



TATTS GROUP LIMITED
H1 FY16 INVESTOR PRESENTATION

ABN 19 108 686 040

HIGHLIGHTS

• STRONG PROFIT OUTCOME

→ Continuing operations NPAT \uparrow 6.2% to \$147.9m

→ Statutory NPAT \uparrow 5.2% to \$147.0m

• INCREASED DIVIDEND

→ Interim dividend 9.5¢ per share \uparrow 5.6%

→ 94.6% payout ratio (statutory)

• OUTSTANDING DIGITAL SALES MOMENTUM

→ \uparrow 34.8% for Lotteries — 13.2%¹ of sales

→ \uparrow 20.2% for Wagering — 28.8% of turnover

→ Wagering + lotteries apps on 1m plus devices (H1 FY15: 521,000)

• RECORD LOTTERIES PERFORMANCE

→ Revenue \uparrow 9.6%:

▪ 24 jackpots at or above \$15m (H1 FY15: 18)

▪ \$30.4m average value 1st division pools (H1 FY15: \$26.9m)

→ EBIT \uparrow 11.3%

→ EBIT Margin \uparrow - 14.9% (H1 FY15: 14.6%)

• LOTTERIES - PRODUCT INNOVATION GAINS TRACTION

→ Set for Life:

▪ tracking ahead of launch year forecast

▪ 22% of sales via digital channel

▪ younger demographic

→ Lucky Lotteries:

▪ expanded footprint (beyond NSW & ACT)

▪ 17% of sales via digital channel

→ Scratch-Its:

▪ game portfolio innovation

▪ return to Victoria

NPAT \uparrow 6.2%

CONTINUING OPERATIONS

\$147.9M



DIGITAL SALES \uparrow 34.8%
FOR LOTTERIES

DIGITAL SALES \uparrow 20.2%
FOR WAGERING

HIGHLIGHTS (CONT.)

• WAGERING – UBET’s FIRST FULL HALF ENCOURAGING

→ UBET in market 8 months

→ Early signs encouraging

→ Strongly positioned:

- ✓ Second largest Australian operator by turnover
- ✓ Leading blended win-rate in the segment
- ✓ Second most profitable wagering operation in Australia
- ✓ One of the highest EBITDA margins in the segment

→ Key metrics in-line with position flagged at October 2015 AGM:

- total wagering turnover ⬆️ 3.0% (vs ⬇️ 0.9% at FY15)
 - fixed price turnover ⬆️ 25.2%
 - pari-mutuel turnover ⬇️ 12.4%
 - migration from tote to fixed price continues as expected
 - retail softness continues in regional QLD ⬇️ 6.2% (H1 FY15: ⬇️ 7.4%)
- blended win-rate ⬇️ at 15.2% (vs. 16.3% pcp)
- EBITDA margin at 23.6%:

	H1 FY16	H2 FY15	H1 FY15*
EBITDA Margin %	23.6%	21.0%	27.1%

* H1 FY15 performance reflects new QLD fiscal arrangements starting 6-months earlier than the committed marketing uplift

- Brand awareness at 7% (spontaneous) and 28% (prompted)

TOTAL WAGERING TURNOVER

UP 3.0%

UBET
FOR THE THRILL OF IT

FIXED-PRICE BETTING TURNOVER

UP 25.2%

HIGHLIGHTS (CONT.)

• WAGERING – UBET’s FIRST FULL HALF ENCOURAGING (cont.)

→ Next generation UBET retail experience:

- second stage pilot roll-out complete
- 54 venues now have the new UBET retail experience
- first six weeks CY16 double-digit turnover increase compared to local peer set
- demonstrating untapped potential in ‘bricks + mortar’ channel

→ Digital performance on target (⬆️) 20.2% - 28.8% turnover now online

→ Rewards program UBET+ in place - strong customer uptake

→ NT - new exclusive 20-year totalisator licence issued and fixed price licence extended

→ Currently in progress:

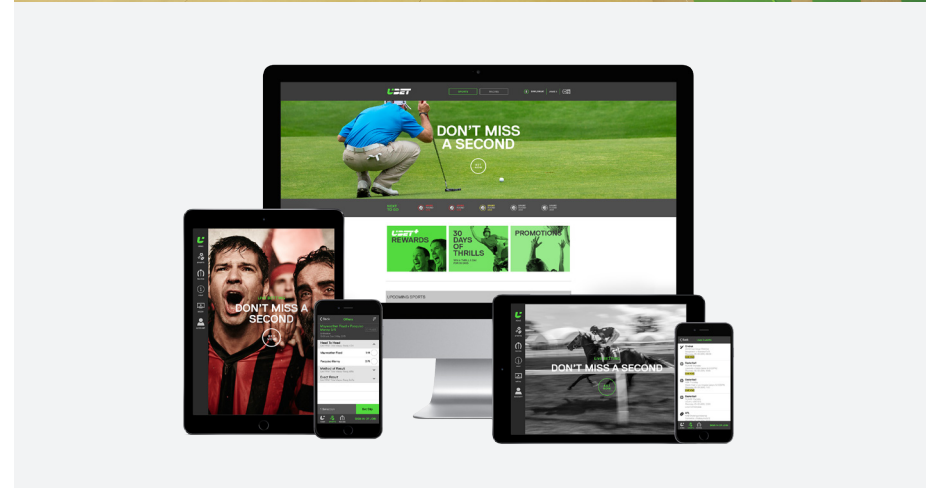
- self-service terminals with cash + ticket-in-ticket-out - units ready for field trial
- UBET Live - prototype development and customer trials continuing

• TALARIUS POWERING AHEAD

→ Revenue (⬆️) 29.9% (⬆️ 12.5% on a same currency basis)

→ EBIT (⬆️) 79.2% to \$5.3m (⬆️ 56.4% on a same currency basis)

→ Net machine revenue (⬆️) 16.2% to £24.33 per machine per day



HIGHLIGHTS (CONT.)

- **GROUP REVENUE** ⬆️ **6.5%**
- **GROUP EBIT** ⬆️ **1.1%**
- **LOTTERIES EBIT MARGIN IMPROVEMENT - NOW 14.9%**
- **WAGERING EBITDA MARGIN AT FLAGGED LEVELS - 23.6%**
- **NET INTEREST** ⬇️ **29.4%**
- **NPAT GROWTH (STATUTORY)** ⬆️ **5.2%**

	H1 FY16 (\$M)	H1 FY15 (\$M)	CHANGE (%)
Total revenue and other income	1,607.3	1,508.9	▲ 6.5%
State government share	(723.7)	(661.7)	▲ 9.4%
Venue share/commission	(230.1)	(218.4)	▲ 5.4%
Product and program fees	(107.1)	(107.9)	▼ (0.8%)
Other expenses	(269.8)	(244.8)	▲ 10.2%
Total expenses	(1,330.7)	(1,232.8)	▲ 7.9%
EBITDA	276.6	276.1	▲ 0.2%
Depreciation and amortisation	(43.0)	(45.0)	▼ (4.5%)
EBIT	233.6	231.1	▲ 1.1%
Net interest	(20.6)	(29.1)	▼ (29.4%)
Profit before tax	213.0	202.0	▲ 5.5%
Income Tax	(65.1)	(62.8)	▲ 3.8%
Net profit after tax (continuing operations)	147.9	139.2	▲ 6.2%
(Loss)/profit from discontinued operation ¹	(0.9)	0.6	▼ (241.2%)
Net profit after tax (statutory)	147.0	139.8	▲ 5.2%

¹ The loss from discontinued operations represents the legal costs associated with the pokies compensation case.

LOTTERIES FINANCIAL PERFORMANCE

LOTTERIES	H1 FY16 (\$M)	H1 FY15 (\$M)	CHANGE TO H1 FY15 (%)
Revenue	1,109.1	1,012.4	▲ 9.6%
EBITDA	177.6	161.1	▲ 10.3%
EBIT	164.7	148.0	▲ 11.3%

WAGERING FINANCIAL PERFORMANCE

WAGERING	H1 FY16 (\$M)	H1 FY15 (\$M)	CHANGE TO H1 FY15 (%)	H2 FY15 (\$M)
Turnover	2,139.9	2,078.4	▲ 3.0%	1,885.3
Revenue	326.0	339.2	▼ (3.9%)	293.7
EBITDA	76.9	91.8	▼ (16.2%)	61.7
EBIT	68.3	82.6	▼ (17.3%)	53.3

GAMING FINANCIAL PERFORMANCE

	H1 FY16 (\$M)	H1 FY15 (\$M)	CHANGE TO H1 FY15 (%)
Revenue			
- Maxgaming	59.6	58.8	▲ 1.5%
- Bytecrafter	51.8	51.3	▲ 0.9%
- Talarius	77.1	59.3	▲ 29.9%
EBITDA			
- Maxgaming	32.5	32.6	▼ (0.2%)
- Bytecrafter	3.0	1.0	▲ 217.3%
- Talarius	11.0	8.4	▲ 30.8%
EBIT			
- Maxgaming	26.5	25.5	▲ 3.9%
- Bytecrafter	2.0	(0.2)	▲ 1,049.0%
- Talarius	5.3	3.0	▲ 79.2%

DIVIDENDS

- STRONG SHAREHOLDER RETURNS**

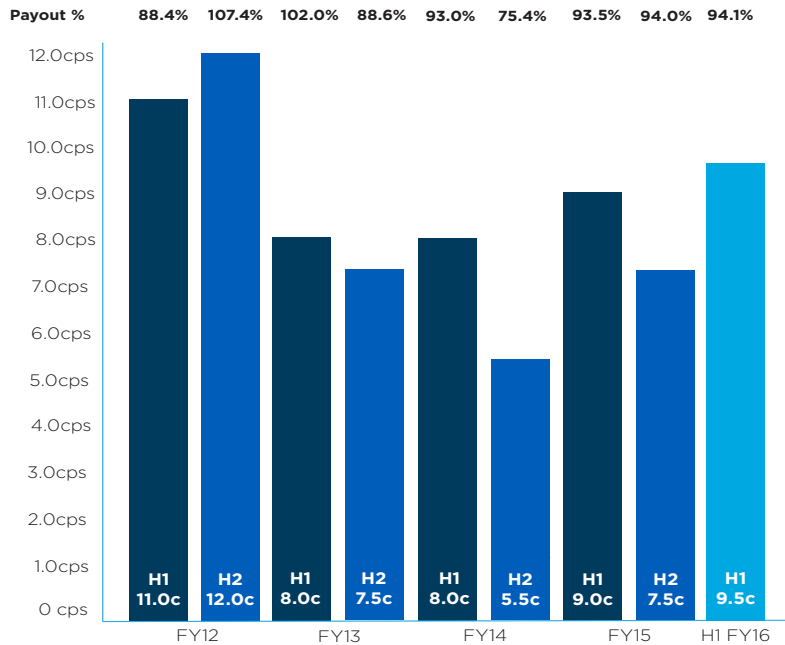
- Interim fully franked dividend:

- 9.5¢ per share \uparrow 5.6% (H1 FY15: 9.0¢)
- Record date 1 March 2016
- Payment date 31 March 2016
- DRP suspended

- HIGH PAYOUT CONTINUES**

- 94.6% payout ratio (statutory)
- 94.1% payout ratio (continuing operations)
- 10th year since listing + 90% payout ratio (continuing operations)

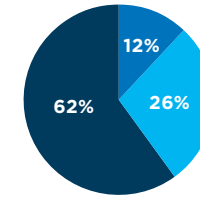
DIVIDENDS PER SHARE AND PAYOUT RATIO (CONTINUING OPERATIONS)



INTERIM
DIVIDEND FOR
H1 FY16 \uparrow 5.6%

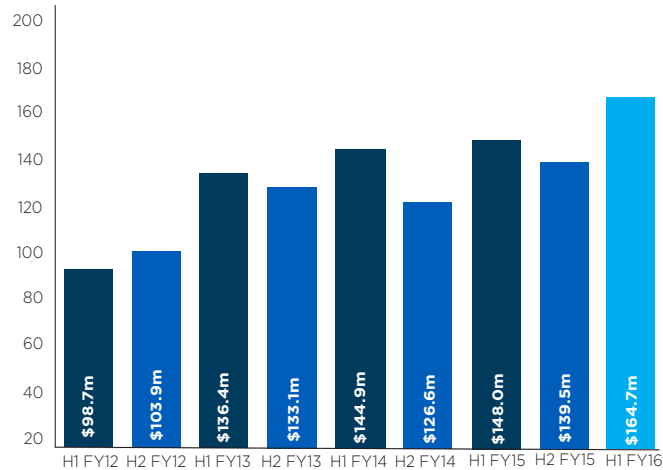


UNIT PERFORMANCE HIGHLIGHTS



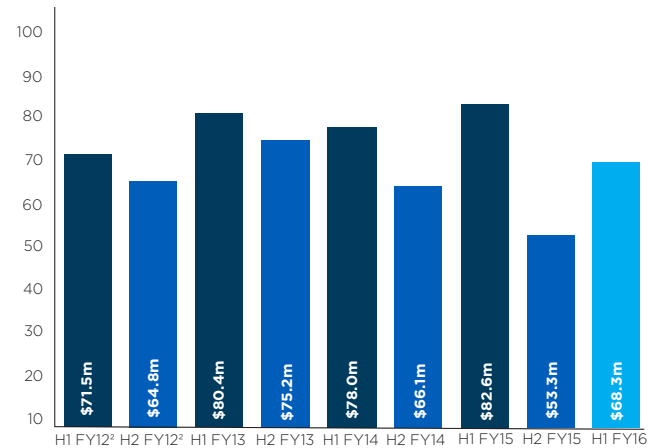
GAMING 12%
WAGERING 26%
LOTTERIES 62%

LOTTERIES EBIT CONTRIBUTION (\$'m)



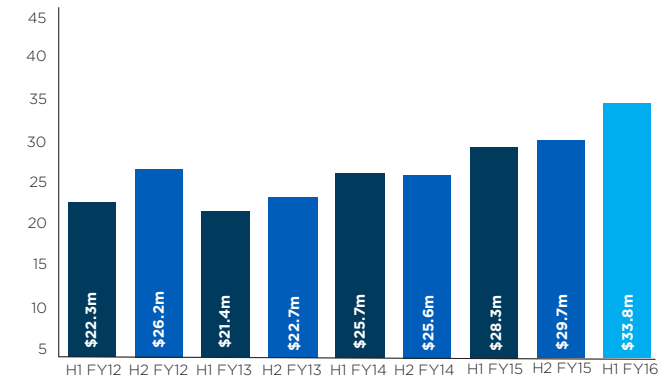
- Revenue \uparrow 9.6% to \$1.11b (H1 FY15: \$1.01b)
- Digital sales \uparrow 34.8% - 13.2%¹ of all sales (H1 FY15: 10.8%)
- 24 jackpots \geq \$15m (H1 FY15: 18 jackpots)
- Average 1st division jackpot pool \$30.4m (H1 FY15: \$26.9m)
- EBIT \uparrow 11.3% to \$164.7m (H1 FY15: \$148.0m)
- EBIT margin 14.9% (H1 FY15: 14.6%)

WAGERING EBIT CONTRIBUTION (\$'m)



- Turnover \uparrow 3.0% at \$2.14b (vs 0.9% decline FY15)
- Digital turnover up 20.2% - now 28.8% of turnover
- Fixed price betting turnover \uparrow 25.2%
- Win rate 15.2% vs 16.3% H1 FY15 vs 15.6% H2 FY15
- Revenue \$326.0m:
 - \downarrow 3.9% on pcp (H1 FY15: \$339.2m)
 - reflecting lower win-rate
- EBIT \$68.3m:
 - \downarrow 17.3% on pcp (H1 FY15: \$82.6m)
 - noting H1 FY15 EBIT (\$82.6m) benefited from new QLD fiscal regime prior to committed marketing uplift commencement
 - noting H2 FY15 EBIT (\$53.3m) impacted by UBET launch costs
- EBITDA margin 23.6% (H1 FY15: 27.1%, H2 FY15: 21.0%)
- EBIT margin 21.0% (H1 FY15: 24.3%, H2 FY15: 18.1%)

GAMING EBIT CONTRIBUTION (\$'m)



- EBIT Maxgaming \uparrow 3.9% to \$26.5m (H1 FY15: \$25.5m)
- EBIT Talarius \uparrow 79.2% to \$5.3m (H1 FY15: \$3.0m)
- EBIT Bytecraft \uparrow 1,049.0% to \$2.0m (H1 FY15: \$(0.2m))

LOTTERIES OPERATIONAL HIGHLIGHTS

• RECORD EBITDA + EBIT

- EBITDA \uparrow 10.3% at \$177.6m (H1 FY15: \$161.1m)
- EBIT \uparrow 11.3% at \$164.7m (H1 FY15: \$148.0m)
- EBIT margin expansion to 14.9% (H1 FY15: 14.6%)

• IMPRESSIVE REVENUE OUTCOME

- Revenue \uparrow 9.6% at \$1.11b (H1 FY15 \$1.01b) driven by:
 - jackpot performance
 - game innovation

• EXCEPTIONAL JACKPOT PERFORMANCE

- 24 jackpots at or above \$15m (H1 FY15: 18)
- \$30.4m average 1st division jackpot pool (H1 FY15: \$26.9m)
- \$70m Powerball jackpot on 12 November 2015 - second largest Powerball jackpot ever
- \$60m Oz Lotto jackpot on 18 August 2015

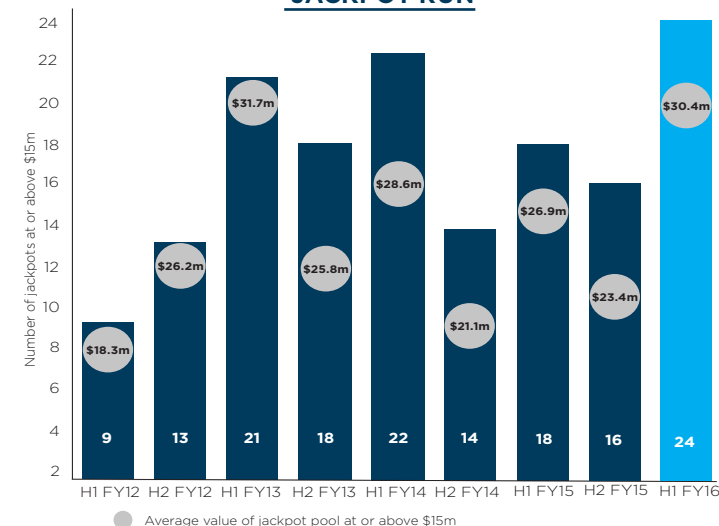
• OUTSTANDING DIGITAL PERFORMANCE

- Exceptional 34.8% growth
- Now 13.2%¹ of all lottery sales (H1 FY15: 10.8%)
- Improved purchase funnel
- Continued innovation in digital marketing:
 - dynamic deep linking to app
 - trigger based in-app messaging campaigns
 - successful integration with Facebook - ads triggering 1.9m app openings
 - custom segmentation in Facebook
 - behavioural segmentation of customer database
 - automated 'early warning' campaign system in operation
 - social media initiatives successful - average of 8m impressions per month
 - followed by 277,000 people on Facebook

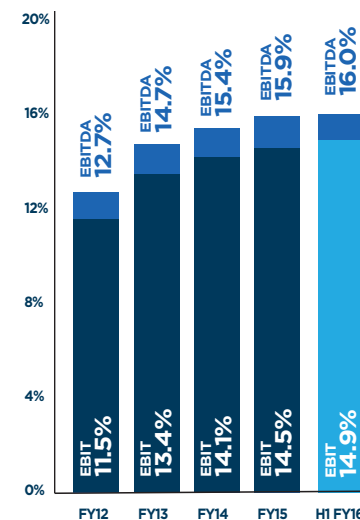
SEGMENT RESULTS

LOTTERIES	H1 FY16 (\$M)	H1 FY15 (\$M)	CHANGE (%)
Revenue	1,109.1	1,012.4	\blacktriangle 9.6%
EBITDA	177.6	161.1	\blacktriangle 10.3%
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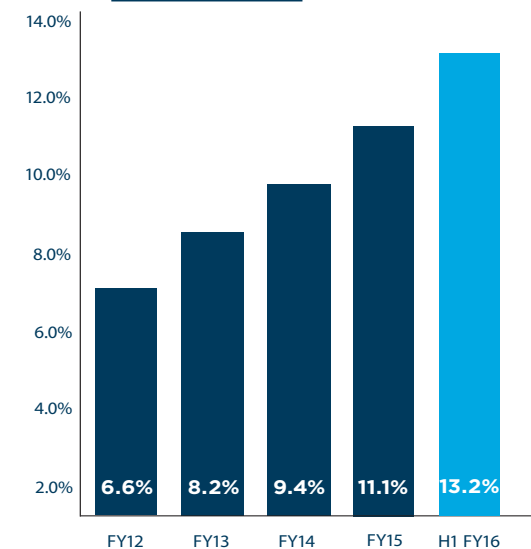
JACKPOT RUN



EBIT MARGIN



DIGITAL SALES¹



¹ Consistent with prior years this excludes South Australia. If South Australia is included, online sales grew 35.6% and represented 12.5% vs 10.1% in H1 FY15.

LOTTERIES OPERATIONAL HIGHLIGHTS (CONT.)

• GAME INNOVATION

→ Set for Life performed ahead of expectation:

- commenced 3 August 2015
- first new draw game in 20 years
- 22% of sales via digital channel
- younger demographic compared to existing games
- 5 winners to date of major prize

→ Lucky Lotteries performing to expectation:

- extended beyond NSW + ACT homeland
- new territories contribute close to 15% of sales
- overall digital sales currently more than 17% (online mix high in new markets)

→ Instant Scratch-Its sales ⬆️ 13.9% benefiting from:

- return of Victoria
- innovation in game portfolio

• RETAIL NETWORK - CONTINUED GROWTH

→ Sales growth of 6.8% in the half-year

→ 3,935 outlets - ⬆️ 0.8% from H1 FY15

→ 5,233 lottery terminals - ⬆️ 2.4% from H1 FY15

→ New digital point of sale display in the field

→ Convenience fuel roll-out - 54 new stores

• KEY STATISTICS

→ 3.0m visits to lotteries website per month

→ 2.0m players registered on tatts.com

→ 2.0m registered card members

→ 108 new millionaires created in the half-year

→ Average of 8.9 million prize winners per month

→ 45% of Australian adult population played a lottery game in the last 12 months

SET FOR LIFE

EXCEEDED LAUNCH
EXPECTATIONS



LUCKY LOTTERIES

15% OF SALES
COMING FROM NEW
MARKETS

WAGERING OPERATIONAL HIGHLIGHTS

WAGERING	H1 FY16 (\$M)	H1 FY15 (\$M)	CHANGE TO H1 FY15 (%)	H2 FY15 (\$M)
Turnover	2,139.9	2,078.4	▲ 3.0%	1,885.3
Revenue	326.0	339.2	▼ (3.9%)	293.7
EBITDA	76.9	91.8	▼ (16.2%)	61.7
EBIT	68.3	82.6	▼ (17.3%)	53.3

• POSITION OF STRENGTH

- Second largest Australian wagering operator by turnover
- Leading blended win-rate in the segment
- Second most profitable wagering operation in Australia
- One of the highest EBITDA margins in the segment

• FINANCIAL PERFORMANCE

- Turnover ⬆️ 3.0%:
 - fixed price turnover ⬆️ 25.2%
 - pari-mutuel turnover ⬇️ 12.4%
 - digital turnover ⬆️ 20.2%
 - new UBET format store turnover - double-digit growth (first 6 weeks of CY16) against local peer set
 - achieved despite retail softness in regional QLD ⬇️ 6.2% (H1 FY15: ⬇️ 7.4%)
- Revenue ⬇️ 3.9% reflecting lower blended win-rates:
 - consistent with position flagged at AGM in October 2015
 - influenced by migration pari-mutuel to fixed price
- EBITDA - comparative periods impacted by margin volatility:
 - H1 FY15 benefited from QLD fiscal regime
 - H2 FY15 impacted by UBET launch costs
- EBITDA margin at 23.6% - level flagged at AGM in October 2015



AUSTRALIAN WAGERING LANDSCAPE

ESTIMATED HALF-YEAR TURNOVER

TAH - INCLUDES JV SHARE OF TURNOVER **\$6.57B**

UBET **\$2.14B**

S'BET **\$1.90B**

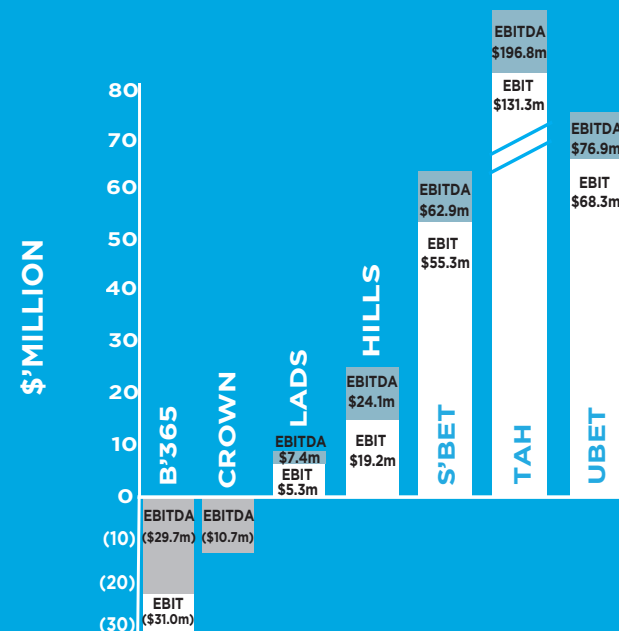
B'365¹ **\$1.03B**

HILLS **\$1.02B**

LADS **\$0.65B**

¹ BET365 do not disclose half-year accounts. Their half-year turnover is estimated at 50% of their FY15 full year turnover

ESTIMATED HALF-YEAR EBIT & EBITDA



Source: Estimates derived from company public results based on their most recent interim results except for BET365 where estimates are based on their annual statutory accounts

WAGERING OPERATIONAL HIGHLIGHTS (CONT.)

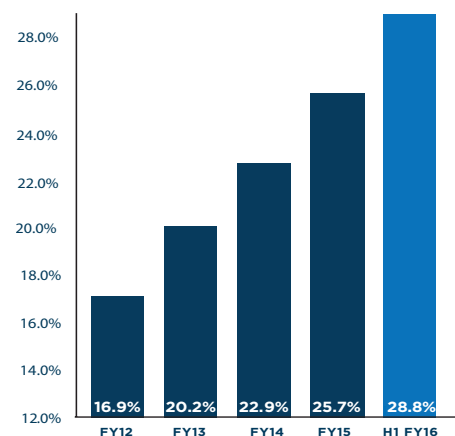
• UBET GAINING MOMENTUM

- Focus on repositioning wagering business yielding promising results
- Marketing activity cutting through in a competitive space:
 - 7% spontaneous brand awareness
 - 28% prompted brand awareness
 - tactical activity and spend levels at forecast targets
 - +1m video views across YouTube, Twitter + Facebook for the #UBETWECAN Melbourne Cup campaign
- New retail environment:
 - 54 new UBET retail format stores rolled-out
 - generating double-digit turnover growth (first 6 weeks of CY16) against local peer set

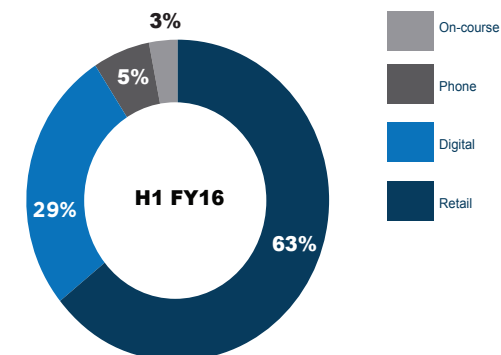
• CONTINUED DIGITAL GROWTH

- Digital growth \uparrow 20.2% — represents 28.8% of turnover (H1 FY15 24.8%)
- Migration from phone to digital continues:
 - phone turnover \downarrow 9.1%
 - digital growth out-pacing phone turnover decline 8 to 1
- Continued innovation in digital marketing:
 - dynamic deep linking to app
 - trigger based in-app messaging campaigns
 - custom segmentation in Facebook
 - behavioural segmentation of customer database
 - automated 'early warning' campaign system in operation
 - use of live market data to customise campaign content
 - average of 6m social media impressions per month

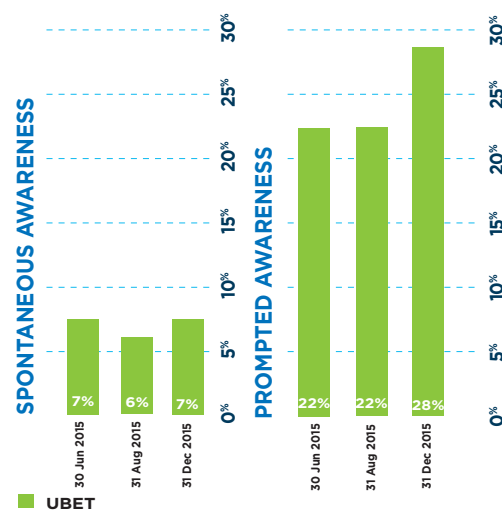
DIGITAL SALES



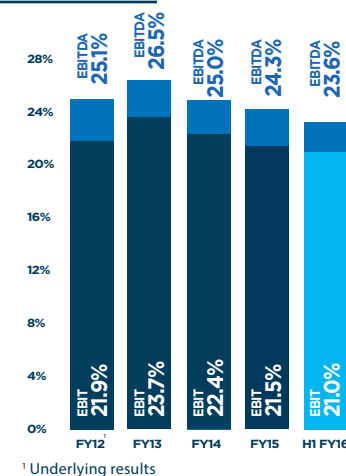
SALES BY CHANNEL



BRAND AWARENESS



EBIT MARGIN



WAGERING OPERATIONAL HIGHLIGHTS (CONT.)

• RETAIL NETWORK - REGIONAL SOFTNESS

- QLD SE corner showing good growth ⬆️ 2.3% (H1 FY15: ⬆️ 0.6%)
- Regional QLD remains challenged ⬇️ 6.2% (H1 FY15: ⬇️ 7.4%)

• STRONG FIXED PRICE PERFORMANCE

- Fixed price turnover ⬆️ 25.2%
 - racing 84.9% of book (H1 FY15: 82.6%)
- Fixed price represents 50.7% of total wagering (H1 FY15: 41.7%)
- Multi-bets - 31.6% of all sports betting turnover

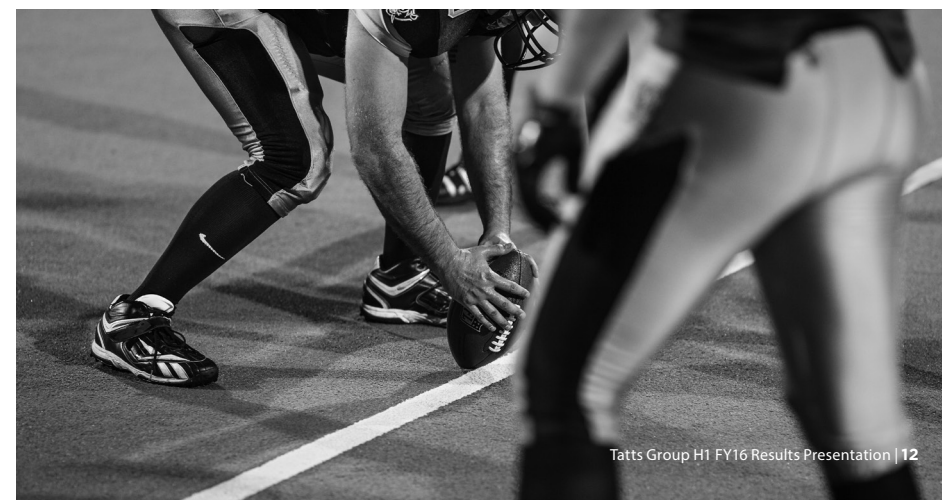
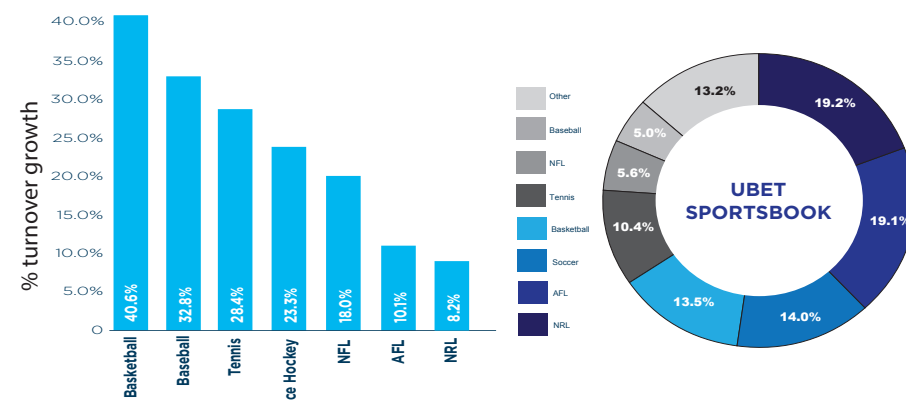
• KEY STATISTICS

- 1,400 TABs, agencies and race clubs (H1 FY15: 1,410)
- 54 new UBET retail format stores
- \$102.3 million contributed to the racing industry (H1 FY15: \$103.6m)



DIVERSIFIED SPORTSBOOK

- American sports - good growth + higher win rates
- More diversified earnings base



GAMING OPERATIONAL HIGHLIGHTS

• MAXGAMING - PARTNER OF CHOICE

→ Revenue \uparrow 1.5% driven by:

- Growth in monitoring revenue + value-added services
- \$250,000 base level jackpot NSW state-wide link
- Roll-out of TITO technology in Queensland
- Roll-out of player loyalty technology in Victoria

→ Revenue distribution:

- 55% monitoring
- 22% value-added services
- 23% EGM maintenance

→ EBIT margin:

- Improvement to 44.5% (H1 FY15: 43.4%)
- Queensland monitoring segment share - 80%

KEY STATISTICS:

- 130,467 machines monitored in QLD, NSW and NT (H1 FY15: 131,478)
- 14,138 machines linked to venue or state-wide linked jackpots (H1 FY15: 13,961)
- Largest ever SWL jackpot in NSW - \$537,523
- MaxConnect installed on 14,384 machines (H1 FY15: 13,026)
- TITO installed on 5,625 machines (H1 FY15: 3,642)
- 3,698 gaming venues monitored (H1 FY15: 3,762)



SEGMENT RESULTS

	H1 FY16 (\$M)	H1 FY15 (\$M)	CHANGE (%)
Revenue			
- Maxgaming	59.6	58.8	▲ 1.5%
- Bytecrafft	51.8	51.3	▲ 0.9%
- Talarius	77.1	59.3	▲ 29.9%
EBITDA			
- Maxgaming	32.5	32.6	▼ (0.2%)
- Bytecrafft	3.0	1.0	▲ 217.3%
- Talarius	11.0	8.4	▲ 30.8%
EBIT			
- Maxgaming	26.5	25.5	▲ 3.9%
- Bytecrafft	2.0	(0.2)	▲ 1,049.0%
- Talarius	5.3	3.0	▲ 79.2%



GAMING OPERATIONAL HIGHLIGHTS (CONT.)

• BYTECRAFT - TURNAROUND SUCCESS

- Revenue \uparrow 0.9% - after 3 difficult years
- Business turnaround program yielding positive results
- EBITDA \uparrow 217.3% - \$3.0m (H1 FY15: \$1.0m)
- EBIT \uparrow 1,049.0% - \$2.0m (H1 FY15: (\$0.2m))

KEY STATISTICS:

- External customers represent 67.7% of revenue (H1 FY15: 70.2%)
- Circa 305,000 total call outs received (H1 FY15: circa 317,000)
- SLA performance on largest contracts continues to meet contractual requirements and tracks above 95%

• TALARIUS - POWERING AHEAD

- Revenue \uparrow 29.9% (\uparrow 12.5% on constant currency basis) - \$77.1m driven by:
 - Server-based games
 - Venue optimisation
 - New profitable venue acquisitions

- EBIT \uparrow 79.2% (\uparrow 56.4% on constant currency basis) - \$5.3m
- Net machine revenue \uparrow 16.2% at £24.33 (H1 FY15: £20.94)

KEY STATISTICS:

- 7,464 gaming machines operational (H1 FY15: 7,840)
- 160 gaming venues (H1 FY15: 167)
- NMR per machine per day - £24.33 (H1 FY15: £20.94)

KICKING
GOALS IN THE
UK



FINANCIAL POSITION

• CASH

- Very strong cash position
- Pokies compensation \$540.5m (current liability)
- Net debt (excluding prize reserves) \$523.7m (H1 FY15: \$679.5m)

• CAPITAL

- FY16 capex of \$85.0m (FY15: \$72.2m)
- \$43.0 million total depreciation and amortisation (H1 FY15: \$45.0m)

• INTANGIBLES

- H1 FY16 amortisation of licences and rights to operate of \$12.3m (H1 FY15: \$12.6m)

• OTHER CURRENT LIABILITIES

- Renegotiated syndicated debt facility that was due in March 2016 now extended to September 2020

BALANCE SHEET

	AT 31 DEC 2015 (\$'M)	AT 30 JUN 2015 (\$'M)
ASSETS		
Current assets	683.3	556.1
Intangible assets	4,632.4	4,652.5
Property, plant & equipment	217.6	210.2
Other non-current assets	124.3	106.5
Total assets	5,657.6	5,525.3
Liabilities		
Other current liabilities	768.7	1,024.4
Unearned income - Pokies	540.5	540.5
Non-current liabilities	1,325.6	989.4
Total liabilities	2,634.8	2,554.3
Total equity	3,022.8	2,971.0

CASH FLOW

• KEY ITEMS

→ Movement in cash inflow from operating activities impacted by:

- tax - payments timing

→ Interest benefit and debt paid down from the compensation payment

CASH FLOW STATEMENT

	AT 31 DEC 2015 (\$'M)	AT 31 DEC 2014 (\$'M)
Cash flow from operating activities	288.8	273.3
Net interest paid	(19.8)	(27.8)
Income taxes paid	(64.6)	(46.3)
Net cash inflow from operating activities	204.4	199.2
Cash flows from investing activities		
Payments for intangibles	(1.6)	(4.5)
Capital expenditure	(30.4)	(32.3)
Sale of available-for-sale financial assets	(0.4)	10.0
Net cash (outflow) from investing activities	(32.4)	(26.8)
Cash flows from financing activities		
Proceeds from issues of shares	-	0.6
Dividends paid net of DRP	(98.3)	(46.5)
Repayments of borrowings	-	(320.0)
Net cash (outflow) inflow from financing activities	(98.3)	(365.9)
Net increase/(decrease) in cash and cash equivalents	73.7	(193.5)
Cash and cash equivalents - beginning of year	421.6	687.1
Effects of exchange rate changes	(0.3)	(0.8)
Cash and cash equivalents - end of year	495.0	492.8

DEBT MATURITY

• KEY ACHIEVEMENTS

→ \$350m facility renegotiated and extended to September 2020

→ Benefit of:

- Improved pricing
- Pokies compensation proceeds

→ Net interest ↓ 29.4% - \$20.6m (H1 FY15: \$29.1m)

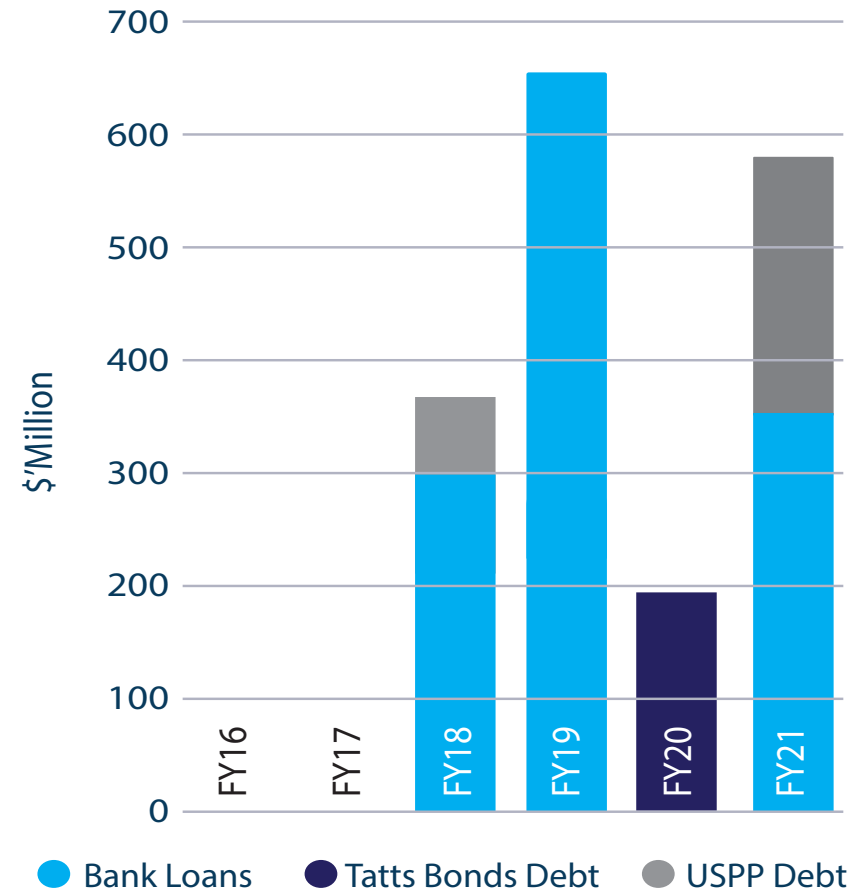
• KEY FEATURES

→ Pokies compensation funds - circa \$17m after-tax benefit since funds received in June 2014

→ Debt/EBITDA - 1.0 (H1 FY15: 1.4)

→ Debt/EBITDA - 2.1 if pokies compensation excluded

DEBT MATURITY PROFILE



LITIGATION

- **POKIES COMPENSATION CASE**

- **State of Victoria granted special leave to appeal to High Court**
- **Hearing conducted on 11 November 2015**
- **Awaiting final determination from High Court**
- **Compensation monies \$540.5m held by Tatts**
- **If judgment set aside by High Court, Tatts will have to repay compensation award + interest + costs**
- **Compensation not recognised as income until action finally concluded**
- **If Tatts is ultimately successful:**
 - **total amount received subject to tax**
 - **intention to redistribute after tax proceeds in most efficient manner considering interests of all shareholders**
- **Expect outcome before 30 June 2016**

TRADING UPDATE

• MOMENTUM CONTINUING

→ LOTTERIES:

- H2 FY16 kick started by strong jackpot run
- 6 jackpots at or above \$15 million year-to-date (vs 3 last year)
- \$30.0m average value 1st division pools (H2 FY15 to date: \$18.3m)
- Set for Life continues to perform well - will provide further support to the second-half performance of lotteries

→ WAGERING:

- Pleasing second-half turnover growth:
 - ✓ ⬆️ circa 4% to 15 Feb 2016
- Blended win rate:
 - ✓ 14.7% to 15 Feb 2016 vs. H1 FY16's 15.2%
- EBITDA margin has been maintained at 23.5% target (Jan 2016)

AGGRESSIVE LIST OF INITIATIVES - CY16

• LOTTERIES

- Launch of a new lotteries website and app
- Development of a dedicated omni-channel lotteries experience
- Roll-out of a lotteries digital point of sale presence
- Roll -out of new Instant Scratch-its merchandising displays

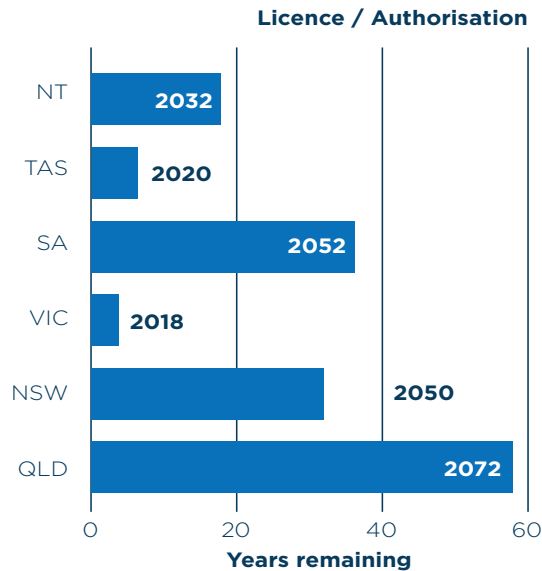
• WAGERING

- Roll-out of new generation self-service terminals into UBET's retail network (cash in, ticket-in-ticket-out)
- UBET cash-out functionality for multi bets
- Customer 'early warning' & best offer system online
- Continued roll-out of UBET's next generation retail
- Roll-out of virtual sports and racing games



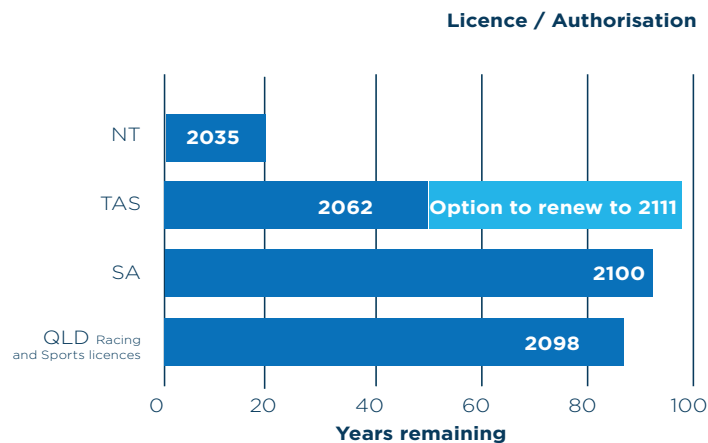
ANNEXURE – LICENSES

LOTTERIES



- Sole lottery operator in SA, NSW, QLD and VIC
- Circa 75% of Lotteries EBIT from licences that run at least 35 years

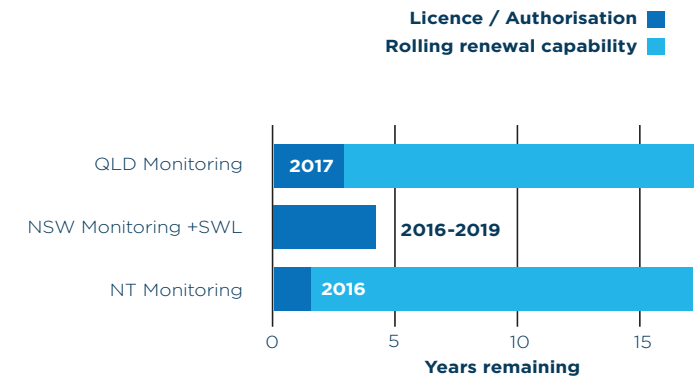
WAGERING



- Sole race and sports wagering licences in SA, TAS and QLD*
- Circa 95% of wagering EBIT from licences that run at least 35 years
- New exclusive 20-year NT totalisator and fixed-price retail licences

* QLD licence exclusivity runs to Jun 2044, SA exclusivity runs to Jan 2017 and TAS exclusivity runs to Mar 2027

GAMING



- Exclusive monitoring operator in NSW and NT
- Circa 80% monitoring segment share in QLD
- Talarius - indefinite licence in the UK to operate gaming machines

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