own internal protections and monitoring. Attracting, developing and retaining key talent is a continual risk, particularly in competitive areas such as technology development, and in expanding markets such as the US. Failure to secure the right talent in the right location could undermine our opportunity to deliver strategic goals. Our HR functions play active roles in the benchmarking, retention and development of talent pools. The risk is particularly acute in specific high-demand skill areas and we continue to benchmark packages and roles actively to ensure we are well placed in such markets. Succession planning is embedded for key roles and actively updated and reviewed by senior management. Due to the proactive stance we take in managing our operational risks, and the continual monitoring undertaken by management to ensure corrective actions are undertaken and completed, our overall assessment is that the level of risk is stable relative to prior years.	—
Tax changes			
Our continued expansion internationally brings added complexity to our tax positions, which requires careful management to ensure that we are fulfilling our requirements. Changing regulations could affect our bottom line.	1 3	We have dedicated tax experts within the business supported by legal experts. Regular meetings are held with government representatives in the UK and Gibraltar and in international markets to maintain our compliant position and to engage actively in horizon monitoring. Tax changes have been raised by regulators in some international markets, and our continued expansion across the US and into emerging markets increases the complexity of our tax requirements.	↑

Key

Strategic area

1. Driving digital growth in the UK and Internationally
2. Remodelling Retail
3. Growing a business of scale in the US
4. Nobody Harmed

Net risk movement

— Stable
↑ Increasing
↓ Decreasing

GOVERNANCE AT A GLANCE

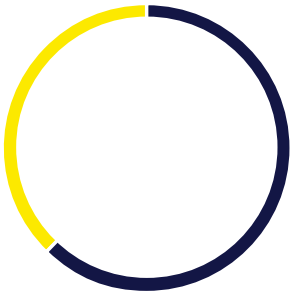
KEY FOCUS AREAS IN 2019

- Oversight of the delivery of our key strategic objectives in particular: integration of Mr Green; approach around retail shop closures as part of the remodelling of the Retail business; and US expansion, including implementation of the new US tech platform
- Building trust in our business and managing public challenge through oversight of our Nobody Harmed aspiration and monitoring impact of our Sustainability programmes and initiatives
- Oversight of operational improvements in regulatory compliance
- Board refreshment, succession planning and appointment of a new Chief Executive Officer
- Participation in employee and broader stakeholder engagement activities
- External annual Board evaluation

DIVERSITY AND INCLUSION

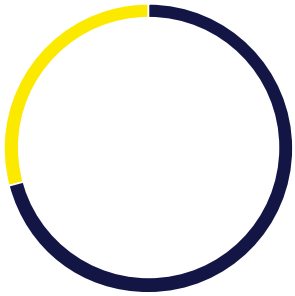
as at 31 December 2019

Board



Male	62.5%
Female	37.5%

Senior Management



Male	71%
Female	29%

BOARD SKILLS AND EXPERIENCE

	Roger Devlin	Ulrik Bengtsson	Ruth Prior	Mark Brooker	Jane Hanson	Robin Terrell	Lynne Weedall	Gordon Wilson
Finance, Audit and Risk Management			●		●	●		
HR and Remuneration							●	
Retail, Leisure and Customer Service	●	●		●		●	●	
Digital, Technology and Data		●	●			●		●
International business and markets	●	●		●				●
Strategy, Transformation and M&A			●		●		●	●
Sports betting and gaming	●	●		●				
Governance and Regulation	●			●	●			

COMPLIANCE WITH THE 2018 CORPORATE GOVERNANCE CODE

LOOKING AHEAD TO 2020

- Continued focus on delivery of our key strategic objectives and long-term sustainable growth
- Focus on Customer, Team and Execution to accelerate the delivery of our strategy
- Monitoring delivery of and progress against the UK Safer Gambling Commitments made in 2019, and continuing to strengthen the Company's reputation of being one of the most trusted brands in the industry
- Succession planning and monitoring and developing talent in the organisation. On-boarding and induction of a new Chief Financial Officer
- Continued engagement with employees and broader stakeholders
- Progressing key actions identified in the 2019 Board evaluation
- Remuneration Policy renewal

For more information on Board activities see pages 70 – 71.

CHAIRMAN'S GOVERNANCE STATEMENT

Dear shareholder, I am pleased to present our Corporate Governance Report for 2019, our first report under the new UK Corporate Governance Code 2018 (the Code).

2019 was a year of transition for all parts of the Group and the Board focused on the delivery of our key strategic objectives as we progressed against the plan set out at our Capital Markets Day in 2018.

Roger Devlin, Chairman

Strategy

We have made good progress against the five-year strategy outlined at the end of 2018. Our three business divisions are presented with their own opportunities and challenges, while continuing to respond to the evolving regulatory landscape in the UK and overseas. During the year, the Board provided particular oversight over key considerations in relation to: our Online division, with the integration of Mr Green into our international markets; positioning William Hill's Retail division well for the future, following the implementation of the £2 stake limit; and to delivering strong revenue growth and expansion opportunities in the US, as well as the implementation of the new US tech platform. All strategic discussions were underpinned by our duties under s172 of the Companies Act 2006 and responsibilities to our key stakeholders. A more detailed overview of the range of matters discussed and considered by the Board during the year is presented on pages 70 – 71.

Underpinning William Hill's performance is our Sustainability strategy and Nobody Harmed aspiration. As part of a UK industry-wide initiative, we implemented voluntary TV advertising restrictions, signed up to a set of long-term Safer Gambling Commitments with other leading operators and committed to a significant increase in the funding we provide for safer gambling measures, including for research, education and treatment. We continue to work on additional measures to protect our customers and contribute to the regulatory agenda.

Appointment of a new Chief Executive Officer

In September, Philip Bowcock stepped down from the Board as Chief Executive Officer (CEO). Ulrik Bengtsson was appointed to the Board as CEO (designate) on 5 September 2019, and formally as CEO on 30 September 2019. The process to appoint the new CEO was a rigorous one, with external benchmarking helping to validate the strength of the internal pool. The Board was unanimous in its decision to name Ulrik as CEO.

This change forms part of William Hill's succession planning and is consistent with the Group's long-term strategy of becoming a digitally led and internationally diverse sports betting and gaming company. Having overseen the Group's digital operations for 18 months, Ulrik knows the business well and is ideally suited to lead our next phase of growth. He has a deep understanding of digital sports betting and gaming and has the international and sector experience we need to deliver on our strategy.

During his first few months as CEO, Ulrik has taken the opportunity to meet many employees, customers, shareholders, regulatory bodies and other stakeholders, to seek their views on, amongst other things, the Group's growth, strategy and culture, and how we can generate and preserve value over the long-term.

"We recognise that we have a role to play in making a meaningful contribution to society. By delivering on our purpose and values, investing in our employees and communities, and engaging with our stakeholders, we will have a positive impact on the long-term success of the Group."

I would like to take the opportunity to thank Philip for his important contribution to William Hill. He led the business through a period of unprecedented change and we wish him all the best in his next endeavours.

At the beginning of 2020, we announced that Ruth Prior, Chief Financial Officer (CFO), would be leaving the Company to return to her private equity roots. We subsequently announced that Adrian Marsh has been appointed as William Hill's next CFO, and will join the Company as an Executive Director of the Board. Adrian joins the Board from DS Smith Plc, a FTSE 100 international packaging business where he has been Group CFO for the past seven years. We are delighted that Adrian is joining us at such a crucial time for the business and we are confident that he will make a significant contribution to the delivery of the strategy and the Company's international growth plans. On behalf of the Board, I would also like to thank Ruth for her valued contribution over the past two years and the support she has provided to the business. We wish her all the success for her next role. The effective date of Adrian's appointment and Ruth's departure will be announced in due course.

Board changes

Through the Nomination Committee, we keep the composition of the Board and its Committees under review to ensure they are refreshed over time to reflect the skills, experience and knowledge required to remain effective.

As disclosed in last year's report, Gordon Wilson joined the Board as a Non-Executive Director (NED) on 2 January 2019. On 1 July 2019, we welcomed both Lynne Weedall and Jane Hanson to the Board as Non-Executive Directors. Lynne's broad experience with organisations undertaking operational and cultural change will further support the Board's efforts, and focus on delivering on our strategy. Jane brings proven NED experience working at board level in publicly listed, regulated and complex organisations which will be invaluable to William Hill and makes her a great addition to the Board. I am personally delighted that Lynne and Jane have joined the Board of William Hill. Each new Director has received a comprehensive induction programme to ensure they are able to participate actively at Board meetings. You can read more detailed information on their induction to the Board and William Hill on page 92.

Georgina Harvey retired from the Board on 31 December 2019, having served eight years as a NED. On behalf of the Board, I would like to reiterate my thanks to Georgina for her contribution and long service to the Board, particularly in her role as Remuneration Committee Chair.

Balbir Kelly-Bisla, our Company Secretary, will be leaving the Company in April to pursue a new role. The Board would like to thank Balbir for her commitment and support to the Board and wish her well in her new position.

As a result of the various Board changes, the Nomination Committee took the opportunity to review and refresh the membership of the Board's Committees to ensure the appropriate balance is maintained and meetings remain effective. A full list of Board and Committee changes during the year is set out on page 65 and further information can also be found in the Nomination Committee report.

Diversity

The Board recognises the value that diversity brings to the boardroom. Board appointments and succession plans are based on merit and objective criteria which promotes all aspects of diversity. As at 31 December 2019 and at the date of this report, female representation on the Board was at 37.5%, which exceeds the target level set in the Hampton Alexander review of 33% by the end of 2020. Our approach to diversity led us to increase our position in the Hampton Alexander index during the year. We are committed as an organisation to our 30% club goals and are still the only top five sports betting and gaming company to have signed up to the club.

Culture and values

Our purpose, values, brand, technology and product all influence and shape our culture and how we are perceived by our stakeholders. The Board continues to ensure alignment across these areas to our strategy, setting the tone from the top and fostering a greater focus on Customer, Team and Execution. Our new brand proposition launched in the UK throughout 2019, supports our modern, trusted and connected customer-centric approach.

The Board continues to monitor and track our impact through customer and employee Net Promoter Scores from surveys and other engagement channels, gender pay metrics, through monitoring levels of safer gambling behaviours among customers, such as the use of online deposit limits, as well as through observing wider perceptions of gambling through public surveys.

Workforce and stakeholder engagement

The Board recognises its responsibility to take into consideration the views of employees and broader stakeholders as part of its decision-making process, and remains committed to open channels of communication with all of our key stakeholders.

When considering the requirements of the 2018 Code to enhance employee voice in the boardroom, the Board determined that all NEDs would be responsible, or 'designated' for workforce engagement purposes. The Board believes this will enhance each of the Directors' engagement with, and understanding of, the different areas of the business and also ease pressure on individual time commitment. Through an agreed stakeholder engagement programme, NEDs attended workforce engagement forums during the year that closely aligned with their background and skill sets, and shared their insights with the Board. Engagement and feedback from employees across the business is vital, never more so during the last year as we remodelled our UK Retail business.

Climate change

We are committed to playing our part to address climate change and have set ambitious new targets in our updated Environmental Policy to reduce our carbon footprint globally, until we become a carbon neutral business. I am pleased to report that in 2019, we further reduced our carbon footprint by 25%. In addition to carbon targets, we have considered our approach and set targets for reducing waste, water and energy consumption, progress on which will be reviewed by the Board.

Annual Board evaluation

We have made good progress on the actions arising from the internal Board evaluation conducted in 2018, and have reviewed the progress made since the last evaluation. Further details are provided later in the Governance report.

In 2019, the Board undertook an externally facilitated Board evaluation, led by Clare Chalmers, which consisted of interviews and observation of Board and Committee meetings. I am pleased that the feedback received confirms my view that the Board continues to work effectively and has the right skills and experience to support the business. The process and main findings of the review are available on page 80.

Corporate governance

The Board has spent time considering the changes and enhanced disclosure requirements brought in by the FRC's 2018 Code, a copy of which is available at www.frc.org.uk, which places increased emphasis on stakeholder engagement, diversity and corporate culture and remuneration structures. We remain committed to maintaining the highest standards of Corporate Governance across the Group to support the delivery of our strategy and provide long-term value to our shareholders. I am pleased to report that we were in full compliance with the provisions laid out within the 2018 Code for the period under review.

Our next Annual General Meeting (AGM) will be held on 15 May 2020, in London. Further details will be available on our website and I look forward to welcoming all shareholders who can attend in person.

Roger Devlin
Chairman

BOARD AND COMMITTEE CHANGES DURING THE YEAR:

- Gordon Wilson was appointed to the Board, Nomination and Corporate Responsibility Committees on 2 January 2019 (as reported in the 2018 Annual Report);
- David Lowden stepped down from the Board and as Chair of the Audit and Risk Management Committee on 4 March 2019 (as reported in the 2018 Annual Report);
- Robin Terrell was appointed Audit and Risk Management Committee Chair on 4 March 2019 following David Lowden's departure. He was also re-appointed a member of the Remuneration Committee on 9 May 2019 and, following the appointment of Lynne Weedall to the Corporate Responsibility Committee, Robin stepped down from that Committee with effect from 1 July 2019;
- Gordon Wilson joined the Audit and Risk Management Committee on an interim basis on 9 May 2019. Following the appointment of Jane Hanson to the Audit and Risk Management Committee, Gordon stepped down from that committee with effect from 1 July 2019;
- Jane Hanson was appointed to the Board on 1 July 2019 and joined the Audit and Risk Management and Nomination Committees at the same time. She joined the Corporate Responsibility Committee on 12 December 2019;
- Lynne Weedall was appointed to the Board on 1 July 2019 and joined the Corporate Responsibility, Nomination and Remuneration Committees at the same time. She was appointed Remuneration Committee Chair on 9 October 2019, following Georgina Harvey stepping down from the role;
- Ulrik Bengtsson was appointed to the Board as CEO (designate) on 5 September 2019. Philip Bowcock formally stepped down as CEO and a Director on 30 September 2019, with Ulrik stepping into the role effective from the same date; and
- Georgina Harvey stepped down as Chair of the Remuneration Committee on 9 October 2019 and retired from the Board and the Corporate Responsibility, Nomination and Remuneration Committees on 31 December 2019.

BOARD LEADERSHIP AND COMPANY PURPOSE

Your Board

Roger Devlin (N)

Chairman
Appointed to the Board: 2018

Responsibilities
Chairman of the Board. Responsible for leadership and governance of the Board.

Focus in 2019
Leadership on key strategic and governance decisions.

Relevant skills and experience
Roger is an experienced Chairman with extensive business, leadership and governance experience, having held executive and non-executive roles in sectors such as corporate finance, gaming, leisure, pubs and brewing, sport and transport. Roger has a Master's degree in Law from Oxford University.

Appointments (past and present)
Roger is an experienced Chairman and has been the Chairman of Persimmon PLC since 2018. Roger's previous appointments include; Chairman of Marston's PLC and Senior Independent Director at the Football Association. He was also previously Group Corporate Development Director of Hilton Group plc, as well as a Board director for both the hotels and Ladbrokes businesses owned by Hilton Group at that time.

Ulrik Bengtsson

Chief Executive Officer
Appointed to the Board: 2019

Responsibilities
Group strategy, operational management, leadership of the Group Executive.

Focus in 2019
Executive leadership on strategic development and key decisions; development and implementation of corporate strategy, setting the operating model and composition and integration of new capabilities in the Group Executive.

Relevant skills and experience
Ulrik was appointed CEO (designate) on 5 September 2019 and became CEO on 30 September 2019. He joined the Group as Chief Digital Officer and a member of the Group Executive in April 2018. Ulrik was previously President and Chief Executive of Betsson Group, a Swedish listed betting and gaming company, until stepping down in September 2017. Ulrik holds a Bachelor's degree in Management from Dalhouse University.

Appointments (past and present)
In addition to his role at the Betsson Group, Ulrik has also held positions as CEO of Viasat Broadcasting Sweden and CEO of the emerging markets pay-tv business at Modern Times Group.

Ruth Prior

Chief Financial Officer
Appointed to the Board: 2017

Responsibilities
All aspects of the Group's financing, financial performance and reporting; and leadership of the Group Finance and other corporate functions.

Focus in 2019
Effective financial reporting and capital allocation; supporting the CEO in implementation of the corporate strategy; efficient financial controls and processes.

Relevant skills and experience
Ruth joined the Group and was appointed CFO in October 2017. Ruth joined William Hill from Worldpay Group plc, having joined Worldpay in October 2013 as Deputy CFO and subsequently being appointed Chief Operating Officer (COO) in December 2016. Ruth has a degree in Biochemistry and is a Chartered Management Accountant.

Appointments (past and present)
Ruth is a Non-Executive Director at Motability Operations Group PLC. She was previously Group CFO of EMI Group and, prior to that, worked for the private equity firm Terra Firma Capital Partners as a Finance Director. Earlier in her career, she worked at Whitbread and Bass, after starting her career at Unilever.

BOARD COMMITTEES

- ◯ Committee Chair
- (A) Audit and Risk Management
- (C) Corporate Responsibility
- (N) Nomination
- (R) Remuneration

INDEPENDENCE STATEMENT

The Board considers all of the Non-Executive Directors who are identified on pages 66 – 68 to be independent. They each demonstrate an appropriate degree of independence in character and judgement, and are free from any business or other relationship which could materially interfere with the exercise of their judgement.

Mark Brooker

A C N R

Senior Independent Non-Executive Director (SID)
Appointed to the Board: 2017

Responsibilities
Serving as a sounding board for the Chairman and acting as an intermediary for other Directors.

Focus in 2019
Leadership of the Corporate Responsibility Committee and assuming continued responsibilities of the Senior Independent Director.

Relevant skills and experience
Mark was previously COO at Betfair, one of Europe's leading online gaming businesses, with responsibilities for all operations outside the USA, including commercial management, product development and customer service across Sportsbook, Exchange and Gaming products. Mark holds a Master's degree in Engineering, Economics and Management from Oxford University.

Appointments (past and present)
Mark is also a Non-Executive Director at AA plc, Equiniti Group plc, Findmypast Limited and Seedrs Limited. He spent 17 years in investment banking, advising UK companies on equity capital raising and M&A at Morgan Stanley and Merrill Lynch. Other previous appointments include COO of Trainline Plc.

Jane Hanson

A C N

Independent Non-Executive Director
Appointed to the Board: 2019

Responsibilities
Provides objective insight and constructive challenge to all Board discussions, including on strategic, financial, risk, regulatory and governance matters.

Focus in 2019
Deepening familiarisation with the business; providing strategic focus at Board discussions; new membership of the Audit and Risk Management, Corporate Responsibility and Nomination Committees.

Relevant skills and experience
Jane brings expertise in risk management and corporate governance in highly regulated environments. She has knowledge of developing and monitoring consumer-centric risk frameworks and has overseen major IT and transformation programmes. She is a Fellow of the Institute of Chartered Accountants in England and Wales and is also a Magistrate.

Appointments (past and present)
Jane is currently a Non-Executive Director and Chair of the Board Risk Committee of Direct Line Insurance Group plc. She is also Chair of The Reclaim Fund Ltd, Honorary Treasurer and Independent Trustee of the Disasters Emergency Committee and Independent Member of the Fairness Committee at ReAssure Ltd. Jane has previously held a number of Executive roles, including at Aviva plc.

Robin Terrell

A N R

Independent Non-Executive Director
Appointed to the Board: 2017

Responsibilities
Provides objective insight and constructive challenge to all Board discussions on strategic, financial, risk and governance matters.

Focus in 2019
Leadership of the Audit and Risk Management Committee; developing a working relationship with the CFO and the new CEO; newly re-appointed member of the Remuneration Committee in 2019.

Relevant skills and experience
Robin has significant retail experience, particularly within the digital space, and has held a number of senior positions at multichannel retailers such as Tesco Plc, John Lewis and House of Fraser. Robin also served as Managing Director of Amazon in the UK. Robin qualified as a Chartered Accountant with Coopers & Lybrand.

Appointments (past and present)
Robin is Non-Executive Chair of Wetsuit Outlet and a Non-Executive Director at New Look, Amara Living Limited and Ahlens AB. His previous Non-Executive roles include Tesco Mobile, Lazada Group, Wilko and Monica Vinader.

Lynne Weedall C N R

Independent Non-Executive Director
Appointed to the Board: 2019

Responsibilities
Provides objective insight and constructive challenge to all Board discussions on strategic, financial and governance matters.

Focus in 2019
Deepening familiarisation with the business; assuming the chair of the Remuneration Committee; and new membership of the Corporate Responsibility and Nomination Committees.

Relevant skills and experience
Lynne brings a wealth of experience in HR, strategy and organisational transformation gained from a variety of roles in the retail sector and elsewhere. She has worked with a number of household names in senior HR and strategic roles, and is experienced in leading major change and integration programmes.

Appointments (past and present)
Lynne is currently a Non-Executive Director and Remuneration Committee Chair of Treatt Plc and a Director of Truepoint, an international consultancy firm specialising in organisational change. Up until October 2019, Lynne was a Non-Executive Director and Remuneration Committee Chair of Greene King plc. She is the former HR Director of Selfridges Group, and prior to that Dixons Carphone where she led their merger integration.

Gordon Wilson C N

Independent Non-Executive Director
Appointed to the Board: 2019

Responsibilities
Provides objective insight and constructive challenge to all Board discussions on strategic, technological, financial and governance matters.

Focus in 2019
Providing strategic focus at Board discussions especially around technology, international expansion and customer experience; new membership of the Corporate Responsibility and Nomination Committees; and mentorship of key executives in the management team.

Relevant skills and experience
As a recently long tenured public company CEO, Gordon brings considerable experience in electronic commerce at scale on a global basis, including the use of Big Data, artificial intelligence and mobile engagement, as well as the development of a FinTech business for international commercial payments. Gordon is well versed in the public equity and debt markets and has led considerable business transformation. He has a Master's Degree in Law from the University of Cambridge.

Appointments (past and present)
Gordon stepped down in 2019 as the CEO and President of Travelport Worldwide Limited and Chairman of eNett International following the conclusion of a US$4.4 billion take private led by Siris Capital Group LLC of New York, and Evergreen Coast Capital Corp of California. He has held various executive management positions based in the UK, the US, South Africa and Portugal.

Balbir Kelly-Bisla

Company Secretary
Appointed: 2018

Responsibilities
Advising on corporate governance matters, working closely with the Chairman, SID and Board of Directors.

Focus in 2019
Board and governance support; compliance with statutory and regulatory requirements; and investor engagement.

Relevant skills and experience
Balbir joined William Hill as the Group Company Secretary in 2018. She attends all Board and Committee meetings, as well as meetings of the Group Executive and leads on all governance aspects relating to the William Hill Group.

Appointments (past and present)
Prior to her joining William Hill, Balbir was Director of Investor Relations at GlaxoSmithKline plc (GSK) and, previous to that, held Company Secretarial roles at GSK, Lastminute.com, Royal & Sun Alliance and Segro plc.

Governance and strategy

Our strategy in 2019 was focused around three key objectives, underpinned by our Nobody Harmed aspiration. Throughout the year, the Board provided oversight over key areas of the business to ensure its alignment with the strategic objectives. The below table summarises some of the key business activities that have been supported by the Board.

2019 strategic objective	How governance contributes to the delivery of the strategy	Key achievements
Driving digital growth **See pages 26 – 29 for more information.**	The Board challenges management to ensure that the Group's technology, systems, processes and product are optimised and adequate to support the Group's long-term plans to be a more digitally led, internationally diverse sports betting and gaming company.	– Integration of the Mr Green business has enhanced our pan-European footprint – Online International revenues have grown strongly, with non-UK markets now contributing to 35% of Online revenues – International hub established in Malta – New product and marketing investment
Remodelling UK Retail **See pages 30 – 33 for more information.**	The Board receives timely information on current and potential future matters affecting the business and the environment in which it operates, so that the longer-term prospects of the Group and the impact on stakeholders can be considered in a strategic manner.	– £2 stake limit mitigation strategy successfully delivered – Retail remodelled and support structures adjusted providing certainty to our employees – Retail continues to be a profitable and cash-generative business
Growing scale in the US **See pages 34 – 37 for more information.**	The Board empowers management to operate within a clear structured framework, whilst monitoring performance across a wide range of issues and making informed decisions on capital allocation, investment and approving matters that affect the long-term strategy and operation of the Group.	– US existing business delivered strong momentum – One of the first companies to capitalise on the overturn of PASPA with market access to 24 states – Launch of market-leading and proprietary sports betting technology platform – Media partnership with CBS Sports

Safer Gambling

Safer gambling continues to be at the heart of our strategy through our Nobody Harmed aspiration. In the UK, we are actively involved in the Betting and Gaming Council, and are working with others to lead the development of the Safer Gambling Commitments. The Board remains focused on setting the right standards for customer protection and addressing areas of public challenge and concern, and have collaborated with other companies in the UK to deliver industry change. We have signed up to a series of wide-ranging Safer Gambling Commitments, voluntarily restricted our TV advertising activities before the 9pm watershed and pledged to significantly increase our funding for safer gambling measures, including research, education and treatment. Through the Corporate Responsibility Committee, the Board provides oversight of operational improvements in regulatory compliance.

THE BOARD IN ACTION

Annual Board Strategy Day

The Board's Annual Strategy Day is attended by both the Board and Group Executive to review and develop the long-term strategy and direction of the Company.

In 2019, the event took place in two parts:

Part 1 – Group strategy

Part 1 took place in London where the Board and Group Executive considered the longer-term view and strategic direction of the Company, and opportunities and challenges facing the Group.

Part 2 – Operational strategy

Part 2 took place in the US and explored how the business divisions would deliver against the strategy. This included a deep dive session into the US business.

Board activities

Matters reserved for the Board

In order to support the Board's role to promote the long-term success of the Company and to promote a strong control environment, the Board continues to operate within a Schedule of Matters Reserved to it and this forms part of an overarching Group Delegation of Authority.

Only the Board may exercise any of the powers in the Schedule of Matters Reserved. Other powers are delegated to the various Board Committees and Senior Management via Committee terms of reference or via the Group Delegation of Authority, which is available to all employees on the Company intranet.

During 2019, the Board reviewed the formal Schedule of Matters Reserved, which is available at www.williamhillplc.com, to ensure that it is in line with the new Code.

The Board agenda in 2019

The Board uses its meetings to provide governance and oversight for business activities and as a mechanism for discharging its duties under s172. Each Board meeting follows a carefully tailored agenda agreed in advance by the Chairman, CEO and the Company Secretary. An annual calendar of scheduled Board meetings is structured to allow the Board to review cyclical and ad-hoc agenda items, which are scheduled to coincide with relevant key dates and events, or the culmination of relevant projects. Details of individual Directors' attendance at the six scheduled meetings that took place during the year can be found on page 79.

Standing items

At every meeting the Board receives and discusses updates from the CEO, CFO, the General Counsel and the Company Secretary on progress against strategy, operational matters, financial performance, compliance and regulation, legal matters and corporate governance. The Board also receives regular updates on stakeholder engagement activities.

Principal Committee updates

The Chairs of the Audit and Risk Management, Corporate Responsibility, Nomination and Remuneration Committees update the Board on the proceedings of those meetings, including the key discussion points and any particular areas of concern.

STRATEGY

Strategy Day

- Received presentations from the Group Executive in relation to business strategy and performance

Driving digital growth

- Received regular updates on the integration of Mr Green
- Received updates on our competitive customer offering, including product improvements, speed to market and marketing approach, as well as customer insights on product

For more detail see page 26.

Remodelling UK Retail

- Received regular updates on the £2 stake limit mitigation activities
- Reviewed and approved the closure of 713 shops with careful consideration of employees, communities and broader stakeholder impact

For more detail see page 30.

Growing scale in the US

- Received regular updates on the continued momentum and expansion of the US business, including focused board discussions on strategy, market access, investment and funding, technology, and risks and opportunities
- Board visit to New Jersey office

For more detail see page 34.

Safer gambling and Sustainability

- Supported Management on the formation of the Safer Gambling Commitments and received regular updates on progress and key activities, relating to our approach to safer gambling
- Supported the commitment to increase funding for research, education and treatment
- Endorsed the implementation of the voluntary TV advertising restrictions
- Reviewed and monitored progress against Sustainability KPIs
- Approved the Group Environmental Policy

For more detail see page 38.

PERFORMANCE

Trading updates and financial results
- Received trading and performance updates against KPIs from across the business divisions
- Reviewed and approved the Group's full-year 2018 and half-year 2019 results
- Reviewed and confirmed the Group's Viability Statement and Going Concern status

Budget
- Approved the 2020 budget for the Group

Capital structure and Dividend
- Reviewed and approved the interim and final dividend to shareholders
- Reviewed the Group's debt, capital and funding arrangements

Cost optimisation
- Continued to review and monitor costs across the Group

PEOPLE AND CULTURE

Employee engagement
- Agreed the formal mechanism for workforce engagement and 2019 engagement programme, and received regular updates on insights from employee forums across the business
- Reviewed the results of the half-year and annual 'Your Say' employee survey, identifying areas for improvement and appropriate courses of action

For more detail see page 22.

Remuneration
- Evaluated Philip Bowcock's exit terms and Ulrik Bengtsson's entry package
- Approved the William Hill PLC 2019 Sharesave Plan and other employee related share incentive plans
- Reviewed and approved the proposals for the Chairman's and the Non-Executive Directors' fees
- Reviewed proposed changes to the 2020 Remuneration Policy

For more detail see page 93.

Culture
- Continued to embed organisational understanding of the Group's core values and monitor views of employees and key stakeholders
- Continued to ensure Executive remuneration was aligned to performance around safer gambling measures
- Reviewed succession plans for all Executive and business critical roles
- Approved the new Brand proposition – 'it's who you play with'
- Received updates on well-being initiatives
- Held regular Non-Executive Director only sessions with the Chairman to encourage further independent deliberations on Board matters

For more detail see page 42.

GOVERNANCE, COMPLIANCE AND REGULATORY

Board succession and diversity
- Continued to focus on the Board's composition, diversity and succession plans, including the appointment of a new CEO and induction of new Non-Executive Directors

Board evaluation
- Conducted an externally facilitated Board effectiveness review

For more detail see page 80.

Compliance and reporting
- Approved refreshed terms of reference for each Board Committee
- Approved an updated Share Dealing Code for employees
- Reviewed the 2018 Modern Slavery Act statement and approved for publication to the corporate website
- Approved the Company's Gender Pay Gap statement

Stakeholder engagement
- Agreed a key stakeholder engagement framework and received regular updates throughout the year on engagement activities

For more detail see page 22.

Shareholders
- Reviewed and approved the 2018 Annual Report and Accounts and the 2019 Notice of AGM
- Received regular updates on investor relations activities and shareholder feedback
- Undertook an investor perception study to ascertain how investors viewed the Company, its investment proposition and future prospects

Regulatory
- Received updates on regulatory matters for each of the three business divisions
- Considered the UK Gambling Commission's new rules added to their licence conditions, their codes of practice, and strategy and enforcement approach
- Hosted a meeting with the UK Gambling Commission to discuss regulatory developments and best practice

Risk
- Reviewed the Group's Risk Management Framework and principal risks and uncertainties, and validated the effectiveness of the Group's system of internal controls
- Received a presentation from the Chief Information Security Officer on cyber security, including the threat environment, regulations and mitigation activities across the business

Transformation Programme
- Approved the conclusion of the Transformation Programme

Stakeholder engagement statement

Making decisions to promote the success of the Company for the benefit of its members and wider stakeholders.

The following disclosure is made in line with the Companies (Miscellaneous Reporting) Regulations 2018 which requires Companies to report on employee and stakeholder engagement. The Board remains committed to maintaining open channels of communication with its shareholders and further strengthening its dialogue with employees and wider stakeholders. The Board recognises that engagement is fundamental to the success of William Hill and, in performing its duties under s172, considers the views of key stakeholders in its decision-making, recognising that they are central to the long-term prospects of the Company. Further details on our engagement approach with key stakeholders can be found on pages 22 – 23 within the Strategic Report.

Customers

The Board is committed to delivering an enjoyable and safer sports betting and gaming experience for our customers.

Delivering a competitive customer offering through protecting our customers, improved product, increased personalisation and best-in-class customer support is a key focus of the Board and Executive Management.

Customer insights from a number of channels are shared and discussed at Board meetings, as are details on customer behaviours, market trends and competitor activities. KPIs reported to the Board include: net promoter; customer satisfaction; and app usability scores.

Employees

The Board recognises that William Hill's culture and values underpin the effective delivery of the Company's strategy. Management regularly engage with employees across the organisation and our NEDS have collective responsibility for workforce engagement, providing regular feedback and sharing insights from their engagement activities with the rest of the Board.

NED engagement activities in 2019 included: attendance at National Colleague and Standard Bearers Forums; 'Go One Better' Digital awards in Krakow; Extended Leadership Team events; and Digital and Tech 'Standups'; as well as a Board site visit to the US in November.

Trends and feedback received from employee engagement 'Your Say' surveys were discussed at each of the Board, Corporate Responsibility and Remuneration Committee meetings.

A formal whistleblowing policy and procedure is in place to allow employees to confidentially raise any concerns or issues they have.

Shareholders

The Board considers shareholder views as part of its decision-making process and welcomes discussions with them in relation to strategy, governance and remuneration matters, as well as more broader topics. Our 2019 AGM was well attended and all of our proposed resolutions were passed. Our Investor Relations team prepares a scheduled programme of engagement activities with investors, insights from which are regularly shared with the Board. This helps to maintain an understanding of the issues and concerns raised by this important stakeholder group.

The Board receives regular updates on investor relations activity, market sentiment and competitors' performance and strategy.

An investor perception study was conducted during the year to ascertain how investors viewed the Company, its investment proposition and future prospects.

Regulators, governments and wider industry groups

The Board receives regular updates from the Company Secretary and Group General Counsel on governance, legal, regulatory and compliance matters.

Our Corporate Affairs team maintains a calendar of ongoing regulatory and political engagement events throughout the year which the Board is kept apprised of in terms of insights, key themes and emerging trends.

In 2019, the Board met with the UK Gambling Commission to discuss regulatory updates and best practice.

Key activities discussed by the Board included the Company's commitment alongside other leading betting and gaming companies to devote significant additional funds to research, education and treatment, as well as developing the long-term Safer Gambling Commitments with other leading operators, via the newly formed Betting and Gaming Council.

Suppliers	Community and environment
The Board monitors the relationship and engagement approach with William Hill's third-party suppliers as set out in our Supplier Management Framework, and ensures that the suppliers we work with demonstrate respect for our values, comply with relevant legislation and help support us in the delivery of our customer offering and overall strategy. Our Payment Practices Reporting is shared with the Board through the Audit and Risk Management Committee. Key supplier contracts are discussed by the Board as appropriate.	Updates are provided to the Board through the Corporate Responsibility Committee on Environmental Social and Governance (ESG) matters affecting the business, so that the longer-term prospects of the Group can be considered in its decision-making. The Board receives updates on KPIs relating to our economic contribution and environmental impact, as well as our positive community contributions through the activities of the William Hill Foundation. During the year, the Board reviewed current and future actions in relation to the environment and climate change and in January 2020, approved an updated Group Environmental Policy.

THE BOARD IN ACTION

How the Board considers stakeholders in its decision-making

In response to the Government's decision to reduce the maximum stake on B2 gaming products to £2, we announced in July 2019 that William Hill had entered into a consultation process with c4500 retail colleagues over plans to close 713 of our shops by the end of the 2019.

The Board, in considering the likely consequences of any decision in the long-term, recognised closing shops was the right thing to do for our shareholders, employees and customers and for the long-term sustainability of the Company. This complex and far-reaching change demanded effective engagement with a range of stakeholders, particularly colleagues. Our decision to close all 713 shops in one go was motivated by giving colleagues much needed clarity and certainty as soon as possible. We aimed to make the process transparent and ensure effective engagement with a range of stakeholders, particularly colleagues.

Efforts to keep employees engaged and informed throughout the process and maintain morale was a priority for both the Board and Management. Engagement activities ranged from bi-monthly pulse checks to obtaining regular feedback on how colleagues were feeling, as well as gaining insights through employee communication channels such as Yammer and Slido, all of which the Board closely monitored.

Actions and decisions taken by the Board were based on feedback received and had the interests of shareholders, employees and customers at the centre. A fair and transparent selection process, in addition to management of our vacancies, enabled us to redeploy c60% of impacted colleagues elsewhere in Retail. The Retail business achieved operating profit of £83.2m in the year; and migration of our customers from our closed shops to the rest of the estate has been ahead of our expectations.

Board and corporate culture

The Board continues to focus on maintaining an effective culture, recognising its importance and the need for a clear 'tone from the top'.

Our purpose, values, brand, technology and product all influence how we are perceived by our employees, customers and other key stakeholders. From the point of recruitment, all employees are made aware of existing Company policies and codes which are designed to encourage and support good conduct and our values. These are reviewed on a regular basis. Reward mechanisms are also designed to incentivise good behaviours and good performance, and not to encourage excessive risk-taking. In particular, sustainability metrics are included in bonus and long-term incentive arrangements, as well as malus and clawback provisions for Executive Directors. This is more fully explained in the Remuneration Report on pages 93 – 119. Other levels of management are subject to reward mechanisms which are designed to promote our corporate values and strong personal performance.

We are committed to developing our people by investing in their ongoing learning and development. This helps us to maximise our performance and be recognised as a great place to work. Initial induction training is provided to all employees to help ensure they have a great start to their William Hill career. The induction covers information about our history, values, the importance of safer gambling, as well as tailored skills and behaviour training and resources relevant to their particular role. All new employees are also required to complete mandatory training which includes essential e-learning modules on our policies relating to Anti-Bribery and Corruption, Modern Slavery and Human Trafficking, Safer Gambling and Information Security. Company policies and the respective training modules are reviewed periodically to ensure their effectiveness. Statistics on completion and performance of these programmes are shared with the Audit and Risk Management Committee.

A formal whistleblowing policy and procedure is in place for employees, suppliers and other stakeholders to raise issues regarding possible improprieties. During 2019, the Audit and Risk Management Committee continued to monitor the use of the Group's whistleblowing arrangements and was satisfied that appropriate actions were being taken to address any concerns raised through this channel.

Key activities around monitoring and addressing corporate culture by the Board and its Committees throughout the year included:

- Reviewing outputs from employee engagement surveys;
- Determining risks and concerns identified through whistleblowing reports and mitigating against them;
- Reviewing Health & Safety performance, initiatives and trends;
- Launching new well-being initiatives for employees;
- Assessing internal audit reports and findings;
- Understanding regulatory and compliance requirements, and monitoring performance against them;
- Reviewing and embedding Group policies and the Company's values across the organisation; and
- Receiving in-depth presentations on the Company's processes for customer due diligence and assessing player behaviour with regards to safer gambling.

THE BOARD IN ACTION

US Board visit

In addition to its scheduled meetings each year, the Board takes the opportunity to visit one of the Group's business locations away from the head office. This provides the Board with an opportunity to gain greater insight into the different business locations and engage with employees from across the Group. In 2019, the Board visited our New Jersey office in the US.

During the visit, the Board met with the US management team, participated in Q&A sessions with US employees and received a live demo of the newly developed US tech platform, as well as visited some of the retail sports betting operations.

"Our visit to the US was a great opportunity to meet with the local teams, develop our understanding of the US business and market, as well as experience US sports betting first hand. The customer and product solutions being worked on for the New Jersey app were particularly insightful and impressive."

Mark Brooker – Senior Independent Director

DIVISION OF RESPONSIBILITIES

Governance framework

William Hill has an effective Board whose role is to take collective responsibility for both leadership and driving the long-term, sustainable success of the Company. To support the Board in discharging its duties, there is a formal framework of Committees of the Board. The Board of William Hill remains committed to high standards of corporate governance, which they consider to be vital to the effective management of the business and to maintaining the confidence of investors and broader stakeholders.

The Chairman, supported by the Company Secretary, has established Board processes designed to maximise Board performance. At the heart of this is the flow of high-quality and frequent information to the Board, which enables the Board to monitor the performance of the Group across a wide range of issues and to make informed decisions and approvals affecting the strategy and operation of the Group. The Board receives timely information on current, potential and future matters affecting the business and the environment in which it operates, so that the longer-term prospects of the Group can be considered in a strategic manner.

Our governance framework supports the Board's operations, and the specific roles and responsibilities of the Board and its Committees are discussed on pages 76 – 77.

Roles and structure

The Board includes an appropriate combination of Executive and Non-Executive Directors, so that no one individual or small group of individuals dominate the Board's decision-making. The organisation and management of the Board is designed to support focused, healthy debate and constructive challenge, and to allow specialist advice and strategic guidance to be shared. The Board of William Hill acts as a collective unit however, in order to further optimise Board performance and governance, there are distinct roles, which are each explained further on pages 76 – 77.

Organisation of the Board

Board discussions promote a collaborative environment of mutual respect, allowing for questions, scrutiny and constructive challenge, where appropriate, and enabling decisions to be taken by consensus.

Reporting packs are normally prepared and presented by the Executive Directors and other senior managers. Packs are distributed by the Company Secretary to the Board in advance of Board meetings to allow sufficient time for their review ahead of the meeting. Verbal updates at Board meetings cover any material developments subsequent to the distribution of reporting packs.

Non-Executive Board members make themselves available to the Group outside the usual calendar of scheduled meetings should the need occur. Directors are expected to attend all Board and relevant Committee meetings. Board and Committee attendance during 2019 is set out on page 79. In addition, each of the Non-Executive Directors devotes sufficient time to the Company to ensure that their responsibilities are met effectively. This includes preparation ahead of each meeting and, for the Chairman and Committee Chairs, holding planning meetings and discussions with the relevant Executives or senior management in preparation ahead of a meeting.

The Board also holds annual or ad-hoc meetings and events which provide an opportunity to focus on certain issues or areas of the business.

In particular:

- an annual Board Strategy Day is held with the Board and selected senior management to review and develop the strategy, in 2019 this was held in two parts;
- Board site visits are usually held at least annually, at which the Board can see one of the Group's business locations away from the head office. This provides the Board with an opportunity to gain greater insight into the particular business location as well as a chance for extended meetings and discussions with the local management team;
- sufficient time is allocated to consider, review and monitor budgets and forecasts for the Group; and
- on occasion, either as part of induction programmes or otherwise, individual Directors visit other business locations of the Company and share their insights with the Board.

For more information on Board activities during the year, please see pages 70 – 71.

Group Executive

The Group Executive team, led by the CEO, operationally delivers on the Group's strategy in keeping with the Board's direction. The Group Executive retains oversight on issues affecting the day-to-day management of the Group's operations, and reviews certain matters prior to Board or Board Committee consideration. Driving growth through competitive products, smart retail, building talented, engaged teams and improved execution are key areas of focus of the Group Executive.

During the year, and following Ulrik Bengtsson's appointment as CEO, a number of changes were made to simplify the structure of the Group Executive with a renewed focus on Customer, Team and Execution. As part of the changes, a new Chief Operating Officer role was created with responsibility for global services including Customer Operations, Global Brand and Trading. The newly created role is designed to focus the key business supporting operations into a single customer-centric function. As a result, the role of Group Trading Director was removed. In addition, the reporting structure of Product and Technology was centralised under the responsibility of a newly created role of Chief Product and Technology Officer to facilitate further collaboration and consistent standards.

Group Executive team profiles are detailed on the Company's website at www.williamhillplc.com.

Governance framework roles and responsibilities

Shareholders
William Hill has an effective Board whose role is to take collective responsibility for both leadership and driving the long-term sustainable success of the Company for its shareholders.

The Board
Responsible for the overall long-term success of William Hill, its strategic direction and setting the Group's culture and values.

Chairman
The Chairman is responsible for the leadership of the Board and its overall effectiveness in directing the Company. This encompasses having responsibility for the workings of the Board and for ensuring the balance of its membership, as well as ensuring that the Executive and Non-Executive Directors are enabled to play their full part in Board activities.

Chief Executive Officer
The CEO has overall responsibility for the day-to-day management of the Group. The CEO may make decisions in all matters affecting the operations, performance and strategy of the Group's businesses, with the exception of those matters reserved to the Board or specifically delegated by the Board to its Committees or the Boards of subsidiary companies of the Group.

Board Committees
The Audit and Risk Management Committee, the Corporate Responsibility Committee, the Nomination Committee and the Remuneration Committee are standing Committees of the Board. The terms of reference for each committee are regularly reviewed and refreshed, as appropriate, and are available upon request from the Company Secretary or via the Group's corporate website (www.williamhillplc.com). All Committees have access to independent expert advice as necessary. More information on each Committee's membership and activities can be found on pages 83 – 96.

Senior Independent Director

The Senior Independent Director (SID) is an Independent Non-Executive Director of the Board, who provides a strong independent element in terms of advice and additional support to that provided by the Chairman, and performs an intermediary role to the other Directors where necessary. The SID leads on the annual appraisal and review of the Chairman's performance, and is available to shareholders if they have any concerns that have not been resolved through the normal channels of communication.

Non-Executive Directors

Non-Executive Directors are responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision-making, and to support and constructively challenge the Executive Directors using their broad range of experience and expertise. The Chairman and Non-Executive Directors meet regularly without the Executive Directors being present.

Chief Financial Officer

The CFO supports the CEO in developing and implementing the Group strategy, and leads the Group Finance function, ensuring that effective financial reporting, processes and controls are in place to deliver on the annual budget and long-term strategic financial plan.

Company Secretary

The Company Secretary acts as secretary to the Board and the Board Committees, and is responsible for supporting the Chairman and CEO in the delivery of the corporate governance agenda. The Company Secretary is responsible for ensuring that the Board operates in accordance with the Company's corporate governance framework and that there are good information flows to the Board and its Committees.

Audit and Risk Management Committee

Monitors and reviews the formal arrangements in respect of the financial statements, policies, internal controls and risk management. Oversees the relationship with both the internal and the external auditors.

Read more on page 83

Corporate Responsibility Committee

Responsible for overseeing and ensuring operational regulatory compliance across the Group and reviewing the Group's Sustainability strategy.

Read more on page 88

Nomination Committee

Advises on appointments and succession planning for the Board and Group Executive. Reviews Board composition to ensure that the Company is headed by an effective and entrepreneurial Board.

Read more on page 90

Remuneration Committee

Sets the Remuneration Policy for the Company's most senior executives, including the Board and the Chairman. Agrees awards and other terms of remuneration for senior executives.

Read more on page 93

COMPOSITION, SUCCESSION AND EVALUATION

Board composition
As at the date of this report, the Board comprised five independent Non-Executive Directors, the Chairman, and two Executive Directors.

Board diversity
The proportion of women on the Board as at 31 December 2019 and the date of this report stood at 37.5%. The Board remains committed to ensuring that all appointments are made on the grounds of merit against specific role criteria.

Board balance
The Board comprises individuals with broad business experience gained in various industry sectors. The aim is to ensure that the balance of the Board reflects the needs of the Group, and to ensure a thorough consideration of the important issues facing William Hill and its performance. Please see pages 66 – 68 for more information on the skills and experience of the Board.

Board independence
All Non-Executive Directors were deemed independent on appointment and continue to be independent in accordance with the Code. The Chairman was considered to be independent on appointment and is committed to ensuring that the Board comprises a majority of independent Non-Executive Directors.

Throughout 2019 and up to the date of this report, the Company satisfied the Code requirement that at least half of the Board, excluding the Chairman, should comprise Non-Executive Directors determined by the Board to be independent.

Re-election of directors
The Articles of Association of the Company require that any newly appointed Director will be subject to election at the following AGM. In accordance with the provisions of the Code, the Board has agreed that all other Directors will be subject to annual re-election by shareholders at the next AGM.

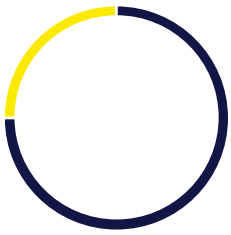
Board succession
Succession planning is delegated to the Nomination Committee and more information can be found on page 90. Matters within the remit of the Nomination Committee are also on occasion considered by the Board.

Non-Executive Directors are currently appointed to the Board for an initial three-year term, extendable by a further two additional three-year terms. The terms and conditions of appointment of Non-Executive Directors and the service contracts of Executive Directors are available to shareholders for inspection at the Company's registered office during normal business hours and at the AGM.

BOARD DIVERSITY

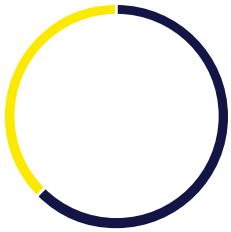
As at 31 December 2019

Composition of the Board



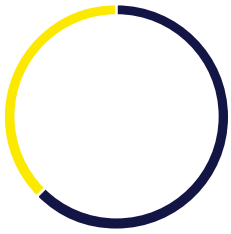
Non-Executive	75%
Executive	25%

Board tenure



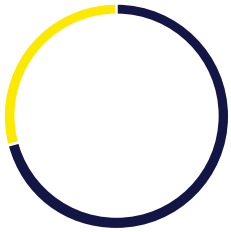
0 – 2 years	62.5%
3 – 6 years	37.5%

Gender of the Board



Male	62.5%
Female	37.5%

Gender of Senior Management



Male	71%
Female	29%

Information and professional development

The Chairman, supported by the Company Secretary, takes responsibility for ensuring that the Directors receive accurate and timely information across a wide range of matters relevant for the Board to operate effectively. Comprehensive reporting packs are provided to the Board, which are designed to be clear, analytical and concise. Papers are distributed and retained in an electronic system which is managed by the Company Secretary, and this provides Directors with instant access to papers at any time.

In addition to receiving presentations and briefings from management, the Board also on occasion requests briefings to be provided by external advisers or subject matter experts. This supports a wider awareness of issues and facilitates Board decision-making.

The Chairman is also responsible for taking the lead on issues of Director development and encouraging all Board members to engage in Board and relevant Committee meetings, drawing on their skills, experience and knowledge.

Each Director has access to all required information relating to the Group and to the advice and services of the Company Secretary. The Board also obtains advice from professional advisers, as and when required, and Directors may, as required, obtain external advice at the expense of the Group.

Directors' time

In addition to attending Board and Committee meetings, each of the Non-Executive Directors devotes sufficient time to the Company to ensure that their responsibilities are met effectively.

When making new appointments, the Board takes into account other demands on Directors' time. Any additional external appointments are not undertaken by any of the Directors without prior approval from the Board. Prior to appointment, significant commitments are disclosed by Directors to the Board.

Diversity and inclusion at William Hill

We set the tone from the top by fostering diversity in our Board and leadership team. We recognise the importance of a diverse Board, bringing together an appropriate mix of skills and experience to ensure the future success of our business.

At William Hill, we pursue diversity, including gender diversity, throughout the business and will continue to follow a policy of appointing talented people at every level to deliver outstanding performance. The Board is supportive of the objectives of the Hampton-Alexander review and other reviews to promote diversity.

The Committee does not believe that setting a quota is an appropriate method for achieving a balanced Board or for any other positions in the Company, and the primary criteria for all of our appointments is that they are made on merit.

For more information on how we consider the diversity of the Board, please refer to the Nomination Committee Report on pages 90 – 92.

Board and Committee meeting attendance

	Scheduled Board	Audit and Risk Management Committee	Corporate Responsibility Committee	Nomination Committee	Remuneration Committee
Number of meetings held	6	5	4	4	6
Roger Devlin	6/6	–	–	4/4	–
Ulrik Bengtsson[3]	2/2	–	–	–	–
Phillip Bowcock[3]	4/4	–	3/3	–	–
Ruth Prior	6/6	–	–	–	–
Mark Brooker	6/6	5/5	4/4	4/4	6/6
Jane Hanson[2,3]	2/3	2/3	–	1/1	–
Georgina Harvey[3]	6/6	–	4/4	4/4	6/6
David Lowden[3]	2/2	1/1	–	1/1	2/2
Robin Terrell	6/6	5/5	3/3	4/4	4/4
Gordon Wilson[2,3]	6/6	1/1	4/4	3/4	–
Lynne Weedall[2,3]	3/3	–	2/2	1/1	2/3
Number of Sub-Committees & ad-hoc[1]	17	0	0	4	2

1. During the year, there were 17 additional ad-hoc or sub-committee meetings established by the Board for specific purposes.
2. Due to existing commitments prior to joining the Board, Gordon Wilson was unable to attend the January Nomination Committee meeting, Jane Hanson was unable to attend the August Board and Audit and Risk Management Committee meetings, and Lynne Weedall was unable to attend the August Remuneration Committee meeting.
3. For all Board and Committee changes throughout the year please refer to page 65.

Directors who were unable to attend a Board, Committee or ad-hoc meeting received the relevant papers and provided their comments to the Chair of the Board or Committee, as appropriate. In addition, any Director who missed a meeting received the minutes of that meeting.

Board evaluation

The Board recognises that ongoing evaluation of its effectiveness is integral to improving its performance and supporting the organisation.

Progress against the outcomes of the 2018 Board evaluation conducted by the Company Secretary are set out below.

Key actions identified in 2018	What we have done in 2019
Board succession planning	Gordon Wilson, Jane Hanson and Lynne Weedall joined the Board as Non-Executive Directors. Ulrik Bengtsson, previously Chief Digital Officer, was appointed Group CEO. **Read more about our new Non-Executive Directors and CEO appointment on pages 90 – 92.**
Board meeting administration	The structure and timings of the Board papers and associated guidance for preparers was reviewed to ensure that the Board was receiving an appropriate level of detail in a timely manner and that stakeholder views were clearly identified and adequately considered, as part of the decision-making process. **Please go to page 22 to understand how the Board has discharged its s172 duties throughout the year.**
Agenda planning and focus	When setting Board agendas, appropriate time is allocated to improve the balance of time spent on commercial matters and more strategic discussion, including customers, needs and behaviours which was identified in the 2018 evaluation as a key area of focus.
Performance updates and deep dive sessions	The Board receives regular updates on Group and individual business division performance against KPIs. Deep dive sessions are scheduled as appropriate. In 2019, the Board received a deep dive session on US strategy and performance. The Corporate Responsibility Committee (with the full Board invited to join), received in-depth presentations on the Company's processes for customer due diligence, preventing money laundering and assessing player behaviour with regards to safer gambling.
Increased stakeholder engagement	The Board continued to engage with both shareholders and other key stakeholders, receiving regular stakeholder engagement updates at each Board meeting. All Board members are invited to attend employee engagement forums across the business. **To read more on how the Board has engaged with key stakeholders please refer to pages 22 – 23 and pages 72 – 73.**
Safer gambling	The Board continued to consider additional measures to protect our customers and lead the regulatory agenda, with several initiatives launched in 2019 in the UK. These included increased funding for research, education and treatment, and the Safer Gambling Commitments. **Read more about our Nobody Harmed aspiration on page 40.**

2019 External Board evaluation

The Code recommends that the evaluation of the Board should be externally facilitated at least every three years. The Board has followed this recommendation and selected Clare Chalmers from Clare Chalmers Limited to undertake the Board's external evaluation in respect of the 2019 financial year. Clare has no other connection with William Hill. The following process was followed for the 2019 evaluation:

Stage 1: Appointment of external evaluator	**Stage 2:** Evaluation process agreed	**Stage 3:** Face-to-face interviews	**Stage 4:** Board and Committee meeting observation	**Stage 5:** Evaluation findings presented and actions agreed

Improvements and areas of focus for the Board in 2020 were identified as below:

2019 findings	Areas of focus in 2020
Deepening and enhancing Board relationships and culture	Developing the Board's culture and building Board and Executive team relationships will remain an area of focus
Enhancing the Board's focus and priorities, effectiveness of papers and decision-making	To ensure the Board and its Committees operate as effectively as possible, ways of working and scope and matters considered, will continue to be reviewed
Oversight of Company's culture and purpose and management of reputational risk	Opportunities to further promote and evidence the Company's culture through engagement, communication, brand development and managing reputational risk will continue to be a focus
Succession planning and talent management	The Board will continue to monitor talent, pipeline succession and development for all Executive and business critical roles
Stakeholder engagement management	Further opportunities to understand key stakeholder considerations and factoring these into Board decision-making will be considered

Review of Chairman's performance

The Senior Independent Director, in line with the Code, met with the Non-Executive Directors during the year to appraise the performance of the Chairman.

AUDIT, RISK AND INTERNAL CONTROL

Financial and business reporting

Please refer to:

- page 85 for the Board's statement that the Annual Report and Accounts is fair, balanced and understandable;
- page 58 for the Viability Statement; and
- the Strategic Report on pages 01 – 61 for an explanation of the Group's business model and the strategy for delivering the objectives of the Group.

Approach to risk management

The section 'Managing our risks' on pages 59 – 61 outlines the Group's approach to risk management and summarises the principal risks facing the business. The sections below provide further detail on how the Board reviews and considers the adequacy and effectiveness of our risk management and internal controls. The work of the Board in this regard is supported by the Audit and Risk Management Committee, and further details of the activities undertaken by the Committee are on pages 83 – 87.

Internal control

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. Executive Directors and Senior Management are responsible for ensuring that risks are understood by the business, and the implementation, monitoring and maintenance of the internal control systems are subject to regular review. The Board oversees and challenges the ongoing process by which critical risks to the business are identified, evaluated and managed. This process is consistent with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published in September 2014.

The Board continues to assess the effectiveness of the Group's system of internal controls (including financial, operational and compliance controls, and risk management systems). This is conducted through ongoing processes designed to oversee provision of effective internal controls and risk management systems, which include:

- regular scheduled meetings of the Board, its Committees, the Group Executive and monthly Business Reviews for each business unit. This provides regular opportunities to assess performance and to monitor potential and emerging risks;
- established structures and delegations of authority which set out responsibilities and levels of authority;
- ongoing procedures, including those already described which are in place to manage perceived risks;
- regular reports to the Audit and Risk Management Committee which inform the Committee on the adequacy and effectiveness of internal control systems and significant control issues;
- the continuous Group-wide process for formally identifying, evaluating and managing the principal risks to the achievement of the Group's objectives; and
- reports to the Audit and Risk Management Committee on the results of internal audit reviews, work undertaken by other departments and, where needed, reviews undertaken by external third parties on behalf of management, the Board or its Committees.

The Group's internal control systems are designed to manage, rather than eliminate the risk of failure to achieve the Group's objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board considers the materiality of financial and non-financial risks, and the relationship between the cost of, and benefit from, internal control systems. The Board regularly reviews the actual and forecast performance of the business compared with the annual plan, as well as other financial and non-financial KPIs. Forecast performance is revised during the year as necessary, taking into account performance for the year-to-date and performance going forward, and any potential macro-economic or material industry factors.

The Audit and Risk Management Committee receives reports on a regular basis on compliance with the Group's policies and procedures as part of the ongoing work of the Internal Audit team (which forms part of the Group Assurance function). The Group continues to introduce additional controls and further strengthen existing controls to support operational initiatives, as a result of review findings, and also to keep pace with best practice guidance. Specifically, controls over regulatory compliance to meet changing regulatory requirements are continually reviewed to align with advice and requests from our regulators. Together with ongoing investment in strengthening compliance teams Group-wide, this has also resulted in the establishment of a new Continuous Controls Monitoring (CCM) function, to provide continuous assurance over the operation of key compliance controls.

The Audit and Risk Management Committee was made aware of relevant control issues arising throughout the period and there is a robust process to capture, track and approve actions taken to remediate issues identified. During the prior year's audit an observation was made by the external auditor in relation to the IT control environment, for which a remediation plan was put in place. Whilst this required a more substantive external audit approach in this isolated area, Management placed reliance on existing compensating controls, which were considered sufficient to mitigate this operational risk. This was consistent with the assessment of the external auditor, who no longer consider the issue to be a key audit matter (as noted in the Independent Auditor's report on pages 124 to 133). No significant failings or weaknesses were identified as a result of the review that may significantly impact the financial statements.

Assessment of risk

A corporate risk register is maintained and is regularly updated following detailed review by the Group Assurance function and Senior Management during the year. Risks are collated and considered at both Group and business unit level, to support the Group risk assessment from a 'bottom-up' perspective. The register is discussed with the Group Executive and is approved by the Audit and Risk Management Committee on behalf of the Board.

The risk register records the key risks facing the business, the assessment of the likelihood of the risks crystallising and their potential materiality, and the Group's response to each risk, which is led by Senior Management. The Board uses the internal control and risk management processes to identify and consider any significant risks arising from social, environmental and ethical issues. Further details of the Group's Sustainability practices are described on pages 38 – 49.

Risks and opportunities are also considered where key decisions and approvals are required by the Board, taking into account impact upon the business in the near and long term.

Key to ensuring effective ongoing risk management throughout the business is to ensure that the Executive Directors are sufficiently involved and have oversight of the material aspects of the operation of each business division. This is accomplished through regular interactions between each business division with the Executive Directors, including regular scheduled business reviews which are held with the respective business division heads and other senior management throughout the year. The business review meetings review all material operational aspects of the business units, including risks.

Internal Audit

The Group Assurance function includes an Internal Audit team which provides independent assurance that the Company's risk management, governance and system of internal control are operating effectively, and are designed to manage the Group's significant risks and safeguard the Group's assets. It provides ongoing independent and objective assurance on risks and controls to the Audit and Risk Management Committee, the Board and to Senior Management, with direct access to each.

The Group's financial and operational controls and associated procedures are subject to a schedule of independent risk-based reviews to provide assurance that they remain robust and fit for purpose. The Group Assurance function's work is focused on areas of greatest risk to the Group, as determined by:

- a structured risk assessment process involving Executive Directors and Senior Management; and
- ongoing reviews to take into account new areas of focus and any material emerging issues which may arise during the year.

The Audit and Risk Management Committee reviewed an assessment of the coverage of corporate level risks through the internal audits undertaken for the year. The assessment helped to support the Board's determination that appropriate review had been undertaken of the effectiveness of the Company's system of risk management and internal controls, including principal risks and key controls.

The Internal Audit team also prepares an annual plan for the forthcoming financial year, which is approved by the Audit and Risk Management Committee and is then reviewed during the year, allowing for further refinement or re-scoping as necessary.

A formal external performance review of the Internal Audit function was undertaken by PwC in 2018. The report was highly supportive of the Internal Audit function, which was found to be effective. The report also included some recommendations which supported the continuous development of the function's performance and were considered during the year.

The Internal Audit function also conducts a number of ad-hoc reviews during the year at the request of management or the Audit and Risk Management Committee to provide live assurance over key projects or critical business areas. The Group Director of Internal Audit reports regularly to the Audit and Risk Management Committee on work undertaken, the results of audit reviews, the adequacy of the Internal Audit function's resources and on progress against the Annual Internal Audit Plan. The Group Director of Internal Audit also reports regularly on the actions taken by management in response to audit reviews. This process provides the Audit and Risk Management Committee with additional assurance that timely actions are being taken in response to audit reviews.

Read more on how the Internal Audit function provides independent assurance over the Company's risk management and internal control processes in the Audit and Risk Management Committee Report on pages 83 – 87.

VIABILITY STATEMENT

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

Following a review of the Group's existing operations, cash flow forecasts, regulatory and financing risks, the potential risks and impacts of Brexit, as well as the risk and potential impact of unforeseen events, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

As a result, the Audit and Risk Management Committee determined that the application of the going concern basis for the preparation of the financial statements continued to be appropriate.

The Viability Statement is set out on page 58.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Robin Terrell, Committee Chair

MEMBERSHIP

- Robin Terrell (Chair)
- Mark Brooker
- Jane Hanson

FORMER MEMBERS

- David Lowden (Chair to 4 March 2019)
- Gordon Wilson (to 1 July 2019)

ATTENDANCE AT MEETINGS

The Company Secretary acts as secretary to the Committee. All members of the Committee are independent Non-Executive Directors. Biographies of all Committee members can be found on pages 66 – 68.

Other individuals attend at the request of the Committee Chair including: representatives of the external auditor, the Chairman, the CEO, the CFO, the Group General Counsel, the Group Assurance Director, the Group Director of Internal Audit and the Group Financial Controller. In addition, members of the management team attend by invitation to report to the Committee on key matters as necessary. The Committee also meets with the external auditor, the Group Assurance Director and the Group Director of Internal Audit without executive management present on a regular basis.

A copy of the terms of reference for the Committee can be obtained via the website at www.williamhillplc.com or by request to the Company Secretary.

Attendance at committee meetings during the year can be found on page 79.

"In 2019, the Committee focused on both the internal control environment and on reporting disclosures."

DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to present the Audit and Risk Management Committee report for the financial year-ended 31 December 2019.

The Committee's primary functions were unchanged this year and included assessing the integrity of the Company's financial statements, maintaining an appropriate relationship with and reviewing the independence and effectiveness of the Company's external auditor, and reviewing the Company's system of internal controls and risk management. The following pages of this report aim to provide some insight into the work of the Committee during the year.

Financial reporting

A key focus for the Committee is to assess the integrity of the financial statements, the appropriateness of accounting policies and going concern assumptions, and to assess the viability of the Group over a three-year period (see page 58 for the Company's Viability Statement). As part of this, the Committee considered the processes underpinning the production and approval of this year's Annual Report, to enable the Board to confirm that the Annual Report taken as a whole is fair, balanced and understandable. See page 85 for more information on the Committee's approach.

Internal control and risk management

The Committee closely monitored the Group's internal control and risk management systems and received regular reports and presentations from senior management, covering the principal risks and major events faced by the Group and the procedures established to identify, assess, manage and mitigate these risks.

The Committee, in conjunction with the Group Assurance function, took responsibility for reviewing and approving the statements on internal controls on pages 81 – 82 on behalf of the Board.

Internal audit

The Internal Audit team provides independent assurance over the Company's risk management and internal control processes. In 2019, a new Group Director of Internal Audit role was created, into which the Head of Internal Audit was promoted. The Internal Audit team has unrestricted access to all Group documentation, premises, functions and employees to enable it to perform its work. The appointment and removal of both the Group Assurance Director and the Group Director of Internal Audit is the responsibility of the Committee. Both of these roles have direct access to the Board and Committee Chair and, during 2019 met regularly with the Committee Chair without executive management present.

Each year, the Committee approves the annual Internal Audit plan and monitors progress against the plan. The plan is amended during the year, if needed, to ensure it addresses emerging key areas of control and risks identified by management or by the Group Assurance function, and any material changes to the plan are discussed with and approved by the Committee as necessary. Summaries of audit reports are circulated to the Committee after each audit and full reports are available upon request. The Committee monitors progress against actions identified in those reports.

During the year, the Committee received reports on the adequacy of the resources of the Internal Audit function and received confirmation that appropriate resources were available. If necessary, the work required to be undertaken by the Internal Audit function is supported by external professionals.

Whistleblowing

A whistleblowing policy and procedure for employees to raise issues regarding possible improprieties in matters of financial reporting or any other matters is in place. Both the Committee and the Board monitor its effectiveness and review activity reports, ensuring there is proportionate and independent investigation and follow-up action on matters as necessary. No material issues arose as a result of whistleblowing reports during the year.

KEY ROLE AND RESPONSIBILITIES

The Committee has authority to monitor and review the formal arrangements established by the Board in respect of: the financial and non-financial reporting of the Group; reviewing the effectiveness of the Group's internal controls, risk management and audit arrangements and, investigating and advising on these or related matters which are referred to it or, that it considers to be necessary; discussing with the Company's external and internal auditors scope of audits and matters arising from their work; and monitoring compliance with relevant codes and best practice disclosure.

Key activities during the year:

- Reviewed and advised the Board on the integrity of financial disclosures made in the financial statements, including:
  - appropriateness of accounting policies and going concern assumptions; and
  - recommendation of the inclusion of the Viability Statement in the 2018 Annual Report and Accounts.
- Assisted the Board in ensuring that the Company's Annual Report and Accounts is fair, balanced and understandable in accordance with applicable legislation and governance;
- Reviewed the principal risks affecting the Group and considered emerging risks. Assisted the Board with reviewing the effectiveness of the controls operating over the Group's financial and non-financial risks;
- Reviewed regular reports from the Internal Audit function, including:
  - key operational controls, including a high-level controls review of the newly acquired Mr Green business and a detailed review of the IT controls environment and internal audits undertaken;
  - specialist reports from subject matter experts, covering tax compliance, and technology and cyber security updates;
  - progress updates on strategy regarding Data Centre and Disaster Recovery plans; and
  - business continuity planning.
- Received a formal report on anti-money laundering from the Group Money Laundering Reporting Officer;
- Reviewed the nature and scope of the work to be performed by the external and internal auditors, the results of that work, management's response, and overall effectiveness;
- Reviewed and approved the 2019 external audit plan and fee proposal;
- Oversaw the relationship with the external auditor, including making recommendations to the Board regarding their re-appointment as well as audit tender timings;
- Reviewed and approved non-audit fees for the external auditor;
- Reviewed and considered the Group's tax strategy and policy;
- Held private meetings of the Committee with the Internal Audit function and the external auditor without management present; and
- Reviewed the Committee's terms of reference and confirmed that they had been adhered to.

FAIR, BALANCED AND UNDERSTANDABLE

The Code requires the Board to confirm that it considers the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Company's position and performance. The Committee assisted the Board in discharging this duty by overseeing the process by which the Annual Report and Accounts are prepared. In particular the Committee determined that:

- the Annual Report follows a framework which supports the inclusion of key messaging, market and segment reviews, performance overviews, principal risks and other governance disclosures. Sufficient forward-looking information is also provided and a balance is sought between describing potential challenges and opportunities; and
- the well-established process and steps undertaken by management to ensure that the Annual Report and Accounts remains fair, balanced and understandable, was robust and the Annual Report and Accounts was subject to final approval by the Board, following review by both the Committee and by individual Board members.

The Committee therefore recommended to the Board (which the Board subsequently approved) that, taken as a whole, the 2019 Annual Report and Accounts is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

Competence of the Committee

Two out of the three current Committee members are qualified Chartered Accountants and possess the recent and relevant experience required by the Code. The Board is satisfied that the Audit and Risk Management Committee as a whole, possesses experience relevant to the sector in which the Group operates, in accordance with provision 24 of the Code.

The Committee has access to the services of the Group Assurance function and Company Secretarial department, and is authorised to obtain independent professional advice if it considers it necessary.

Effectiveness and quality of external audit process

The Committee has responsibility for overseeing the relationship with the external auditor, Deloitte LLP (Deloitte), and ensuring that the Company receives a high-quality and effective external audit. The policy to safeguard the independence of the external auditor, in line with The Statutory Auditors and Third Country Auditors Regulations 2016 (the 2016 Regulations), was maintained by the Committee. The policy covers the appointment, tendering and rotation of the auditor; restrictions on the employment of former staff of the auditor; ongoing independence criteria; and the supply of non-audit services. The policy explicitly prohibits a range of non-audit services in accordance with relevant legislation.

The policy applies across the Group, to ensure close monitoring of any material consultancy projects proposed to be delivered by either the current external auditor, or any potential tender participants. This ensures the continuing independence of all potential participating firms given the pre-qualification requirements of the regulations in respect of the external auditor.

The external auditor regularly attended Committee meetings in 2019 and received all briefing materials and minutes in respect of the meetings. The external auditor met at least once during 2019 with the Committee without executive management present. The Chair of the Committee also met privately with the external auditor.

During 2019, the Committee received regular reports from the external auditor, including a formal report detailing the audit objectives, the auditor's qualifications, expertise and resources, procedures and policies for maintaining independence and compliance with the ethical standards issued by the Auditing Practices Board.

The Committee reviewed both the Audit Quality Report (AQR) published by the FRC in respect of Deloitte, and Deloitte's response. The AQR showed no matters of material concern for the Committee. The FRC identified a number of recommendations for Deloitte to address, which Deloitte confirmed they intended to follow up on.

External auditor independence and non-audit fees

In accordance with the policy on the independence of the external auditor, the Committee regularly considers the relationship with the external auditor. Where possible, other accounting firms are engaged to undertake non-audit services.

All non-audit services provided by the external auditor are reported to the Committee and a record is kept and reviewed by the Committee on a cumulative basis. During 2019, the Committee approved the provision of certain non-audit assurance services performed by Deloitte. Approved non-audit fees included £82,000 in respect of assurance work regarding horseracing and greyhound levies and issuance of the £350m Unsecured Notes due 2023, which required the use of the Company's statutory auditor. The Committee is satisfied where non-audit work has been approved that the external auditor was best placed to undertake the relevant project.

The Statutory Auditors and Third Country Auditors Regulations 2016 provide for a cap on non-audit services of a maximum of 70% of the average of the audit fees paid on a rolling three-year basis. Fees (including non-audit fees) payable to Deloitte LLP are provided in note 5 to the financial statements.

External audit tendering

Deloitte was appointed by William Hill PLC in December 2001 to audit the financial statements for the period ended 1 January 2002 and subsequent financial periods. This was just prior to the listing of the Company on the London Stock Exchange. Prior to this, Deloitte provided audit services to other Group entities, with the first engagement commencing in 1991. A tender in respect of the external audit has not been sought since William Hill was listed on the London Stock Exchange in 2002. There are no contractual obligations restricting the Group's choice of external auditor.

The auditor appointment is subject to ongoing monitoring and the Committee reviewed the effectiveness of Deloitte as part of the 2019 year-end process.

As part of this review, and to enable it to make a recommendation on the reappointment of Deloitte in 2020, the Committee considered several factors when determining the effectiveness of the external auditor, including: the overall quality and scope of the audit; the audit partner and team; communication and engagement with the Audit and Risk Management Committee, both formal and informal, and how issues were reported, followed up and resolved; the independence of Deloitte and whether an appropriate level of challenge and scepticism existed in their work; and the findings of both the FRC's Audit Quality Inspection on Deloitte, and their review of the audit of the Company's financial statements for the period ended 1 January 2019.

The Committee also sought the views of key members of the finance team and senior management on the audit process and the quality and experience of the new audit partner, who was appointed in 2019. Their feedback confirmed that Deloitte had performed well during 2019, had provided an appropriate level of challenge to management, and the new audit partner in particular had provided fresh insights and perspectives and introduced key improvements.

Based on the review and feedback received, the Committee remained of the view that given the changes to the business and macro environment in 2019, including amongst other things: the integration of the Mr Green business; the restructuring of the Retail business; US expansion into new states; as well as first year adoption of IFRS 9, 15 and 16, it was not appropriate to make changes to the external auditor in 2019. The evolving nature and current uncertainty regarding future audit requirements also influenced the Committee's deliberations and decision.

Under the European Union statutory audit legislation which came into effect on 17 June 2016, as Deloitte was first appointed to William Hill PLC in December 2001 and as defined by the transitional provisions within the regulation, they are not permitted to be reappointed as the Company's auditor after 17 June 2023. The Committee has determined that given the significance of the activity, an audit tender process will start no later than the end of the 2021 financial year, to allow time for a thorough tender process to be carried out and a smooth handover of audit responsibilities. The Committee will continue to keep the exact timings of the audit tender under review during 2020.

The Committee therefore confirms that:

- it continues to be satisfied with the performance of the external auditor and with the policies and procedures in place to maintain their objectivity and independence;
- Deloitte possesses the skills and experience required to fulfil its duties effectively and efficiently and that the audit for the year ended 31 December 2019 was effective; and that
- during 2019, the Company has complied with the Competition & Markets Authority's Statutory Audit Services Order 2014, in respect of statutory audit services for large companies.

The Committee therefore recommended to the Board the reappointment of Deloitte at the forthcoming AGM.

FRC thematic review[1]

During 2019, the Group received a request for further information from the FRC in respect of the disclosures surrounding impairment of non-financial assets in the 2018 Annual Report. The FRC asked for further information across three areas of disclosure. Management prepared a response to the information request which was reviewed and approved by the Committee and by the Chairman of the Board. The Company's response provided further clarification on the disclosures in the 2018 Annual Report, and an undertaking to disclose additional details in respect of impairment of non-financial assets, which have been included in this 2019 Annual Report.

The FRC confirmed in December that its review of the specific disclosures in the 2018 Annual Report had concluded. The Committee Chair met with the FRC to review the results and we are pleased that the FRC identified our disclosure in the three areas reviewed, to be 'better disclosure practice'.

1. Scope and limitations of the FRC review: The FRC's review was based on the 2018 Annual Report and Accounts of William Hill PLC and did not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into by the Company. As part of their review, the FRC provided no assurance that the Company's 2018 Annual Report and Accounts for 2018 were correct in all material respects and did not verify the information provided but considered compliance with reporting requirements only. The FRC accepts no liability for reliance on their review by the Company or any third party, including but not limited to investors and shareholders.

DISCLOSURE OF SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE

An important part of the Committee's responsibilities is to assess key issues in respect of published financial statements. This process is primarily focused on the key issues identified by management for consideration. However, each Committee member as a member of the Board receives regular updates on the performance of the business and in particular on material issues which may affect the finances of the business. This gives the Committee additional perspective to consider and be familiar with significant issues which need to be considered.

In respect of 2019, the Committee formally reviewed and discussed with management the key issues which had been identified at both the half-year and full-year results and held preliminary reviews at other times to ensure it was adequately informed of all issues arising throughout the period.

Each year, the external auditor prepares a comprehensive plan in respect of their audit. The Committee reviewed the plan and discussed it with Deloitte. The plan explained:

- the scope and approach of the audit, including consideration of materiality thresholds;
- any key areas of change in the focus of the audit; and
- areas of significant audit risk which would be subject to particular audit focus.

The Committee endorsed Deloitte's plan for the 2019 audit.

The Committee pays particular attention to any matters which it considers may affect the integrity of the Group's financial statements, with a view to satisfying itself that each matter has been treated appropriately. Key matters discussed throughout the year included:

- the carrying value of goodwill and intangibles across the Group;
- the accounting treatment in respect of the store closures within the Retail division. In particular:
  - the impairment approach, considerations and assumptions made;
  - the approach and assumptions made in respect of recognising a provision; and
  - £2 stake limit costs.
- the impact of new accounting standards, IFRS 9, IFRS 15 and IFRS 16 on the financial statements, as well as the judgements made in respect of these standards;
- specific consideration of the impact of store closures on IFRS 16;
- the accounting treatment in respect of the Mr Green acquisition, including the Purchase Price Allocation and impact on the financial statements;
- Items which had been categorised as exceptional items for 2019: it was agreed that corporate transaction and integration costs would be treated as exceptional items. Continuing and additional restructuring costs relating to the Transformation Programme and Triennial Mitigation Programme were agreed to be treated as exceptional. Dual running costs in relation to moving land-based data centres to the cloud were also agreed to be treated as exceptional. Further information on exceptional items and adjustments is provided in note 3 to the financial statements;
- the accounting treatment in respect of the Eldorado partnership which was finalised in January 2019, and the respective recognition of an intangible and treatment as a share based payment under IFRS 2;
- matters relating to taxation. In particular, the Committee assessed the recognition, derecognition and valuation of tax provisions.
- the disclosures and supporting analysis in respect of the viability statement. The Committee reaffirmed the reasonableness of the assumptions and considered whether a viability period of three financial years remained most appropriate, and confirmed that it was, as part of a recommendation to the Board;
- an annual assessment by the Directors that it is appropriate to prepare the financial statements on a going concern basis;
- the accounting basis applied to the Group's pension schemes, in particular in respect of the valuation of assets and liabilities;
- the consideration of the Group's operating segments given the changes in the Group, in particular in the Online division;
- the effectiveness of key controls within the business, which appears on page 81; and
- the steps taken by management to ensure that the Annual Report and Accounts was fair, balanced and understandable.

The Committee concluded that the judgements made by management were reasonable and that appropriate disclosures had been included in the Annual Report and Accounts. The Committee also noted that the audit opinion issued by Deloitte in respect of the 2019 annual financial statements which can be found on pages 124 – 133, commented on the evidence supporting certain immaterial costs contained within the Group's exceptional items. The Committee has requested that management review the existing policy and procedures governing the identification and approval of such items. Further details in respect of accounting treatments and assumptions are also provided as appropriate in the notes to the financial statements.

CORPORATE RESPONSIBILITY COMMITTEE REPORT

Mark Brooker, Committee Chair

MEMBERSHIP

- Mark Brooker (Chair)
- Jane Hanson
- Lynne Weedall
- Gordon Wilson

FORMER MEMBERS

- Robin Terrell (to 1 July 2019)
- Georgina Harvey (to 31 December 2019)

ATTENDANCE AT MEETINGS

The Company Secretary acts as secretary to the Committee. All members of the Committee are independent Non-Executive Directors and biographies of all Committee members can be found on pages 66 – 68.

Management are responsible for providing a high-quality flow of information to the Committee and attend meetings as appropriate.

A copy of the terms of reference for the Committee can be obtained via the Company's website at www.williamhillplc.com or by request to the Company Secretary.

Attendance at Committee meetings during the year can be found on page 79.

DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to present the Corporate Responsibility Committee Report for the financial year-ended 31 December 2019.

The Committee's work in 2019 continued to provide oversight on operational regulatory compliance matters across the Group and matters that help make a positive impact for all our stakeholders. The following pages of this report aim to provide some insight into the work of the Committee during the year.

Regulatory compliance

The Committee continued to support the Group on changes and ongoing improvements to the regulatory compliance policy, practice and operational delivery, implemented following the UK Gambling Commission review in 2018.

Through its regular review and monitoring of KPIs relating to the UK Gambling Commission's key licensing objectives, and compliance with other industry regulators, the Committee was able to feed into the Board's overall assessment of the Company's culture, as well as the Audit and Risk Management Committee's assessment of risk. The Committee also reviews and provides constructive challenge to the business on the Annual Assurance Statement submitted to the UK Gambling Commission.

Safer gambling

Safer gambling is a core part of our Group strategy underpinning the strategic goals set for our Online, Retail and US business divisions, as well as protecting our customers by helping them stay in control. The Committee received regular updates on safer gambling and related matters. Further information regarding key industry issues and developments are included in the Sustainability Report on pages 38 – 49 of the Strategic Report.

Climate change and the environment

We recognise that we have a part to play in minimising our environmental footprint and making a positive impact in the communities in which we operate. In comparison with other sectors, our impact on the environment is relatively low as our product is largely digital. However, our goal is to continually reduce our carbon footprint globally until we become a carbon neutral business. 95% of our carbon footprint in 2019 related to the electricity we consume in our UK betting shops and offices. We recognise the need to address not only our electricity consumption but also waste management, water usage and travel. The Committee reviewed current and future actions in relation to the environment and, in January 2020 recommended an updated Group Environmental Policy for approval by the Board (which was subsequently approved).

The Committee continues to review the Company's approach and disclosure practices in this area, including the application of the Task Force on Climate-related Financial Disclosures (TCFD) framework.

To read more about the Company's approach to climate change and the environment, please refer to page 49.

Workforce and stakeholder engagement

The Committee has a specific role to support the Board in identifying, monitoring and assessing the impact of the Company's engagement with its key stakeholder groups. Specifically in relation to workforce engagement, the Committee reviewed methods of engagement and recommended a collective designated NED approach be taken when engaging with the workforce.

As part of the Board's broader engagement strategy, I was particularly pleased to host a meeting between the UK Gambling Commission and the Board to discuss regulatory developments and best practice. For further detail on the Board's engagement activities with key stakeholders, please refer to pages 22 – 23 within the Strategic Report and pages 72 – 73 within the Corporate Governance Report.

Employee well-being

The welfare of our employees remains an important priority and the Committee continued to receive updates throughout the year on progress against KPIs and trends in relation to William Hill employees. Several well-being initiatives were launched during 2019, recognising that well-being is an important enabler of achieving the William Hill strategy.

Community and the William Hill Foundation

The William Hill Foundation Chair updated the Committee throughout the year on its activities including the relaunch of its expanded focus on mental well-being and partnership with the Alzheimer's Society. The Foundation focuses its efforts on three principle areas: supporting colleagues, employability and mental well-being.

KEY ROLE AND RESPONSIBILITIES

The Committee is primarily responsible for overseeing and ensuring regulatory compliance across the Group and reviewing the Group's Sustainability strategy, including monitoring sustainability and ESG risks as part of the Group's overall risk management framework.

Key activities during the year:

- Approved a new Group Compliance Policy and received progress updates on changes to the compliance model following the UK Gambling Commission Regulatory Settlement and subsequent reviews;
- Approved the 2019 Annual Assurance Statement for submission to the Gambling Commission;
- Received in-depth presentations on the Company's processes for customer due diligence, preventing money laundering and assessing player behaviour with regards to safer gambling;
- Received regular updates in relation to the integration of the Mr Green business and related regulatory compliance matters;
- Considered workforce engagement mechanisms and recommended to the Board that all NEDs be considered designated NEDs for the purpose of the Code;
- Monitored and tracked KPIs relating to employee engagement, welfare and well-being;
- Reviewed and approved the Group's 2019 Modern Slavery Act Transparency Statement;
- Reviewed and approved the Group's Environmental Policy; and
- Reviewed the Committee's terms of reference and confirmed that they had been adhered to.

THE CORPORATE RESPONSIBILITY COMMITTEE IN ACTION

Employee engagement

The Committee supported the Board in discharging its duties and compliance under Provision 5 of the 2018 Code, specifically in relation to workforce engagement.

The Committee reviewed the methods for engagement with the workforce as set out in the Code. Taking into account the time commitment required from a designated NED to attend meetings and provide meaningful feedback, the Committee recommended to the Board (and which the Board subsequently approved), that each of the NEDs be considered a designated NED for the purposes of workforce engagement, and take collective responsibility for this duty. The Company's existing employee engagement forums and surveys were considered and determined by the Committee to provide ample opportunities to listen and respond to employees throughout the year.

The Committee further recommended that where possible, NEDs would attend workforce engagement forums that closely aligned to their backgrounds or skill set. A schedule of planned employee engagement activities for 2019 was shared with the Board for its participation.

In addition, throughout the year, all NEDs had the opportunity to engage with employees at various William Hill locations as part of induction programmes, Board site visits and other offsite meetings.

NOMINATION COMMITTEE REPORT

Roger Devlin, Committee Chair

"The Committee recognises the importance for the Board to demonstrate relevant skills, experience and knowledge to reflect the changing demands of the business."

MEMBERSHIP

- Roger Devlin (Chair)
- Mark Brooker
- Jane Hanson
- Robin Terrell
- Lynne Weedall
- Gordon Wilson

FORMER MEMBERS

- Georgina Harvey (to 31 December 2019)
- David Lowden (to 4 March 2019)

ATTENDANCE AT MEETINGS

The Company Secretary acts as secretary to the Committee. All members of the Committee are independent Non-Executive Directors and the Committee is chaired by the Chairman of the Board. Biographies of all Committee members can be found on pages 66 – 68. In order to ensure there are fully informed discussions, the CEO and the Chief HR Officer are invited to attend meetings as appropriate.

A copy of the terms of reference for the Committee can be obtained via the website at www.williamhillplc.com or by request to the Company Secretary.

Attendance at Committee meetings during the year can be found on page 79.

DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to present the Nomination Committee report for the financial year-ended 31 December 2019.

2019 was a busy year for the Committee as it thoughtfully considered Board refreshment and, in the second half of the year, CEO succession and related Senior Executive Management appointments. The following pages of this report aim to provide some insight into the work of the Committee during the year.

Board succession

There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board and an effective succession plan is maintained for Board and Senior Management.

Ulrik Bengtsson, formerly the Group's Chief Digital Officer, succeeded Philip Bowcock as CEO, assuming full responsibilities from 30 September 2019. This appointment reflects the robustness of the Board's succession planning. Our Non-Executive Directors were fully engaged in the selection process and acknowledge the strong levels of support received from the Group Executive and the Company's employees during the CEO transition period.

As previously announced, Ruth Prior, CFO, will be leaving the Company to return to the private equity sector. The Committee led the process for the appointment of her successor and it was announced in February 2020, that Adrian Marsh will join the Company as CFO and be appointed as an Executive Director. The effective date of Adrian's appointment will be announced in due course.

As Georgina Harvey approached her nine-year term (in 2020), the Committee commenced a process during the year to consider a replacement so that an appointment could be made in good time with a smooth transition, taking into account the importance of the role of Remuneration Committee Chair. In addition, following the various Board changes in 2018 and early 2019, the Committee decided to progress with a search for a second Non-Executive appointment. Russell Reynolds Associates were engaged to act as William Hill's search consultants for both appointments. Russell Reynolds have no other connection with the Group or individual Directors.

The Committee considered a list of potential candidates for each role and took into account the balance of skills, knowledge, independence, diversity and experience of the Board, together with an assessment of the time commitment expected. Desirable attributes identified for Georgina Harvey's replacement included a strong understanding of executive level remuneration issues and associated listed company governance. For the second Non-Executive appointment, a strong degree of financial literacy, experience of working in regulated industries and awareness of corporate financial matters was considered to be important. The Committee was also conscious of the benefits of a diverse Board, including gender diversity.

The preferred candidates met individually with the Chairman, CEO, Chief HR Officer and other members of the Nomination Committee and the Board as appropriate. Following this process, the Committee recommended to the Board that Lynne Weedall and Jane Hanson be appointed as Non-Executive Directors with effect from 1 July 2019, and that Lynne Weedall succeed Georgina Harvey as Remuneration Committee Chair.

On joining the Board, new Directors undergo a tailored induction and familiarisation programme implemented by the Company Secretary, with input from the Chairman and CEO. See page 92 for more information on induction activities undertaken during the year.

Board Committee composition

Following the announcement of David Lowden's departure from the Board, the Committee agreed to appoint Robin Terrell as Chair of the Audit and Risk Management Committee with effect from 4 March 2019. Robin Terrell has been a member of the Audit and Risk Management Committee since 2017 and is also a Chartered Accountant.

During the year, the Committee also took the opportunity to review the composition and membership of the Board Committees. Further details of all Board and Committee changes during 2019 can be found on page 65.

Board diversity

The Board has a diverse range of experience by way of expertise, business sector background and length of tenure on the Board, and we recognise the benefits that diverse viewpoints and backgrounds can bring to decision-making. Our NEDs demonstrate expertise from digital, tech, customer, retail, as well as the sports betting and gaming sector. With the inclusion of the new Board members, additional skills in compliance, regulation and transformation have been added, ensuring a well-rounded level of experience. The Board has welcomed the infusion of fresh thinking and perspectives from newly-appointed Directors which complements the ongoing contribution of the longer-standing Directors.

The Board is committed to diversity both in the Boardroom and throughout William Hill. We are in year two of a three-year pledge as part of the 30% club to improve gender diversity with both the Board and Senior Management.

KEY ROLE AND RESPONSIBILITIES

The role of the Committee is to ensure that the Company is headed by an effective and entrepreneurial board, whose role is to promote the long-term success of the Company, generating value for shareholders and contributing to wider society.

Key responsibilities include:

- To make recommendations to the Board for the appointment, reappointment or replacement of Directors;
- To devise and consider succession planning arrangements for Directors and, as appropriate, other Senior Management to promote a diverse pipeline for succession, taking account of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- To regularly review the structure, skills, size, composition and balance of the Board and recommend any proposed changes to ensure there is an appropriate combination of Executive and Non-Executive Directors; and
- To consider other significant commitments of prospective appointees.

Key activities during the year:

- Evaluated the balance of skills, experience, independence and knowledge on the Board and Board Committees;
- Prepared specifications of the roles and capabilities required for the recruitment of two new independent Non-Executive Directors;
- Oversaw the appointment process for a new Chief Executive Officer and two new Non-Executive Director roles;
- Oversaw the induction programmes for all new Non-Executive Directors;
- Supported the CEO in establishing his leadership team, including the creation of new Chief Operating Officer and Chief Product and Technology Officer roles;
- Considered and recommended that Robin Terrell succeed David Lowden in the role of Audit and Risk Management Committee Chair; and
- Considered and recommended that Lynne Weedall succeed Georgina Harvey in the role of Remuneration Committee Chair;
- Under the direction of the Chairman, led the external Board evaluation process; and
- Reviewed the Committee's terms of reference and confirmed that they had been adhered to.

Our focus led us to increase our position in both the 2019 Hampton Alexander index and 30% Club. We ranked number 20 (2018: 114) in the FTSE 250 index and number 17 (2018: 18) out of 29 in the Travel & Leisure sector in the latest Hampton Alexander Review.

As at 31 December 2019 and at the date of this report, female representation on the Board was at 37.5% (2018: 25%), and at 29% (2018: 30%) for William Hill's Senior Managers. We remain committed as an organisation to our 30% club goals and are still the only top five sports betting and gaming company to have signed up to the club.

External Board evaluation

Under the direction of the Chairman, an independent Board evaluation review was conducted during the year which was externally facilitated by Clare Chalmers. Further details on the process taken and the outcome are given on page 80.

Re-election of Directors

The effectiveness and commitment of each of the Non-Executive Directors is reviewed annually. The Committee has satisfied itself as to the individual skills, relevant experience, contributions and time commitment of all the Non-Executive Directors, taking into account their other offices and interests held. As detailed on page 78, the Board is recommending the election of Ulrik Bengtsson, Jane Hanson and Lynne Weedall and the re-election to office of all other Directors at the 2020 AGM.

THE NOMINATION COMMITTEE IN ACTION

Non-Executive Director induction programme

Each newly appointed Director participates in an induction programme which is tailored to suit the needs of the individual Director, including those matters specific to their roles in the Committees in which they sit. During the year, Gordon Wilson, Lynne Weedall and Jane Hanson followed a tailored induction programme covering a range of key areas of the business. An outline of their induction process is set out below.

Business and Strategy

- Board induction packs were devised to assist with building an understanding of the Group, its business divisions and key markets and the sector, and to introduce the Group's key stakeholder groups, as well as explain the commercial and regulatory environment in which the Company operates.
- In addition to Board members, meetings were scheduled with each member of the Group Executive team with follow-on deep dive sessions scheduled as required to further develop understanding of key areas. This included visits to some of our business operations, which is an important feature of our Board induction programme.

Finance and audit

- Briefing sessions on the financial structure and organisation, key financial metrics, principal risks and the Company's internal control framework were provided by the Chief Financial Officer, Group Assurance Director, Group Treasurer, Group Financial Controller and Head of Tax and the Group's external auditors.

Governance

- Stakeholder perceptions and key issues raised by, for example, investors, regulators and industry groups were explained in detail by our Investor Relations, Sustainability and Corporate Affairs teams, as well as the Company's external advisers.
- The Group Company Secretary provided advice on all corporate governance matters, including duties and responsibilities as a director of a listed company. Any training and development requirements were identified as part of this.
- Our Group Reward team met with new Directors to explain our reward strategy, remuneration policy and current market practice.

"My induction to William Hill provided me with the opportunity to meet with key individuals within the business and visit many of the Company's operations, which provided me with an insightful understanding of the business, strategy, culture and people."

Jane Hanson, Non-Executive Director

DIRECTORS' REMUNERATION REPORT

Annual statement

Lynne Weedall, Committee Chair

"The Committee was pleased that changes to remuneration structures in 2019, to align with our refocused strategy, are working."

MEMBERSHIP

- Lynne Weedall (Chair from 9 October 2019)
- Mark Brooker
- Robin Terrell (from 9 May 2019)

FORMER MEMBERS

- Georgina Harvey (Chair to 9 October 2019)
- David Lowden (to 4 March 2019)

ATTENDANCE AT MEETINGS

The Company Secretary acts as secretary to the Committee. All members of the Committee are independent Non-Executive Directors. Biographies of all Committee members can be found on pages 66 – 68.

In order to ensure there are fully informed discussions, the Chairman of the Board, CEO, CFO, Chief HR Officer, Group Reward Director and FIT Remuneration Consultants are invited to attend meetings as appropriate.

A copy of the terms of reference for the Committee can be obtained via the website at www.williamhillplc.com or by request to the Company Secretary.

Attendance at Committee meetings during the year can be found on page 79.

DEAR SHAREHOLDER,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial period which ended on 31 December 2019, which is my first as Chair of the Committee. The report is split into three sections:

- This Annual Statement summarising the work of the Committee, our approach to remuneration and communication with shareholders, providing an 'at a glance' summary of Executive Director remuneration, detailing the operation of the Committee in the year and showing the wider context of remuneration;
- The Annual Report on Remuneration, which sets out the remuneration arrangements and incentive outcomes for the year under review and how the Committee intends to implement our Policy in 2020; and
- The Directors' Remuneration Policy, which presents our proposed Remuneration Policy given that our current Policy, originally approved by shareholders at the 2017 Annual General Meeting, will shortly reach the end of three years.

The Directors' Remuneration Report, excluding the Policy, will be subject to an advisory shareholder vote at the Annual General Meeting on 15 May 2020. The proposed Directors' Remuneration Policy will be subject to a binding vote at the same meeting. This new Policy, subject to approval by shareholders, will last for three years from the forthcoming AGM or until another Remuneration Policy is approved in a general meeting.

How we implemented the Policy for 2019

As set out in last year's Directors' Remuneration Report, while fixed pay levels were maintained at 2018 levels from 1 January 2019, the Committee consulted with major shareholders and representative bodies towards the end of 2018 in respect of: (i) a proposal to re-weight Executive Director packages towards the longer term for 2019, 2020 and 2021; and (ii) refining the performance metrics of the 2019 Performance Share Plan ('PSP') awards.

The Committee had proposed, for 2019 only, that the CEO and CFO receive PSP awards of 275% and 250% of salary respectively (i.e. 75% higher than the normal award levels) by utilising the exceptional award limit within the existing Policy, with awards reverting to normal levels thereafter (i.e. 200% and 175% of salary respectively) from 2020 onwards. To balance this one-off larger PSP award in 2019, it was proposed to reduce annual bonus potential for 2019, 2020 and 2021 for the CEO and CFO by 25% of salary each year, from 175% and 150% of salary to 150% and 125% respectively.

The proposals were intended to incentivise the delivery of the new strategy in light of our clarified operating environment following a period of significant change and uncertainty, and ensure management were appropriately retained at a time when there was little to no retentive effect in respect of the existing PSP awards.

To allow shareholders to engage further on this topic, we granted our normal Policy level PSP award on 18 March 2019 following the announcement of our 2018 annual results (200% of salary for the CEO and 175% of salary for the CFO), with the intention of making the additional 75% of salary PSP award after our AGM on 15 May 2019.

However, having considered feedback from shareholder and shareholder representative bodies in respect of the 2019 PSP award levels, the Remuneration Committee agreed not to grant the additional 75% of salary PSP awards (i.e. 2019 award levels remained, as already granted, at 200% and 175% of salary for the CEO and CFO respectively). No changes were made to the PSP performance conditions and annual bonus potential will remain at reduced levels (150% and 125% of salary for the CEO and CFO respectively) for 2019, 2020 and 2021 as noted above.

Executive Director Board changes

As announced on:

- 5 September 2019, Philip Bowcock stepped down as CEO and as a Director of the Board on 30 September 2019. Ulrik Bengtsson, previously William Hill's Chief Digital Officer, was appointed CEO Designate and a Director of the Board on 5 September 2019, and assumed full CEO responsibilities from 30 September 2019;
- 13 January 2020, Ruth Prior resigned from the Board as CFO and is currently serving her notice period; and
- 17 February 2020, Adrian Marsh will be appointed to the Board as CFO later this year.

Details of the remuneration arrangements for Ulrik Bengtsson and Adrian Marsh are set out overleaf and, together with the leaving arrangements for Philip Bowcock and Ruth Prior, in detail in the Annual Report on Remuneration.

Pay and performance for 2019

2019 was a year of transition as we responded to changes in regulation in the UK and overseas. However, we exited 2019 in a stronger position and are well placed to deliver long-term sustainable growth.

In Retail, we took decisive action to accelerate shop closures, driving strong year-end results against targets. Our shop colleagues rose to the challenge, executed the strategy with great professionalism and will receive an enhanced bonus payment in March 2020.

Our UK Online business has now grown at the market rate for three consecutive quarters during the year, and we completed the acquisition of Mr Green to enhance our international diversification.

As you will have read earlier, we are well positioned in the US having achieved break even in 2019, with the Nevada business continuing to grow strongly and Expansion states growing net revenue three-fold.

No changes were made to fixed pay levels from 1 January 2019, although Ulrik Bengtsson's pension provision was reduced and aligned to workforce levels upon appointment to the Board in September 2019.

Performance against the annual bonus targets resulted in annual bonus awards of 86.7% of the maximum for Ulrik Bengtsson (pro-rated), as a result of:

- High outcomes on our financial metrics (adjusted operating profit and net revenue) influenced in part by favourable sporting results towards the end of the year;
- on-target performance against sustainability targets; and
- partial achievement against personal objectives.

Ruth Prior will not be receiving any bonus award in respect of 2019 following her resignation.

For PSP awards granted in 2016, which were based on a four-year performance period to 31 December 2019, there was no vesting in respect of the Relative Total Shareholder Return ('TSR'), the EPS targets or the Australia Digital targets. Strong performance against the Mobile Sportsbook and Mobile Gaming Business Performance Measure ('BPM') targets, which are key pillars of our growth, resulted in 13.9% of the total 2016 PSP awards vesting.

In addition, the PSP awards granted in 2017 were based on a three-year performance period to 31 December 2019. While there will be no vesting in respect of the EPS targets, and no vesting is anticipated in respect of the TSR targets (noting that the TSR performance period does not end until 31 March 2020), above target performance against the Transformation targets is expected to result in 21.1% of the total 2017 PSP awards vesting.

Use of discretion during 2019

In assessing the 2019 incentive performance, the Committee exercised its discretion:

- To reduce the assessed performance against the annual bonus profit targets to strip out the impact of certain accounting adjustments; and
- to lapse that part of the 2016 PSP awards which was based on Australia Digital targets given that they were tracking below threshold before the sale of this business in 2018.

This is the third consecutive year that negative discretion has been applied to incentive award outcomes by the Committee.

Renewing our Policy at the 2020 AGM

Given the changes that were made to incentive pay last year (both around the design of the Company's PSP and a reduction to annual bonus levels), the Committee is comfortable that the Policy and the way it is operated remains well aligned to our strategy. As such, only a limited number of changes to the Policy in respect of developments in good governance are being proposed as follows:

- The maximum pension contribution rate of 20% of salary will be removed. Going forwards, pension provision for new Executive Directors and employees promoted to the Board will be aligned, in percentage of salary terms, to the general workforce contribution rate;
- malus and clawback provisions in the bonus and PSP have been reviewed, and additional triggers will be included for future awards covering reputational damage and corporate failure/insolvency;
- the commitment made in last year's Directors' Remuneration Report to increase the shareholding requirement for the CFO role from 150% to 200% of salary will be formalised. In addition, as per the Investment Association's guidance, unvested deferred bonus awards will now be included within the calculation of shares held by the relevant Executive Director on a net of tax basis; and
- a post-cessation shareholding guideline will be introduced. Going forward, Executive Directors will need to retain shares equal to 200% of salary for a period of one year post-cessation.

Implementing the Policy for 2020

A summary of the approach to the implementation of the Remuneration Policy from 1 January 2020 is as follows:

- No changes will be made to base salary levels from 1 January 2020. Ulrik Bengtsson was appointed to the Board in September 2019 on a salary of £600,000 (being the same level as that offered to his predecessor), and his first salary review date will be 1 January 2021.
- The CEO will continue to receive a pension allowance of 5% of salary and no changes will be made to benefit provision.
- Given the commitment previously made to reduce the normal bonus potential by 25% of salary for 2019, 2020 and 2021, annual bonus potential for the CEO will continue to be set at 150% of salary. 10% of the maximum will be payable at threshold performance and 50% of the maximum will be payable for target performance. Performance metrics and weightings will be the same as the approach adopted for the 2019 bonus (i.e. 55% based on Group operating profit targets, 20% based on Group net revenue targets, 15% based on sustainability and 10% based on personal objectives).
- The CEO will continue to receive a PSP award of 200% of salary. The proposed metrics and weightings for the 2020 PSP awards will be the same as the approach adopted for the 2019 awards (i.e. 20% based on relative TSR, 30% based on Online net revenue, 20% based on Retail cashflow and 30% based on the performance of the US business). While a small number of major investors have expressed opposing views on TSR, ranging from a preferred increase in the TSR weighting, to not using TSR at all, the Committee believes that a 20% weighting continues to be appropriate for William Hill at the current time, although we will continue to keep this under review for subsequent awards.

Following Ruth Prior's resignation post year-end, salary, benefit and pension provision will continue to be paid during her notice period, and Ruth will not participate in the bonus or receive PSP awards in 2020. Further details of Ruth's exit arrangements are set out on page 103.

Following the announcement on 17 February 2020 in respect of the appointment of Adrian Marsh as the new CFO, a summary of his remuneration arrangements from appointment is as follows:

- Base salary: £450,000 (pro-rated in 2020 from appointment)
- Pension: 5% of salary
- Annual bonus: 125% of salary (pro-rated from appointment)
- PSP: 175% of salary (pro-rated to 75% of salary in 2020)
- Shareholding guidelines: 200% of salary
- Other: Share awards forfeited as a result of Adrian's resignation from DS Smith will be compensated on a like for like basis

Further details of Adrian's remuneration arrangements are set out on page 101.

2019 AGM shareholder voting

The Board was pleased that all of the resolutions at the 2019 AGM received overwhelming support, and the Committee was particularly pleased with the level of support received for Resolution 2 (the advisory vote on the Remuneration Report) with 99.8% of those shareholders which voted being supportive.

Concluding thoughts

As William Hill continues to execute our strategy, the Committee is satisfied that our Remuneration Policy, albeit with minor updates for developments in good practice, remains appropriate and that our management team is aptly incentivised and retained. That said, the Committee welcomes all input on remuneration, and if you have any comments or questions on any element of the report, please email us care of Ed Airey, Group Reward Director, at eairey@williamhill.co.uk.

Finally, I would like to thank our shareholders, and I hope we can continue to rely on their support at our AGM on 15 May 2020.

Lynne Weedall
Chair, Remuneration Committee

Activities of the Committee during 2019

A summary of the main Committee activities during 2019 are set out below:

February 2019

- 2018 bonus outcomes, including use of negative discretion
- Approval of vesting of the 2015 PSP awards
- Approval of 2019 annual bonus design
- Review of 2018 CEO pay ratio
- Approval of Group Executive personal objectives
- Approval of 2018 Directors' Remuneration Report ('DRR')
- Approval of plan for granting the 2019 PSP awards
- Approval of new LTIP to incentivise US management on build-out of US business

May 2019

- Review of 2019 AGM investor feedback
- Market update on 2019 reporting season
- Review of wider colleague remuneration, including overview of 2019 bonus awards, and gender pay update
- Update and review of approach to US remuneration strategy

August 2019

- Incentives update at half-year
- Update on sustainability progress for 2018 PSPs
- Corporate governance update and consideration of approach to 2020 Remuneration Policy review
- Approval of operation of all colleague share schemes in 2019

September 2019

- Approval of terms for Philip Bowcock's exit and appointment of Ulrik Bengtsson as CEO
- Approval of reward impacts associated with changes to the Executive Team

October 2019

- Update on progress against 2020 Remuneration Policy review

December 2019

- Incentives update
- Sign-off on proposed approach to 2020 bonus/PSP
- Approval of proposed approach to 2020 Remuneration Policy review
- Consultation exercise with major shareholders on proposed approach to Policy renewal and implementation
- Review of initial draft of the 2019 DRR

In addition, the Committee has ensured that the new Policy and practices are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity – Our Policy is well understood by our senior executive team and has been clearly articulated to shareholders and representative bodies (both ongoing and during consultation when changes are being made).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.

Risk – Our Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of both short and long-term incentives which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans (together with in employment and post-cessation shareholding guidelines); and (iii) malus/clawback provisions.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are fully aligned to William Hill's culture through the use of metrics in both the annual bonus and PSP that measure how we perform against our KPIs, including employee net promoter score, customer net promoter score and compliance related targets.

Advice to the Committee

During 2019, the Committee consulted the CEO, the CFO and Chief HR Officer about remuneration items relating to individuals other than themselves. The Company Secretary also provided corporate governance guidance support to the Committee.

Colleagues are not specifically consulted on executive remuneration but all colleagues are invited to take part in our annual 'Your Say' survey, and the Board regularly reviews engagement data and is particularly aware of any trends, comments and concerns around pay. In addition, the Colleague Forum gives colleagues the opportunity to ask questions of senior management, via elected representatives. The Committee Chair meets with the Colleague Forum periodically to answer questions raised by colleague representatives concerning executive pay.

The Committee received external advice from FIT Remuneration Consultants LLP (FIT) during 2019 in respect of the implementation of the Policy. FIT was appointed as the Committee's interim advisers during 2018 and permanent advisers during 2019 following a competitive tender process. FIT is a member of the Remuneration Consultants Group and are signatories to its Code of Conduct and provided no other services to the Company. Fees paid to FIT for advice provided to the Committee in the year amounted to £95,000 (ex VAT).

At a glance

Executive Director remuneration for 2019

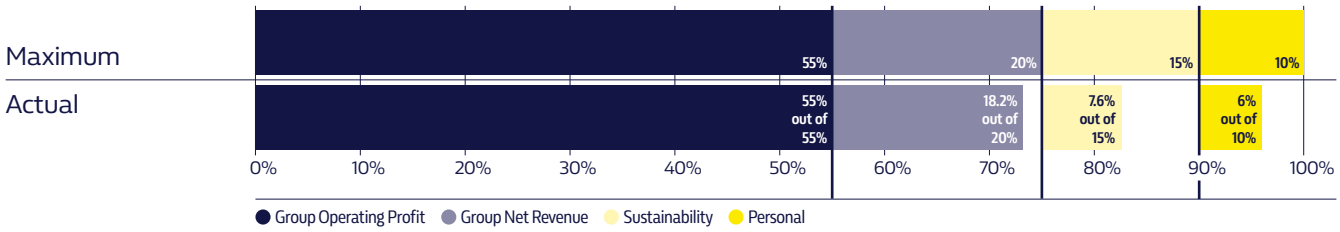
Single total figure of remuneration

The following table provides a summary single total figure of remuneration for 2019. Further details are set out in the Annual Report on Remuneration.

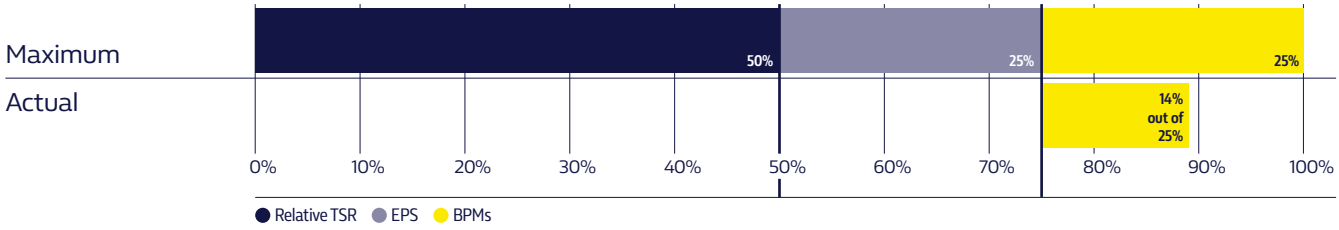
Name of Director	Base salary £	Taxable benefits £	BIK from performance of duties £	Annual bonus £	Pension £	PSP £	Total £
Ulrik Bengtsson[1]	193,973	4,050	800	252,178	9,699	–	460,700
Ruth Prior[2]	425,000	9,735	959	–	85,000	–	520,694

1. Appointed to the Board as CEO Designate on 5 September 2019 and CEO from 30 September 2019
2. Resigned from the Board in January 2020 and therefore not eligible for a 2019 annual bonus, and her unvested shares awards lapsed upon resignation

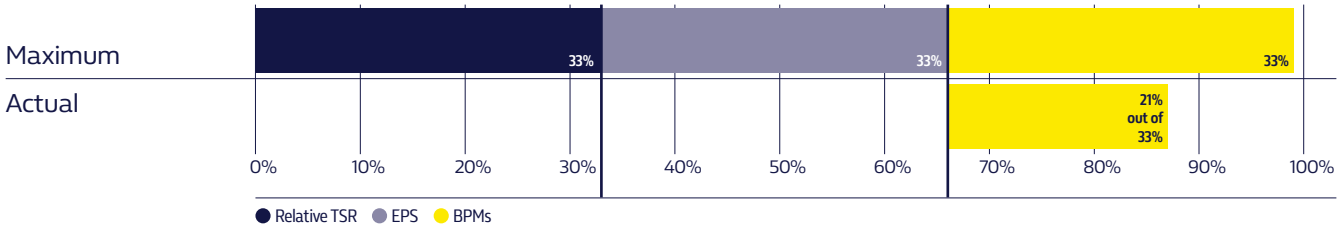
2019 annual bonus (actual versus maximum)



2016 PSP award (four-year performance period to 31 December 2019)



2017 PSP award (three-year performance period to 31 December 2019)



How our Executive Directors will be paid in 2020

Policy implementation for 2020

A summary of how the Committee intends to operate the Remuneration Policy for 2020 is as follows:

Component	Ulrik Bengtsson	Ruth Prior[2]
Base Salary	£600,000	£425,000
Pension allowance (% of salary)	5%	20%
Annual bonus max (% of salary)	150%[1]	n/a
PSP (% of salary)	200%	n/a
Shareholding guidelines (% of salary)	200%	200%

1. Reduced from the normal 175% of salary for 2019, 2020 and 2021
2. Ruth Prior is not eligible to receive a 2020 annual bonus or PSP award following her resignation from the Board in January 2020

Remuneration scenarios for 2020

The chart below, based on the reduced annual bonus potential, shows how total pay for the CEO varies under four different performance scenarios: Minimum; Target; Maximum; and Maximum with share price growth. No scenarios have been shown in respect of Ruth Prior following her resignation from the Board.

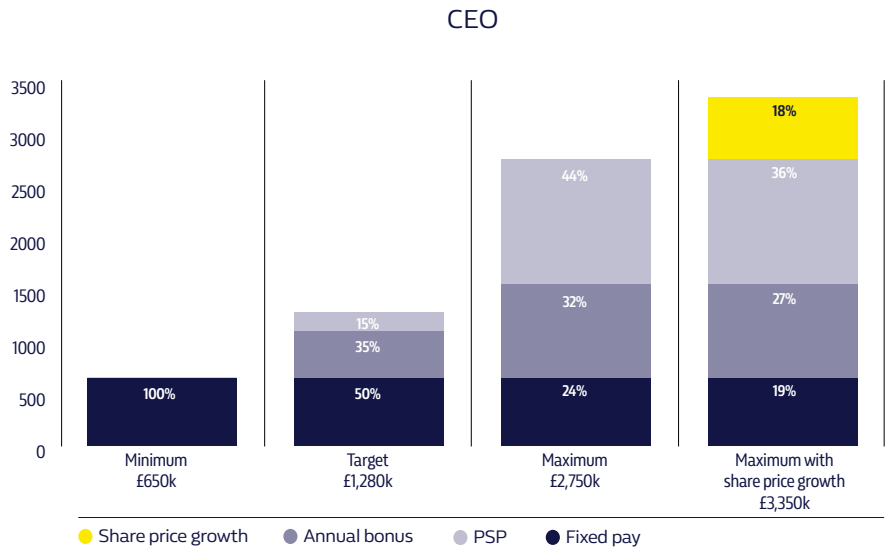
Minimum:
Fixed pay (i.e. base salary and pension as at 1 January 2020 with an estimated value for benefits).

Target:
Fixed pay plus 50% of the maximum bonus potential for 2020 (150% of salary for the CEO) and 15% (i.e. threshold vesting) of the proposed 2020 PSP awards (200% of salary for the CEO).

Maximum:
Fixed pay plus maximum bonus potential for 2019 (150% of salary for the CEO) and 100% vesting of the proposed 2019 PSP awards (200% of salary for the CEO).

Maximum with share price growth:
As per maximum but with a 50% share price growth assumption for the PSP awards.

Remuneration



Remuneration in context

Wider pay environment

William Hill is committed to offering an attractive reward package for colleagues and aligning pay and incentives across the Company.

Having operated a 2019 pay review in only limited jurisdictions around the globe (primarily the US and those mandated by law) given the regulatory challenges presented in 2018, there will be a pay review across the Group for all colleagues in 2020. This includes the planned increase to the UK National Living Wage ('NLW') and National Minimum Wage ('NMW'). When implementing the new NLW in 2016, the Company elected to apply it to all colleagues and not just to those colleagues who were 25 and over.

All colleagues are eligible to participate in a bonus plan and these are reviewed on an annual basis to ensure they remain incentivising as well as fair and relevant to the group they apply to. As an example, the quarterly bonus plan that applies to over 7,500 shop colleagues in the UK, and was first introduced in 2017, is based on measures that colleagues have the greatest influence over. This scheme has been reviewed to ensure that it continues to incentivise customer engagement and the day-to-day delivery of regulatory requirements.

All of our colleagues globally have the opportunity to share in the success of William Hill through different colleague share plans. William Hill offers a wide range of colleague benefits. UK colleagues who are covered by pensions auto-enrolment are able to benefit from company contributions in excess of the statutory minimum. All colleagues, who join the pension plan, receive a minimum pension contribution of 4% along with their own matching contribution of 4%. Anyone who has been with the Company for over a year also receives access to life insurance in addition to discounts on shopping, entertainment and eating out, plus a discounted travelcard for those colleagues in London.

Colleague wellbeing continued to be a significant focus for the Group in 2019. Key activities included global initiatives such as the review of, and subsequent significant improvement in, our maternity/paternity/shared parental leaves along with the implementation of a new carers leave. We also introduced Unmind, a digital wellbeing app to all colleagues, to supplement our global Employee Assistance Programme which offers all colleagues access to free, 24/7 confidential telephone, online and face-to-face advice for problems they may be experiencing at home or work. This work was further enhanced by a number of local initiatives, which ranged from the implementation of a five days paid leave for carers in the UK to the introduction of health coverage for extended dependents of colleagues. We offer a compelling range of benefits globally suited to local markets, and includes our flexible benefits offering in the UK, a wider variety of benefits in the US (e.g. vision and dental care), bereavement assistance in the Philippines and development allowances in Poland. We also refreshed our approach to recognition globally in 2019, which included the introduction of individual and quarterly team awards.

Gender pay

We have again reported on William Hill's UK gender pay gap, which can be found on our website. We are pleased that positive progress has been made against the pledges we set out last year. The proportion of women within our senior management population has increased from 22% to 29% as at the statutory reporting date of 5 April 2019, against our 2020 pledge of 30% (a 7% increase). In addition, the number of colleagues who believe William Hill treats all employees fairly irrespective of gender, age, race, disability, religion or sexual orientation remains positive at 75% (with a further 15% neutral) against our 2020 pledge of 90% (broadly similar to last year). Finally, our mean pay gap has encouragingly reduced to 14.7% (from 16.6%) against our pledge of 10% by the end of 2020. The analysis has again confirmed that men and women are paid equally for equivalent work across the organisation, with the gender pay gap arising through proportionately fewer women in senior management (29%) and is a challenge the Company continues to address. The Company is committed to gender pay equality, and our gender pay disclosure outlines the steps the Company is taking to eliminate any disparity in pay and opportunity.

CEO pay ratio

The data shows how the CEO's single figure remuneration for 2019 (based on c9 months remuneration for Philip Bowcock and c3 months remuneration for Ulrik Bengtsson) compares to equivalent single figure remuneration for full-time equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option B	110 : 1	93 : 1	85 : 1

No components of pay and benefits have been omitted for the purpose of the above calculations. Option B was selected given that this method of calculation was considered to be the most efficient and robust approach in respect of gathering the required data for 2019, and the salaried employee data is considered representative of the relevant quartiles.

	Salary			Total pay and benefits		
Year	25th %tile	Median	75th %tile	25th %tile	Median	75th %tile
2019	£14,994	£17,650	£19,235	£16,268	£19,265	£20,918

Change in remuneration of the CEO

The change in the CEO's remuneration compared to the change in remuneration of all full-time salaried colleagues across the Retail, Online and Group areas of the UK business that were employed throughout 2018 and 2019 is as follows:

	Base salary			Taxable benefits[2]			Bonus		
	2019	2018	% Change	**2019**	2018	% Change	**2019[3]**	2018[3]	% Change
CEO[1]	**£600,000**	£600,000	0%	**£29,682**	£32,643	-9%	**£773,291**	£202,125	283%
Salaried employees[4]	**£26,919**	£24,653	9%	**£613**	£680	-10%	**£1,852**	£474	291%

1. Calculated based on c9 months salary, benefits and bonus for Philip Bowcock up to the point of stepping down from the Board on 30 September 2019, and c3 months salary, bonus and benefits for Ulrik Bengtsson thereafter.
2. Taxable benefits excludes relocation costs and taxable expenses.
3. Bonus for salaried colleagues includes the quarterly bonus scheme for our Retail colleagues.
4. Average base salary in 2019 higher than 2018 due to shop closures.

Annual Report on Remuneration

This section details the remuneration of the Executive and Non-Executive Directors (including the Chairman) for the period ended 31 December 2019. This report, and the Chair's Annual Statement, will be subject to an advisory vote at the AGM on 15 May 2020.

Implementation of Remuneration Policy in 2020

Base salaries

The current base salary for the CEO as at 1 January 2020 is as follows:

	2020	2019	% Increase
Ulrik Bengtsson[1]	£600,000	£600,000	–

1. Appointed to the Board on 5 September 2019 as CEO Designate and CEO from 30 September 2019.

Chairman and Non-Executive Directors' fees

Chairman and Non-Executive Director fees will remain unchanged for 2020:

	2020	2019	% Increase
Chairman	£295,000	£295,000	–
Base Non-executive fee	£55,000	£55,000	–
Senior Independent Director fee	£15,000	£15,000	–
Committee Chair (Audit; Remuneration; and Corporate Responsibility) fee	£18,000	£18,000	–

Benefits and pension

Ulrik Bengtsson will continue to receive a pension allowance of 5% of salary. Any expenses relating to the performance of a Director's duties in carrying out business-related activities, such as travel to and from Company meetings, related accommodation, attendance at Company award ceremonies and attendance at sporting events, will be settled by the Company. In cases where such expenses have been classified as taxable benefits by HMRC, any related personal tax due will also be settled by the Company to ensure that the Director is not out of pocket.

2020 Annual bonus

Annual bonus potential for 2020 for the CEO will be set at 150% of salary. 10% of the maximum will be payable at threshold performance and 50% of the maximum will be payable for target performance.

55% of bonus potential will be based on Group operating profit targets, 20% will be based on Group net revenue targets, 15% will be based on sustainability (based on employee net promoter score, customer net promoter score and compliance-related targets) and 10% will be based on personal objectives set by the Chairman and agreed by the Committee.

Details of the actual targets for 2020 have not been disclosed on the grounds of commercial sensitivity, although full disclosure will be provided in next year's Directors' Remuneration Report.

2020 PSP awards

The CEO will continue to receive a PSP award of 200%. The proposed metrics and weightings for the 2020 PSP awards, which are similar to the approach adopted for the 2019 awards, are as follows:

TSR (20%)

Consistent with the 2019 awards, the TSR performance metric will continue to be based on a selected group of gambling companies (see page 107 for the 2019 PSP peer group), with 15% of this part of the award vesting at median and 100% of this part of the award vesting for median plus 10% p.a.

Online net revenue (excluding the US) (30%)

The target will be set with the threshold level of growth to be equal to the market growth rate over the period which will be calculated retrospectively, increasing to 100% of this part of an award vesting for Online net revenue growth at 5% p.a. growth above market rates. This retrospective calculation will be fully disclosed at the point of vesting using independent H2G data and cross-referenced with other relevant sources. This is a change in methodology from the approach used in previous years which used prospective forecast market growth rates, and takes into account the difficulty in setting long-term targets in an uncertain regulatory environment. For reference, 2019's threshold at 5% p.a. was based on prospective market expectations.

To deliver this level of performance, it is envisaged that Online will need to: (i) grow its UK position; and (ii) develop new markets internationally.

Retail (20%)

As per 2019 awards, cumulative free cashflow (cFCF) (calculated as EBITDA minus capex minus exceptionals) continues to be the most important performance indicator for this part of our business, encouraging management to maximise profits and to minimise exceptional costs (e.g. shop closures) as we remodel the Retail business, and accordingly directly aligns management pay to actions taken in shareholders' interests. 15% of this part of an award will vest for a cFCF of £121m over the three years to December 2022, increasing to 100% of this part of an award vesting for cFCF of £200m. This target range is considered to be appropriately challenging at threshold when compared to internal forecasts, with a significant degree of stretch for maximum performance.

US (30%)

As per 2019 awards, incentivising the Executive Directors on the long-term increase in the underlying value of the US business continues to be the most appropriate approach, and best encapsulates the complex mix of opportunities, risks and resulting decisions that will need to be made, particularly as this mirrors the approach for our US-based management team, and therefore ensures senior executives are appropriately aligned. The performance range used for the 2019 PSP will be retained, meaning 15% of this part of an award will vest for 50% growth in the value of the business over the three years to the end of December 2022, increasing to 100% of this part of an award vesting for 125% growth in the value of the business. Although the Committee considers the value of the US business to be commercially sensitive at the current time, full details of the start and end valuation methodology, and the respective valuations, will be disclosed on a retrospective basis in the relevant Directors' Remuneration Report published just prior to the vesting date.

Ruth Prior

Following Ruth Prior's resignation post year-end, she continues to work, and salary, benefit and pension provision will continue to be paid during her notice period. Ruth will not participate in the bonus or receive PSP awards in 2020.

Adrian Marsh

As announced on 17 February 2020, Adrian Marsh will be appointed to the Board as an Executive Director and CFO with his exact date of joining to be confirmed. Details of his remuneration arrangements are as follows:

Base salary:	£450,000 (pro-rated in the year of joining). While this salary is higher than that paid to Ruth Prior, it should be noted that Ruth has not received a salary increase since her appointment in October 2017 and Adrian's new salary is lower than that paid to him by his current employer
Pension:	5% of salary
Annual bonus:	125% of salary (pro-rated in the year of joining)
PSP:	175% of salary (pro-rated to 75% of salary in the year of joining)
Shareholding Guidelines:	200% of salary
Other:	In addition, Adrian will be compensated for any share awards which he forfeits upon resignation on a like for like basis (i.e. vesting periods, dividend equivalents and holding periods where applicable): – 2017, 2018 and 2019 DS Smith deferred share bonus awards: To be converted into William Hill deferred share bonus awards at appointment which will then vest, subject to continued service, on the original DS Smith vesting dates – 2017 and 2018 DS Smith PSP awards: To be converted into William Hill PSP awards which will vest in 2020 and 2021 respectively based on the original DS Smith performance targets on the later of the original DS Smith vesting date and the publication of the relevant vesting percentage by DS Smith – 2019 DS Smith PSP awards: To be converted into William Hill PSP awards which will vest in 2022 based on the William Hill 2019 PSP award performance targets

Remuneration paid in respect of 2019

Audited information

Single total figure of remuneration for each Director

Name	Year	Fees/basic salary £	Benefits in kind (BIK)[1] £	BIK from performance of duties[2] £	Annual bonus (Cash Award)[3] £	Annual bonus (Deferred Shares)[3] £	Pension £	PSP[4 & 5] £	Total £
Executive Directors									
Ulrik Bengtsson	**2019**	**193,973**	**4,050**	**800**	**126,089**	**126,089**	**9,699**	**–**	**460,700**
(from 5 Sep 2019)	2018	–	–	–	–	–	–	–	–
Ruth Prior	**2019**	**425,000**	**9,735**	**959**	**–**	**–**	**85,000**	**–**	**520,694**
	2018	425,000	9,680	1,800	66,141	66,140	85,000	–	653,761
Non-Executive Directors									
Roger Devlin	**2019**	**295,000**	**–**	**2,959**	**–**	**–**	**–**	**–**	**297,959**
(from 1 Feb 2018)	2018	270,417	–	1,000	–	–	–	–	271,417
Mark Brooker[6]	**2019**	**88,000**	**–**	**–**	**–**	**–**	**–**	**–**	**88,000**
	2018	74,695	–	1,800	–	–	–	–	76,495
Georgina Harvey[7]	**2019**	**68,956**	**–**	**3,459**	**–**	**–**	**–**	**–**	**72,415**
	2018	70,276	–	3,600	–	–	–	–	73,876
Robin Terrell[8]	**2019**	**69,942**	**–**	**1,500**	**–**	**–**	**–**	**–**	**71,442**
	2018	55,000	–	900	–	–	–	–	55,900
Gordon Wilson	**2019**	**55,000**	**–**	**–**	**–**	**–**	**–**	**–**	**55,000**
(from 2 Jan 2019	2018	–	–	–	–	–	–	–	–
Jane Hanson	**2019**	**27,500**	**–**	**–**	**–**	**–**	**–**	**–**	**27,500**
(from 1 July 2019)	2018	–	–	–	–	–	–	–	–
Lynne Weedall[9]	**2019**	**31,609**	**–**	**–**	**–**	**–**	**–**	**–**	**31,609**
(from 1 July 2019)	2018	–	–	–	–	–	–	–	–
Former Directors									
Philip Bowcock	**2019**	**450,000**	**26,550**	**10,959**	**289,141**	**289,141**	**90,000**	**269,945**	**1,425,735**
(to 30 Sep 2019)	2018	600,000	32,643	2,700	101,063	101,062	120,000	73,846	1,031,314
David Lowden	**2019**	**12,726**	**–**	**–**	**–**	**–**	**–**	**–**	**12,726**
(to 4 March 2019)	2018	73,000	–	900	–	–	–	–	73,900
Roy Gardner[10]	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(to 20 Nov 2018)	2018	79,590	–	2,700	–	–	–	–	82,290
Imelda Walsh	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(to 8 May 2018)	2018	26,012	–	1,800	–	–	–	–	27,812
John O'Reilly	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(to 30 Apr 2018)	2018	24,333	–	1,800	–	–	–	–	26,133
Gareth Davis	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(to 2 April 2018)	2018	76,150	–	1,800	–	–	–	–	77,950

1. Benefits in Kind for Ulrik Bengtsson, Ruth Prior and Philip Bowcock comprised of private healthcare, life assurance, income protection and a company car allowance.
2. Certain expenses relating to the performance of duties (not included in the Benefits in Kind column above) in carrying out activities such as travel to and from Company meetings, related accommodation, attendance at Company award ceremonies and attendance at sporting events are classified as taxable benefits by HMRC. In such cases, the Company will ensure that the Director is not out of pocket by settling the related tax via a PAYE Settlement Agreement (PSA) with the HMRC. In line with current regulations, these taxable benefits have been disclosed and are shown in the benefits arising from performance of duties column. The figures shown include the cost of the taxable benefit plus the related tax and National Insurance charge.
3. In respect of the annual bonus awards for 2019 (see page 103 – 104 for details of the targets and performance against the targets):
   - Bonus awards for Ulrik Bengtsson and Philip Bowcock have been pro-rated to reflect time served on the Board;
   - Ruth Prior is not eligible for an annual bonus following her resignation in January 2020; and
   - 50% of any bonus award is deferred into shares for two years (including that for Philip Bowcock, notwithstanding that he stepped down from the Board during the year under review).
4. The impact of share price movements on the vesting of the 2016 PSP awards (four-year performance period) granted to Philip Bowcock in 2016 (Ulrik Bengtsson and Ruth Prior do not hold 2016 awards given that they joined William Hill in 2017 and 2018 respectively), based on the average three-month share price to 31 December 2019 (185p) and ignoring dividend equivalents, is as follows:

Face value of awards expected to vest (243,701 shares x 13.9% x 302p)	£102,301
Value of awards vesting excluding dividend equivalents (243,701 shares x 13.9% vesting x 185p)	£62,668
Impact of share price movements on vesting values	(£39,633)

5. The impact of share price movements on the vesting of the 2017 PSP awards (three-year performance period) granted to Philip Bowcock in 2017 (Ulrik Bengtsson does not hold 2017 awards given that he joined William Hill in 2018 and Ruth Prior's 2017 award lapsed upon resignation), based on the average three-month share price to 31 December 2019 (185p) and ignoring dividend equivalents, is as follows:

Face value of awards expected to vest (439,583 shares x 21.1% x 263p)	£243,938
Value of awards vesting excluding dividend equivalents (439,583 shares x 21.1% vesting x 185p)	£171,591
Impact of share price movements on vesting values	(£72,347)

6. Mark Brooker's fee was increased in November 2018, reflecting his appointment as Senior Independent Non-Executive Director, in addition to being CR Committee Chair.
7. Georgina Harvey's fees reflect her role as Chair of the Remuneration Committee from 1 March 2018 to 9 October 2019.
8. Robin Terrell's fees reflect his appointment as Chair of the Audit Committee from 4 March 2019.
9. Lynne Weedall's fees reflect her role as Chair of the Remuneration Committee from 9 October 2019.
10. Sir Roy Gardner's fees include a payment of £17,500 as at 20 November 2018 in respect of pay in lieu of notice.

Remuneration Arrangements for Departed/Departing Directors

As announced on 5 September 2019, Philip Bowcock stepped down as a Director of William Hill plc (the 'Company') on 30 September 2019. In accordance with the terms of his service agreement and the Company's Directors' remuneration policy, details of Philip's remuneration arrangements in respect of his departure are as follows:

- Philip received his contractual entitlement to salary and contractual benefits (including pension contribution payments) until cessation of employment on 31 December 2019, having ensured an orderly transition.
- Philip will continue to receive payments in lieu of notice ('PILON') equal to monthly salary and contractual benefits (including pension contribution payments) for a further eight months. The Company will pay the PILON in equal monthly instalments subject to Philip's duty to mitigate.
- Philip was eligible for a pro-rated bonus for the proportion of 2019 that he has served as an Executive Director (to 30 September 2019) subject to the achievement of the applicable performance conditions and payable at the normal payment date. 50% of any such bonus will be deferred into shares which will vest and become exercisable after two years from grant.
- Deferred bonus awards will continue to vest at the normal vesting dates with no accelerated vesting (including in respect of deferral of the 2019 bonus).
- Unvested PSP awards will continue to vest at the normal vesting date subject to performance and time pro-rating. To the extent the awards vest, dividend equivalents will be credited and a post vesting holding period will apply (one year holding period for 2016 awards; two years for all other awards). In addition, Philip holds a performance vested award from 2015 in respect of 34,072 Company shares which is available to exercise from November 2019, and which is subject to a one year holding period.
- The Company will pay up to £12,000 plus VAT in respect of legal fees incurred by Philip.

As announced on 13 January 2020, Ruth Prior resigned from the Board. She will not receive any severance payment when she leaves the Company, and it is anticipated that she will continue to receive her base salary, benefit and pension provision during her notice period albeit any payments will be subject to the normal duty of mitigation. Consistent with the Company's Remuneration Policy and relevant share plan rules approved by shareholders, she will not receive any bonus for 2019 or the portion of 2020 for which she is employed by William Hill and unvested PSP and Deferred Annual Bonus awards lapsed as a result of resignation. In addition, she will not be entitled to receive any further PSP and Deferred Annual Bonus awards between now and when she leaves William Hill.

In respect of non-executive changes, David Lowden stepped down from the Board on 4 March 2019 and Georgina Harvey stepped down from the Board on 31 December 2019. No payments for loss of office were made.

2019 annual bonus awards

Annual bonus threshold and target for 2019 together with the maximum potential were as follows:

	Threshold	Target	Maximum
CEO	15% of salary (10% of max)	75% of salary (50% of max)	150% of salary (100% of max)
CFO	12.5% of salary (10% of max)	62.5% of salary (50% of max)	125% of salary (100% of max)

Stretching, relevant and measurable financial and non-financial annual bonus targets were assessed by the Committee in respect of the performance period. The Committee's assessment of performance was as follows:

Adjusted operating profit targets (55%)

Performance	2019 adjusted operating profit targets	% of this part of the bonus payable	2019 actual adjusted operating profit	Percentage of maximum bonus payable (max 100%)
Threshold	£109.2m	10%		
Target	£114.9m	50%	£129.7m	100%
Maximum	£123.5m	100%		

Note, the adjusted operating profit shown above (and used to calculate bonuses) was reduced down from £147.0m to reflect certain accounting adjustments.

Group net revenue targets (20%)

Performance	2019 Net revenue targets	% of this part of the bonus payable	2019 Actual net revenue (excl. MRG/US expansion)	Percentage of maximum bonus payable (max 100%)
Threshold	£1,281.5m	10%		
Target	£1,348.9m	50%	£1,402.1m	91%
Maximum	£1,416.3m	100%		

Sustainability (15%)

The sustainability element of bonus was split into three equally weighted parts and overall performance was assessed as 7.6% out of 15%:

1. Employee net promoter score (as shown on page 47) was -17 and resulted in threshold performance of 0.5% out of 5%.
2. Customer net promoter score progress was measured by reference to a blend of the Online and Retail progress. The Retail score was above target and the Online score was below target, meaning below-target performance of 2.1% out of 5%.
3. Compliance progress objectives were set in relation to improving tools, procedures and processes and, in particular, achieving high levels of mandatory training completion across all areas and levels of the Group. Overall performance was 5% out of 5%.

Personal objectives (10%)

Ulrik Bengtsson (from 5 September 2019)

Focus	Commentary	Performance	Percentage of max bonus payable (max 100%)
Financial Deliver year end operating plan and net revenue targets.	– Successful delivery of 2019 operating plan with both operating profit and net revenue ahead of plan	Above Target	60%
Customer Continued MRG integration and progress media deal in US to maximise customer reach/database.	– MRG acquisition synergy savings on track including transfer of William Hill international customers – Secured and announced CBS media deal in US within 18 weeks of appointment as CEO	Target	
Compliance/Regulation Further embed compliance behaviours into culture, creating good practice compliance mindset	– Delivered improvement of 5% in employee compliance score in annual engagement survey and above target (91% vs 85%) completion of mandatory training across all territories	Target	
People Complete handover plan with outgoing CEO to ensure smooth transition	– Completed engagement with key stakeholders, such as investors, regulators, suppliers and conducted Q3 results process. – Performed stand ups in all WH locations – Enhanced executive team bench strength with the swift appointment of external CPTO, putting combined Technology and Product at the top table	Above Target	

Philip Bowcock (to 30 September 2019)

Focus	Commentary	Performance	Percentage of max bonus payable (max 100%)
Financial Delivery of operating profit and net revenue ahead of plan	– Operating profit and net revenue on track for plan at time of stepping down from the Board	Target	50%
Customer Adapt and evolve customer offerings to align with local market challenges and opportunities	– Delivered accelerated shop closure programme to mitigate impact of Triennial review and deliver sustainable retail network – Delivered US expansion plan - now live in 9 states and completion of deal with Eldorado giving market access to 15 states	Above Target	
Compliance/Regulation Empower/protect/support customers and promote culture of safer gambling	– Drove CEO Commitments on Safer Gambling Measures and additional funding to support treatment for gambling-related harm	Target	
People Create a motivated, inspired and high-performing team	– Improvement in our core KPIs of engagement, empowerment and enablement of between 3-5% across each – Improvement in the number of women in senior management from 22% to 29%	Target	

Following Ruth Prior's resignation from the Board, she is not eligible for a 2019 bonus and, as such, her personal objectives were not assessed.

In line with the Company's approved Remuneration Policy, 50% of all bonus payments will be deferred into shares for two years.

Vesting of share awards

2016 PSP awards

Grants under the PSP in 2016, based on a four-year performance period to 31 December 2019, are due to vest in 2020 as follows:

Measure	Threshold vesting	Maximum vesting	Outcome	Vesting (% of max)
Relative Total Shareholder Return (50%)	Median TSR of peer group[1]: 16% (25% of maximum)	Upper quartile TSR of peer group: 89% (100% of maximum)	Below median	0%
Four-year Aggregate Earnings Per Share (25%)	106 pence (25% of maximum)	126 pence (100% of maximum)	81.1 pence	0%
Business Performance Measures (25%):				
Mobile Sportsbook 2015 Base: £176.5m	5% net revenue CAGR	15% net revenue CAGR	10.6%	5.6%
Mobile Gaming 2015 Base: £86.8m	10% net revenue CAGR	20% net revenue CAGR	20.9%	8.3%
Australia Digital 2015 Base: A$169.1m	10% net revenue CAGR	20% net revenue CAGR	N/A	0%
Total				13.9%

1. 888, Betsson, Enterprise Inns, Greene King, GVC, International Game Technology, JD Wetherspoon, Ladbrokes Coral, Marston's, Mitchells & Butlers, OPAP, Paddy Power Betfair, Playtech, The Rank Group, The Restaurant Group and Unibet.

Remuneration Committee review of vesting of 2016 PSP awards

Performance against the Mobile Sportsbook and Mobile Gaming BPM targets, which are and remain key pillars of our strategy going forwards, resulted in 13.9% of the total awards vesting. There was no vesting in respect of the TSR and EPS targets, and as the Australia Digital BPM targets were tracking below threshold before the sale of the Australian business, it was felt right to lapse this part of the awards. While consideration was given to adjusting the EPS outturn for the numerous material regulatory events which have taken place over the four-year performance period, the Committee concluded that such adjustments for this part of the awards were not considered appropriate in light of the shareholder experience over the last four years.

Neither of the current Executive Directors participated in the 2016 PSP. However, Philip Bowcock retained his award as explained earlier, and the vesting will be as follows:

	Awards granted	Pro-rated[1] reduction	Pro-rated awards	Shares vesting based on performance (13.9% of maximum)	Dividend equivalent shares (Estimated)	Total shares expected to Vest	Estimated value at vesting[2]
Philip Bowcock	243,701	n/a	243,701	33,874	6,300	40,174	£74,323

1. Pro-rating not relevant since Philip was employed for 100% of the 2016 PSP performance period.
2. Based on the average three-month share price to 31 December 2019 of 185p.

2017 PSP Awards

Grants under the PSP in 2017, based a three-year performance period to 31 December 2019, are due to vest in 2020 as follows.

Measure	Threshold vesting	Maximum vesting	Outcome	Vesting (% of max)
Relative Total Shareholder Return (33%)	Median TSR of peer group[1]: 10% (25% of maximum)	Upper quartile TSR of peer group: 53% (100% of maximum)	Below median	0%
Earnings Per Share Growth (33%) 2016 Base: 22.3p	6% EPS CAGR (25% of maximum)	13% EPS CAGR (100% of maximum)	-21.7%	0%
Business Performance Measures (33%):				
Revenue Growth initiatives covering: 1. Marketing re-investment 2. Feature development in online products Customer journey optimisation	£62.7m	£86.2m	£80m	13.4%
Cost Reduction initiatives covering: 1. Optimising third party spend 2. Rationalising IT / back-office functions & locations 3. Reduction of marketing spend 4. Agile transformation in product development	£46.1m	£63.4m	£51m	7.7%
Total				21.1%

1. 888, Betsson, EI Group, Greene King, GVC, International Game Technology, JD Wetherspoon, Ladbrokes Coral, Marston's, Mitchells & Butlers, OPAP, Paddy Power Betfair, Playtech, The Rank Group, The Restaurant Group and Kindred.

N.B. the TSR period for the 2017 PSP runs from 1 April 2017 to 31 March 2020, and the above table represents an estimate. The 2020 Annual Report will confirm any adjustments.

Remuneration Committee review of vesting of 2017 PSP awards

The Committee considered the appropriate level of vesting for the awards, in light of the numerous regulatory and corporate events over the course of the awards over the three-year performance period. These included (but were not limited to) the impact of the Triennial Review, Remote Gaming Duty, US investment and enhanced customer due diligence checks, and totalled c £130m of annualised EBIT. While consideration was given to adjusting the EPS outturn for these events, the Committee concluded that such adjustments for this part of the awards were not considered appropriate in light of the shareholder experience over the last three years.

In light of the above, the performance against the Revenue Growth and Cost Reduction targets represented a key part of the Group's ongoing performance. This means 21.1% of the total awards are forecast to vest, including no vesting in respect of the TSR and EPS targets.

Based on the above, the vesting for Philip Bowcock (Ulrik Bengtsson did not participate in the 2017 awards and Ruth Prior's PSP awards lapsed upon resignation) will be:

	Awards granted	Pro-rated reduction	Pro-rated awards	Shares vesting based on performance (21.1% of maximum)	Dividend equivalent shares (Estimated)	Total shares expected to vest	Estimated value at vesting[1]
Philip Bowcock	452,096	(12,513)	439,583	92,752	13,000	105,752	£195,641

1. Based on the average three-month share price to 31 December 2019 of 185p.

PSP and deferred bonus awards granted in 2019

PSP awards

The following PSP awards were granted on 18 March 2019:

	Basis of award (% of salary)	Shares awarded	Face value of award[1]	Percentage vesting for threshold performance	Max vesting	Performance/ (vesting period)
Philip Bowcock[2]	200%	777,302	£1,200,000	15%	100%	Three financial years ending 31 Dec 2021 (Three years from grant)
Ruth Prior[3]	175%	481,765	£743,750	15%	100%	

1. Awards have been valued using the three-day average share price as at the date of grant of 154.38p.
2. Following the application of time pro-rating, Philip Bowcock's PSP award was reduced from 777,302 shares under award to 259,100 shares under award.
3. Ruth Prior's PSP awards lapsed upon resignation.

Consistent with the investor consultation exercise which took place in the second half of 2018, the specific terms of the PSP award are as follows:

Measure	Link to strategy	Details of performance condition
Relative Total Shareholder Return (20%)	Supports our objective to create superior shareholder value	The Company's TSR is measured over the period 1 January 2019 to 31 December 2021 against a bespoke group of peers (888, Betsson, GVC, Flutter International, Playtech, Kindred Group, Stars Group). If TSR is: – Below median, none of this element will vest; – At median, 15% vests; and – At median plus 10% p.a., 100% vests. For performance between median and upper quartile, vesting is on a straight line basis.
Online net revenue (30%)	Reflects the importance of Online performance within our business model	If Online net revenue grows by: – Below 5% p.a., none of this element will vest; – 5% p.a., 15% vests; and – 11% p.a., 100% vests. For performance between 5% p.a. and 11% p.a., vesting is on a straight line basis.
Retail (20%)	Reflects the importance of remodelling our Retail estate	If cumulative free cashflow (cFCF) (defined as EBITDA less capex less exceptionals) is: – Below £85m over the three years to 31 December 2021, none of this element will vest; – £85m, 15% vests; and – £195m, 100% vests. For performance between £85m and £195m, vesting is on a straight line basis.
US (30%)	Reflecting the strategic objective of growing a business of scale in the US	If the value of the US business grows by: – Below 50% over the three years to 31 December 2021, none of this element will vest; – 50%, 15% vests; and – 125%, 100% vests. For performance between 50% and 125%, vesting is on a straight line basis. Although the Committee considers the starting value of the US business to be commercially sensitive at the current time, full details of the start and end valuation methodology, and the respective valuations, will be disclosed on a retrospective basis in the relevant Directors' Remuneration Report published just prior to the vesting date.

When determining the vesting outcome, and as demonstrated in previous years, the Committee will ensure that it is consistent with the Group's overall performance, taking account of any factors it considers relevant, in line with our approved Remuneration Policy.

Deferred bonus awards

The following deferred bonus awards were granted on 18 March 2019 in respect of the 2018 annual bonus awards:

	2019 annual bonus	Value of bonus deferred (50% of bonus award)	Shares awarded	Share price at date of grant[1]	Exercise price at grant
Philip Bowcock	£202,125	£101,063	63,842	158.30p	0p
Ruth Prior[2]	£132,281	£66,141	41,781	158.30p	0p

1. Awards have been valued using the three-day average share price as at the date of grant.
2. Ruth Prior's deferred bonus awards lapsed upon resignation.

Awards normally vest on the second anniversary of grant.

Outstanding PSP, deferred bonus and SAYE share awards

The table below sets out details of the Executive Directors' outstanding awards under the PSP, Deferred bonus and SAYE plans:

Name	Scheme	Number of shares at 2 January 2019	Granted during the period	Lapsed during the period	Vested during the period	Number of shares at 31 December 2019	Date from which exercisable	Expiry date
Ulrik Bengtsson	PSP 2018	309,405	–	–	–	309,405	May 2021	May 2028
	PSP 2019	–	566,783	–	–	566,783	May 2022	May 2029
	Deferred bonus	–	11,844	–	–	11,844	Mar 2021	Mar 2029
	Total	**309,405**	**578,627**	**–**	**–**	**888,032**		
Philip Bowcock[1]	PSP 2015	231,788	–	197,716	34,072	–	Nov 2019	Nov 2025
	PSP 2016	243,701	–	–	–	243,701	May 2020	May 2026
	PSP 2017	452,096	–	12,513	–	439,583	Aug 2020	Aug 2027
	PSP 2018	424,328	–	140,542	–	283,786	May 2021	May 2028
	PSP 2019	–	777,302	518,202	–	259,100	May 2022	May 2029
	Deferred bonus	89,906	–	–	–	89,906	Mar 2020	Mar 2028
	Deferred bonus	–	63,842	–	–	63,842	Mar 2021	Mar 2029
	SAYE 2016	6,818	–	–	–	6,818	Aug 2019	Feb 2020
	Total	**1,448,637**	**841,144**	**868,973**	**34,072**	**1,386,736**		
Ruth Prior[2]	PSP 2017	280,205		–	–	280,205	May 2020	May 2026
	PSP 2018	262,995		–	–	262,995	May 2021	May 2028
	PSP 2019	–	481,765	–	–	481,765	May 2022	May 2029
	Deferred bonus	35,498	–	–	–	35,498	Mar 2020	Mar 2028
	Deferred bonus	–	41,781	–	–	41,781	Mar 2021	Mar 2029
	Total	**578,698**	**523,546**	**–**	**–**	**1,102,244**		

1. Following Philip Bowcock stepping down from the Board, unvested PSP awards will continue to vest at the normal vesting date subject to performance and a time pro-rating reduction (as applied to the 2017, 2018 and 2019 awards in the table above).
2. Following Ruth Prior's resignation from the Board in January 2020, all of her unvested share awards have subsequently lapsed.

Notes:

2016 PSP awards are based half on a relative TSR measure; one quarter is based on aggregate EPS over the performance period; and the remaining quarter is based on BPMs. Performance for all metrics is measured over four financial years.

2017 PSP awards are based one third on a relative TSR measure; one third is based on aggregate EPS over the performance period; and the remaining third is based on BPMs. Performance for all metrics is measured over three financial years.

2018 PSP awards are based on a relative TSR measure (20%); aggregate EPS (40%), online net revenue (20%) and sustainability-based targets (20%). Performance for all metrics is measured over three financial years.

2019 PSP awards are based on a relative TSR measure (20%); online net revenue (30%), cumulative free cashflow retail targets (20%) and US growth targets (30%). Performance for all metrics is measured over three financial years.

2018 Deferred bonus awards (50% of the 2017 annual bonus award) are expected to vest in 2020 following the announcement of the financial results for the 2019 financial year.

2019 Deferred bonus awards (50% of the 2018 annual bonus award) are expected to vest in 2021 following the announcement of the financial results for the 2020 financial year.

The Committee has the power, under the approved Remuneration Policy, to adjust the PSP vesting outcome if it considers that it is inconsistent with the Group's overall performance.

Update on strategic measures

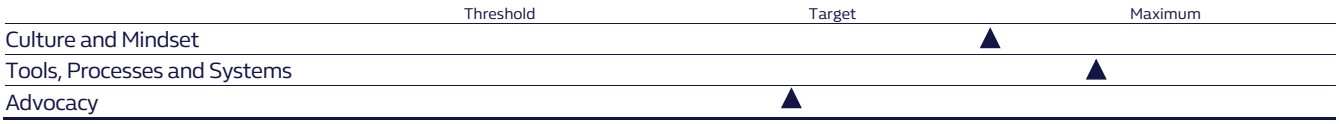
As per prior years, performance to-date in respect of Business Performance Measures for the 2018 and 2019 PSP awards (noting that the performance periods for the 2016 and 2017 awards have now completed) is as follows:

2018 PSP Awards

20% is based on relative TSR, 40% is based on EPS and 20% is based on online net revenue targets. The remaining 20% is based on a sustainability targets to reflect our long-term "Nobody Harmed" aspiration.

Previous objectives for 2018 were based around "fixing and embedding our new approach to sustainability", with 2019 activities focussed around an "enhance" phase moving to an "accelerate" phase beginning in 2020. Objectives for all three years of the LTIP are focused on the same three areas and for the "enhance" phase in 2019, this meant:

Focus Area	Key Achievements
Culture and Mindset Aim: Enhance the organisational mind-set of ensuring our products don't cause harm.	**Progress:** – Proportion of colleagues who agree or strongly agree that "William Hill is committed to being ethical and responsible" increased from 75% at YE 2018 to 80% at YE 2019 (plus 15% neutral) in 'Your Say' survey – Embedded 'sustainability scorecard' within all business area bonus structures. – Launched the "Get Out There" programme. This included both our Rising Stars partnering with some of the UK's leading problem gambling charities to develop answers to strategic questions they're facing and our Legacy programme (aimed at future c-suite leaders) delivered an interactive development workshop to individuals who have experienced gambling-related harm. – In 2019 we've strengthened our portfolio of six mandatory compliance modules, which are fully implemented on-line across all business areas to deliver a significant improvement in the completion and monitoring of mandatory compliance training across all levels of William Hill. Overall completion was 91% which was 6% above target.
Tools, Processes and Systems Aim: Enhance tools, processes & systems which prevent harm and protect our most vulnerable customers.	**Progress:** – Embedded new externally benchmarked trust score in customer surveys across Online/Retail – Across all business areas, achieved full implementation of three line of defence framework and delivered full suite of policy, procedure and process documents – Within Online, implemented new Responsible Gambling algorithm (which was being developed during 2018), plus increased the number of customers who have a deposit limit in Online from 18% to 35%. – During 2019 we developed a trialled facial recognition in 14 LBOs. The technology has been refined to improve accuracy of face detection and is now at a point to progress further. Key next steps are to review the legal position for processing customer biometrics and we are collaborating with the Industry through the Betting & Gaming Council to get an agreed approach, with the expectation of having an industry-wide trial active later in 2020.
Advocacy Aim: Shift perceptions of the industry with the General Public	**Progress:** – Worked with other leading gambling companies on the set up and establishment of the Betting and Gaming Council ('BGC') which is working to foster collaboration and leadership on responsible gambling and proactive engagement with key stakeholders on priority issues. – William Hill is actively involved in the BGC and supports the creation of the Safer Gambling Commitments, which are set of comprehensive commitments designed to improve player safety and have a significant impact on the following key areas: (i) prevent underage gambling and protect young people (ii) increase support for treatment of gambling harm (iii) strengthen and expand codes of practice for advertising and marketing (iv) protect and empower our customers and (v) promote a culture of safer gambling. – As part of the Anthony Joshua brand campaign, a series of customer facing responsible gambling messaging featuring AJ was launched on social media in Q2. Responsible gambling is also inherently linked to the new 'brotherhood' positioning and a series of new social media messages were produced for November. – Launched the Responsible Gambling Innovation Fund within rescoped William Hill Foundation. A detailed data sharing project supported by the Foundation is in progress and will be completed in 2020. – Launched a pilot addiction screening programme, 'Why Addicted' in development and aimed for potential launch in 2020.



2019 PSP awards

20% is based on relative TSR, 20% is based on retail cumulative free cashflow and 30% is based on online net revenue targets. The remaining 30% is based on growth around the valuation of our US business, with threshold performance set at 50% and maximum at 125%.

As shown on page 34, encouraging progress was made in 2019 on the expansion of our US business. The uncertainty that remains around the timing and nature of state legislative roll-out along with the impact the Eldorado and Caesar's deal could have on the US business (which hasn't yet closed) means there is significant volatility attached to any future estimates of performance under the US measure, given only one year has passed out of three. However, the Committee is satisfied with progress and believes management are on target against performance.

Table of Directors' share interests

The share interests of each person who was a Director of the Company at 31 December 2019 (together with interests held by his or her connected persons) were as follows:

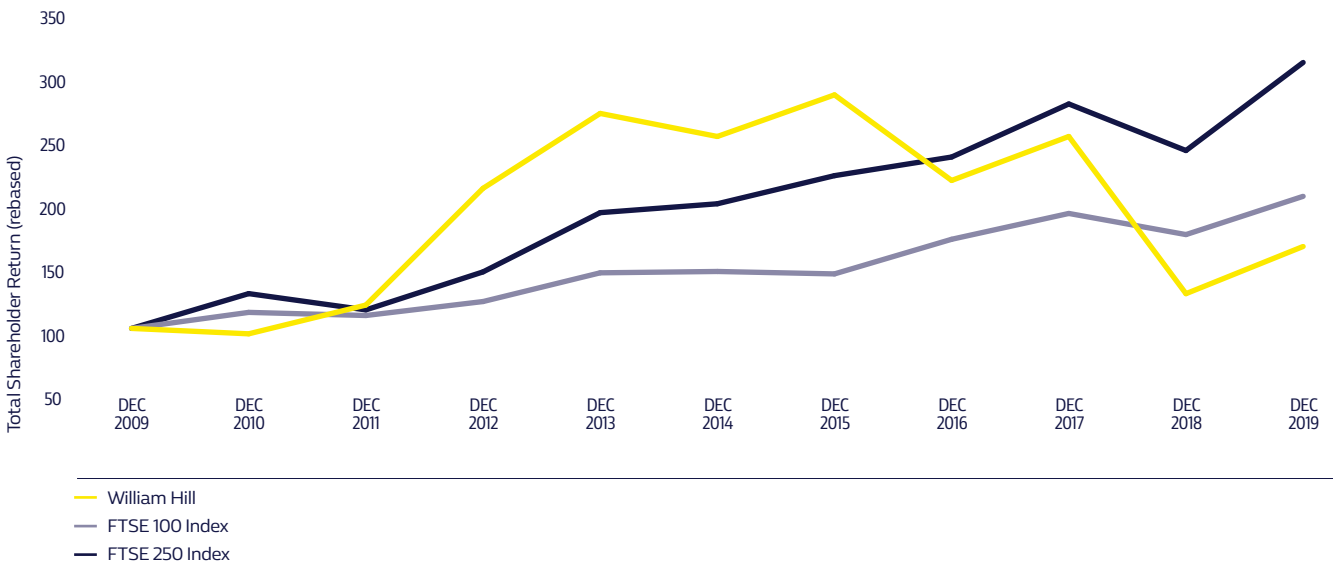
	Owned		PSP and RSP awards		Deferred Bonus awards		SAYE		Total	% of salary held under shareholding guidelines[1]
Name	01/01/19	31/12/19	Unvested	Vested	Unvested	Vested	Unvested	Vested	31/12/19	31/12/19
Executive Directors										
Ulrik Bengtsson	–	10,000	876,188	–	11,844	–	–	–	898,032	7%
Ruth Prior	274,007	290,352	1,024,965	–	77,279	–	–	–	1,392,596	126%
Non-Executive Directors										
Roger Devlin	77,490	77,490	–	–	–	–	–	–	77,490	n/a
Mark Brooker	11,500	11,500	–	–	–	–	–	–	11,500	n/a
Georgina Harvey	12,221	12,221	–	–	–	–	–	–	12,221	n/a
Robin Terrell	12,344	12,344	–	–	–	–	–	–	12,344	n/a
Gordon Wilson	–	10,000	–	–	–	–	–	–	10,000	n/a
Jane Hanson	–	–	–	–	–	–	–	–	–	n/a
Lynne Weedall	–	–	–	–	–	–	–	–	–	n/a

1. Calculated as legally owned shares held on 31 December 2019 multiplied by the average share price over the three-month period to 31 December 2019 (185p), divided by the base salary on 31 December 2019. The shareholding policy is summarised on page 116.

During the period 31 December 2019 to 26 February 2020, there have been no changes in the Directors' share interests.

Total shareholder return chart and Chief Executive earnings history

The chart below shows the Company's TSR performance compared with that of the FTSE 100 and FTSE 250 Indices over the last ten years. As a member of each during the ten-year period, the Committee believes both indices are appropriate to compare William Hill's performance against.



The ten-year single figure history of the CEO is shown in the table below.

Financial year	2010 RT	2011 RT	2012 RT	2013 RT	2014 RT[1]	2014 JH[2]	2015 JH	2016 JH[3]	2016 PB[4]	2017 PB[5]	2018 PB	2019 PB[5]	2019 UB[6]
Ralph Topping/James Henderson/Philip Bowcock/Ulrik Bengtsson													
Single figure remuneration (£'000)	£1,650	£3,403	£1,914	£4,673	£2,277	£1,369	£914	£396	£605	£1,324	£1,023	£1,426	£461
Annual Bonus Outcome (% Max)	90%	100%	94%	100%	0%	86%	88%	0%	0%	54.8%	19.3%	85.8%	86.7%
PSP Vesting Outcome (% Max)	0%	0%	49%	n/a	100%	95%	95%	0%	n/a	n/a	n/a	13.9%[7] and 21.1%[8]	n/a

1. CEO to 31 July 2014.
2. From 1 August 2014.
3. CEO to 21 July 2016.
4. From 21 July 2016.
5. Interim CEO to 10 March 2017 and as permanent CEO to 30 September 2019.
6. CEO designate from 5 September 2019, CEO from 30 September 2019.
7. Relates to the 2016 PSP award (four-year performance period).
8. Relates to the 2017 PSP award (three-year performance period).

Change in remuneration of the CEO

See page 99.

Relative importance of spend on pay

The following table sets out the percentage change in profit, dividends and overall spend on pay in 2019 compared to 2018.

	2019	2018	% Change
Adjusted operating profit	£147.0m	£233.6m	-37%
Shareholder distributions, of which	£90.9m	£113.5m	-20%
Dividends	£90.9m	£113.5m	-20%
Share buybacks	–	–	–
Employee remuneration costs	£381.8m	£347.6m	+10%

CEO pay ratio

See page 99.

Auditable sections of the Annual Report on Remuneration

The auditable sections of the Annual Report on Remuneration are shown from page 102 (starting with the single total figure of remuneration for each Director) up to page 110 (including the section titled Table of Directors' share interests).

Statement of shareholder voting at the 2019 AGM

At the 2019 AGM, a resolution was proposed for shareholders to approve the 2018 Annual Report on Remuneration. The following votes were received (together with the voting on our last Policy at the 2017 AGM):

	2018 Annual Report on Directors' Remuneration (15 May 2019 AGM)		Approval of Directors' Remuneration Policy (9 May 2017 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	529,853,631	99.83%	532,517,299	97.88%
Against	916,747	0.17%	11,557,037	2.12%
Total	**530,770,378**	**100%**	**544,074,336**	**100%**
Withheld	84,525,283	–	686,821	–

Directors' Remuneration Policy

This part of the DRR, the Remuneration Policy Report (the 'Policy'), has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), and takes into account the provisions of the 2018 UK Corporate Governance Code and other good practice guidelines from institutional shareholders and shareholder bodies.

The Policy will be subject to approval by shareholders at the Annual General Meeting on 15 May 2020 and shall take binding effect from the date of that meeting, and shall be in place for the next three-year period unless a new Policy is presented to shareholders before then. Subject to approval by shareholders, all payments to Directors during the policy period will be consistent with the approved Policy.

How the Remuneration Committee operates to set the Remuneration Policy

The Committee is constituted in accordance with the recommendations of the UK Corporate Governance Code and is a committee of the Board. It determines the Group's policy on the remuneration of the Executive Directors, the Chairman and other relevant senior management. It works within defined terms of reference, which are available upon request to the Company Secretary or from the Company's corporate website at www.williamhillplc.com.

The Committee's key objectives are to:

- Set and agree with the Board a competitive and transparent remuneration framework which is aligned to the Group strategy and is in the interests of both the Company and shareholders; and
- determine the specific remuneration packages for each of the Executive Directors and certain other senior managers. The remuneration package includes base salary, benefits, pension, incentives and any compensation payments.

Remuneration Policy objectives and principles

The Remuneration Policy for Executive Directors and senior management is designed to support the business needs of the Group, to ensure it has the ability to attract and retain senior leaders of a high calibre, and to align the long-term interests of Executive Directors and senior management with those of our shareholders.

The Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the Group's business environment and in remuneration practice. There must be transparency and alignment to the delivery of strategic objectives at both a Group and an individual level. There must also be scope to reward for exceptional effort and achievement that delivers value both for the Group and the shareholders. Likewise, failure to achieve individually or at corporate level will not be rewarded.

The Committee is also mindful of ensuring that there is an appropriate balance between the level of risk and reward for the individual, the Company and for our shareholders. When setting the levels of short and long-term variable remuneration, the degree of stretch in performance conditions and the split between equity and cash within the package, consideration is given to obtaining the appropriate proportion of each so as not to encourage unnecessary risk-taking. As well as financial risk, the Committee also ensures that there is an appropriate focus on environment, safety, governance and wider colleague issues.

The remuneration package is reviewed periodically, taking into account all elements of remuneration together, i.e. the Committee does not look at any single element in isolation, to ensure the package as a whole remains competitive. The Committee undertakes the determination of individual remuneration packages for Executive Directors and senior management annually.

The total remuneration package is structured so that a significant proportion is linked to performance conditions measured over both the short and longer term. It is also the Committee's policy to ensure that a high proportion of the potential remuneration package is paid in shares, which is designed to ensure that executives have a strong ongoing alignment with shareholders through the Company's share price performance.

Summary of the key changes from the previous Policy

The key differences between the Policy approved by shareholders in 2017 and the 2020 Policy are as follows:

- The maximum pension contribution rate of 20% of salary has been removed. Going forwards, pension provision for new Executive Directors and employees promoted to the Board will be aligned, in percentage of salary terms, to the workforce contribution rate;
- Malus and clawback provisions in the bonus and PSP have been reviewed and additional triggers have been included for future awards;
- The commitment made in last year's Directors' Remuneration Report to increase the shareholding requirement for the CFO role from 150% to 200% of salary has been formalised. In addition, as per the Investment Association's guidance, unvested deferred bonus awards will now be included within the calculation of shares held by the relevant Executive Director on a net of tax basis; and
- A post-cessation shareholding guideline has been introduced. Going forward, Executive Directors will need to retain shares equal to 200% of salary for a period of one year post-cessation.

The following table summarises the main elements of the Executive Directors' Remuneration Policy for 2020 onwards, the key features of each element, their purpose and linkage to our strategy. Details of the Remuneration Policy for the Non-Executive Directors are set out on page 119.

Future policy table

The table below summarises each element of the Remuneration Policy for the Executive Directors, explaining how each element operates and how each part links to the corporate strategy.

Fixed pay

Element:	Base salary
Purpose and link to strategy	– Provides a sound basis on which to recruit and retain key employees of appropriate calibre to deliver the strategic objectives of the Company. – Reflects the market value of the role and the post holder's experience, competency and performance within the Company.

Operation	– Paid monthly in cash via payroll.
	– Normally reviewed by the Committee annually and fixed for 12 months commencing on the first day of the financial year. Any salary increase may be influenced by:
	  – The commercial need to do so;
	  – role, experience and performance;
	  – average change in wider workforce pay;
	  – Company profitability and prevailing market conditions; and
	  – periodic benchmarking of similar roles at comparable companies.

Opportunity	– The general policy is to pay around mid-market levels, with annual increases typically in line with the wider workforce. Increases beyond those granted to the workforce may be awarded in certain circumstances, such as where there is a change in the individual's responsibility, or where the salary set at initial appointment was below the level expected once the individual gains further experience and a track record of performance in the role. An above-market positioning may be appropriate in exceptional circumstances, to reflect the criticality of the role and the experience and performance of the individual.
Performance	– Executive Directors participate in the Company's annual performance management process. Individual and Company performance is taken into account when determining appropriate salary increases.
Recovery and withholding	– No recovery or withholding applies.

Fixed pay

Element:	Benefits
Purpose and link to strategy	– Operate competitive, cost-effective benefits to help recruit and retain Executive Directors and senior management. – As with employee benefits for the wider workforce, certain benefits (e.g. private medical insurance) are provided to minimise disruption (e.g. from illness) to the day-to-day operation of the business.
Operation	– Benefits include private medical insurance (covering the executive, spouse and dependent children), a fully expensed car or car allowance, subsidised travelcard, permanent health insurance and life assurance benefits. – Cash alternatives may be provided for any or all of these benefits, depending on individual circumstances. – Executive Directors participate in the Company's flexible benefits scheme. – Relocation and related benefits may be offered where a Director is required to relocate. The benefit must be taken up within 12 months of appointment unless exceptional circumstances prevail. – Executives may also be reimbursed for any reasonable expenses (and any income tax payable thereon) incurred in performance of their duties.
Opportunity	– The aim is to provide market-competitive benefits and their value may vary from year to year, depending on the cost to the Company from third-party providers.
Performance	– No performance metrics apply.
Recovery and withholding	– Relocation and related benefits may be subject to clawback either in full or part if an executive resigns within two years of joining.

Fixed pay

Element:	Pension
Purpose and link to strategy	– Market competitive, cost-effective retirement benefits are provided to act as a retention mechanism and to recognise long service.
Operation	– Company Pension Savings Plan (a defined contribution plan) and/or cash allowance in lieu of Company pension contributions once statutory limits (Lifetime and Annual Allowance) are reached.
Opportunity	– Newly appointed Executive Directors will be eligible for a pension contribution and/or cash in lieu in line with that provided to the general workforce (in percentage of salary terms). No changes will be made to incumbent pension provision.
Performance	– No performance metrics apply.
Recovery and withholding	– No recovery or withholding applies.

Annual Bonus

Element:	Annual Performance Bonus (cash and shares)
Purpose and link to strategy	– Incentivise Executive Directors and senior management to achieve specific, predetermined goals during a one-year period. – Rewards financial and individual performance linked to the Company's strategy. – Deferred proportion of bonus, awarded in shares, provides a retention element and additional alignment of interest with shareholders.
Operation	– Any bonus payment is determined by the Committee after the year-end, based on performance against challenging targets which are reviewed annually. – Half of the bonus is payable in cash, with the remaining half deferred into shares for two years. – The deferred element may be subject to forfeiture in the event of the Executive Director's departure prior to vesting. – The value of dividend payments will normally accrue in shares (or exceptionally cash, at the discretion of the Committee) on deferred bonus shares to the extent they vest.
Opportunity	– The maximum bonus for any Executive Director is 175% of salary per annum, albeit the Committee has committed to a lower bonus potential for 2019, 2020 and 2021.
Performance	– The performance measures applied may be financial or non-financial, corporate, divisional or individual, and in such proportions as the Remuneration Committee considers appropriate. The Remuneration Committee would, however, expect to consult with its major shareholders if it proposed changing materially the current performance measures applied for the annual bonus (or the relative weightings between such measures) in subsequent financial years.
Recovery and withholding	– Bonuses may be recovered (cash or vested deferred shares) or withheld (deferred shares) if, within three years of the bonus payment, there has been a material misstatement of results, a calculation error, misleading information, misconduct justifying summary dismissal is discovered, the occurrence of an insolvency event, any reputational damage suffered by the Group, and/or any other events that the Remuneration Committee considers specifically relevant to William Hill.

Share awards

Element:	Long-term incentives: Performance Share Plan (PSP)
Purpose and link to strategy	– To drive performance and retention, and align interests of Executive Directors and shareholders through building a shareholding. – Incentivises participants to profitably grow the business and to achieve superior long-term shareholder returns in line with the Company's strategy. – Retains key executives over the performance period.
Operation	– Awards, normally in the form of nil-cost options, are granted annually with vesting dependent on the achievement of stretching performance conditions and the Executive Director's continued employment. – PSP awards have a minimum three-year performance and vesting period. – The value of dividend payments will accrue in shares (or exceptionally cash, at the discretion of the Committee) on vested PSP award shares. – A holding period applies for Executive Directors, which requires PSP awards to be retained for a further period of two years from the end of the performance period (except for the sale of shares needed to pay income tax and national insurance arising on exercise).
Opportunity	– The rules of the PSP state that PSP awards do not normally exceed 225% of base salary. This limit may be increased to 300% of base salary in circumstances considered by the Committee to be exceptional. – Quantum is reviewed annually (subject to the above limits), taking into account overall remuneration, the performance of the Company and of the Executive Director receiving the award.
Performance	– The performance measures applied may be financial or non-financial, corporate, divisional or individual, and in such proportions as the Remuneration Committee considers appropriate. The Remuneration Committee would, however, expect to consult with its major shareholders if it proposed changing materially the current performance measures applied for PSP awards to Executive Directors (or the relative weightings between such measures) in subsequent financial years.
Recovery and withholding	– PSP awards may be recovered or withheld (as appropriate) if, within six years of grant, there has been a material misstatement of results, a calculation error, misleading information, misconduct justifying summary dismissal is discovered, the occurrence of an insolvency event, any reputational damage suffered by the Group, and/or any other events that the Remuneration Committee considers specifically relevant to William Hill.

Element:	All-employee share schemes
Purpose and link to strategy	– All employees, including Executive Directors, are encouraged to become shareholders through the operation of the HMRC-approved Save-As-You-Earn (SAYE) plan (and/or such other HMRC-approved all-employee share plans as the Company may adopt in the future).
Operation	– The SAYE has standard terms under which all UK employees, including Executive Directors, with at least three months' service, can participate.
Performance	– No performance metrics apply.
Recovery and withholding	– No recovery or withholding applies.

Shareholding guidelines

Element:	Shareholding guidelines (in employment and post-cessation)
Purpose and link to strategy	– To align interests of management and shareholders, and promote a long-term approach to performance and risk management.
Operation	**In-employment:** – Executive Directors are expected to hold William Hill shares to the value of a minimum of 200% of salary. – Shares which count towards the satisfaction of the guideline are as follows: those owned outright by the Executive Director; unvested deferred bonus shares (based on the net of tax equivalent); and vested PSP awards held under the post-vesting holding period. – The guideline is expected to be achieved within five years of appointment to the Board. – The Committee will review progress annually, with an expectation that Executive Directors will make progress towards the achievement of the shareholding policy guideline each year. – All vested deferred bonus and PSP awards (after sale of shares to cover associated personal tax liabilities) must be retained until the guideline is met. **Post-cessation:** – Executive Directors are expected to hold William Hill shares to the value of a minimum of 200% of salary for a period of one year post-cessation. In calculating the number of shares needed to be held post-cessation, own shares bought and any shares received as part of a buyout will be excluded.

Notes to the Policy Table performance measures and target setting:

The performance measures used for annual bonus and PSP are a subset of the Company's key performance indicators.

Annual bonus

The main emphasis of the bonus is on financial metrics. In previous years, these measures have included operating profit and net revenue; in future years, the Committee may use either or both of these measures or include others. Operating profit measures the underlying profits generated by the business and whether management is converting growth into profits effectively. Net revenue is the key indicator of the Group's top-line growth, being the revenue retained from the amounts staked after paying out customer winnings and deducting free bets. Both operating profit and net revenue are reported in the Annual Report and used internally by William Hill to measure performance. Any non-financial element may include an appropriate mix of individual objectives or strategic targets. Individual targets measure whether management is delivering against stated key business and personal targets, which are linked to the corporate strategy.

PSP

The Committee determines the measures, as well as their relative weightings, at the point of grant for each award. They are selected such that they are reflective of the strategic direction and business priorities at that time. In respect of the most recent PSP awards, performance measures are based on relative TSR, Online net revenue, Retail performance and the performance of our US business; for future cycles, the Committee may use some or all of these measures or include others, although shareholders would be consulted if significant changes are made. Full details of the performance conditions and targets applying for each award will be disclosed in the Annual Report on Remuneration. Where targets are considered to be too sensitive to disclose in advance for commercial reasons, full disclosure of the original targets, and the extent to which they have been achieved, will be provided on a retrospective basis at the end of the performance period. The Annual Report on Remuneration will also provide a broad update on progress after each year of the performance period.

Targets for both annual bonus and PSP awards are intended to be sufficiently stretching so as to only provide reward for strong performance. However, given the nature of the sector and the potentially significant impact of regulatory changes on the Company and the industry as a whole, it may be necessary to adjust these targets from time to time, for example for the impact of regulatory change, to ensure that they remain appropriately incentivising. Any adjustment made will be described in full in the following Annual Report on Remuneration.

Incentive plan discretions

The Committee will operate the annual bonus plan, deferred bonus and PSP according to their respective rules, the Policy set out above and in accordance with the Listing Rules and HMRC rules where relevant. Copies of the deferred bonus and PSP rules are available on request from the Company Secretary. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include (but are not limited to) the following:

- Who participates in the plans;
- the timing of grant of an award and/or payment;
- the size of an award and/or payment;
- the choice of (and adjustment of) performance measures and targets for each incentive plan in accordance with the policy set out above and the rules of each plan;
- discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment under the plan rules;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, on a change of control and special dividends); and
- the general discretion to override formulaic outcomes where appropriate.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Legacy arrangements

For the avoidance of doubt, in approving the Policy, authority is given to the Company to honour any commitments entered into with current or former Directors that have been disclosed previously to shareholders.

Remuneration scenarios for Executive Directors

See the 'At a glance section' on page 98.

Executive Directors' service contracts

It is the Company's policy that the period of notice for Executive Directors will not exceed twelve months and, accordingly, the employment contracts of the Executive Directors are terminable on twelve months' notice by either party. In the event of an Executive Director's departure, the Company's policy on termination payments is as follows.

- The Company may pay base salary, employer pension contributions and the cost of benefits (or if the Company so decides an amount equal to 10% of base salary at the termination date) in lieu of notice; this may be paid in monthly instalments or as a lump sum in either whole or part, as appropriate. The Company will seek to ensure that no more is paid than is warranted in each individual case and will seek to apply the principles of mitigation to any proposed payment, where it is appropriate to do so. Any monthly payments in lieu of notice may be reduced by the amount of any base salary or fee that the Executive Director receives (or is entitled to receive) from any alternative employment or consultancy arrangement during the period for which compensation is paid.
- There is no entitlement to cash bonus paid (or associated deferred shares) following notice of termination (by either the employee or Company) of cessation of employment. However, where the individual is considered a good leaver (in the event of death or termination of employment by reason of ill health, disability, injury, statutory redundancy, agreed retirement, sale of employing company or business out of the Group or at the discretion of the Committee), the Company's normal policy is that a performance-related bonus will be awarded at the normal time according to the normal operation of the award (including deferral into share awards), and this will be time pro-rated based on the proportion of the bonus year for which the individual worked. Unvested awards held by an individual who leaves and who is not a good leaver will lapse when notice is given.
- In respect of unvested deferred bonus awards, an individual who leaves by reason of death, injury, disability and in any other circumstances at the discretion of the Committee, awards will normally vest on the normal vesting date. In exceptional circumstances and at the discretion of the Committee, the leaving Executive Director may receive the deferred shares at cessation. Unvested awards held by an individual who leaves and who is not a good leaver will lapse when notice is given.
- In respect of unvested PSP awards, an individual who leaves by reason of death, injury, disability, ill-health, statutory redundancy, agreed retirement, sale of the employing company or business out of the Group and in any other circumstances at the discretion of the Committee (i.e. a 'good leaver'), unvested PSP awards may be exercised up to six months (or such longer period as the Committee permits and up to twelve months in the case of death) following the completion of the performance period and subject to performance, time pro-rating and the two-year post vesting holding period. Where cessation is as a result of retirement, the Committee will seek confirmation of continued retirement prior to the normal vesting date. Exceptionally, the Committee may decide to: (i) release PSP shares following cessation of employment subject to the Committee's assessment of performance, to be exercised in the six months after the leaving date (or such longer period as the Committee permits and up to twelve months in the case of death); and/or (ii) allow a greater number of shares to vest than if the level of vesting was calculated on a pro-rata basis; and/or (iii) disapply the post vesting holding period. Unvested awards held by an individual who leaves and who is not a good leaver will lapse when notice is given. Where an individual leaves with awards which have performance vested but which remain subject to the post vesting holding period, such awards may be retained by the leaver unless the reason for cessation is misconduct.

– The Remuneration Committee retains discretion to make additional payments in respect of: (i) settling any statutory claims which the Remuneration Committee considers, in its reasonable judgement, arise in respect of the termination (whilst seeking to ensure that there is no reward for failure); and (ii) reasonable legal costs and other expenses reasonably incurred by the Executive in respect of the terms of the termination arrangements and the form of any settlement agreement; provided in all cases that the Committee considers that it would be in the best interests of the Company to do so.

On a change of control, unvested PSP awards will vest subject to performance and time pro-rating (although the Committee may allow a greater number of shares to vest than if pro-rating is applied) and unvested deferred bonus shares vest in full. The contracts of the Executive Directors do not provide for any enhanced payments in the event of a change of control of the Company or for liquidated damages.

Copies of the Executive Directors' service contracts are available for inspection at the Company's registered office.

Remuneration Policy across the Group

The Remuneration Policy for the Executive Directors and senior management is designed with regard to the policy for colleagues across the Group as a whole. The Committee is kept updated through the year on general employment conditions, basic salary increase budgets, the level of bonus pools and payouts, and participation in share plans. The Committee is therefore aware of how total remuneration at the Executive Director level compares to the total remuneration of the general population of employees. Common approaches to remuneration policy which apply across the Group include:

– A consistent approach to 'pay for performance' is applied, with annual bonus schemes being offered to all colleagues;
– offering pension, medical and life assurance benefits for the majority of colleagues;
– ensuring that salary increases for each category of employee are considered, taking into account the overall rate of increase across the Group, as well as financial and individual performance; and
– encouraging broad-based share ownership through the use of all-employee share plans.

Recruitment policy

The remuneration package for a new Executive Director will be set in accordance with the Company's approved remuneration policy, subject to such modifications as are described below.

The maximum level of variable remuneration (excluding any buyout arrangements) that may be offered to a new Executive Director will be in accordance with the individual plan limits – i.e. 175% of salary in respect of the annual bonus plan and 225% of salary (or 300% of salary in exceptional circumstances) in respect of the PSP.

In addition, the Committee may offer further cash or share-based payments to compensate for any existing entitlements with previous employers that are forfeited upon resignation by making awards of a broadly equivalent value, in the Committee's view, under either the Company's existing incentive plans or under other arrangements. In determining the appropriate form and amount of any such award, the Committee will consider various factors, including the type and quantum of award, the length of the performance period and the performance and vesting conditions attached to each forfeited incentive award.

Where an individual is appointed to the Board or substantially changes role and responsibilities whilst already a Board member, different performance measures may be set for the period of time remaining in that performance year in which the change in role and responsibilities takes effect.

For an internal appointment, any variable pay element granted in respect of the prior role may be allowed to pay out according to its terms, adjusted as appropriate to take into account the terms of the Executive Director appointment. The salary level for a new Executive Director will be determined with care by the Committee, taking into account the individual's background, skills, experience, the business criticality and nature of the role being offered, the Company's circumstances and taking into account relevant external and internal benchmarks. Above all, the Committee will exercise its own judgement in determining the most appropriate salary for the new appointment.

Where the Committee has set a starting salary which is positioned below the relevant market rate, it may wish to adjust this at a level above the average increase in the Company, as the individual gains experience and establishes a strong performance track record in the role. Conversely, the salary may need to be positioned above the relevant market rate in order to attract the most appropriate candidate for the role.

Pension provision will be aligned to the general workforce provision (as a percentage of salary) and benefits will be provided in accordance with the approved policy. Relocation expenses or allowances, legal fees and other costs relating to the recruitment may be paid as appropriate.

Fees for a new Non-Executive Director or Chair will be set in accordance with the approved policy.

Chairman and Non-Executive Directors

The table below summarises each element of the remuneration policy applicable to the Non-Executive Directors.

Purpose and link to strategy	To attract and retain Non-Executive Directors of appropriate calibre and experience.
Operation	The Chairman's fee is reviewed annually by the Committee (without the Chairman present). The remuneration policy for the Non-Executive Directors, other than the Chairman, is determined by a sub-committee of the Board comprising the Chairman and the Executive Directors, within the limits set by the Articles of Association. Based on independent surveys of fees paid to Non-Executive Directors of similarly sized companies to William Hill, remuneration is set taking account of the commitment and responsibilities of the relevant role.
Opportunity	The Chair receives a single fee to cover all his Board duties. Non-Executive Directors receive a fee for carrying out their duties, together with additional fees for those Non-Executive Directors who chair the primary Board committees and the Senior Independent Director. Details of current fee levels are set out in the Annual Report on Remuneration.
Performance metrics	No performance metrics apply.
Recovery and withholding	No recovery or withholding applies.

Non-Executive Directors do not have service contracts. They are engaged by letters of appointment, which are terminable by either party subject to three months' notice, and no further compensation is due in the event of such termination.

The Chairman is also engaged by a letter of appointment, which includes an appropriate notice period. The current letter of appointment for Roger Devlin is terminable by either party, subject to six months' notice, and no further compensation is due in the event of such termination.

Non-Executive Directors are appointed for an initial term of three years and would be expected to serve for an additional three-year term, subject to satisfactory performance and annual re-election at the AGM. Non-Executive Directors may then be requested to serve for a further three-year term, subject to rigorous review at the relevant time and agreement with the Director.

Consideration of shareholder views

The Committee engages proactively with the Company's major shareholders and the main representative bodies. For example, when any material changes are made to the Remuneration Policy, the Committee Chair will inform major shareholders of these in advance and will offer a meeting to discuss details, as required.

Consideration of employment conditions elsewhere in the Group

In setting the remuneration of the Executive Directors, the Committee takes into account the overall approach to reward for colleagues in the Group. William Hill operates in a number of different environments and has many colleagues who carry out diverse roles across a number of countries. All colleagues, including Directors, are paid by reference to the market rate and base salary levels are reviewed regularly. When considering salary increases for Executive Directors, the Company pays close attention to pay and employment conditions across the wider workforce.

The Chief HR Officer regularly updates the Committee on pay and conditions applying to colleagues across the Group. During 2019, the Committee received specific updates on Gender Pay Reporting and pay ratios. The Committee does not formally consult with colleagues on the executive remuneration policy, although the Committee Chair meets with the Colleague Forum. The Company also holds regular forums with employee groups and conducts an annual employee engagement 'Your Say' survey and more regular 'Peakon' surveys – the results of these surveys and the actions resulting therefrom are presented to the Board.

DIRECTORS' REPORT

For the purposes of the UK Companies Act 2006, the Directors present their report along with the audited consolidated financial statements for the 52-week period ended 31 December 2019, which comprises of the Corporate Governance Report on pages 66 – 93 and, the Directors' statements of responsibilities on page 123. The Strategic Report sets out those matters required to be disclosed in the Directors' Report which are considered to be of strategic importance:

- Risk management objectives and policies (pages 59 – 61);
- Likely future developments of the company (Strategic Report)
- Inclusion and diversity (page 43);
- Provision of information to, and consultation with, employees (page 22); and
- Carbon emissions (page 49) .

In accordance with the UK Financial Conduct Authority's Listing Rules, all other information to be included in the 2019 Annual Report and Accounts, where applicable, under LR 9.8.4, is set out in this Directors' Report or on the following pages:

Strategy and Finance

166 Information relating to financial instruments
177 Related party transactions
183 Dividends

Sustainability

48 Charitable donations

People

105 Employee Shareplans and Long-term incentive schemes
50 Employee Policies

Directors

66 Committee memberships
117 Directors' service contracts

Annual General Meeting (AGM)

The AGM will be held at 14:00 on Friday 15 May 2020 at No. 11 Cavendish Square, 11-13 Cavendish Square, London, W1G 0AN. All Board members are expected to attend the 2020 AGM and be available to answer shareholder questions.

Annual Report and Accounts

The Directors are aware of their responsibilities in respect of the Annual Report and Accounts. The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. It provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Further information regarding related processes can be found in the Audit and Risk Management Committee Report on pages 83 – 87. The Directors' Responsibilities statement appears on page 123.

Auditor and disclosure of information to auditor

Each of the Directors in office at the date when this report was approved confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and that
- Deloitte LLP have expressed their willingness to be re-appointed as auditor of the Company. A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming AGM.

Authority to purchase own shares

An authority for the Company to purchase its own shares remains valid until the forthcoming AGM, when it is intended that a resolution will be put forward to shareholders to renew such authority.

Conflicts of interest

The composition of the Board means that many of the Directors have considerable experience, at Board level, in industry and in other roles outside of William Hill. Whilst this brings benefits to the stewardship of William Hill, controls are in place to ensure that suitable arrangements are made when a director's external role could come into conflict with their duties as a Director of William Hill.

In accordance with the Companies Act 2006, the Company's Articles of Association include provisions reflecting recommended practice concerning conflicts of interest. The Board has in place procedures for Directors to report any potential or actual conflicts to the other members of the Board for their authorisation where appropriate.

In deciding whether to authorise a conflict or potential conflict of interest only non-interested directors (i.e., those who have no interest in the matter under consideration) will be able to take the relevant decision. In taking the decision, the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. In addition, the directors may impose conditions or limitations when giving authorisation if they think this is appropriate. The Board is confident that the appropriate checks and balances are in place to identify and minimise potential conflicts of interest.

Directors' and officers' liability insurance

The Group has purchased and maintains appropriate insurance cover in respect of Directors' and Officers' liabilities. The Group has also entered into qualifying third-party indemnity arrangements for the benefit of all its Directors, in a form and scope which comply with the requirements of the Companies Act 2006.

Membership of the Board during the 2019 financial year

The names of all persons who were directors of the Company as at 31 December 2019 can be found on pages 66-68. In addition, the following served as directors of the Company until they stepped down or retired on the respective dates shown:

- David Lowden (4 March 2019)
- Philip Bowcock (30 September 2019)
- Georgina Harvey (31 December 2019)

Results and dividends

The Board closely monitors the appropriateness of its policy on dividend payments, dividend cover, and its capital structure and allocation priorities as cyclical agenda items in response to any major developments, which may affect the business. Each proposed dividend payment is also reviewed in the context of the Company's distributable reserves, prior to payment to shareholders following the Group's half and full-year results.

The Group's loss on ordinary activities after taxation, for the period was £27.0m (2018: £712.3m). The directors recommend a final dividend of 5.34p per share to be paid on 4 June 2020 to ordinary shareholders on the Register of Members on 24 April 2020 which, if approved, together with the interim dividend of 2.66p per share paid in November 2019, makes a total of 8.0p per share for the period. Both dividend payments in 2019 were approved in line with the Board's policy and reflect the Group's continued strong cash flow and confidence in delivery of the Board's strategic priorities.

Issue of new ordinary shares

During the financial period ended 31 December 2019, in connection with closing of the transaction with Eldorado Resorts, Inc (Eldorado), the Company issued 13,430,434 new fully paid ordinary shares of 10p each in William Hill to Eldorado. These shares are subject to a lock-up of 3 years in respect of 50% and 5 years in respect of the remainder of the newly issued shares, and rank pari passu with the existing ordinary shares of the Group. No other new ordinary shares of the Company were issued, and the Company utilised shares held in treasury or through market purchase to satisfy employee share and incentive scheme awards.

Political donations

There were no political donations made or political expenditure incurred during the period in respect of EU political parties, candidates or organisations (2018: nil). The Board has, however, given approval for certain subsidiaries in respect of William Hill's US business to make donations within specified limits. In the US, it is far more common than in the UK for corporations to participate in the political process through a variety of methods, including raising or donating funds to political candidates. The approval from the Board will permit the US business to decide and agree on modest political contributions to candidates for political office in jurisdictions where the Company is doing or seeks to do business.

Contributions to political candidates do not guarantee that elected officials will support a particular piece of legislation or otherwise act in their official capacity to benefit the Company. Rather, they assist in electing individuals whom the Company believes are likely to support its business goals and in establishing productive working relationships with elected representatives.

The Board therefore continues to believe that giving approval for the US business to make such political contributions is essential for the Company to fully participate in the American political process. In respect of the US, political expenditure of $21,500 was incurred in 2019 (2018: $29,000), and this included contributions to the American Gaming Association.

Share Capital and rights attaching to them

Details of the authorised and issued share capital during the year are provided in note 29 to the financial statements.

As at 26 February 2020, the Company had an allotted and fully paid-up share capital of 900,725,706 ordinary shares of 10p each, with an aggregate nominal value of £90,072,571, which included 26,536,169 ordinary shares in treasury. There were therefore 874,189,537 ordinary shares in issue as at 26 February 2020 (excluding treasury shares).

Each ordinary share of the Company carries one vote. Further information on the rights and obligations attached to the Company's ordinary shares are set out in its Articles of Association. Holders of ordinary shares are entitled, subject to any applicable law and the Company's Articles of Association, to:

- Have shareholder documents made available to them, including notice of any general meeting;
- Attend, speak and exercise voting rights at general meetings, either in person or by proxy; and
- Participate in any distribution of income or capital.

Share Repurchase Programme and treasury shares

Although authority exists for the Company to repurchase its own shares, the Board did not decide to extend the Share Repurchase Programme, which completed in December 2016, and no ordinary shares were repurchased during 2019 (2018: Nil).

102, 954 of the ordinary shares which had been acquired shares under the Share Repurchase Programme were subsequently disposed of during the year, to satisfy awards under the Group's share and incentive schemes. It is the current intention of the Directors that the remaining treasury shareholding will either continue to be held in treasury, or will be used similarly to satisfy existing and future share and incentive scheme awards.

Share voting rights and restrictions on transfer of shares

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and voting rights. There are no restrictions on the transfer of ordinary shares in the Company other than certain restrictions imposed by laws and regulations. This includes but is not limited to the Market Abuse Regulation, insider trading laws and requirements relating to closed periods. Also included are the requirements of the Company's Share Dealing policies, which follow the requirements of the Market Abuse Regulation, and whereby directors and certain employees of the Company require approval to deal in the Company's securities.

Significant agreements – change of control

There are no significant agreements to which the Company is party which take effect, alter or terminate in the event of a change of control in the Company following a takeover bid.

Substantial shareholdings

The Company had been notified, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the notifiable interests in the ordinary share capital of the Company set out in the table below:

Percentage of issued share capital (%)

Name of Holder	As at 31 December 2019
Artemis Investment Management LLP	5.06%
BlackRock, Inc.	Below 5%
Capital Research and Management	9.97%
Morgan Stanley	Below 5%
Norges	Below 5%
Schroder	5.12%
Silchester	5.01%
Societe Generale	5.98%

Since 31 December 2019, Societe Generale has made a notification to the Company, disclosing a decrease in its holding in the Company to below 5%. No other changes have been disclosed to the Company, in accordance with the Disclosure Guidance and Transparency Rule DTR 5, between 31 December 2019 and 26 February 2020.

US regulation

Shareholders of William Hill may be subject to regulation in the US as a result of the Company's ownership of licensed subsidiaries in various US states and the Company's registration as a publicly traded company operating in such states. Information regarding relevant US gaming regulatory requirements is available on the Company's website at www.williamhillplc.com/investors/shareholder-centre/us-regulation.

Roger Devlin
Chairman

26 February 2020

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. They have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- The 2019 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- The Group Financial Statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and Article 4 of the IAS Regulation (in the case of the consolidated financial statements) and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) (in the case of the parent company financial statements), give a true and fair view of the assets, liabilities, financial position and loss of the Group and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report and risk sections of the 2019 Annual Report, which represent the management report, include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement has been approved by the Board of Directors and is signed on its behalf by:

Ulrik Bengtsson	**Ruth Prior**
Chief Executive Officer	Chief Financial Officer
26 February 2020	26 February 2020

INDEPENDENT AUDITOR'S REPORT

to the members of William Hill PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of William Hill plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 ''Reduced Disclosure Framework''; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and company statements of changes in equity;
- the consolidated and company statements of financial position;
- the consolidated cash flow statement;
- the statement of group accounting policies; and
- the related notes to the group financial statements (1 to 35); and
- the related notes to the company financial statements (1 to 12).

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our approach

Key audit matters	The key audit matters that we identified in the current year were: – Impairment of the Retail segment indefinite-life licence intangible asset; – Classification of exceptional items; – Valuation of the acquired Mr Green brand intangible asset; and – Valuation of the intangible asset recognised in relation to the Eldorado Resorts transaction. Within this report, key audit matters are identified as follows: Newly identified Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £5.5m which was determined on the basis of adjusted profit before tax.
Scoping	We focused our group audit scope on audit work on the largest two elements of the group's business: the UK Retail business and the UK Online business, whose operations are located in the UK and Gibraltar, respectively. We performed a combination of specified audit procedures and desktop review procedures on the remainder of the business– the US operations and the newly-acquired Mr Green business. The amounts subject to audit procedures account for over 93% of the group's revenues, 90% of operating profit and 90% of the group's total assets.
Significant changes in our approach	In our risk assessment for the FY19 audit, we considered the potential financial statement impact of various significant transactions entered into during the period. As such, we have determined key audit matters associated with the valuation of the intangible assets recognised in respect of the acquisition of Mr Green and the agreement with Eldorado Resorts (both of which are highlighted in the Audit and Risk Management Committee Report on page 87). Following the impact of the Triennial Review in the UK and the subsequent April 2019 cap on certain machine gaming stakes, we had identified in the prior year a key audit matter around the significant uncertainties governing the valuation of the goodwill and other assets relating to the Retail group of cash generating units ("CGUs"). In the current period, whilst data has become available on the actual impact, we still consider the valuation of the indefinite-lived intangible asset to be an estimate with significant uncertainty in its determination (albeit at a reduced level than the prior period). In the prior period, we had identified the completeness and accuracy of revenue in both the Online and Retail segments as being a key audit matter and, whilst obtaining satisfactory assurance in its recognition, we reported control observations in respect of the supporting IT environment. Whilst these control deficiencies remained during FY19, we note that a remediation plan was established and underway in advance of the FY20 period (as highlighted in the Audit and Risk Management Committee Report on page 81). In addition, as we did in the prior period, we were able to rely on mitigating controls. As such, we no longer consider it to be a key audit matter. We also identified a new component with the acquisition of Mr Green, and thus planned audit procedures to address the risk of misstatement in the component's revenue and capitalised development costs.

4. Conclusions relating to going concern, principal risks and viability statement

4.1 Going concern

We have reviewed the directors' statement in the Statement of Group Accounting Policies about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the group, its business model and related risks including, where relevant, the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2 Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 58 – 61 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' confirmation on page 123 that they have carried out a robust assessment of the principal and emerging risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 58 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the group to continue over the time horizon considered appropriate by the directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Impairment of the Retail segment indefinite-life licence intangible

Key audit matter description	The valuation of the UK's indefinite-lived licence intangible asset of £332.8m (following the FY18 impairment charge to licenses of £151.5m, which in turn was a component of the wider £882.9m charge to the Retail business' group of CGUs recorded in the FY18 interim financial statements) is required to undergo an annual impairment review. Given the inherent uncertainties associated with the assumptions supporting this valuation and the material value of the balance, this continues to be an area of significant estimation uncertainty. During the year, the group announced the closure of a number of Licensed Betting Offices ("LBOs"). These closures, which took place in FY19, had originally been factored into forecasts made by management in FY18 and thus considered within the prior period's impairment assessment. As disclosed in note 12 to the financial statements, Management have determined a valuation of the Retail group of CGUs of £604.3m, representing headroom of £16.6m (FY18: £29.4m) on the carrying value of the relevant assets. This valuation was determined using a value in use approach. The estimation of the cash flows inherent in the revised value in use calculation, particularly in light of as yet unknown competitive dynamics in the UK bookmaking estate as well as an approximation of the cadence and related costs of leasehold terminations, is an uncertainty that the asset valuation of the retail group of CGUs is sensitive to. This valuation is also highly sensitive to fluctuations in the discount rate used by management in their impairment model, as disclosed on page 153 of the financial statements. We therefore identified the cash flow forecasts and the discount rate used as the two areas of significance for the audit of the impairment review. The impairment charge of £47.3m relating to certain of the of the Retail business' right of use lease assets would ordinarily precipitate a reversal of the previously-recorded intangible asset impairment charge given that it would reduce the carrying value of assets whilst the value in use of the segment would not have an equivalent reduction. However, in preparing their value in use model, management have forecast a fall in future cash flows relating to the Retail segment, which has an offsetting impact. As such, and as disclosed on page 153 of the financial statements, management have identified a nominal level of headroom of £16.6m in their impairment review. Alongside the Audit and Risk Management Committee (as outlined on page 87), we therefore consider this a key audit matter due to the complexity of inputs that determine the recoverable amount of the Retail business.
How the scope of our audit responded to the key audit matter	We focused our audit work on challenging key assumptions used by management in conducting their impairment review. In undertaking our audit procedures we: – Obtained an understanding of controls that govern the preparation of management's impairment review; – Agreed the carrying value of assets to the accounting records; – Agreed the value in use model's initial two-year cash flows to Board approved plans; – Confirmed the mechanical accuracy of the model; – Worked with internal specialists to assess whether the discount rate used by management fell within a reasonable range; – Challenged the appropriateness of management's cash flow forecasts, through critical assessment of their key assumptions through use and analysis of internal and independent data points; – Performed sensitivity analysis of the inputs to identify and challenge the most sensitive factors in the determination of the valuation; and – Assessed the appropriateness and clarity of the disclosures made by the Group, specifically around the appropriateness of the range of valuations implied by the estimation uncertainties that drive the valuation.
Key observations	We are satisfied that the value of the Retail indefinite-life intangible asset is not materially misstated.

5.2. Classification of exceptional items

Key audit matter description	The group has reported adjusted profit before tax of £93.8m which is derived from statutory loss before tax of £27.0m and a number of adjustments which the group considers meets the definition of an exceptional item (as well as the £18.2m amortisation of acquired intangibles, which are termed as 'adjustments' but are presented separately). In calculating adjusted profit, there is a risk that: – Items identified as exceptional may not be appropriate and so distort the reported adjusted profit; and – The clarity and detail of exceptional item disclosures may be insufficient and inhibit the users' ability to understand the group's results and performance. The classification of exceptional items is subject to management judgement, and we consider there to be a risk of fraud through possible management bias in the determination of adjusted versus underlying earnings. This issue has also been considered by the Audit and Risk Management Committee on page 87. Explanations of each exceptional item are set out in note 3 of the financial statements.
How the scope of our audit responded to the key audit matter	In response to this key audit matter, we performed the following procedures: – Obtained an understanding of key controls around the classification of exceptional items; – Investigated the nature of each exceptional disclosed in note 3 of the financial statements and management's rationale for recognising these. We then performed our own assessment and challenged management on whether each item should be classified as exceptional in the context of their nature and size and their consistency (or otherwise) versus both the group's internal policy and previously recognised exceptional items; – Tested a sample of exceptional items and agreed these to supporting documentary evidence. We separately assessed whether each sample had been appropriately classified as exceptional; and – Assessed the disclosure of the exceptional items in the financial statements, including consideration of the group's compliance with European Securities and Markets Authority and Financial Reporting Council guidance.
Key observations	We communicated to management and the Audit & Risk Management Committee that we were unable to obtain sufficient evidence to support the judgement that certain costs, which were not material, were exceptional in nature. However, given that the amount of these costs was not material we were satisfied that the overall classification of exceptional items and the related disclosures in the financial statements was appropriate.

5.3. Valuation of the acquired Mr Green brand intangible asset

Key audit matter description	In January 2019 the group acquired Mr Green & CO AB for a total consideration of SEK 2.85bn (£240m). This was considered to constitute a business combination under the scope of IFRS 3 *Business Combinations* and thus an exercise was undertaken to determine a fair value of the assets acquired and liabilities assumed. The acquisition accounting is presented in note 18 to the financial statements. The identification and valuation of acquired intangible assets is a key management judgement (see page 141). The use of an inappropriate royalty rate or discount rate would lead to a significant change in the fair value determined for the Mr Green brand. Our key audit matter thus focused on the valuation of the acquired brand of £83.9m, in particular the appropriateness of the royalty rate and discount rate used by management in their valuation of this asset.
How the scope of our audit responded to the key audit matter	In response to this key audit matter, we performed the following procedures: – Obtained an understanding of the internal controls over the preparation of the valuation model and over independent third party expert advice; – Worked with internal specialists to assess whether management's discount and royalty rates used to determine the valuation of the brand sat within an appropriate range; – Assessed whether the application of the relief-from-royalty methodology used by management in the valuation model was appropriate; and – Audited the valuation model's mechanical accuracy.
Key observations	We are satisfied that the valuation of the Mr Green brand upon acquisition determined by management is appropriate.

5.4. Valuation of the intangible asset recognised in relation to the Eldorado transaction

Key audit matter description	In January 2019, the Eldorado Resorts deal was finalised by William Hill US ("WH US"). This deal gave WH US access to new markets through a range of contractual rights, including the ability to operate in the Eldorado casino estate and leverage the Eldorado online platform and gaming licences. As consideration for these rights granted, WH US issued Eldorado with 20% of its own shares, as well as grant of shares in the group. As required by IFRS 2 *Share-based Payment*, management performed an exercise of estimating the fair value of the acquired identifiable goods and services and determined that the fair value of the consideration was £138.0m. Accordingly an intangible asset of this amount was recognised, which is being amortised over a 25 year period (see note 15). We identified a key audit matter in relation to the valuation of the intangible asset initially recognised in respect of this agreement. In particular, we focused on the valuation's sensitivity to assumptions around the discount rates and future cash flows, along with the forecast timing of legislative changes in state law that allow for market access within the US. This is a significant issue considered by the Audit and Risk Management Committee as presented on page 87.
How the scope of our audit responded to the key audit matter	In response to this key audit matter, we performed the following procedures: – Obtained an understanding of the controls over the preparation of the model and the inputs used in determining the intangible's valuation; – Evaluated forecasting accuracy of the US business in respect of the US Existing segment in previous periods and the US Expansion segment in the past year; – Working with internal specialists, assessed whether the discount rates used by management in the valuation model were appropriate; – Using independent data points, we challenged management on their forecasts in respect of the expected timing of legislative changes in state law that allow for market access and the growth rates implicit in their projected cash flows across these states; and – Confirmed the mechanical accuracy and methodology of the valuation model used to determine the value of the equity granted.
Key observations	We are satisfied that the valuation of the Eldorado intangible asset determined by management is appropriate.

6. Our application of materiality

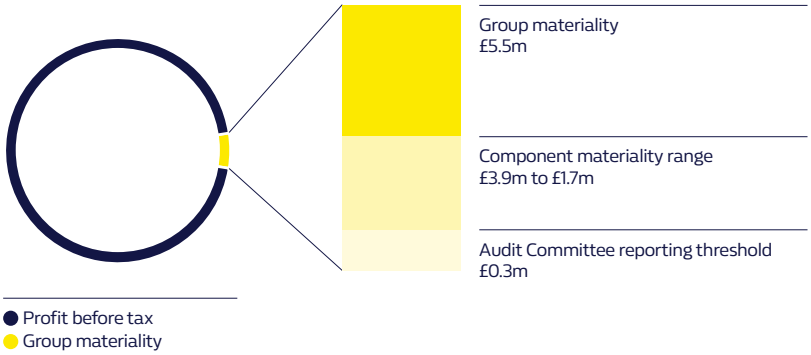
6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	**Parent company financial statements**
Materiality	£5.5m (FY18: £9.25m)	£4.95m (FY18: £8.3m)
Basis for determining materiality	5% of pre-tax profit, adjusted for exceptional items and losses associated with the US Expansion segment (4.7%).	Parent company materiality equates to 3% of net assets (FY18: 3%), which is capped at 90% of Group materiality (FY18: 90%).
Rationale for the benchmark applied	Profit before tax before exceptional items has been used as it is the primary measure of performance used by the Group. As such, the fall in materiality is directly attributable to the Group's reduction in profit before tax. We have used adjusted profit measures that exclude volatility of exceptional items from our determination, to aid the consistency and comparability of our materiality base each period. In addition, we have considered the losses associated with the US Expansion segment to be reflective of a business in a start-up phase. As such, we have considered that their inclusion would be distortive to the wider group's profit and thus we have excluded them from our determined materiality.	The parent company acts principally as a holding company and therefore net assets is a key measure. The cap has been applied in line with our methodology for setting materiality for components.

6. Our application of materiality continued



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the FY19 audit (FY18: 65%). In determining performance materiality, we considered the following factors:

a. the quality of the control environment and whether we were able to rely on controls in certain areas (specifically the revenue business process at the UK Online, UK Retail and Mr Green components);

b. any adjustments proposed by us to management in the prior period that were not adjusted; and

c. a disproportionate number of significant and unusual transactions that may have constituted a key audit matter, such as the Mr Green acquisition and the accounting for the Eldorado transaction.

6.3. Error reporting threshold

We agreed with the Audit and Risk Management Committee that we would report to the Committee all audit differences in excess of £275,000 (FY18: £460,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Management Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

Having assessed internal management reporting, product line, operating segments and geographical location, we identified UK Retail, UK Online, Mr Green and the US as the principal components of the group.

We planned our work to perform a full scope audit of UK Retail and UK Online where the audit work was conducted by a single team across two locations, the UK and Gibraltar. In addition, we performed specified procedures over capitalised development costs across all components, and specified procedures over revenue at Mr Green. These procedures were predominantly undertaken remotely from the UK and locally in Malta. All remaining financial information across the group's components were subject to desktop review procedures.

The components subjected to audit procedures represented 93% (FY18: 94%) of the group's revenue from continuing operations, over 90% of operating profit (2017: over 93%) from continuing operations and over 90% (FY18: 82%) of the group's net assets.

The components in scope for the current period were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work on each location was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £1.65m to £3.85m (FY18: £6.5m to £6.9m). The group audit team also performed analytical procedures over the group's operations in the US, which were not significant to the group's results. Our materiality used for the audit of the parent company financial statements was £4.95m.

At the group level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

All audit procedures, across all components, were performed by the UK audit team. In the current period the Senior Statutory Auditor visited Gibraltar as part of his introduction to the audit.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit and Risk Management Committee reporting** – the section describing the work of the Audit and Risk Management Committee does not appropriately address matters communicated by us to the Audit and Risk Management Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board;
- results of our enquiries of management, internal audit, General Counsel and the Audit and Risk Management Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations, including the periodic assessment by the board of the group's regulatory compliance position in the markets in which it operates; and
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, valuations, pensions, and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified that the greatest potential for fraud lay in the classification of exceptional items.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, and prevailing pensions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's licences offering betting and gaming services to customers across a range of jurisdictions, including as issued by the UK Gambling Commission.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations except for the identified key audit matter on the classification of exceptional items outlined above.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Management Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with applicable licensing and regulatory bodies;
- reviewing the disclosures in the Audit and Risk Management Committee Report on pages 83 – 87; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Other matters

14.1. Auditor tenure

The Parent Company was incorporated in 2001. We were appointed in December 2001 to audit the financial statements for the period ended 1 January 2002 and subsequent financial periods; this was just prior to the listing of the Parent Company on the London Stock Exchange.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 18 years, covering the periods ending 1 January 2002 to 31 December 2019. Also, we were appointed on 22 January 1991 to other Group entities to audit the financial statements for the period ending 1 January 1991. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 30 years, covering the periods ending 1 January 1991 to 31 December 2019.

14.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Griffin FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, UK

26 February 2020

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 31 December 2019

		52 weeks ended 31 December 2019			53 weeks ended 1 January 2019		
	Notes	Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m	Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m
Revenue	1, 2	**1,581.7**	**–**	**1,581.7**	1,621.3	–	1,621.3
Cost of sales	2	**(377.9)**	**–**	**(377.9)**	(389.7)	4.1	(385.6)
Gross profit	2	**1,203.8**	**–**	**1,203.8**	1,231.6	4.1	1,235.7
Other operating income	1	**16.1**	**–**	**16.1**	5.7	–	5.7
Other operating expenses	3	**(1,073.8)**	**(134.1)**	**(1,207.9)**	(1,006.6)	(925.6)	(1,932.2)
Share of results of associates	2, 4	**0.9**	**–**	**0.9**	2.9	–	2.9
Profit/(loss) before interest and tax	2, 5	**147.0**	**(134.1)**	**12.9**	233.6	(921.5)	(687.9)
Investment income	1, 2, 7	**3.0**	**–**	**3.0**	4.7	–	4.7
Finance costs	2, 8	**(53.5)**	**–**	**(53.5)**	(38.1)	(0.6)	(38.7)
(Loss)/profit before tax	2	**96.5**	**(134.1)**	**(37.6)**	200.2	(922.1)	(721.9)
Tax	3, 9	**(2.7)**	**13.3**	**10.6**	(24.1)	29.9	5.8
(Loss)/profit for the period from continuing operations		**93.8**	**(120.8)**	**(27.0)**	176.1	(892.2)	(716.1)
Profit for the period from discontinued operations		**–**	**–**	**–**	4.5	(0.7)	3.8
(Loss)/profit for the period from continuing and discontinued operations		**93.8**	**(120.8)**	**(27.0)**	180.6	(892.9)	(712.3)
Attributable to:							
Equity holders of the parent				**(26.9)**			(712.3)
Non-controlling interests				**(0.1)**			–
(Loss)/earnings per share from continuing and discontinued operations (pence)							
Basic	11	**10.7**		**(3.1)**	21.1		(83.1)
Diluted	11	**10.7**		**(3.1)**	20.9		(83.1)
(Loss)/earnings per share from continuing operations (pence)							
Basic	11	**10.7**		**(3.1)**	20.6		(83.6)
Diluted	11	**10.7**		**(3.1)**	20.4		(83.6)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 31 December 2019

	Notes	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Loss for the period		**(27.0)**	(712.3)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial remeasurements in defined benefit pension scheme	34	**(2.0)**	(27.3)
Tax on remeasurements in defined benefit pension scheme	28	**0.3**	4.7
Gains on fair value through other comprehensive income financial assets:			
Changes in fair value reclassified to profit and loss on disposal of investments in NYX		**–**	0.4
Items that may be reclassified subsequently to profit or loss:			
Exchange differences:			
Translation of foreign operations		**(4.0)**	(5.2)
Reclassified to profit and loss on disposal of Australian operations		**–**	84.3
Other comprehensive (loss)/income for the period		**(5.7)**	56.9
Total comprehensive loss for the period		**(32.7)**	(655.4)
Attributable to:			
Equity holders of the parent		**(32.6)**	(655.4)
Non-controlling interests		**(0.1)**	–
		(32.7)	(655.4)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 31 December 2019

	Attributable to equity holders of the parent								
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated losses £m	Non-controlling interests £m	Total equity £m
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(26.1)**	**(88.0)**	**6.6**	**(378.5)**	**–**	**298.9**
Loss for the financial period	–	–	–	–	–	–	(26.9)	(0.1)	(27.0)
Actuarial remeasurements in defined benefit pension scheme (note 34)	–	–	–	–	–	–	(2.0)	–	(2.0)
Tax on remeasurements in defined benefit pension scheme (note 28)	–	–	–	–	–	–	0.3	–	0.3
Exchange differences on translation of foreign operations	–	–	–	–	–	(4.0)	–	–	(4.0)
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(4.0)**	**(28.6)**	**(0.1)**	**(32.7)**
Purchase and issue of own shares (note 30)	–	–	–	–	(0.5)	–	–	–	(0.5)
Transfer of own shares to recipients (note 30)	–	–	–	–	1.5	–	(1.5)	–	–
Partnership with Eldorado (note 15)	1.3	20.5	–	–	–	–	110.3	5.9	138.0
Credit recognised in respect of share remuneration (note 33)	–	–	–	–	–	–	4.5	–	4.5
Tax credit in respect of share remuneration (note 28)	–	–	–	–	–	–	1.4	–	1.4
Acquisition of Mr Green (note 18)	–	–	–	–	–	–	–	1.5	1.5
Dividends paid (note 10)	–	–	–	–	–	–	(90.9)	–	(90.9)
At 31 December 2019	**90.0**	**709.9**	**6.8**	**(26.1)**	**(87.0)**	**2.6**	**(383.3)**	**7.3**	**320.2**

	Attributable to equity holders of the parent								
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated losses £m	Non-controlling interests £m	Total equity £m
At 26 December 2017	**88.7**	**689.4**	**6.8**	**(26.1)**	**(97.0)**	**(72.5)**	**473.4**	**–**	**1,062.7**
Loss for the financial period	–	–	–	–	–	–	(712.3)	–	(712.3)
Actuarial remeasurements in defined benefit pension scheme (note 34)	–	–	–	–	–	–	(27.3)	–	(27.3)
Tax on remeasurements in defined benefit pension scheme (note 28)	–	–	–	–	–	–	4.7	–	4.7
Exchange differences on translation of foreign operations	–	–	–	–	–	(5.2)	–	–	(5.2)
Exchange differences reclassified to profit and loss on disposal of Australian operations	–	–	–	–	–	84.3	–	–	84.3
Changes in fair value reclassified to profit and loss on disposal of investments in NYX	–	–	–	–	–	–	0.4	–	0.4
Total comprehensive profit/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**79.1**	**(734.5)**	**–**	**(655.4)**
Purchase and issue of own shares (note 30)	–	–	–	–	–	–	–	–	–
Transfer of own shares to recipients (note 30)	–	–	–	–	9.0	–	(7.8)	–	1.2
Other shares issued during the period	–	–	–	–	–	–	–	–	–
Credit recognised in respect of share remuneration (note 33)	–	–	–	–	–	–	5.5	–	5.5
Tax charge in respect of share remuneration (note 28)	–	–	–	–	–	–	(1.6)	–	(1.6)
Dividends paid (note 10)	–	–	–	–	–	–	(113.5)	–	(113.5)
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(26.1)**	**(88.0)**	**6.6**	**(378.5)**	**–**	**298.9**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Notes	31 December 2019 £m	1 January 2019 £m
Non-current assets			
Intangible assets	12	**1,095.9**	686.1
Property, plant and equipment	13	**265.0**	149.8
Interests in associates	14	**24.5**	23.3
Investments	16	**0.4**	21.4
Deferred tax assets	28	**43.5**	11.9
Retirement benefit asset	34	**48.4**	40.5
Loans receivable	35	**9.9**	4.8
		1,487.6	937.8
Current assets			
Trade and other receivables	19	**45.0**	61.7
Cash and cash equivalents	20	**459.4**	510.5
Freehold property held for sale	17	**0.7**	–
Investment property held for sale	21	**1.7**	1.7
Disposal group asset held for sale	17	**10.1**	–
		516.9	573.9
Total assets		**2,004.5**	1,511.7
Current liabilities			
Trade and other payables	22	**(421.8)**	(387.3)
Corporation tax liabilities		**(20.3)**	(18.8)
Derivative financial instruments	27	**(19.0)**	(14.9)
Borrowings	24	**(203.2)**	–
Lease liabilities	32	**(37.5)**	–
Provisions	23	**(76.9)**	(8.3)
Disposal group liabilities held for sale	17	**(3.5)**	–
		(782.2)	(429.3)
Non-current liabilities			
Borrowings	24	**(693.5)**	(719.7)
Lease liabilities	32	**(125.7)**	–
Provisions	23	**(1.6)**	–
Deferred tax liabilities	28	**(81.3)**	(63.8)
		(902.1)	(783.5)
Total liabilities		**(1,684.3)**	(1,212.8)
Net assets		**320.2**	298.9
Equity			
Called-up share capital	29	**90.0**	88.7
Share premium account		**709.9**	689.4
Capital redemption reserve		**6.8**	6.8
Merger reserve		**(26.1)**	(26.1)
Own shares held	30	**(87.0)**	(88.0)
Hedging and translation reserves		**2.6**	6.6
Accumulated losses		**(383.3)**	(378.5)
Total equity attributable to equity holders of the parent		**312.9**	298.9
Non-controlling interests		**7.3**	–
Total equity		**320.2**	298.9

The financial statements of William Hill PLC, registered number 4212563, were approved by the Board of directors and authorised for issue on 26 February 2020 and are signed on its behalf by:

U Bengtsson
Director

R Prior
Director

CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 31 December 2019

	Notes	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Net cash from operating activities – continuing operations	31	**183.0**	197.1
Net cash from operating activities – discontinued operations	31	**–**	1.0
Investing activities			
Dividends from associates	14	**1.4**	8.2
Interest received on cash and cash equivalents		**1.5**	2.4
Proceeds on disposal of property, plant and equipment		**6.1**	0.7
Proceeds on disposal of investment property		**–**	1.7
Amounts drawn down on loan facility made available to NeoGames	35	**(5.0)**	(4.7)
Net proceeds on sale of Australian operations		**–**	141.6
Net proceeds from sale of NYX investments		**–**	100.7
Acquisition of Mr Green & Co AB – net of cash acquired	18	**(173.7)**	(19.2)
Investment in and subsequent disposal of Featurespace	16	**2.1**	(1.3)
Purchases of property, plant and equipment		**(10.7)**	(41.9)
Expenditure on intangible assets		**(83.9)**	(75.4)
Net cash (used in)/from investing activities – continuing operations		**(262.2)**	112.8
Net cash used in investing activities – discontinued operations		**–**	(2.9)
Financing activities			
Proceeds on issue of shares under share schemes		**–**	1.2
Purchase of own shares		**(0.5)**	–
Debt facility issue costs		**(1.5)**	(3.1)
Proceeds on issue of 4.75% senior unsecured notes due May 2026	24	**350.0**	–
Amount paid on redemption of existing senior unsecured notes	24	**(171.6)**	–
Existing senior unsecured notes redemption costs		**(8.1)**	–
Lease liabilities – principal payments		**(46.7)**	–
Dividends paid	10	**(90.9)**	(113.5)
Net cash from/(used in) financing activities – continuing operations		**30.7**	(115.4)
Net (decrease)/increase in cash and cash equivalents in the period		**(48.5)**	192.6
Changes in foreign exchange rates		**(2.2)**	0.9
Transferred to disposal group held for sale		**(0.4)**	–
Cash and cash equivalents at start of period		**510.5**	317.0
Cash and cash equivalents at end of period	20	**459.4**	510.5

STATEMENT OF GROUP ACCOUNTING POLICIES

General information

William Hill PLC is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Bedford Avenue, London, WC1B 3AU. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 61 and note 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with our accounting policies.

Basis of accounting

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The Group financial statements have also been prepared in accordance with IFRSs adopted by the European Union.

The Group financial statements have been prepared on the historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in our accounting policies. The key accounting policies adopted are set out below. A complete list of our accounting policies is included in the Annual Report on pages 186 to 192.

Adoption of new and revised standards

In preparing the Group financial statements for the current period, the Group has adopted a number of new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations. The new standards that do not have a material effect on the Group are listed on pages 186 to 187. IFRS 16 'Leases' does have a material impact on the Group's financial statements.

IFRS 16 'Leases'

IFRS 16 'Leases' has replaced IAS 17 'Leases' in its entirety. The distinction between operating leases and finance leases for lessees is removed and it results in most leases being recognised on the Statement of Financial Position as a right-of-use asset and a lease liability. For leases previously classified as operating leases, the lease cost has changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability. The Group's previously classified operating leases include rentals payable by the Group for certain of its LBOs and office properties and amounts payable for the use of certain office and computer equipment and vehicles.

The Group has applied IFRS 16 using the modified retrospective approach. A lease liability has been recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate. A right-of-use asset has been recognised equal to the lease liability adjusted for prepaid and accrual lease payments. The Group has applied the below practical expedients permitted under the modified retrospective approach:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- apply a single discount rate to a portfolio of leases with similar characteristics – the weighted average of the discount rates used on transition was 2.76%;
- adjust the right-of-use asset on transition by any previously recognised onerous lease provisions;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

Further detail on the adoption of IFRS 16 is set out in note 32.

Standards in issue but not yet effective

A complete list of standards that are in issue but not yet effective is included with our full accounting policies on pages 186 to 192. The Group does not anticipate these standards in issue but not yet effective to have a material impact on the results or net assets of the Group.

Revenue recognition

Direct revenue

Direct revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Group is in business to provide, net of discounts, marketing inducements and VAT, as set out below. Direct revenue is treated as a derivative under IFRS 9 'Financial Instruments' and is therefore out of scope of IFRS 15 'Revenue from Contracts with Customers'.

In the case of Licensed Betting Office (LBO) (including gaming machines), William Hill US, Online Sportsbook and telebetting and Online casino (including games on the Online arcade and other numbers bets) revenue represents gains and losses from gambling activity in the period. Open positions are carried at fair value, and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Revenue from the Online poker business is within the scope of IFRS 15 'Revenue from Contracts with Customers' and reflects the net income (rake) earned when a poker game is completed, which is when the performance obligation is deemed to be satisfied.

Service provider revenue

US Existing and US Expansion segment service provider revenue is receivable from third-party operators where the Group provides risk management services to the operator. Revenue recognised is the profit earned on these arrangements.

Other operating income

Other operating income mostly represents rents receivable on properties let by the Group, bookmaking software licensing income, and profit on sales of certain investments which are recognised on an accruals basis.

Going concern

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, and in notes 24 and 25 to the financial statements.

As highlighted in notes 24 and 25 to the Group financial statements, the Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. These are supplemented when required by additional drawings under the Group's revolving credit bank loan facilities, which are committed until October 2023. Currently these facilities are undrawn and the Group holds a cash balance of £371.5m (excluding customer balances and other restricted cash of £87.9m). The outstanding balance of the Group's 2020 £375m bond of £203.4m (note 24) is repayable within the next 12 months and is shown as a current liability. The Group issued a new £350m bond in May 2019 and is using these proceeds in part to refinance this debt, which alongside the undrawn facilities and existing working capital, will be used to meet this current liability.

Whilst there are a number of risks to the Group's trading performance, as summarised in the 'Managing our risks' section on pages 59 to 61, the Group is confident of its ability to continue to access sources of funding in the medium term. The Group's strategic forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available and expected future facilities and its banking covenants for the period of the strategic forecast. After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business, regulatory and financing risks and the potential risks and impacts of Brexit, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Exceptional items and adjustments

The Group presents adjusted results, as described in note 3, which differ from statutory results due to the exclusion of exceptional items and adjustments.

Exceptional items are those items the directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the directors to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in the key accounting policies above and in the Statement of Group Accounting Policies included on pages 186 to 192, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where it affects only that period or in the period and future periods if it affects both current and future periods.

Critical accounting judgements

The following are the critical accounting judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Exceptional items and adjustments

The Group separately reports exceptional items and adjustments in order to calculate adjusted results, as it believes these measures provide additional useful information on underlying performance and trends to shareholders, together with an understanding of the effect of non-recurring or large individual items upon the overall profitability of the Group. These adjusted results are not recognised results under IFRS and may not be directly comparable with those used by other companies.

The classification of adjusting items requires significant management judgement after considering the nature and materiality of a transaction. The Group's definitions of adjusting items are outlined within both the Group accounting policies and note 3. These definitions have been applied consistently year on year. Note 3 provides further details on current year adjusting items and their adherence to Group policy.

IFRS 16 'Leases'

IFRS 16 'Leases' has replaced IAS 17 'Leases' in its entirety. The directors have addressed the key judgements, including the assessment of the lease term at the point where the lessee can be reasonably certain of its right to use the underlying asset.

Across the Retail estate, the Group has recognised a lease liability of £121.3m at 31 December 2019. Given the recent unprecedented regulatory change with the implementation of the £2 stake limit on B2 gaming products in the Retail business on 1 April 2019 and the decision the Group has taken to close 713 shops in the third quarter of 2019, the directors have determined the lease term under IFRS 16 across the Retail shop estate as the next available break date as the current uncertainty means the Group is not 'reasonably certain' that any lease break will not be exercised.

Mr Green valuation of intangibles

The Group acquired Mr Green & Co AB (Mr Green) on 28 January 2019 for £244.8m. As part of the purchase price allocation the Group recognised separately identifiable acquired intangibles comprising brands (£83.9m); customer relationships (£12.8m) and platform software (£16.3m). Goodwill of £153.0m was recognised on acquisition. See Note 18 for additional information.

The Group exercised judgement in determining the intangible assets acquired and their fair value on the Mr Green business combination, with the support of external experts to support the valuation process, where appropriate. The judgements made are based on recognised valuation techniques such as the "relief from royalty" method for brands, recognised industry comparative data and the Group's industry experience and specialist knowledge.

Eldorado Resorts, Inc. partnership

On 6 September 2018, the Group announced a partnership between William Hill US and Eldorado Resorts, Inc. (Eldorado). This partnership agreement obtained all regulatory clearances on 29 January 2019.

This agreement led to William Hill US becoming the exclusive partner in the provision of betting services conducted through all retail and online channels and gaming services in online channels at or attached to all current and future Eldorado properties. As part of the agreement, Eldorado received 13,430,434 William Hill PLC shares, which are subject to an initial 3-5 year lock-up period, as well as a 20% shareholding in William Hill US and 40% of betting and gaming profits generated in respect of Eldorado properties. The agreement is for an initial 25-year term.

The directors have made the following critical accounting judgements related to the Eldorado partnership:

- The partnership agreement represents a share-based payment transaction and is therefore accounted for under IFRS 2 'Share Based Payment' as opposed to a Business Combination under IFRS 3;
- The exclusive access and use of gaming licences meet the criteria for recognition of an asset;
- The assets acquired were all identifiable with no unidentifiable assets acquired as part of the partnership that would be recognised in the Consolidated Income Statement on inception under IFRS 2; and
- The equity consideration disposed of is an equitable cost for the asset acquired and therefore the asset has been valued based on the fair value of the equity consideration disposed of.

This led to the Group recognising an intangible asset of £138.0m with the value representing both the shares in William Hill PLC valued at £21.8m based on the share price on the date of completion of the agreement, and £116.2m ($153.0m) value attributable to 20% of the William Hill US business.

Further detail on the partnership with Eldorado is provided in note 15.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of intangible assets with indefinite lives

Determining whether intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Note 12 provides information on the assumptions used in these financial statements, as well as the degree of sensitivity to changes in assumptions.

In 2018, the Group recognised an impairment of £882.8m in the Retail segment due to the reduced expected future cash flows as a result of the announcement of the £2 stake limit on B2 gaming products in the Retail business. This impairment was based on the estimate at the time that this would lead to a reduction in the Retail segment's annualised adjusted operating profit (including mitigation measures) of c£70-100m.

The £2 stake limit was implemented from April 1 2019, which led to the Group taking the decision to close 713 shops in the third quarter of 2019. A regulatory change of this nature is unprecedented and although the Group now has nine months of trading since implementation to aid estimation of the future cash flows, the full impact of this change will not be fully known until some years after implementation. In particular, assumptions surrounding the rate of closures of competitor shops are outside of the control of the Group and will have a significant impact on the expected future cash flows of the segment.

The Group performed an impairment review of the intangible assets with indefinite lives remaining in the Retail segment and adjudged that there were no further impairments (or reversals of the previous impairment charge recognised). As the impact becomes more fully known in time, this could result in further impairments (or reversals of the existing impairment charge) of assets in the Retail segment. Refer to note 12 for an analysis of the sensitivity of the impairment to a range of reasonably possible changes in assumptions.

Retirement benefit costs

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of certain assumptions which include discount rate, inflation rate and mortality assumptions. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent periods. Note 34 provides information on the assumptions used in these financial statements, including a sensitivity analysis of the principal assumptions used to measure scheme liabilities.

Dilapidations provisions

As a result of the implementation of the £2 stake limit on B2 gaming products in the Retail business on April 1 2019, the Group took the decision to close 713 shops in the third quarter of 2019. The Group has provided for costs of closure with a remaining provision held at 31 December 2019 of £17.4m. Within this provision, £12.1m relates to dilapidations and shop strip out cost provisions which have been estimated using a best estimate cost per square foot and exit date on each lease. The actual results may differ as lease exits are negotiated with any changes to the amount provided recognised in the Consolidated Income Statement as part of the Triennial mitigation restructuring cost classified as an exceptional item.

Based on management's knowledge and experience and third party advice, the directors believe a range of reasonably possible values for the dilapidations provisions as at 31 December 2019 to be £7.7m – £18.6m.

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Revenue

An analysis of the Group's revenue is as follows:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Direct revenue	**1,570.8**	1,618.4
Service provider revenue	**10.9**	2.9
Revenue	**1,581.7**	1,621.3
Other operating income	**16.1**	5.7
Investment income	**3.0**	4.7
	1,600.8	1,631.7

Direct revenue is treated as a derivative under IFRS 9 'Financial Instruments' and is therefore out of scope of IFRS 15 'Revenue from Contracts with Customers'. Service provider revenue is within the scope of IFRS 15 'Revenue from Contracts with Customers'. Service provider revenue exists only in the US Existing and US Expansion segments, see note 2.

Revenue is also referred to as 'net revenue' within the 2019 Annual Report. Net revenue is an industry term equivalent to Revenue as described in these financials statements.

At the period end, the Group held no material contract assets or liabilities and there were no material unsatisfied performance obligations.

Within other operating income is income relating to the sale of shares, see note 16.

2. Segment information

The Board has reviewed and confirmed the Group's reportable segments in line with the guidance provided by IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports that the Group's Chief Executive Officer and Chief Financial Officer as Chief Operating Decision Makers review to make strategic decisions.

The Retail segment comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all online and telephone activity, including sports betting, casino, poker and other gaming products along with telephone betting services. The Online segment includes the results of Mr Green since the Group's acquisition in January 2019, as the Chief Operating Decision Makers review the Online business as a whole when making decisions regarding the allocation of resources between segments. The US Existing segment comprises all activity undertaken in Nevada and the Bahamas locations, before the Supreme Court overturned PASPA in May 2018. The US Expansion segment includes all operations in remaining US locations where gambling has been regulated following the Supreme Court's overturning of PASPA. There are no inter-segmental sales within the Group.

Segment performance is shown on an adjusted operating profit basis, with a reconciliation from adjusted operating profit to statutory results for clarity. Information for the 52 weeks ended 31 December 2019 is as follows:

	Retail £m	Online £m	US Existing[1] £m	US Expansion[1,2] £m	Other £m	Corporate £m	Group £m
Direct revenue	717.0	738.3	83.1	32.4	–	–	1,570.8
Service provider revenue	–	–	0.5	10.4	–	–	10.9
Revenue	**717.0**	**738.3**	**83.6**	**42.8**	**–**	**–**	**1,581.7**
GPT, duty, levies and other costs of sales	(162.2)	(202.4)	(8.0)	(5.3)	–	–	(377.9)
Gross profit	**554.8**	**535.9**	**75.6**	**37.5**	**–**	**–**	**1,203.8**
Depreciation	(48.4)	(3.8)	(3.3)	(2.6)	–	(8.5)	(66.6)
Amortisation	(9.4)	(41.8)	(2.5)	(1.0)	–	(2.7)	(57.4)
Other administrative expenses	(413.8)	(371.5)	(42.7)	(60.0)	0.2	(45.9)	(933.7)
Share of results of associates	–	–	–	–	–	0.9	0.9
Adjusted operating profit/(loss)[3]	**83.2**	**118.8**	**27.1**	**(26.1)**	**0.2**	**(56.2)**	**147.0**
Operating exceptional items and adjustments	(95.1)	(18.7)	(2.1)	(5.1)	–	(13.1)	(134.1)
(Loss)/profit before interest and tax	**(11.9)**	**100.1**	**25.0**	**(31.2)**	**0.2**	**(69.3)**	**12.9**
Investment income	–	–	–	–	–	3.0	3.0
Finance costs	(3.5)	(0.1)	(0.5)	(0.3)	–	(49.1)	(53.5)
(Loss)/profit before tax	**(15.4)**	**100.0**	**24.5**	**(31.5)**	**0.2**	**(115.4)**	**(37.6)**

1. Both the US Existing and US Expansion segments operate within the William Hill US business but are currently reviewed separately by the Chief Executive Officer and the Chief Financial Officer, being the Chief Operating Decision Makers.
2. Results from the state of Delaware were previously split between US Existing and US Expansion. The approach has changed and now all Delaware results are presented in US Expansion to provide a clearer presentation, this had an adjusted operating profit impact of £1.3m in the prior period.
3. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

2. Segment information continued

Statement of financial position information	Retail £m	Online £m	US Existing £m	US Expansion £m	Other £m	Corporate £m	Group £m
At 31 December 2019							
Total segment assets	593.2	739.3	100.3	189.1	–	339.1	1,961.0
Total segment liabilities	245.1	302.2	65.3	22.0	–	947.2	1,581.8
Included within total assets:							
Goodwill	–	344.3	22.9	–	–	–	367.2
Other intangibles with indefinite lives	326.6	–	–	–	–	–	326.6
Interests in associates	–	1.7	–	–	–	23.1	24.8
Capital additions	6.0	54.8	19.1	19.1	–	5.6	104.6

Assets and liabilities have been allocated by segment based on the information reviewed by the Group's Chief Executive Officer and Chief Financial Officer. Corporate assets and liabilities include net borrowings and the net defined benefit pension asset as well as any assets and liabilities that cannot be allocated to a particular segment other than on an arbitrary basis. The above analysis excludes corporation tax, deferred tax-related balances and balances related to the disposal group held for sale, (see note 17).

Capital additions in the above table are stated on an accruals basis.

Segment performance is shown on an adjusted basis, with a reconciliation from adjusted operating profit to statutory results for clarity. Information for the 53 weeks ended 1 January 2019 is as follows:

	Retail £m	Online £m	US Existing[1] £m	US Expansion[1,2] £m	Other £m	Corporate £m	Group £m
Direct revenue	895.2	634.4	78.2	10.4	0.2	–	1,618.4
Service provider revenue	–	–	0.2	2.7	–	–	2.9
Revenue	**895.2**	**634.4**	**78.4**	**13.1**	**0.2**	**–**	**1,621.3**
GPT, duty, levies and other costs of sales	(226.6)	(154.1)	(7.4)	(1.6)	–	–	(389.7)
Gross profit	**668.6**	**480.3**	**71.0**	**11.5**	**0.2**	**–**	**1,231.6**
Depreciation	(22.0)	(0.6)	(1.4)	(0.3)	–	(0.2)	(24.5)
Amortisation	(10.2)	(38.4)	(0.3)	(0.2)	–	–	(49.1)
Other administrative expenses	(486.1)	(311.1)	(38.0)	(42.9)	0.1	(49.3)	(927.3)
Share of results of associates	–	–	–	–	–	2.9	2.9
Adjusted operating profit/(loss)[3]	**150.3**	**130.2**	**31.3**	**(31.9)**	**0.3**	**(46.6)**	**233.6**
Operating exceptional items and adjustments	(886.0)	3.2	(3.6)	–	–	(35.1)	(921.5)
(Loss)/profit before interest and tax	**(735.7)**	**133.4**	**27.7**	**(31.9)**	**0.3**	**(81.7)**	**(687.9)**
Investment income	–	–	–	–	–	4.7	4.7
Finance costs	–	–	–	–	–	(38.7)	(38.7)
(Loss)/profit before tax	**(735.7)**	**133.4**	**27.7**	**(31.9)**	**0.3**	**(115.7)**	**(721.9)**

1. Both the US Existing and US Expansion segments operate within the William Hill US business but are currently reviewed separately by the Chief Executive Officer and the Chief Financial Officer, being the Chief Operating Decision Makers.
2. Results from the state of Delaware were previously split between US Existing and US Expansion. The approach has changed and now all Delaware results are presented in US Expansion to provide a clearer presentation, this had an adjusted operating profit impact of £1.3m in the prior period.
3. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Statement of financial position information	Retail £m	Online £m	US Existing £m	US Expansion £m	Other £m	Corporate £m	Group £m
At 1 January 2019							
Total segment assets	819.7	432.3	86.5	23.2	–	138.1	1,499.8
Total segment liabilities	72.2	236.5	40.4	17.0	–	764.1	1,130.2
Included within total assets:							
Goodwill	–	193.2	23.5	–	–	–	216.7
Other intangibles with indefinite lives	332.8	–	–	–	–	–	332.8
Interests in associates	–	–	–	–	–	23.3	23.3
Capital additions	24.4	53.6	20.4	9.1	–	2.2	109.7

Revenues and non-current assets by geographical area are as follows:

	Revenues		Non-current assets	
	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m	**31 December 2019 £m**	1 January 2019 £m
United Kingdom	**1,197.9**	1,379.5	**711.5**	598.8
USA	**126.4**	91.5	**222.7**	56.8
Rest of the World	**257.4**	150.3	**553.4**	282.2
	1,581.7	1,621.3	**1,487.6**	937.8

Revenue information is based on the location of the customer. Non-current asset information is based on physical location (for property, plant and equipment) or primary operating location of the Company using the asset (for all other assets).

3. Exceptional items and adjustments

Adjusted results

The Group reports adjusted results, both internally and externally, that differ from statutory results prepared in accordance with IFRS. These adjusted results, which include our key metrics of adjusted operating profit and adjusted EPS, are considered by the directors to be a useful reflection of the underlying performance of the Group and its businesses, since they exclude transactions which impair visibility of the underlying activity in each segment. More specifically, the directors judge that visibility can be impaired in one or both of the following instances:

- a transaction is of such a material or infrequent nature that it would obscure an understanding of underlying outcomes and trends in revenues, costs or other components of performance (for example, a significant impairment charge); or
- a transaction that results from a corporate activity that has neither a close relationship to our businesses' operations nor any associated operational cash flows (for example, the amortisation of intangibles recognised on acquisitions).

Adjusted results are used as the primary measures of business performance within the Group and align with the results shown in management accounts, with the key uses being:

- management and Board reviews of performance against expectations and over time, including assessments of segmental performance (see note 2 and the Strategic Report);
- Remuneration Committee assessments of targets and performance for management remuneration purposes (see pages 93 to 119);
- in support of business decisions by the Board and by management, encompassing both strategic and operational levels of decision-making; and
- assessments of loan covenant compliance, which refer to adjusted results.

The Group's policies on adjusted measures have been consistently applied over time, but they are not defined by IFRS and, therefore, may differ from adjusted measures as used by other companies.

The Consolidated Income Statement presents adjusted results alongside statutory measures, with the reconciling items being itemised and described below. We discriminate between two types of reconciling items: exceptional items and adjustments.

Exceptional items

Exceptional items are those items the directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Adjustments

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the directors to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions. This item is defined as an adjustment as the directors believe it would impair the visibility of the underlying activities across each segment as it is not closely related to the businesses' or any associated operational cash flows. The amortisation of specific intangible assets recognised in acquisitions is recurring and recognised over their useful life.

3. Exceptional items and adjustments continued

Exceptional items and adjustments are as follows:

	Exceptional items £m	**Adjustments £m**	**52 weeks ended 31 December 2019 £m**	Exceptional items £m	Adjustments £m	53 weeks ended 1 January 2019 £m
Operating						
Cost of sales						
Indirect taxation[1]	**–**	**–**	**–**	4.1	–	4.1
Other operating expenses						
Impairment of Retail segment[2]	**–**	**–**	**–**	(882.8)	–	(882.8)
Transformation programme restructuring costs	**(3.5)**	**–**	**(3.5)**	(31.2)	–	(31.2)
Triennial mitigation restructuring costs	**(99.8)**	**–**	**(99.8)**	(4.6)	–	(4.6)
Disposal of Australian operations[3]	**–**	**–**	**–**	(0.6)	–	(0.6)
Guaranteed minimum pension equalisation[4]	**–**	**–**	**–**	(1.4)	–	(1.4)
Legal fees	**(0.4)**	**–**	**(0.4)**	(0.6)	–	(0.6)
Disposal of investments in NYX[5]	**–**	**–**	**–**	(0.4)	–	(0.4)
Portfolio shop closures[6]	**1.2**	**–**	**1.2**	0.3	–	0.3
Corporate transaction and integration costs	**(8.2)**	**–**	**(8.2)**	(1.8)	–	(1.8)
Dual running costs	**(5.2)**	**–**	**(5.2)**	–	–	–
Amortisation of acquired intangibles	**–**	**(18.2)**	**(18.2)**	–	(2.5)	(2.5)
	(115.9)	**(18.2)**	**(134.1)**	(919.0)	(2.5)	(921.5)
Non-operating						
Costs in respect of refinancing[7]	**–**	**–**	**–**	(0.6)	–	(0.6)
	–	**–**	**–**	(0.6)	–	(0.6)
Total exceptional items and adjustments before tax	**(115.9)**	**(18.2)**	**(134.1)**	(919.6)	(2.5)	(922.1)
Tax on exceptional items and adjustments	**11.4**	**1.9**	**13.3**	37.6	0.3	37.9
Exceptional tax items[8]	**–**	**–**	**–**	(8.0)	–	(8.0)
Total exceptional items and adjustments	**(104.5)**	**(16.3)**	**(120.8)**	(890.0)	(2.2)	(892.2)

1. The Group previously accrued for certain indirect taxes that it expected to pay following clarifications on tax interpretations in certain jurisdictions. The retrospective element was presented as exceptional within cost of sales in light of the material scale and one-off nature of the charge. In 2018, the Group reached tax settlements within certain jurisdictions which led to a release of previously accrued balances. The release was treated as exceptional consistent with the original expense.
2. In 2018, as a result of the conclusion of the Triennial Review and the announcement of the maximum stakes on B2 gaming products reducing to £2, management recognised an impairment of the assets of the Retail segment. This was presented as an exceptional item due to its material and one-off nature.
3. On 23 April 2018, the Group sold its Australian operations to CrownBet Holdings Pty Ltd. The resulting loss on disposal of £0.6m was classified as an exceptional item in 2018 due to its one-off nature.
4. Following the judgement in the Lloyds case on 26 October 2018, the need to equalise for the effect of differences in guaranteed minimum pensions (GMP) between males and females was made more certain and consequently an allowance for the effect of GMP equalisation was made in 2018. The Scheme's Actuary estimated that the potential GMP equalisation cost as at 1 January 2019 was £1.4m, which is included within the defined benefit obligation. This was recognised as a past service cost within exceptional items in 2018.
5. On 5 January 2018, the Group completed the disposal of its investments in NYX. Accumulated fair value movements recognised in other comprehensive income were reclassified to profit and loss on disposal on completion. This was classified as an exceptional item in 2018 due to the one-off nature of the disposal with the previous movements in this investment classified within adjustments.
6. During 2017, as part of the ongoing Group-wide transformation programme, the Group performed a full strategic review of its shop estate. This review led to the closure of 25 shops with a provision made for onerous leases and other costs of closure. This strategic review was a one-off exercise leading to a material expense and, therefore, the directors judged the cost to be exceptional. During the period, the Group negotiated the early exit of certain leases, resulting in a reversal of the provisions held in respect of those leases.
7. In 2018, the Group entered into £390m of revolving credit facilities, replacing the existing revolving credit facilities. The remaining capitalised balance of finance fees on the terminated facilities, which was being expensed over the life of the replaced facilities, were expensed and recognised as an exceptional item given the one-off nature of the charge.
8. In 2018, the Group recognised an exceptional tax provision of £8.0m in respect to potential additional tax payable relating to a change, with retrospective effect, in specific non-UK tax legislation.

Transformation programme restructuring costs

This is a continuation of the substantial corporate restructurings the Group commenced in 2016, encompassing cost optimisation and business model initiatives. This is part of a Group-wide programme, which has completed this year. This programme, for which costs include fees for external advisers, provisions for onerous property leases and the cost of staff redundancies, is substantial in scope and impact. These costs do not form part of recurring operational or management activities that the directors would consider part of our underlying performance. For these reasons, the directors judge the directly attributable costs to be exceptional. As the programme has closed, no further costs will be incurred from 2020. Further detail has been provided in the Financial Review on page 55.

Triennial Review mitigation restructuring costs

In May 2018, the results of the Triennial Review were announced with a reduction in the maximum stake on B2 gaming products in retail to £2. In November 2018, the Government announced that the £2 maximum stake on gaming products would be implemented in April 2019, with an increase in Remote Gaming Duty from 15% to 21% to compensate for the loss of machines gaming duty. The significant impact of these regulatory changes has led to a Group-wide restructuring programme expected to last until 2020. This includes costs such as shop closures, staff redundancies and fees for external advisers.

£95.1m of the cost recognised in the period relates to costs associated with the closure of 713 shops, £47.3m relates to an impairment charge against the relevant right-of-use assets and £47.8m relates to other costs of closure, onerous costs, redundancy costs and other related costs. The remaining £4.7m relates to other Group-wide costs as a part of the cost-saving restructuring programme.

The programme is due to last until 2020. We previously expected the cash costs of the programme to be c£75m, of which c£60m relates to the Retail segment and c£15m of cost from the Group-wide cost-saving programme initiated as a specific result of the Triennial Review decision. We now expect the cash cost relating to the Retail segment to be c£70m and the total cash cost of the programme to be c£80m with the increase reflecting anticipated cash inflows from certain asset disposals in the Retail division being lower than previously estimated. The costs recognised to date across 2018 and 2019 of £104.4m are greater than this cash cost, as they do not include a range of mitigation strategies such as any savings from early exit from lease arrangements and the potential sale of freehold properties.

The directors assess these costs as exceptional as they are both material and not considered part of recurring operational or management activities that are part of the Group's underlying performance.

Legal fees

These represent fees in respect of specific legal action following the 2012 acquisition of businesses in Nevada, USA. These were classified as exceptional given they are material in the context of the US Existing segment and due to the potential for damages and fees being awarded to the Group, which would be treated as an exceptional gain due to their material scale and one-off nature. The potential damages were previously disclosed as a contingent asset.

During the period, the Group acquired CG Technology, who were the counterparty in the legal action. The damages and fees to be awarded to the Group by CG Technology would be treated as a reduction in consideration to be paid for the acquisition. As such, there will be no further legal fees in respect of this case and the previous potential gain will be recognised on completion of the acquisition in 2020.

Corporate transaction and integration costs

In 2019, the Group completed both the acquisition of Mr Green and its strategic partnership with Eldorado. The costs relating to these corporate transactions incurred in 2018 were recognised as exceptional and these costs continue to be recognised on a consistent basis in 2019. The Group will continue to incur integration costs surrounding Mr Green in 2020 and these costs will continue to be presented as exceptional given their one-off nature that would otherwise distort an understanding of the Group's underlying cost base.

Dual running costs

During the period, the Group has embarked on a project to move its land-based data centres into the cloud. This is a transformational programme that is expected to last until 2021 and the Group has classified the dual running costs of this programme as exceptional because the dual running costs are deemed to be a one-off incremental cost to the business. The costs of developing or migrating into the cloud have been treated as underlying. Further, the costs are considered material, both in aggregate and in each individual year of the programme. The cost of the programme is expected to be c£15m, broadly split equally between the three years.

4. Share of results of associates

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Share of results after taxation in associated undertakings	**0.9**	2.9

The above represents the Group's share of the results of Sports Information Services (Holdings) Limited, NeoGames S.a.r.l and Green Jade Games Limited (Green Jade), as well as a dividend received from 49's Limited, further details of which are given in note 14.

5. Profit/(loss) before interest and tax

Profit/(loss) before interest and tax has been arrived at after charging/(crediting):

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Net foreign exchange losses	**3.1**	1.0
Gain on disposal of property, plant and equipment and investment properties	**(3.2)**	(0.5)
Staff costs (note 6)	**394.5**	347.6
Depreciation of property, plant and equipment in respect of continuing activities (note 13)	**66.6**	24.5
Amortisation of intangible assets in respect of continuing activities (note 12)	**75.6**	51.6

Fees payable to Deloitte LLP and their associates are shown below:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Audit fees		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.7**	0.5
The audit of the Company's subsidiaries, pursuant to legislation	**0.2**	0.2
	0.9	0.7
Non-audit fees		
Other assurance services	**0.1**	0.1
	0.1	0.1
Total fees payable to Deloitte LLP	**1.0**	0.8

Deloitte LLP does not provide services for the Group's pension schemes.

The audit fees payable to Deloitte LLP are reviewed by the Audit and Risk Management Committee to ensure such fees are competitive. The Audit and Risk Management Committee sets the policy for awarding non-audit work to the auditor and reviews the nature and extent of such work and related fees in order to ensure that independence is maintained. The fees disclosed above consolidate all payments made to Deloitte LLP by the Company and its subsidiaries during the period and are presented net of VAT and other sales taxes.

6. Staff costs

The average monthly number of persons employed, including directors, during the period was 14,838 (53 weeks ended 1 January 2019: 15,940). Their aggregate remuneration comprised:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Wages and salaries	**349.4**	304.8
Social security costs	**28.5**	24.9
Share-based remuneration (including social security costs)	**4.9**	5.7
Other pension net costs (note 34)	**11.7**	12.2
	394.5	347.6
Remeasurement loss in defined benefit scheme (note 34)[1]	**2.0**	27.3
Total staff costs from continuing activities	**396.5**	374.9

1. The £2.0m relating to remeasurement loss (53 weeks ended 1 January 2019: £27.3m loss) has been recognised in other comprehensive income. The remainder of staff costs above were charged to the Income Statement, with certain staff costs classified as exceptional items.

7. Investment income

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Interest on cash and cash equivalents	**1.7**	2.4
Interest on net pension scheme assets or liabilities (note 34)	**1.3**	1.5
Fair value gain on derivative financial instruments	**–**	0.8
	3.0	4.7

8. Finance costs

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Interest payable and similar charges:		
Bank loans, bonds and overdrafts	**46.6**	36.4
Amortisation of finance costs[1]	**1.8**	1.7
Interest on lease liabilities	**5.1**	–
	53.5	38.1

1. The above does not include exceptional finance costs of £0.6m as detailed in note 3 for the prior period.

9. Tax on (loss)/profit on ordinary activities for continuing operations

The tax charge/(credit) comprises:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Current tax:		
UK corporation tax	**3.1**	21.8
Overseas tax	**10.0**	3.1
Adjustment in respect of prior periods	**(7.5)**	2.0
Total current tax charge	**5.6**	26.9
Deferred tax:		
Origination and reversal of temporary differences	**(15.7)**	(33.0)
Adjustment in respect of prior periods	**(0.5)**	0.3
Total deferred tax credit	**(16.2)**	(32.7)
Total tax on (loss)/profit on ordinary activities for continuing operations	**(10.6)**	(5.8)

The effective tax rate in respect of adjusted results was 2.8% (53 weeks ended 1 January 2019: 12.0%). The effective tax rate in respect of statutory results was 28.2% (53 weeks ended 1 January 2019: 0.8%).

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	52 weeks ended 31 December 2019			53 weeks ended 1 January 2019		
	Adjusted £m	Exceptional items and adjustments £m	Statutory total £m	Adjusted £m	Exceptional items and adjustments £m	Statutory total £m
(Loss)/profit before tax	**96.5**	**(134.1)**	**(37.6)**	200.2	(922.1)	(721.9)
Tax on Group (loss)/profit at standard UK corporation tax rate of 19% (2018: 19%)	**18.3**	**(25.5)**	**(7.2)**	38.0	(175.2)	(137.2)
Different tax rates in overseas territories	**(12.8)**	**1.9**	**(10.9)**	(20.1)	1.1	(19.0)
Losses not recognised for deferred tax	**1.5**	**–**	**1.5**	–	–	–
Accrual of liabilities for uncertain tax positions	**3.1**	**–**	**3.1**	11.2	–	11.2
Impact of future changes in tax rate	**(1.2)**	**1.0**	**(0.2)**	0.3	3.8	4.1
Tax on share of results of associates	**(0.5)**	**–**	**(0.5)**	(0.5)	–	(0.5)
Adjustment in respect of prior periods	**(7.7)**	**(0.3)**	**(8.0)**	(5.7)	8.0	2.3
Non-deductible expenditure	**2.0**	**9.6**	**11.6**	0.9	132.4	133.3
Total tax (credit)/charge	**2.7**	**(13.3)**	**(10.6)**	24.1	(29.9)	(5.8)

9. Tax on (loss)/profit on ordinary activities for continuing operations continued

The different tax rates in overseas territories reflects the lower effective tax rates in Gibraltar and Malta. The tax credit in respect of prior periods reflects the routine closure of prior period tax returns with tax authorities and the release of provisions previously held for uncertain tax positions of £11.2m, offset by the recognition of a provision for additional tax payable following a potential change, with retrospective effect, in specific UK tax legislation. The exceptional tax charge arising in respect of non-deductible expenditure relates to the impairment of the lease right-of-use asset and the costs of acquiring Mr Green.

The Group's effective tax rate for 2020 is expected to be c9%.

10. Dividends proposed and paid

	52 weeks ended 31 December 2019 Per share	53 weeks ended 1 January 2019 Per share	**52 weeks ended 31 December 2019 £m**	53 weeks ended 1 January 2019 £m
Equity shares:				
Current period interim dividend paid	**2.7p**	4.3p	**23.2**	36.7
Prior period final dividend paid	**7.7p**	8.9p	**67.7**	76.8
	10.4p	13.2p	**90.9**	113.5
Proposed final dividend	**5.3p**	7.7p	**46.7**	66.6

The proposed final dividend of 5.34p will, subject to shareholder approval, be paid on 4 June 2020 to all shareholders on the register on 24 April 2020. In line with the requirements of IAS 10 'Events after the Reporting Period', this dividend has not been recognised within these results.

The Group estimates that approximately 874 million shares will qualify for the final dividend.

Under an agreement signed in November 2002, the William Hill Holdings 2001 Employee Benefit Trust agreed to waive all dividends. Shares held in treasury also do not qualify for dividends. Details of shares held by the William Hill Holdings 2001 Employee Benefit Trust and held in treasury are given in note 30.

11. (Loss)/earnings per share

The (loss)/earnings per share figures for the respective periods are as follows:

	52 weeks ended 31 December 2019			53 weeks ended 1 January 2019		
	Basic	**Potentially dilutive share options**	**Diluted**	Basic	Potentially dilutive share options	Diluted
Statutory (loss)/profit attributable to equity holders of the parent (£m)						
Continuing operations	**(26.9)**	**–**	**(26.9)**	(716.1)	–	(716.1)
Discontinued operations	**–**	**–**	**–**	3.8	–	3.8
Total	**(26.9)**	**–**	**(26.9)**	(712.3)	–	(712.3)
Weighted average number of shares (million)	**873.0**	**4.8**	**877.8**	857.0	7.3	864.3
(Losses) per share (pence)						
Continuing operations	**(3.1)**	**–**	**(3.1)**	(83.6)	–	(83.6)
Discontinued operations	**–**	**–**	**–**	0.4	–	0.4
Total	**(3.1)**	**–**	**(3.1)**	(83.1)	–	(83.1)
Adjusted profit (£m)						
Continuing operations	**93.8**	**–**	**93.8**	176.1	–	176.1
Discontinued operations	**–**	**–**	**–**	4.5	–	4.5
Total	**93.8**	**–**	**93.8**	180.6	–	180.6
Weighted average number of shares (million)	**873.0**	**4.8**	**877.8**	857.0	7.3	864.3
Earnings per share (pence)						
Continuing operations	**10.7**	**–**	**10.7**	20.6	(0.2)	20.4
Discontinued operations	**–**	**–**	**–**	0.5	–	0.5
Total	**10.7**	**–**	**10.7**	21.1	(0.2)	20.9

An adjusted earnings per share, based on adjusted profits (as described in note 3), has been presented in order to highlight the underlying performance of the Group. The basic weighted average number of shares excludes shares held by the William Hill Holdings 2001 Employee Benefit Trust and those shares held in treasury, as such shares do not qualify for dividends. The effect of this was to reduce the average number of shares by 26.8 million (53 weeks ended 1 January 2019: 28.0 million).

The diluted loss per share is the same as the basic loss per share as the potentially dilutive share options are considered antidilutive, as they would reduce the loss per share and therefore they are disregarded in the calculation.

12. Intangible assets

	Goodwill £m	Licences £m	Brands, trade names and customer relationships £m	Acquired technology platforms £m	Market access and exclusivity £m	Computer software £m	Total £m
Cost:							
At 26 December 2017	1,000.7	484.3	159.8	11.0	–	382.2	2,038.0
Additions	–	–	–	–	–	78.1	78.1
Impairment losses	(680.7)	(151.5)	–	–	–	–	(832.2)
Disposals	(59.5)	–	(3.6)	–	–	(57.3)	(120.4)
Effect of foreign exchange rates	(2.2)	–	0.3	–	–	(3.1)	(5.0)
At 1 January 2019	258.3	332.8	156.5	11.0	–	399.9	1,158.5
Additions	–	–	–	–	138.0	94.6	232.6
Additions via acquisition	153.0	–	96.7	16.3	–	1.5	267.5
Disposals	–	–	–	–	–	(22.0)	(22.0)
Transfer to disposal group held for sale	–	(6.2)	–	–	–	–	(6.2)
Effect of foreign exchange rates	(2.7)	–	(1.9)	(0.2)	(2.4)	(2.0)	(9.2)
At 31 December 2019	**408.6**	**326.6**	**251.3**	**27.1**	**135.6**	**472.0**	**1,621.2**
Accumulated amortisation:							
At 26 December 2017	41.6	–	152.1	11.0	–	256.0	460.7
Charge for the period	–	–	2.5	–	–	52.4	54.9
Disposals	–	–	(1.5)	–	–	(40.0)	(41.5)
Effect of foreign exchange rates	–	–	0.3	–	–	(2.0)	(1.7)
At 1 January 2019	41.6	–	153.4	11.0	–	266.4	472.4
Charge for the period	–	–	8.0	5.1	5.2	57.3	75.6
Disposals	–	–	–	–	–	(22.0)	(22.0)
Effect of foreign exchange rates	–	–	(0.4)	(0.1)	(0.1)	(0.1)	(0.7)
At 31 December 2019	**41.6**	**–**	**161.0**	**16.0**	**5.1**	**301.6**	**525.3**
Net book value:							
At 31 December 2019	**367.0**	**326.6**	**90.3**	**11.1**	**130.5**	**170.4**	**1,095.9**
At 1 January 2019	216.7	332.8	3.1	–	–	133.5	686.1

Licences

The licence portfolio is judged to have an indefinite life and accordingly is not amortised but is subject to annual impairment reviews. The directors consider that the Group's licence portfolio has an indefinite life owing to the fact that the Group is a significant operator of scale in a well-established market; the competitive advantage provided by an existing licensed portfolio; the proven and sustained demand for bookmaking services; and the Group's track record of successfully renewing its betting permits and licences.

The Group notes the licence portfolio is recognised as a single intangible asset assigned to the Retail CGU, rather than being allocated to individual LBOs or geographies. This approach has been consistently followed since 2005, the reason being, this licence asset is a separately identifiable intangible asset that is deemed to enhance the overall CGU's ability to apply for new licences in other parts of the country, demonstrating credibility to local planning authorities that the Group was successfully operating stores in other parts of the UK, as well as enhancing the scale of the LBO estate, to both establish a competitive advantage and to appeal to patrons.

Brands, trade names and customer relationships

This category of assets includes brands, trade names and customer relationships recognised in business combinations. In 2012, the Group acquired three US businesses. Brands and other assets of £13.1m were recognised and are being amortised over lives of between three and ten years.

During the period, the Group acquired Mr Green & Co AB. As part of the acquisition, the Group acquired brand of €96.7m (£83.9m), customer relationships of €14.8m (£12.8m) and a software platform of €18.8m (£16.3m). These assets are being amortised over 20, five and three years respectively.

On 6 September 2018, the Group announced a partnership between William Hill US and Eldorado Resorts, Inc. (Eldorado). At inception of the agreement, the Group created an intangible asset of £138.0m, representing the exclusive access and use of gaming licences obtained by Eldorado. This asset will be amortised over the 25 year term of the agreement. For further details, see note 15.

12. Intangible assets continued

Impairment reviews

The Group performs an annual impairment review for goodwill and other intangible assets with indefinite lives, by comparing the carrying amount of these assets with their recoverable amount. This is an area where the directors exercise judgement and estimation, as noted on page 142. Testing is carried out by allocating the carrying value of these assets to cash-generating units (CGUs) or group of cash generating units and determining the recoverable amounts of those CGUs through value in use calculations. Where the recoverable amount exceeds the carrying value of the assets, the assets are considered as not impaired. Each CGU is defined as its segment, which is described in note 2.

The most recent impairment review was conducted at 31 December 2019.

For both the Retail and Online CGU, value in use calculations are based upon estimates of future cash flows derived from the Group's adjusted operating profit forecasts by segment. Adjusted operating profit forecasts are derived from the Group's annual strategic planning or similarly scoped exercise.

The Board approved two-year forecasts for each segment in December 2019. These form the basis of our value in use calculation, with separate extrapolation of net revenue and expenses by segment based on a combination of recently observable trends, management expectations and known future events. For the purposes of the value in use calculation, the two-year forecasts were extended to cover a five-year period. Cash flows beyond that five-year period were extrapolated using long-term growth rates as estimated for each CGU separately.

Discount rates are applied to each CGU's cash flows that reflect both the time value of money and the risks that apply to the cash flows of that CGU. Discount rates are calculated using the weighted average cost of capital formula based on the CGU's leveraged beta. The leveraged beta is determined by management as the mean unleveraged beta of listed gaming and betting companies, with samples chosen where applicable from comparable markets or territories as the CGU, leveraged to the Group's capital structure. Further risk premia and discounts are applied, if appropriate, to this rate to reflect the risk profile of the specific CGU relative to the market in which it operates. Our discount rates are calculated on a pre-tax basis.

The principal assumptions underlying our cash flow forecasts are as follows:

- we assume that the underlying business model will continue to operate on a comparable basis, as adjusted for known regulatory or tax changes and planned business initiatives;
- our forecasts anticipate the continuation of recent growth or decline trends in staking, gaming net revenues and expenses, as adjusted for changes in our business model or expected changes in the wider industry or economy;
- we assume that we will achieve our target sports betting gross win margins as set for each territory, which we base upon our experience of the outturn of sports results over the long term, given the tendency for sports results to vary in the short term but revert to a norm over a longer term; and
- in our annual forecasting process, expenses incorporate a bottom-up estimation of our cost base. For employee remuneration, this takes into account staffing numbers and models by segment, while other costs are assessed separately by category, with principal assumptions including an extrapolation of recent cost inflation trends and the expectation that we will incur costs in line with agreed contractual rates.

For the US Existing CGU, the Group engaged a third party to perform an independent valuation of our US Business.

The other significant assumptions incorporated into our impairment reviews are those relating to discount rates and long-term growth assumptions, as noted below separately for each CGU:

CGUs

Cash-generating unit	**2019 Discount rate %**	**2019 Long-term growth rate %**	2018 Discount rate %	2018 Long-term growth rate %
Retail	**8.6**	**(2.0)**	8.8	(2.0)
Online	**8.2**	**1.8**	8.1	1.8
US Existing	**11.0**	**2.0**	10.1	2.9

The long-term growth rates included in the impairment review do not exceed the observed long-term growth rate for each respective CGU.

The CGUs are defined as their segment, which is described in note 2. The carrying value of each CGU's goodwill and indefinite lives intangible assets is as below:

Cash-generating unit	Goodwill £m	Indefinite life intangibles £m	Total £m
Retail	–	332.8	332.8
Online	344.3	–	344.3
US Existing	22.9	–	22.9

The indefinite life intangibles excludes the value relating to Northern Ireland that has been reclassified as held for sale, see note 17.

The recoverable amount and headroom above carrying amount based on the impairment review performed at 31 December 2019 for the Retail CGU are as follows:

	31 December 2019		1 January 2019	
Cash-generating unit	**Recoverable amount £m**	**Headroom above carrying amount £m**	Recoverable amount £m	Headroom above carrying amount £m
Retail	**604.3**	**16.6**	544.7	29.4

The headroom for the Online and US Existing CGUs both exceeded 100% over the carrying amount of the assets.

Sensitivity of impairment reviews

For the Retail CGU, the following reasonably possible changes in assumptions upon which the recoverable amount was estimated, would lead to the following changes in the recoverable amount of the Retail CGU:

Change in assumption	Increase/(decrease) in the recoverable amount of Retail CGU £m
Decrease in forecast operating cash flows by 20%	(120.9)
Increase in discount rate by 1%	(43.5)
Decrease in long term growth rate by 1%	(25.7)
Increase in forecast operating cash flows by 20%	120.9
Decrease in discount rate by 1%	52.2
Increase in long term growth rate by 1%	31.1

For the Online and US Existing CGUs reviewed at 31 December 2019, no impairment would occur under any reasonable possible changes in assumptions upon which the recoverable amount was estimated.

13. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Right-of-use asset £m	Total £m
Cost:				
At 26 December 2017	390.4	149.8	–	540.2
Additions	12.6	24.7	–	37.3
Impairment losses (note 12)	(38.6)	(12.0)	–	(50.6)
Disposals	(8.8)	(0.5)	–	(9.3)
Effect of foreign exchange rates	–	0.3	–	0.3
At 1 January 2019	355.6	162.3	–	517.9
Additions	11.7	–	218.5	230.2
Additions via acquisition	–	1.9	3.6	5.5
Impairment losses	–	–	(47.3)	(47.3)
Disposals	(97.8)	(7.1)	–	(104.9)
Transfers to disposal group held for sale	(1.0)	(0.3)	(1.8)	(3.1)
Transfers to freehold property held for sale	(0.7)	–	–	(0.7)
Effect of foreign exchange rates	(0.1)	–	–	(0.1)
At 31 December 2019	**267.7**	**156.8**	**173.0**	**597.5**
Accumulated depreciation:				
At 26 December 2017	237.1	112.6	–	349.7
Charge for the period	17.7	6.8	–	24.5
Disposals	(5.2)	(0.7)	–	(5.9)
Effect of foreign exchange rates	–	(0.2)	–	(0.2)
At 1 January 2019	249.6	118.5	–	368.1
Charge for the period	16.3	6.9	43.4	66.6
Disposals	(94.8)	(7.1)	–	(101.9)
Effect of foreign exchange rates	–	(0.3)	–	(0.3)
At 31 December 2019	**171.1**	**118.0**	**43.4**	**332.5**
Net book value:				
At 31 December 2019	**96.6**	**38.8**	**129.6**	**265.0**
At 1 January 2019	106.0	43.8	–	149.8

The net book value of land and buildings comprises:

	31 December 2019 £m	1 January 2019 £m
Freehold	**17.5**	25.5
Long leasehold improvements	**2.7**	6.7
Short leasehold improvements	**76.4**	73.8
	96.6	106.0

Of the total net book value of land and buildings, £2.0m (1 January 2019: £3.2m) relates to administrative buildings and the remainder represents LBOs in the UK and betting locations in the US. The cost of assets on which depreciation is not provided amounts to £4.5m, representing freehold land (1 January 2019: £4.5m). At 31 December 2019, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £10.3m (1 January 2019: £6.9m).

14. Interests in associates

The Group holds interests in five associated undertakings at an aggregate value of £24.5m (1 January 2019: £23.3m).

The Group uses the equity method of accounting for associates. The following table shows the aggregate movement in the Group's interests in associates:

	£m
At 1 January 2019	23.3
Share of results before interest and taxation	1.7
Share of interest	(0.6)
Share of taxation	(0.4)
Dividend received	(1.0)
Green Jade Games	1.5
At 31 December 2019	**24.5**

SIS

At 31 December 2019, William Hill Organization Limited, a principal subsidiary of the Company, held an investment of 19.5% (1 January 2019: 19.5%) of the ordinary share capital of Sports Information Services (Holdings) Limited (SIS), a company incorporated in Great Britain. The Group is able to exert significant influence over SIS by way of its 19.5% holding and its seat on the Board of directors.

The SIS group of companies provides real time, pre-event information and results, as well as live coverage of horseracing, greyhound racing and other sporting activities and events via satellite. The statutory financial statements of SIS are prepared to the year ending 31 March. The results recognised are based on statutory accounts to March 2019 and management accounts thereafter.

The following financial information relates to SIS as at and for the 52 weeks ended 31 December 2019:

	31 December 2019 £m	1 January 2019 £m
Total assets	**102.8**	96.1
Total liabilities	**(42.0)**	(36.1)
Total revenue	**217.4**	231.0
Total profit after tax	**1.3**	19.3

NeoGames

On 7 August 2015, William Hill Organization Limited acquired 30.9% of the ordinary share capital of NeoGames S.a.r.l (NeoGames), a company incorporated in Luxembourg, for a total cash consideration of $25.0m. The Group is able to exert influence over NeoGames by way of its equity holding and its nominated representative on the Board of directors. As part of the acquisition, William Hill Organization Limited has an option to acquire the remaining share capital in 2021. The option is exercisable at the full discretion of William Hill and the price payable will be determined at the time of exercise on the basis of NeoGames's financial performance. Should the option not be exercised, other shareholders in NeoGames have the option to repurchase our stake under the same valuation mechanism. No initial value was recognised in respect of these options at acquisition and the fair value of these options was £nil at 31 December 2019 (1 January 2019: £nil). The Group does not intend to exercise the option in 2020.

The Group has made available a $15m loan facility to NeoGames which can be drawn down on request and which attracts compound interest at varying rates on each drawn down amount (note 35).

NeoGames is a leading iLottery software and service provider to lotteries worldwide, including in Europe and the US.

The following financial information relates to NeoGames as at and for the 52 weeks ended 31 December 2019:

	31 December 2019 £m	1 January 2019 £m
Total assets	**23.6**	15.1
Total liabilities	**(25.9)**	(17.2)
Total revenue	**26.6**	16.8
Total (loss) after tax	**(1.1)**	(4.6)

14. Interests in associates continued

Lucky Choice Limited and 49's Limited

William Hill Organization Limited also holds directly or indirectly 33% of the entire share capital of Lucky Choice Limited and of 49's Limited. These companies were formed for the purpose of promoting and publicising certain numbers betting formats. In the opinion of the directors, the results of these companies are not material to the results of the Group. Consequently, the investments have been stated at cost and have not been accounted for under the equity method, which would normally be appropriate for an associated undertaking. A dividend of £0.4m was received from 49's Limited which was recognised within share of results of associates (note 4).

Green Jade Games Ltd

Green Jade Games Ltd is an iGaming software content development company, a subsidiary acquired as part of the acquisition of Mr Green & Co AB (note 18). It was partially disposed of during the period, reducing the Group's investment from 100% to 27%. This resulted in a loss of control of the subsidiary and a recognition of an associate at fair value on disposal. The carrying value of Green Jade Games Ltd at 31 December 2019 was £1.5m.

15. Eldorado Resorts, Inc. partnership

On 6 September 2018, the Group announced a partnership between William Hill US and Eldorado Resorts, Inc. (Eldorado). This partnership agreement obtained all regulatory clearances on 29 January 2019.

This agreement led to William Hill US becoming the exclusive partner in the provision of betting services conducted through all retail and online channels and gaming services in online channels at or attached to all current and future Eldorado properties. As part of the agreement, Eldorado received 13,430,434 William Hill PLC shares, which are subject to an initial 3-5 year lock-up period, as well as a 20% shareholding in William Hill US and 40% of betting and gaming profits generated in respect of Eldorado properties. The agreement is for an initial 25-year term.

William Hill Plc issued 13,430,434 ordinary shares to Eldorado with a nominal value of 10p each. Shares were issued at a premium of 152.77p per share, making a total of 162.77p per share.

The sale of William Hill US shares has been treated as a partial disposal of a 20% stake in a previously wholly-owned subsidiary and accounted for as an equity transaction, with a non-controlling interest created. William Hill US has retained 80% of the enhanced business, retaining strategic and operational control. The non-controlling interest has been recognised as a proportionate share of the William Hill US net assets.

The partnership agreement represents a share-based payment transaction and is therefore accounted for under IFRS 2 'Share Based Payment'. All rights arising from the partnership with Eldorado Resorts, pertaining to exclusive access and use of gaming licences obtained by Eldorado, have been recognised as an intangible asset, with a useful life of 25 years. Under IFRS 2, the Group have determined that the equity consideration disposed of is an equitable cost for the asset acquired and therefore have valued the asset based on the fair value of the equity consideration disposed of. As such, at inception the Group recognised an intangible asset of £138.0m with the value representing both the shares in William Hill PLC valued at £21.8m based on the share price on the date of completion of the agreement, and £116.2m ($153.0m) value attributable to 20% of the William Hill US business. This was based on a third-party valuation of $765m for the US business as a whole at inception and estimates of risk-adjusted cash flows provided by management using their best estimate at that point in time. These future cash flows involve a high degree of judgement about which states will regulate retail and/or online gaming and when. It also includes estimates on the market size of each state and the expected market share William Hill US would be expected to obtain.

This third-party valuation produced a range of values of $675m to $890m, providing a range of the 20% holding of $135m to $178m.

At inception, 20% of the book value of William Hill US was recognised as non-controlling interest with the difference between the value of the intangible asset and the non-controlling interest recognised directly in equity.

16. Investments

The Stars Group (TSG) shares

As part of the Group's agreement with Eldorado, completed on 29 January 2019, the Group is entitled to 50% of equity interest in any third party issued as consideration of any betting skins.

In November 2018, TSG announced an agreement with Eldorado to give TSG certain options to operate online betting and gaming in states where Eldorado operates casino properties. As part of this agreement, TSG offered Eldorado upfront equity interest of $25m (with potentially an additional $5m of equity upon exercise of the first option by TSG). A further equity stake may be provided after five years, based on TSG's net gaming revenue generated in markets accessed via Eldorado. The Group will also receive the first $25m of revenue share payable by TSG and the majority of the revenue share thereafter.

The Group was therefore entitled to 50% of the $25m of equity interest in TSG. During the period, the Group received and sold all of its shares for a total of $13.5m (£10.3m). These shares were classified as fair value through profit or loss and therefore the gain on sale of these shares has been recognised within other operating income, within the US Expansion segment.

The Group also holds other investments in unquoted shares of £0.4m (1 January 2019: £0.1m).

Featurespace Limited

At 1 January 2019, the Group held ordinary shares in Featurespace Limited (Featurespace) valued at £2.1m. On 1 February 2019, the Group sold its shares in Featurespace for a total of £2.1m.

17. Disposal group held for sale

On 12 January 2020, the Group agreed to sell its Northern Ireland and Isle of Man operations to BoyleSports Limited. These operations have been classified as a disposal group held for sale and presented separately in the Consolidated Statement of Financial Position. The Northern Ireland operations were disposed of on 7th February and the Isle of Man operations are expected to be disposed of in the first quarter pending regulatory approved. The estimated proceeds less costs to sell are expected to be greater than the book value of the disposal group and therefore the disposal group held for sale is carried at book value as at 31 December 2019.

The major classes of assets and liabilities comprising operations classified as a disposal group held for sale are as follows:

	31 December 2019 £m
Cash and cash equivalents	0.4
Intangible assets – licences	6.2
Property, plant and equipment	1.3
Lease assets	1.8
Trade and other receivables	0.4
Disposal group assets held for sale	**10.1**
Lease liabilities	(2.1)
Trade and other payables	(0.4)
Deferred tax liabilities	(1.0)
Disposal group liabilities held for sale	**(3.5)**
Net assets of disposal group held for sale	**6.6**

In addition to the disposal group held for sale, 48 freehold properties, which were closed as part of the 713 shops shut in the third quarter, were transferred to asset held for sale in the period and held in current assets. These assets are held at the combined net book value of £0.7m as the fair value less costs to sell is greater than the carrying amount on a shop-by-shop basis.

18. Mr Green & Co AB acquisition

On 28 January 2019, the Group completed the acquisition of Mr Green & Co AB (Mr Green), acquiring 98.5% of the issued share capital. Mr Green is a fast-growing, innovative iGaming group with operations in 13 markets and brands including Mr Green and Redbet. Mr Green holds remote gambling licences in Denmark, Italy, Latvia, Malta, United Kingdom, Ireland and Sweden. Mr Green has leading gaming and casino products supported by a fast growing sportsbook. The acquisition is expected to strengthen the Group's Online business and drive further online penetration.

During the period post-acquisition, the Group acquired the further 1.5% of the issued share capital of Mr Green & Co AB for £3.7m.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£m
Net assets acquired:	
Cash and cash equivalents	**51.9**
Intangible assets	**114.5**
Property, plant and equipment	**5.5**
Deferred tax assets	**0.3**
Trade and other receivables	**5.4**
Trade and other payables	**(32.4)**
Provisions	**(43.9)**
Corporation tax liabilities	**(0.1)**
Lease liabilities	**(2.8)**
Deferred tax liabilities	**(5.1)**
Net identifiable assets acquired	**93.3**
Less: Non-controlling interest	**(1.5)**
Add: Goodwill	**153.0**
Total consideration	**244.8**

	£m
Purchase consideration:	
Cash paid	**244.8**
Less: cash and cash equivalents acquired	**(51.9)**
Net consideration	**192.9**

The goodwill is attributable to Mr Green's assembled workforce, its strong position and profitability from trading in iGaming and synergies expected to arise in Online after the Group's acquisition. The goodwill has been allocated to the Online CGU. The amount of goodwill that is expected to be deductible for tax purposes is £nil.

Acquisition-related costs and integration costs of £7.2m have been recognised as exceptional (see note 3).

Intangible assets comprised of separately identifiable acquired intangibles that comprised brands, customer relationships and platform software.

The fair value of acquired trade receivables is £5.4m. The gross contractual amount for trade receivables due is £5.4m.

The provision acquired of £43.9m relates to a contested gaming tax liability in Austria (note 23).

The Group has chosen to recognise the non-controlling interests at its fair value.

The acquired business contributed revenue of £136.9m, adjusted operating profit of £13.1m and statutory profit before tax of £1.7m to the Group from 29 January 2019 to 31 December 2019. If the acquisition had occurred on 2 January 2019, the contributed consolidated revenue, adjusted operating profit and statutory loss after tax for the period ended 31 December 2019 would have been £148.6m, £11.5m and £0.3m respectively.

For comparative purposes, the results for the period of February-December in the prior period were as follows:

	£m
Revenue	128.7
Cost of sales	(34.4)
Gross profit	94.3
Other operating expenses	(87.7)
Adjusted operating profit[1]	6.6
Operating exceptional items and adjustments	–
Profit before interest and tax	6.6

1. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Of the revenue from the period February-December in the prior period as disclosed above, £14.5m related to UK operations and £114.2m related to International operations. Furthermore, £7.9m related to Sportsbook and £120.8m related to Gaming. Sportsbook amounts wagered for this period was £115.1m.

19. Trade and other receivables

Trade and other receivables comprise:

	31 December 2019 £m	1 January 2019 £m
Trade receivables	6.4	7.8
Other receivables	8.9	6.0
Prepayments	29.7	47.9
	45.0	61.7

Trade and other receivables are stated at their gross receivable value less impairment for expected credit loss. Trade and other receivables are impaired when there is no reasonable expectation of recovery and an impairment analysis is performed at each reporting date to measure expected credit loss. The Group has elected to use the simplified method to measure expected credit loss and the provision the Group holds for expected credit losses is £0.1m as at 31 December 2019 (1 January 2019: £0.2m).

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

20. Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term bank deposits held by the Group with an original maturity of three months or less. In total, the Group has £459.8m in cash and cash equivalents (1 January 2019: £510.5m). The carrying amount of these assets approximates their fair value.

Cash and cash equivalents include:

	31 December 2019 £m	1 January 2019 £m
Cash and cash equivalents	459.4	510.5
Less:		
Client funds held in Online[1]	(50.3)	(66.4)
Client funds held in US[1]	(11.0)	–
Restricted funds held in US[2]	(22.1)	(18.8)
Restricted deposits in respect of Spanish and Italian regulatory requirements	(4.5)	(4.5)
Cash (excluding customer balances and restricted cash)[3]	371.5	420.8

1. Client funds held are entirely matched by liabilities of an equal value.
2. Restricted funds held in the US cannot be withdrawn without approval from the local regulator and match or exceed betting and customer liabilities.
3. Cash (excluding customer balances and restricted cash) represents the cash available to the Group used in the calculation of net debt for covenant purposes (note 25).

21. Investment property

The Group owns two residential investment properties in Guernsey (1 January 2019: two), which are classified as held for sale at 31 December 2019, consistently with 1 January 2019. These assets are presented within current assets.

The properties are held at a fair value of £1.7m (1 January 2019: £1.7m), based upon estimates of current market prices advised by independent estate agents at 31 December 2019. There were no fair value movements during the period charged to the Consolidated Income Statement (53 weeks ended 1 January 2019: £0.1m).

22. Trade and other payables

Trade and other payables comprise:

	31 December 2019 £m	1 January 2019 £m
Trade payables	**128.4**	113.1
Other payables	**9.8**	8.3
Taxation and social security	**81.1**	101.1
Accruals	**202.5**	164.8
	421.8	387.3

The average credit period taken for trade purchases is 20 days (period ended 1 January 2019: 13 days).

The directors consider that the carrying amount of trade payables approximates their fair value.

Included in trade payables is an amount of £82.9m (1 January 2019: £77.1m) in respect of amounts due to clients, representing deposits received and customer winnings. This is offset by an equivalent or greater amount of cash held, which is included in cash and cash equivalents.

The Group has not used any supplier financing arrangements in the period.

23. Provisions

Provisions comprise:

	Triennial mitigation £m	Other property £m	Other restructuring costs £m	Indirect tax provision £m	Legal provision £m	Total £m
As at 1 January 2019	–	7.4	0.9	–	–	8.3
Provision assumed on acquisition (note 18)	–	–	–	43.9	3.0	46.9
Charged/(credited) to profit or loss						
Additional provisions recognised	43.9	–	–	9.8	–	53.7
Unused amounts reversed	(0.2)	(1.2)	–	–	–	(1.4)
Total charged/(credited) to profit or loss	43.7	(1.2)	–	9.8	–	52.3
Provisions utilised	(26.3)	(1.8)	(0.9)	–	–	(29.0)
As at 31 December 2019	**17.4**	**4.4**	**–**	**53.7**	**3.0**	**78.5**

Triennial Mitigation

As part of the Triennial Review mitigation restructuring programme (note 3), the Group recognised a provision relating to the associated costs of closure of 713 shops within the period. These costs were fully provided for in the period, with £15.8m held within current liabilities and £1.6m within non-current liabilities.

Other property

The Group has property provisions relating to costs for LBOs that have ceased to trade as part of normal trading activities outside of the specific Triennial Review mitigation restructuring programme.

Other restructuring costs

As part of the transformation programme (note 3), the Group had previously recognised certain provisions for staff severance.

Indirect tax provision

As part of the acquisition of Mr Green & Co AB, the Group acquired a provision relating to a gaming tax liability in Austria, where the Austrian tax authority believes that foreign gaming companies should be liable to pay gaming taxes in Austria. Post-acquisition, the Group has continued to provide for the gaming taxes, including interest, assessed by the Austrian tax authority until this matter is resolved.

Legal provision

At the time of our acquisition of Mr Green & Co AB, the UK facing gaming business was subject to an investigation arising from systemic compliance failings following a corporate evaluation undertaken by the Gambling Commission in summer 2018. Since we completed our acquisition we have implemented enhanced policies and processes designed to ensure that the business meets all requisite compliance standards. The provision corresponds to a fine from the Gambling Commission relating to the failings identified and we expect to conclude a regulatory settlement with the Gambling Commission in line with the provision imminently.

24. Borrowings

	31 December 2019 £m	1 January 2019 £m
Borrowings at amortised cost		
Bank facilities	–	–
Less: expenses relating to bank facilities	(2.6)	(2.9)
£375m 4.25% Senior Unsecured Notes due 2020	203.4	375.0
Less: expenses relating to £375m 4.25% Senior Unsecured Notes due 2020	(0.2)	(0.8)
£350m 4.875% Senior Unsecured Notes due 2023	350.0	350.0
Less: expenses relating to £350m 4.875% Senior Unsecured Notes due 2023	(1.2)	(1.6)
£350m 4.75% Senior Unsecured Notes due 2026	350.0	–
Less: expenses relating to £350m 4.75% Senior Unsecured Notes due 2026	(2.7)	–
Total Borrowings	896.7	719.7
Less: Borrowings as due for settlement in 12 months	(203.2)	–
Total Borrowings as due for settlement after 12 months	693.5	719.7
The gross borrowings are repayable as follows:		
Amounts due for settlement within one year	203.4	–
In the second year	–	375.0
In the third to fifth years inclusive	350.0	350.0
After more than five years	350.0	–
	903.4	725.0

Bank facilities

At 31 December 2019, the Group had the following bank facilities:

Committed revolving credit facilities (RCF) of £425m (1 January 2019: £390m) provided by a syndicate of banks, expiring in October 2023. At the period end, £nil of these facilities were drawn down (1 January 2019: £nil).

An overdraft facility of £5m, of which £nil was drawn down at the period end (1 January 2019: £nil).

£425m Revolving Credit Facilities

Borrowings under the RCF are unsecured but are guaranteed by the Company and certain of its operating subsidiaries.

Borrowings under the facilities incur interest at LIBOR plus a margin of between 1.10% and 2.50%, determined by the Group's consolidated net debt to EBITDA ratio as defined in the facilities' agreement (note 25). A utilisation fee is payable if more than a certain percentage of the loan is drawn. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings.

Upfront participation and arrangement fees plus associated costs incurred in arranging the RCF have been capitalised in the Statement of Financial Position and are being amortised on a straight line basis over the life of the facilities.

Overdraft facility

At 31 December 2019, the Group had an overdraft facility with National Westminster Bank plc of £5m (1 January 2019: £5m). The balance on this facility at 31 December 2019 was £nil (1 January 2019: £nil).

Senior Unsecured Notes

(i) £375m 4.25% Senior Unsecured Notes due 2020

In June 2013, the Group issued £375m of senior unsecured notes and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the notes used to reduce outstanding amounts under the Group's RCF. The notes, which are guaranteed by the Company and certain of its operating subsidiaries, bear a coupon of 4.25% and mature in June 2020.

On 30 April 2019, the Company invited holders of its 2020 notes to tender such notes for purchase subject to the successful completion of the issue of the new 2026 notes. Since this condition was met, the Company was able to repurchase £170.2m of the 2020 notes. A further £1.4m was subsequently redeemed through a reverse enquiry leaving £203.4m outstanding.

(ii) £350m 4.875% Senior Unsecured Notes due 2023

On 27 May 2016, the Company issued £350m of senior unsecured notes and used the net proceeds to refinance the Company's existing debt and for general corporate purposes. The notes, which are guaranteed by the Company and certain of its operating subsidiaries, were issued with a coupon of 4.875% and mature in September 2023.

24. Borrowings continued

(iii) £350m 4.75% Senior Unsecured Notes due 2026

On 1 May 2019, the Company issued £350m of senior unsecured notes and used the net proceeds to refinance the Company's existing debt and for general corporate purposes. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, were issued with a coupon of 4.75% and mature in May 2026.

Finance fees and associated costs incurred on the issue of notes have been capitalised in the Statement of Financial Position and are being amortised over the life of the respective notes using the effective interest rate method.

Weighted average interest rates

The weighted average interest rates paid, including commitment fees, were as follows:

	52 weeks ended 31 December 2019 %	53 weeks ended 1 January 2019 %
2026 notes	**4.8**	–
2023 notes	**4.9**	5.0
2020 notes	**4.3**	4.3
Bank loans	**n/a**	n/a

We have not calculated a weighted average interest rate for bank facilities as these have not been used throughout the period.

Fair value of loans and facilities

The Company's £203.4m 4.25% Senior Unsecured Notes due 2020 are listed on the London Stock Exchange and at the period end date their fair value was £207.7m (1 January 2019: £374.3m).

The Company's £350m 4.875% Senior Unsecured Notes due 2023 are listed on the London Stock Exchange and at the period end date their fair value was £375.3m (1 January 2019: £348.3m).

The Company's £350m 4.75% Senior Unsecured Notes due 2026 are listed on the London Stock Exchange and at the period end date their fair value was £363.9m (1 January 2019: £nil).

25. Financial risk management

The Group's activities expose it to a variety of financial risks. Financial risk management is primarily carried out by the Group Treasurer with reference to risk management policies approved by the Board of Directors and supervised by the CFO. The Board approves written principles for risk management, as described in the Strategic Report on page 59. The principal financial risks faced by the Group comprise liquidity risk, financing risk, credit risk, interest rate risk, currency risk and pensions risk. These risks are managed as described below.

Liquidity risk

Liquidity risk is the risk that the Group has insufficient funds available to settle its liabilities as they fall due. The Group's business generates strong operating cash flows and the Group aims to maintain sufficient cash balances to meet its anticipated working capital requirements based on regularly updated cash flow forecasts. Liquidity requirements that cannot be met from operational cash flow or existing cash resources are satisfied by drawings under the Group's RCF. The Group maintains adequate committed but undrawn facilities to meet such requirements. Details of the Group's borrowing arrangements are provided in note 24.

The table below details the Group's expected maturity for its financial liabilities. The table has been drawn up on the undiscounted contractual maturities of the financial instruments, including interest that will be receivable or payable on them. Where applicable, interest payments in respect of the floating rate liabilities are estimated based on the one-month sterling LIBOR rate at the period end date.

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m	Total £m
31 December 2019					
2020 notes including interest	**207.1**	**–**	**–**	**–**	**207.1**
2023 notes including interest	**17.1**	**17.1**	**378.8**	**–**	**413.0**
2026 notes including interest	**16.6**	**16.6**	**49.9**	**372.1**	**455.2**
Bank loans including interest[1]	**1.9**	**1.9**	**3.3**	**–**	**7.1**
Other financial liabilities	**257.6**	**–**	**–**	**–**	**257.6**
Total	**500.3**	**35.6**	**432.0**	**372.1**	**1,340.0**
1 January 2019					
2020 notes including interest	15.9	381.8	–	–	397.7
2023 notes including interest	17.1	17.1	395.9	–	430.1
Bank loans including interest[1]	1.9	1.9	5.2	–	9.0
Other financial liabilities	243.0	–	–	–	243.0
Total	277.9	400.8	401.1	–	1,079.8

1. Bank loan interest includes commitment fees payable on the undrawn portion of the RCF.

Capital management and financing risk

The Group seeks to maintain an appropriate capital structure which enables it to continue as a going concern, supports its business strategy and takes into account the wider economic environment. The Group's capital comprises equity and debt finance, and these elements are managed to balance the requirements of the business and the interests of shareholders and debt stakeholders. The Group manages its capital structure through cash flows from operations, returns to shareholders in the form of dividends and share buybacks, the raising or repayment of debt and the raising of equity capital from investors.

Financing risk is the risk that the Group is unable to access sufficient finance to refinance its debt obligations as they fall due. The Group manages this risk by maintaining a balance between different funding sources including equity and debt. It seeks to mitigate its debt financing risk by diversifying its sources of debt capital. The bank loan and sterling corporate bond markets are currently used for this purpose. The Board also seeks to mitigate the Group's refinancing risk by having an appropriately balanced debt maturity profile.

Net debt to EBITDA ratio

The Group measures and monitors its leverage primarily through use of the net debt to EBITDA ratio. As one of the financial covenants under its revolving credit facilities, the Group must ensure that its net debt to trailing 12-month EBITDA does not exceed 3.5 times. Based on current forecasts, the Group expects to operate within these covenant limits throughout the lifetime of the facilities.

The net debt to EBITDA ratio is not a statutory measure and so its basis and composition may differ from other leverage measures published by other companies.

The net debt to EBITDA ratio was:

	31 December 2019 £m	1 January 2019 £m
Nominal value of bank loans	**–**	–
Nominal value of Senior Unsecured Notes (note 24)	**903.4**	725.0
Counter indemnity obligations under bank guarantees	**3.8**	3.9
Cash (excluding customer balances and other restricted cash) (note 20)	**(371.5)**	(420.8)
Net debt for covenant purposes	**535.7**	308.1
EBITDA for covenant purposes (see table below)	**226.2**	312.7
Net debt to EBITDA ratio	**2.4**	1.0

25. Financial risk management continued

EBITDA for covenant purposes is adjusted profit before depreciation, amortisation, interest, tax and share-based payments for continuing operations, and is calculated as follows:

	31 December 2019 £m	1 January 2019 £m
Adjusted profit before interest and tax	**147.0**	233.6
Depreciation	**23.2**	24.5
Amortisation of intangible assets	**57.3**	49.1
Share-based payments	**4.5**	5.5
Adjustment in respect of Mr Green[1]	**(1.3)**	–
'Frozen GAAP' adjustment[2]	**(2.3)**	–
Non-controlling interests share of EBITDA	**(2.2)**	–
EBITDA for covenant purposes	**226.2**	312.7

1. EBITDA for covenant purposes includes 12 months of results for the entire Group. For this purpose, the pre-acquisition loss of Mr Green for January 2019 is added to the consolidated 11 months results already included in the adjusted profit before interest and tax figure in the above table.
2. Adjusted profit before interest and tax in the above table includes the impact of the implementation of IFRS 16 'Leases' which came into effect this reporting period (note 32). EBITDA for covenant purposes is calculated on a 'Frozen GAAP' basis, meaning, based on accounting standards in effect at the inception of the RCF. An adjustment was therefore made to remove the net effect of the IFRS 16 'Leases' accounting entries.

Credit risk

The Group is exposed to credit risk from counterparties defaulting on their obligations, resulting in financial loss to the Group. It arises in relation to transactions with commercial counterparties and to transactions with financial institutions with which the Group deposits its surplus funds and from counterparties with which the Group has entered into derivative financial transactions. It also arises from customers who have been granted access to credit facilities.

The Group manages its counterparty risk by closely monitoring and, where appropriate, limiting the amount that can be deposited with any one institution and by restricting the counterparties with which it will deposit funds to institutions with specified minimum credit ratings or which meet specified criteria. The Group's policy is to mitigate its credit risk with respect to derivative transactions by using a number of different counterparties for material transactions.

Interest rate risk

Interest rate risk arises from the Group's borrowings. Protecting Group earnings from rising interest rates is predominantly achieved by fixing the interest costs on a significant proportion of the Group's debt.

Current treasury policy stipulates that at least 70% of the Group's debt should be at fixed rates. At 31 December 2019, all of the Group's borrowings were at fixed rates.

The Group also earns investment income from deposits placed with certain approved financial institutions. Based on the current level of variable interest bearing deposits and borrowing facilities, a 100 basis points change in interest rates would have the following impact on the Group financial statements:

	Increase of 100 basis points £m	Decrease of 100 basis points £m
Increase/(decrease) in profit	5.0	5.0
Increase/(decrease) in equity reserves	(1.7)	(1.7)

The directors have used a 100 basis points change in interest rates as they assess that this best illustrates the impact of plausible changes in interest rates on the Group's performance and financial position.

Currency risk

The Group earns revenues in foreign currencies, primarily euro and US dollar, which exposes it to foreign exchange risk. The Group mitigates this risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. Material individual foreign currency transaction exposures are considered for hedging on an ad hoc basis. As at 31 December 2019, the Group had no derivative contracts for currency hedging purposes (1 January 2019: £nil).

The Group is also exposed to foreign currency accounting translation risk on the earnings and net assets of its overseas operations which are denominated in foreign currencies. The Group does not hedge such translation risk.

Revenue by currency

Revenue by currency for continuing operations is analysed below:

	52 weeks ended 31 December 2019 %	53 weeks ended 1 January 2019 %
Sterling	**74.6**	85.1
Euro	**15.2**	6.9
US dollar	**8.8**	6.8
Other currencies	**1.4**	1.2
Total	**100.0**	100.0

Pensions risk

The Group operates defined benefit and defined contribution pension schemes for its employees. Pensions risk arises in respect of the defined benefit scheme where the cost of funding retirement benefits ultimately falls upon the Group. The last triennial actuarial valuation as at 30 September 2016 showed a funding surplus on the defined benefit scheme of £1.5m. The Group agreed to pay £9.8m to the scheme towards ongoing funding requirements, the costs of life assurance and the costs of running the scheme during 2019 and a further £3.6m for the next reporting period. On completion of the triennial actuarial valuation as at 30 September 2019, the Group will be agreeing a revised schedule of contributions with the Trustees.

The Group seeks to manage the cash flow impact arising from pensions risk. Accordingly, the defined benefit scheme was closed to new entrants in 2002 and was restricted as to future accrual from April 2011. The Group attempts to further manage its exposure by agreeing with the Pension Scheme Trustees the assumptions to be used to calculate the scheme liabilities, the investment strategy to be followed and any cash contributions to be made by the Group.

26. Financial instruments

The carrying value of the Group's financial instruments by category, as defined by IFRS 9 'Financial Instruments', (together with non-financial instruments for reconciling purposes) is analysed as follows:

	31 December 2019 £m	1 January 2019 £m
Fair value through the Income Statement		
Investments (note 16)	**0.1**	–
Fair value through Other Comprehensive Income		
Investments (note 16)	**0.3**	21.4
Amortised cost		
Cash and cash equivalents (note 20)	**459.8**	510.5
Trade and other receivables (note 19)	**15.3**	13.8
Loans receivable (note 35)	**9.9**	4.8
Total financial assets	**485.4**	550.5
Non-financial assets	**1,519.1**	961.2
Total assets	**2,004.5**	1,511.7
Fair value through the Income Statement		
Ante post bets (note 27)	**(17.6)**	(14.9)
Derivative financial liability[1]	**(1.4)**	–
Liabilities at amortised cost		
Borrowings (note 24)	**(896.7)**	(719.7)
Trade and other payables	**(294.7)**	(228.1)
Total financial liabilities	**(1,210.4)**	(962.7)
Non-financial liabilities	**(473.9)**	(250.1)
Total liabilities	**(1,684.3)**	(1,212.8)
Net assets	**320.2**	298.9

1. The derivative financial liability relates to a specific level 3 instrument relating to a contractual liability in the event of certain exit events. The directors have not disclosed full financial instruments disclosures on this liability as the valuation is not considered material.

The directors believe that, owing to the nature of the Group's non-derivative financial instruments, the carrying value equates to the fair value, apart from borrowings where the fair value is disclosed in note 24.

26. Financial instruments continued

Fair value hierarchy

The hierarchy (as defined in IFRS 13 'Fair Value Measurement') of the Group's financial instruments carried at fair value was as follows:

	31 December 2019				1 January 2019			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets/(liabilities) held at fair value								
Ante post bet liabilities (note 27)	**–**	**–**	**(17.6)**	**(17.6)**	–	–	(14.9)	(14.9)
Mr Green	**–**	**–**	**–**	**–**	19.2	–	–	19.2
Featurespace	**–**	**–**	**–**	**–**	–	2.1	–	2.1
Total	**–**	**–**	**(17.6)**	**(17.6)**	19.2	2.1	(14.9)	6.4

A reconciliation of movements on level 3 instruments is provided in the table below.

	Ante post bet liabilities £m
At 1 January 2019	**(14.9)**
Total losses:	
To profit or loss	(0.7)
Net settlements	(2.0)
Disposals	–
At 31 December 2019	**(17.6)**

27. Derivative financial instruments

Ante post bets

Ante post bets are a liability arising from an open position at the period end date in accordance with the Group's accounting policy for derivative financial instruments. Ante post bets at the period end totalled £17.6m (1 January 2019: £14.9m) and are classified as current liabilities.

Ante post bet liabilities are valued using methods and inputs that are not based upon observable market data and all fair value movements are recognised in revenue in the Income Statement. Although the final value will be determined by future betting outcomes, there are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined. The principal assumptions relate to the Group's historic gross win margins by betting markets and segments. Although these margins vary across markets and segments, they are expected to stay broadly consistent over time, only varying in the short term. The gross win margins are reviewed annually at period end. As at 31 December 2019, the gross win margins ranged from 2%-25%.

A derivative financial liability of £1.4m relates to a specific level 3 instrument relating to a contractual liability in the event of certain exit events. The directors have not disclosed full financial instruments disclosures on this liability as the valuation is not considered material.

28. Deferred tax

The following are the deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current period:

	At 1 January 2019 £m	Additions £m	Amount (charged) to reserves £m	Amount credited/ (charged) to income £m	Transfer to disposal group held for sale	Amount credited to Other Comprehensive Income £m	**At 31 December 2019 £m**
Fixed asset timing differences	7.4	0.3	0.4	(11.7)	–	–	**(3.6)**
Retirement benefit obligations	(6.9)	–	–	(1.6)	–	0.3	**(8.2)**
Licences and other intangibles	(55.3)	(5.1)	–	(0.2)	1.0	–	**(59.6)**
Other timing differences	0.2	–	–	11.0	–	–	**11.2**
Share remuneration	0.4	–	1.4	0.5	–	–	**2.3**
Tax losses	2.3	–	(0.4)	18.2	–	–	**20.1**
	(51.9)	(4.8)	1.4	16.2	1.0	0.3	**(37.8)**

The enacted future rate of UK corporation tax of 17.0% (53 weeks ended 1 January 2019: 17.0%), the Gibraltar statutory income tax rate of 10.0% (53 weeks ended 1 January 2019: 10.0%), the Maltese effective tax rate of 5.0% and the effective US federal and state tax rates of 23.8% (53 weeks ended 1 January 2019: 21.0%) have been used to calculate the amount of deferred tax.

The Group has recognised £43.5m (2018: £11.9m) of deferred tax assets, including £20.1m (2018: £2.3m) in respect of unutilised tax losses which are available in companies which are anticipated to make future profits. The Group has un-utilised tax losses of £46.5m (2018: £9.0m) in entities which are not anticipated to make profits in the foreseeable future and for which no deferred tax has been recognised.

Other temporary differences include a deferred tax asset of £8.3m in relation to interest restrictions for which an asset has been recognised to the extent that sufficient taxable temporary differences exist at the period end date.

Certain deferred tax assets and liabilities have been offset in the above analysis. The deferred tax liability for fixed asset timing differences of £3.6m includes deferred tax liabilities of £13.5m, offset by deferred tax assets of £9.9m in other tax jurisdictions. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31 December 2019 £m	1 January 2019 £m
Deferred tax liabilities	**(81.3)**	(63.8)
Deferred tax assets	**43.5**	11.9
	(37.8)	(51.9)

29. Called-up share capital

	31 December 2019		1 January 2019	
	Number of shares	£m	Number of shares	£m
Called-up, authorised, allotted and fully paid – ordinary shares of 10p each:				
At start of period	**887,295,272**	**88.7**	887,295,272	88.7
Shares issued[1]	**13,430,434**	**1.3**	–	–
At end of period	**900,725,706**	**90.0**	887,295,272	88.7

1. Shares issued relate to Eldorado.

The Company has one class of ordinary shares, which carry no right to fixed income.

30. Own shares

	£m
At 1 January 2019	(88.0)
Purchase and issue of own shares	(0.5)
Transfer of own shares to recipients	1.5
At 31 December 2019	**(87.0)**

Own shares held comprise:

	31 December 2019			1 January 2019		
	Number of shares	Nominal value £m	Cost £m	Number of shares	Nominal value £m	Cost £m
William Hill Holdings Employee Benefit Trust	**2,642**	**0.0**	**0.0**	544,387	0.1	1.8
Treasury shares	**26,579,661**	**2.7**	**87.0**	26,682,615	2.6	86.2
	26,582,303	**2.7**	**87.0**	27,227,002	2.7	88.0

The shares held either in treasury or in the William Hill Holdings Employee Benefit Trust (EBT) were purchased at a weighted average price of £3.27 (1 January 2019: £3.22).

Further to the shareholders' resolution of the Company passed at the AGM held on Wednesday 15 May 2019, the Company purchased 323,846 of its own shares during the period (1 January 2019: nil). The shares previously acquired under the share repurchase programme are all held in treasury with no shares cancelled in the period. The Company has the authority, under the shareholders' resolution passed on Wednesday 15 May 2019, to purchase up to a maximum of 85,888,268 shares of the Company. The minimum price (exclusive of all expenses) which may be paid for an ordinary share is 10p (being the nominal value of the ordinary share). The maximum price (exclusive of all expenses) which may be paid for an ordinary share is an amount equal to the higher of:

- 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and
- the amount stipulated by Article 5(6) of the Market Abuse Regulation (Exemption for buy-back programmes and stabilisation).

The authority conferred, unless varied, revoked or renewed prior to such time, expires at the earlier of the conclusion of the next AGM of the Company or on 30 June 2019.

31. Notes to the cash flow statement

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Profit/(loss) before interest and tax	**12.9**	(687.9)
Adjustments for:		
Share of results of associates	**(0.9)**	(2.9)
Depreciation of property, plant and equipment	**66.6**	24.5
Amortisation of intangibles	**75.6**	51.6
Impairment of Retail segment and right-of-use lease assets	**47.3**	882.8
Provision for LBO closures	**43.9**	–
Guaranteed minimum pension equalisation	**–**	1.4
Gain on disposal of property, plant and equipment	**(3.2)**	(0.1)
Vacant property provisions including gains on early settlement of vacant property leases	**–**	(0.3)
Cost charged in respect of share remuneration	**4.5**	5.5
Defined benefit pension cost less cash contributions	**(8.6)**	(8.5)
Fair value movements on investment property	**–**	0.1
Fair value movements on derivative financial instruments	**4.1**	2.0
Loss on disposal of Australian operations	**–**	6.8
Operating cash flows before movements in working capital:	**242.2**	275.0
Decrease/(increase) in receivables	**14.8**	(2.6)
Decrease in payables	**(26.8)**	(28.4)
Cash generated by operations	**230.2**	244.0
Income taxes paid	**(3.1)**	(11.3)
Interest paid	**(39.0)**	(35.6)
Interest paid on leases	**(5.1)**	–
Net cash from operating activities – continuing operations	**183.0**	197.1
Net cash from operating activities – discontinued operations	**–**	1.0

The following is a reconciliation of liabilities arising from financing activities:

	31 December 2019 £m	1 January 2019 £m
Total liabilities from financing activities at the beginning of the period	**719.7**	720.5
Recognition of lease liabilities on adoption of IFRS16	**190.2**	–
Lease acquisitions and reassessments	**21.9**	–
Net cash flows	**122.0**	(3.1)
Other non-cash movements	**8.2**	2.3
Foreign exchange movements	**–**	–
Total liabilities from financing activities at the end of the period	**1,062.0**	719.7

32. IFRS 16 'Leases'

IFRS 16 'Leases' has replaced IAS 17 'Leases' in its entirety. The distinction between operating leases and finance leases for lessees is removed and it results in most leases being recognised on the Statement of Financial Position as a right-of-use asset and a lease liability. For leases previously classified as operating leases, the lease cost has changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability. The Group's previously classified operating leases include rentals payable by the Group for certain of its LBOs and office properties and amounts payable for the use of certain office and computer equipment and vehicles.

The Group has applied IFRS 16 using the modified retrospective approach. A lease liability has been recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate. A right-of-use asset has been recognised equal to the lease liability adjusted for prepaid and accrued lease payments. The Group has applied the below practical expedients permitted under the modified retrospective approach:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- apply a single discount rate to a portfolio of leases with similar characteristics – the weighted average of the discount rates used on transition was 2.76%;
- adjust the right-of-use asset on transition by any previously recognised onerous lease provisions;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

The following reconciliation to the opening balance for the lease liabilities as at 2 January 2019 is based upon the operating lease obligations as at 1 January 2019:

	£m
Minimum lease payments under operating leases at 1 January 2019	**228.9**
Short-term and low-value leases not recognised as liabilities	**(21.8)**
Gross lease liabilities as at 2 January 2019	**207.1**
Effect of discounting using the incremental borrowing rate at 2 January 2019	**(16.9)**
Present value of lease liabilities at 2 January 2019	**190.2**
Present value of finance lease liabilities under IAS 17 as 1 January 2019	**–**
Lease liabilities recognised as at 2 January 2019	**190.2**

The cumulative impact of the changes made to the Consolidated Statement of Financial Position as at 2 January 2019 for the adoption of IFRS 16 is summarised as follows:

	1 January 2019 (as previously reported) £m	IFRS 16 adoption effect £m	2 January 2019 £m
Non-current assets			
Property, plant and equipment	**149.8**	196.1	**345.9**
Current assets			
Trade and other receivables	**61.7**	(5.9)	**55.8**
Total assets	**1,511.7**	190.2	**1,701.9**
Current liabilities			
Lease liabilities	**–**	(43.7)	**(43.7)**
Non-current liabilities			
Lease liabilities	**–**	(146.5)	**(146.5)**
Total liabilities	**(1,212.8)**	(190.2)	**(1,403.0)**
Net assets	**298.9**	–	**298.9**

32. IFRS 16 'Leases' continued

The impact of the adjustments made to adjusted results in the Consolidated Income Statement for the 52 weeks ended 31 December 2019 due to the adoption of IFRS 16 is summarised as follows:

	£m
Decrease in Other operating expenses	**45.8**
Increase in Depreciation	**(43.5)**
Profit before interest and tax	**2.3**
Finance costs	**(5.1)**
Loss before tax	**(2.8)**

A schedule detailing a maturity analysis of the contractual undiscounted cash flows is as follows:

	£m
Due within one year	**52.8**
Due between one and two years	**41.4**
Due between two and three years	**32.2**
Due between three and four years	**24.5**
Due between four and five years	**17.8**
Due beyond five years	**52.6**

33. Share-based payments

The Group had the following share-based payment schemes in operation during the period, all of which will be settled by equity:

- Performance Share Plan (PSP), Executive Bonus Matching Scheme (EBMS), Restricted Share Plan (RSP) and Retention Awards (RA), encompassing awards made in the years from 2015 to 2019; and
- Save As You Earn (SAYE) share option schemes encompassing grants made in the years from 2014 to 2019.

Details of these schemes are provided on pages 93 to 119 in the directors' Remuneration Report and below.

Costs of schemes

The costs of the schemes during the period, excluding accrued social security costs, were:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
PSP, EBMS, RSP and RA	**3.2**	4.3
SAYE schemes	**1.3**	1.2
	4.5	5.5

PSP, EBMS, RSP and RA

The PSP provides conditional awards of shares dependent on the Group's Adjusted EPS growth, Total Shareholder Return (TSR) performance and certain business performance measures over a three or four-year period, as well as continued employment of the individual at the date of vesting (awards are usually forfeited if the employee leaves the Group voluntarily before the awards vest). EBMS shares are partly deferred shares conditional on continued employment of the individual at the date of vesting and partly share awards dependent on the Group's EPS growth, as well as continued employment at the date of vesting. EBMS awards must be exercised within one month from their vesting date, which is three years after their grant date. If PSP options remain unexercised after a period of ten years from the date of grant, the options lapse.

The RSP and RA are deferred grants of shares contingent upon continued employment.

The PSP, EBMS, RSP and RA are conditional awards of shares for which the recipients do not have to pay an exercise price. The weighted average share price at the date of exercise for share awards exercised during the period was £1.53 (53 weeks ended 1 January 2019: £3.11). The awards outstanding at 31 December 2019 had a remaining weighted average contractual life of 7.8 years (1 January 2019: 7.2 years).

Options under these schemes are as follows:

	31 December 2019 Number	1 January 2019 Number
Outstanding at beginning of the period	**9,117,577**	9,504,531
Granted during the period	**5,833,205**	3,622,562
Forfeited during the period	**(573,969)**	(1,842,349)
Exercised during the period	**(902,246)**	(2,167,167)
Outstanding at the end of the period	**13,474,567**	9,117,577
Exercisable at the end of the period	**–**	–

SAYE schemes

Options under the SAYE schemes, which are open to all eligible employees, are based on a two, three or five-year monthly savings contract. Options under the scheme are granted with an exercise price up to 20% below the share price when the savings contract is entered into. The options remain valid for six months beyond the end of the relevant savings contract.

The exercise prices for the 2014, 2015, 2016, 2017, 2018 and 2019 SAYE schemes were £2.73, £3.03, £2.64, £1.96, £1.99 and £1.45 respectively.

There were no shares exercised during the period, whilst the weighted average share price for the 53 weeks ended 1 January 2019 was £3.23. The options outstanding at 31 December 2019 had a remaining weighted average contractual life of 2.7 years (1 January 2019: 2.6 years).

Options under these schemes are as follows:

	31 December 2019		1 January 2019	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at beginning of the period	**9,596,748**	**2.14**	10,049,039	2.28
Granted during the period	**5,622,307**	**1.45**	3,629,606	1.99
Forfeited during the period	**(5,399,799)**	**2.15**	(3,580,404)	2.32
Exercised during the period	**–**	**–**	(501,493)	2.59
Outstanding at the end of the period	**9,819,256**	**1.74**	9,596,748	2.14
Exercisable at the end of the period	**713,674**	**2.65**	728,699	3.04

Fair values of share-based payments

Share-based payments are valued using the Black-Scholes-Merton pricing formula. The inputs are as follows:

	SAYE		PSP, EBMS, RSP, RA	
	31 December 2019	1 January 2019	31 December 2019	1 January 2019
Weighted average share price at date of grant	**£1.81**	£2.50	**£1.61**	£2.65
Weighted average exercise price	**£1.45**	£1.99	**£nil**	£nil
Expected volatility	**30%**	31%	**30%**	31%
Expected life	**3-5 years**	3-5 years	**1-3 years**	1-3 years
Risk free interest rate	**0.6%**	1.2%	**0.6%**	1.2%
Expected dividend yield	**4.8%**	4.1%	**4.8%**	4.1%

Expected volatility was determined by calculating the historical volatility of the Group's shares over a period matching the option life. The expected life of the option used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For PSP, the value of the option has also been adjusted to take into account the market conditions applicable to the option (i.e., TSR requirements) by applying a discount to the option value.

This discount is calculated based on an estimate of the probability of achieving the relevant condition and was 25% for the 52 weeks ended 31 December 2019 (53 weeks ended 1 January 2019: 25%).

The weighted average fair value of the awards granted under the PSP, EBMS, RSP and RA schemes at the date of grant was £1.52 per option (1 January 2019: £2.90). The weighted average fair value of the options granted under SAYE grants at the date of grant was £0.32 per option (53 weeks ended 1 January 2019: £0.54).

34. Retirement benefit schemes

The Group operates a number of defined contribution and defined benefit pension schemes. The UK schemes are operated under a single trust and the assets of all the schemes are held separately from those of the Group in funds under the control of trustees.

The respective costs of these schemes are as follows:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Defined contribution schemes (charged to profit before interest and tax)	**10.5**	10.0
Defined benefit scheme (charged to profit before interest and tax)	**1.2**	2.2
Defined benefit scheme (credited to investment income)	**(1.3)**	(1.5)
Defined benefit scheme (charged to other comprehensive income)	**2.0**	27.3
	12.4	38.0

Defined contribution schemes

The defined contribution schemes, to which both the Group and employees contribute to fund the benefits, are available for all eligible employees. The only obligation of the Group with respect to these schemes is to make the specified contributions.

The total cost charged to income in respect of these schemes represents contributions payable to the schemes by the Group at rates specified in the rules of the respective schemes. At 31 December 2019, contributions of £nil (1 January 2019: £0.5m) due in respect of the current reporting period were outstanding to be paid over to the schemes.

Defined benefit scheme

The Group also operates a defined benefit scheme in the UK for eligible employees which closed to new members in 2002. Under the scheme, employees are entitled to retirement benefits varying between 1.67% and 3.33% of final pensionable pay for each year of service on attainment of a retirement age of 63. With effect from 1 April 2011, the defined benefit scheme was closed to future accrual but maintains the link for benefits accrued up to 31 March 2011 with future salary increases (up to a maximum of 5% per annum). Employed members of this scheme were automatically transferred into one of the defined contribution schemes. The costs of administering the scheme are borne by the Group.

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 30 September 2016 and updated to 31 December 2019 by a qualified independent actuary. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

Guaranteed minimum pensions (GMP)

Following the judgement in the Lloyds case on 26 October 2018, the need to equalise for the effect of differences in guaranteed minimum pensions (GMP) between males and females was made more certain and consequently an allowance for the effect of GMP equalisation was made in the prior reporting period. The Scheme's Actuary estimated that the potential GMP equalisation cost as at 1 January 2019 was £1.4m. This was included within the defined benefit obligation as at 1 January 2019 and was recognised as a past service cost within exceptional items (note 3). No updates have been made to this figure for the period to 31 December 2019.

Pension Increase exchange (PIE)

The Group wrote to some pensioner members of the UK defined benefit scheme in October 2019 to offer them a Pension Increase Exchange (PIE) option. This option gave these individuals the opportunity to reshape their pension benefits by exchanging some of the future inflationary increases to their pensions for a one-off uplift to their pension now (but which would not then increase each year). Individuals had until late January 2020 to accept the option, otherwise their pensions would continue unchanged.

The PIE option has been recognised as a plan amendment, resulting in a past service credit of £1.5m as at 31 December 2019. This figure represents the change in the present value of the defined benefit obligation from those members who returned acceptance forms for the PIE option by the period end date, as well as an allowance for the assumed impact for individuals who accept the PIE option in January 2020. This has been recognised within adjusted results, i.e., it has not been classified as exceptional, due to its size when including the increased administration expenses from administering the PIE and the directors do not believe this is a one-off item in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Funding valuation

The general principles adopted by the Trustees for the purposes of this funding valuation are that the assumptions used, taken as a whole, will be sufficiently prudent for pensions already in payment to continue to be paid and to reflect the commitments which will arise from members' accrued pension rights. The Group agreed to pay £9.8m to the scheme towards ongoing funding requirements, the costs of life assurance and the costs of running the scheme during 2019 and a further £3.6m for the next reporting period. On completion of the triennial actuarial valuation as at 30 September 2019, the Group will be agreeing a revised schedule of contributions with the Trustees.

The IAS 19 'Employee Benefits' position of the plan, as reflected in the Group Statement of Financial Position, is generally expected to differ from that of the triennial funding valuation assessment. The last triennial actuarial valuation as at 30 September 2016 showed a funding surplus on the defined benefit scheme of £1.5m compared to the £48.4m in our Statement of Financial Position as at 31 December 2019. The principal reasons for this difference are the requirements for prudence in the funding valuation (which contrasts with the IAS 19 best estimate principle) and the application of a prudent estimate of asset returns in the funding valuation (which contrasts with the IAS 19 requirement to use a discount rate derived from high quality corporate bonds). We also consider the fact that the valuations are at different dates. The accounting deficit figure is calculated as at the period end date of 31 December 2019, and the actuarial deficit was calculated as at 30 September 2016.

We have concluded, following professional advice, no adjustment is required to our accounting to reflect either the recovery of the current IAS 19 surplus or a minimum funding requirement; this reflects that the Group has an unconditional right to recover that surplus in the future.

In April 2018, the Trustees of the William Hill pension scheme signed a buy-in bulk annuity policy. The policy was taken out to insure a proportion of the defined benefit pension scheme obligation against the risk of rising costs in the future.

Disclosure of principal assumptions

The financial assumptions used by the actuary in determining the present value of the defined benefit scheme's liabilities were:

	31 December 2019	1 January 2019
Rate of increase of salaries	**2.0%**	2.0%
Rate of increase of pensions in payment	**2.9%**	3.0%
Rate of increase for deferred benefits	**2.3%**	2.2%
Discount rate	**2.0%**	2.8%
Rate of RPI inflation	**3.0%**	3.2%
Rate of CPI inflation	**2.3%**	2.2%

In accordance with the relevant accounting standard, the discount rate has been determined by reference to market yields at the period end date on high-quality fixed income investments at a term consistent with the expected duration of the liabilities. Price inflation is determined by the difference between the yields on fixed and index-linked Government bonds with an adjustment to allow for differences in the demand for these bonds, which can distort this figure. The Bank of England target inflation rate has also been considered in setting this assumption. The expected rate of salary growth and pension increases are set with reference to the expected rate of inflation. No change has been made to the basis of inflation applied to pension increases in the scheme.

The mortality assumption is kept under review and has been updated. The current life expectancies for a member underlying the value of the accrued liabilities are:

Life expectancy at age 65	**31 December 2019 years**	1 January 2019 years
Male retiring now	**21.2**	21.7
Male retiring in 25 years' time	**23.4**	23.9
Female retiring now	**23.7**	24.2
Female retiring in 25 years' time	**26.0**	26.4

The assets in the scheme are set out in the table below. Assets with quoted prices in an active market are identified separately.

	31 December 2019 £m	1 January 2019 £m
Equities (quoted)	**–**	–
Corporate bonds (quoted)	**88.4**	79.4
Corporate bonds (unquoted)	**2.6**	–
Multi-asset fund (unquoted)	**65.7**	67.6
Gilts and cash (quoted)	**10.5**	5.5
Gilts and cash (unquoted)	**115.2**	101.6
Buy-in asset	**137.7**	130.8
Total market value of assets	**420.1**	384.9
Present value of scheme liabilities	**(371.7)**	(344.4)
Surplus in scheme	**48.4**	40.5

The Group has recognised the scheme surplus as a non-current asset.

34. Retirement benefit schemes continued

Analysis of the amount charged/(credited) to adjusted profit before interest and tax:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Current service cost	**0.8**	1.0
Past service cost – scheme amendments	**(1.5)**	–
Administration expenses	**1.9**	1.2
Total operating charge	**1.2**	2.2

Analysis of the amounts recognised in the Consolidated Statement of Comprehensive Income:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Actual return less expected return on pension scheme assets	**(35.3)**	53.3
Actuarial loss/(gain) arising from changes in financial assumptions	**37.3**	(26.5)
Actuarial remeasurements	**2.0**	26.8

Movements in the present value of defined benefit obligations in the period were as follows:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
At beginning of period	**344.4**	392.0
Movement in period:		
Service cost	**0.8**	1.0
Interest cost	**9.1**	9.2
Remeasurements – changes in financial assumptions	**43.8**	(20.2)
Remeasurements – changes in demographic assumptions	**(8.6)**	(2.9)
Remeasurements – experience adjustments	**2.1**	(3.4)
Benefits paid	**(17.6)**	(31.7)
Insurance premium for risk benefits	**(0.8)**	(1.0)
Past service cost – scheme amendments	**(1.5)**	1.4
At end of period	**371.7**	344.4

Movements in the present value of fair value of scheme assets in the period were as follows:

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
At beginning of period	**384.9**	450.7
Movement in period:		
Interest income on plan assets	**10.4**	10.7
Remeasurements – return on plan assets (excluding interest income)	**35.3**	(53.3)
Contributions from sponsoring companies	**9.8**	10.7
Administration expenses charged to profit before interest and tax	**(1.9)**	(1.2)
Benefits paid	**(17.6)**	(31.7)
Insurance premium for risk benefits	**(0.8)**	(1.0)
At end of period	**420.1**	384.9

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated in the table that follows. The illustrations consider the single change shown, with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). In addition, changes in the assumptions may occur at the same time as changes in the market value of the scheme assets, which may or may not offset the change in assumptions.

Assumption	Changes in assumption	Impact on defined benefit obligation
Discount rate	Decrease by 0.25% p.a.	Increase by £15.4m
Discount rate	Increase by 0.25% p.a.	Decrease by £14.8m
Rate of increase in inflation	Increase by 0.25% p.a.	Increase by £9.2m
Rate of increase in inflation	Decrease by 0.25% p.a.	Decrease by £8.9m
Life expectancy	Members assumed to live one year longer	Increase by £19.1m

The sensitivity to price inflation includes the corresponding impact on CPI, revaluation in deferment and pension increases in payment. It does not include any adjustments to future salary increases.

Nature and extent of the risks arising from financial instruments held by the defined benefit scheme

Pension assets and liabilities (pre-tax) of £420.1m and £371.7m respectively were held on the Group's Statement of Financial Position at 31 December 2019 (1 January 2019: £384.9m and £344.4m respectively). Through the scheme, the Group is exposed to a number of potential risks as described below:

- asset volatility: the scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields; however, in addition to corporate bonds, the scheme invests in asset classes other than corporate bonds which may out or underperform corporate bonds in the long term but provide volatility and risk in the short term;
- changes in bond yields: the risk of a decrease in bond yields, which increases the value of the scheme liabilities, is partially offset by the upside benefit of an increase in the value of the scheme's bond holdings;
- inflation risk: a significant proportion of the scheme's defined benefit obligation is linked to inflation, and therefore higher inflation would result in a higher defined benefit liability. Although a proportion of the scheme's investments are in inflation-linked securities which should compensate for any changes in inflation, the balance of the scheme's assets is either unaffected by inflation or only loosely correlated with inflation and therefore an increase in inflation would also increase the deficit; and
- life expectancy: if the scheme's members live longer than expected, the scheme's benefits will need to be paid for longer, increasing the defined benefit obligation (longevity risk).

The Trustees and the Company manage the investment risk (asset volatility) in the scheme by investing c90% of the scheme's investments in Liability Driven Investments (LDI) strategies which aim to invest in assets whose values move broadly in tandem with changes in liability values arising from market movements.

The Company accepts and indemnifies the other residual risks in the scheme including longevity risk.

Funding

Alongside the risk assessment above, the Group agreed an ongoing funding requirement with the Trustees which expired on 31 December 2019. On completion of the triennial actuarial valuation as at 30 September 2019, the Group will be agreeing a revised schedule of contributions with the Trustees as described in note 25.

The weighted average duration of the scheme's defined benefit obligation as at 31 December 2019 is 17 years (1 January 2019: 18 years).

The undiscounted maturity profile of the defined benefit obligation between one and ten years is shown below:

	31 December 2019 £m	1 January 2019 £m
Less than one year	**10.7**	10.5
Between one and two years	**11.3**	11.1
Between two and five years	**37.4**	36.9
Between five and ten years	**73.6**	74.1

No allowance is made for commutation lump sums or individual transfers out due to the fluctuating nature of these payments.

35. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Trading transactions

Associates

During the period, the Group made purchases of £74.5m (53 weeks ended 1 January 2019: £73.3m) from Sports Information Services Limited, a subsidiary of the Group's associated undertaking, Sports Information Services (Holdings) Limited. At 31 December 2019, the amount receivable from and payable to Sports Information Services Limited by the Group was £nil (1 January 2019: £nil).

The Group made purchases of £4.5m from its associated undertaking, NeoGames. At 31 December 2019, £nil was payable to NeoGames in respect of purchases (1 January 2019: £nil). The Group made available a $15m loan facility to NeoGames in 2018. At 31 December 2019, $12.5m of the drawn down amount along with $0.4m associated interest was receivable from NeoGames (1 January 2019: $6m drawn down with $0.2m interest). This loan is considered to be low credit risk as Neogames have a low risk of default and a strong capacity to meet its contractual cash flow obligations in the near term.

During the period, the Group made purchases of £13k from Green Jade Games Ltd. At 31 December 2019, the amount payable by the Group was £5k.

All transactions with associates were made on market terms.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	52 weeks ended 31 December 2019 £m	53 weeks ended 1 January 2019 £m
Short-term employee benefits (including salaries)	**2.2**	2.5
Post-employment benefits (employer's contribution)	**0.2**	0.2
Share-based payments (IFRS 2 charges)	**0.5**	1.0
	2.9	3.7

The disclosures above include c£44,900 received by directors in respect of dividends on the Company's ordinary shares (53 weeks ended 1 January 2019: c£48,500).

The values presented above include share-based payments measured in accordance with IFRS 2. This is a different basis from that used for the presentation in the Directors' Remuneration Report (DRR). In addition, the above includes bonuses on a paid basis, whereas the DRR includes them on an accrued basis. Other than the inclusion of dividends, the timing of bonus inclusion and the basis of measurement of share-based payments, all values above are presented on a consistent basis with those disclosed in the DRR.

Pension schemes

The pension schemes of the Group are related parties. Arrangements between the Group and its pension schemes are disclosed in note 34.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Notes	31 December 2019 £m	1 January 2019 £m
Non-current assets:			
Non-current assets: Investments	4	**1,304.8**	1,038.2
Current assets:			
Trade and other receivables	5	**1,174.4**	2,259.8
Total assets		**2,479.2**	3,298.0
Current liabilities:			
Trade and other payables	6	**(35.3)**	(937.0)
Borrowings	7	**(203.2)**	–
Non-current liabilities:			
Borrowings	7	**(693.5)**	(719.7)
Total liabilities		**(932.0)**	(1,656.7)
Net assets		**1,547.2**	1,641.3
Equity			
Called-up share capital	8	**90.0**	88.7
Share premium account	9	**709.9**	689.4
Capital redemption reserve		**6.8**	6.8
Own shares held	10	**(87.0)**	(88.0)
Retained earnings		**827.5**	944.4
Total equity		**1,547.2**	1,641.3

The Company's loss for the period was £24.5m (53 weeks ended 1 January 2019: £2.4m loss).

The Parent Company financial statements of William Hill PLC, registered number 4212563, were approved by the Board of directors and authorised for issue on 26 February 2020 and are signed on its behalf by:

U Bengtsson
Director

R Prior
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 31 December 2019

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares held £m	Retained earnings £m	Total equity £m
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(88.0)**	**944.4**	**1,641.3**
Loss for the financial period	–	–	–	–	(24.5)	(24.5)
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(24.5)**	**(24.5)**
Purchase and issue of own shares (note 10)	–	–	–	(0.5)	–	(0.5)
Transfer of own shares to recipients (note 10)	–	–	–	1.5	(1.5)	–
Partnership with Eldorado (note 11)	1.3	20.5	–	–	–	21.8
Dividends paid (note 3)	–	–	–	–	(90.9)	(90.9)
At 31 December 2019	**90.0**	**709.9**	**6.8**	**(87.0)**	**827.5**	**1,547.2**

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares held £m	Retained earnings £m	Total equity £m
At 26 December 2017	**88.7**	**689.4**	**6.8**	**(97.0)**	**1,068.1**	**1,756.0**
Loss for the financial period	–	–	–	–	(2.4)	(2.4)
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(2.4)**	**(2.4)**
Purchase and issue of own shares (note 10)	–	–	–	–	–	–
Transfer of own shares to recipients (note 10)	–	–	–	9.0	(7.8)	1.2
Dividends paid (note 3)	–	–	–	–	(113.5)	(113.5)
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(88.0)**	**944.4**	**1,641.3**

PARENT COMPANY STATEMENT OF ACCOUNTING POLICIES

for the 52 weeks ended 31 December 2019

Significant accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100, and as such, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by section 408 of the Companies Act 2006, the Income Statement of the Company has not been presented.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, business combinations, presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

The principal accounting policies adopted are set out below.

Investments

Non-current asset investments are shown at cost less any accumulated impairment losses.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the period end date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transaction or at an average rate. Monetary assets and liabilities denominated in foreign currencies at the period end date are reported at the rates ruling at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement.

Finance costs

Finance costs and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the Income Statement using the effective interest rate method. Finance costs include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Interest-bearing borrowings

Interest-bearing borrowings are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premiums payable on settlement or redemption and direct issue costs, are charged on an accrual basis to the Income Statement using the effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any accrued finance costs are included in borrowings.

Own shares held

Own shares held in treasury and held in employment benefit trusts are included within equity.

Share-based payments

The Company issues equity-settled share-based payments to certain employees within the William Hill PLC Group and operates a number of HMRC-approved Save As You Earn (SAYE) share option schemes open to all eligible employees within the William Hill PLC Group, which allow the purchase of shares at a discount. The cost to the Company of both of these types of share-based payments is measured at fair value at the date of grant. Fair value is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and is borne by the employing Company within the Group.

Fair value is measured by use of the Black-Scholes-Merton pricing formula. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where relevant, the value of the option has also been adjusted to take into account any market conditions applicable to the option.

Further descriptions of the Group's share-based payment plans are given in note 33 to the Group financial statements.

Going concern

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, and in notes 24 and 25 to the Group financial statements.

As highlighted in notes 24 and 25 to the Group financial statements, the Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. These are supplemented when required by additional drawings under the Group's revolving credit bank loan facilities, which are committed until October 2023. Currently these facilities are undrawn and the Group holds a strong liquidity position with a cash balance of £371.5m (excluding customer balances and other restricted cash of £87.9m). The outstanding balance of the Group's 2020 £375m bond of £203.4m (note 24 to the Group financial statements) is repayable within the next 12 months and is shown as a current liability. The Group issued a new £350m bond in May 2019 and is using these proceeds in part to refinance this debt, which alongside the undrawn facility and existing working capital, will be used to meet this current liability.

Whilst there are a number of risks to the Group's trading performance, as summarised in the 'Managing our risks' section on pages 59 to 61, the Group is confident of its ability to continue to access sources of funding in the medium term. The Group's strategic forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available and expected future facilities and its banking covenants for the period of the strategic forecast. After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business, regulatory and financing risks and the potential risks and impacts of Brexit, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors do not consider that there are any judgements, estimates or assumptions that could lead to a material change in the carrying amounts of assets and liabilities.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Directors' remuneration and interests

The Company had no employees other than directors during the current or prior period. The Company did not operate any pension schemes during the current or prior period. Details of directors' remuneration, share interests, share options and other entitlements, which form part of these financial statements, are given in the parts of the Directors' Remuneration Report on pages 93 to 119 which are described as having been audited.

2. Income statement disclosures

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own Income Statement for the year.

The audit fee for the Company and the consolidated financial statements is disclosed in note 5 to the Group financial statements. Fees payable to Deloitte LLP and their associates for audit and non-audit services to the Company are not required to be disclosed because the Group financial statements disclose such fees on a consolidated basis.

3. Dividends proposed and paid

	52 weeks ended 31 December 2019 Per share	53 weeks ended 1 January 2019 Per share	**52 weeks ended 31 December 2019 £m**	53 weeks ended 1 January 2019 £m
Equity shares:				
Current period interim dividend paid	**2.7p**	4.3p	**23.2**	36.7
Prior period final dividend paid	**7.7p**	8.9p	**67.7**	76.8
	10.4p	13.2p	**90.9**	113.5
Proposed final dividend	**5.3p**	7.7p	**46.7**	66.6

Further details of dividends paid and proposed are shown in note 10 to the Group financial statements.

4. Investments

	£m
Cost and net book value at 26 December 2017	38.2
Investments in subsidiary undertakings[1]	1,000.0
Cost and net book value at 1 January 2019	1,038.2
Investments in subsidiary undertakings	266.6
At 31 December 2019	**1,304.8**

1. On 13 December 2018, the Company made a £1,000.0m capital contribution to its subsidiary, William Hill Holdings Limited. On the same date, two of the Company's subsidiaries repaid amounts owing to the Company totalling £1,000.0m.

During the period, the Company made investments of £244.8 m in Mr Green & Co AB and £21.8m in Eldorado Resorts, Inc partnership (note 11).

It is the opinion of the directors that the total value of the Company's investment in its subsidiaries is not less than the amounts at which they are stated in the Parent Company Statement of Financial Position.

All subsidiaries of the Company, their country of incorporation and ownership of their share capital are shown in the appendix to the Group financial statements.

5. Trade and other receivables

	31 December 2019 £m	1 January 2019 £m
Amounts owed by Group undertakings	**1,174.4**	2,259.8

6. Trade and other payables

	31 December 2019 £m	1 January 2019 £m
Amounts owed to Group undertakings	**25.6**	929.7
Accruals and deferred income	**9.7**	7.3
	35.3	937.0

7. Borrowings

	31 December 2019 £m	1 January 2019 £m
Borrowings at amortised cost		
Bank facilities	**–**	–
Less: expenses relating to bank facilities	**(2.6)**	(2.9)
£375m 4.25% Senior Unsecured Notes due 2020	**203.4**	375.0
Less: expenses relating to £375m 4.25% Senior Unsecured Notes due 2020	**(0.2)**	(0.8)
£350m 4.875% Senior Unsecured Notes due 2023	**350.0**	350.0
Less: expenses relating to £350m 4.875% Senior Unsecured Notes due 2023	**(1.2)**	(1.6)
£350m 4.75% Senior Unsecured Notes due 2026	**350.0**	–
Less: expenses relating to £350m 4.75% Senior Unsecured Notes due 2026	**(2.7)**	–
Total Borrowings	**896.7**	719.7
Less: Borrowings as due for settlement in 12 months	**(203.2)**	–
Total Borrowings as due for settlement after 12 months	**693.5**	719.7
The gross borrowings are repayable as follows:		
Amounts due for settlement within one year	**203.4**	–
In the second year	**–**	375.0
In the third to fifth years inclusive	**350.0**	350.0
After more than five years	**350.0**	–
	903.4	725.0

Bank facilities

At 31 December 2019, the Group had the following bank facilities:

Committed revolving credit facilities (RCF) of £425m (1 January 2019: £390m) provided by a syndicate of banks, expiring in October 2023. At the period end, £nil of these facilities was drawn down (1 January 2019: £nil).

An overdraft facility of £5m, of which £nil was drawn down at the period end (1 January 2019: £nil).

£425m Revolving Credit Facilities

Borrowings under the RCF are unsecured but are guaranteed by the Company and certain of its operating subsidiaries.

Borrowings under the facilities incur interest at LIBOR plus a margin of between 1.10% and 2.50%, determined by the Group's consolidated net debt to EBITDA ratio as defined in the facilities' agreement (note 25 to the Group financial statements). A utilisation fee is payable if more than a certain percentage of the loan is drawn. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings.

Upfront participation and arrangement fees plus associated costs incurred in arranging the RCF have been capitalised in the Statement of Financial Position and are being amortised on a straight-line basis over the life of the facilities.

Overdraft facility

At 31 December 2019, the Group had an overdraft facility with National Westminster Bank plc of £5m (1 January 2019: £5m). The balance on this facility at 31 December 2019 was £nil (1 January 2019: £nil).

Senior Unsecured Notes

(i) £375m 4.25% Senior Unsecured Notes due 2020

In June 2013, the Group issued £375m of senior unsecured notes and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the notes used to reduce outstanding amounts under the Group's RCF. The notes, which are guaranteed by the Company and certain of its operating subsidiaries, bear a coupon of 4.25% and mature in June 2020.

On 30 April 2019, the Company invited holders of its 2020 notes to tender such notes for purchase subject to the successful completion of the issue of the new 2026 notes. Since this condition was met, the Company was able to repurchase £170.2m of the 2020 notes, leaving £204.8m outstanding. A further £1.4m was subsequently redeemed through a reverse enquiry.

(ii) £350m 4.875% Senior Unsecured Notes due 2023

On 27 May 2016, the Company issued £350m of senior unsecured notes and used the net proceeds to refinance the Company's existing debt and for general corporate purposes. The notes, which are guaranteed by the Company and certain of its operating subsidiaries, were issued with a coupon of 4.875% and mature in September 2023.

(iii) £350m 4.75% Senior Unsecured Notes due 2026

On 1 May 2019, the Company issued £350m of senior unsecured notes and used the net proceeds to refinance the Company's existing debt and for general corporate purposes. The notes, which are guaranteed by the Company and certain of its operating subsidiaries, were issued with a coupon of 4.75% and mature in May 2026.

Finance fees and associated costs incurred on the issue of bonds have been capitalised in the Statement of Financial Position and are being amortised over the life of the respective bonds using the effective interest rate method.

Further details of borrowings are shown in note 24 to the Group financial statements.

8. Called-up share capital

	31 December 2019		1 January 2019	
	Number of shares	£m	Number of shares	£m
Called-up, authorised, allotted and fully paid – ordinary shares of 10p each:				
At start of period	**887,295,272**	**88.7**	887,295,272	88.7
Shares issued in the period	**13,430,434**	**1.3**	–	–
At end of period	**900,725,706**	**90.0**	887,295,272	88.7

The Company has one class of ordinary shares, which carry no right to fixed income.

Share options

Options have been granted to subscribe for ordinary shares of the Company under various share option and award schemes as shown below:

	Number of shares under option	Price per share	Exercise period
Performance Share Plan (2015)	98,506	Nil	Between 2019 and 2025
Performance Share Plan (2016)	1,437,249	Nil	Between 2020 and 2026
Performance Share Plan (2017)	2,376,447	Nil	Between 2020 and 2027
Performance Share Plan (2018)	2,791,899	Nil	Between 2021 and 2028
Performance Share Plan (2019)	5,502,268	Nil	Between 2022 and 2029
Executive Bonus Matching Scheme (2017)	79,400	Nil	Between 2020 and 2021
Executive Bonus Matching Scheme (2018)	456,356	Nil	Between 2020 and 2022
Executive Bonus Matching Scheme (2019)	320,037	Nil	Between 2020and 2022
Restricted Share Plan (2017)	58,958	Nil	Between 2020 and 2021
Restricted Share Plan (2018)	77,968	Nil	Between 2020 and 2022
Restricted Share Plan (2019)	275,752	Nil	Between 2020 and 2029
SAYE 2014	69,431	£2.73	Between 2017 and 2020
SAYE 2015	54,153	£3.03	Between 2020 and 2021
SAYE 2016	721,165	£2.64	Between 2019 and 2022
SAYE 2017	2,056,005	£1.96	Between 2020 and 2023
SAYE 2018	1,448,249	£1.99	Between 2021 and 2024
SAYE 2019	5,470,293	£1.45	Between 2022 and 2025

Note 33 to the Group financial statements has further information on these schemes, including the valuation models and assumptions used.

9. Share premium

	31 December 2019 £m	1 January 2019 £m
At start of period	**689.4**	689.4
Shares issued in the period	**20.5**	–
At end of period	**709.9**	689.4

10. Own shares

	£m
At 1 January 2019	(88.0)
Purchase and issue of own shares	(0.5)
Transfer of own shares to recipients	1.5
At 31 December 2019	**(87.0)**

Own shares held comprise:

	31 December 2019			1 January 2019		
	Number of shares	**Nominal value £m**	**Cost £m**	Number of shares	Nominal value £m	Cost £m
William Hill Holdings Employee Benefit Trust	**2,642**	**0.0**	**0.0**	544,387	0.1	1.8
Treasury shares	**26,579,661**	**2.7**	**87.0**	26,682,615	2.6	86.2
	26,582,303	**2.7**	**87.0**	27,227,002	2.7	88.0

The shares held either in treasury or in the William Hill Holdings Employee Benefit Trust (EBT) were purchased at a weighted average price of £3.27 (1 January 2019: £3.22).

Further to the shareholders' resolution of the Company passed at the AGM held on 15 May 2019, the Company purchased 323,846 of its own shares during the period (1 January 2019: nil). The shares previously acquired under the share repurchase programme are all held in treasury with no shares cancelled in the period. The Company has the authority, under the shareholders' resolution passed on 15 May 2019, to purchase up to a maximum of 87,406,213 shares of the Company. The minimum price (exclusive of all expenses) which may be paid for an ordinary share is 10p (being the nominal value of the ordinary share). The maximum price (exclusive of all expenses) which may be paid for an ordinary share is an amount equal to the higher of:

- 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and
- the higher of the price of the last independent trade and the highest independent current bid on the London Stock Exchange at the time the purchase is carried out.

The authority conferred, unless varied, revoked or renewed prior to such time, expires at the earlier of the conclusion of the next AGM of the Company or on 30 June 2020.

11. Investments

Eldorado Resorts, Inc. partnership

On 6 September 2018, the Company announced a partnership between William Hill US and Eldorado Resorts, Inc. (Eldorado). This partnership agreement obtained all regulatory clearances on 29 January 2019.

This agreement led to William Hill US becoming the exclusive partner in the provision of betting services conducted through all retail and online channels and gaming services in online channels at or attached to all current and future Eldorado properties. As part of the agreement Eldorado received 13,430,434 William Hill PLC shares, which are subject to an initial 3-5 year lock-up period, as well as a 20% shareholding in William Hill US and 40% of betting and gaming profits generated in respect of Eldorado properties. The agreement is for an initial 25-year term.

William Hill Plc issued 13,430,434 ordinary shares to Eldorado with a nominal value of 10p each. Shares were issued at a premium of 152.77p per share, making a total of 162.77p per share.

Mr Green & Co AB

On 28 January 2019, the Company completed the acquisition of Mr Green & Co AB, acquiring 95% of the issued share capital for £241.1m. Subsequently, the Company acquired the remaining 1.5% of the issued share capital for £3.7m. See note 18 to the Group financial statements for further details.

12. Financial commitments

The Company had no capital commitments at 31 December 2019 (1 January 2019: £nil).

The Company had no commitments under non-cancellable operating leases at 31 December 2019 (1 January 2019 £nil).

FIVE-YEAR SUMMARY

(Unaudited)

	2019 £m	2018 £m	2017[1] £m	2016[1] £m	2015[1] £m
Summarised results:					
Revenue	**1,581.7**	1,621.3	1,711.1	1,603.8	1,590.9
Profit/(loss) before interest and tax	**12.9**	(687.9)	(43.7)	225.6	224.3
(Loss)/profit before tax	**(37.6)**	(721.9)	(74.6)	181.3	184.7
(Loss)/profit for the period attributable to equity holders of the parent	**(26.9)**	(716.1)	(83.2)	164.5	189.9
Summarised statements of financial position:					
Assets employed:					
Non-current assets	**1,487.6**	937.8	1,968.6	2,151.0	2,003.8
Current assets	**516.9**	573.9	393.4	291.7	342.9
Current liabilities	**(782.2)**	(429.3)	(477.9)	(410.1)	(663.2)
Non-current liabilities	**(902.1)**	(783.5)	(821.4)	(807.1)	(467.7)
Net assets	**320.2**	298.9	1,062.7	1,225.5	1,215.8
Financed by:					
Equity attributable to equity holders of the parent	**312.9**	298.9	1,062.7	1,225.5	1,215.8
Equity attributable to non-controlling interests	**7.3**	–	–	–	–
Total equity	**320.2**	298.9	1,062.7	1,225.5	1,215.8
Key statistics:					
Adjusted operating profit[2]	**147.0**	233.6	291.3	261.5	291.4
Adjusted basic earnings per share	**10.7p**	20.6p	27.6p	22.3p	24.7p
Adjusted diluted earnings per share	**10.7p**	20.4p	(9.7p)	18.8p	21.5p
Dividends per share (paid)	**10.4p**	13.2p	12.7p	12.5p	12.3p
Share price – high	**£2.05**	£3.45	£3.18	£4.16	£4.32
Share price – low	**£1.28**	£1.48	£2.39	£2.36	£3.12

1. The results above are for continuing operations at that point in time. The 2015-2017 results includes the performance of the Australian operations which were disposed of on 23 April 2018.
2. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3 to the Group financial statements.

STATEMENT OF GROUP ACCOUNTING POLICIES

General information

William Hill PLC is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Bedford Avenue, London, WC1B 3AU. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 61 and note 2.

These financial statements are presented in pounds sterling, because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with our accounting policies.

Basis of accounting

The Group financial statements have been prepared in accordance with IFRSs as issued by the IASB and endorsed by the European Union.

The Group financial statements have been prepared on the historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in our accounting policies. The key accounting policies adopted are set out on page 139.

Below is a complete list of the remaining accounting policies adopted.

Adoption of new and revised standards

In preparing the Group financial statements for the current period, the Group has adopted the following new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations. IFRS 16 has had a significant impact on the net assets of the Group. All other standards do not have a significant impact on the results or net assets of the Group. Key changes are detailed below:

IAS 12 (amended)	Income Taxes
IAS 19 (amended)	Employee Benefits
IAS 23 (amended)	Borrowing Costs
IAS 28 (amended)	Investments in Associates and Joint Ventures
IAS 40 (amended)	Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 1 (amended)	First-time Adoption of International Financial Reporting Standards
IFRS 2 (amended)	Share-based Payment
IFRS 3 (amended)	Business Combinations
IFRS 9	Financial Instruments
IFRS 11 (amended)	Joint Arrangements
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' sets out the requirements for recognising, classifying and measuring financial assets, financial liabilities and general hedge accounting. This standard has replaced IAS 39 'Financial Instruments Recognition and Measurement.' The Group has elected not to restate prior period comparative financial information on adoption of IFRS 9.

Classification and measurement

New classification and measurement criteria require financial assets to be classified into one of the three categories being amortised cost, fair value through other comprehensive income or fair value through profit or loss. The vast majority of the Group's financial assets were previously recorded at amortised cost and this continues to be the case. At half year, the Group held an investment that it elected to classify as fair value through the profit and loss under IFRS 9. The Group disposed of this investment in the period and the gain from this disposal has been recognised in the Consolidated Income Statement (note 16). The Group holds a number of small investments that it has elected to classify as fair value through other comprehensive income.

There are no significant classification differences between IFRS 9 and IAS 39 for financial liabilities, and as such, our classification of financial liabilities remains unchanged.

Impairment

IFRS 9 requires the Group to use an expected credit loss model for its financial assets measured at amortised cost, on either a 12-month or a lifetime basis. The Group's financial assets at amortised cost currently consist of cash and cash equivalents, trade receivables and loans receivable. None of these financial assets have a significant financing component, and the Group applies the simplified approach and records lifetime expected losses on all trade receivables and loans receivable measured at amortised cost.

Hedge accounting

The general hedge accounting mechanism of IAS 39 has been retained, however greater flexibility has been introduced over the instruments eligible for hedge accounting and effectiveness testing. The changes relating to hedge accounting have not impacted the Group's financial statements.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 'Revenue from contracts with customers' establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group's core revenues of sports betting and gaming are not within the scope of IFRS 15. This is due to these revenues being treated as derivatives under IFRS 9 'Financial Instruments' and thus falling out the scope of IFRS 15. The Group's other income streams mostly represents service provider income, rents receivable on properties let by the Group and bookmaking software licensing income. Rents receivable is also not within the scope of IFRS 15.

The Group has elected to apply the Cumulative Effect Method of transition and therefore prior period financial information is not restated retrospectively in line with IFRS 15.

Adoption of this standard has not had a material impact on the Group financial statements or its revenue recognition accounting policy.

Standards in issue but not effective

At the date of authorisation of the Group financial statements, the following Standards, amendments and Interpretations, which have not been applied in these Group financial statements, were in issue but not yet effective:

New standards	
IFRS 17	Insurance Contracts

Amendments and interpretations	
IAS 1 (amended)	Presentation of Financial Statements
IAS 8 (amended)	Accounting Policies, Changes in Accounting Estimates and Errors
IFRS 7 (amended)	Financial Instruments: Disclosures

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) up to 31 December 2019. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired, including separately identifiable intangible assets, is recognised as goodwill. Any discount on acquisition, i.e., where the cost of acquisition is below the fair values of the identifiable net assets acquired, is credited to the Income Statement in the period of acquisition.

Interests in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in the Group financial statements using the equity method of accounting. Interests in associates are carried in the Statement of Financial Position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those entities are not recognised.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the entity at the date of acquisition is recognised as goodwill within the interests in associates line. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the entity at the date of acquisition (i.e., discount on acquisition) is credited to the Income Statement in the period of acquisition.

Where a Group Company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant entity. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities, including separately identifiable intangible assets, of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment income

Interest income is included within investment income and is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

At inception of a contract, the Group considers whether the contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using an appropriate discount rate. A right-of-use asset is also recognised equal to the lease liability and depreciated over the period from the commencement date to the earlier of, the end of the useful life of the right-of-use asset or the end of the lease term. The Group has assessed the lease term of properties within its retail estate to be up to the first available contractual break within the lease. The group has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Group's retail business. The Group has also applied the below practical expedients:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- apply a single discount rate to a portfolio of leases with similar characteristics – the weighted average of the discount rates used on transition was 2.76%;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

This policy is applied to contracts entered into, or modified, on or after January 2, 2019.

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each period end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities, where the changes in fair value are recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Group makes efforts to match its foreign currency assets and liabilities and, where necessary, the Group takes out foreign currency hedges.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the period end date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the spot rate for significant items is used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Finance costs

Finance costs and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the Income Statement using the effective interest rate method. Finance costs include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Profit before interest and tax

Profit before interest and tax is stated after the share of results of associates but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each period end date. Actuarial remeasurements are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the Statement of Other Comprehensive Income.

The net retirement benefit asset or obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the period end date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Internally generated intangible assets – computer software and systems

Expenditure on initial investigation and research of computer software and systems is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development of computer systems is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives, generally between three and ten years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets – licences

Betting licences recognised in acquisitions are recorded at fair value. They are judged to have an indefinite life and are accordingly not amortised but are subject to annual impairment reviews. The directors consider that the Group's licences have an indefinite life owing to: the fact that the Group is a significant operator in a well-established market; the proven and sustained demand for bookmaking services; and the Group's track record of successfully renewing its betting permits and licences.

Intangible assets arising on acquisitions

Intangible assets arising on acquisitions are recorded at their fair value.

Amortisation is provided at rates calculated to write off the valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Acquired brands	– assessed separately for each asset, with lives ranging up to 20 years
Customer relationships	– between 18 months and eight years
Bookmaking and mobile technology	– between three and five years
Wagering/lottery contracts	– ten to 12 years

Property, plant and equipment

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the Statement of Financial Position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is provided on all property plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	– 50 years
Long leasehold properties	– 50 years
Short leasehold properties	– over the unexpired period of the lease
Short leasehold improvements	– the shorter of ten years or the unexpired period of the lease
Fixtures, fittings and equipment and motor vehicles	– at variable rates between three and ten years
Right-of-use asset	– reasonably certain lease term

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property plant and equipment and intangible assets

At each period end date, the Group reviews the carrying amounts of its goodwill, property plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. This process is described in more detail in note 12 to the financial statements.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Other than for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the point that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Share-based payments

The Group issues equity-settled share-based payments to certain employees and operates an HMRC-approved Save As You Earn share option scheme open to all eligible employees which allows the purchase of shares at a discount. The cost to the Group of share-based payment plans is measured at fair value at the date of grant. Fair value is expensed on a straight-line basis over the vesting period, adjusted for the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes-Merton pricing formula. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where relevant, the value of the option has also been adjusted to take into account any market conditions applicable to the option.

At each period end date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment in reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme or resign from the Group. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is recognised in the Consolidated Income Statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits held by the Group with an original maturity of three months or less, including amounts retained by payment service providers.

Receivables

Trade and other receivables are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance. This generally results in their recognition at nominal value less an allowance for any estimated irrecoverable amounts. In previous periods, the allowance for irrecoverable amounts was recognised under an 'incurred loss' model. From 2 January 2019 the allowance for irrecoverable amounts is recognised based on management's expectation of losses occurring, rather than when the loss has actually been incurred (an 'expected credit loss' model).

Loans receivable

Loans receivable comprise loans granted to other parties which have fixed or determinable payments and are not quoted in an active market. These are measured at amortised cost, less any impairment, with interest income recognised using the effective interest method. Impairments are recognised using the same expected credit loss model as described above.

Investments

Investments comprise shareholdings in entities where the Group is not in a position to have control, joint control or significant influence over the financial and operating policy decisions of the entity. The Group elects to classify investments as either fair value through other comprehensive income or fair value through profit or loss on a case by case basis. Investments are revalued to fair value at each period end date with any fair value movements recognised in other comprehensive income or the Income Statement respectively. The fair value is measured based on the share price of the entity.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group derecognises financial liabilities when and only when the Group's obligations are discharged, cancelled or otherwise expire.

Interest-bearing borrowings

Interest-bearing borrowings are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premia payable on settlement or redemption and direct issue costs, are charged on an accrual basis to the Income Statement using the effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any accrued finance costs are included in borrowings .

Payables

Trade and other payables are not interest-bearing and are initially measured at fair value, and subsequently at their amortised cost.

Derivative financial instruments and hedge accounting

The Group's activities expose it to the risks of changes in interest rates and foreign currency exchange rates. The Group may use fixed rate borrowings to hedge some of its interest rate exposure. The Group may make use of foreign currency forwards to hedge a proportion of its largest net foreign currency transactional exposures. Where possible and practicable, the Group retains foreign currency cash balances equivalent to its foreign currency liabilities to hedge its exposure to foreign currency exchange rates. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of directors, which provide written principles on the use of financial derivatives.

All derivative financial instruments are initially measured at fair value at the contract date and are remeasured to their fair value at subsequent reporting dates. Changes in fair value of any derivative instrument that is not part of a hedging relationship are recognised immediately in the Income Statement.

For any derivative instrument that is part of a cash-flow hedging relationship which is designated as effective, changes in the fair value of the derivative financial instruments are recognised directly in equity. Changes in the fair value of ineffective hedges, including the ineffective portion of effective hedges, are recognised immediately in the Income Statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the line of the Income Statement relating to the hedged item, in the same period in which the hedged item affects net profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts, and the host contracts are not carried at fair value with unrealised gains or losses reported in the Income Statement under other operating expenses.

Ante post bets are carried at fair market value as they meet the definition of a derivative. The resulting gains and losses from bets are included in revenue. The net liability resulting from open positions is reported on the Statement of Financial Position under the term Derivative financial instruments.

Appendix

Subsidiaries and other related undertakings

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 31 December 2019. Unless otherwise stated, the undertakings listed below are 100% owned, either directly or indirectly, by William Hill PLC.

Name of subsidiary and other related undertakings
Will Hill Limited
William Hill Finance Limited
William Hill Holdings Limited
William Hill Investments Limited
Willstan Properties Limited
William Hill Steeplechase Limited
Grand Parade Limited
WHG Services Limited

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings as at 31 December 2019, the address of their registered office and their country of incorporation is shown below. The entire issued share capital is held within the Group except where otherwise shown.

		Proportion of all classes of issued share capital owned by the Company
Directly owned:		
William Hill Holdings Limited [1]	Great Britain	100%
WHUS TechCo, Inc. [33]	USA	100%
Mr Green & Co AB [34]	Sweden	100%

Held through intermediate companies

Name of subsidiary and other related undertakings	Country of incorporation	% holding
Ad-gency Limited (entered dissolution process in 2018) [9]	Israel	100%
Admar Services (Gibraltar) Ltd [28]	Gibraltar	100%
Admar Services (Malta) Ltd [24]	Malta	100%
A.J.Schofield Limited [1]	Great Britain	100%
American Wagering, Inc. [3]	USA	100%
Arena Racing Limited [1]	Great Britain	100%
Arthur Roye (Turf Accountants) Limited [1]	Great Britain	100%
Arthur Wilson Limited [1]	Great Britain	100%
AWI Gaming, Inc. [3]	USA	100%
AWI Manufacturing, Inc. [3]	USA	100%
B.B.O'Connor (Lottery) Limited [4]	Jersey	100%
B.J.O'Connor Limited [4]	Jersey	100%
B.J.O'Connor Holdings Limited [4]	Jersey	100%
Baseflame Limited [1]	Great Britain	100%
Bill Taylor of Huyton Limited [1]	Great Britain	100%
Bookhost Limited [1]	Great Britain	100%
Bradlow Limited [1]	Great Britain	100%
Brandywine Bookmaking, LLC [3]	USA	100%
Brooke Bookmakers Limited [1]	Great Britain	100%
BW Sub Co. [3]	USA	100%
Camec (Provincial) Limited [1]	Great Britain	100%
Camec (Scotland) Limited [1]	Great Britain	100%
Camec (Southern) Limited [1]	Great Britain	100%
Camec (Western) Limited [1]	Great Britain	100%
Camec Limited [1]	Great Britain	100%
Cellpoint Investments Limited [10]	Cyprus	100%
City Tote Limited [1]	Great Britain	100%
Cleveley House Limited (awaiting dissolution) [7]	Guernsey	100%

Name of subsidiary and other related undertakings	Country of incorporation	% holding
Computerized Bookmaking Systems, Inc. [3]	USA	100%
Concession Bookmakers Limited [1]	Great Britain	100%
Daniel McLaren Limited [1]	Great Britain	100%
Dansk Underholding Ltd [24]	Malta	100%
Dawcar Limited [1]	Great Britain	100%
Deluxe Online Limited [1]	Great Britain	100%
Demmy Investments Limited [1]	Great Britain	100%
Deviceguide Limited [1]	Great Britain	100%
Douglas Tyler Limited [1]	Great Britain	100%
Eclipse Bookmakers Limited [1]	Great Britain	100%
Evenmedia Limited [1]	Great Britain	100%
Eventip Limited [1]	Great Britain	100%
Evoke Gaming Ltd [24]	Malta	100%
Fred Parkinson Management Limited [1]	Great Britain	100%
Gearnet Limited [1]	Great Britain	100%
Goodfigure Limited [1]	Great Britain	100%
Grand Parade Limited [1]	Great Britain	100%
Grand Parade sp. z o.o [17]	Poland	100%
Green Gaming Group PLC [24]	Malta	100%
Green Jade Games Ltd [26]	Malta	27%
Groatbray Limited [1]	Great Britain	100%
Gus Carter (Cash) Limited [1]	Great Britain	100%
Gus Carter Limited [1]	Great Britain	100%
Ivy Lodge Limited [7]	Guernsey	100%
James Lane (Bookmaker) Limited [1]	Great Britain	100%
James Lane Group Limited [1]	Great Britain	100%
James Lane (Turf Accountants) Limited [1]	Great Britain	100%
Laystall Limited [1]	Great Britain	100%
Les Rosiers Limited [7]	Guernsey	100%
Lucky Choice Limited [18]	Great Britain	33%
Matsbest Limited [1]	Great Britain	100%
Matsdom Limited [1]	Great Britain	100%
Matsgood Limited [1]	Great Britain	100%
Mr Green & Co Optionsbarare AB [34]	Sweden	100%
Mr Green Australia Pty [32]	Australia	100%
Mr Green Consultancy Services Ltd [1]	Great Britain	100%
Mr Green Consulting AB [23]	Sweden	100%
Mr Green Limited [24]	Malta	100%
MRG IP Ltd [24]	Malta	100%
MRG Spain PLC [24]	Malta	100%
Nalim Limited [1]	Great Britain	100%
NeoGames S.a.r.l [22]	Luxembourg	30.9%
Pandashield Limited [1]	Great Britain	100%
Phonethread Limited [1]	Great Britain	100%
Premier Bookmakers Limited [1]	Great Britain	100%
Regency Bookmakers (Midlands) Limited [1]	Great Britain	100%
Regionmodel Limited [1]	Great Britain	100%
Selwyn Demmy (Racing) Limited [1]	Great Britain	100%
Sherman Racing (Western) Limited [1]	Great Britain	100%
SIA Mr Green Latvia [29]	Latvia	75%
SIA Viensviens.lv [29]	Latvia	75%
Sports Information Services (Holdings) Limited [19]	Great Britain	19.5%
St James Place Limited [7]	Guernsey	100%
T H Jennings (Harlow Pools) Limited [1]	Great Britain	100%
The Sporting Club and Investment Company of Ireland Limited (Sold Feb 2020) [6]	Ireland	100%

Name of subsidiary and other related undertakings	Country of incorporation	% holding
The William Hill Foundation [1]	Great Britain	100%
Trackcycle Limited [1]	Great Britain	100%
Transdawn Limited [1]	Great Britain	100%
Vickers Bookmakers Limited [1]	Great Britain	100%
Vynplex Limited [1]	Great Britain	100%
WHG Customer Services Philippines, Inc. [8]	Philippines	100%
WHG IP Licensing Limited [2]	Gibraltar	100%
WHG Italia S.R.L [15]	Italy	100%
WHG Online Marketing Spain S.A. [27]	Spain	100%
WHG Services (Philippines) Ltd [2]	Gibraltar	100%
WHG Services Estonia OU (entered dissolution process in 2019) [12]	Estonia	100%
WHG Services Limited [1]	Great Britain	100%
WHG Trading Limited [2]	Gibraltar	100%
WHG (International) Limited [2]	Gibraltar	100%
WHG Services (Bulgaria) Limited EOOD [11]	Bulgaria	100%
WHG Spain PLC [2]	Gibraltar	100%
WHG-IP Partnership [2]	Gibraltar	100%
Will Hill Limited [1]	Great Britain	100%
William Hill (Alba) Limited [20]	Great Britain	100%
William Hill (Caledonian) Limited [20]	Great Britain	100%
William Hill (Course) Limited [1]	Great Britain	100%
William Hill (Edgeware Road) Limited [1]	Great Britain	100%
William Hill (Effects) Limited [1]	Great Britain	100%
William Hill (Essex) Limited [1]	Great Britain	100%
William Hill (Football) Limited [1]	Great Britain	100%
William Hill (Goods) Limited [1]	Great Britain	100%
William Hill (Grampian) Limited [20]	Great Britain	100%
William Hill (IOM) No.3 Limited [5]	Isle of Man	100%
William Hill (London) Limited [1]	Great Britain	100%
William Hill (Malta) Limited [13]	Malta	100%
William Hill (Midlands) Limited [1]	Great Britain	100%
William Hill (North Eastern) Limited [1]	Great Britain	100%
William Hill (North Western) Limited [1]	Great Britain	100%
William Hill (Northern) Limited [1]	Great Britain	100%
William Hill (Products) Limited [1]	Great Britain	100%
William Hill (Resources) Limited [1]	Great Britain	100%
William Hill (Scotland) Limited [20]	Great Britain	100%
William Hill (Southern) Limited [1]	Great Britain	100%
William Hill (Stock) Limited [1]	Great Britain	100%
William Hill (Strathclyde) Limited [20]	Great Britain	100%
William Hill (Supplies) Limited [1]	Great Britain	100%
William Hill (Wares) Limited [1]	Great Britain	100%
William Hill (Western) Limited [1]	Great Britain	100%
William Hill Bookmakers (Ireland) Limited [6]	Ireland	100%
William Hill Call Centre Limited [6]	Ireland	100%
William Hill Credit Limited [1]	Great Britain	100%
William Hill DFSB Inc. [33]	USA	100%
William Hill Employee Shares Trustee Limited [1]	Great Britain	100%
William Hill Finance Limited [1]	Great Britain	100%
William Hill Gametek AB [23]	Sweden	100%
William Hill Index (London) Limited [1]	Great Britain	100%
William Hill Investments Limited [1]	Great Britain	100%
William Hill Leisure Limited [1]	Great Britain	100%
William Hill Malta PLC [25]	Malta	100%
William Hill Nevada I [3]	USA	100%

Name of subsidiary and other related undertakings	Country of incorporation	% holding
William Hill Nevada II [3]	USA	100%
William Hill New Jersey, Inc. [3]	USA	100%
William Hill Offshore Limited [6]	Ireland	100%
William Hill Organization Limited [1]	Great Britain	100%
William Hill Steeplechase Limited [2]	Gibraltar	100%
William Hill Trustee Limited [1]	Great Britain	100%
William Hill US Holdco, Inc. [3]	USA	80%
Willstan (I.O.M) Limited (Sold Feb 2020) [5]	Isle of Man	100%
Willstan Limited (Sold Feb 2020) [21]	Northern Ireland	100%
Willstan Properties Limited [21]	Northern Ireland	100%
Willstan Racing (Ireland) Limited [6]	Ireland	100%
Willstan Racing Holdings Limited [1]	Great Britain	100%
Willstan Racing Limited [1]	Great Britain	100%
Windsors (Sporting Investments) Limited [1]	Great Britain	100%
Winning Post Racing Limited [1]	Great Britain	100%
Wise Entertainment DK ApS [30]	Denmark	100%
Wizard's Hat Ltd [13]	Malta	100%
Sports Information Services (Holdings) Limited [19]	Great Britain	19.5%
49's Limited [18]	Great Britain	33%

The proportion of voting rights held is the same as the proportion of shares held.

The registered addresses of the locations of the Group's undertakings are as follows:

1. Great Britain: 1 Bedford Avenue, London, WC1B 3AU
2. Gibraltar: 6/1 Waterport Place, Gibraltar
3. USA: 6325 S. Rainbow Blvd, Suite 100, Las Vegas NV 89118, United States
4. Jersey: PO Box 384, 6 Hilgrove Street, St Helier, Jersey, Channel Islands
5. Isle of Man: First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF
6. Ireland: 39/40 Upper Mount Street, Dublin 2, Republic of Ireland
7. Guernsey: 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, GY1 1EL
8. Philippines: 11th Floor, Net Lima Plaza, 5th Avenue, corner 26th St, Crescent Park West, Bonifacio Global City, Taguig City, Philippines
9. Israel: Azrielli Square Tower, floors 31&32 132 Menachim Begin Road, Tel Aviv, 67011, Israel
10. Cyprus: Ioanni Stylianou, 6 2nd Floor, Flat/office 202, 2003 Nicosia, Cyprus
11. Bulgaria: 115-L Tsarigradsilo Shosse Blvd, European Trade Center, Building C, Floor 5
12. Estonia: Maakri tn 23a 10145, Talinn Linn, Harju Maakond, Republic of Estonia
13. Malta: No. 217 Suite 4, 21st September Avenue, Naxxar, Malta
14. Spain: Zurabaran, numero 9, Local Derecha, Madrid
15. Italy: Via San Giovanni, Sul Muro 18 Milano, Milan, Italy
16. Italy: Piazza di Monte Citoria, 115 00186,Rome, Italy
17. Poland: Ul. Prądnicka 20a 30-002 Kraków
18. Great Britain: Dudley House, 169 Piccadilly, W1J 9EH
19. Great Britain: Whitehall Avenue, Milton Keynes, MK10 0AX
20. Great Britain: 44 St Enoch Square, Glasgow G1 4DH
21. Northern Ireland: 369 Newtownards Road, Belfast BT4 1AJ
22. Luxembourg: 5 Rue de Bonnevoie, L-1260, Luxembourg
23. Sweden: Master Samuelsgaten 36, SE-111 57 Stockholm
24. Malta: Level 7, Tagliaferro Business Centre, 14 High Street, Sliema, SLM 1549
25. Malta: Level G (Office 1/2429), Quantum House, 75 Abate Rigord St Ta'Xbiex, XBX 1120
26. Malta: 1 Ajiree Court, /testaferrata Street, XBX1402 Ta'Xbiex
27. Spain: Calle Alcala, 55-PISO 1, 28014 Madrid
28. Gibraltar: Suite 7, Hadfield house, Library Street GX11 1AA
29. Latvia: Riga, Dzimavu iela 37-45 LV-1010
30. Denmark: Tuborgvel 5, 2900 Hellerup
31. USA: 100 W. Liberty Reno NV89501
32. Australia: Addisons Lawyers, Level 12, 60 Carrington Street, Sydney, NSW 2000
33. USA: 160 Greentree Drive, Suite 101, Dover
34. Sweden: c/o William Hill Gametek, Box 16277, 10324 Stockholm

ABBREVIATIONS AND GLOSSARY

Actives
Customers who transacted in the period

Adjusted operating profit
Profit from continuing operations before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3 to the Group financial statements

AGM
Annual General Meeting

Amounts wagered
This is an industry term that represents the gross takings on sports betting

ARPU
Average revenue per user, calculated as revenue divided by the number of actives in the period

Caesars
Caesars Entertainment Corporation

CAGR
Compound Annual Growth Rate

CG Technology
Formerly known as Cantor Gaming

Company
William Hill PLC, the ultimate holding Company of the William Hill Group

CMA
The UK Competition and Markets Authority

CPA
Cost per acquisition, calculated as marketing costs (including affiliates but excluding fair value adjustments) divided by the number of new accounts recorded in the period

CR
Corporate Responsibility

Direct revenue
Direct revenue is measured at the fair value of consideration received or receivable from customers and represents amount received for goods and services that the Group is in business to provide, net of discounts, marketing inducements and VAT

EBITDA
Earnings before interest, taxation, depreciation and amortisation

EBMS
Executive Bonus Matching Scheme

Eldorado
Eldorado Resorts, Inc.

EPS
Earnings per share

FVAs
Fair value adjustments. These are principally free bets, which are recorded as a cost between gross win and net revenue

Gambling Commission
The Gambling Commission for Great Britain, the regulatory body for casinos, bingo clubs, gaming machines, betting, remote gambling and lotteries

Group
The Company and its subsidiaries or any of them, as the context may require

Gross win
Gross win is an industry measure which is calculated as total customer stakes less customer winnings. This measure is non-statutory and differs from net revenue in that it is stated prior to deductions for free bets and customer bonuses. It is used by management to evaluate the impact of sporting results on performance

Gross win margin
This is an industry measure that represents gross win as a proportion of amounts wagered

H2GC
H2 Gambling Capital

HMRC
HM Revenue and Customs

Horseracing levy
A levy attributable to bets taken on UK horseracing and payable to the Horserace Betting Levy Board, primarily for the purposes of augmenting prize money available for winning horses and providing certain racecourse amenities

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IBAS
Independent Betting Adjudication Service

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standards

KPI
Key Performance Indicator

LBO
Licensed Betting Office

LTIP
Long Term Incentive Plan

MGD
Machine Games Duty. A duty charged by the UK Government on gaming machine net revenue

Mr Green
Mr Green & Co AB

NeoGames
NeoGames S.a.r.l and subsidiaries

Net debt for covenant purposes
Net debt less certain restricted cash items of which the largest is balances in customers' accounts. This is not a statutory measure and may differ from loan covenant measures used by other companies

Net revenue
This is an industry term equivalent to Revenue as described in the notes to the financial statements

New accounts
Customers who opened and deposited into an account in the period

NYX
NYX Gaming Group Limited and subsidiaries

PASPA
Professional and Amateur Sports Protection Act 1992

PBIT
Profit Before Interest and Tax

PSP
Performance Share Plan

RGD
Remote Gaming Duty, which is charged by the UK Government at 21% of gross win on gaming

RIDDOR
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

RSP
Restricted Share Plan

Service provider revenue
Service provider revenue is receivable from third-party operators where the Group provides sportsbooks and gaming services to the operator

SIS
Sports Information Services (Holdings) Limited or its subsidiary Sports Information Services Limited, as the context requires

Sportsbook
Bets placed and accepted online on sporting and other events, or via OTC and SSBTs in Retail

Sports book
The dedicated sports betting areas operated within casinos in the US

SSBT
Self-Service Betting Terminal

Triennial Review
In 2018, the UK Government announced that the maximum stake on Fixed Odds Betting Terminals (FOBT), also known as B2 gaming products, would be limited to £2

TSR
Total Shareholder Return

US Existing
The William Hill US operations that existed prior to PASPA being overturned by the Supreme Court of the US in May 2018

US Expansion
The William Hill US operations that have been added or expanded since PASPA was overturned by the Supreme Court of the US in May 2018

VAT
Value Added Tax

William Hill or the Group
The Company and its subsidiaries or any of them, as the context may require

SHAREHOLDER INFORMATION

William Hill PLC listed on the London Stock Exchange on 20 June 2002 and the share price on listing was 225p. Shareholders can access the current share price on www.williamhillplc.com.

To find the shop closest to you, go to our shop locator on www.williamhillplc.com.

Financial calendar

2019 Full-Year Results	26 February 2020
2019 Final Dividend Record Date	24 April 2020
2020 Annual General Meeting	15 May 2020
2019 Final Dividend Payment Date	4 June 2020
2020 Half-Year Results	5 August 2020

Registrar

The registrar of the Company is Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (www.computershare.com). Telephone 0370 703 6251. Please contact Computershare for advice regarding transfer of shares, change of name or loss of share certificate. Computershare will be able to change your address or add/change your bank mandate over the telephone and reissue outstanding dividend payments subject to an administration charge.

You may give instructions for your dividend to be used to purchase additional William Hill shares and full details of the Dividend Reinvestment Plan (DRIP) can be found in the Investor Relations section of our corporate website (www.williamhillplc.com) under shareholder centre. A DRIP Election Form and Terms and Conditions can be obtained from Computershare Investor Services PLC, in writing, by telephoning the number above or online at www.investorcentre.co.uk, in the Downloadable Forms section.

Professional advisers

Auditor

Deloitte LLP
1 New Street Square
London EC4A 3BZ

Financial adviser and corporate broker

Citi
Citigroup Centre
33 Canada Square
London E14 5LB

Corporate broker

Barclays
5 The North Colonnade
Canary Wharf
London E14 4BB

Legal adviser

Slaughter and May
1 Bunhill Row
London EC1Y 8YY

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

William Hill PLC

Cautionary note regarding forward-looking statements

This Annual Report and Accounts (Annual Report) includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Report and the information incorporated by reference into this Annual Report, and may include statements regarding the intentions, beliefs or current expectations of the Directors, William Hill or the Group concerning, amongst other things: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies, the expansion and growth of the Group's business operations; and (iii) the effects of government regulation and industry changes on the business of the Group. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond William Hill's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this Annual Report and/or the information incorporated by reference into this Annual Report.

Any forward-looking statements made by or on behalf of the William Hill Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this Annual Report, and are subject to risks relating to future events, other risks, uncertainties and assumptions relating to William Hill's operations and growth strategy, and a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Undue reliance should not be placed on any forward-looking statements. Before making any investment decision in relation to William Hill, you should specifically consider the factors identified in this document, in addition to the risk factors that may affect William Hill's operations, which are described under "Managing our risks" in the Company's 2019 Annual Report.

Subject to the requirements of the FCA, the London Stock Exchange, the Market Abuse Regulation (596/2014), the Listing Rules and the Disclosure and Transparency Rules (and/or any applicable regulatory requirements) or applicable law, William Hill explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Report. No statement in this document is intended as a profit forecast or profit estimate, and no statement in this document should be interpreted to mean that the earnings per share of William Hill as altered by the Report will necessarily match or exceed the historical or published earnings per share of William Hill.

Notice regarding limitations on Director Liability under English Law

Under the UK Companies Act 2006, a safe harbour limits the liability of Directors in respect of statements in and omissions from the Directors' Report (for which see page 121), the Strategic Report and the Remuneration Report. Under English law, the Directors would be liable to the company, but not to any third party, if one or more of these reports contained errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would otherwise not be liable. Pages 120 to 122, inclusive comprise the Directors' Report, pages 01 to 61 inclusive comprise the Strategic Report and pages 93 to 119 inclusive comprise the Remuneration Report, each of which have been drawn up and presented in accordance with and in reliance upon English company law, and the liabilities of the Directors in connection with these reports shall be subject to the limitations and restrictions provided by such law.

Website

William Hill's website, www.williamhillplc.com, gives additional information on the Group. Notwithstanding the references we make in this Annual Report to William Hill's website, none of the information made available on the website constitutes part of this Annual Report or shall be deemed to be incorporated by reference herein.

Design and production
Black Sun Plc

Printing
Westerham

This report is printed on GalerieArt Satin and UPM Fine paper which are derived from sustainable sources. Both the manufacturing paper mills and printer are registered to the Environmental Management System ISO 14001 and are Forest Stewardship Council® chain of custody certified.

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The inks used are vegetable oil based and 99% of the waste used in the production of this report is recycled.

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