

9 September 2021

888 Holdings Plc
(the "Company" and, together with its subsidiaries, "888" or "the Group")

Acquisition of William Hill International

Transformational Acquisition Creating a Global Leader with Significant Scale in the Fast-Growing Online Sports Betting and Gaming Industry

888 (LSE: 888), one of the world's leading online betting and gaming companies, announces that it has entered into an agreement with Caesars Entertainment, Inc. (the "Seller") to acquire the international (non-US) business of William Hill ("WHI" or "William Hill International" and, together with the Group, the "Enlarged Group") at an enterprise value of £2.2 billion (the "Acquisition").

The Acquisition will create a global online betting and gaming leader by bringing together two highly complementary businesses and combining two of the industry's leading brands. The Acquisition represents a transformational opportunity for 888 to significantly increase its scale, further diversify its product mix and accelerate the upward shift of its revenue growth profile. The combination of 888 and WHI is expected to deliver significant operating efficiencies, including pre-tax cost synergies of at least £100 million per year¹, leading to improved profit margins. On a pro forma normalised basis² the Enlarged Group's annual revenue and adjusted EBITDA in 2020 would have been \$2.5bn and \$464m, respectively.

The Enlarged Group will be strongly growth-oriented, benefitting from a clear scale advantage and strong product and geographic diversification. With a focus on regulated markets, it will be able to offer customers world-class products, supported by leading betting and gaming brands, driving sustained growth and shareholder value creation over the medium and long-term.

About William Hill International

- Founded in 1934, William Hill is one of the UK's leading and most trusted bookmakers, with over 1,400 retail betting shops across the UK, and c.2 million active UK customers online. It is the number one betting brand in the UK in terms of awareness. For revenue market share, William Hill is a top-3 brand in both Retail and Online sports betting.
- Its core territories in Europe are Italy, Spain and the Nordics, and it has recently launched in Latin America. Alongside the William Hill brand, WHI also operates the Mr Green brand across Europe.
- 2020 revenue of £1,157m (Online £803m; Retail £354m) and adjusted EBITDA of £157m (Online £176m; Retail £15m; Corporate costs £(33)m)^{3,4}.
- The retail estate was closed for a significant portion of 2020, reflecting disruption from COVID-19. Independent analysis suggests that this had a c.£83m impact on retail EBITDA, suggesting a total normalised 2020 EBITDA for WHI of c.£240m.
- Recent product improvements have driven a significant acceleration of growth, with H1-2021 online revenue growth of 38%, including 56% growth in the UK, delivering strong market share gains.
- William Hill was a founding member of the Betting and Gaming Council in the UK, and is committed to customer protection and raising standards around safer gambling.

Strategic highlights and rationale

- Â· Greater revenue diversification across geographic markets and significantly enhanced exposure to sports betting, the world's largest and fastest growing online segment, with the addition of an iconic sports brand.
- Â· Enhanced positions across a number of key regulated markets. Complementary brand and product sets in core markets of the UK, Italy and Spain creates sustainable leadership positions and improves the ability to drive market share gains, whilst also creating a platform for strong growth in the most attractive regulated / regulating markets.
- Â· Scale benefits position the Enlarged Group to take advantage of growth opportunities as more countries regulate online gambling and digital migration accelerates, whilst simultaneously improving profitability.
- Â· Ability to leverage complementary strengths of 888 and William Hill International across all key aspects of the business, including technology, product, brand, and data-led marketing.
- Â· Significant opportunity to combine the expertise and talent of William Hill International and 888, and leverage the combined skills, track record and experience of two high-quality management teams and over 12,000 employees across the Enlarged Group. As well as the ability to provide customers across all markets with an improved offering, this will create exciting career growth opportunities for employees.
- Â· Improved regulated revenue mix and well-positioned in newly regulating countries, with the Enlarged Group generating 86% of pro forma 2020 revenues from regulated and taxed markets.
- Â· The Enlarged Group will be well placed to continue its focus on developing and improving safer gambling processes and raising industry standards, leveraging knowledge from 888 and William Hill International to ensure protecting customers remains the top priority.
- Â· An attractive omni-channel opportunity in the UK, with a leading UK retail business, and the potential to leverage WHI's UK High Street footprint to deliver a better customer experience to existing customers, and to act as a highly cost-efficient source of first-time depositors.

Financial highlights

- Â· Attractive acquisition multiple of approximately 9.2x normalised² EBITDA, and 6.8x on a post-synergy basis for WHI for the 12 months ending 31 December 2020.
- Â· The Acquisition is expected to deliver substantial value creation for shareholders from pre-tax cost synergies of at least Â£100 million per year, along with potential revenue upside from an enhanced customer proposition and product offerings. The Company currently expects to cumulatively achieve approximately Â£10m of such synergies in 2022, Â£54m in 2023, Â£69m in 2024, and Â£100m in 2025, including Â£15m in capex synergies. In achieving these synergies, the Company expects to incur one-time cash costs of approximately 1x annual pre-tax cost synergies, spread across the first three years following completion of the Acquisition ("Completion").
- Â· Expected to be value accretive and deliver a post-tax ROIC that exceeds 888's cost of capital in the first full year following the Completion.
- Â· Expected enhancement to 888's adjusted net earnings per share of more than 50% in the first full year following Completion.
- Â· Strong free cash flow generation is expected to support rapid deleveraging, with a medium-term target for 888's net debt / EBITDA to be below 3x.

Financing the Acquisition and capital structure

- Â· Under the terms of the Sale and Purchase Agreement, the Acquisition has an enterprise value of Â£2.2 billion, which includes Â£0.7 billion relating to the assumption of existing WHI bonds, and Â£0.1 billion of IFRS-16 capitalised leases.
- Â· In order to fund the Acquisition, 888 has obtained fully committed debt financing from J.P. Morgan, Morgan Stanley and Mediobanca of approximately Â£2.1 billion, which includes approximately Â£1.6 billion (equivalent) of term loans and approximately Â£500m (equivalent) of bridge loans/senior secured notes. 888 has also obtained a fully committed revolving credit facility of Â£150m.
- Â· To create a more beneficial long-term capital structure, 888 expects to raise approximately Â£500 million of gross proceeds by issuing new equity via a capital raise ("Capital Raise") to be undertaken at an appropriate time, such that pro forma net leverage ratio is under 4x.
- Â· The board of directors of the Company (the "Board") currently expects no changes to 888's existing dividend policy (50% of adjusted net profits) following Completion, underpinned by the future prospects of the Enlarged Group.
- Â· The Board believes that this funding structure and dividend policy will result in an appropriate balance between delivering shareholder returns, enabling the Enlarged Group to invest in further growth and enabling the Enlarged Group to achieve an appropriate deleveraging profile.
- Â· The Board expects the group to de-lever significantly in the medium to long-term, with a medium term target net leverage ratio of below 3x.

Conditionality and timing to Completion

- Â· The Acquisition is classed as a reverse takeover under the Listing Rules of the Financial Conduct Authority ("FCA") and accordingly it is conditional, amongst other things, on the approval of 888's shareholders, by ordinary resolution, at a general meeting of 888 (the "General Meeting").
- Â· The listing of 888's ordinary shares (including any new ordinary shares proposed to be issued pursuant to the Capital Raise) on the premium listing segment of the Official List will be cancelled upon Completion. Applications will be made to the FCA for the ordinary shares to be re-admitted to the premium listing segment of the Official List and to the London Stock Exchange to be re-admitted to trading on the main market for listed securities ("Re-admission"). Re-admission is expected to occur immediately following (or as soon as practicable after) Completion.
- Â· 888 expects to publish a combined circular and prospectus for the Acquisition and Capital Raise, including the notice of General Meeting (the "Combined Circular and Prospectus") in early 2022.
- Â· Completion of the Acquisition is, therefore, conditional upon:
 - o approval by 888 shareholders at the General Meeting by ordinary resolution ("Shareholder Approval");
 - o the FCA's approval of the Re-admission;
 - o relevant gaming-related approvals being obtained;
 - o relevant anti-trust approval being obtained; and
 - o completion of a re-organisation of the William Hill group to allow the Seller to complete the separation of the US and non-US businesses of William Hill, (the "Conditions")
- Â· Subject to satisfaction of the Conditions, Completion is expected to occur during the first half of 2022.

Shareholder support and Board's recommendation

- Â· 888 has received unconditional support for the Acquisition from its largest shareholder, the Dalia Shaked Trust ("the Trust"), which holds approximately 23% of the issued share capital of 888 as at the date of this announcement. The trustee of the Trust has entered into an irrevocable undertaking with 888 and the Seller, under which it has agreed to vote all of the 888 shares held by it in favour of the resolution to approve the Acquisition (the "Resolution") at the General Meeting. Further details regarding the irrevocable undertaking are set out in the Appendix to this announcement.
- Â· 888 has also received expressions of support for the Acquisition from several other of its largest shareholders, which in aggregate hold approximately 24% of the issued share capital of 888 as at the date of this announcement, including its largest institutional shareholder Aberdeen Standard Investments.
- Â· The Board has approved the Acquisition and intends to unanimously recommend that 888 shareholders vote in favour of the Resolution at the General Meeting. The directors of 888 who own shares have confirmed their intention to vote in favour of the Resolution in respect of their own beneficial holdings, which amount to approximately 0.19% of 888's total issued ordinary share capital as at the date of this announcement.

Commenting on today's announcement, Itai Pazner, CEO of 888 said:

"The acquisition of William Hill International is a transformational and hugely exciting moment in 888's history. This transaction will create one of the world's leading online betting and gaming groups with superior scale, exceptional brands, increased diversification, and a platform for strong growth.

William Hill is an iconic sports brand, making it the ideal complement to 888, one of the leading global online gaming brands. Our strategies are also complementary, being digitally led, customer focused, and committed to player protection and raising industry standards around safer gambling. We are also excited about the opportunities that the Retail business provides and see significant brand benefits to the Enlarged Group from its large estate.

We have been incredibly impressed with the William Hill management team, and I look forward to working with them and the wider William Hill team to create great products for our customers, driven by best in class technology, powerful brands, and benefiting from our significantly enhanced scale."

Commenting on today's announcement, Lord Jon Mendelsohn, Chair of 888 said:

"This acquisition is an incredible opportunity to combine our world-class gaming brand with a unique and iconic sports betting brand to create a global leader in the online sports betting and gaming industry. We believe the acquisition will create significant value for shareholders, creating a combined business with leading technology, products and brands across sports betting, gaming and poker, supported by top quality management talent from both businesses."

Commenting on today's announcement, Ulrik Bengtsson, CEO of WHI said:

"The William Hill and 888 strategies are highly complementary with an absolute focus on the product and customer experience. Scale is increasingly important in our sector and the combination of the businesses will provide a powerful alignment of brands and technology. This transaction is a testament to the progress William Hill has made over the last two years, our unrelenting focus on customer, team and execution and, most importantly, the dedication and commitment of William Hill colleagues. I am immensely proud of what we have achieved and I would like to take this opportunity to thank all of our colleagues who have made this possible. I look forward to working with 888 as we transition to the new ownership structure."

J.P. Morgan Cazenove and Stifel are acting as financial advisers, and Herzog, Fox & Neeman and Latham & Watkins are acting as legal advisers, to 888 in relation to the Acquisition.

Notes

¹ Synergies have been calculated in \$ and translated back to Â£ for the purposes of this announcement at an exchange rate of Â£1:\$1.4.

² Normalised EBITDA for WHI is presented on a post IFRS16 basis, adjusted to include a full year of retail contribution based on the performance during weeks 27-40 of 2020 during which retail was open and sport was taking place. Pro forma normalised EBITDA reflects the combined results as if 888 had owned WHI for the entire period, inclusive of the Normalised EBITDA of WHI referred to. WHI results in Â£ have been translated to \$ at 2020 average exchange rate of Â£1:\$1.2841.

³ All WHI financial information in this announcement may be different in the Combined Circular and Prospectus, which will be prepared in accordance with IFRS and 888's accounting policies. The WHI financial information in this announcement does not take into account any subsequent changes that may arise from the pre-completion reorganisation of the WHI group.

⁴ WHI had gross assets of Â£1.7 billion as at 31 December 2020.

Investor and analyst presentation

The Group will host an analyst and investor call today, 9 September 2021, at 10.00am (BST). Participants may join via webcast.

Live audio webcast link: <https://webcasting.brrmedia.co.uk/broadcast/6138d8054dd1f718a0153dc1>

To participate in Q&A please contact 888@hudsonsandler.com or call +44 (0)207 796 4133 for further details.

A copy of the presentation will be uploaded to our website shortly ahead of the call, and a replay of the audio webcast will be available on our website shortly after:

<https://corporate.888.com/investor-centre/>

Media call

The Group will host a media call this morning. Please contact 888@hudsonsandler.com or call +44 (0)207 796 4133 for further details.

This announcement should be read in its entirety, including its appendix.

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About 888 Holdings Plc:

888 Holdings plc (the "Company" and, together with its subsidiaries, "**888**" or the "**Group**") is one of the world's leading online betting and gaming companies. 888's mission is to develop state-of-the-art technology and products that provide fun, fair and safe digital gambling products to players globally. Safer gambling is a core focus for the Group and, at the beginning of 2020, 888 launched its '*Safer. Better. Together*' safer gambling strategy and commitments.

888 has been at the forefront of the online gaming industry since its foundation in 1997, leveraging its proprietary technology to provide players and B2B partners an innovative and world-class online gaming experience.

In 2020, the company was proud to be recognised at the 2020 Gaming Intelligence awards as the winner in the *Casino Operator of the Year* category. In 2020, 888 also won two prestigious awards for its poker platform at the 2020 Poker Listings Operator Awards in the *Most Improved Software* and *Best Beginner Software* categories.

The Group is structured into two lines of business: B2C, under the 888 brands, and B2B, conducted through Dragonfish, which provides partners a leading platform through which to establish an online gaming presence and monetise their own brands in a safe and responsible manner.

888's consumer facing websites offer more than just online betting and gaming. They are entertainment destinations: places where people can enjoy a truly interactive experience and be part of an online community that shares common interests. 888's strong and trusted brands are all accessible through www.888.com.

Find out more about 888 at <https://corporate.888.com/>.

Important Notices

This announcement is an announcement and not a circular or prospectus or equivalent document and prospective investors should not make any investment decision on the basis of its contents. The Combined Circular and Prospectus in relation to the transaction will be published in due course. Nothing in this announcement constitutes an offer of securities for sale in any jurisdiction.

This announcement is for informational purposes only and is not an offer of securities for sale in any jurisdiction where to do so would be unlawful. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended (the "US Securities Act"), or an exemption therefrom. The securities referred to herein have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, taken up, resold, transferred or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with any applicable securities laws of any state or other jurisdiction of the United States.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), and which is authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated by the PRA and the Financial Conduct Authority, is acting as financial adviser for the Company in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to the Acquisition or any other matter or arrangement referred to herein.

Stifel, Nicolaus & Company, Incorporated ("Stifel") is acting as financial adviser for the Company in connection with the acquisition. Stifel is acting exclusively for the Company and no one else in connection with the contents of this announcement, and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel nor for providing advice in relation to or in connection with the matters referred to in this announcement.

No person has been authorised to give any information or to make any representations other than those contained in this announcement and, when published, the Combined Circular and Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company. Subject to the Listing Rules, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules of the FCA, the issue of this announcement shall not, in any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this announcement or that the information in it is correct as at any subsequent date.

This announcement may contain certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of the Company, the Enlarged Group following the Acquisition and the Acquired Businesses. These statements, which contain the words "anticipate", "believe", "intend", "estimate", "expect", "may", "will", "seek", "continue", "aim",

"target", "projected", "plan", "goal", "achieve" and words of similar meaning, reflect the Company's beliefs and expectations and are based on numerous assumptions regarding the Company's present and future business strategies and the environment the Company and the Enlarged Group will operate in and are subject to risks and uncertainties that may cause actual results to differ materially. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the Company or the enlarged Group to be materially different from those expressed or implied by such forward looking statements. Many of these risks and uncertainties relate to factors that are beyond the Company's or the Enlarged Group's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as the Company's or the Enlarged Group's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company or WHI operate or in economic or technological trends or conditions. Past performance of the Company or WHI cannot be relied on as a guide to future performance. As a result, you are cautioned not to place undue reliance on such forward-looking statements. The list above is not exhaustive and there are other factors that may cause the Company's or the Enlarged Group's actual results to differ materially from the forward-looking statements contained in this announcement. Forward-looking statements speak only as of their date and the Company, its respective parent and subsidiary undertakings, the subsidiary undertakings of such parent undertakings, and any of such person's respective directors, officers, employees, agents, affiliates or advisers expressly disclaim any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where it would be required to do so under applicable law. You are advised to read this announcement and, once published, the Combined Circular and Prospectus in their entirety for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur. No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that the financial performance of the Company for the current or future financial years would necessarily match or exceed the historical published for the Company.

Appendix

Details of the proposed acquisition of WHI

Sale and Purchase Agreement

The Company, 888 Acquisitions Limited, an indirect wholly owned subsidiary of the Company (the "Purchaser"), and Caesars Entertainment, Inc. (the "Seller") entered into an English law sale and purchase agreement on 9 September 2021 (the "Sale and Purchase Agreement"), pursuant to which the Purchaser has agreed to acquire the entire issued share capital of William Hill Cayman Holdings Limited, on and subject to the terms of the Sale and Purchase Agreement. The consideration for the Acquisition will be the payment of Â£834.9 million in cash, subject to adjustments for leakage.

Under the Sale and Purchase Agreement, Completion is subject to the satisfaction or waiver of the Conditions. If any of the Conditions are not satisfied or waived on or before 30 June 2022 or such other date agreed between the parties (the "Long Stop Date"), the Seller or the Purchaser may terminate the Sale and Purchase Agreement.

The Purchaser is obliged to pay a compensation amount of Â£14.9 million if: (i) the shareholder circular to be published in connection with the Resolution (the "Shareholder Circular") and/or the prospectus required in connection with Readmission are not published by the Company by 30 April 2022, provided the Seller has complied with its obligations under the Sale and Purchase Agreement to provide information and cooperation to the Company in connection with the preparation of such documents; (ii) the Shareholder Circular does not contain the Board's recommendation of the Acquisition to 888 shareholders (the "Recommendation") and Shareholder Approval is not obtained; (iii) the Board withdraws the Recommendation at any time prior to the General Meeting and Shareholder Approval is not obtained; (iv) the General Meeting is not convened by the Company as soon as reasonably practicable following publication of the Shareholder Circular or the Company adjourns the General Meeting other than in accordance with the provisions of the Sale and Purchase Agreement; or (v) the Sale and Purchase Agreement is terminated due to Shareholder Approval and/or Re-admission conditions not being satisfied or waived by the Long Stop Date or becoming incapable of satisfaction before such date.

The performance of the Purchaser's obligations under the Sale and Purchase Agreement is unconditionally and irrevocably guaranteed by the Company.

Financing commitment papers

For the purposes of certain funds in connection with the Acquisition, the Company has entered into an English law commitment letter dated 6 September 2021 with J.P. Morgan Securities plc, Morgan Stanley Bank International and Mediobanca - Banca di Credito Finanziario S.p.A. as mandated lead arrangers and JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc. and Mediobanca - Banca di Credito Finanziario S.p.A. as underwriters (the "Commitment Letter"), pursuant to which the underwriters have irrevocably committed to provide the debt financing for the Acquisition, consisting of:

Â£ term and revolving facilities which include a Â£1.64 billion (equivalent) term loan facility with a maturity of 7 years (the "Term Facility") and a Â£150 million revolving credit facility with a maturity of 6.5 years (the "RCF"); and

• a debt bridge to senior secured notes and/or equity of £500m (equivalent) (the "Bridge Facility" and, together with the RCF and the Term Facility, the "Facilities"). The Company does not currently expect to draw the Bridge Facility, with the option to cancel the facility upon receipt of the net proceeds of the Capital Raise and/or senior secured notes issued pursuant to a Rule 144A and/or Regulation S offering or other private placement (the "Notes").

The underwriters have also undertaken in the Commitment Letter to enter into an English law governed interim facilities agreement if required to complete the Acquisition prior to agreeing long form documentation governing the Facilities, but it is not currently expected that such interim facilities agreement will be entered into. To the extent any interim facilities are drawn, the relevant interim loans would be repaid with the proceeds of the Facilities and/or the Notes. The underwriters' commitments in respect of the Facilities will expire on the date falling 10 business days after the date falling 20 business days after 30 June 2022 if the Acquisition has not been consummated by that date. The underwriters' commitments in respect of the Facilities are subject to: (i) customary conditions precedent which are either satisfied or in the control of the Company; (ii) there being no change of control; (iii) no lender illegality; and (iv) no continuing "Major Event of Default". The Facilities and the Notes will be guaranteed and secured on a pari passu basis by the Company and certain of its subsidiaries.

Irrevocable Undertaking

The trustee of the Dalia Shaked Trust, the Company and the Seller entered into an English law governed irrevocable undertaking dated 6 September 2021, pursuant to which the trustee of the Trust has irrevocably agreed: (i) to vote (or procure a vote of) the shares in the capital of the Company ("888 Shares") that it holds (representing approximately 23 per cent. of the issued ordinary share capital of the Company), and any subsequent 888 Shares acquired by it, in favour of the Resolution at the General Meeting; and (ii) not to sell, transfer, charge, encumber, grant any option over or otherwise dispose of any 888 Shares prior to Completion. The irrevocable undertaking lapses on the earlier of the termination of the Sale and Purchase Agreement and the date on which Completion occurs.

Transitional Services Agreement and Licence Agreement

It is also expected that the Company and Seller will enter into an English law governed transitional services agreement and an English law governed licence agreement upon Completion. Further details of these agreements will be included in the Combined Circular and Prospectus in due course.