



TattsGroup



FULL-YEAR RESULTS FY14

FY14 ANNUAL RESULTS - MILESTONES

* Profit before tax (continuing operations) up 7.8% to \$326.6 million

* Queensland wagering franchise secured:

- Significantly lower tax rates
- Race fields fee offset preserved
- Positioned to re-invest for growth

* Pokies compensation litigation win:

- \$540.5 million received
- Applied to reduce debt

* Digital channel performance strong:

- 22.9% of wagering sales
- 9.4% of lottery sales⁽¹⁾

* Captured benefits of interest rate cycle

- Finance costs down 15.8%

* Integration of SA Lotteries complete

- Entire network on Tatts proprietary system

* Strong contribution to government, industry and communities:

- \$179 million to the Racing Industry
- \$1.16 billion in lotteries and wagering taxes including:
 - \$279 million to Queensland Government
 - \$409 million to Victorian Government
 - \$322 million to NSW Government



TattsGroup



Be **amazing**



Have **fun**



Play as a **team**

THINKING DIFFERENTLY – ORGANISATIONAL VALUES



Create positive **change**



Do it **with heart**



Own it

⁽¹⁾ - Excl. SA Lotteries

FY14 ANNUAL RESULTS - MILESTONES



TattsGroup

* WAGERING RENEWAL PROGRAM WELL ADVANCED:

DONE	IN PROGRESS
Fixed Price <ul style="list-style-type: none">✓ 24/7 offer✓ All racing codes✓ Bookmaker team up 48%	Fixed Price <ul style="list-style-type: none">- Next generation betting platform
Digital <ul style="list-style-type: none">✓ Digital team now 52 strong✓ Online marketing team established✓ World leading CRM system and dedicated team in place✓ New App launched	Digital <ul style="list-style-type: none">- New "state of the art" website
Marketing <ul style="list-style-type: none">✓ Team established with 8 members✓ New brand ready to launch✓ Advertising agency engaged	Marketing <ul style="list-style-type: none">- New generation retail store- Enhanced self-service terminals- Virtual racing and sport

* INITIATIVES LAUNCHED:

- Autoplay
- Monday Lotto in Queensland
- Multi-jurisdictional instant scratch-Its
- SA lotteries website
- Convenience fuel store trial
- Double Trio

FY14 ANNUAL RESULTS - NEW GENERATION RETAIL



FY14 ANNUAL RESULTS - PERFORMANCE

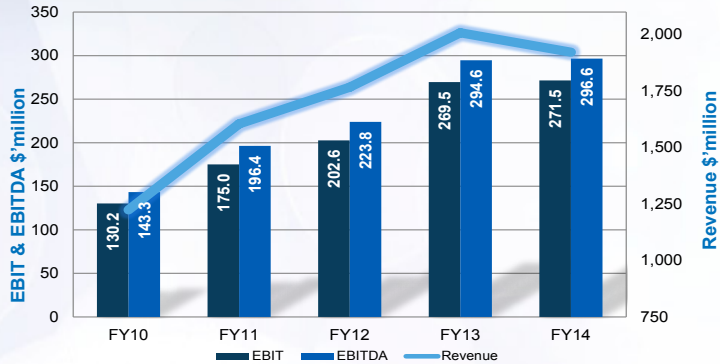
	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Total revenue and other income	2,868.3	2,950.4	▼ 2.8%
Government share	(1,289.9)	(1,376.4)	▼ 6.3%
Venue share/commission	(413.1)	(414.2)	▼ 0.3%
Product and program fees	(187.2)	(191.5)	▼ 2.3%
Other expenses	(479.7)	(478.1)	▲ 0.3%
Total expenses	(2,369.9)	(2,460.2)	▼ 3.7%
EBITDA	498.4	490.2	▲ 1.7%
Depreciation and amortisation	(83.9)	(84.1)	▼ 0.2%
EBIT	414.5	406.1	▲ 2.1%
Interest income	1.9	3.7	▼ 47.9%
Finance costs	(89.8)	(106.7)	▼ 15.8%
Profit before tax	326.6	303.1	▲ 7.8%
Income tax	(100.0)	(75.7) ²	▲ 32.1%
NPAT (from continuing operations)	226.6	227.4	▼ 0.3%
Profit from discontinued operations	(26.2) ¹	19.9 ³	▼ 231.4%
NPAT (statutory basis)	200.4	247.3	▼ 19.0%

- FY14:** Statutory result negatively impacted from \$42.6m health benefit levy
- FY13:** One-off \$16.2m tax benefit - Golden Casket acquisition
- FY13:** Statutory result benefited from pokies contribution - \$19.9m after tax

SEGMENT ANALYSIS	Lotteries	FY14 (\$'m)	FY13 (\$'m)	Change (%)
	Revenue	1,922.8	2,008.6	▼ 4.3%
	EBITDA	296.6	294.6	▲ 0.7%
	EBIT	271.5	269.5	▲ 0.8%
	Wagering	FY14 (\$'m)	FY13 (\$'m)	Change (%)
	Revenue	642.3	655.7	▼ 2.0%
	EBITDA	160.8	173.9	▼ 7.6%
	EBIT	144.1	155.6	▼ 7.4%
	Gaming	FY14 (\$'m)	FY13 (\$'m)	Change (%)
	Revenue			
Maxgaming	114.2	113.2	▲ 0.9%	
Bytecraft	106.9	116.0	▼ 7.8%	
Talarius	103.6	78.0	▲ 32.8%	
EBITDA				
Maxgaming	63.1	63.1	▲ 0.1%	
Bytecraft	(0.4)	(1.0)	▲ 63.8%	
Talarius	13.6	7.7	▲ 76.6%	
EBIT				
Maxgaming	49.7	48.1	▲ 3.3%	
Bytecraft	(2.5)	(3.0)	▲ 18.4%	
Talarius	4.1	(1.0)	▲ 506.8%	

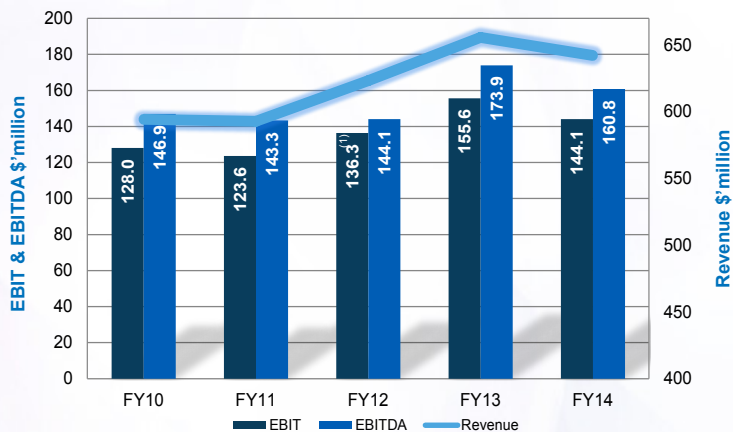
FY14 ANNUAL RESULTS - HIGHLIGHTS

Lotteries



- * Record lotteries EBIT \$271.5m - up 0.8% (FY13: \$269.5m) in a year with less favourable jackpot run
- * 9.4% of total sales online (FY13: 8.2%) (excluding SA Lotteries)
- * Monday Lotto launched in Queensland
- * Autoplay feature released
- * Multi-jurisdictional instant scratch-its introduced
- * SA Lotteries website launched

Wagering



- * Wagering revenue of \$642.3 million down 2.0% - tracking position at half-year and reflects continuing competitive landscape
- * Wagering EBIT \$144.1 million down 7.4% - reflects previously flagged upscaling of operations. Margin at level indicated at half-year
- * Tatts.com App downloaded on circa. 332,000 devices (H1 FY14: circa. 186,500 devices)
- * 22.9% of sales online (FY13: 20.2%)

Wagering renewal program well advanced:

FIXED PRICE:

- ✓ 24/7 offer
- ✓ All racing codes
- ✓ Bookmaker team size up 48%

DIGITAL:

- ✓ Digital team now 52 strong
- ✓ World leading CRM system and dedicated team in place
- ✓ Online marketing team established
- ✓ New App launched

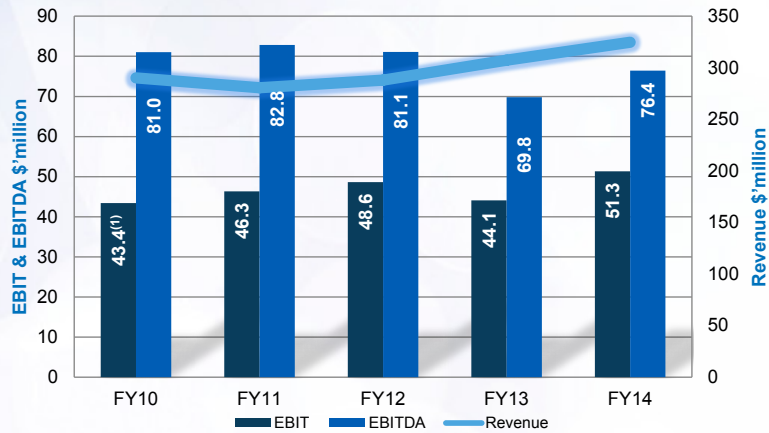
MARKETING:

- ✓ Team established with 8 members
- ✓ New brand ready to launch
- ✓ Advertising agency engaged

⁽¹⁾ - Underlying EBIT

FY14 ANNUAL RESULTS - HIGHLIGHTS

Gaming



* Talarius:

- First full year of positive contribution since 2008
- Significant business turnaround EBIT up 506.8% to \$4.1 million

* Maxgaming:

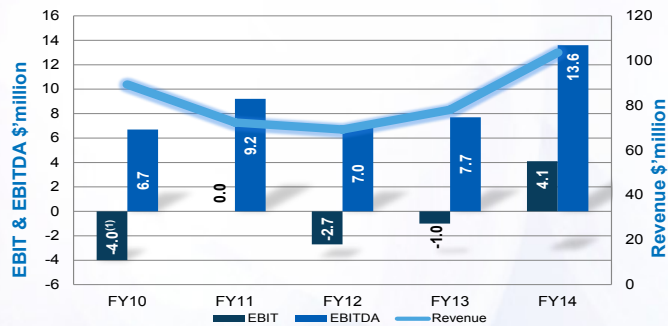
- Revenue \$114.2 million up 0.9% - first growth in 4 years
- EBIT up 3.3% to \$49.7 million
- Max Connect now installed on circa. 12,000 gaming machines

* Bytecraft:

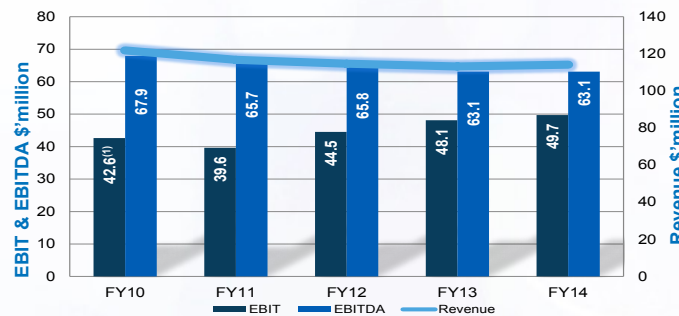
- Organisational right sizing showing positive outcomes
- Successful entry into NSW gaming machine repair market

Reported Gaming Segments

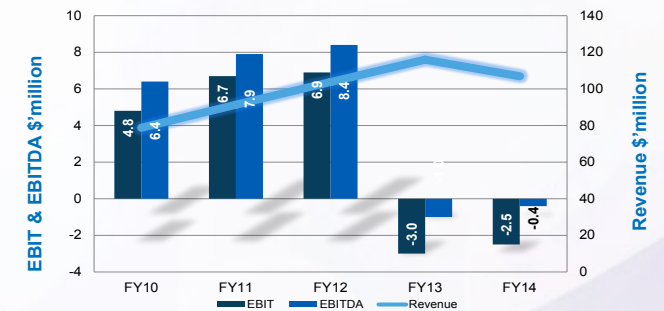
Talarius



Maxgaming



Bytecraft



⁽¹⁾ - Underlying EBIT

FY14 ANNUAL RESULTS - QUEENSLAND WAGERING FRANCHISE



- * New licencing framework effective 1 July 2014 (subject to legislative changes)
- * 61-year extension to sports wagering licence
- * 30-year retail exclusivity for race and sports betting in Queensland
- * Tote tax rate reduced from 20% to 14%
- * Fixed-price tax rate reduced from 20% to 10%
- * Improved overall margin - reinvest to drive growth
- * Interstate race fields fee offset retained¹
- * \$150m licence fee payable in four equal instalments
- * Commitment to network expansion - self-service terminals (cash handling and TITO)
- * Exclusive betting partner status for all Queensland on-course advertising
- * 50/50 joint ventures with Racing Queensland - Virtual Racing/Sport and another innovative product
- * Racing Queensland receives significantly enhanced funding model
- * Partnering approach between Racing Queensland and Tatts - strong alignment in desired outcomes
- * Race fields fee litigation between Racing Queensland and Tatts to end

	Previous licencing framework	New licencing framework
Product fee - variable (of gross wagering revenue)	39%	39% ¹
Product fee - fixed (indexed to 80% of CPI)	-	\$15m
Product fee - sports	-	2.5% ²
Race field fee offset	Yes	Yes ¹
Wagering tax - tote (incl. of GST)	20%	14%
Wagering tax - fixed price (incl. of GST)	20%	10%
Committed marketing spend - regional and country racing	-	\$5m
Licence fee payable	-	\$37.5m
- 25% 1 July 2014		\$37.5m
- 25% 1 July 2016		\$37.5m
- 25% 1 July 2020		\$37.5m
- 25% 1 July 2023		\$37.5m

¹ - Where RFF offset amount exceeds RQ race field fee receipts or product fee generated from interstate racing - resultant shortfall shared 60/40 Tatts/RQ

² - Based on fixed-price sports betting revenue generated from retail outlets in Queensland capped at \$5 million p.a. (indexed)



TattsGroup

THE NEW FRAMEWORK FOR RACE AND SPORTS WAGERING IN QUEENSLAND

“THE NEW MODEL BUILDS A TRUE PARTNERSHIP APPROACH BETWEEN RACING QUEENSLAND, THE QUEENSLAND GOVERNMENT AND TATTS TO DRIVE A PROSPEROUS FUTURE FOR RACING IN QUEENSLAND”

ROBBIE COOKE – TATTS MD/CEO

Bright future for racing industry

THE future for 30,000 jobs supported through the Queensland racing sector is brighter after the State Government reached a new 30-year wagering agreement. The Queensland Government announced it would undertake an exclusive retail

wagering licence with Tatts Group, expected to provide more than \$4.5 billion to the Queensland racing industry. Treasurer Tim Nicholls said the government was restoring confidence and growth in the Queensland racing sector. “Strong negotiations over past months have resulted in a much better and bigger deal for the Queensland racing industry

with an extra \$850 million funding in addition to the \$130 million per year revenue the industry currently receives under existing arrangements with Tatts,” he said. Tatts will also invest more than \$74 million in the racing industry by increasing Queensland marketing activities.

Racing industry seals \$4.5b deal with Tatts

GOLDEN AMBITION \$4.5b agreement puts growth back in racing’s stable



FY14 ANNUAL RESULTS - POKIES COMPENSATION LITIGATION



- * Victorian Supreme Court found Tatts entitled to compensation on the expiry of pokies licence on 15 August 2012
- * Upholds contract entered into with the State of Victoria in 1995 which delivered the State substantial additional licence fees on the basis that the State would pay compensation if a new gaming operator's licence was issued to anyone other than Tatts
- * Total compensation award - \$451.2 million plus interest of \$89.3 million and costs (to be determined)
- * Judgement funds received and have been used to reduce debt - compensation not recognised as income until finally concluded after appeals
- * State has lodged an appeal
- * Tatts defending appeal to be heard in October 2014
- * Risk that Tatts may have to repay compensation award to State plus interest and costs if State appeal is successful
- * If Tatts is ultimately successful:
 - the total amount received will be subject to tax
 - will consider appropriate capital management alternatives to adopt in the best interest of shareholders



- 1 Tattersall's Ltd lists on ASX
- 2 Merger of equals between Tattersall's Ltd and UNiTAB Ltd
- 3 Acquisition of Golden Casket and Talarius
- 4 Announcement by Victorian Government on future structure of Victorian Gaming post 2012
- 5 NSW Lotteries acquired
- 6 Acquisition of SA Lotteries "Master Agent" arrangements and Tote Tasmania
- 7 Supreme Court awards Tatts compensation of \$540.5m and new Queensland wagering licence framework announced

FY14 ANNUAL RESULTS - DIVIDENDS

* 5.5 cents per share fully franked final dividend -
13.5 cents per share total FY14 dividend

* Final dividend quantum impacted by health benefit
levy

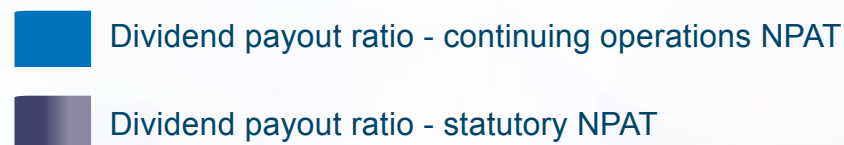
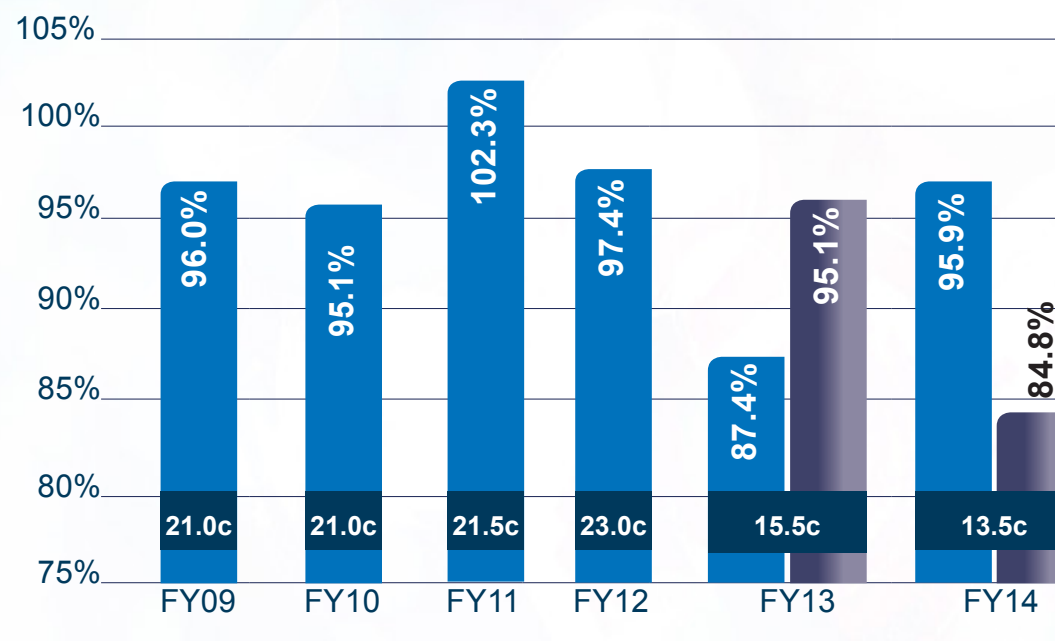
* FY14 dividend represents:

- 95.9% of statutory profit after tax
- 84.8% of net profit after tax from continuing operations

* Details:

- ex-dividend date - 1 September 2014
- record date - 3 September 2014
- payment date - 6 October 2014
- dividend reinvestment plan operative with 1.5% discount

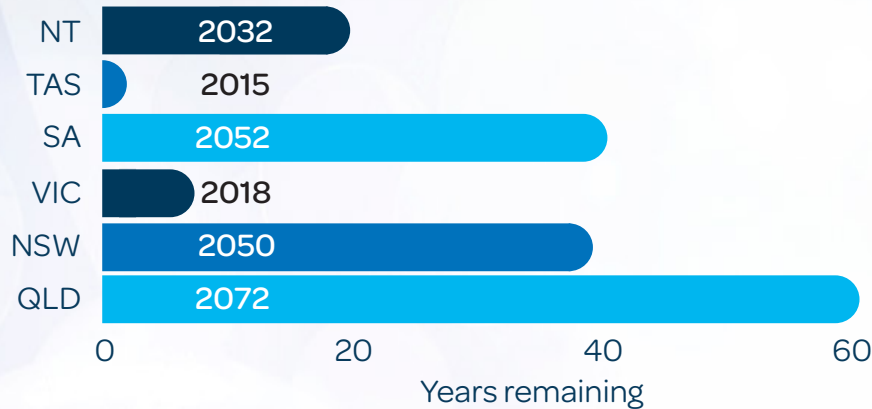
DIVIDEND PAYOUT RATIO



FY14 ANNUAL RESULTS - LONG TERM DIVERSIFIED LICENCES



Lotteries - Licences and Authorisations



Sole lottery operator in SA, NSW and QLD

Circa. 80% of Lotteries EBIT from licences that run at least 35 years

Wagering - Licences and Authorisations



Sole race and sports wagering licensee in SA, TAS and QLD

New wagering licence framework in QLD from 1 July 2014 - 30 years retail exclusivity (subject to legislative changes)

Circa. 95% of Wagering EBIT from licences that run at least 35 years

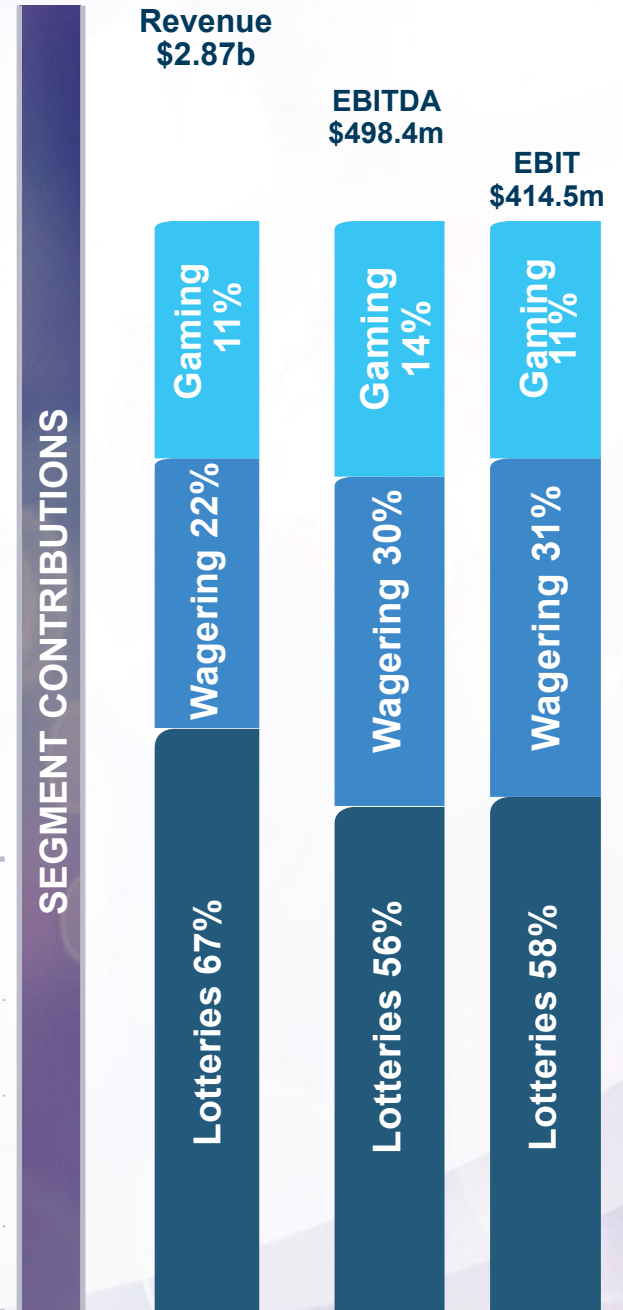
Gaming - Maxgaming Licences and Authorisations



Sole monitoring licences in NSW and NT

Circa. 80% monitoring segment share in QLD

Talarius has an indefinite licence in the UK to operate gaming machines



FY14 ANNUAL RESULTS - LOTTERIES HIGHLIGHTS



* Challenged by exceptional jackpot performance in FY13

* Jackpot numbers down:

- 36 jackpots (Oz Lotto/Powerball) at or above \$15 million (FY13: 39)
- average 1st division value down - \$25.7 million vs. \$29.0 million in FY13

* Revenue down 4.3% at \$1.92 billion (FY13: \$2.01 billion)

* EBIT margin up - 14.1% (FY13: 13.4%)

* EBIT up 0.8% at \$271.5 million

* Strong participation rates - approximately 41.4% of the Australian adult population playing a lotto game in the past 3 months

* \$12.34 average spend per transaction (FY13: \$12.35) - Online showing out performance on average spend at \$13.03 per transaction (FY13: \$13.62)

* Online sales now 9.4% of all lottery sales (FY13: 8.2%) (excl. SA Lotteries)

* Tatts proprietary lottery system rolled-out in South Australia including new Keno module

* Autoplay launched

* SA Lotteries website launched 11 December 2013

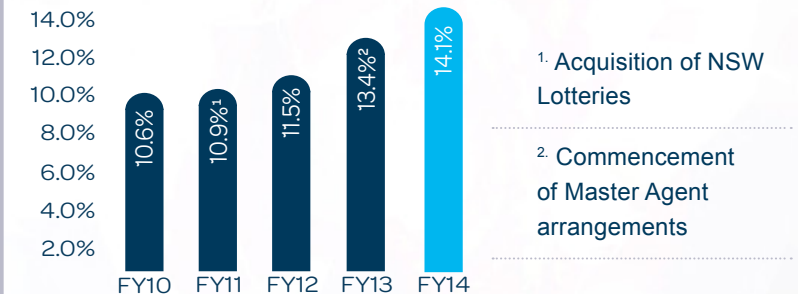
* Multi-jurisdictional instant scratch-its launched on 10 March 2014

* Monday Lotto successfully launched in Queensland on 21 October 2013

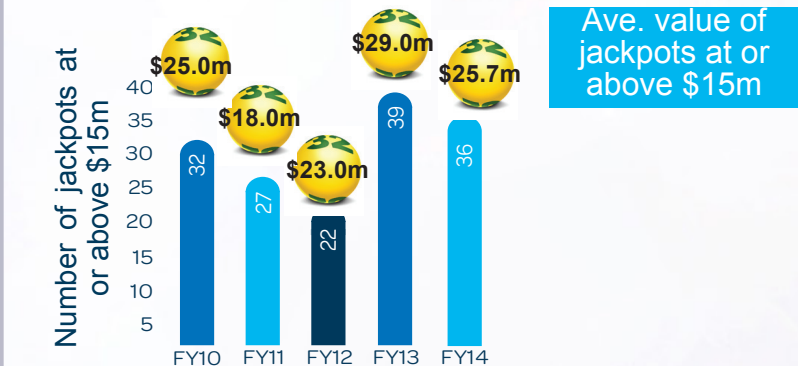
Segment Results

	FY14 (\$'m)	FY13 (\$'m)	Change (%)
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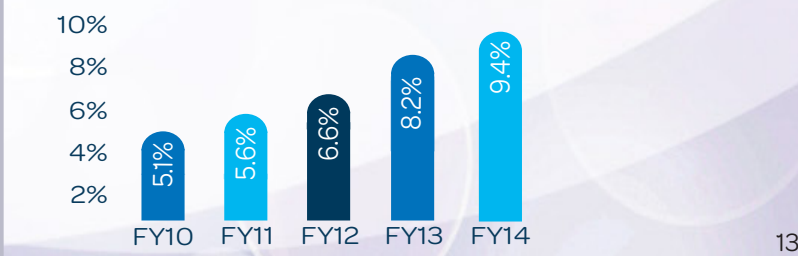
EBIT Margin



Jackpot Run



Online sales - % of total sales



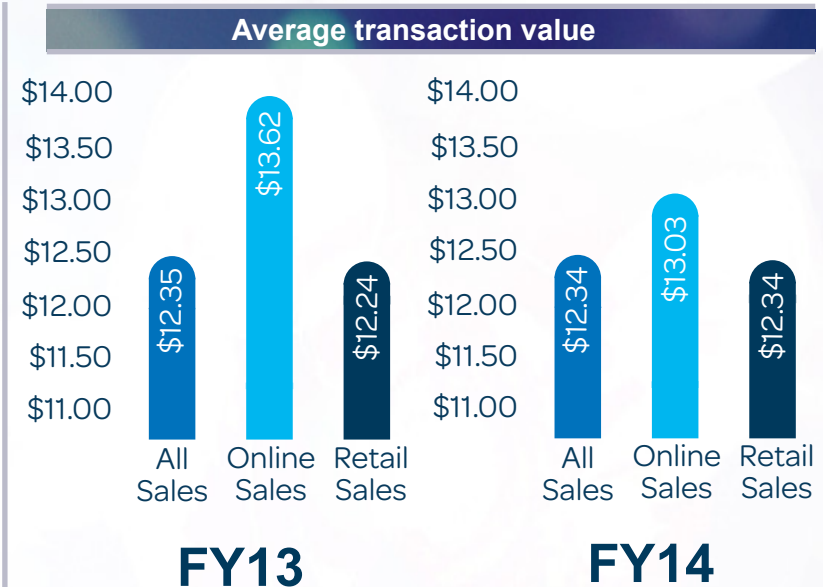
FY14 ANNUAL RESULTS - LOTTERIES HIGHLIGHTS

*Key Statistics - FY14

- Over 2.4 million visits to the Tatts lotteries website per month
- No. 1 ranking on Google for lotteries key word searches (both SEM and SEO)
- 1 million players registered on Tatts.com (FY13: 0.9 million)
- 2.3 million registered card members (FY13: 2.3 million)
- 4,206 retailers (FY13: 4,222)
- 238 new millionaires in the year from lotto jackpots

*Key Actions and Initiatives - FY15

- Intended roll-out of a new retail channel - fuel convenience outlet stores
- 5 cents per game increase in Saturday Lotto ticket price
- Launch of a new draw based game
- Lucky Lotteries casket type game to go multi-jurisdictional
- Redevelopment of lotteries website
- New world class CRM system to engage with 2.3 million card members and 1 million online players



FY14 ANNUAL RESULTS - WAGERING HIGHLIGHTS



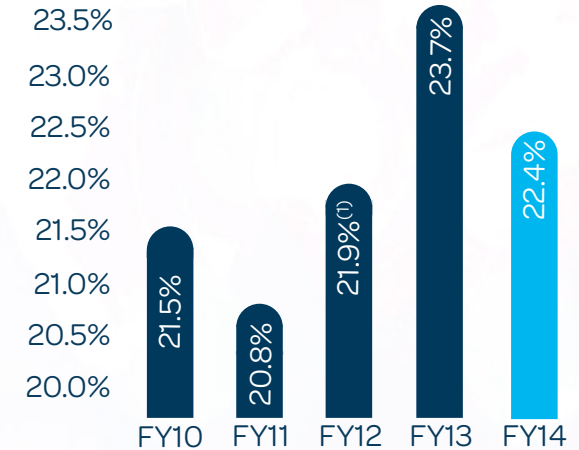
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- * Revenue down 2.0% to \$642.3m (FY13:\$655.7m) - delivered in a competitive trading environment
- * Competition from out-of-state bookmakers leveraging more beneficial tax regimes - higher marketing spend/incentives
- * Strong online sales - now 22.9% of wagering sales (FY13: 20.2%)
- * \$1.32 billion fixed-price sales up 19.1% (\$211m) with strong win rate maintained
- * Tote betting showed a 8.1% decline of \$196m mostly through the migration to fixed odds
- * Fixed-price sales now represent 37% of total wagering sales (FY13: 31%)
- * Racing continues to dominate fixed price book - 79.6%
- * Fixed-price sports sales up 13.4% with double digit win rate
- * Average fixed-price bet \$25.50 per bet (FY13: \$26.00 per bet)
- * circa. 332,000 devices now operating with Tatts.com App installed (1H FY14: c.186,500)
- * Migration from phone to online continues - online sales growth outpacing phone sales decline 3 to 1
- * Wagering renewal program well advanced

Segment Results

	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Revenue	642.3	655.7	▼ 2.0%
EBITDA	160.8	173.9	▼ 7.6%
EBIT	144.1	155.6	▼ 7.4%

EBIT Margin



Online sales - % of total sales



⁽¹⁾ - Underlying EBIT

FY14 ANNUAL RESULTS - WAGERING HIGHLIGHTS



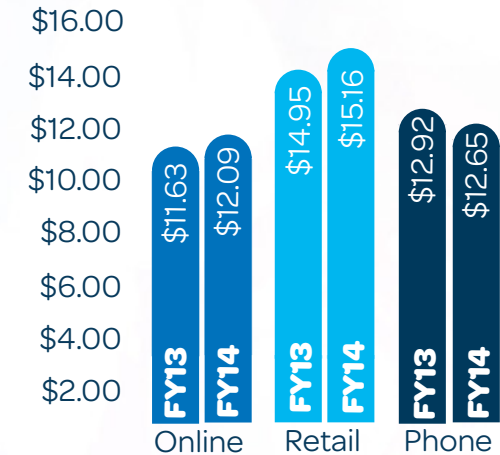
* Key Statistics - FY14

- FY14 Online sales - 22.9% (FY13: 20.2%)
- 308.4 million total bets placed over FY14 (FY13: 301.1 million)
- 239 self-service terminals with 11.9 million transactions (FY13: 55 terminals)
- Tote sales by bet type:
 - Win/Place - 56.2% (FY13: 58.5%)
 - Exotics - 43.8% (FY13: 41.5%)
- 1,396 TABs, agencies and race clubs (FY13: 1,369) - 2% growth in retail venues
- Racing represents 79.6% (FY13: 78.6%) of fixed-price sales and sports represents 20.4% (FY13: 21.4%)

* Key Actions and Initiatives - FY15

- Use improved margin in Queensland to drive sales performance in the State
- Launch of new wagering brand, new intuitive wagering website and new retail image
- Launch of a new marketing campaign
- Improve Google SEO and SEM position to fight-back
- Launch of a new player loyalty scheme - geared to retention rather than one-off acquisition
- Working with Racing Queensland as a JV partner to launch virtual betting and another innovative product
- Roll-out of self-service terminals with cash handling capability/TITO

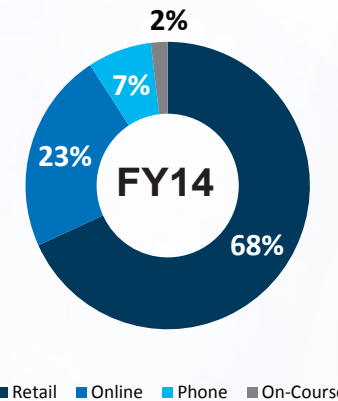
Average Bets - FY14 vs. FY13



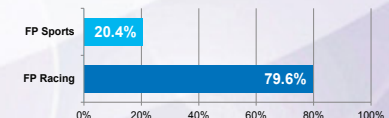
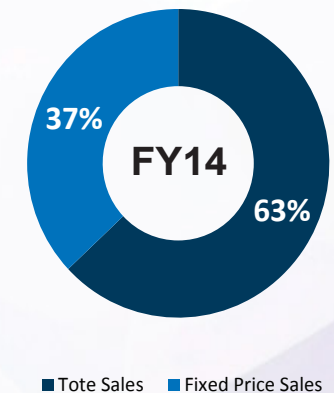
* Overall average bet in FY14 of \$14.31 (FY13: \$14.14)

* Self-service terminals have a higher than average bet of \$14.95

Betting by Sales Channel



Sales by Bet Type



NEW GENERATION RETAIL



FY14 ANNUAL RESULTS - GAMING HIGHLIGHTS

Maxgaming:

- ✳ Revenue lift of 0.9% - first time since FY10 - driven by new products (Max Connect and E-cash)
- ✳ Maintained +80% share of gaming machines monitored in Queensland
- ✳ Max Connect now installed on circa. 12,000 gaming machines in Queensland
- ✳ EBIT up 3.3% - EBIT margin 43.5% (FY13: 42.5%)
- ✳ NSW regulatory approval received for \$250,000 state wide linked jackpots
- ✳ TITO successfully trialled in Queensland - growth opportunity in FY15

Talarius:

- ✳ Positive annual contribution to Group profit for the first time since 2008
- ✳ Revenue growth 32.8% to \$103.6m (14.6% in local currency)
- ✳ EBIT up 506.8% to \$4.1m (FY13: loss of \$1.0m)
- ✳ Refurbishment program, extended operating hours and venue optimisation have driven performance
- ✳ Server based gaming trial proving positive and will be extended into FY15

Bytecraft:

- ✳ Turnaround strategy in progress and delivering success:
 - new management structure
 - right-sizing the business
 - non-profitable contracts exited
- ✳ Underlying EBITDA of \$0.8 million after excluding impact of one-off restructuring costs of \$1.2 million
- ✳ Developing gaming venue service ability to offer turn key gaming support

Maxgaming Segment Results			
	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Revenue	114.2	113.2	▲ 0.9%
EBITDA	63.1	63.1	▲ 0.1%
EBIT	49.7	48.1	▲ 3.3%

Bytecraft Segment Results			
	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Revenue	106.9	116.0	▼ 7.8%
EBITDA	(0.4)	(1.0)	▲ 63.8%
EBIT	(2.5)	(3.0)	▲ 18.4%

Talarius Segment Results			
	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Revenue	103.6	78.0	▲ 32.8%
EBITDA	13.6	7.7	▲ 76.6%
EBIT	4.1	(1.0)	▲ 506.8%

Maxgaming revenue growth



FY14 ANNUAL RESULTS - GAMING HIGHLIGHTS

* Maxgaming Key Statistics - FY14:

- circa. 131,000 gaming machines monitored in 3,790 venues - consistent with FY13
- 2,444 gaming machines linked to state wide linked jackpots (FY13: 2,437)
- Revenue distribution:
 - circa. 54% from monitoring (FY13: 53%)
 - circa. 24% from value-add services (FY13: 25%)
 - circa. 22% from EGM maintenance (FY13: 22%)

* Talarius Key Statistics - FY14:

- 7,634 gaming machines in operation (FY13: 7,461)
- 170 gaming venues (FY13: 173)
- 6.9% growth in net machine revenue to £20.64 (FY13: £19.31)
- Positive EBIT margin of 3.9%

* Bytecraft Key Statistics - FY14:

- Total call-outs received - circa. 713,000 (FY13: circa. 754,000)
- SLA performance on our largest contract continues to track above 95% and well ahead of target levels



FY14 ANNUAL RESULTS - FINANCIAL POSITION

	At 30 Dec 2014 (\$'m)	At 30 Jun 2013 (\$'m)	Change %
ASSETS			
Current assets	910.9	613.4	▲ 48.5%
Intangible assets	4,540.0	4,553.3	▼ 0.3%
Property, plant & equipment	205.6	186.2	▲ 10.4%
Other non-current assets	43.6	62.7	▼ 30.4%
Total assets	5,700.2	5,415.5	▲ 5.3%
LIABILITIES			
Current liabilities	1,202.0	1,059.9	▲ 13.4%
Non-current liabilities	1,662.1	1,595.2	▲ 4.2%
Total liabilities	2,864.1	2,655.1	▲ 7.9%
TOTAL EQUITY	2,836.0	2,760.4	▲ 2.7%

* Included in current assets and liabilities is the \$540.5m receipt in pokies compensation litigation

* \$540.5m not recognised as income until all appeal avenues are exhausted

* Net debt (excluding prize reserves) \$767.8 million (FY13: \$1,454.3 million)

* \$350m debt refinanced during the year is now in non-current liabilities

* Increase in property mainly due to HQ

* FY14 capex \$60.7 million (FY13: \$60.1 million) plus \$14.3 million in connection with new Group HQ

* FY15 capex to be in the region of \$80 million

* \$83.9 million total depreciation and amortisation (FY13: \$84.1 million)

* FY14 amortisation of licences and rights to operate of \$21.7 million (FY13: \$20.0 million)

FY14 ANNUAL RESULTS - CASH FLOW STATEMENT



TattsGroup

	FY14 (\$'m)	FY13 (\$'m)
Cash flow from operating activities	477,946	573,363
Net Interest paid	(84,684)	(98,767)
Income taxes paid	(114,850)	(127,679)
Net cash inflow from operating activities	278,412	346,917
Cash flows from investing activities		
Payments for acquisitions - SA Lotteries	-	(428,634)
Capital expenditure	(75,418)	(68,865)
Sale of P,P &E	347	68,883
Disposal of joint ventures	-	16,888
Available-for-sale financial assets	(591)	18,899
Net cash (outflow) from investing activities	(75,662)	(392,829)
Cash flows from financing activities		
Proceeds from issues of shares	5	6,748
Dividends paid net of DRP	(126,619)	(173,452)
Proceeds from legal compensation claim	540,468	-
Borrowings / (Repayments)	(300,000)	276,082
Net cash inflow from financing activities	113,854	109,378
Net increase in cash and cash equivalents	316,604	63,466
Cash and cash equivalents - beginning of year	355,666	290,140
Effects of exchange rate changes	14,848	2,063
Cash and cash equivalents - end of year	687,118	355,669

* FY13: Includes cash generated from pokies operations, cash from the sale of gaming machines and property sales

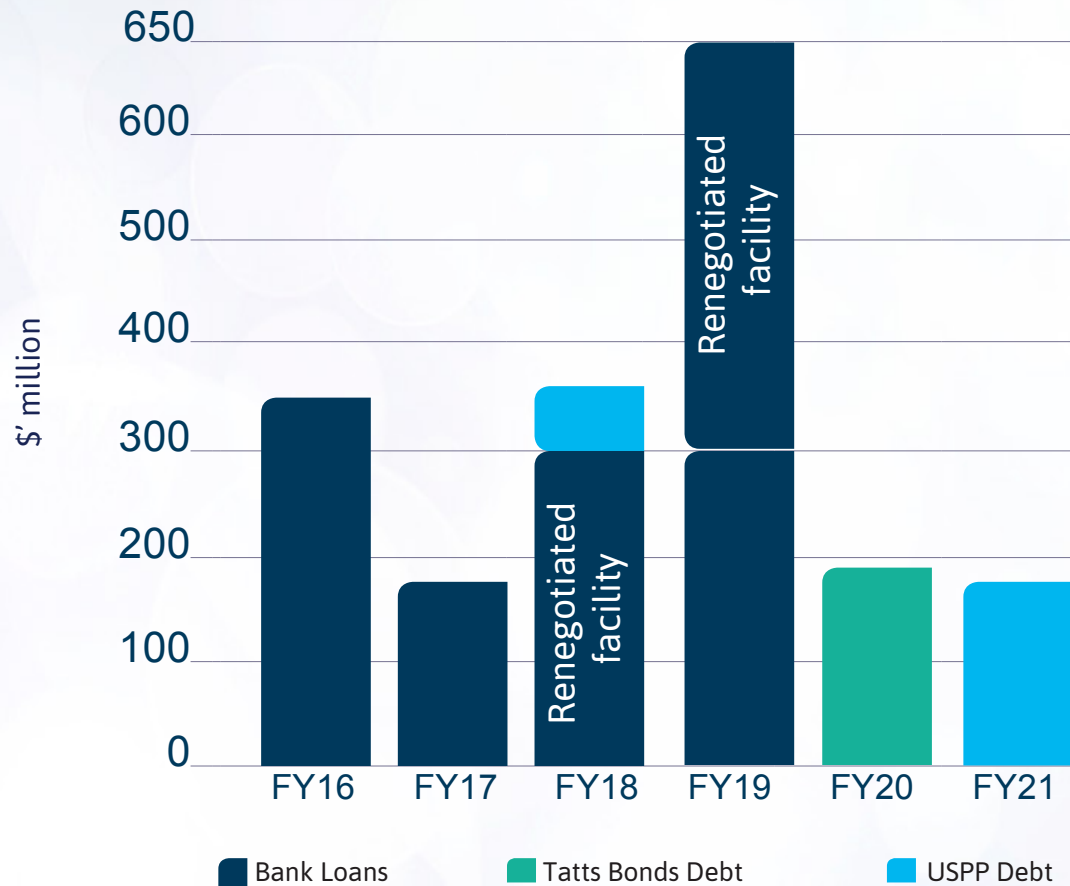
* FY14: Continued strong cash flow from operating activities

* FY14 financing activities include \$540.5m received from State of Victoria

- cash received used to retire debt post year end

* FY15: Net interest generated on the \$540.5m expected to be in the vicinity of \$12m after tax

FY14 ANNUAL RESULTS - DEBT FACILITY MATURITY PROFILE



- * Successfully renegotiated and extended two tranches of debt funding of \$650 million improving margins and tenure
- * Debt/EBITDA - 1.67x (30 June 2013: 2.68x)
- * Excluding the \$540.5m, Debt/EBITDA ratio would be 2.83x. Impacted by Health Benefit Levy charge
- * Interest expense reduced to \$89.9 million (FY13: \$106.7 million) - achieved despite an increase in borrowings in FY13 of \$427 million on the acquisition of the SA Lotteries management rights
- * DRP continues for the final FY14 dividend including a 1.5% discount

FY14 ANNUAL RESULTS - OUTLOOK

* Pipeline of exciting initiatives for FY15

* Strong start to trading in FY15

- Wagering revenue to 20 August 2014 up 4%

- racing up 2.8%

- sport up 17.8%

- win rates stronger than comparable win rates in FY14

- Lotteries - six jackpots at or above \$15m with average 1st division at \$35.8m (vs. FY14: four jackpots at average of \$30.0m)

* Continue to invest for growth in wagering

- Website and brand launch will see lift in marketing

- Benefit from improved fiscal terms in core Queensland market

- Anticipate further small contraction in wagering EBITDA margin as target growth

* Pokies compensation cash to provide a circa. \$12m p.a. interest benefit

MOMENTS — THAT — THRILL

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