

Chairman's Report

I am pleased to present the William Hill Pension Scheme (the Scheme) Report and Accounts for the year ended 30 September 2018. As always, it's been another busy year for the Scheme.

The Retirement Plan ("the Plan") – the Defined Benefits Section of the Scheme

The annual actuarial funding update of the Plan as at 30 September 2018 showed that the Plan is still fully funded on the Technical Provisions basis adopted by the Trustees and the position has actually improved slightly the full valuation in 2016. Despite this improvement in the funding position, the Employer has continued contributing to the Plan, which is great news and gives us an added safety margin going forwards.

Investment

We have reviewed the Plan's investment portfolio over the year, with help from our investment advisers and in close consultation with the Employer. We have bought annuity policies for the majority of our pensioner liabilities to give the Plan extra protection against market movements and even the risk of people living longer than expected and keep receiving their pension for longer as a result. Our overall investment strategy remains very low risk.

Employer Covenant

As well as the risk of changes in the investment values which could affect the funding position of the Plan, the Plan is also exposed to other risks which could impact its funding level. Two significant risks are that inflation is higher than expected and the risk that members live longer than expected (although, as noted above, we do have some insurance to mitigate this risk for current pensioners). If either of these or other potential risks were to crystallise, the Plan could be obliged to pay out more in benefits than it currently expects i.e. the liabilities would be higher.

If this were to occur the Plan is largely dependent on the Employer to make additional contributions to the Plan to ensure the liabilities could continue to be met. Consequently the Trustee monitors the financial strength of the Employer on a regular basis to assess its ability to fund the Plan.

The Trustee assessed the Company's financial strength (the employer covenant) formally as part of the last actuarial valuation and continues to monitor the strength of the employer covenant. Despite some difficult trading conditions, the Trustee still believes that the Employer is able to provide the financial support needed and that the current level of contributions remain affordable for the Employer given the Group's current level of profitability and ability to generate cash flow.

Defined Contribution Section (Pensions Savings Plan 2001 and the Employee Savings Plan)

In addition to the Defined Benefit section of the Scheme, which has been closed to new members since 2002, the Scheme also has two Defined Contribution (DC) sections - the Pension Savings Plan 2001 (PSP) and the Employee Pension Plan (EPP). These are money purchase arrangements where contributions paid in by members and the Employer are invested to build up a pot of money to be used to fund the member's retirement.

Under the DC arrangements the Scheme offers a choice of investment funds provided by Legal and General into which members can invest their and the Company's pension contributions. The investment performance of these funds can be found in the Investment Section of this Report.

The Trustee continues to monitor the range of funds to ensure that it is offering value for money and members are getting good outcomes for their investments.

Chairman's Report (continued)

Defined Contribution Section (Pensions Savings Plan 2001 and the Employee Savings Plan) (continued)

In July 2016, the Pensions Regulator published its updated defined contribution ("DC") code of practice, replacing the existing version of that code which was published in 2013. The code is called *governance and administration of occupational trust-based schemes providing money purchase benefits*. The Trustee has undertaken an assessment of the new code and considers the Scheme meets the quality standards set out by the Regulator.

As ever, I would also like to thank my fellow Trustee Directors and the Group Pensions Department for their ongoing support and help in the management and running of the Scheme.

Hugh Nolan, Senior Trustee Representative
Dalriada Trustees Limited
Chair of William Hill Trustee Limited

April 2019