

**TATTS GROUP LIMITED
SCHEME OF ARRANGEMENT MEETING
12 DECEMBER 2017**

INTRODUCTION

HARRY BOON
CHAIRMAN



FORMAT OF SCHEME OF ARRANGEMENT MEETING:

- Purpose of Scheme Meeting
- Overview of proposed Scheme + Implications for Tatts Shareholders
- Directors' recommendation
- Current status of conditions precedent
- Overview of voting process
- Formal vote for the Scheme

PURPOSE OF SCHEME MEETING



- Shareholders to **consider** and **vote** on the **proposed acquisition** of all the shares in Tatts by Tabcorp
- If approved by Shareholders + Court – Court orders to be lodged with ASIC on 13 December and the Scheme will become effective

PURPOSE OF SCHEME MEETING (continued)



- **Tatts shareholders will receive:**

Consideration	Value	Expected Date
Share consideration	<u>0.8 Tabcorp shares</u> for every Tatts share	22 Dec 2017
Cash consideration	<u>\$0.265</u> per Tatts share	22 Dec 2017
Special dividend	<u>\$0.16</u> per Tatts share	19 Dec 2017

PURPOSE OF SCHEME MEETING (continued)



- Tatts shares expected to cease trading at close of business on 13 December 2017
- Tatts Bonds will remain quoted on ASX following implementation of Scheme

OVERVIEW OF PROPOSED SCHEME



- Creates a leading, diversified portfolio of gambling entertainment assets
 - Long-dated suite of licences
 - Well positioned to invest, innovate and compete in a rapidly evolving marketplace
 - Well positioned to pursue growth opportunities globally
- Provides a wide range of benefits for stakeholders and enhances the long-term sustainability of the Australian racing industry

OVERVIEW OF PROPOSED SCHEME (continued)



- Value creation expected for both sets of shareholders
 - Pro-forma annual revenue of ~\$5b + EBITDA over \$915m
 - At least \$130m per annum of EBITDA synergies
 - Greater scale and strong balance sheet position
 - Net one-off integration costs and capital expenditure ~\$141m
- Tatts shareholders will own ~58% of the Combined Group

OVERVIEW OF PROPOSED SCHEME (continued)



- Leadership of Combined Group:
 - Ms Paula Dwyer - Chairman
 - Mr David Attenborough – MD/CEO
 - Mr Damien Johnston - CFO
 - Tabcorp Directors will remain Directors of Combined Group
 - Tatts Chairman invited to join the Board of Combined Group

DIRECTORS' RECOMMENDATION



- Announcement of transaction follows a review undertaken by Tatts Board – explore all opportunities available
- Having considered all alternative opportunities – Tatts Board unanimously recommends that Shareholders vote in **Favour** of the Scheme
- **Independent expert**, Grant Samuel **concluded Scheme** is in the **best interests** of Tatts Shareholders

STATUS OF CONDITIONS PRECEDENT



- Tatts + Tabcorp waived competition approval condition
- ACCC confirmed that it will not apply for judicial review
- CrownBet withdrew its opposition to proposed combination
- **All conditions** of Merger Implementation Deed, other than shareholder and court approval, **satisfied or waived**

OVERVIEW OF VOTING PROCESS



SCHEME RESOLUTION:

“That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the members approve the arrangement proposed between Tatts Group Limited and the holders of its fully paid ordinary shares, designated the “Scheme”, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with or without any modifications or conditions approved by the Court to which Tatts Group Limited agrees) and, subject to approval of the Scheme by the Court, the Tatts Group Limited Board is authorised to implement the Scheme with any such modifications or conditions.”

OVERVIEW OF VOTING PROCESS



APPROVAL REQUIREMENTS:

- At least 75% of votes cast on the Scheme Resolution
- A majority in number of the Tatts shareholders present and voting at this Scheme

Thank you

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