

19 February 2020

Australian Securities Exchange
Companies Announcements Platform
20 Bridge Street
Sydney NSW 2000

TABCORP HALF YEAR RESULTS PRESENTATION

Attached is the presentation regarding Tabcorp's half year results ended 31 December 2019 to be presented by David Attenborough, Managing Director and Chief Executive Officer.

This presentation will be webcast on Tabcorp's website at www.tabcorp.com.au from 10.00am (Melbourne time) today.

The information contained in this announcement should be read in conjunction with today's announcement of Tabcorp's half year results and Tabcorp's most recent Annual Report.

This announcement was authorised for release by the Tabcorp Board.

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TABCORP HOLDINGS LIMITED

2019/20
First Half Results Presentation
for the 6 months ended 31 December 2019

19 FEBRUARY 2020

ABN 66 063 780 709

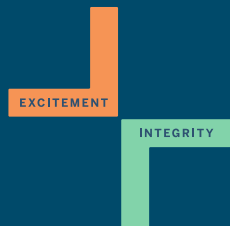




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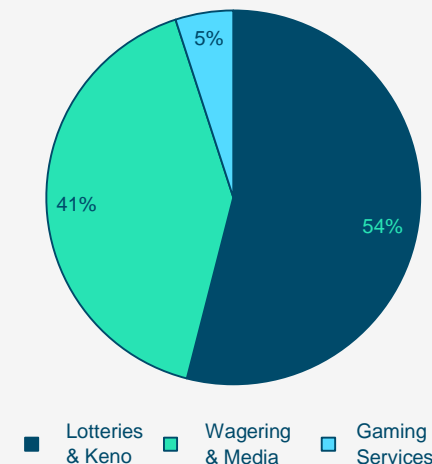
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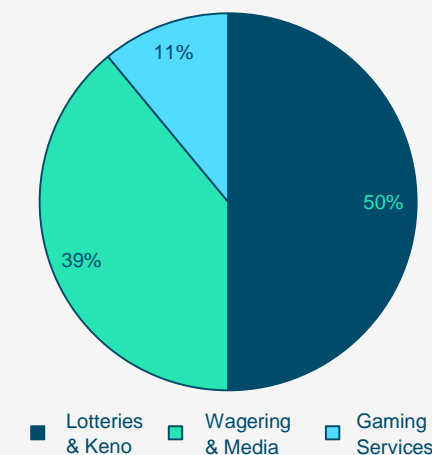
GROUP RESULT DRIVEN BY EXCELLENT LOTTERIES PERFORMANCE

- **Group** revenue up 4.4% and EBITDA¹ up 2.1% vs pcp
- **Interim dividend** maintained at 11.0 cps, fully franked
- **Integration** in the final phase
 - EBITDA benefits expected to be \$100m in FY20 (previously \$90m)
 - On track to deliver FY21 target of \$130m-\$145m in recurring EBITDA benefits
 - Total one-off integration costs expected to be \$135m pre tax (previously \$95m)
- Step change in **Lotteries & Keno** performance sustained with another excellent result; strong growth in both digital and retail; more than 300,000 new registered customers in the past six months
- **Wagering & Media** – core TAB business competing well while also transforming in a soft market; uplift in UBET performance anticipated once customers benefit from access to the full TAB offering post integration
- **Gaming Services** business under review to improve performance, including capital efficiency, and realise full potential

REVENUE CONTRIBUTION²



EBITDA CONTRIBUTION²



Notes:

1. EBITDA from continuing operations before significant items
2. Based on 1H20. Contribution excludes Other division

FIRST HALF RESULTS

REPORTED FIGURES THROUGHOUT THE PRESENTATION ARE RESTATED FOR AASB 16 CHANGES¹

			VS PCP
REVENUE	\$2,913.9M	▲	UP 4.4%
EBITDA			
(CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS)	\$596.5M	▲	UP 2.1%
NPAT			
(CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS)	\$213.5M	▲	UP 2.9%
(STATUTORY)	\$198.8M	▲	UP 10.8%
EPS ²			
(CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS)	10.6 cps	▲	UP 2.9%
(STATUTORY)	9.8 cps	▲	UP 10.1%

1H20

DIVIDEND
PER SHARE

(FULLY FRANKED)

11.0

CENTS

(NO CHANGE)

Notes:

1. Refer Appendix 5 for further details
2. Significant items (after tax) of \$14.7m comprise Tatts Group combination expenses regarding implementation costs \$11.0m and Racing Queensland arrangements \$8.2m, partly offset by the benefit from ACTTAB POCT compensation tax refund \$4.5m. Refer Appendix 1

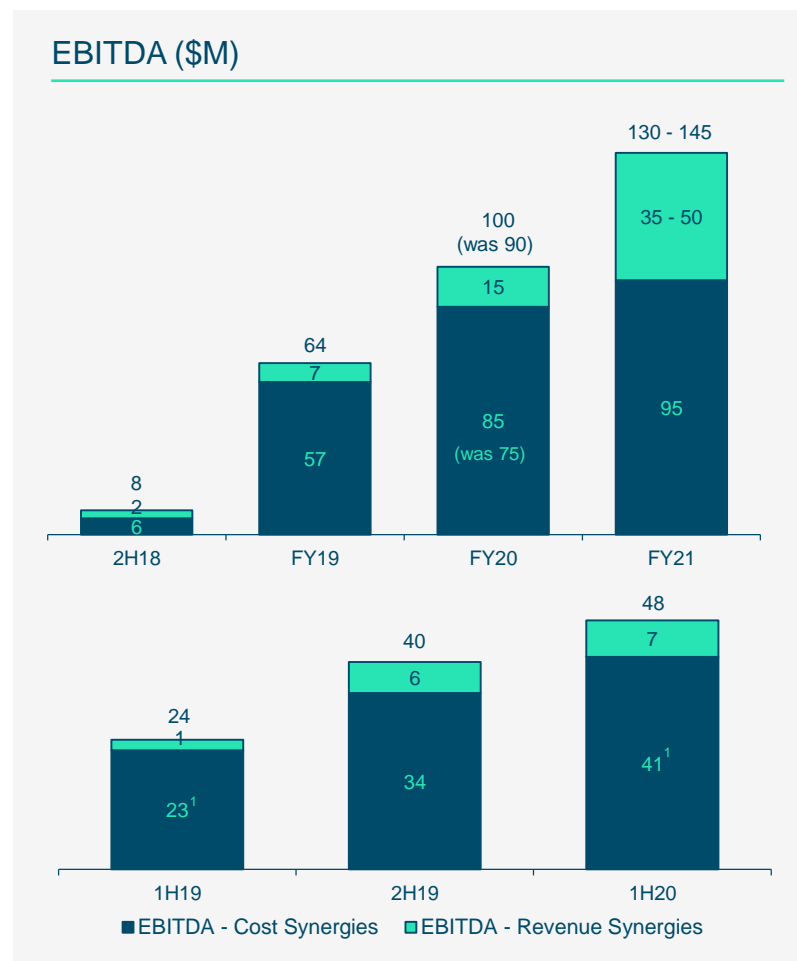
GROUP RESULTS

\$m	1H20	1H19	Change
Revenues	2,913.9	2,790.2	4.4%
Variable contribution	1,029.7	1,017.0	1.2%
Operating expenses	(433.2)	(432.9)	0.1%
EBITDA before significant items	596.5	584.1	2.1%
D&A	(192.3)	(174.8)	10.0%
EBIT before significant items	404.2	409.3	(1.2%)
Interest	(94.8)	(105.0)	(9.7%)
Tax expense	(95.9)	(96.8)	(0.9%)
NPAT before significant items	213.5	207.5	2.9%
Significant items (after tax) ¹	(14.7)	(18.3)	(19.7%)
NPAT from discontinued operations	-	(9.8)	100.0%
Statutory NPAT	198.8	179.4	10.8%

INTEGRATION: SYNERGIES & BUSINESS IMPROVEMENTS

INTEGRATION IN FINAL PHASE; REMAIN ON TRACK TO DELIVER FY21 TARGET OF \$130M-\$145M EBITDA

- Significant progress on delivery of integration program
 - Full insourcing of data centre and retail network management and associated recontracting now complete
 - Consolidation of wagering call centres in 2H20
- Completion of coding and testing of 100+ wagering systems by end February 2020 to support migration of UBET customers to TAB platform by June 2020, subject to regulatory approvals
 - Supports delivery of incremental cost savings in FY21 as legacy systems and infrastructure decommissioned
 - Creates platform to realise remaining wagering revenue synergies as full benefits of enhanced product and feature set deployed in ex UBET states
- Integration one-off cost guidance now \$135m pre tax (up from \$95m)
 - Reflects the deployment of additional resources to manage the increased complexity and associated risk to ensure the successful migration of UBET customers to the TAB platform
 - Incurred \$93m costs (pre tax) to 31 December 2019
 - Remaining forecast spend includes:
 - Wagering customer migration and retail venue roll out
 - Implementation of last phase of workforce consolidation
 - Completion of technology transformation program, site exits, and systems and infrastructure decommissioning
 - Completion of AML program uplift in UBET states to Tabcorp group standard



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Casket

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Tabcorp

GROUP & BUSINESS RESULTS¹

1H20	Lotteries & Keno		Wagering & Media		Gaming Services		Group	
	\$m	Change	\$m	Change	\$m	Change	\$m	Change
Revenues	1,584.3	12.4%	1,179.5	(3.7%)	149.0	(4.4%)	2,913.9	4.4%
Variable contribution	413.0	13.0%	472.7	(5.9%)	142.0	(4.0%)	1,029.7	1.2%
Operating expenses	(118.1)	6.2%	(238.9)	(3.9%)	(76.1)	6.9%	(433.2)	0.1%
EBITDA	294.9	16.0%	233.8	(7.8%)	65.9	(14.1%)	596.5	2.1%
D&A	(49.1)	12.1%	(95.3)	7.0%	(44.6)	14.1%	(192.3)	10.0%
EBIT	245.8	16.8%	138.5	(15.8%)	21.3	(43.4%)	404.2	(1.2%)
VC / Revenue %	26.1%	0.2%	40.1%	(0.9%)	95.3%	0.4%	35.3%	(1.1%)
Opex / Revenue %	7.5%	(0.4%)	20.3%	-	51.1%	5.4%	14.9%	(0.6%)
EBITDA / Revenue %	18.6%	0.6%	19.8%	(0.9%)	44.2%	(5.0%)	20.5%	(0.4%)
EBIT / Revenue %	15.5%	0.6%	11.7%	(1.7%)	14.3%	(9.8%)	13.9%	(0.8%)
Capex	30.6	>100.0%	81.0	60.4%	40.4	(12.4%)	152.0	39.4%

Notes:

1. Business results do not aggregate to Group total due to intercompany eliminations and unallocated items. 1H20 unallocated items \$1.4m EBIT loss includes Jumbo Interactive income \$1.9m, offset by property impairments on assets acquired as part of the combination with Tatts Group which are now held for sale (\$3.3m) (1H19 unallocated items \$3.2m EBIT loss)

LOTTERIES & KENO

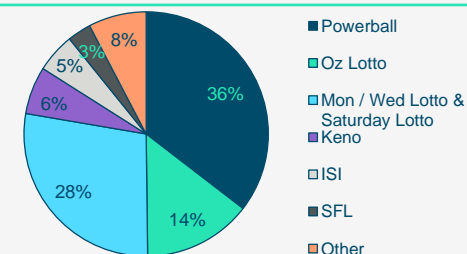
STEP-CHANGE IN PERFORMANCE CONTINUES

- Performance being driven by strategic Powerball game change, acceleration of digital and marketing investments, and deeper alignment with retail partners
- Active management of game portfolio to engage and excite players
 - Ongoing management of jackpot games to help deliver larger jackpots and optimise portfolio performance over the short and long term
 - Integrated marketing, promotional activity and personalisation driving strong portfolio performance
- Lotteries growth supported by omni-channel strategy
 - Digital growth of 39.8% through personalised offers and effective customer acquisition; driving uplift in VC margin
 - Retail growth of 5.2% as retailers embrace use of digital in outlets under new omni-channel remuneration model
 - Elevation and accelerated roll-out of the Lott brand – “Official Home of Australia’s Lotteries”
 - Opex growth reflects increased advertising to promote larger jackpots, investment to drive digital growth (e.g. digital marketing costs, CRM, expanded call centre) and charitable games
- D&A increase reflects investment in Brisbane office and amortisation of CRM software



\$m	1H20	1H19	Change
Revenues	1,584.3	1,409.2	12.4%
Variable contribution	413.0	365.5	13.0%
Operating expenses	(118.1)	(111.2)	6.2%
EBITDA	294.9	254.3	16.0%
D&A	(49.1)	(43.8)	12.1%
EBIT	245.8	210.5	16.8%
VC / Revenue %	26.1%	25.9%	0.2%
Opex / Revenue %	7.5%	7.9%	(0.4%)
EBITDA / Revenue %	18.6%	18.0%	0.6%
EBIT / Revenue %	15.5%	14.9%	0.6%

1H20 REVENUE BY PRODUCT¹ (%)



LOTTERIES & KENO KPIs

300,000 ADDITIONAL ACTIVE REGISTERED PLAYERS AND GROWTH ACROSS ALL CHANNELS

Lotteries

- Strong jackpot sequences (including record \$150m Powerball jackpot), personalised marketing and the launch of the omni-channel program delivered excellent results:
 - 22.1% growth on pcp in active registered players, now 3.6m¹
 - Digital up 39.8% on pcp, now 26.7% of turnover; retail up 5.2% on pcp
- Major jackpot games (Oz Lotto and Powerball) together delivered eight events of \$50m or more (vs six in pcp) driving a further increase in cumulative jackpot prize pool offers

Keno

- Revenue growth (up 0.9% on pcp) despite cycling high jackpot activity in pcp
- 27.3k^{1,2} active digital account holders, up 13.8% on pcp

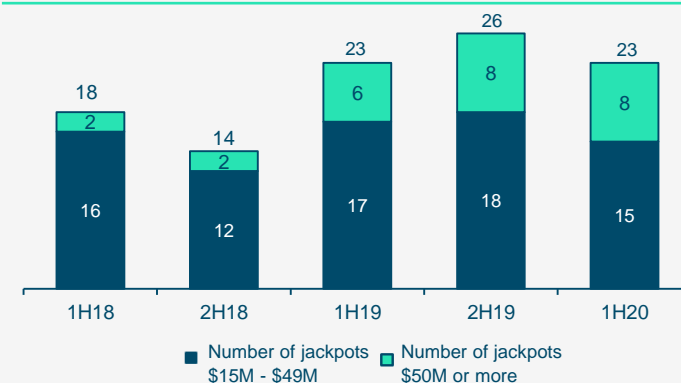
2H20 key focus areas

- Set for Life game changes to enhance customer experience via additional instalment prize division and improved chances of winning
- Continued retail roll-out of the Lott brand refresh (over 300 outlets already updated)
- Enabling alternative payment platforms for our customers

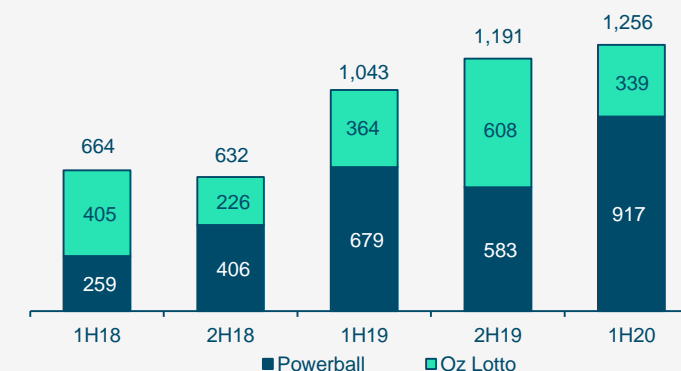
Notes:

- Active registered players measured on a rolling 12 month basis
- ACT Keno only. NSW in-venue mobile now decommissioned
- The cumulative value of division one offers for all draws for Powerball and OzLotto

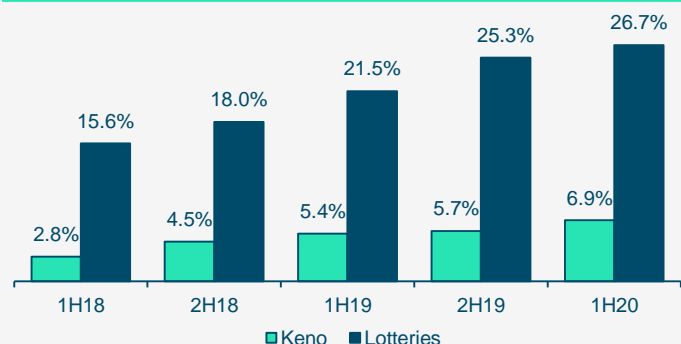
JACKPOT PERFORMANCE (POWERBALL & OZ LOTTO)



CUMULATIVE JACKPOT VALUE OFFERED (\$M) (POWERBALL & OZ LOTTO)³



DIGITAL SHARE OF TURNOVER²



WAGERING & MEDIA

RESULT REFLECTS A SOFT MARKET AND A BUSINESS IN TRANSITION

- Industry turnover¹ down reflecting
 - Soft consumer discretionary spending
 - Increased yields/pricing
 - Impact of Soccer World Cup in pcip
- TAB competing well while also transforming its offer to give customers more unique, personalised customer experiences
- Uplift in UBET performance expected post integration once customers have access to full TAB offering and experience
- VC margin impacted by tactical use of generosity to attract and retain customers (especially during Spring Racing Carnival)
- Opex down, despite increasing investment in customer care and compliance

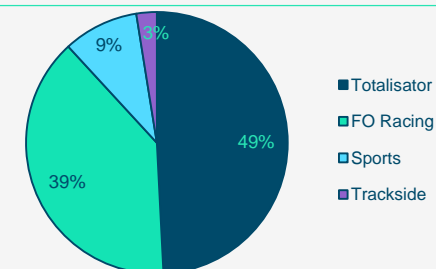
Positioning for improved performance in FY21 – 2H20 key focus areas

- Complete integration and UBET customer migration to full TAB experience
- Accelerate realisation of benefits from data, personalisation and digital-in-venue capability
- Media – leverage enhanced US sports offer and secure key racing media rights
- Ongoing expense discipline and further optimisation of operating model



\$m	1H20	1H19	Change
Revenues	1,179.5	1,224.6	(3.7%)
Variable contribution	472.7	502.1	(5.9%)
Operating expenses	(238.9)	(248.6)	(3.9%)
EBITDA	233.8	253.5	(7.8%)
D&A	(95.3)	(89.1)	7.0%
EBIT	138.5	164.4	(15.8%)
VC / Revenue %	40.1%	41.0%	(0.9%)
Opex / Revenue %	20.3%	20.3%	-
EBITDA / Revenue %	19.8%	20.7%	(0.9%)
EBIT / Revenue %	11.7%	13.4%	(1.7%)

1H20 WAGERING REVENUE BY PRODUCT



WAGERING & MEDIA KPIs¹

TAB TRANSFORMING AND COMPETITIVENESS IMPROVING; UBET UPLIFT TO COME POST INTEGRATION

Market share

- TAB account turnover down in absolute terms in a soft market (including digital turnover down 2%); however account turnover share increased aided by enhanced product and customer experience and generosity strategy
- TAB account revenue share movement primarily reflects TAB product mix in a period of rising yields
 - Tote – TAB does not get any yield uplift on tote given take-outs are fixed
 - Fixed Odds – TAB's market leading yield means its proportionate yield uplift is lower than competitors
- UBET performance reflects uncompetitive legacy offering
- Increased focus on tote reinvigoration post integration, including national pooling
- Retail performance being addressed as part of the TAB transformation (refer following page)

Yields

- Gross yields up on pcp, reflecting favourable racing results and increased over-rounds
- Net yields up on pcp, however generosity up reflecting strategic reinvestment in a high yielding and competitive environment

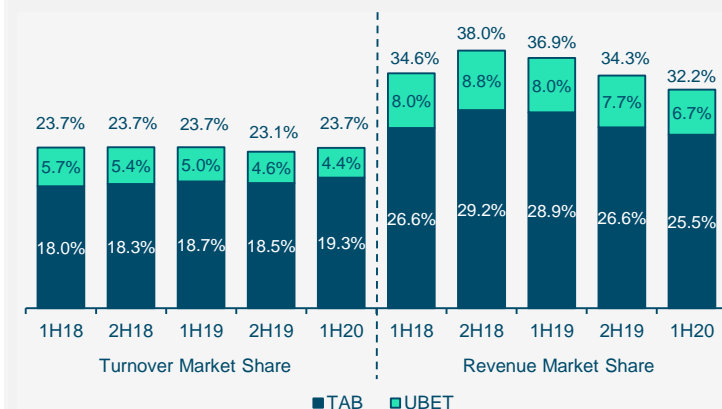
Customers

- TAB active account customers up 7% in Q2, flat in Q1 reflecting Soccer World Cup in the pcp
- UBET active account customers down c.20% on pcp, with focus on reactivation post integration

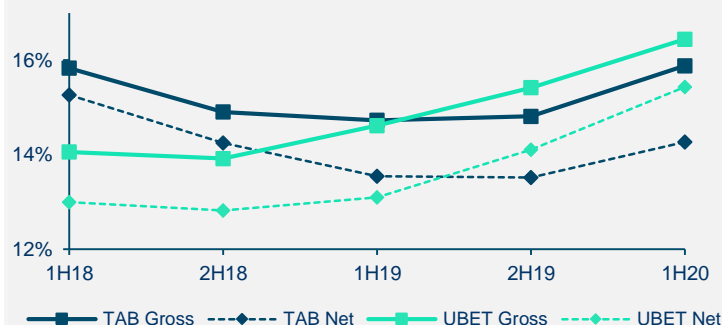
Notes:

1. Refer to Appendix 7 for additional KPI disclosures
2. Comprises digital and call centre, being channels in which a customer transacts using their account. Based on data supplied by industry partners which account for approximately one-third of the wagering market
3. Number of users active within the relevant quarter

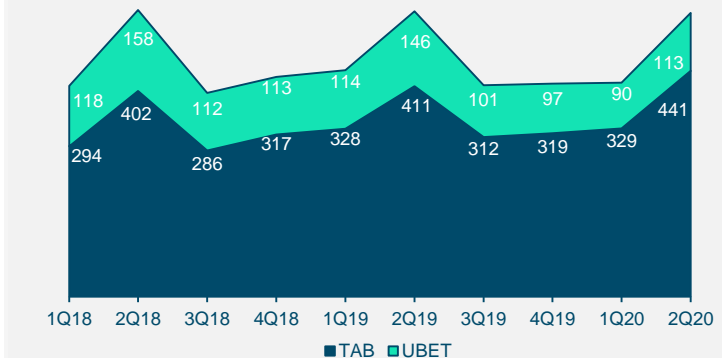
ACCOUNT MARKET SHARE²



FIXED ODDS YIELDS



QUARTERLY ACTIVE USERS³ ('000)



WAGERING & MEDIA: SIGNIFICANT PROGRESS MADE ON TAB TRANSFORMATION (AND UBET CUSTOMERS WILL SOON ALSO BENEFIT)

BRAND AND MARKETING

A reinvigorated brand is now in market with strong early customer response

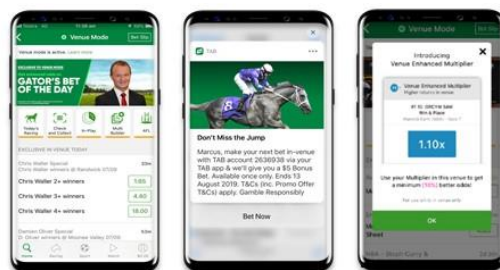
- New brand position launched in August 2019 – Long May We Play
- Improvements in data and personalisation capabilities enhanced customer engagement
- Implementation of proximity-based marketing technology enabling personalised, real time communication with customers in and near venues



CUSTOMER EXPERIENCE

Product and customer experience enhancements are bridging the gap with competitors

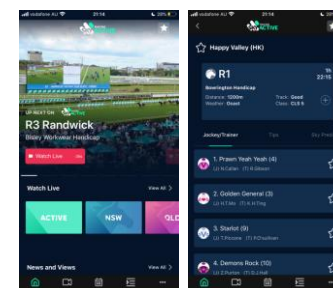
- Combining digital innovation, personalisation and exclusive sports content to complement the social environment in hotels, clubs, agencies and at racetracks
- Venue Mode on the TAB App now provides customers with retail exclusive offers and products
- Strengthening the product suite to provide exciting new content to customers (e.g. expanded Same Game Multi, Racing Multi Builder)



MEDIA

The media modernisation has progressed with a revised retail model supporting major initiatives

- Evolution of content presentation through Sky Racing Active enhancements
- Rights to NBA and NFL secured, providing a key entertainment opportunity for customers outside of busy racing periods
- Premium sport and racing content creates more reason for customers to come to venues and for partners to choose to show SKY



WAGERING & MEDIA: FY21 WILL BE THE FIRST TIME WE HAVE A SINGLE AND TRANSFORMED TAB OFFER ACROSS THE MARKET

FY19

Maintain active customer base & drive value

- Step up in promotions and improved relative pricing ✓
- Established 'Venue Mode' - proximity based CRM & venue exclusive offers ✓
- Investment in data and personalisation capability ✓
- Commenced tote reinvigoration ✓
- Ongoing investment in customer care initiatives ✓

Integration milestones

- Rebranded UBET to TAB ✓
- Consolidated operations – trading, call centres, race day control ✓
- Enhanced risk & compliance framework ✓

FY20

Modernise, digitalise & optimise

- Establishing unique brand purpose & position for TAB
- Enhancing digitalisation of retail
- Progressively deploying data and personalisation capability
- Reinvigorating tote
- Revolutionising media offering

Integration milestones

- UBET systems fully migrated to TAB platform in 2H20 and full offering aligned with TAB (subject to regulatory approvals)

FY21+

Unique, personalised customer experiences

- A seamless omni-channel experience appealing to a broader more diverse customer base
- Fully automated data & personalisation platform
- Leader in product innovation
- Contemporary, diversified distribution network
- Optimised business operations

Integration milestone

- Fully integrated TAB business
- Benefits from integration realised

“**BIGGER THAN THE BET**”

An iconic Australian racing and sports entertainment brand and the first choice for customers – the place where Australia comes to play

Tabcorp

GAMING SERVICES

BUSINESS UNDER REVIEW TO IMPROVE PERFORMANCE AND REALISE FULL POTENTIAL

- Business performance impacted by:
 - Revenue decline due to contract expiries, contract extensions at lower daily rates and reduced project work
 - Non-renewal of Telstra service contract and pending expiry of NSW Statewide Linked Jackpots (1H20 EBITDA contribution of \$3m; 2H20 expected EBITDA loss of \$7m)
 - Opex growth primarily driven by business development and systems costs; \$2m benefit from release of excess jackpot provision in pcg
 - D&A increase includes write down of assets associated with NSW Statewide Linked Jackpots and accelerated amortisation of Telstra service contract (1H20: \$3m; 2H20: \$3m)
- MAX Venue Services well positioned to secure contract extensions and grow
 - Queensland approval obtained November 2019, complementing NSW and Victorian approvals, will provide meaningful growth opportunities
 - 50% of Victorian EGM contracts extended beyond 2022 (FY19: 40%)
- MAX Regulatory Services focused on continued innovation of its NSW monitoring system, and expansion of the system into Queensland (existing market) and other potential jurisdictions
- Operational and strategic review has commenced



\$m	1H20	1H19	Change
MAX Venue Services	102.0	107.2	(4.9%)
MAX Regulatory Services	47.0	48.6	(3.3%)
Revenues	149.0	155.8	(4.4%)
Variable contribution	142.0	147.9	(4.0%)
Operating expenses	(76.1)	(71.2)	6.9%
EBITDA	65.9	76.7	(14.1%)
D&A	(44.6)	(39.1)	14.1%
EBIT	21.3	37.6	(43.4%)
VC / Revenue %	95.3%	94.9%	0.4%
Opex / Revenue %	51.1%	45.7%	5.4%
EBITDA / Revenue %	44.2%	49.2%	(5.0%)
EBIT / Revenue %	14.3%	24.1%	(9.8%)

Contracted EGMs	Dec 18	Jun 19	Dec 19	Change vs Jun 19
Victoria	8,350	8,240	8,280	40
NSW	1,900	1,850	1,940	90
Total	10,250	10,090	10,220	130



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CAPITAL MANAGEMENT

Effective capital expenditure

- Business as usual (BAU) capex
 - 1H20: \$122m, up 32.6% vs pcg
 - 2H20: c.\$160m (e.g. retail roll-out of the Lott brand, Wagering data/personalisation program)
 - Subsequent return to more usual level of c.\$250m p.a.
- Non-BAU capex: integration, data centre consolidation, new Brisbane office (2H20: c.\$27m)

Committed to maintaining an investment grade credit rating

- Gross Debt¹ / EBITDA² ratio of 3.4x³ at 31 December 2019
- Target range of 3.0 – 3.5x reflects strength of underlying cash flows

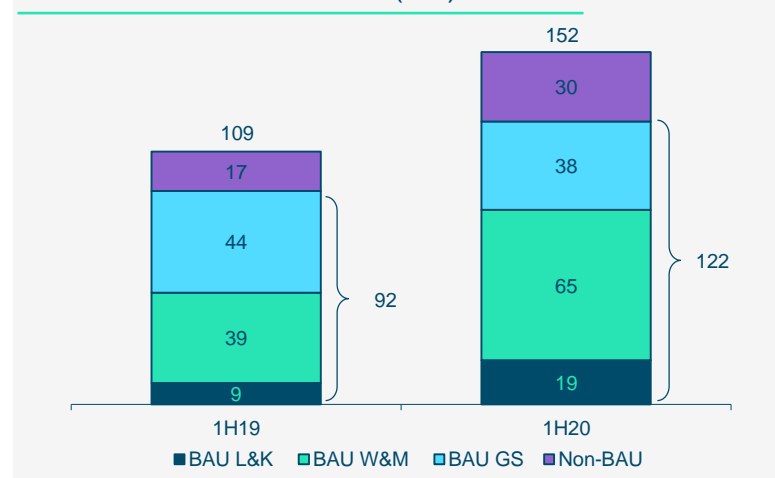
Balance sheet provides financial flexibility

- Headroom available under bank facilities of \$0.6bn
- Diverse range of funding sources and average debt maturity of 6.5 years

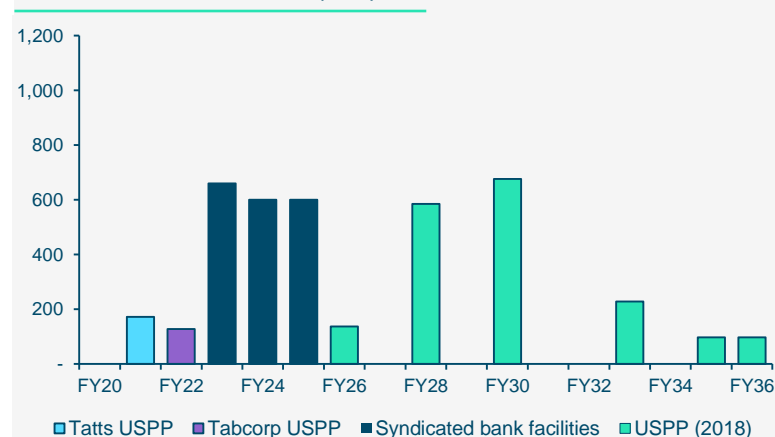
Attractive dividend

- Interim dividend of 11.0 cps fully franked, in line with pcg
- DRP will operate for the interim dividend, without any discount
- Confirming FY20 dividend payout ratio target of 100% of adjusted NPAT⁴

CAPITAL EXPENDITURE (\$M)



DEBT STRUCTURE (\$M)



Notes:

1. Gross debt includes USPP debt at the A\$ principal repayment under cross currency swaps
2. EBITDA calculated on a rolling 12 month basis
3. Impact of AASB 16 Leases is 0.17x, excluding leases Gross Debt / EBITDA would have been 3.25x
4. NPAT before significant items, amortisation of the Victorian wagering and betting licence (1H20: \$17.5m) and Purchase Price Accounting (1H20: \$9.7m)



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CONCLUSION: THE TRUSTED GAMBLING ENTERTAINMENT COMPANY

POSITIONING FOR IMPROVED PERFORMANCE IN FY21

Group

- Diversified business mix delivered growth in group revenue and EBITDA in a soft environment for consumer discretionary spending and a period of significant change
- Integration in the final phase; on track to deliver the targeted synergies and business improvements
- Investing in personalisation, product innovation, digital capability, and retail modernisation to deliver exceptional customer experience in every channel and drive long term returns
- Significant opportunity for business optimisation and associated cost savings post integration

Business Units

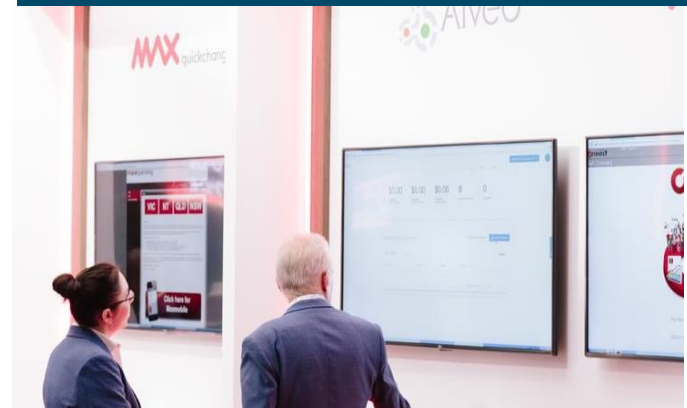
- Lotteries & Keno
 - Excellent results through game portfolio innovation, growth in digital and more active customers
 - Strong momentum set to continue as business leverages core Tabcorp capabilities in digital and retail stakeholder engagement
- Wagering & Media
 - TAB competing more effectively while transforming the customer experience and value perception
 - Uplift in UBET performance anticipated once customers benefit from access to the full TAB offering post integration
- Gaming Services
 - Business under review to improve performance and realise full potential



LOTTERIES & KENO



WAGERING & MEDIA



GAMING SERVICES



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1. SIGNIFICANT ITEMS (AFTER TAX)

1H20	\$m
Implementation costs	11.0
Racing Queensland arrangements	8.2
Combination with Tatts Group	19.2
ACTTAB POCT compensation	(4.5)
Total	14.7

Implementation costs

- Implementation costs are non-recurring costs and comprise restructure charges, integration management office and dedicated merger implementation resources. Implementation costs incurred to 31 December 2019 were \$93m pre tax (or \$65m after tax). Total implementation costs are now expected to be \$135m pre tax (or \$95m after tax) vs the previous estimate of \$95m pre tax (or \$66m after tax), with the increase due primarily to the complexity and timing of the UBET customer migration.

Racing Queensland arrangements¹

- Tabcorp guaranteed minimum fees that RQ will receive under the deed of understanding with UBET Queensland in each calendar year from 2018 to 2020 inclusive. A significant item expense of \$8.2m (after tax) has been recorded in respect of 1H20, reflecting the half year top up payment required to meet the minimum fee obligation for the 2019 calendar year. While necessarily uncertain, Tabcorp currently expects that it will be required to make further payments related to the 12 months ending 31 December 2020.
- In the event Tabcorp is ultimately unsuccessful in the current dispute with Racing Queensland, further payments may need to be made by the Group in respect of the minimum fee obligation.

ACTTAB POCT compensation

- A one-off compensation amount was received by Tabcorp ACT (ACTTAB) during FY19 following commencement of the ACT Betting Operations Tax. A tax refund has been recognised with respect to this compensation amount following finalisation of the tax return. This represents the finalisation of this matter.

2. BALANCE SHEET

\$m	Dec-19	Jun-19	Change
Total current assets	787.1	766.4	2.7%
Licences	2,200.7	2,254.4	(2.4%)
Other intangible assets	9,238.7	9,184.1	0.6%
Property, plant and equipment	487.0	554.6	(12.2%)
Other non current assets	798.8	863.6	(7.5%)
Total assets	13,512.3	13,623.1	(0.8%)
Total liabilities	6,315.0	6,440.1	(1.9%)
Shareholders' funds	7,197.3	7,183.0	0.2%
Net debt (reported)	3,825.1	3,665.3	4.4%
Net debt (economic) ¹	3,767.0	3,652.8	3.1%
Shares on issue (m)	2,025.3	2,019.3	0.3%
Ratios²			
Gross debt ³ / EBITDA (x)	3.4	3.4	
EBIT ⁴ / Net interest (x)	4.1	3.9	

Notes:

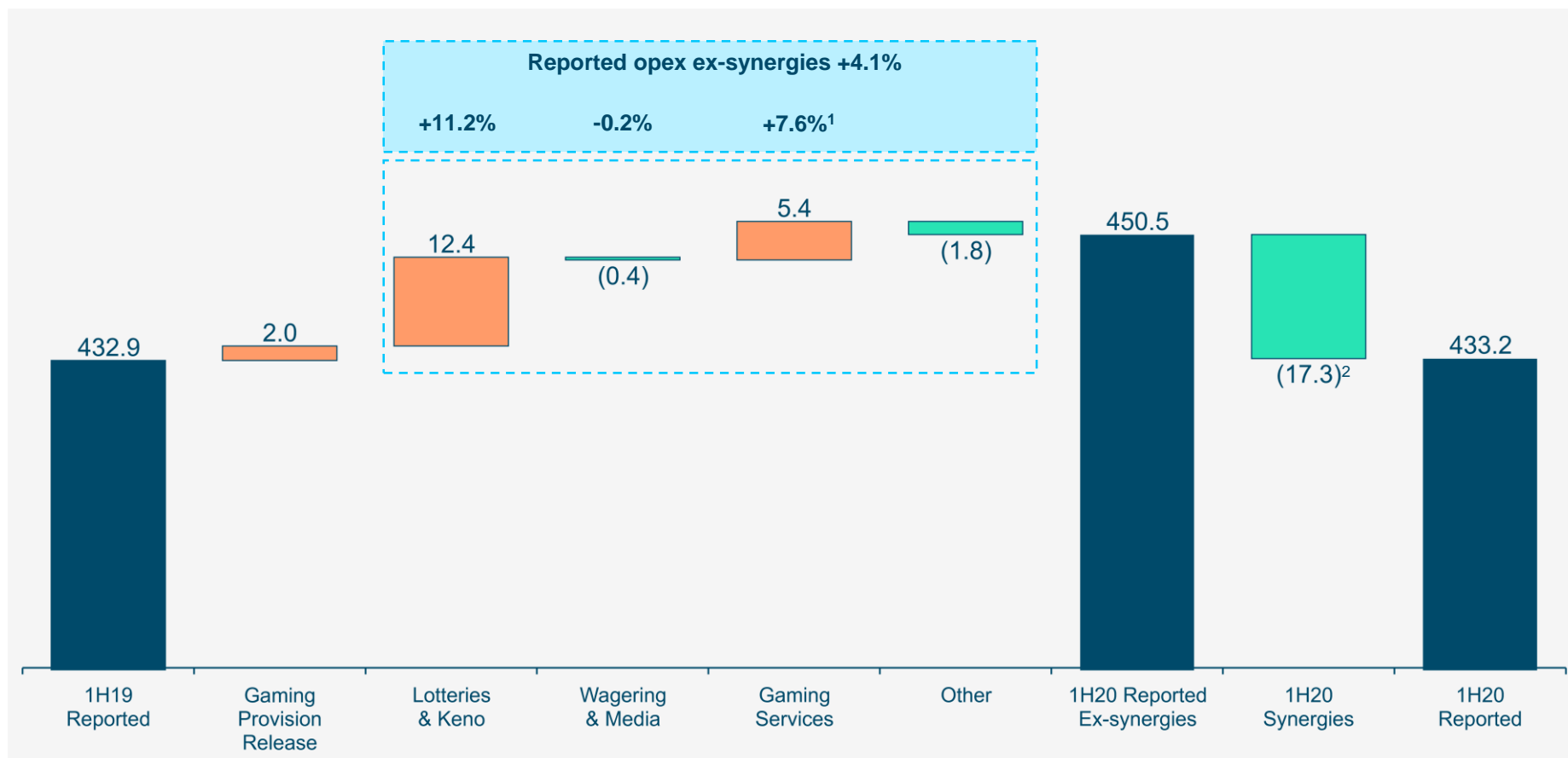
1. Net debt (economic) includes USPP debt at the A\$ principal repayment under cross currency swaps and excludes restricted cash of \$216.0m
2. Ratios calculated on a rolling 12 month basis
3. Gross debt includes USPP debt at the A\$ principal repayment under cross currency swaps
4. EBIT excludes amortisation of the Victorian wagering and betting licence

3. CASH FLOW

\$m	1H20	1H19	Change
Net operating cash flows	433.3	564.7	(23.3%)
Net interest paid	(98.3)	(114.8)	(14.4%)
Income tax paid	(98.4)	(95.7)	2.8%
Payments for PP&E and intangibles	(177.8)	(110.8)	60.5%
Sub-total	58.8	243.4	(75.8%)
Sun Bets operating cashflows and costs relating to closure	-	(91.7)	100.0%
Ordinary dividends paid	(194.3)	(188.6)	3.0%
Payment for on-market share purchase	(3.0)	(0.7)	>100.0%
Payment for exercise of call option	-	(8.2)	100.0%
Proceeds from sale of shares in an associate	-	12.1	100.0%
Payment for other financial assets	(21.2)	(36.2)	(41.4%)
Other	1.5	2.5	(40.0%)
Net cash flow	(158.2)	(67.4)	>100.0%
Net debt at beginning of period	3,665.3	3,562.4	2.9%
Non cash movements	1.6	122.8	(98.7%)
Net debt at end of period	3,825.1	3,752.6	1.9%

- Oz Lotto jackpot sequence during June 2019 impacted 1H20 net operating cash flows due to the timing of prize payments, and government taxes in July 2019
- 1H20 net operating cash flows include cash outflows of \$15.8m relating to significant items (1H19 \$17.7m)
- 1H19 cash flows includes the exit payment relating to the Sun Bets discontinued operation amounting to \$72.0m with additional amounts of \$19.7m relating to trading and other closure costs

4. GROUP OPERATING EXPENSES



1. Gaming Services growth rate reflects adjustment for \$2.0m provision release in 1H19. Reported opex ex-synergies is 10.4%
2. 1H20 incremental cost synergies vs pcip of \$17.3m (Lotteries & Keno \$5.5m, Wagering & Media \$9.3m, Gaming Services \$2.5m)

5. IMPACT OF AASB 16 LEASES¹ (BY HALF)

- AASB 16 Leases represents significant changes to how lessees account for operating leases. The adoption of AASB 16 will result in:
 - Higher assets and liabilities in the balance sheet; and
 - Charges to the income statement will be included in depreciation and interest in replacement of rental expense, which was classified as an operating expense

\$m ²	Lotteries & Keno			Wagering & Media			Gaming Services			Group		
	1H19	FY19	1H20	1H19	FY19	1H20	1H19	FY19	1H20	1H19	FY19	1H20
Revenues	-	-	-	2.8	5.7	3.0	-	-	-	2.8	5.7	3.0
Variable contribution	-	-	-	3.7	7.0	3.4	-	-	-	3.6	7.0	3.4
Operating expenses	2.1	4.2	3.0	19.2	38.9	20.1	2.9	5.8	3.7	26.2	52.5	26.8
EBITDA before significant items	2.1	4.2	3.0	22.9	45.9	23.5	2.9	5.8	3.7	29.8	59.5	30.2
D&A	(1.7)	(3.3)	(2.9)	(18.1)	(36.4)	(19.0)	(2.7)	(5.5)	(3.2)	(25.2)	(44.2)	(25.2)
EBIT before significant items	0.4	0.9	0.1	4.8	9.5	4.5	0.2	0.3	0.5	4.6	15.3	5.0
Interest										(8.7)	(17.1)	(8.1)
Tax expense										1.0	0.4	0.9
NPAT before significant items										(3.1)	(1.4)	(2.2)
Significant items										-	-	-
NPAT from discontinued operations										-	-	-
Statutory NPAT										(3.1)	(1.4)	(2.2)

6. LOTTERIES & KENO

\$m	1H20	1H19	Change
Lotteries Revenue	1,466.8	1,292.8	13.5%
Keno Revenue	117.5	116.4	0.9%
Revenues	1,584.3	1,409.2	12.4%
Lotteries Variable contribution	347.3	300.0	15.8%
Keno Variable contribution	65.7	65.5	0.3%
Variable contribution	413.0	365.5	13.0%
Operating expenses	(118.1)	(111.2)	6.2%
EBITDA	294.9	254.3	16.0%
D&A	(49.1)	(43.8)	12.1%
EBIT	245.8	210.5	16.8%
Lotteries VC / Revenue %	23.7%	23.2%	0.5%
Keno VC / Revenue %	55.9%	56.3%	(0.4%)
VC / Revenue %	26.1%	25.9%	0.2%
Opex / Revenue %	7.5%	7.9%	(0.4%)
EBITDA / Revenue %	18.6%	18.0%	0.6%
EBIT / Revenue %	15.5%	14.9%	0.6%

7. WAGERING & MEDIA KPIs

1H20	Combined	Change	TAB	Change	ex UBET	Change
Turnover by distribution (\$m)¹						
Retail	3,611.9	(9.0%)	2,740.4	(9.1%)	871.5	(8.8%)
Digital	3,408.4	(4.9%)	2,884.8	(2.0%)	523.6	(18.1%)
Call Centre	207.6	(12.7%)	159.8	(4.7%)	47.8	(31.8%)
Other ²	767.8	4.3%	581.2	7.4%	186.6	(4.1%)
Total	7,995.7	(6.2%)	6,366.2	(4.5%)	1,629.5	(12.3%)
Revenue by product (\$m)¹						
Totalisator	587.0	(9.0%)	460.1	(7.9%)	126.9	(12.9%)
Fixed Odds	490.8	5.7%	371.6	6.6%	119.2	3.1%
Total Racing	1,077.8	(2.9%)	831.7	(2.0%)	246.1	(5.8%)
Sport	121.8	(10.4%)	106.5	(11.8%)	15.3	0.7%
Trackside	37.2	(5.6%)	37.2	(5.6%)	-	-
Total	1,236.8	(3.8%)	975.4	(3.3%)	261.4	(5.5%)
Fixed Odds Yields						
Gross Yield	16.0%	1.3%	15.9%	1.2%	16.4%	1.8%
Generosities	(1.5%)	(0.2%)	(1.6%)	(0.4%)	(1.0%)	0.5%
Net Yield	14.5%	1.1%	14.3%	0.8%	15.4%	2.3%
Net Racing Yield	15.6%	2.0%	15.4%	1.9%	16.4%	2.6%
Net Sports Yield	11.3%	(1.6%)	11.4%	(2.1%)	10.5%	1.1%
Other KPIs						
Active customers ³	700,000	(3.2%)	547,000	2.6%	153,000	(19.5%)
Digital-in-venue turnover (\$m)	205.6	20.7%	185.5	18.4%	20.1	48.9%
% Retail turnover from SST	58.9%	+5.9%	72.8%	+2.0%	16.1%	+4.4%
Sky Racing Active customers	22,000	n.m.				
Sky venue subscriptions (#)	4,995	(0.9%)				
Sky races broadcast (#)	68,051	(0.3%)				

Notes:

1. Combined, TAB turnover and TAB revenue includes Victorian Racing Industry interest
2. Other turnover includes Oncourse, Premium Customers and PGi
3. Active Customers measured on a rolling 12 month basis

8. GLOSSARY

Term	Definition
1H	Six months ended 31 December of the relevant financial year
2H	Six months ended 30 June of the relevant financial year
ACT	Australian Capital Territory
ACTTAB	The Tabcorp business located in the ACT
ASX	Australian Securities Exchange
BAU	Business as Usual
Combination	The Tabcorp-Tatts combination which was implemented in December 2017
CRM	Customer Relationship Management
DIV	Bets placed through bring-your-own digital devices within retail venues
D&A	Depreciation, Amortisation and impairment
DPS	Dividends Per Share
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation, Amortisation and impairment
EGM	Electronic Gaming Machine
EPS	Earnings Per Share
Financial year / FY	The Group's financial year is 1 July to 30 June
Gaming Services	The Group's business that provides services to licensed gaming venues and EGM monitoring services
Group	The Tabcorp group of companies
Keno	A game of chance that is played approximately every three minutes and part of the Group's Lotteries and Keno business

Term	Definition
Lotteries and Keno	The Group's business that operates lotteries and Keno, which are games of chance
MAX	The Group's Gaming Services brand
NPAT	Net Profit After Tax
Over-round	The combined total of priced probability across all outcomes on a single event. The excess over 100% represents the implied margin
OPEX	Net operating expenses
PCP	Prior Comparison Period
PGI	The Premier Gateway International joint venture operating from the Isle of Man
PPA	Purchase Price Accounting
POCT	Point of Consumption Tax
RQ	Racing Queensland
Sky Racing	Part of the Group's Media business, broadcasting racing and sport throughout Australia and internationally
SRC	Spring Racing Carnival
TAB	The Group's wagering brand
UBET	The part of the Group's wagering business acquired as part of the Combination
Tatts or Tatts Group	Tatts Group Limited (ABN 19 108 686 040) which was acquired by Tabcorp Holdings Limited in December 2017
The Lott	Umbrella brand for the entire lotteries business
USPP	US Private Placement
VC	Variable Contribution
Wagering and Media	The Group's business that operates fixed odds and pari-mutuel betting products and services on racing, sport and novelty products, and racing and sports broadcasting

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