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**INNOVATIVE**  
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**TattsGroup**

FY16 AGM Presentation

# > INTRODUCTION

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Harry Boon  
Chairman

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# > 2016 ANNUAL REPORT



## Tabling of Financial Report, Directors' Report and Auditor's Report:

- Financial Report of the Company and its controlled entities for the year ended 30 June 2016
- Reports lodged with the ASX on 18 August 2016
- No vote on these reports is required by the Corporations Act
- Reports tabled, but will not be the subject of a resolution



# ➤ PROPOSED MERGER WITH TABCORP



## COMPELLING COMMERCIAL LOGIC:

- Pro-forma enterprise value of ~\$11.3b
- Revenue of over \$5b
- EBITDA of over \$1b
- A national footprint
- Product offerings across wagering, lotteries, keno and gaming services

## TATTS SHAREHOLDERS WILL RECEIVE:

- 0.80 Tabcorp shares
- 42.5 cents in cash for each Tatts share
- Premium ~ 20.8%
- Tatts shareholders will own ~58% of the combined group

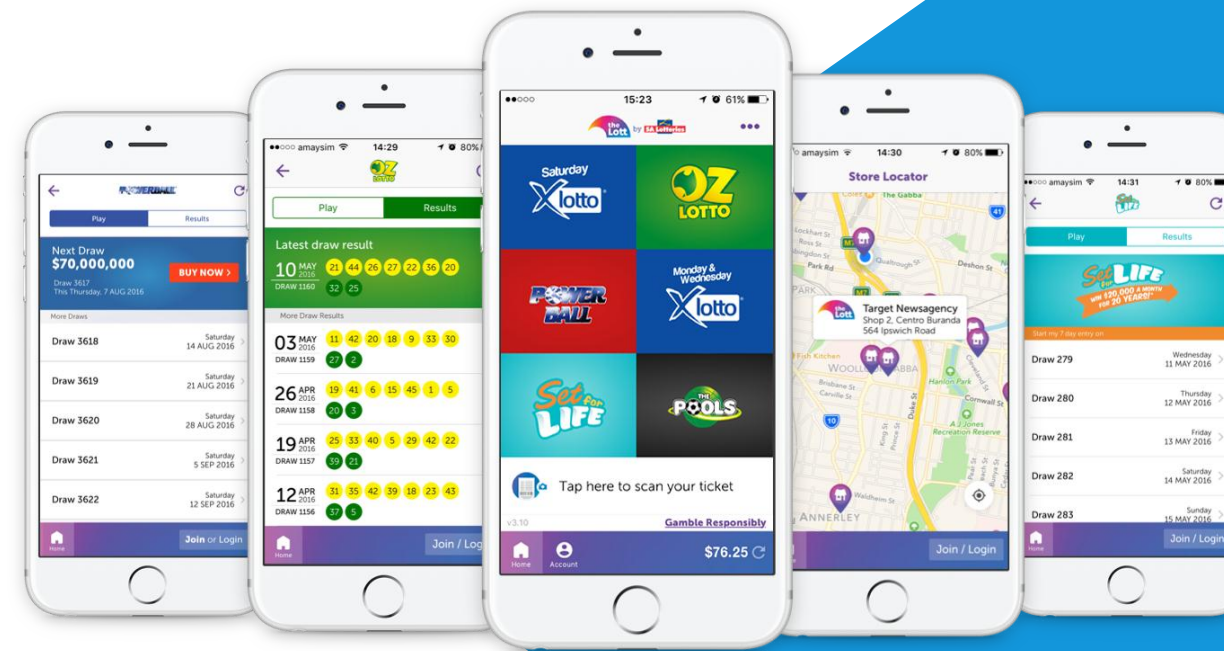
The Combined Group's businesses, brands and jurisdictions

Business	Key brands	Geographic reach								
		VIC	NSW	ACT	QLD	SA	TAS	NT	WA	Intl.
Wagering	   	✓	✓	✓	✓	✓	✓	✓		✓
Lotteries	    	✓	✓	✓	✓	✓	✓	✓		
Keno		✓	✓	✓	✓	✓				
Gaming and Gaming Services	  	✓	✓	✓	✓	✓	✓	✓	✓	
Media		✓	✓	✓	✓	✓	✓	✓	✓	✓

# > FY16 FINANCIAL PERFORMANCE

## OUTSTANDING DIGITAL SALES MOMENTUM

- ⬆️ 32.2% for Lotteries — 13.5% of sales<sup>1</sup>
- ⬆️ 22.5% for Wagering — 30.2% of turnover



## LOTTERIES + DIGITAL POWERED RESULT

Continuing operations NPAT ⬆️ 3.8% to \$263.4m  
Statutory NPAT ⬇️ 7.2% - pokies and Talarius sale impact

GROUP REVENUE  
**\$2.93**  
BILLION  
up 4.4% on FY15

DIGITAL SALES  
⬆️ 32.2% FOR LOTTERIES  
⬆️ 22.5% FOR WAGERING

<sup>1</sup> Consistent with prior years this excludes South Australia, if South Australia is included, online sales grew 33.0% and represent 12.7% vs 10.4% in FY15

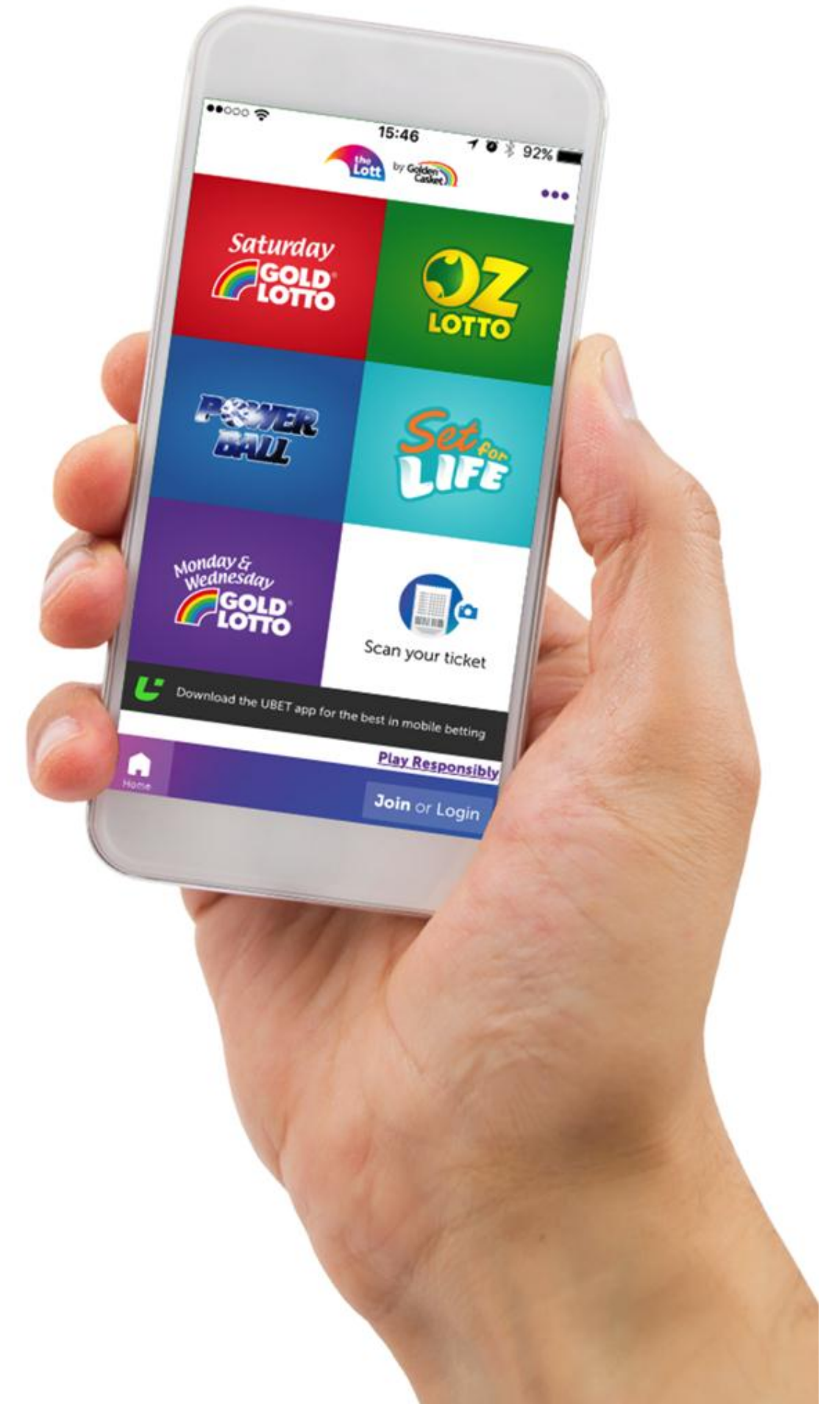
# ➤ FY16 FINANCIAL PERFORMANCE

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## SIGNIFICANT BUSINESS OUTCOMES

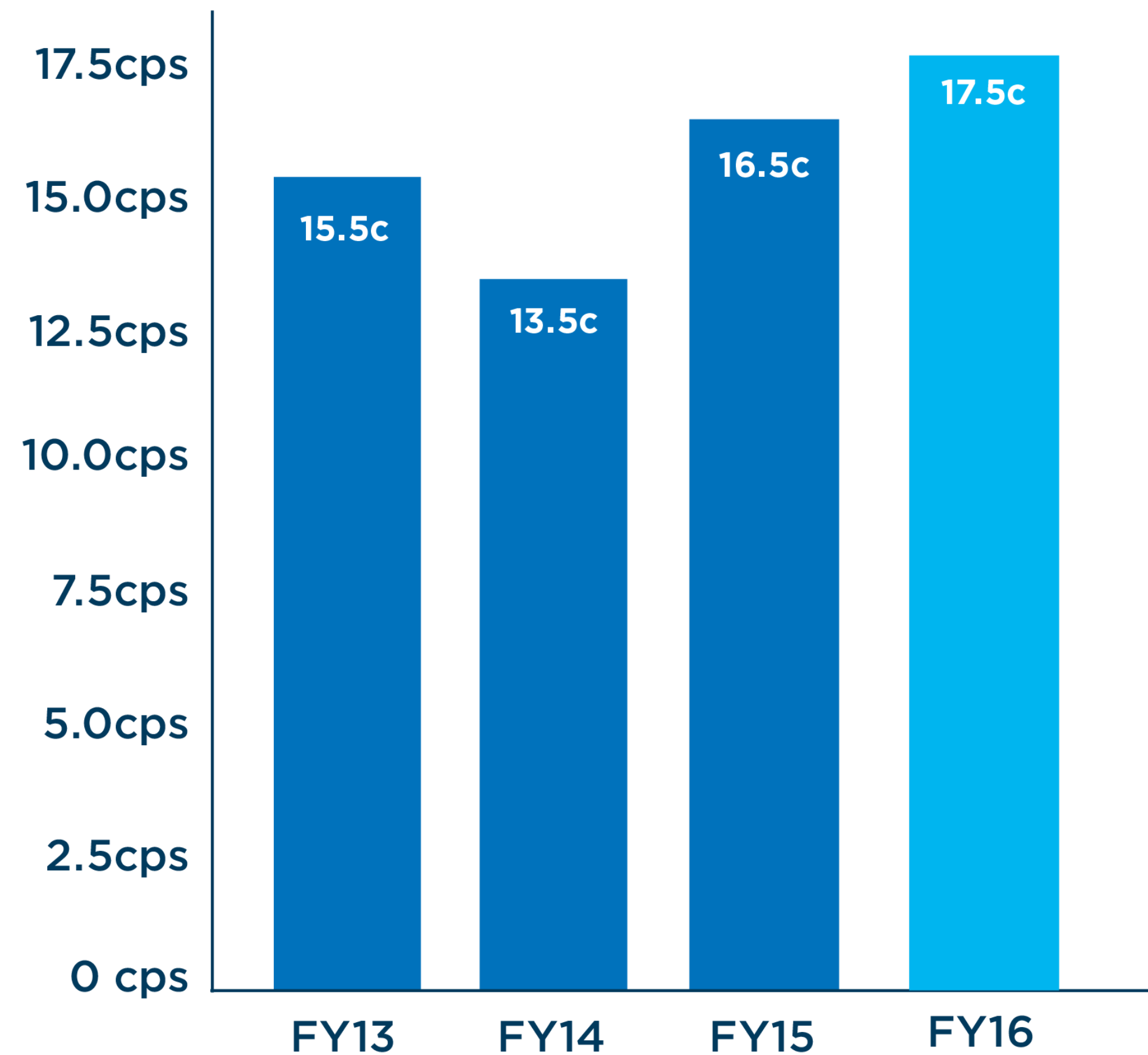
- Exclusive monitoring rights to monitor ~97,000 gaming machines in NSW
  - Set for Life
  - Dedicated lotteries app launched
  - National umbrella lotteries brand launched – ‘the Lott’
  - Winning exclusive wagering retail licence in NT
- 



## > RETURNS TO SHAREHOLDERS

### DIVIDENDS PER SHARE AND PAYOUT RATIO (CONTINUING OPERATIONS)

Payout % 95.1% 84.8% 93.7% 97.3%



DIVIDEND IN  
**FY16 ↑ 6.1%**

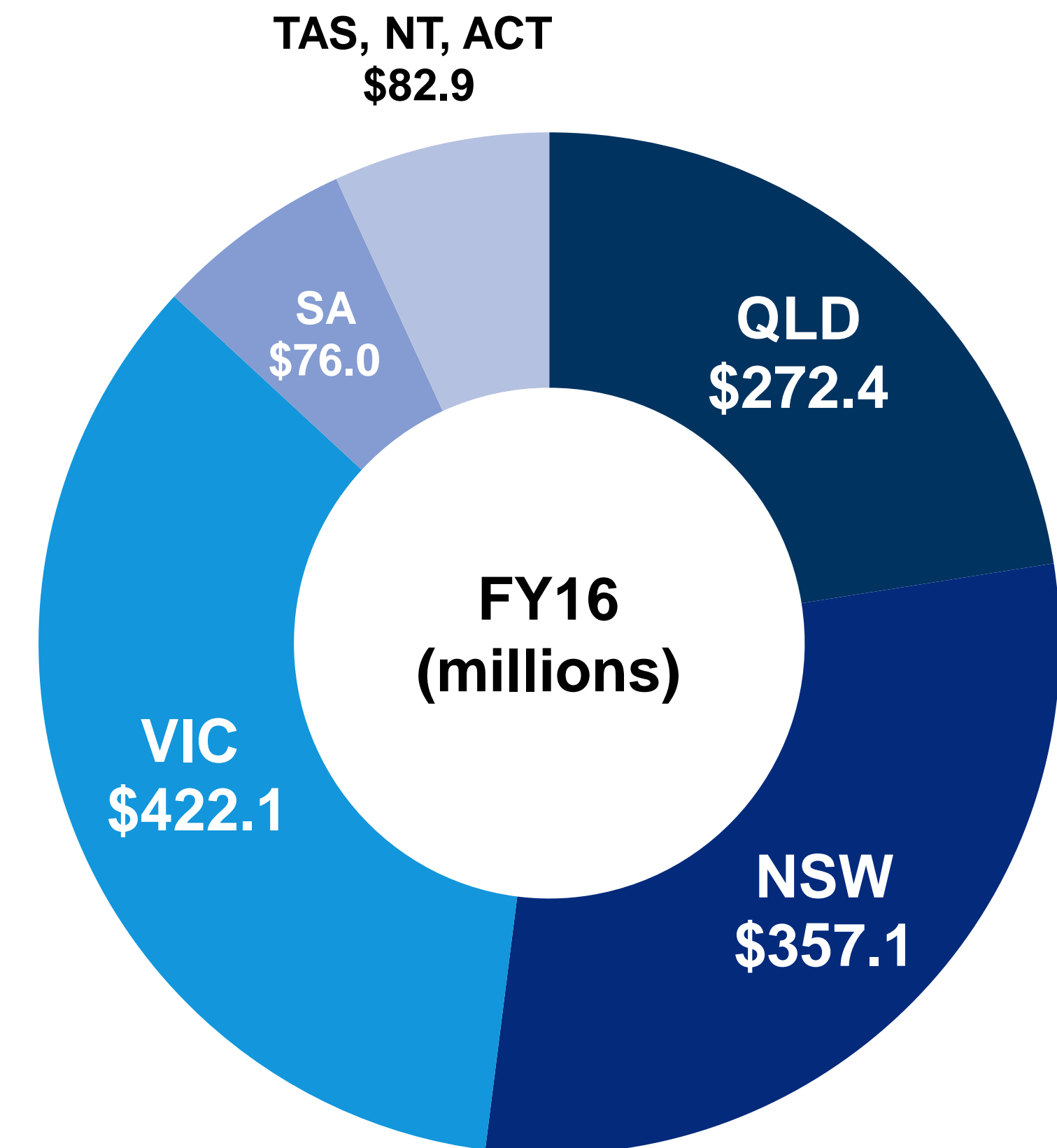
# > ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)



## CONSIDERABLE PROGRESS MADE IN ALL AREAS OF ESG

- \$1.41b returned to state and territory governments and industry partners
- \$1.8m in charitable giving
- \$2.1m in sponsorships
- Improved diversity and gender balance
- Committed to responsible gambling

TAX CONTRIBUTION BY STATE AND TERRITORY





# > LOOKING FORWARD

## LOTTERIES

- Continued enhancements to 'the Lott' app
- Launch of 'the Lott' website
- Omni-channel
- DigiPOS
- Instant Scratch-Its merchandising

## WAGERING

- Continued enhancements to the UBET app
- Next generation UBET retail rollout
- New generation UBET terminals
- UBET Live
- Affiliate marketing
- Virtual sports and racing

## GAMING

- MAX brand launch
- CMS system

## REGULATORY OUTLOOK IMPROVING



# ➤ REMUNERATION REPORT

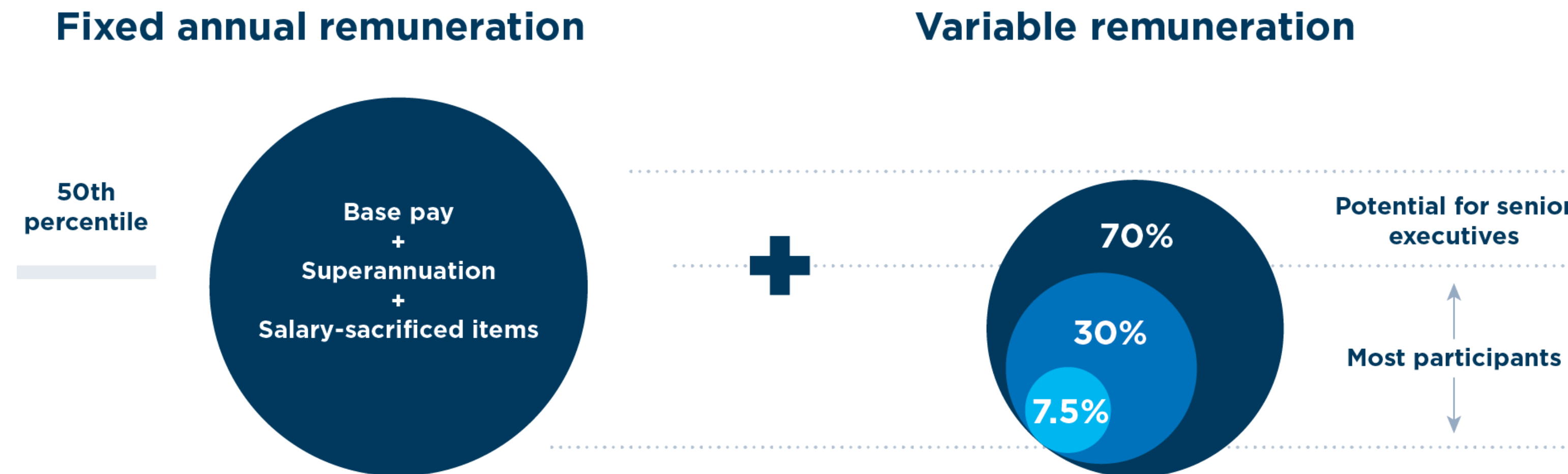
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**JULIEN PLAYOUST**  
Chairman of the  
Remuneration & HR  
Committee

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# ➤ REMUNERATION REPORT



79% non-KMP staff



21% KMP staff

## PERFORMANCE BASED INCENTIVE SCHEME

- 1,370 employees participate
- Paid in cash, or a combination of cash and rights to restricted shares
- Represents less than 4% of Statutory and Continuing Operations NPAT

# > REMUNERATION REPORT



## MANAGING DIRECTOR/CEO REMUNERATION

- 74% of maximum potential performance incentive achieved

MANAGING DIRECTOR AND CEO PERFORMANCE INCENTIVE					
ITEM		Weighting %	Maximum \$	Result \$	Result %
1	Financial Performance Incentive	70%	1,400,000	697,200	49.8%
2	Individual KPI Incentive	30%	600,000	558,000	93.0%
3	Special Incentive	-	-	229,800	-
<b>TOTAL</b>		<b>100%</b>	<b>2,000,000</b>	<b>1,485,000</b>	<b>74.3%</b>

# > REMUNERATION REPORT



## REFINING REMUNERATION IN FY17

- Retain existing structure for more than 1,000 employees
- Top senior executive team:
  - ✓ Retain the best of the existing structure
  - ✓ Add a new long term incentive – easy to understand, transparent and aligned with shareholder value creation

Thank you

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