

ASX Announcement

25 October 2018



Tatts Group Limited – Tabcorp Investor Day Presentation

Tatts Group Limited (ASX code: TTSHA) advises that its sole shareholder, Tabcorp Holdings Limited (**Tabcorp**), today released the attached announcement to the market.

TABCORP INVESTOR DAY

25 OCTOBER 2018

Tabcorp

Tabcorp

AGENDA

Welcome & Introductions

9.30am

Group Overview – David Attenborough

9:30 – 10:00 am

CFO Overview – Damien Johnston

10:00 – 10:30 am

Lotteries & Keno – Sue van der Merwe

10:30 – 11:15 am

Morning Tea

11:15 – 11:30 am

Gaming Services – Frank Makryllos

11:30 – 12 noon

Wagering & Media – Adam Rytenskild

12:00 – 1:00 pm

Lunch

1.00 – 1.30 pm

WELCOME AND INTRODUCTIONS



David Attenborough

MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER



Damien Johnston

CHIEF FINANCIAL OFFICER



Sue van der Merwe

MANAGING DIRECTOR
LOTTERIES & KENO



Frank Makryllos

MANAGING DIRECTOR
GAMING SERVICES



Adam Rytenschild

MANAGING DIRECTOR
WAGERING & MEDIA



Meryll Dooley

CHIEF PEOPLE OFFICER



Clinton Lollback

CHIEF RISK OFFICER



Mandy Ross

CHIEF INFORMATION OFFICER



Ben Simons

CHIEF STRATEGY OFFICER

GROUP OVERVIEW

DAVID ATTENBOROUGH

Tabcorp

Tabcorp

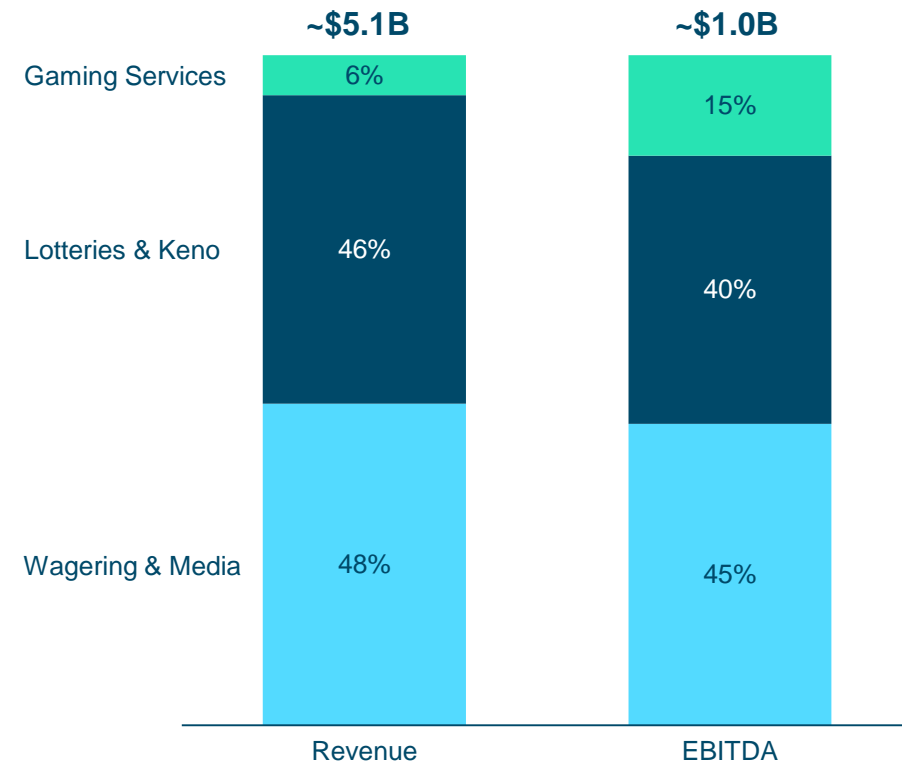
Tabcorp

TABCORP IS AUSTRALIA'S LEADING DIVERSIFIED GAMBLING ENTERTAINMENT GROUP

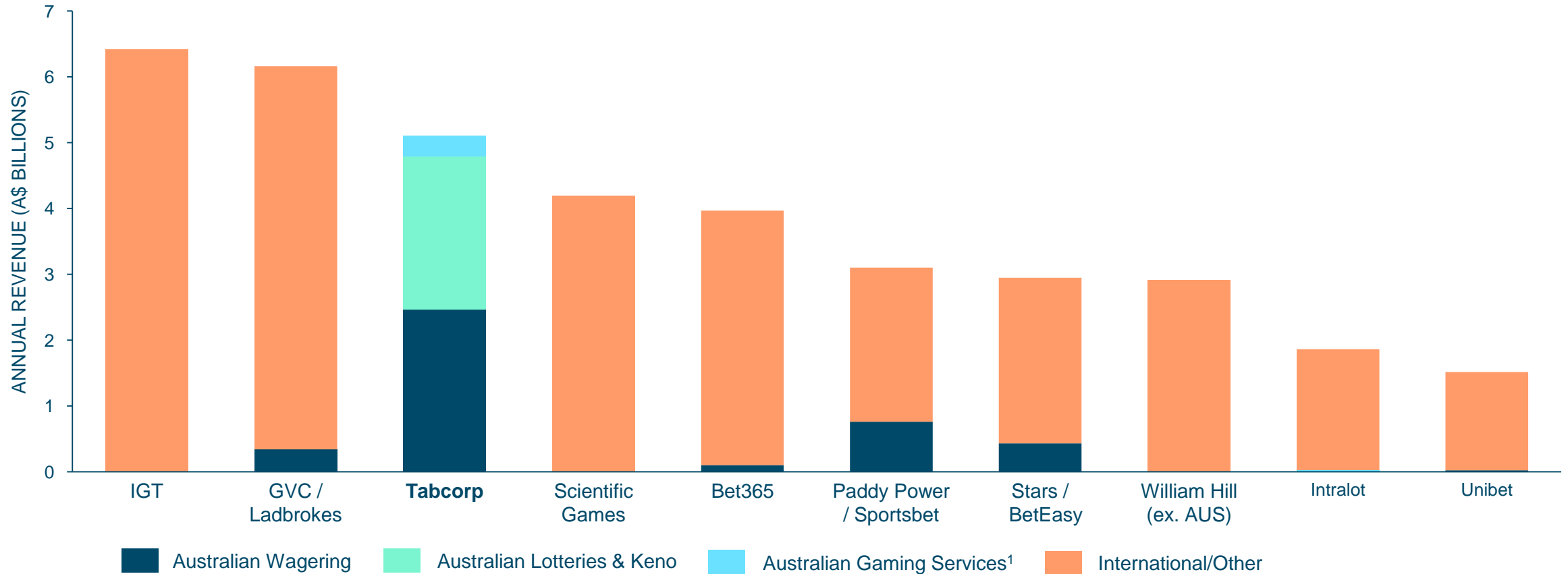
OVERVIEW

- Tabcorp completed its combination with Tatts Group in December 2017, creating a world-class gambling entertainment group
- We operate a diversified set of market-leading businesses, under a series of long-dated government-issued licences and authorisations
- Group employs approximately 5,000 people
- We operate an extensive network of retail venues across Australia

TABCORP—KEY METRICS (FY18 PRO-FORMA)¹



OUR BUSINESS HAS GLOBAL SCALE

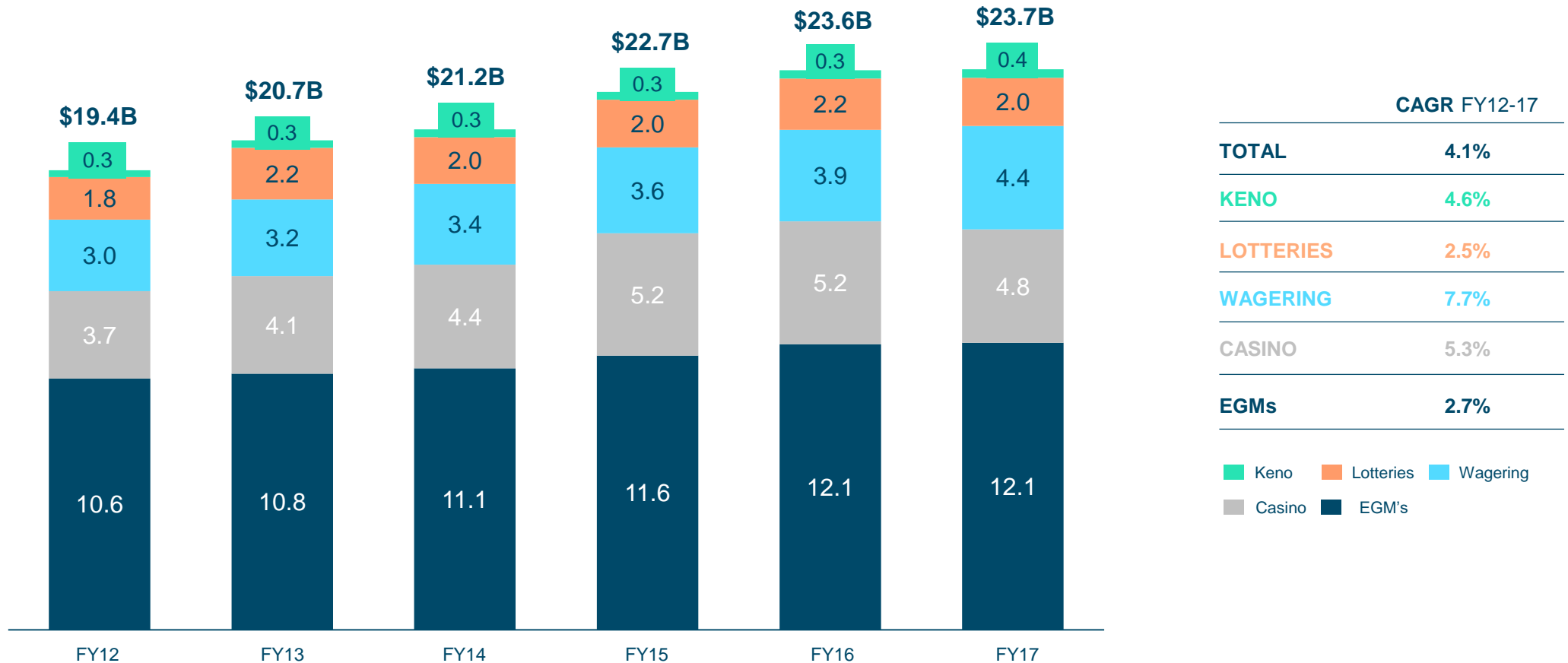


Source: All total revenue LTM June 2018 per Bloomberg other than GVC and Stars Group (Bloomberg Dec 18 consensus forecast) and Bet365 (March 17 reported). Australian wagering per company segment reporting and Tabcorp estimates.

(1) Australian Gaming Services excludes EGM manufacturing and sales. IGT and Scientific Games Australian gaming systems supply included in International/Other

THE AUSTRALIAN MARKET IS LARGE AND GROWING

AUSTRALIAN GAMBLING EXPENDITURE BY PRODUCT SEGMENT



WE HAVE LEADERSHIP POSITIONS IN EACH OF OUR CORE MARKETS



LOTTERIES & KENO

WAGERING & MEDIA

GAMING SERVICES

SHARE OF TABCORP REVENUE¹

46%

48%

6%

DOMESTIC MARKET SHARE²

Approximately 84%

Approximately 57%

Currently provide services to ~85% of gaming machines nationally

CUSTOMERS

3M registered players

720K active account wagering customers, Sky available in 2.6M households.

Relationships with >3,500 venues nationally

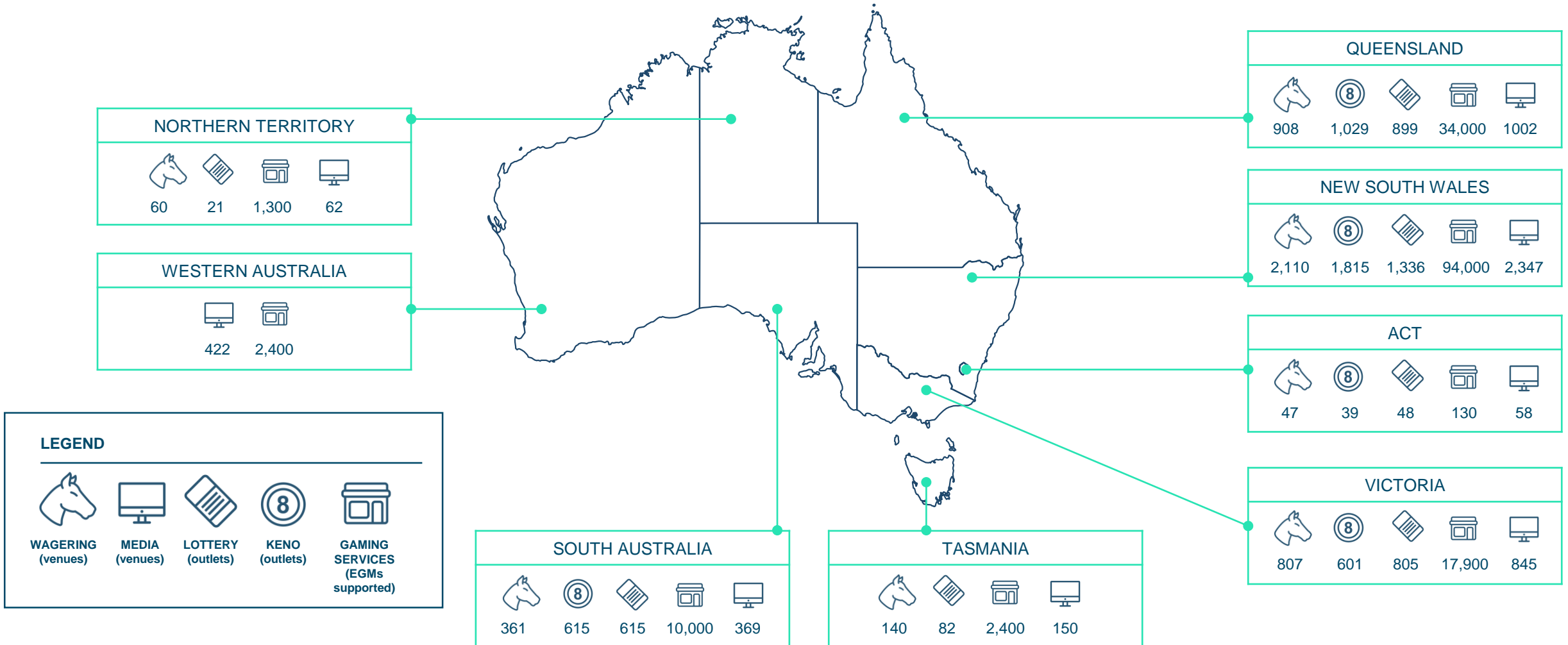
FY18 TRANSACTIONS

550M Lotteries and Keno tickets sold

1.1B bets taken

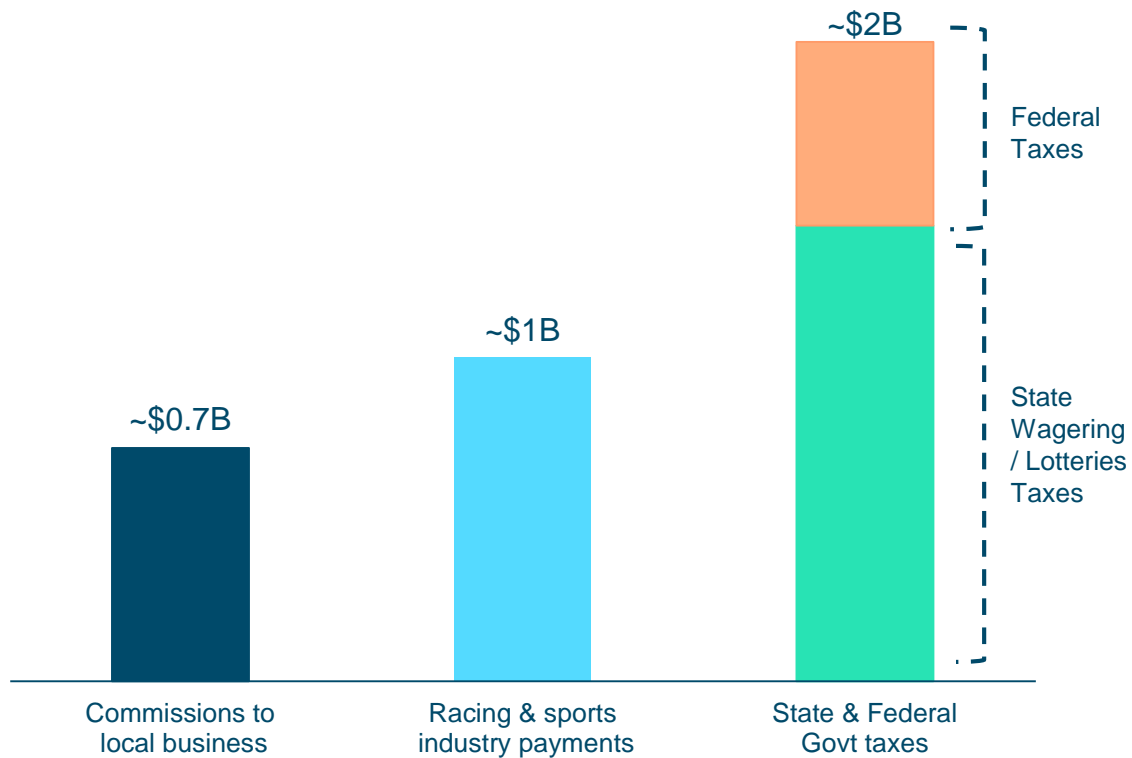
N/A

OUR BUSINESS HAS A NATIONAL FOOTPRINT



WE ARE A VALUED PARTNER FOR GOVERNMENTS, INDUSTRY, RETAIL VENUES AND COMMUNITIES

INDUSTRY & GOVERNMENT



COMMUNITY



- Voluntary community contributions of \$1.9M in FY18
- Partnerships with charities including National Jockey Trust & Prostate Cancer Foundation



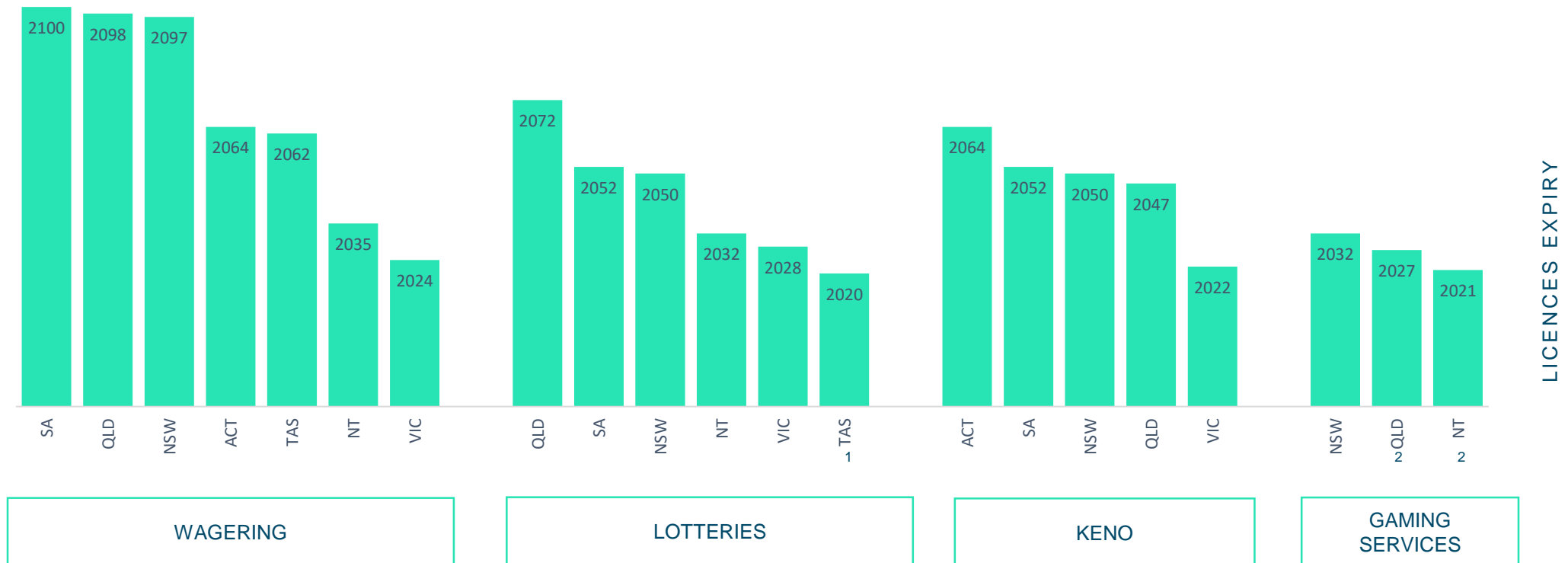
- Corporate drought relief package of \$600K
- Additional \$500K contribution from unclaimed lotteries prizes



- Supports the 50-50 Foundation's Play for Purpose charity lottery, which provides cost-effective fundraising to some of Australia's most valuable community organisations

OUR BUSINESS IS DIVERSIFIED ACROSS GEOGRAPHIES AND PRODUCTS AND SECURED BY LONG-DATED LICENCES

TABCORP LICENCE / AUTHORISATION PORTFOLIO



Notes:
 1 Tasmania lotteries operate under renewable five-year permits linked to long-dated Queensland and Victorian licences
 2 Indefinite rolling renewal capability

REGULATORY CHANGES ARE SUPPORTING A MORE SUSTAINABLE INDUSTRY AND POSITIVE GROWTH OUTLOOK

REGULATORY REFORM HAS CREATED A BETTER REGULATED AND MORE SUSTAINABLE GAMBLING INDUSTRY

SYNTHETIC LOTTERIES BAN

- Synthetic lotteries are products where customers bet on the outcome of a lottery rather than buying a ticket and directly participating in the draw
- Betting on the outcome of a lottery or Keno draw will be prohibited following amendments to the *Interactive Gambling Act* passed by the Federal Senate in June 2018. The ban comes into effect on 9 January 2019

POINT OF CONSUMPTION TAXES

- Wagering point of consumption (POC) taxes are levied based on the location of the customer
- Introduced in SA in July 2017. Queensland's POCT regime commenced 1 October 2018. NSW, Victoria, the ACT and WA have announced a POCT on wagering revenues from 1 January 2019
- Tabcorp is working with governments and the racing industry to ensure the significant fees and taxes already paid under its state wagering licences are recognised, in line with the principles announced

CONSUMER PROTECTIONS

- Amendments to Australia's gambling legislation have been introduced or proposed to improve consumer protection
- These include prohibitions on wagering operators offering online in-play betting, credit and certain forms of inducements

ADVERTISING RESTRICTIONS

- From March 2018, new restrictions prohibited gambling advertising during live television, radio and online sports broadcasts between 5:00am and 8:30pm. Live broadcasts of racing events and the advertising of lotteries are exempt
- The prohibition of wagering advertising on roads, public transport and associated infrastructure in Victoria has been implemented

WE ARE MOBILISING ACROSS THE GROUP WITH CLARITY OF PURPOSE AND A STRATEGIC FOCUS

VISION

THE TRUSTED GAMBLING ENTERTAINMENT COMPANY

PURPOSE

EXCITEMENT WITH INTEGRITY

STRATEGIC PILLARS



CUSTOMER LED

We understand our customers, engage with them personally and create products they love



SUPERB EXPERIENCES

We leverage the powerful combination of our venues, digital and live event channels to deliver amazing experiences



BRILLIANT EXECUTION

We take pride in simply and efficiently delivering with excellence



COLLABORATIVE PARTNERSHIPS

We love winning with our partners through aligning our interests and deep collaboration

OUR FOUNDATIONS

OUTSTANDING PEOPLE AND TEAMS

We are the best place to work, and we unlock the potential of our people to deliver superb customer experiences

COMMITMENT TO COMMUNITY AND INTEGRITY

We are trusted by governments, regulators and our communities to grow responsible gambling sustainably

LEADING TECHNOLOGY AND INNOVATION

We create value through our unique combination of thought leadership and delivery excellence

IMPROVING OPERATING ENVIRONMENT MEANS EACH BUSINESS IS WELL POSITIONED FOR LONG-TERM GROWTH

LOTTERIES AND KENO

- Well established category and business underpins stability of earnings
- Ban on synthetic lottery and Keno betting from January 2019 enhances regulatory certainty
- Positive early results from recent Powerball game changes
- Focused on unlocking further upside from modernising and evolving retail footprint
- Digital continues to support increased engagement with new customer segments
- Keno to benefit from scale and expertise from integration with Lotteries

GAMING SERVICES

- Role as government-licensed monitor partially mitigates inherent category regulatory risk
- Unique opportunity to be services partner of choice for gaming venues with a technology platform that connects suppliers, regulators and venues
- Combination of MAX, TGS and eBET creates opportunity to consolidate and refresh branding
- New Victorian EGM licensing regime (to 2032) provides clarity to market participants - focus on managing extension of key TGS partnerships in the near term
- Longer term technology trends create opportunity for growth in emerging service adjacencies

WAGERING AND MEDIA

- Category remains highly competitive
- Introduction of POCT addresses inconsistencies
- Reforms to online in-play betting on sport, the offer of credit by operators and advertising laws create a more sustainable industry
- Tabcorp's unique combination of assets creates an opportunity to develop a differentiated customer experience and service proposition
- Focus on driving integration and brand migration from UBET to TAB and delivering superb experience and products across all states
- Media remains an important differentiator with a focus on expanding, innovating and modernising the experience



CFO OVERVIEW

DAMIEN JOHNSTON

A STRONG FOCUS ON RETURNS

DRIVING IMPROVED RETURNS THROUGH INTEGRATION BENEFITS AND DISCIPLINE IN MANAGING OPERATING EXPENSES, CAPITAL ALLOCATION AND THE BALANCE SHEET

INTEGRATION

EBITDA SYNERGIES
OF AT LEAST

\$130M

IN FY21

PRODUCTIVITY

FY18 OPEX TO REVENUE

17.9%

PRO-FORMA BASIS¹

BALANCE SHEET

TARGET GROSS DEBT / EBITDA

3.0-3.5x

CAPITAL ALLOCATION

FY18 BAU CAPEX

\$240M

PRO-FORMA BASIS¹

SHAREHOLDER RETURNS

TARGET FY19 DIVIDEND PAYOUT
RATIO OF

100%

OF ADJUSTED NPAT²

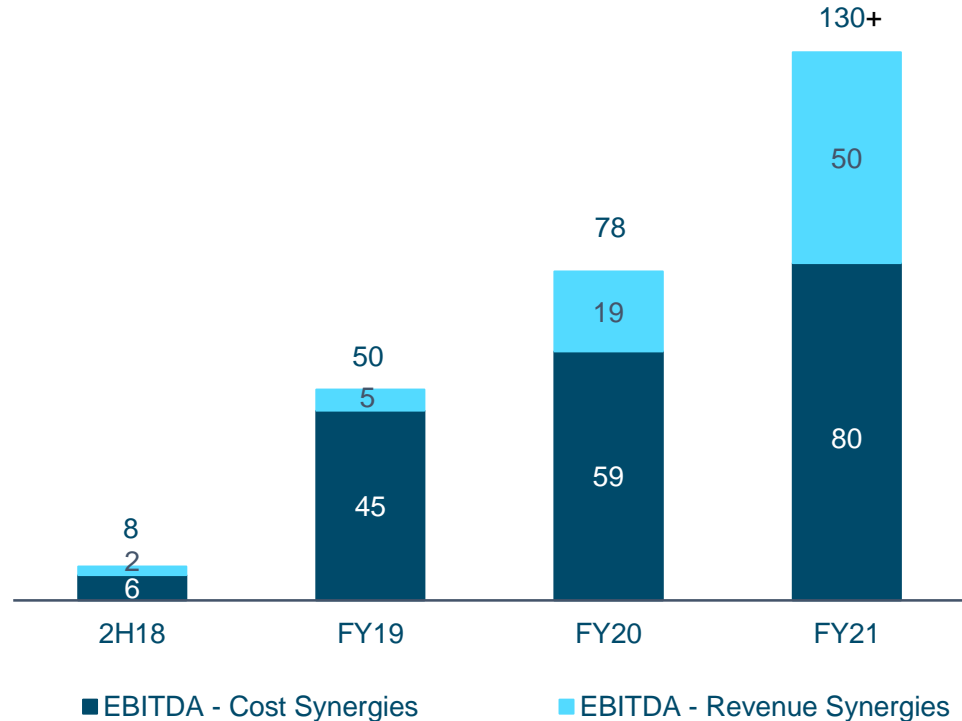
(1) Pro-forma includes various adjustments to Tabcorp's reported results to enable investors to examine the financial performance of the combined group, including 12 months of Tatts results in FY18 and FY17

(2) Adjusted NPAT is before significant items, amortisation of the Victorian Wagering and Betting Licence and the impact of purchase price accounting

INTEGRATION ON TRACK

DECISIONS TAKEN TO UNDERPIN \$50M OF EBITDA SYNERGIES AND BUSINESS IMPROVEMENTS IN FY19 AND ON TRACK TO DELIVER AT LEAST \$130M IN FY21

\$ M



FY19

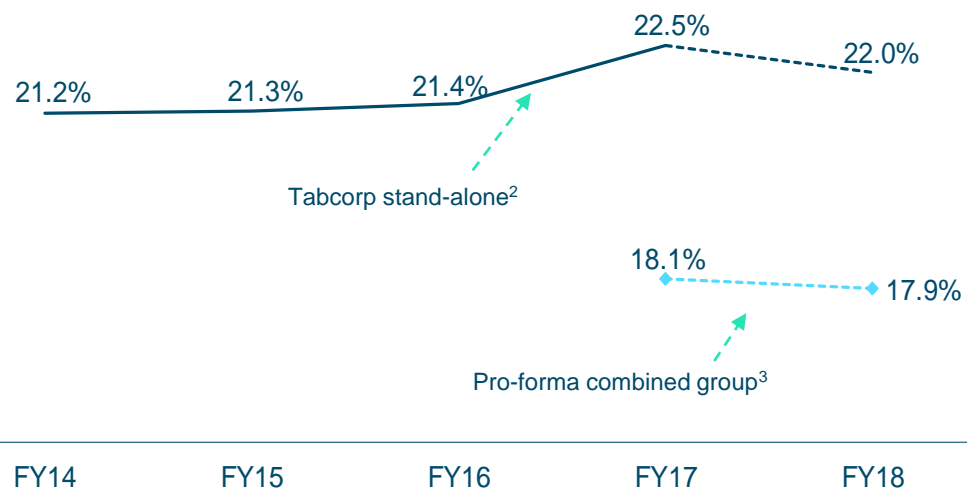
- Corporate organisational restructure largely complete
- Fixed odds trading system integration complete for racing from September 2018 (sports 2H19), facilitating continued UBET yield improvement, and efficiencies from operational consolidation
- UBET brand change to TAB across retail and digital to commence end 1H19, delivering savings in A&P, accompanied by digital platform enhancements including vision, form and flexi-betting

FY20 AND FY21

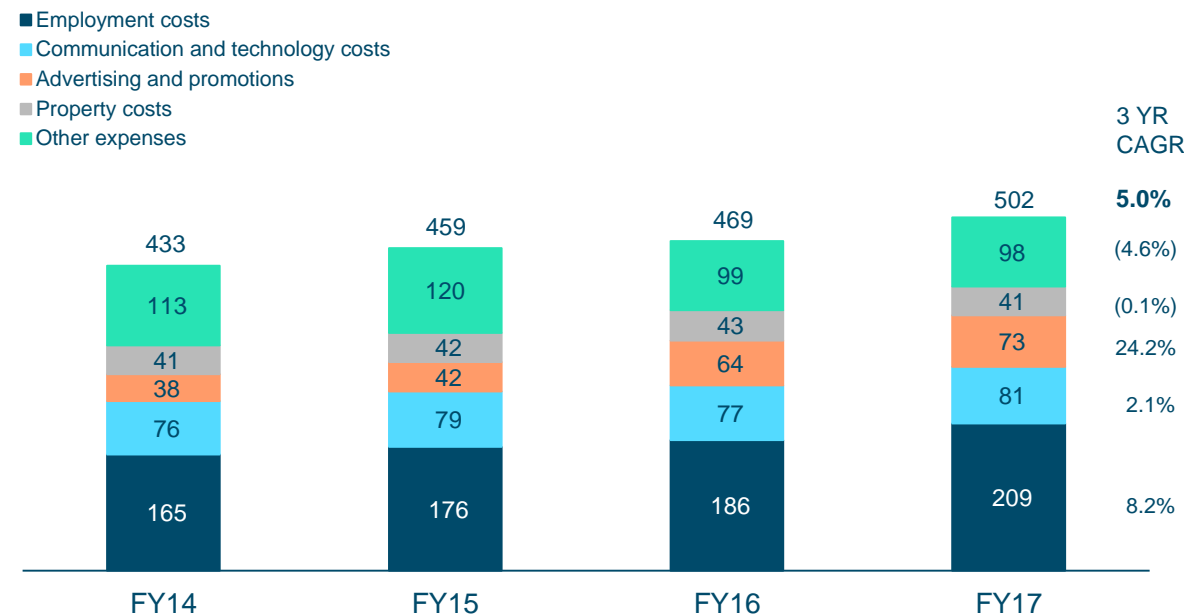
- Revenue benefits expected to grow driven by continued yield improvement, retail enhancement, Trackside roll-out, and Keno initiatives
- Technology synergies to be progressively realised, including the removal of duplication, the re-negotiation of commercial contracts, and UBET host system de-commissioning
- Continued property rationalisation, corporate function consolidation, and procurement contract re-negotiations
- Revenue synergy estimates include the cost of rolling out TAB venue arrangements to UBET states, including the payment of digital commissions

PRODUCTIVITY IMPROVING, WITH FURTHER BENEFITS FROM SYNERGIES EXPECTED THROUGH FY19 TO FY21

TABCORP FY14-FY18 PRODUCTIVITY¹ (\$M)



TABCORP OPEX BEFORE SIGNIFICANT ITEMS (\$M)



- Opex / revenue ratio has improved as a consequence of the merger, lowering the ratio (pro-forma) by c4% of revenue, and FY18 includes initial cost synergies in 2H18
- Advertising and promotions (A&P) spend growing strongly across the period in a highly competitive wagering market. A&P was 9% of opex in FY14, and has increased to 17% in FY18
- FY17 opex growth includes increases in employee costs from investment in risk and compliance, marketing and technology and the acquisition of Intecq
- Opex 3YR CAGR c.4% excluding the impact of M&A (ACTTAB in FY15, Intecq in FY17). This is broadly in line with FY18, excluding the impact of synergies and savings from the closure of Luxbet

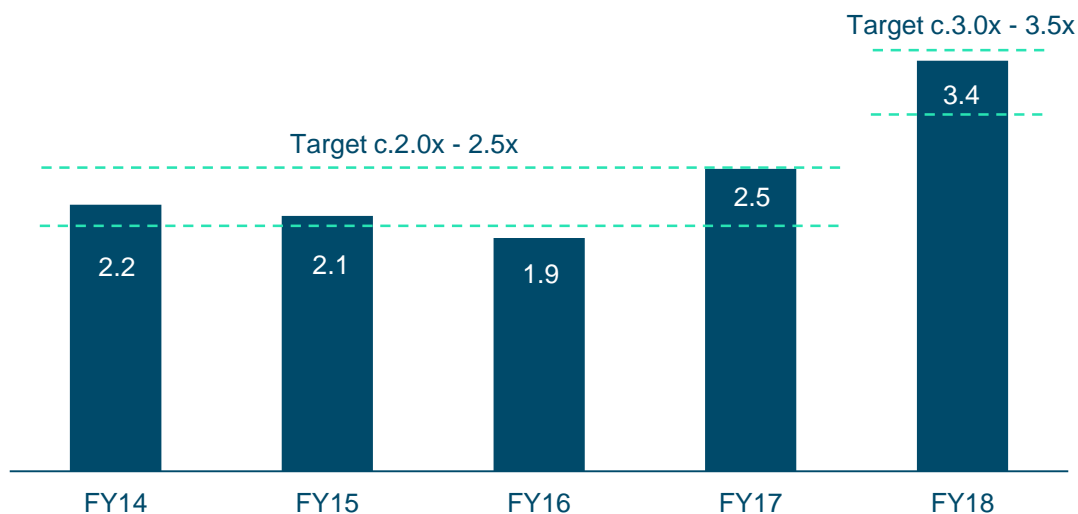
(1) Operating expenses / revenue before significant items

(2) Tabcorp stand-alone in FY18 excludes the impact of the Tatts combination and Sun Bets which ceased operations in July 2018

(3) Pro-forma includes various adjustments including 12 months of Tatts results

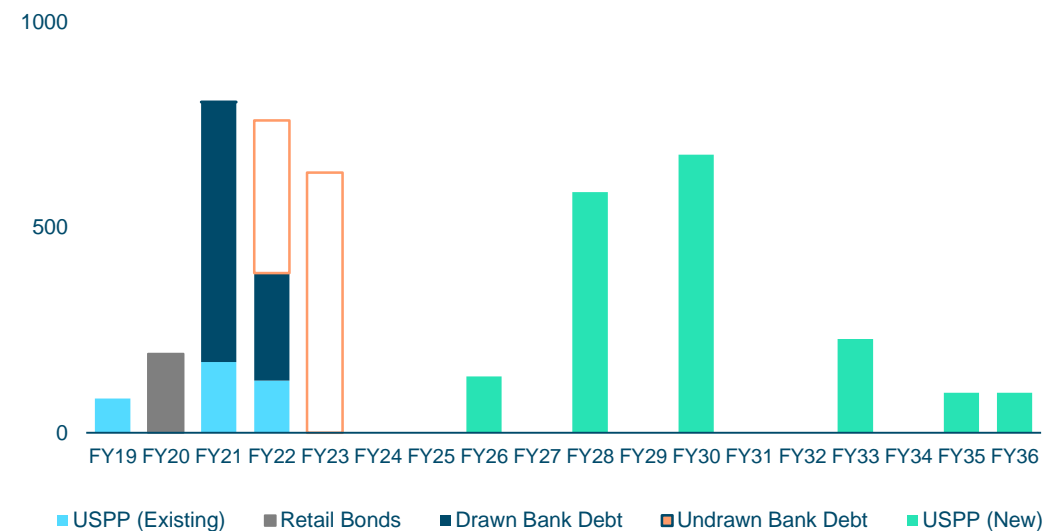
THE CAPITAL STRUCTURE REFLECTS THE BENEFITS OF A LARGER, MORE DIVERSIFIED BUSINESS

TABCORP GROSS DEBT^{1,2/} EBITDA



- Improved business risk profile following increased scale and diversification from the acquisition of Tatts group in FY18
- Investment grade credit rating maintained
- Improved access to global debt capital markets

DEBT MATURITY PROFILE (\$M)



- Long-term debt in place consistent with company's long-term licences. Bond market debt comprises 73% of drawn debt at 30 June 2018
- Headroom available under bank facilities of \$1.0bn at 30 June 2018
- Average cost of debt currently c.5.5% per annum with c.83% at fixed interest rates

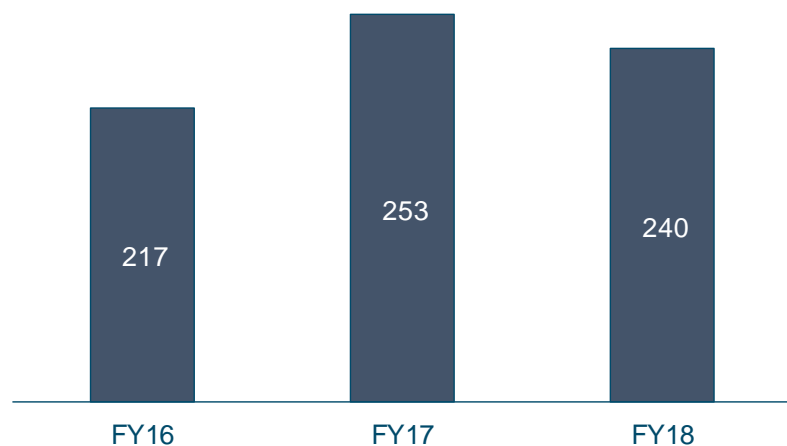
(1) Tabcorp's debt includes USPP debt at the A\$ principal repayable under cross currency swaps

(2) FY17 Tabcorp Gross Debt includes the mark-to-market value of the cash-settled equity swap which was reflected in the Balance Sheet as a current asset (\$293.6m) and the related funding (\$325.0m) was included in debt. The mark-to-market loss was recognised as a Significant Item

INTEGRATION BENEFITS AND INVESTMENT IN GROWTH INITIATIVES EXPECTED TO DELIVER IMPROVED RETURNS OVER FY19 TO FY21

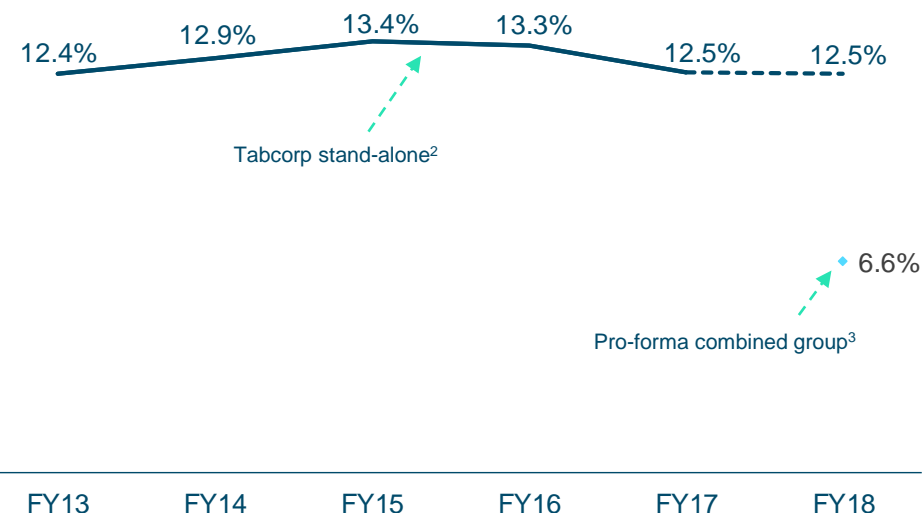
PRO-FORMA BAU CAPEX (\$M)¹

\$M



- Non-BAU projects across FY19 and FY20 include:
 - Integration capex \$70m
 - Data centre relocation \$38m
 - Ann St Brisbane office fit out \$34m
 - Partly offset by planned divestment of Brisbane properties in FY19

TABCORP ROIC



- Pro-forma ROIC of combined group rebased due to merger transaction intangibles
- ROIC improvement going forward expected to come from:
 - Delivering merger synergies and business improvements
 - Continued investment in organic growth initiatives
 - Maintaining a disciplined approach to capex

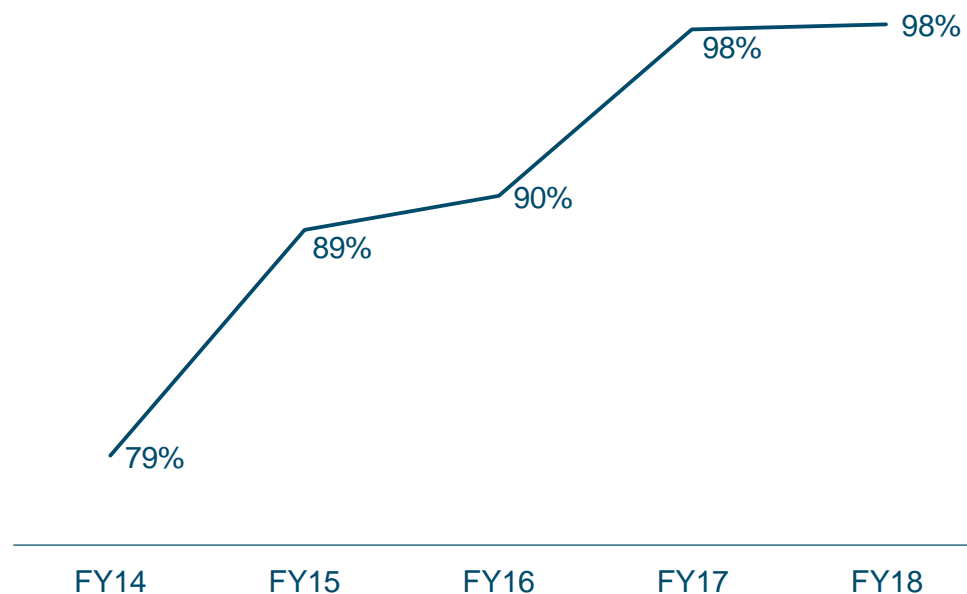
(1) FY17 capex excludes lease capitalisation for the fit out of new Melbourne and Sydney offices \$32m

(2) Tabcorp stand-alone ROIC is EBIT before significant items/Invested capital (average); FY18 estimate excludes the impact of the Tatts combination and Sun Bets which ceased operations in July 2018

(3) Pro-forma combined group ROIC is FY18 pro-forma EBIT before significant items/Invested capital (end of period)

CONTINUED FOCUS ON DRIVING SHAREHOLDER RETURNS

TABCORP HISTORICAL PAYOUT RATIO



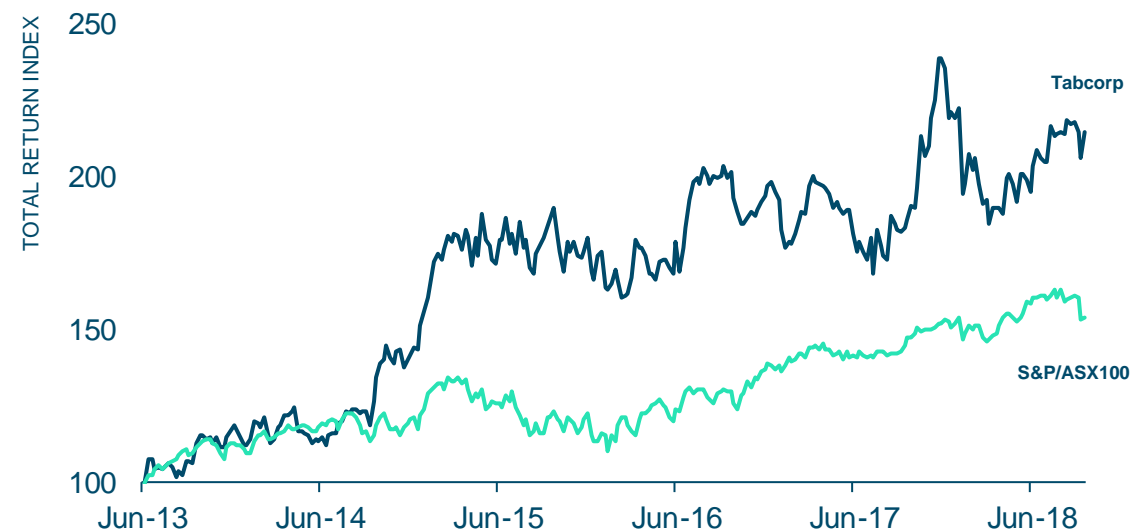
- Target dividend in FY19 of 100% of NPAT before significant items, excluding amortisation of the Victorian Wagering and Betting Licence, and purchase price accounting
- FY19 payout ratio reflects the expected phasing of integration benefits

FY15 payout ratio excludes the special dividend (\$0.30 per share)

FY16 and FY17 payout ratio calculated using NPAT before significant items, excluding amortisation of the Victorian Wagering and Betting Licence

FY18 payout ratio calculated using NPAT before significant items, excluding amortisation of the Victorian Wagering and Betting Licence and Sun Bets losses

TOTAL SHAREHOLDER RETURN



- Tabcorp has outperformed the ASX100 by 60% on a total shareholder return basis since 30 June 2013
- Tabcorp has performed broadly in line with the ASX100 since 30 June 2015

Source: Bloomberg financial data

Includes dividends re-invested over time, but excludes the value of franking credits

ASX 100 refers to the S&P/ASX 100 Accumulation stock price index

Tabcorp



LOTTERIES & KENO OVERVIEW

SUE VAN DER MERWE

LOTTERIES AND KENO - SCALE, BROAD APPEAL, WIDELY ACCEPTED



\$2.3B REVENUE

\$395M EBITDA

LOTTERIES 3,700+ OUTLETS

KENO 3,600+ OUTLETS

LOTTERIES 445M TICKETS

KENO 105M TICKETS

2.9M REGISTERED CUSTOMERS

0.1M REGISTERED CUSTOMERS

Licensee Brands



Game Brands

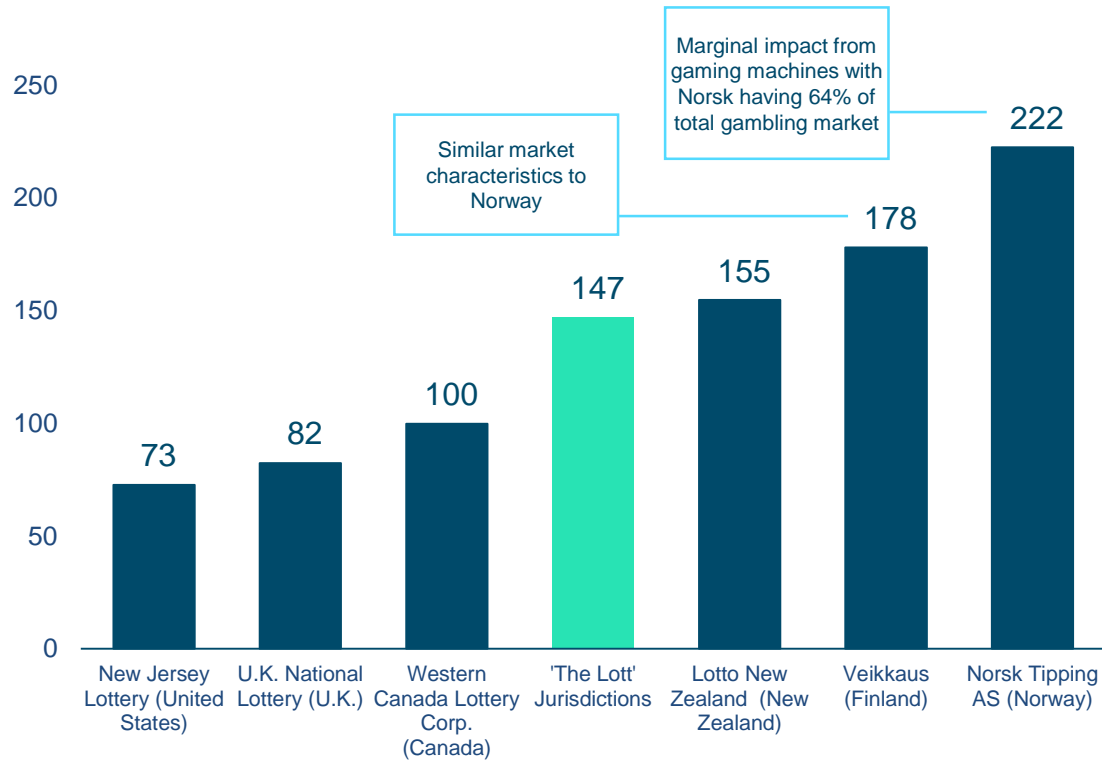


- Leading brands
- Significant retail distribution reach
- Accelerating digital growth
- Significant customer database
- FY18 revenue growth 4.7%
- FY18 EBITDA growth 10.5%

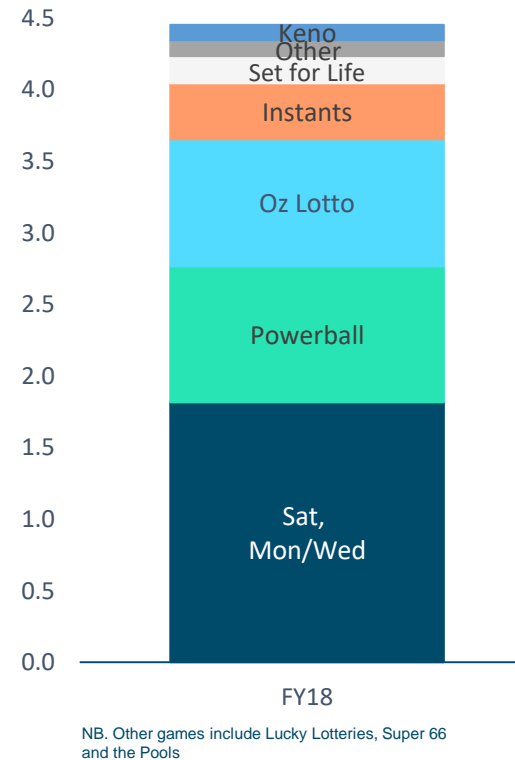
ESTABLISHED BUSINESS AMONGST WORLD'S BEST WITH DIVERSIFIED PRODUCT PORTFOLIO

2017 LOTTERIES ANNUAL SPEND USD PER CAPITA - LOTTO¹

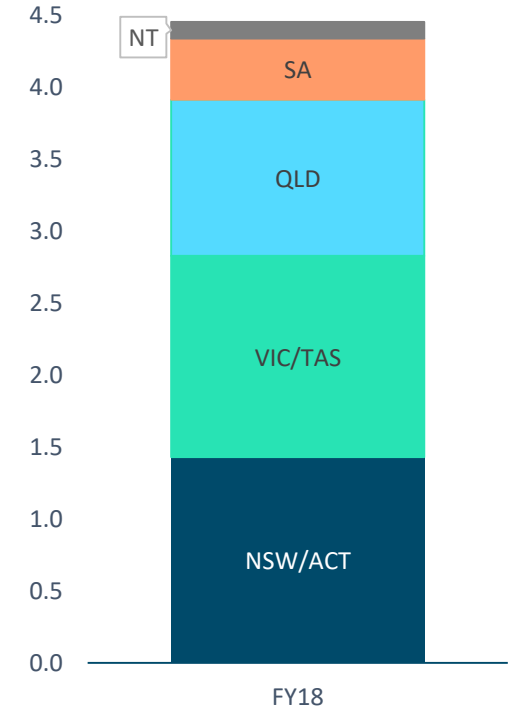
(US\$)



FY18 SALES BY PRODUCT (\$B)



FY18 SALES BY STATE (\$B)



WE HAVE A CLEAR SET OF PRIORITIES TO CONTINUE TO DRIVE GROWTH

VISION

TRUSTED BY PLAYERS AND COMMUNITIES TO DELIVER LIFE CHANGING OUTCOMES LIKE NO-ONE ELSE

PURPOSE

WE DELIVER LOTTERY GAME EXPERIENCES OUR CUSTOMERS LOVE

STRATEGIC PILLARS



CUSTOMER LED

Create fun game experiences that inspire people to dream bigger



SUPERB EXPERIENCES

Integrate digital and retail experiences to modernize accessibility



BRILLIANT EXECUTION

World class operations and systems capability



COLLABORATIVE PARTNERSHIIPS

Support our communities and partners to thrive

OUR FOUNDATIONS

OUTSTANDING PEOPLE AND TEAMS

Highly skilled, passionate and recognised as industry leaders

COMMITMENT TO COMMUNITY AND INTEGRITY

Lead the world in system reliability, draw conduct and responsible play framework

LEADING TECHNOLOGY AND INNOVATION

Robust scalable platform and innovate customer touch points to enable omni-channel experience

STRATEGIC PORTFOLIO MANAGEMENT TO MAXIMISE OVERALL REVENUE



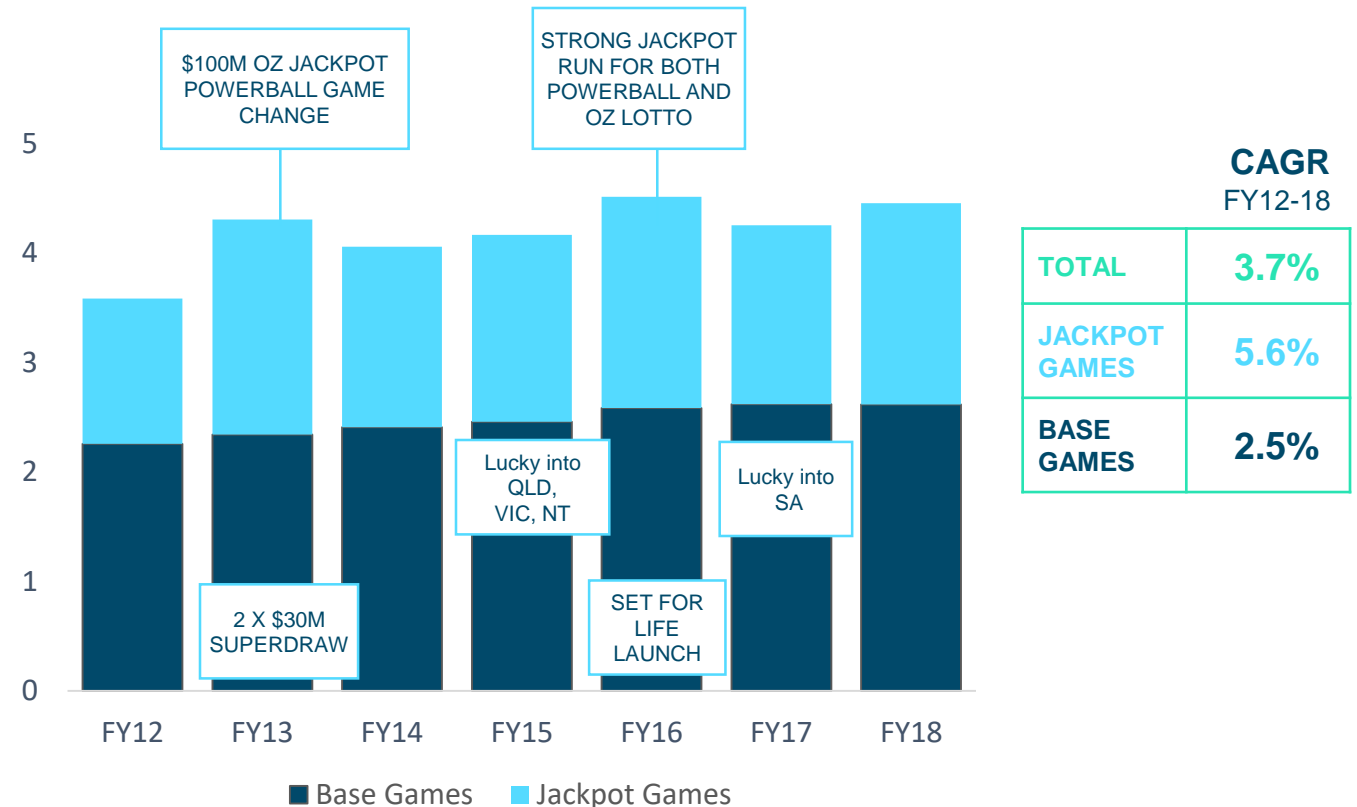
- Players have different motivations for playing
- Each brand has a unique consumer proposition
- A diversified game portfolio with each game owning a position in the market

RECORD OF DELIVERING GROWTH THROUGH ACTIVE PRODUCT MANAGEMENT

GROWTH DRIVEN THROUGH A COMBINATION OF PRICE, GAME ENHANCEMENTS AND NEW PRODUCT LAUNCHES

- **2012 – 2017** – Expansion of Lucky Lotteries and Instant Scratch-Its under Tatts' only multi-jurisdictional model
- **2012 – Monday & Wednesday Lotto:** 20% price increase, restructure of Division One and an additional prize division
- **2013 – Monday & Wednesday Lotto:** 8% price increase, the addition of Golden Casket and enhancement to Division One
- **2013 – Powerball:** Matrix change including an extra prize division and 13% price increase
- **2014 – Saturday Lotto:** 8% price increase
- **2015 – Set for Life:** first national daily draw game launched since Powerball in 1996
- **2016 – Oz Lotto:** game price increase by 9%
- **2018 – Powerball:** Matrix change including an extra prize division and 29% price increase

THE LOTT PORTFOLIO SALES (\$B)

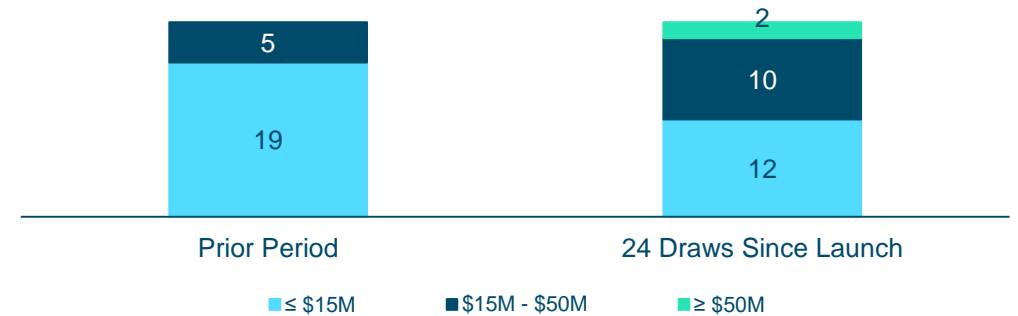


POWERBALL CHANGES DELIVERING POSITIVE MOMENTUM

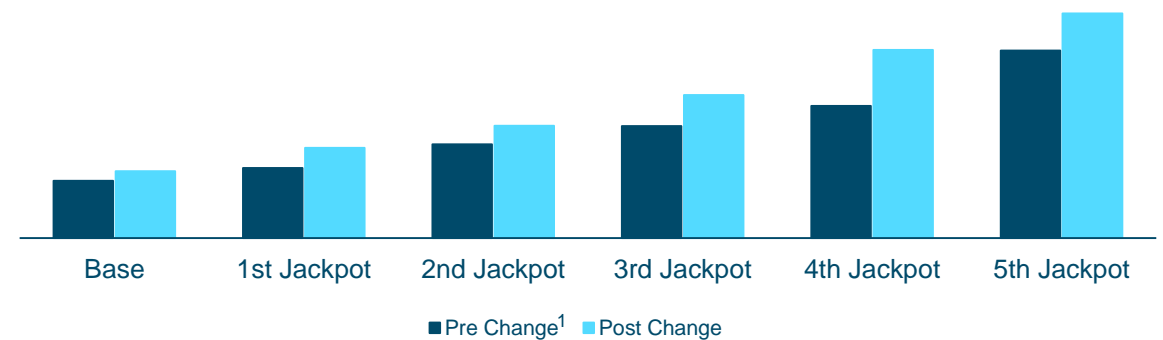
EARLY RESULTS ENCOURAGING:

- Stimulated category growth
- Bigger jackpots more often – driving new customer acquisition
- Additional prize division increases overall number of winners
- Increased brand awareness, purchase intention and belief in winning
- Strong price retention (> 50%)

POWERBALL: FIRST 24 DRAWS SINCE GAME CHANGE VS IMMEDIATE PRIOR PERIOD

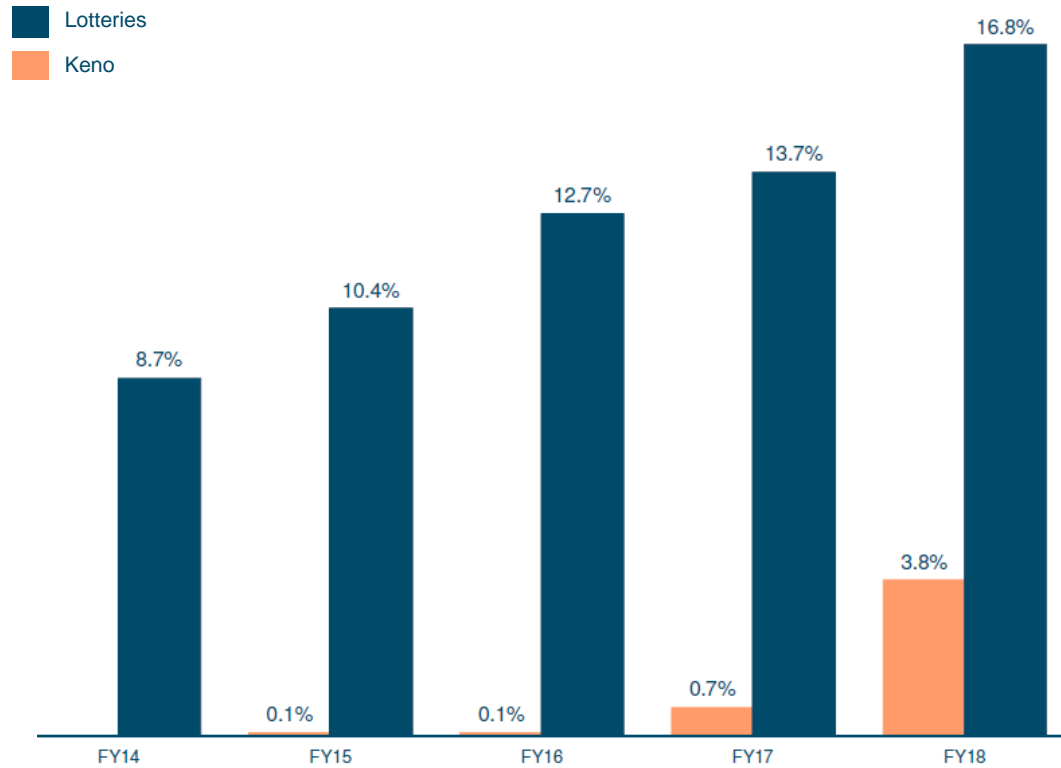


AVERAGE SALES PRE & POST GAME CHANGE BY JACKPOT



DIGITAL MOMENTUM CONTINUES TO BUILD

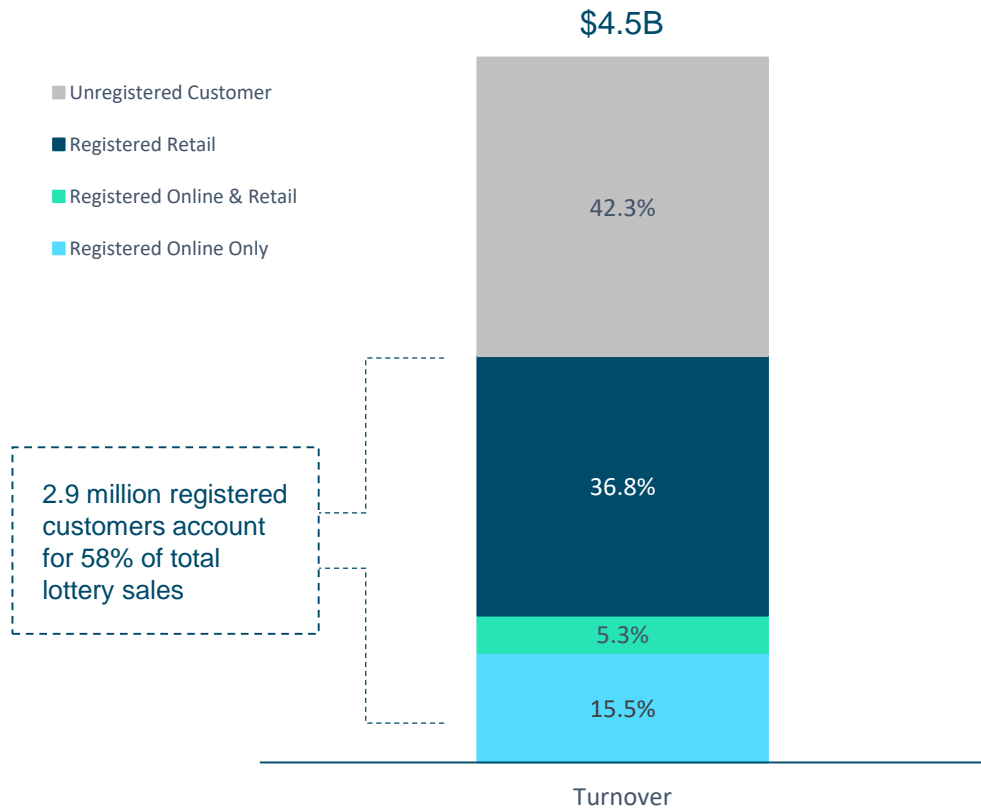
DIGITAL SHARE OF SALES



- Delivered 27.8% digital growth in FY18; supported by:
 - Launch of national brand
 - Digital marketing and mobile refresh
- Continuing to enhance digital experience and build stronger integration between retail and digital experience

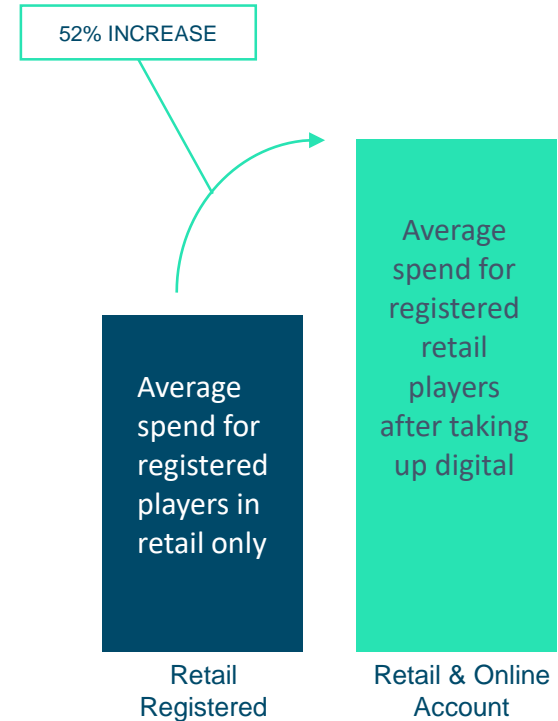
REGISTERED PLAYER SPEND INCREASES SIGNIFICANTLY WITH MIGRATION TO OMNI-CHANNEL ENGAGEMENT

REGISTERED PLAYERS ACCOUNT FOR 58% OF SALES



ONLINE ENGAGEMENT OF EXISTING RETAIL PLAYERS CREATES INCREMENTAL PURCHASE OCCASIONS AND FREQUENCY

Average spend 90 days pre/post transition from registered retail players to omni-channel account



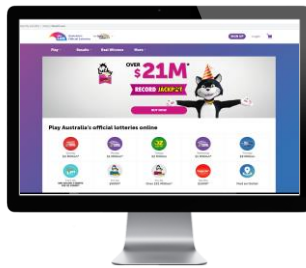
REDESIGNING MEMBERSHIP PROGRAM TO DRIVE REGISTRATION AND OMNI-CHANNEL ENGAGEMENT



ALIGNED RETAIL INCENTIVES



REDUCED BARRIERS TO SIGN UP



IMPROVED ACCOUNT FUNCTIONALITY

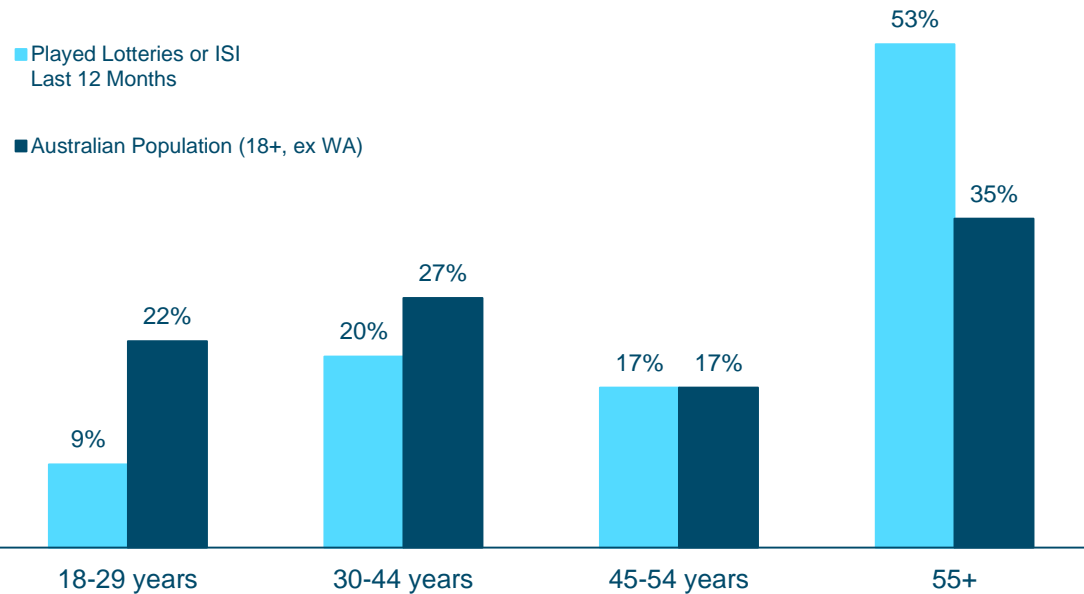


ENHANCED AND INTEGRATED CUSTOMER COMMS

LOTTERIES SKEW OLDER HOWEVER WE HAVE AN AGING POPULATION

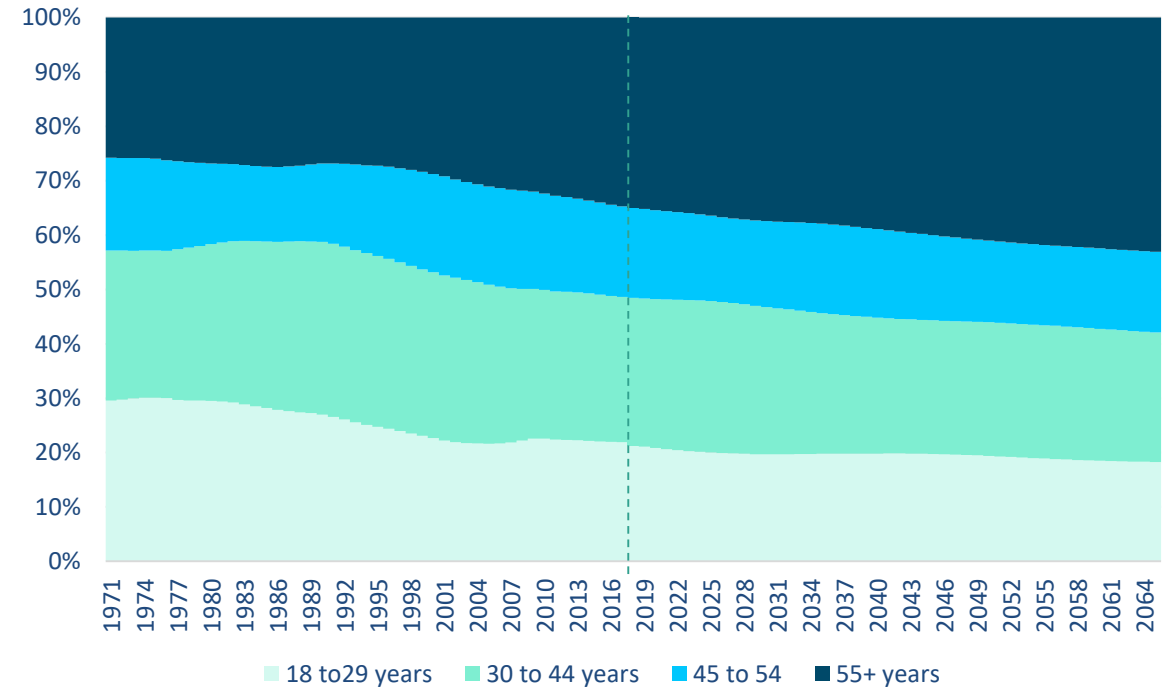
LOTTERY PRODUCTS PARTICIPATION OVER INDEXES OLDER

2018 Lotteries & Instant Scratch-Its Participation vs Australia Population (18+, ex. WA)



LOTTERIES WILL BENEFIT FROM THE AGING POPULATION

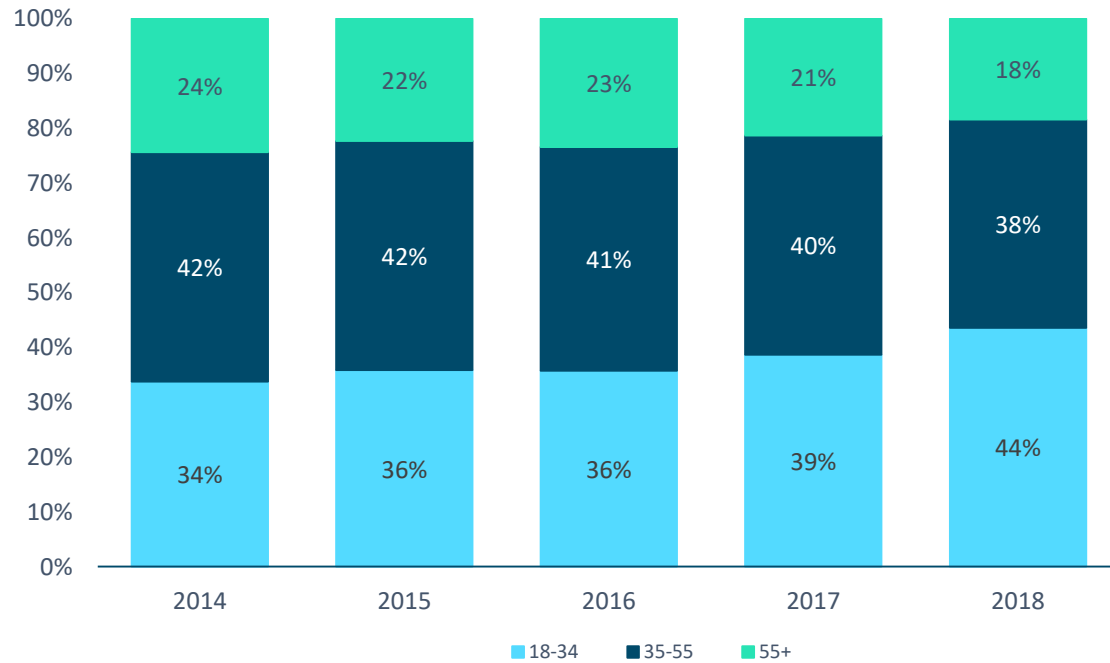
Share of Australian 18+ Population / Projection



PRODUCT AND CHANNEL INITIATIVES DELIVERING A YOUNGER AUDIENCE

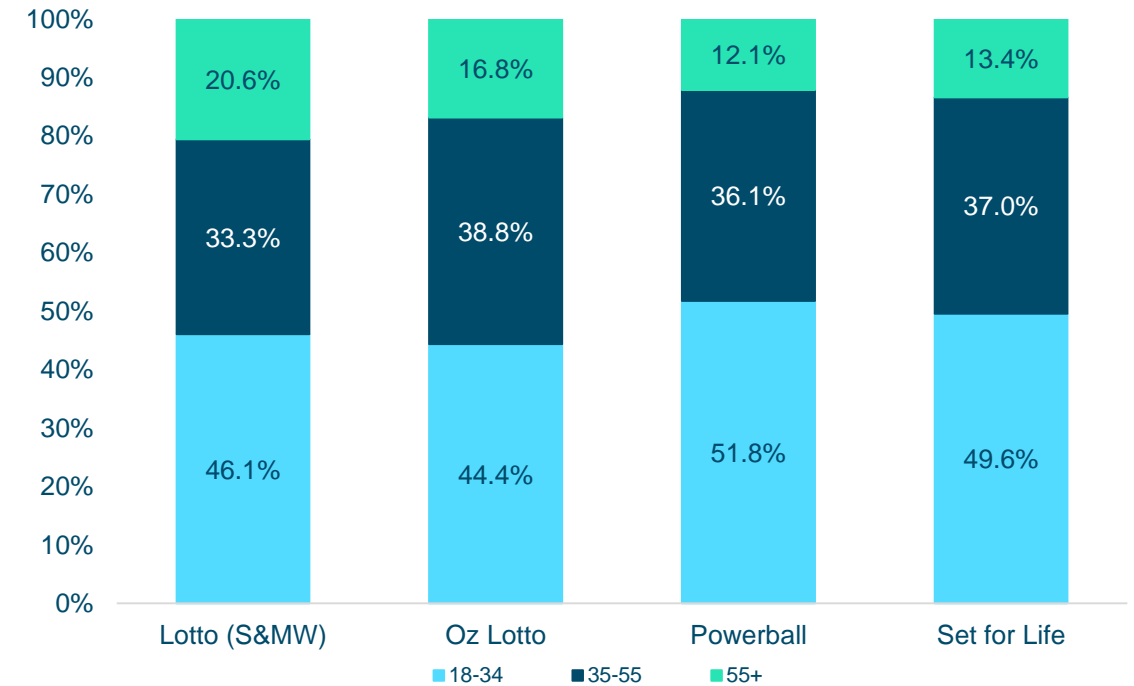
SHARE OF NEW CUSTOMER ACQUISITIONS UNDER 35 IS INCREASING

% of new registered customers by age group



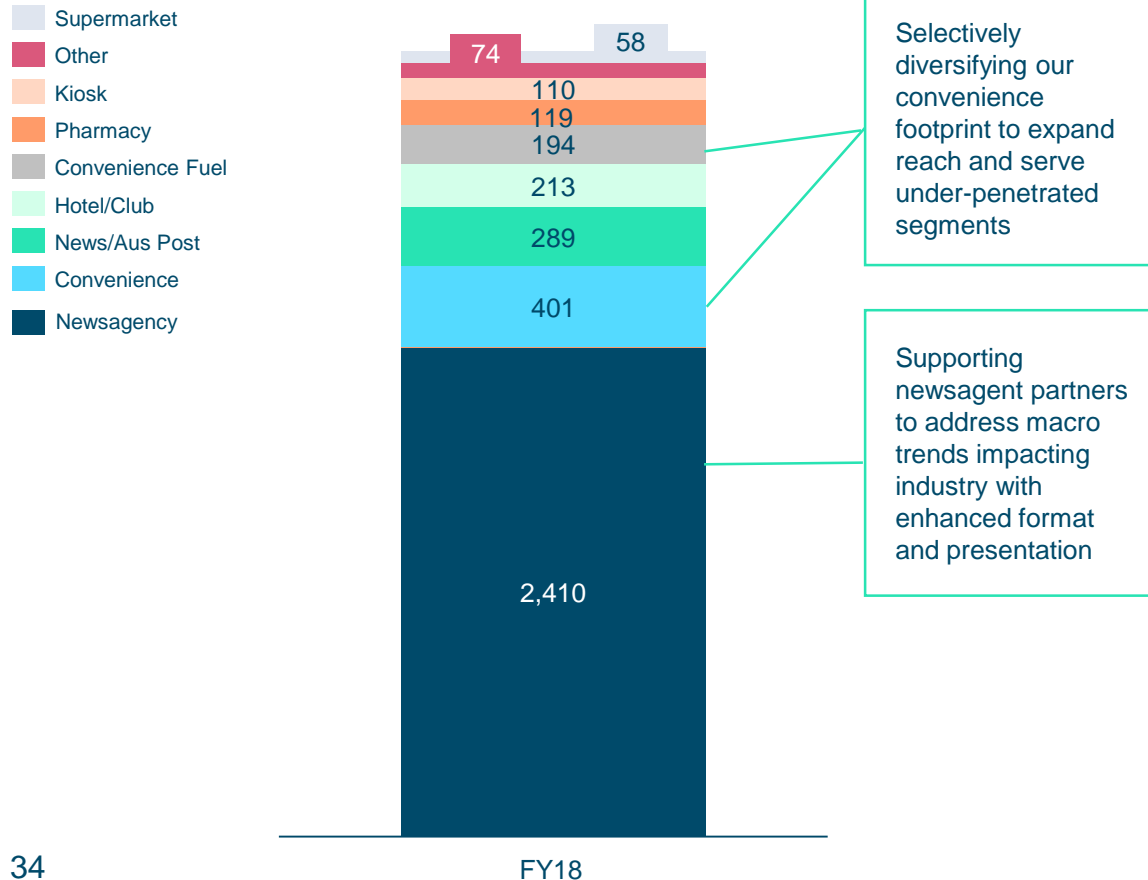
SET FOR LIFE AND POWERBALL (WITH RECENT ENHANCEMENTS) SKEW YOUNGER

New registrations - first game played by age group by game¹



WE ARE EVOLVING AND DIGITALLY ENABLING OUR RETAIL FOOTPRINT

LOTTERIES FOOTPRINT BY RETAIL SEGMENT



MODERNISING OUR RETAIL PRESENTATION



- Click'n'Collect being refined across trial stores with mobile tablets to engage new players
- Expansion of Digi-POS
- Communications expansion of key customer touch points

ENHANCING CRM CAPABILITY TO STRENGTHEN CUSTOMER CONNECTION AND DRIVE ENGAGEMENT

EXISTING CRM PROGRAM SUPPORTS INCREASING ENGAGEMENT WITH OUR CUSTOMER BASE

WE ARE CONTINUING TO BUILD ENHANCED CRM CAPABILITY



- Integration of communications across all customer touch points
- Real-time data driven CRM using predictive analytics
- Customer data integration across digital marketing ecosystem
- Comprehensive customer lifecycle management
- Increased reach of known and unknown customers through creation of digital footprint

WORKING WITH GOVERNMENTS, SUPPLIERS AND INDUSTRY ASSOCIATIONS TO BUILD STRONG RELATIONSHIPS

RETAILER ASSOCIATIONS

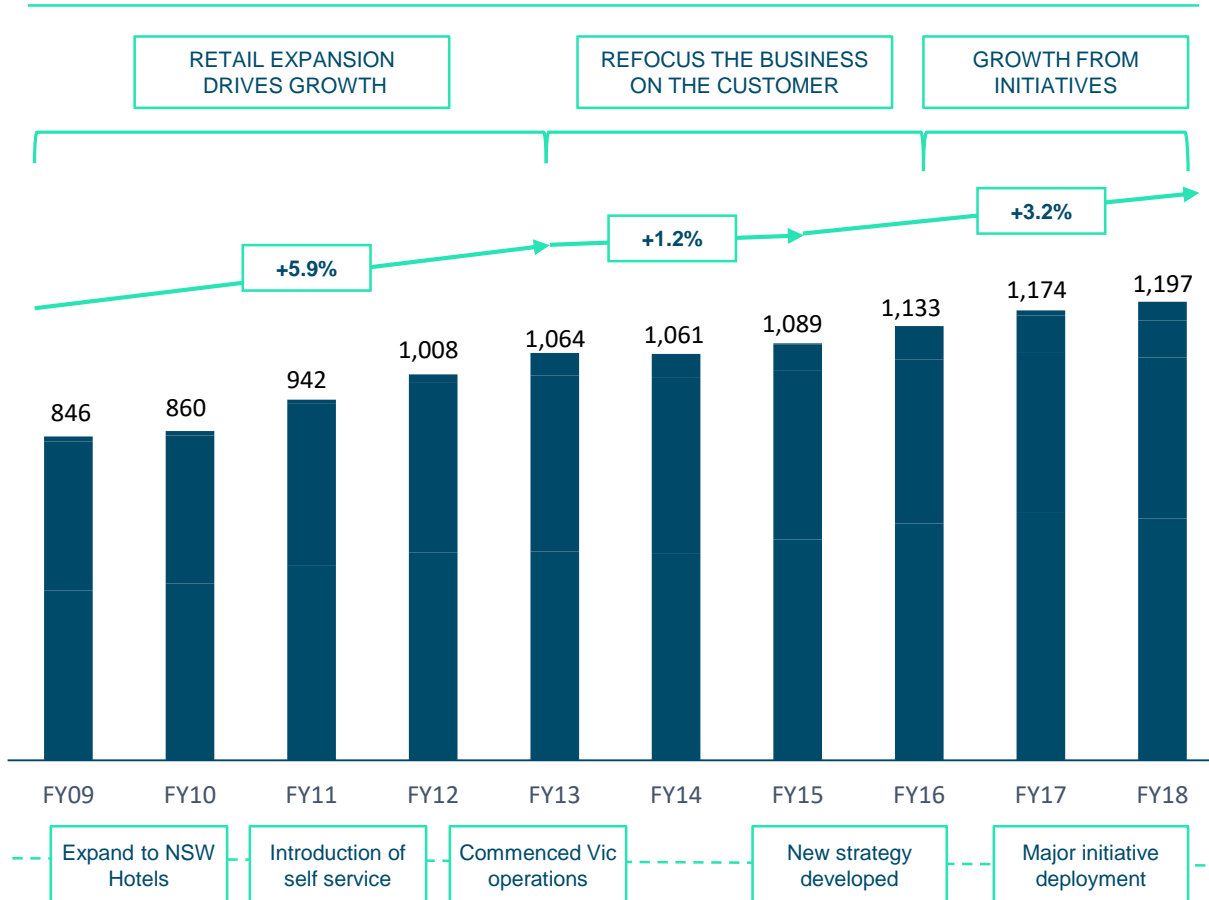


INTERNATIONAL LOTTERIES ASSOCIATIONS



RECENT INITIATIVES HAVE IMPROVED KENO GROWTH

KENO HISTORICAL TURNOVER GROWTH (\$M)



- Keno growth in recent years supported by investment in the product (pooling, Keno Mega Millions) and expansion of ACT, resulting in strong digital growth
- Keno Mega Millions driving increased average spend and value
- Keno and Lotteries portfolio management team combining to further strengthen offering



OPPORTUNITY TO GROW KENO LEVERAGING THE BENEFITS OF COMBINATION WITH LOTTERIES

MARKETING

- Explore cross-sell opportunities
- Leverage combined scale and lotteries capability
- Share/scale customer insight and CRM management
- Integrate marketing team

PRODUCT / RETAIL

- Pooling of jackpots – SA to join east coast (subject to regulatory approvals)
- SA brand re-fresh
- Keno Mega Millions expansion (subject to regulatory approvals)
- Enhanced retail image

DIGITAL

- Support digital adoption and omni-channel growth of Keno nationally
- Retain and grow participation in venue
- Align incentives and commercial model with key stakeholders

OVERVIEW: LOTTERIES & KENO – CUSTOMER LED GROWTH

- We actively manage a balanced game portfolio
- We have a proven track record of delivering long-term growth
- We are leveraging digital and product development to attract new customer segments
- We are working with our channel partners to sustainably grow the category
- We are creating an omni-channel distribution model
- We have a strong global profile and reputation
- We will leverage the combination of Keno with Lotteries to grow through insight led innovation

Tabcorp

Tab

GAMING SERVICES OVERVIEW

FRANK MAKRYLLOS

Tabcorp

WE ARE THE MARKET LEADER IN AUSTRALIAN GAMING SERVICES



\$315M FY18
pro-forma revenue



Significant reach across
85% of national EGMs



Market leading gaming
technology systems



TGS contracts across
9,897 EGMs¹



monitoring segment
share 80%

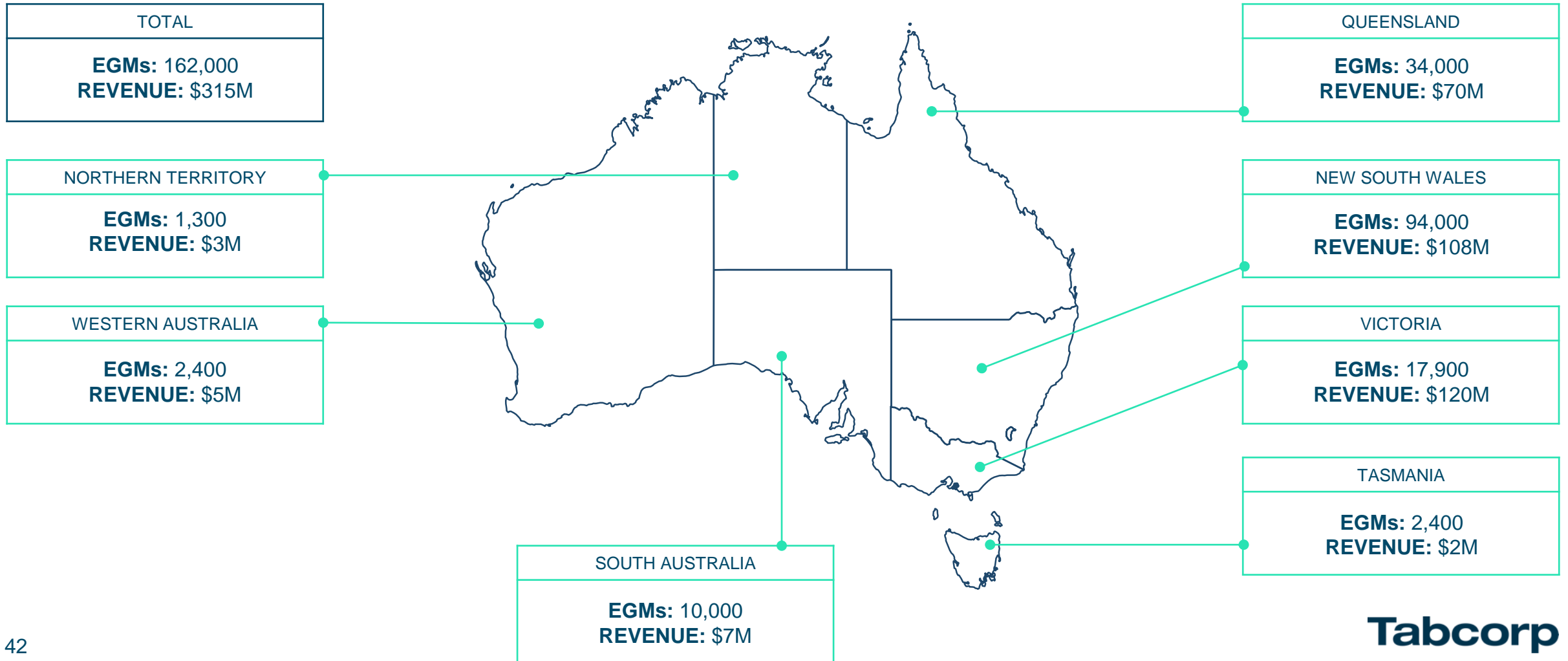


Total Field Service
Call-outs 647K+ p.a.

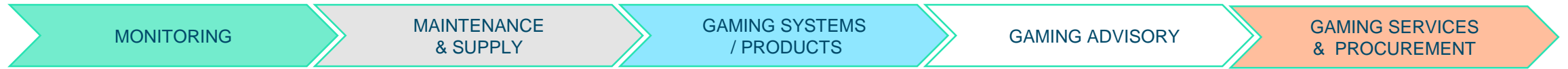


Relationships with over
3,500 venues nationally

NATIONAL PRESENCE BRINGS BENEFIT OF SCALE, AGGREGATION OF KNOWLEDGE & ABILITY TO INFLUENCE



WE ARE BRINGING TOGETHER A PORTFOLIO OF COMPLEMENTARY GAMING BRANDS THAT PARTICIPATE ACROSS GAMING SERVICES VALUE CHAIN



MAX

TGS

eBET

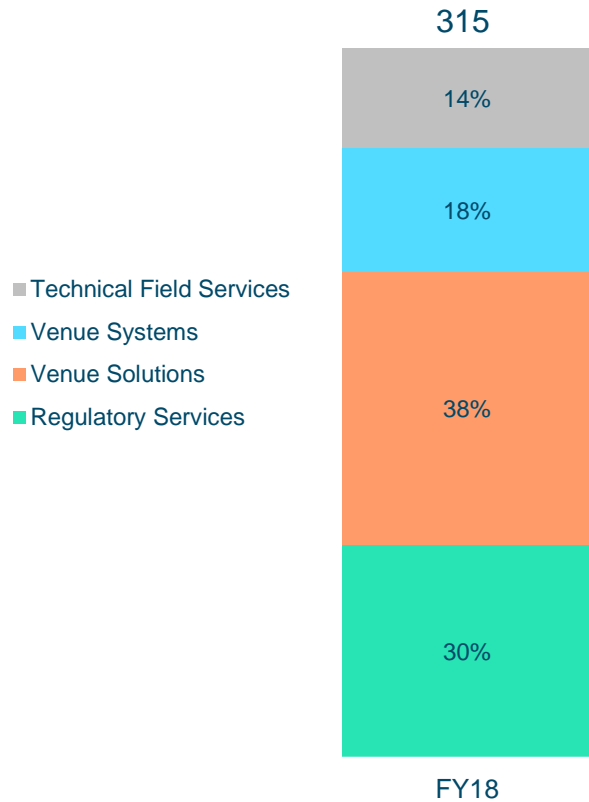


DESCRIPTION	<ul style="list-style-type: none"> Government mandated requirement for machine monitoring Ensure gaming venue operators comply with legislated standards as well as taxation Authorisation of EGM and game configuration changes 	<ul style="list-style-type: none"> Field service operators provide preventative and remedial repair and maintenance of EGMs and other regulatory equipment Gaming machine manufacturers and gaming services firms provide deployment services to venues 	<ul style="list-style-type: none"> Gaming machine loyalty, pre-commitment systems & marketing systems Cashless gaming / Ticket-In-Ticket-Out services API for data access & integration Jackpot services Industry benchmarking data 	<ul style="list-style-type: none"> Bespoke or transactional in nature Gaming consultancy (floor design, machine selection etc), gaming machine deployments Gaming analytics and reporting Compliance training 	<ul style="list-style-type: none"> Long term contractual gaming services relationship with venues Venue operators that seek EGM selection, procurement and support for renovations Venue services may include all elements of gaming advisory
OPPORTUNITY	<ul style="list-style-type: none"> Opportunity to increase monitoring footprint 	<ul style="list-style-type: none"> Opportunity directly linked to EGM contract/service base 	<ul style="list-style-type: none"> Opportunity to increase sales base with a streamlined and integrated approach to market 	<ul style="list-style-type: none"> Opportunity to expedite entry to QLD (subject to regulatory approval) and enhance NSW presence with launch of a gaming advisory service 	<ul style="list-style-type: none"> Opportunity to increase sustainability of VIC business via renewed terms with venues and extend network through advisory and systems referrals

DIVERSIFIED REVENUE BASE

VENUE SERVICES: FINANCIAL SUMMARY FY18 PRO-FORMA REVENUE

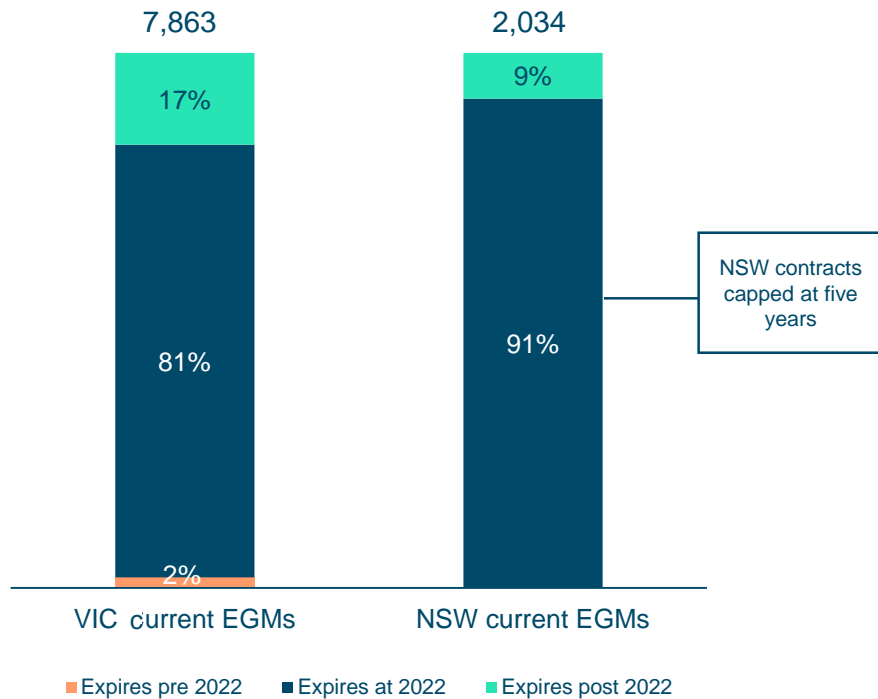
(\$M)



- Regulatory Services (Monitoring) business relatively stable
- Venue Solutions (TGS) has momentum despite near term challenges regarding contract roll-off profile
- Venue Systems (eBET/MAX) driven by system sales
- Technical Field Services is a stable business with significant number of venues obtaining support across Tabcorp's core businesses (i.e. Gaming, Wagering, Lotteries & Keno)

GOOD PROGRESS ON DELIVERING RETURNS FOR VENUE SOLUTIONS THROUGH EXTENSIONS AND NEW BUSINESS

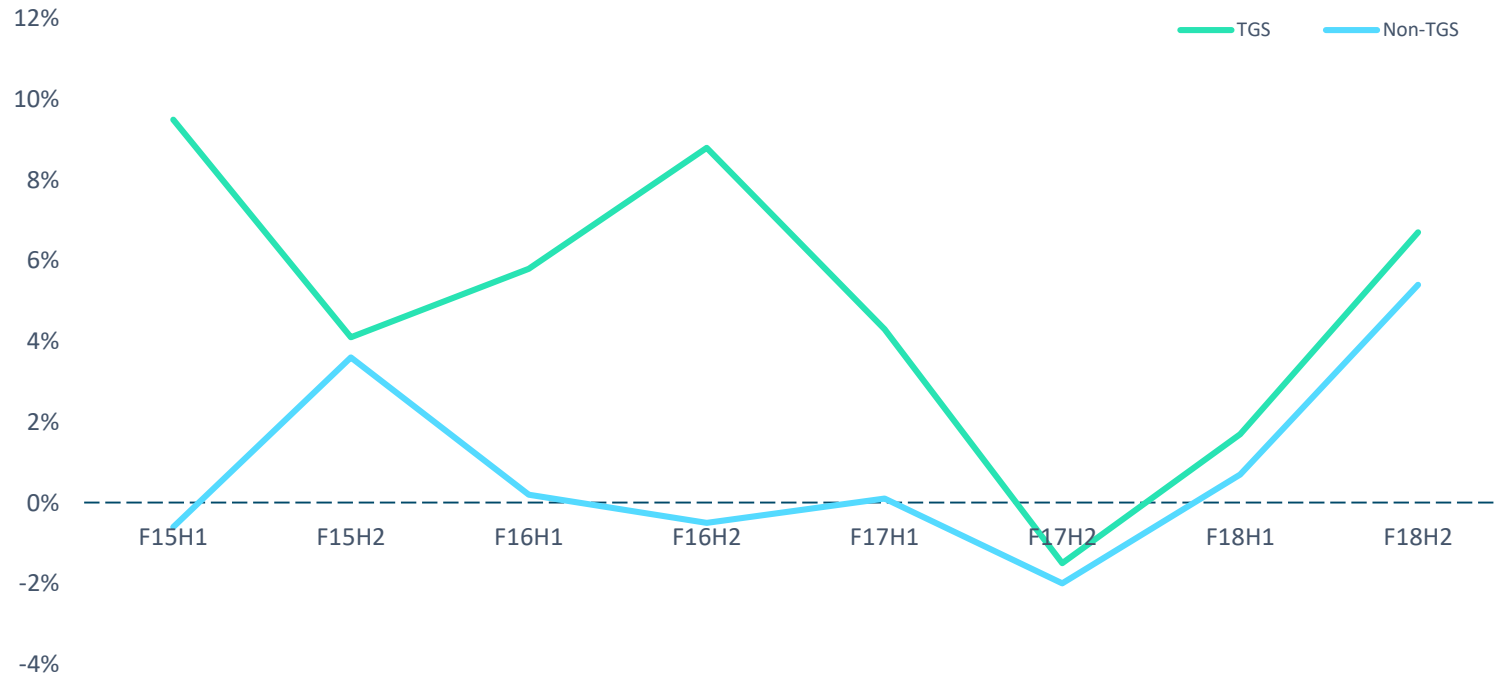
VENUE SOLUTIONS: CURRENT EGM CONTRACT MATURITY PROFILE



- New Vic gaming arrangements now provide industry certainty to 2032 (previously 2022)
- Venue Solutions is seeking to transition existing Vic customers to longer term contracts beyond 2022 (at lower margins) and attract new sign-ups across Vic and NSW
- 2H18 impacted by decline in Vic contracted EGMs. Current contracted EGMs are 7,863 (FY17: 8,700) of which 81% are contracted to 2022, and 17% are contracted beyond 2022
- NSW contracted EGMs 2,034 (FY17: 1,960)

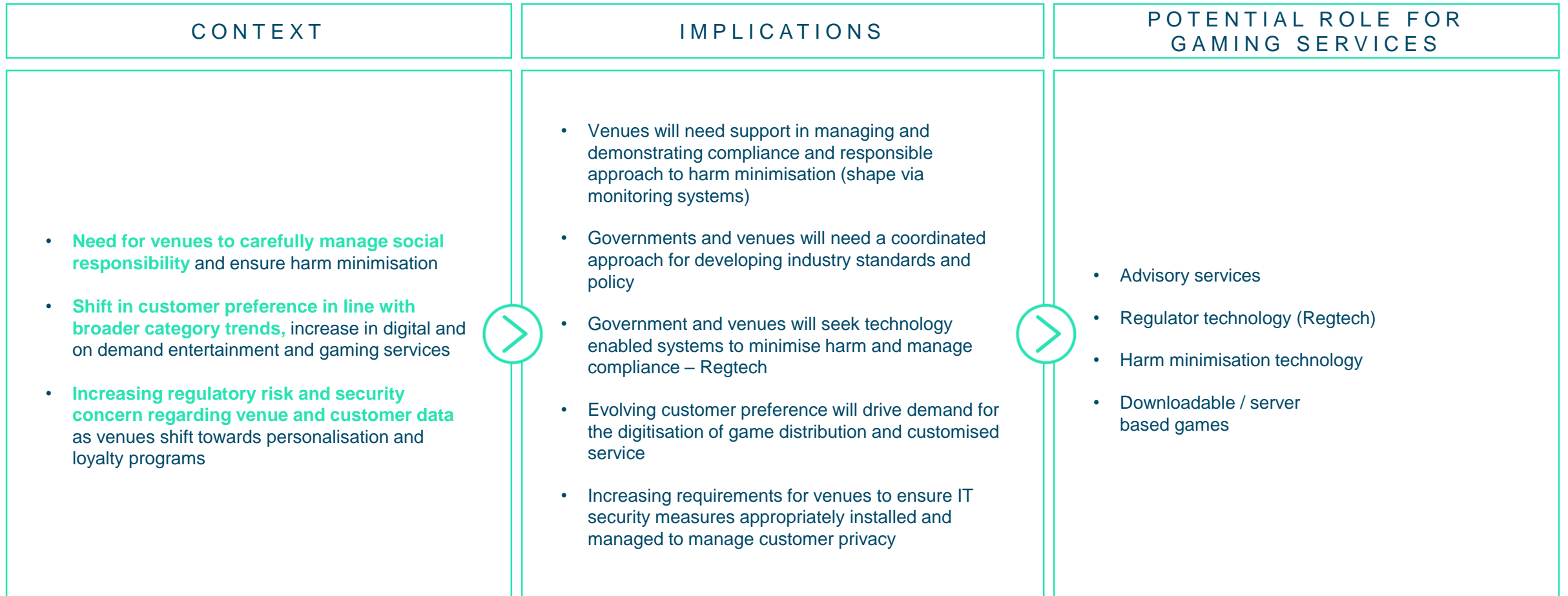
VENUE SOLUTIONS TRACK RECORD OF SUPPORTING VENUE SUCCESS CREATES STRONG PLATFORM FOR CONTRACT EXTENSION

NET MACHINE REVENUE GROWTH YOY – TGS VENUES VS NON-TGS VENUES
(VIC MARKET ONLY)

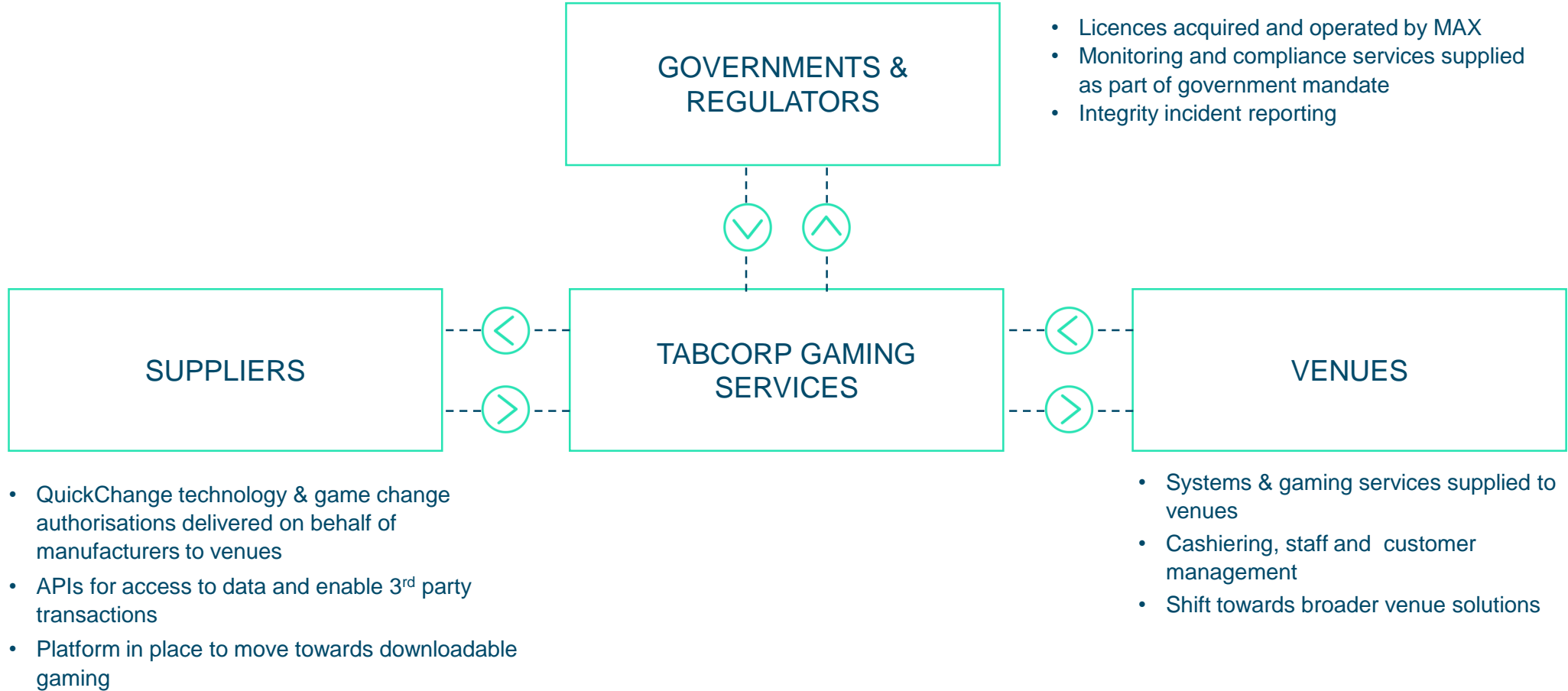


TGS venue performance has remained consistently above Victorian network average across the last 4 years

WE CAN PLAY A VALUABLE ROLE TO SUPPORT VENUES AND GOVERNMENTS IN MANAGING GAMING RESPONSIBLY



OUR BUSINESS IS A PLATFORM WHICH CONNECTS THREE DISTINCT TYPES OF 'CUSTOMERS'



THERE IS A CLEAR OPPORTUNITY FOR THE GAMING BUSINESS TO BECOME THE TECHNOLOGY AND SERVICES VENUE PARTNER OF CHOICE

VISION

TECHNOLOGY AND SERVICES PARTNER OF CHOICE FOR GAMING VENUES, SUPPLIERS AND GOVERNMENTS

PURPOSE

WE WILL OFFER THE MOST COMPREHENSIVE SUITE OF END-TO-END SOLUTIONS AND PRODUCTS THAT WILL DRIVE SUSTAINABLE SUCCESS

STRATEGIC PILLARS



CUSTOMER LED

Expand our offer, to meet changing technology and customer needs



SUPERB EXPERIENCES

Tailored solutions across integrated product suite



BRILLIANT EXECUTION

Service excellence through streamlined operations



COLLABORATIVE PARTNERSHIIPS

Work with partners to shape a sustainable future

OUR FOUNDATIONS

OUTSTANDING PEOPLE AND TEAMS

Passionate and skilled with a focus on customer service

COMMITMENT TO COMMUNITY AND INTEGRITY

Championing responsible gambling

LEADING TECHNOLOGY AND INNOVATION

Robust platforms for high volume transaction monitoring

WE HAVE DEVELOPED A STREAMLINED APPROACH THAT PROVIDES AN END-TO-END OFFER TO MARKET

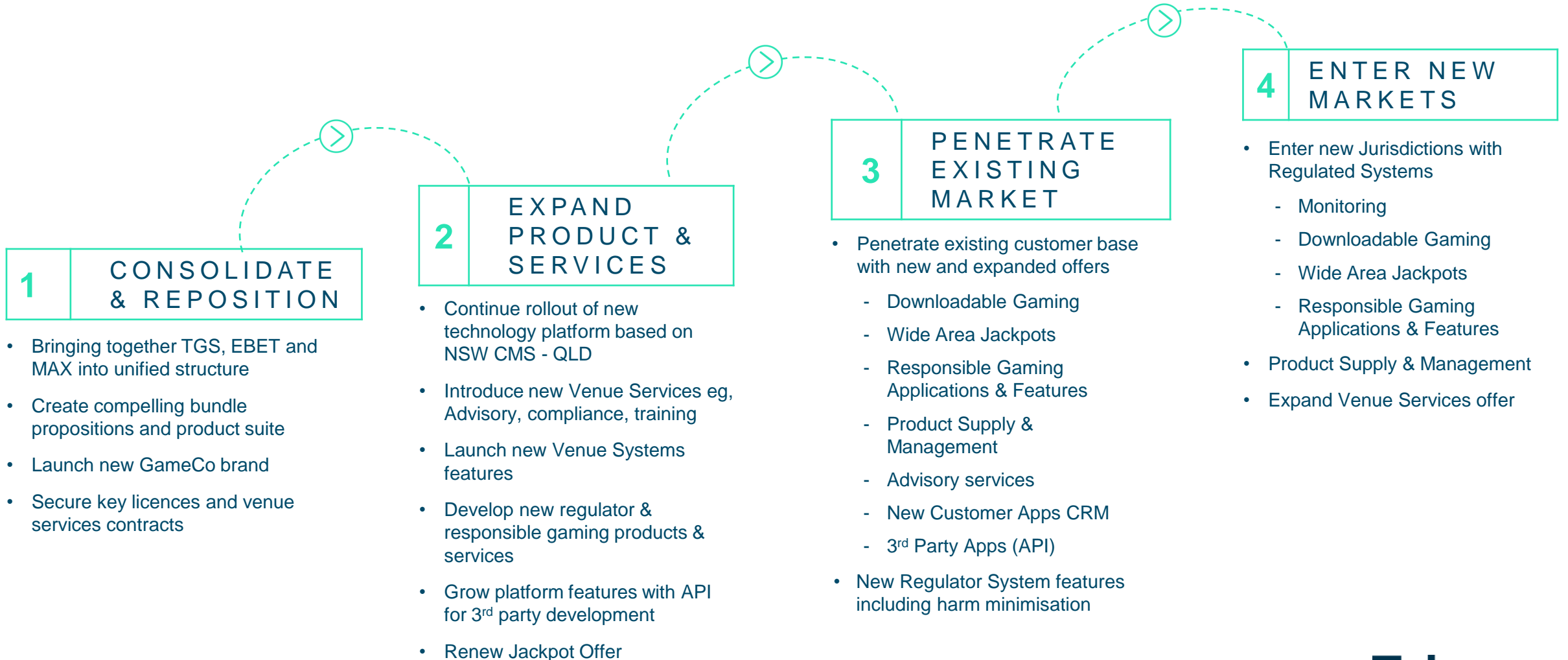
WE HAVE MOVED FROM INDIVIDUAL BUSINESS BRANDS WHICH FOCUS ON CERTAIN STATES, TO A FUNCTIONAL STRUCTURE WHICH CAN BE SCALED ACROSS AUSTRALIA

GAMING VENUES

VENUE & GOVERNMENT SERVICES END-TO-END OFFER

FUNCTION	REGULATORY SERVICES	VENUE SERVICES		
BUSINESS	Regulated Centralised Monitoring Systems and Licensed Monitoring Operator Services	VENUE SYSTEMS	VENUE ADVISORY	VENUE SOLUTIONS
OFFERING	Monitoring & Compliance function to be operated independent of the gaming solutions business to recognise its distinct government mandate	CRM / Loyalty	Gaming analytics	Partial gaming floor
		Cashless / TiTo	EGM selection	Full gaming floor
		Connect	Gaming floor design	Distressed & renovation
		Jackpots	Marketing CRM	Training
			Venue analytics	Market insights
		TECHNICAL FIELD SERVICES		

STAGED APPROACH TO DRIVING GROWTH



OVERVIEW: GAMING SERVICES

- This is a year of consolidation - we are securing our base and enhancing our offer
- Future growth driven by penetration with a broader range of offer
- Positioned to be a significant part of the solution to risks associated with gaming
- World class regulator systems capability supports new market entry
- Focused on delivering long term growth



WAGERING & MEDIA OVERVIEW

ADAM RYTENSKILD

WE ARE THE MARKET LEADER IN AUSTRALIAN WAGERING



~57% revenue market share



>700K active accounts



~1.1B bets taken annually



Market leading yield management



>4,400 venues



71% unprompted brand awareness



~\$1B returns to industry partners



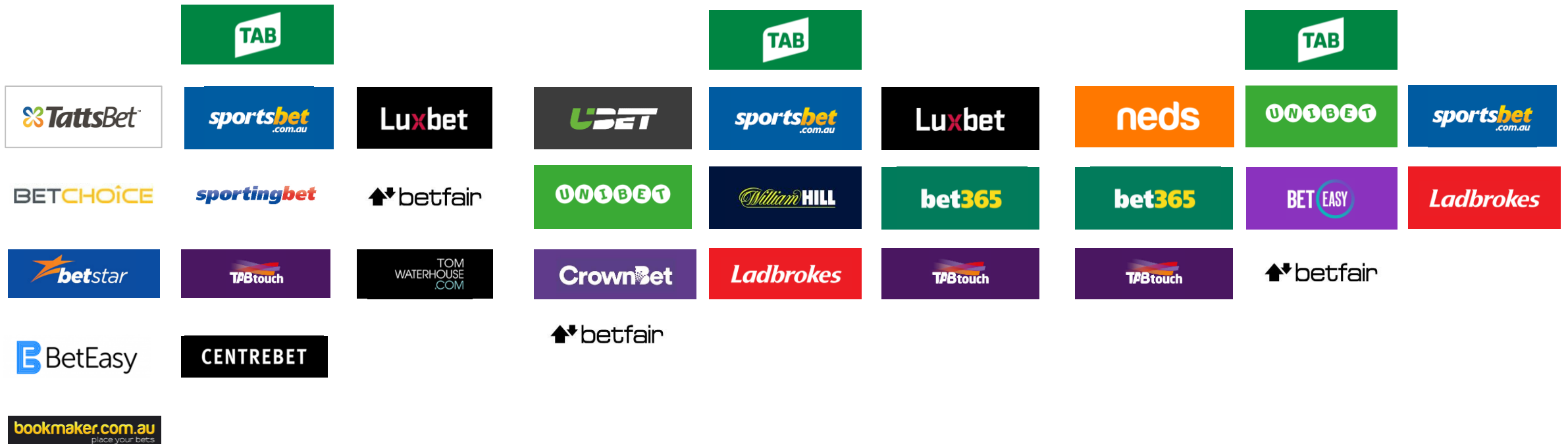
Multi-platform, market-leading racing & sport vision

THE COMPETITIVE LANDSCAPE IS CHANGING

2010 - 2014

2014 - 2018

2018



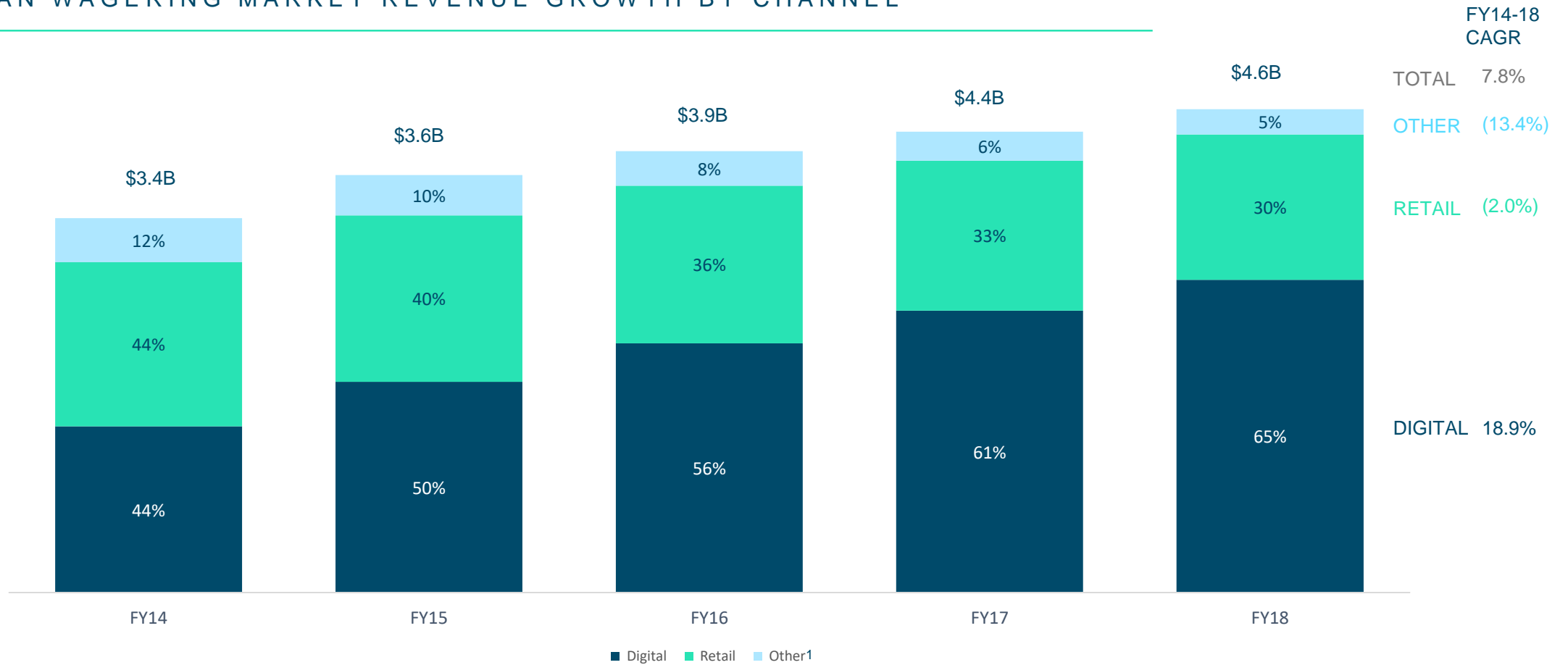
THE FOCUS OF COMPETITION IS SHIFTING TOWARDS PUNTER EXPERIENCE

THE CHANGING COMPETITIVE BATTLEGROUND



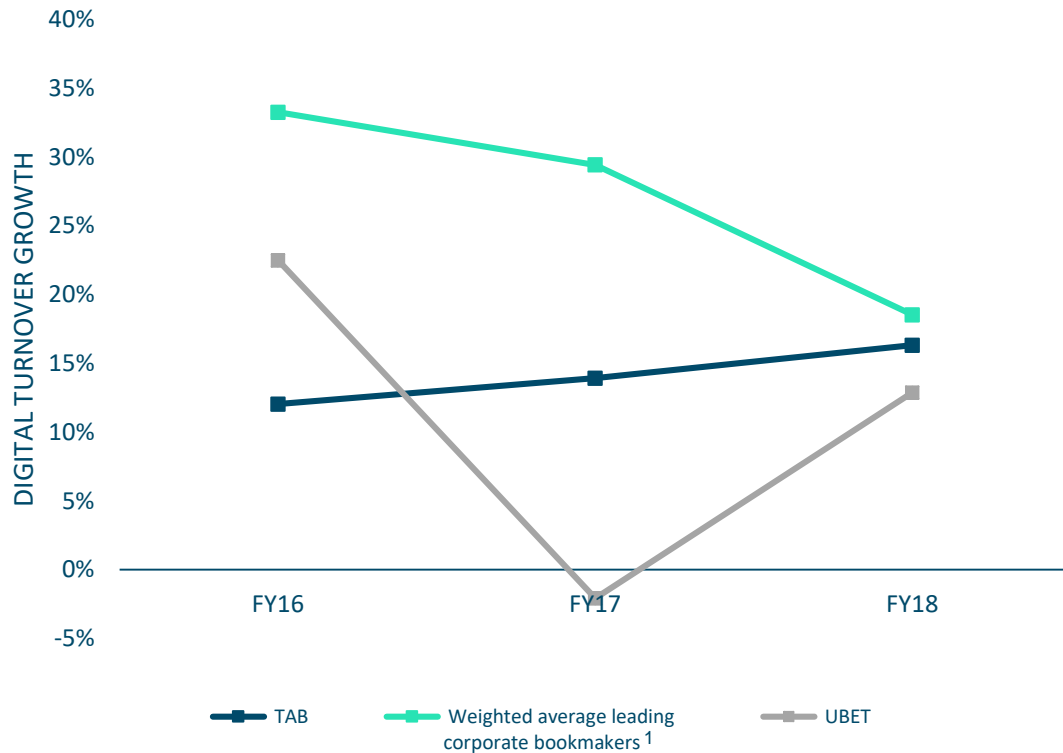
ATTRACTIVE MARKET UNDERPINNED BY STRONG DIGITAL GROWTH

AUSTRALIAN WAGERING MARKET REVENUE GROWTH BY CHANNEL

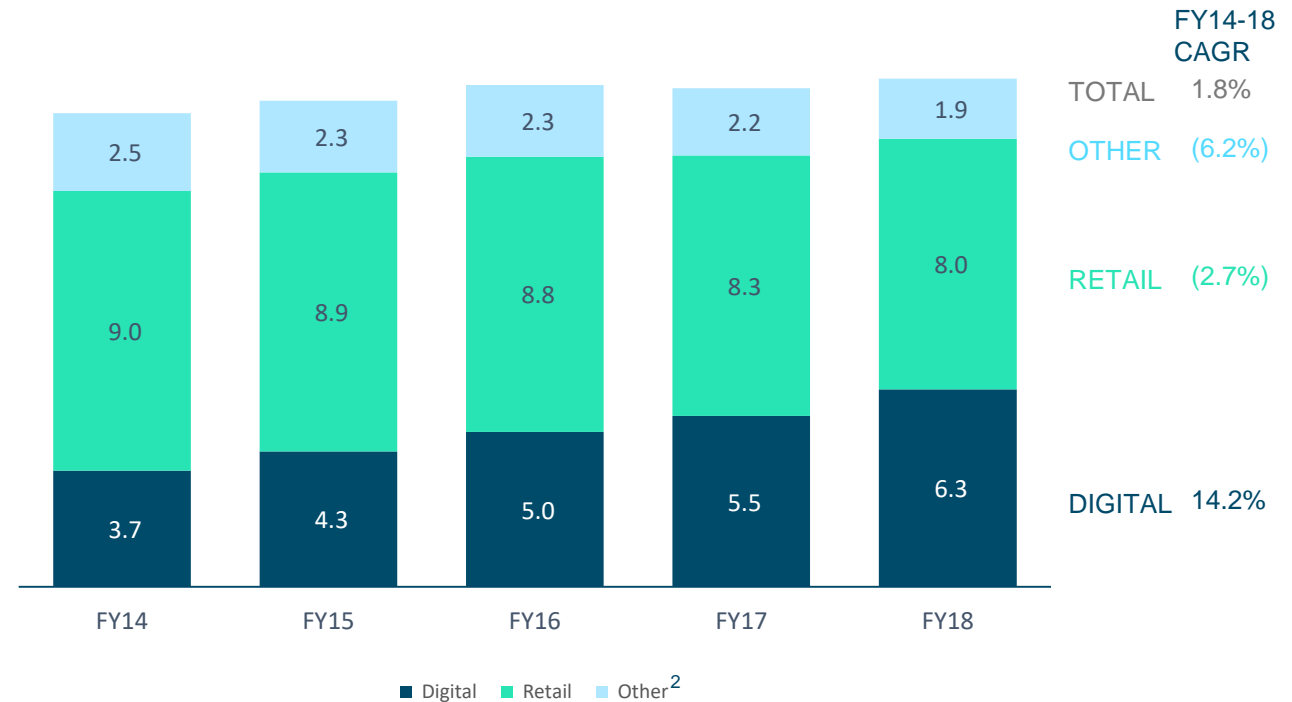


TAB DIGITAL GROWTH ACCELERATING FROM POSITION OF SCALE

DIGITAL TURNOVER GROWTH COMPARED TO CORPORATE BOOKMAKERS



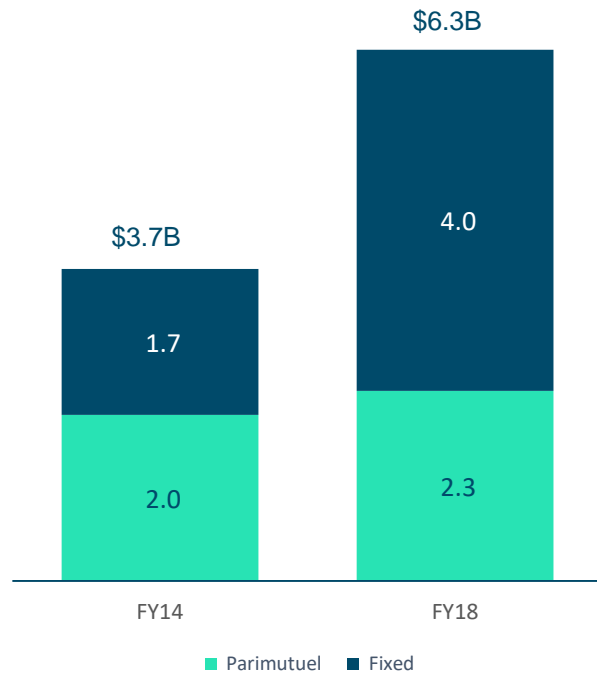
TAB + UBET HISTORICAL CHANNEL TURNOVER (\$B)



Notes:
 (1) Corporate bookmaker average reflects Tabcorp estimates and available published results
 (2) Other represents call centre, on-course, offshore operations

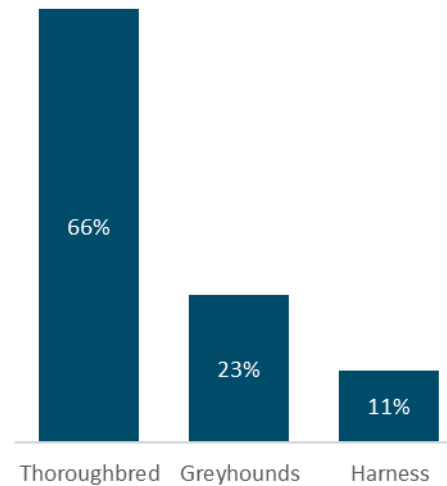
DIGITAL GROWTH DRIVEN BY INCREASE IN FIXED ODDS

GROWTH IN DIGITAL TURNOVER...

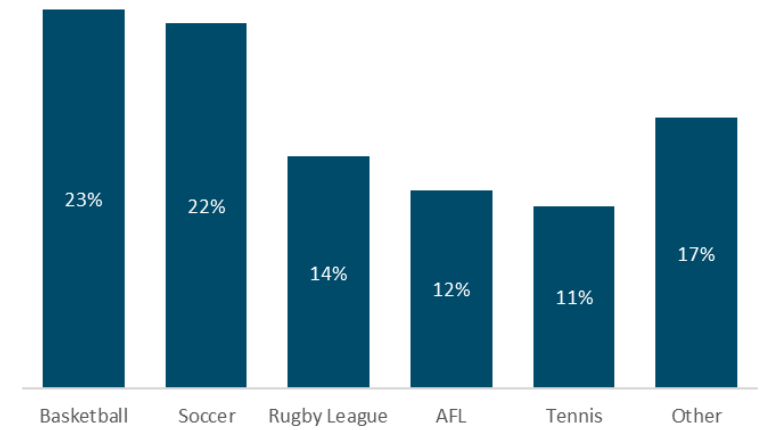


... WHICH IS GENERATED ACROSS A BROAD RANGE MARKETS

RACING (\$5.4B)



SPORT (\$0.9B)



DEVELOPMENTS IN WAGERING INDUSTRY REGULATIONS WILL LEAD TO A MORE SUSTAINABLE ENVIRONMENT

INTRODUCTION OF POINT OF CONSUMPTION TAXES

JURISDICTION	POCT RATE	IMPLEMENTATION DATE
VIC	8%	1 January 2019
NSW	10%	1 January 2019
QLD	15%	1 October 2018
SA	15%	1 July 2017
ACT	15%	1 January 2019
WA	15%	1 January 2019

ADVERTISING & CONSUMER PROTECTION REGIME AMENDMENTS

CONSUMER PROTECTIONS

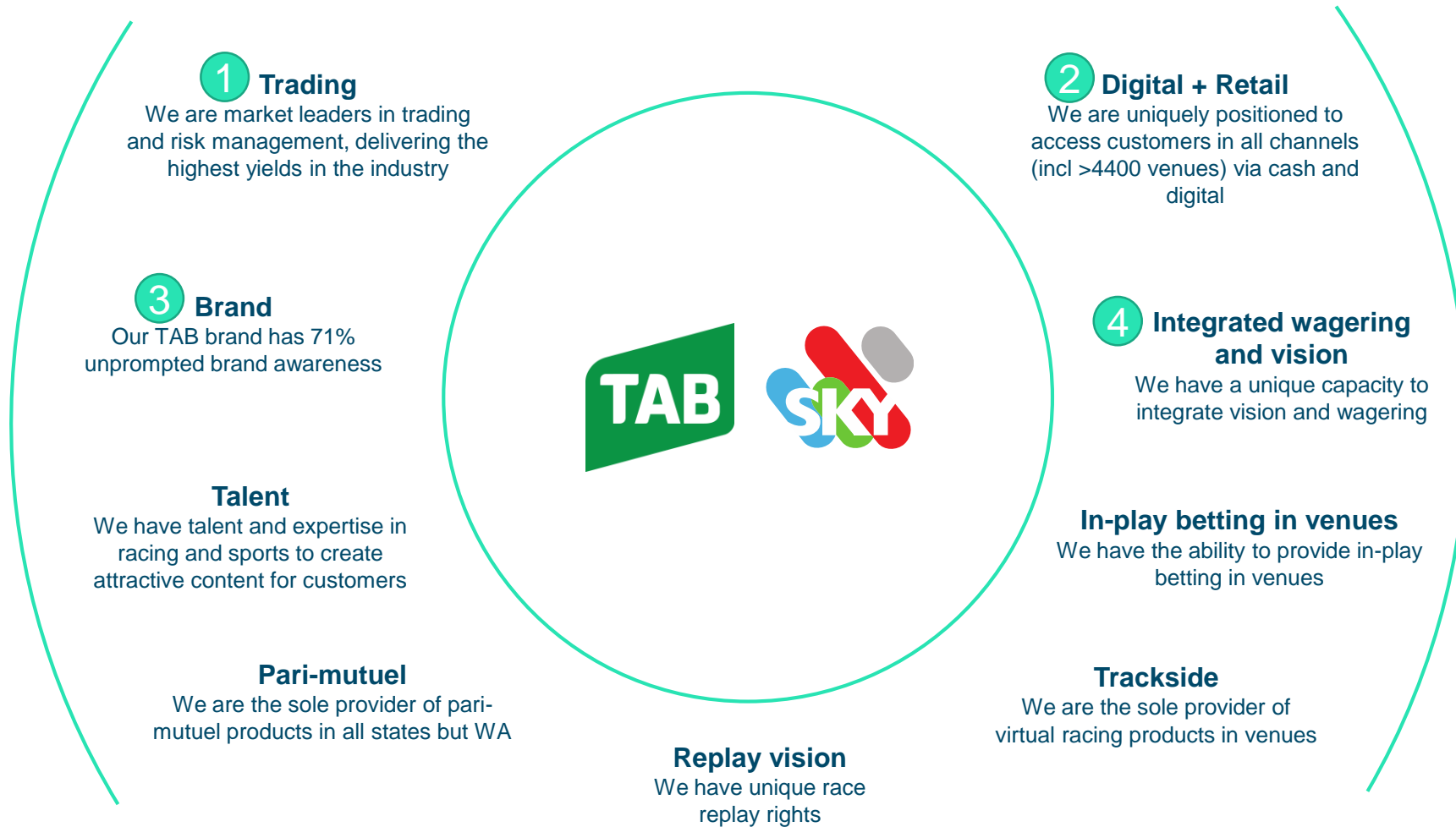
- Amendments to Australia's gambling legislation have been introduced or proposed to improve consumer protection
- These include prohibitions on wagering operators offering online in-play betting, credit and certain forms of inducements

ADVERTISING RESTRICTIONS

- From March 2018, new restrictions prohibited gambling advertising during live television, radio and online sports broadcasts between 5:00am and 8:30pm. Live broadcasts of racing events and the advertising of lotteries are exempt
- The prohibition of wagering advertising on roads, public transport and associated infrastructure in Victoria has been implemented

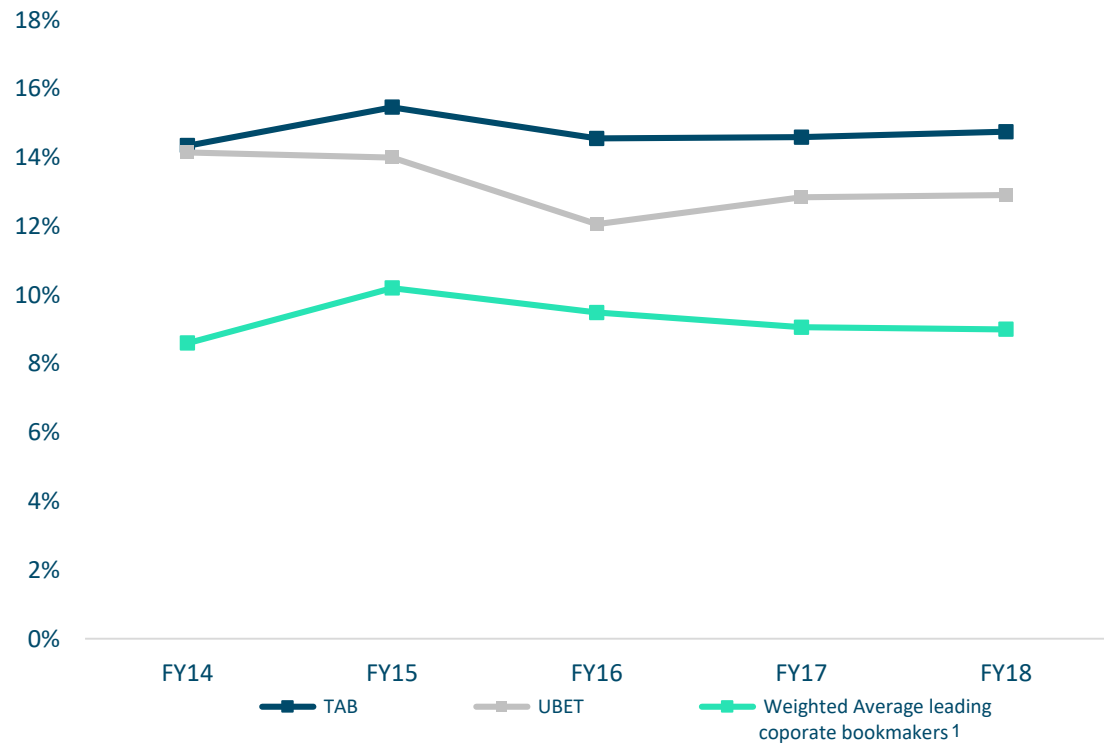
WE HAVE A UNIQUE SET OF ASSETS AND CAPABILITIES

VALUABLE POINTS OF DIFFERENCE



LONG-TERM PERFORMANCE UNDERPINNED BY MARKET-LEADING RISK AND BOOKMAKING CAPABILITY

SUPERIOR FIXED ODDS YIELDS ACHIEVED NET OF GENEROSITIES

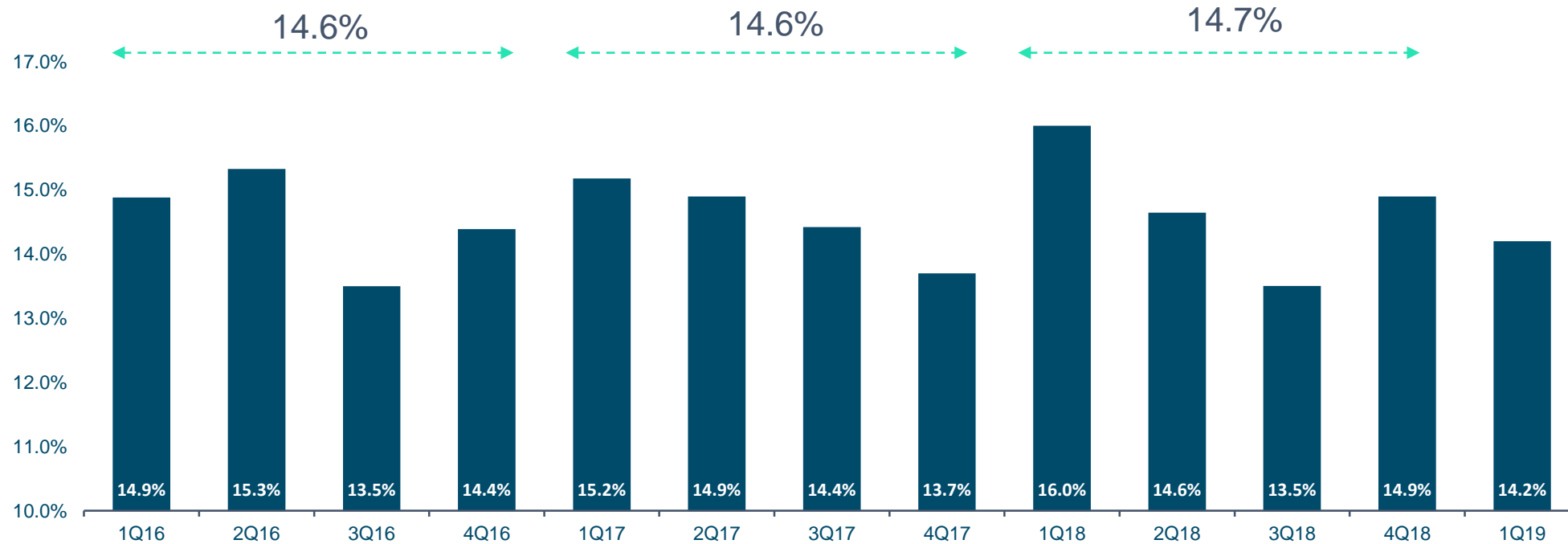


TAB HAVE BEEN ABLE TO MAINTAIN HIGHEST SECTOR YIELDS VIA:

- PROPRIETARY PLATFORMS
- PRICE / BOOK MANAGEMENT
- CUSTOMER SEGMENTATION
- PRODUCT MIX

RELATIVELY STABLE YIELDS OVER FY16 TO FY18 DESPITE QUARTERLY FLUCTUATIONS

TAB FIXED ODDS YIELDS



- Fixed odds yields are volatile over short periods but typically normalise over time
- Tabcorp has also increased spend on generosities over the past 12 months reflecting increased competition

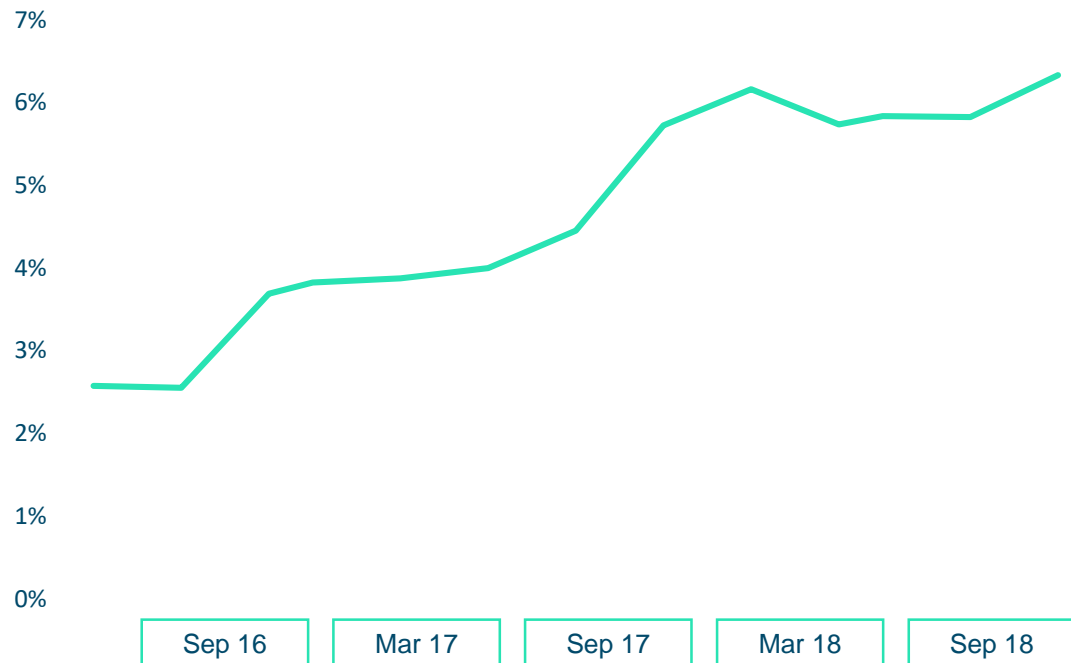
RETAIL NETWORK REMAINS CRITICAL TO TABCORP AS WE CONTINUE TO DRIVE DIGITAL ACTIVITY ACROSS THE NETWORK

DIGITAL-IN-VENUE SHARE OF RETAIL SALES

% OF RETAIL SALES

7%
6%
5%
4%
3%
2%
1%
0%

Sep 16 Mar 17 Sep 17 Mar 18 Sep 18

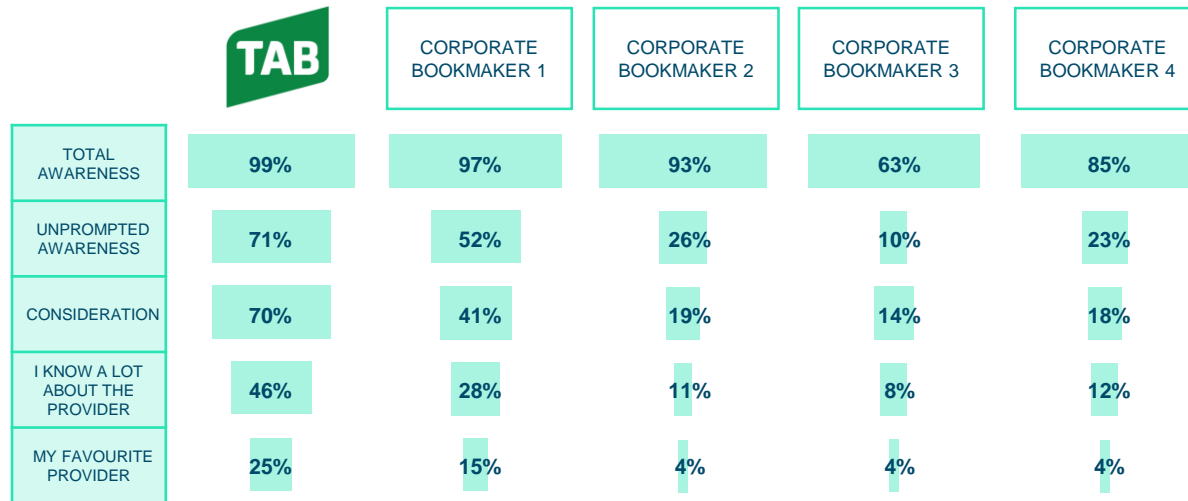


BROAD AND DIVERSE NETWORK WITH RETAIL EXCLUSIVITY

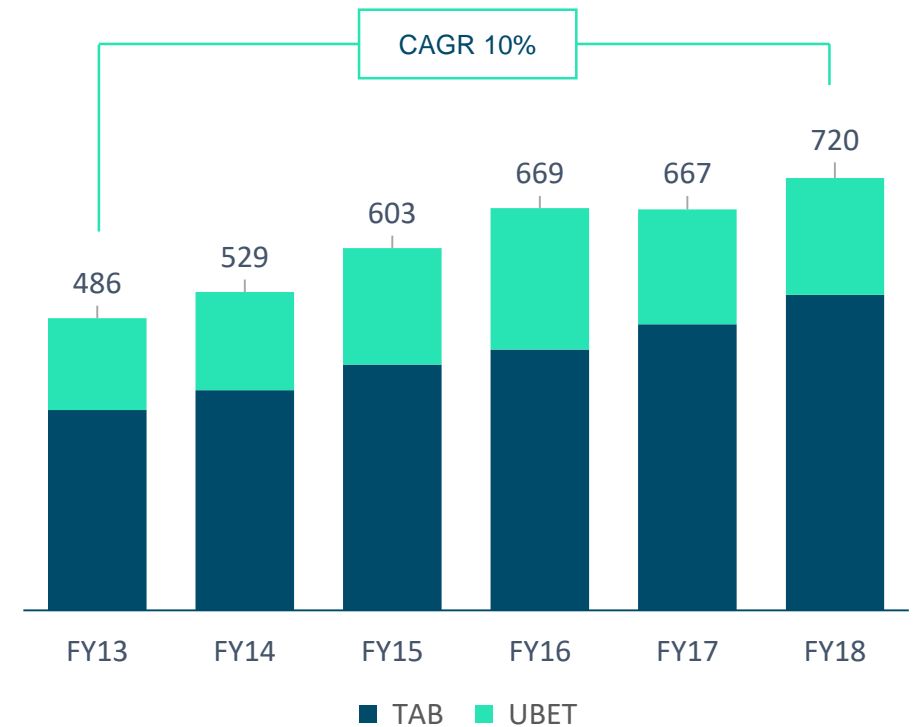
- Diverse network of pubs, clubs, agencies, stadiums and race tracks with 4400+ venues
- Focus is on potential to further drive growth via digital-in-retail (currently represents ~6.5% of retail sales)
- Size of TAB venue network has been stable over the past 5 years
- Our venue operating model is predominantly variable cost, relative to traditional retailers

OUR BRAND STRENGTH CREATES A PLATFORM FOR CONTINUED CUSTOMER GROWTH

STRONG BRAND RECOGNITION



ACTIVE ACCOUNT GROWTH ('000)



WE HAVE OPTIMISED RACING VISION TO DRIVE WAGERING GROWTH ACROSS OUR PLATFORMS

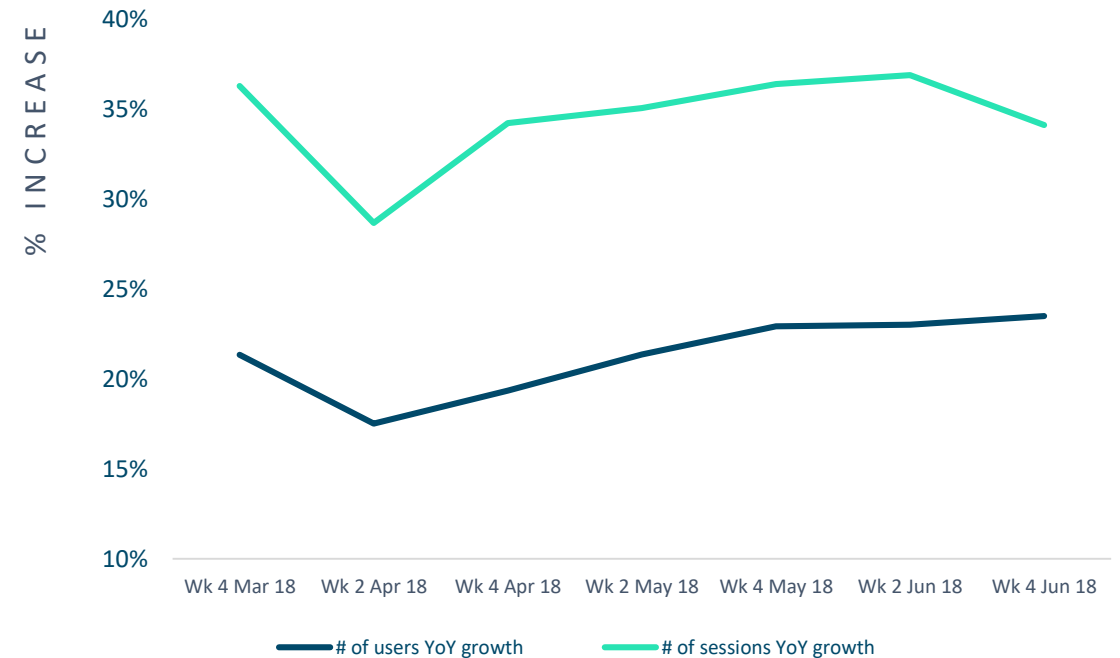
INCREASED RACING BROADCAST DRIVING WAGERING GROWTH

We have significantly increased the number of racing events broadcast



WITH STRONG ENGAGEMENT ON OUR DIGITAL PLATFORMS

The number of digital account holders consuming vision on our digital platforms increased considerably during Q4 FY18 vs pcp





WE HAVE A CLEAR SET OF STRATEGIC PRIORITIES FROM WHICH TO DRIVE GROWTH



VISION

LOVED BY PUNTERS AND EMBRACED BY OUR PARTNERS; WE ARE UNIQUELY AUSTRALIAN AND THE FIRST CHOICE FOR BETTING

PURPOSE

WE CREATE EXCITEMENT IN THE CONTEST LIKE NO-ONE ELSE!

HOW



CUSTOMER LED

Develop trusted punter connections



SUPERB EXPERIENCES

Create digitally-led experiences
In and out of venues



BRILLIANT EXECUTION

Deliver commitments and establish a
new foundation for the business



COLLABORATIVE PARTNERSHIPS

Build strong mutually beneficial partnerships
and explore step change growth

DELIVERING FOR PUNTERS BY

VISION

Modern and diversified

EXPERIENCE

Brilliant punter experiences

PRODUCT

Modern and innovative
portfolio

DATA

Personalised punter
connection

GLOBAL REACH

Partnerships driving
growth

OUR DNA

OUTSTANDING PEOPLE AND TEAMS

Passionate, energised and simply the best
at what we do

CUSTOMER CARE

Market leaders in customer service,
responsible gambling and compliance

LEADING TECHNOLOGY AND INNOVATION

Responsive, innovative and differentiated

WE HAVE A FOCUSED PLAN TO DELIVER A COMPELLING PROPOSITION FOR PUNTERS

VISION

Build a modern media business with strong digital capabilities delivering racing and sport vision across a diverse range of distribution channels

PUNTER EXPERIENCE

Drive growth by creating brilliant and unique digitally-led wagering experiences in and out of venues

PRODUCT

Create engaging wagering products that encourage people to play and stay longer with TAB, wherever and however they bet

DATA

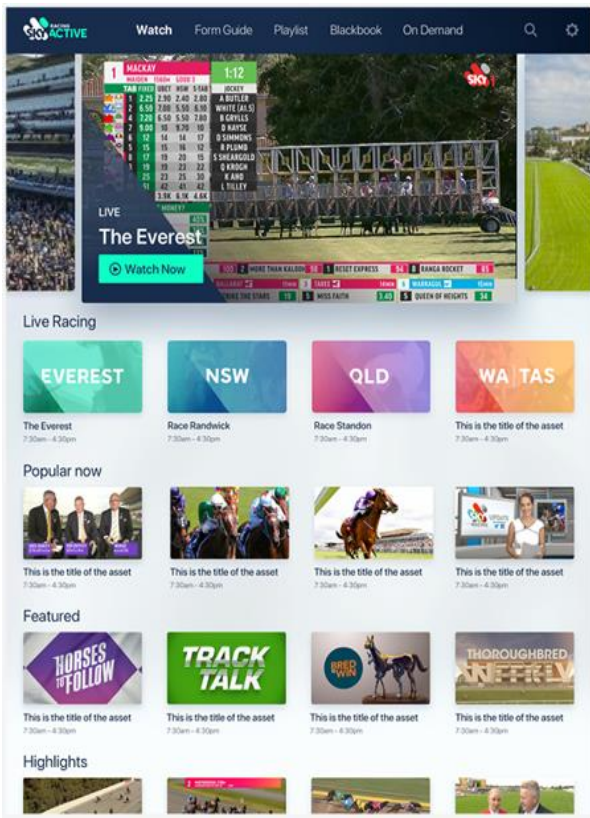
Drive personalised, real time interactions with punters to fundamentally improve their engagement with Tabcorp

GLOBAL REACH

Expand our global reach by broadening our stance as the partner of choice for international wagering

OUR STRATEGY EXPANDS CONTENT AND BROADENS OUR DISTRIBUTION

PERSONALISED VIEWING PLATFORM CONCEPT

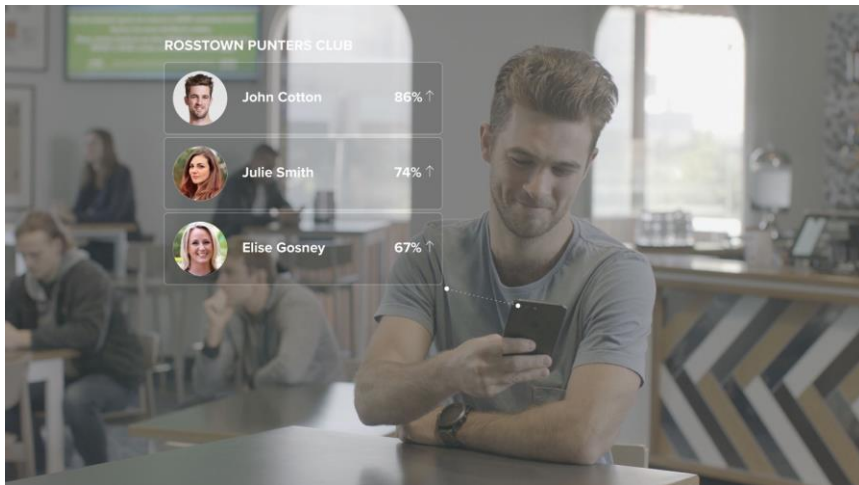
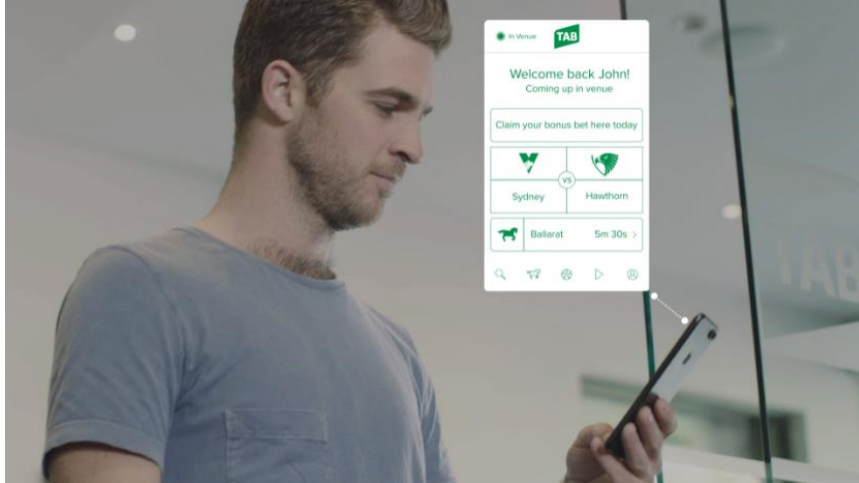


MULTIPLE VIEWING OPTIONS

SKY SPORTS VISION IN VENUE



WE WILL DELIVER UNIQUE DIGITALLY-LED WAGERING EXPERIENCES TO DRIVE LONG TERM ENGAGEMENT



We are creating digitally-led punter experiences to realise the value of omni-channel customers

DIGITAL PUNTERS ACQUIRED IN VENUE:

- Deliver twice the annual turnover of a customer acquired out of venue
- 78% are active >28 days after sign up
- 52% are under the age of 34

WE WILL DRIVE PUNTER ENGAGEMENT VIA THE FOLLOWING:

- Geo-located venue offers
- Digital facilitated in-venue betting experiences
- Social experiences to connect punters to communities

WE ARE SHIFTING FROM PRODUCT ENHANCEMENT TO FOCUS ON OVERALL EXPERIENCE

The below table represents TAB and UBET released products over the past 18 months

PRODUCT DELIVERY TIMELINE



<ul style="list-style-type: none"> Digital commissions Multiplier Check & collect App refresh with enhanced statements Trackside graphics refresh The Everest Climber, Pick X & Tipping Comp Race Previews in app 	<ul style="list-style-type: none"> Multi builder Facial, pin and touch logins Trackside enhancements The Edge Soccer World Cup InfoHub Trending Bets 	<ul style="list-style-type: none"> Tab rewards revamp Augmented reality portal Kosciuszko Sweepstakes Jackpots info Search & Bet Bet Slip enhancements Pari-mutuel product innovation 	<ul style="list-style-type: none"> Trifecta approximate dividends Same event multi Multiplier – phase 2 Proximity marketing
--	--	--	---

2017

2018

2019

<ul style="list-style-type: none"> Racing form refresh UBET+ Sky Vision 	<ul style="list-style-type: none"> Tappy multi builder BetShare 	<ul style="list-style-type: none"> Quickbet 	<ul style="list-style-type: none"> Digital commissions Flexi Betting Enhanced form
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TAB FOCUS:

- TAB 2018 roadmap of developing innovative products, achieving product parity and digital venue USPs
- Increase in product team capacity and capability
- Establishment of agile and lean tech teams to support iterative development

PERSONALISED AND REAL TIME INTERACTIONS TO DRIVE PUNTER ENGAGEMENT

ENHANCED CUSTOMER ANALYTICS & SEGMENTATION

IDENTIFY



- Enable effective segmentation including identification of potential problem gambling

MACHINE LEARNING



- Better understand customer preferences and interests across digital, retail and social touchpoints
- Building richer and more robust real time data pipelines

TARGETED MESSAGING



- Transforming data and marketing assets to deliver the **right offer** to the **right customer** - at the **right time** and in the **right channel**

STRENGTHENING PUNTER ENGAGEMENT

INTEGRATION UPDATE: BRANDING



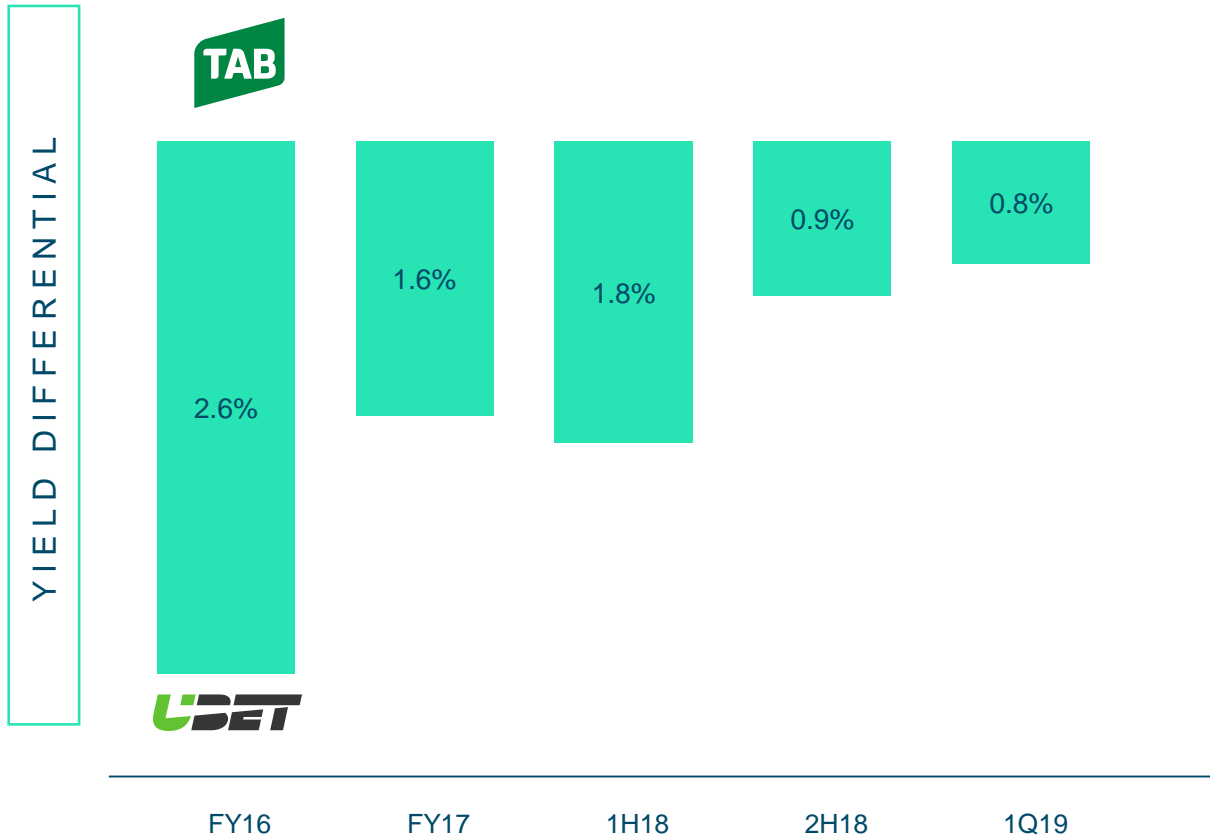
TAB BENEFITS
RACE REPLAYS
RACING AND
SPORTS MARKETS
FLEXI BETTING
+ MORE



INTEGRATION UPDATE: UBET YIELDS & TRADING

UBET YIELD BENEFITING FROM APPLICATION OF TAB BOOKMANAGEMENT...

... WITH TRADING CAPABILITY NOW CONSISTENT



- Proprietary fixed odds platforms already integrated into UBET
- Profiling and risk management practices across TAB and UBET now consistent
- Trading function consolidated

OVERVIEW: WAGERING & MEDIA

- We have positive momentum in a growing Australian wagering market – driven via digital
- Regulatory reform providing a positive outlook in terms of industry sustainability
- We have an expert team with diverse experience
- Our strategy will create unique experiences for our customers including:
 - We continue to maintain market leading yields via proprietary technology and capability
 - Retail network remains a critical component of our strategy with a focus on increasing digital presence in venues
 - We are evolving our media business with enhanced content and broader distribution
 - We are increasing punter engagement via investment in data analytics and CRM technology

CLOSING REMARKS

DAVID ATTENBOROUGH

Tabcorp

Tabcorp

TABCORP REPRESENTS A COMPELLING LONG TERM INVESTMENT PROPOSITION

- The combination with Tatts Group will deliver significant synergies, and creates the scale and financial strength to invest and grow
- Confidence in outlook underpinned by long-dated licences and increased regulatory certainty
- Our Group offers stability of earnings through sector diversification
- Each of our three businesses is well placed to compete and grow in their core markets
 - Lotteries portfolio provides stability with growth upside from digital, omni-channel integration and an expanded membership and CRM program
 - Integrated product suite and technology platform creates opportunity to unlock growth in Gaming Services
 - Unique combination and reach of Wagering & Media assets provides foundation for differentiated customer experience in a highly competitive market
- Track record of effective partnering with governments and industry positions Tabcorp well for future licence opportunities

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