



TATTS GROUP LIMITED  
ANNUAL GENERAL MEETING

ABN 19 108 686 040

15THIRLLS

## INTRODUCTION

**HARRY BOON**  
Chairman



# CHAIRMAN'S ADDRESS - DIRECTORS AND EXECUTIVES

## BOARD OF DIRECTORS



HARRY BOON



ROBBIE COOKE



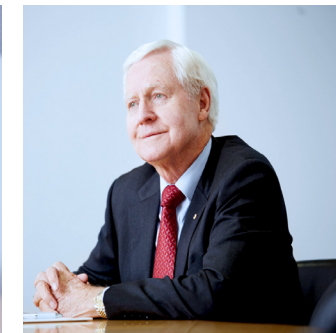
LYNDSEY  
CATTERMOLÉ AM



BRIAN JAMIESON



JULIEN PLAYOUST



KEVIN SEYMOUR AM

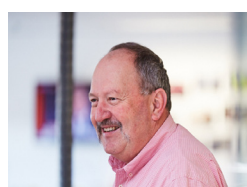


DR DAVID WATSON

## SENIOR EXECUTIVE TEAM



FRANCIS CATTERALL



BARRIE FLETTON



ASHLEIGH LOUGHNAN



MEGAN MAGILL



FRANK MAKRYLLOS



NEALE O'CONNELL



MAREE PATANE



MANDY ROSS



ANNE TUCKER



SUE VAN  
DER MERWE

### **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 2015
- Reports lodged with the ASX on 20 August 2015
- No vote on these reports is required by the Corporations Act
- Reports tabled, but will not be the subject of a resolution





CHAIRMAN'S ADDRESS

UNLEASHING  
UBET



⬆ SURGE IN PROFITS UP

25.7%



BOOMING  
ONLINE SALES



20.9%

GROWTH IN LOTTERIES  
ONLINE SALES



12.5%

GROWTH IN WAGERING  
ONLINE SALES



LAUNCHING  
SET FOR LIFE

TAKING LUCKY LOTTERIES  
BEYOND  
NSW



# CHAIRMAN'S ADDRESS

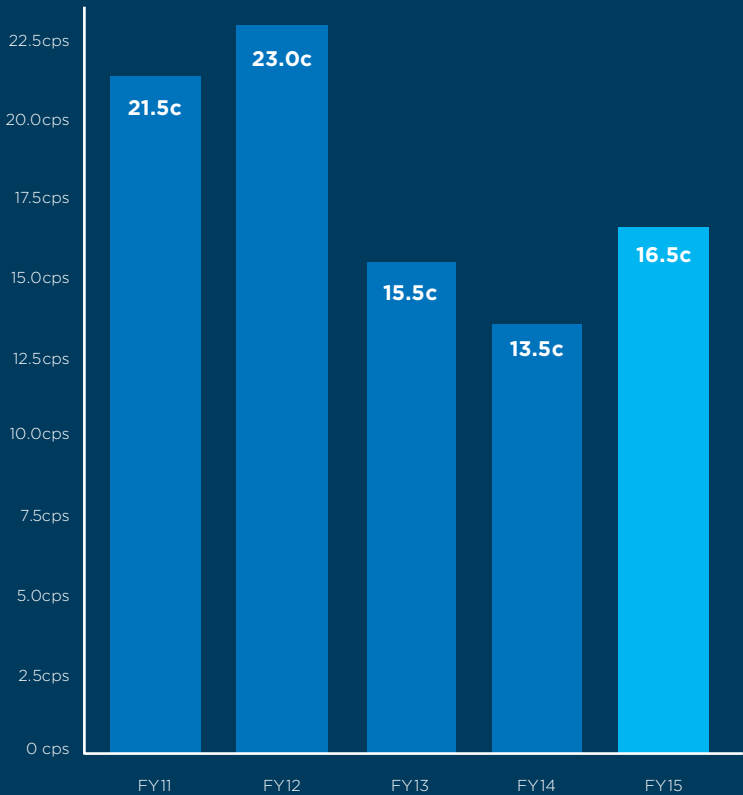
- **GROUP REVENUE** ⬆️ 1.8%
- **GROUP EBITDA** ⬆️ 1.8%  
- Reflecting prudent cost control
- **LOTTERIES MARGIN IMPROVEMENT**
- **WAGERING MARGIN AT FLAGGED LEVELS**
- **NET INTEREST** ⬇️ 38.4%
- **STRONG NPAT GROWTH**



⬆️ REVENUE UP 1.8% TO  
**\$2.92** BILLION

DIVIDEND IN FY15 ⬆️  
**22.2%**

DIVIDENDS PER SHARE AND PAYOUT RATIO  
(CONTINUING OPERATIONS)



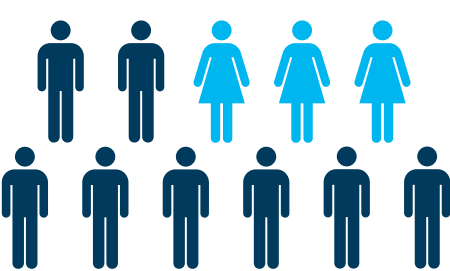
WOMEN IN KEY MANAGEMENT

|                                  | AT 30 JUNE 2015          | AT 30 JUNE 2014         |
|----------------------------------|--------------------------|-------------------------|
| Board                            | 1 of 6 Directors (17%)   | 1 of 6 Directors (17%)  |
| Chief Executive Officer          | 0 of 1 employees (0%)    | 0 of 1 employees (0%)   |
| Senior Executive Management Team | 5 of 10 employees (50%)  | 3 of 11 employees (27%) |
| Senior managers                  | 10 of 26 employees (38%) | 9 of 29 employees (31%) |

FY 2015



FY 2014



The thrill is what drives us.

In FY15 our business renewal has stepped up a gear, delivering a transformative approach to digital, innovative new brands such as UBET and game-changing technology.

We are innovating the way we do business to bring thrills that benefit our customers, our shareholders and our teams.



## CHAIRMAN'S ADDRESS

### DELIVERING FOR INDUSTRY, THE COMMUNITY AND GOVERNMENT

- Again contributed strongly to the racing industry
  - **\$194.4 million** in the form of product and program fees
- **\$1.32 billion** to state governments and industry partners (excluding corporate taxes), the most significant contributions being:
  - Queensland – **\$367.1 million**
  - New South Wales – **\$327.1 million**
  - Victoria – **\$387.3 million**
- Continued support of the Royal Children's Hospital Foundation, the Mater Children's Hospital and various rural children health services – **\$10.5 million** contributed over 7 years
- Telecast sponsor of the inaugural Channel 9 Children's Hospital telethon





## CHAIRMAN'S ADDRESS

### QUESTIONS FROM SHAREHOLDERS

- Victorian Pokies Compensation Case
- Wagering industry consolidation
- Remuneration to Executives and Directors



## CEO & MANAGING DIRECTOR

# ROBBIE COOKE

CEO & Managing Director

- **STRONG PROFIT OUTCOME DRIVEN BY:**

- Record lotteries performance
- Online traction
- Cost control
- Proactive debt management

- **BUSINESS RENEWAL PROGRAM**

- Work groups restructured
- Multi-disciplinary teams
- Agile work practices
- Challenge + rethink






# GROUP PERFORMANCE

- **PROFITS UP:**
  - 25.7% on a Statutory Basis
  - 12.9% on a Continuing Operations Basis
- **REVENUES UP:**
  - 1.8% at \$2.92 Billion
- **EBITDA UP:**
  - 1.8% at \$507.4 Million
- **INTEREST DOWN:**
  - 38.4% at \$54.2 Million
- **EBIT UP:**
  - 1.4% at \$420.3 Million



NPAT  12.9%  
CONTINUING OPERATIONS  
**\$255.8M**



  
**20.9%**  
GROWTH IN LOTTERIES  
ONLINE SALES

  
**12.5%**  
GROWTH IN WAGERING  
ONLINE SALES

# LOTTERIES HIGHLIGHTS

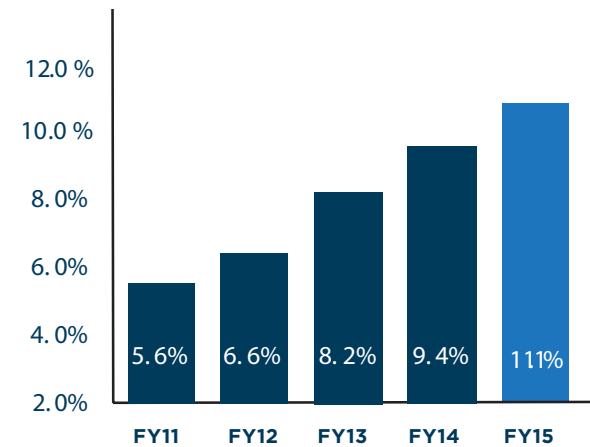
- **IMPRESSIVE REVENUE OUTCOME - ⬆️ 2.8%**
- **RECORD EBITDA + EBIT**
  - EBITDA ⬆️ 5.8% at \$313.6 million
  - EBIT ⬆️ 5.9% at \$287.5 million
  - EBIT margin expansion to 14.5% (FY14: 14.1%)
- **DRIVEN BY GAME PERFORMANCE**
  - Excellent contribution Saturday Lotto
  - 7.0% growth - Instant Scratch-Its benefiting from:
    - Return of Victoria
    - Innovation in Game Portfolio
  - Lucky Lotteries - Extending beyond NSW + ACT
- **DIGITAL SALES**
  - 20.9% growth now representing 11.1% of all lottery sales



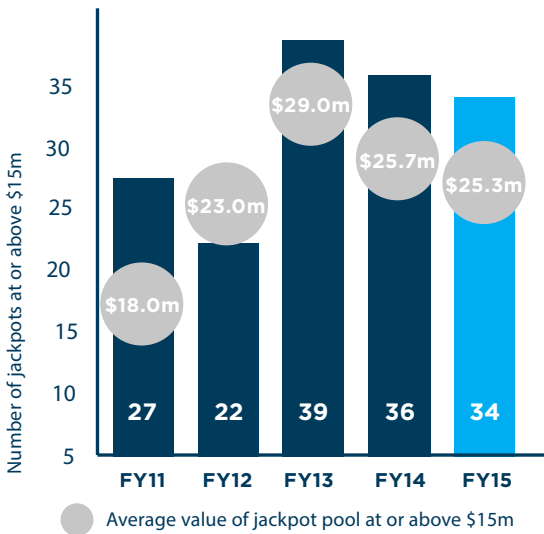
## SEGMENT RESULTS

| LOTTERIES | FY15 (\$M) | FY14 (\$M) | Change (%) |
|-----------|------------|------------|------------|
| Revenue   | 1,976.7    | 1,922.8    | ▲ 2.8%     |
| EBITDA    | 313.6      | 296.6      | ▲ 5.8%     |
| EBIT      | 287.5      | 271.5      | ▲ 5.9%     |

## DIGITAL SALES



## JACKPOT RUN





# LAUNCHING SET FOR LIFE

Our first new national draw lottery game since Powerball in 1996.



## BRINGING BACK OUR VIC SCRATCH-ITS LICENCE



## TAKING LUCKY BEYOND NSW & ACT



## EXPANDING OUR LOTTERIES REACH TO MORE CONVENIENCE FUEL OUTLETS



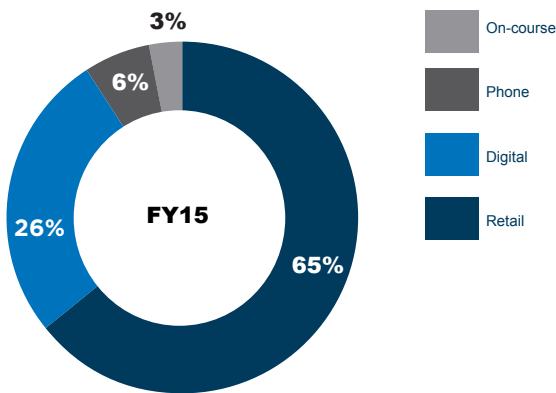
# WAGERING HIGHLIGHTS

- FINANCIAL PERFORMANCE:**
  - Revenue ⬇️ 1.5% reflecting softness in regional ‘bricks + mortar’ retailing
  - EBITDA ⬇️ 4.5% at \$153.5 million
  - EBITDA margin 24.3% as flagged 12 months prior
- KEY TRENDS**
  - Fixed price sales ⬆️ 20.7% – racing 82.6% of book
  - Migration from phone to digital continues – phone sales ⬇️ 11.2%, digital growth outpacing phone sales decline 4 to 1
- BUSINESS REPOSITIONING**
  - UBET unleashed 30 April 2015 - early signs encouraging
  - Focus on repositioning wagering business
  - Marketing activity commenced
  - First retail concept stores rolled-out
  - New website and class leading app released
  - New loyalty program released – UBET+
  - Sporting Solutions bookmaking integration completed
  - UBET Live - in-venue live betting application
  - Legislative amendments - Queensland
- DIGITAL**
  - Digital growth ⬆️ 12.5% - represents 25.7% of sales (FY14: 22.9%)

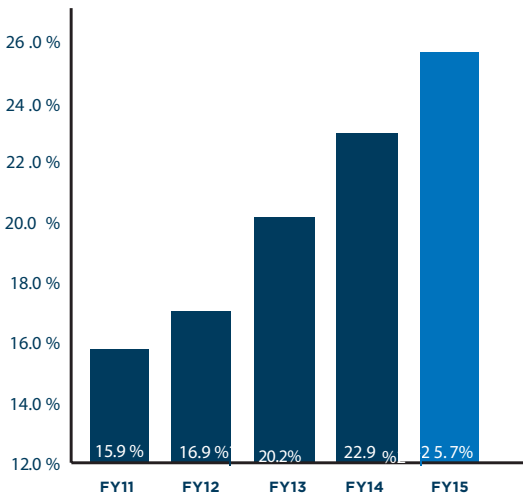
## SEGMENT RESULTS

| WAGERING | FY15 (\$M) | FY14 (\$M) | Change (%) |
|----------|------------|------------|------------|
| Revenue  | 632.9      | 642.3      | q 1.5%     |
| EBITDA   | 153.5      | 160.8      | q 4.5%     |
| EBIT     | 135.9      | 144.1      | q 5.7%     |

## SALES BY CHANNEL



## DIGITAL SALES

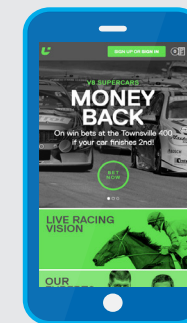




WAGERING HIGHLIGHTS

# UNLEASHING UBET

BEST  
IN CLASS  
**DIGITAL**



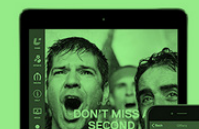
LIVE RACING  
VISION



LEAGUE OF  
LEGENDS  
EXPERT NEWS  
AND VIEWS



UBET APP  
FAST AND INTUITIVE



TRANSFORMING  
**WAGERING**  
TECHNOLOGY

REINVIGORATING  
**RETAIL**  
WAGERING







To view this video - <https://www.youtube.com/watch?v=4xtc17tr7IE>



# GAMING HIGHLIGHTS

## • MAXGAMING

- Revenue ⬆ 2.2%:
- EBIT ⬆ 3.2%
- Growth in monitoring revenue and value-added services
- \$250,000 state-wide linked jackpot game in NSW
- EBIT margin - improvement to 43.9% (FY14: 43.5%)

## • TALARIUS

- Revenue ⬆ 11.9%
- Revenue lift driven by:
  - Continuing venue refurbishment program
  - Extended trading hours
  - Server-based games
  - Venue rationalisation
- EBIT ⬆ 51.7%

## • BYTECRAFT

- Revenue ⬆ 2.7% - exiting unprofitable contracts
- Business turnaround program
- EBITDA \$2.8 million
- EBIT \$0.6 million

# SEGMENT RESULTS

| GAMING      | FY15 (\$M) | FY14 (\$M) |   | Change (%) |
|-------------|------------|------------|---|------------|
| - Maxgaming | 116.8      | 114.2      | ▲ | 2.2%       |
| - Bytecraft | 104.0      | 106.9      | ▼ | 2.7%       |
| - Talarius  | 115.9      | 103.6      | ▲ | 11.9%      |
| - Maxgaming | 64.6       | 63.1       | ▲ | 2.4%       |
| - Bytecraft | 2.8        | (0.4)      | ▲ | 854.1%     |
| - Talarius  | 16.4       | 13.6       | ▲ | 20.3%      |
| - Maxgaming | 51.3       | 49.7       | ▲ | 3.2%       |
| - Bytecraft | 0.6        | (2.5)      | ▲ | 123.0%     |
| - Talarius  | 6.2        | 4.1        | ▲ | 51.7%      |



# LOOKING FORWARD

## • AMBITIOUS PROGRAM

### - Lotteries:

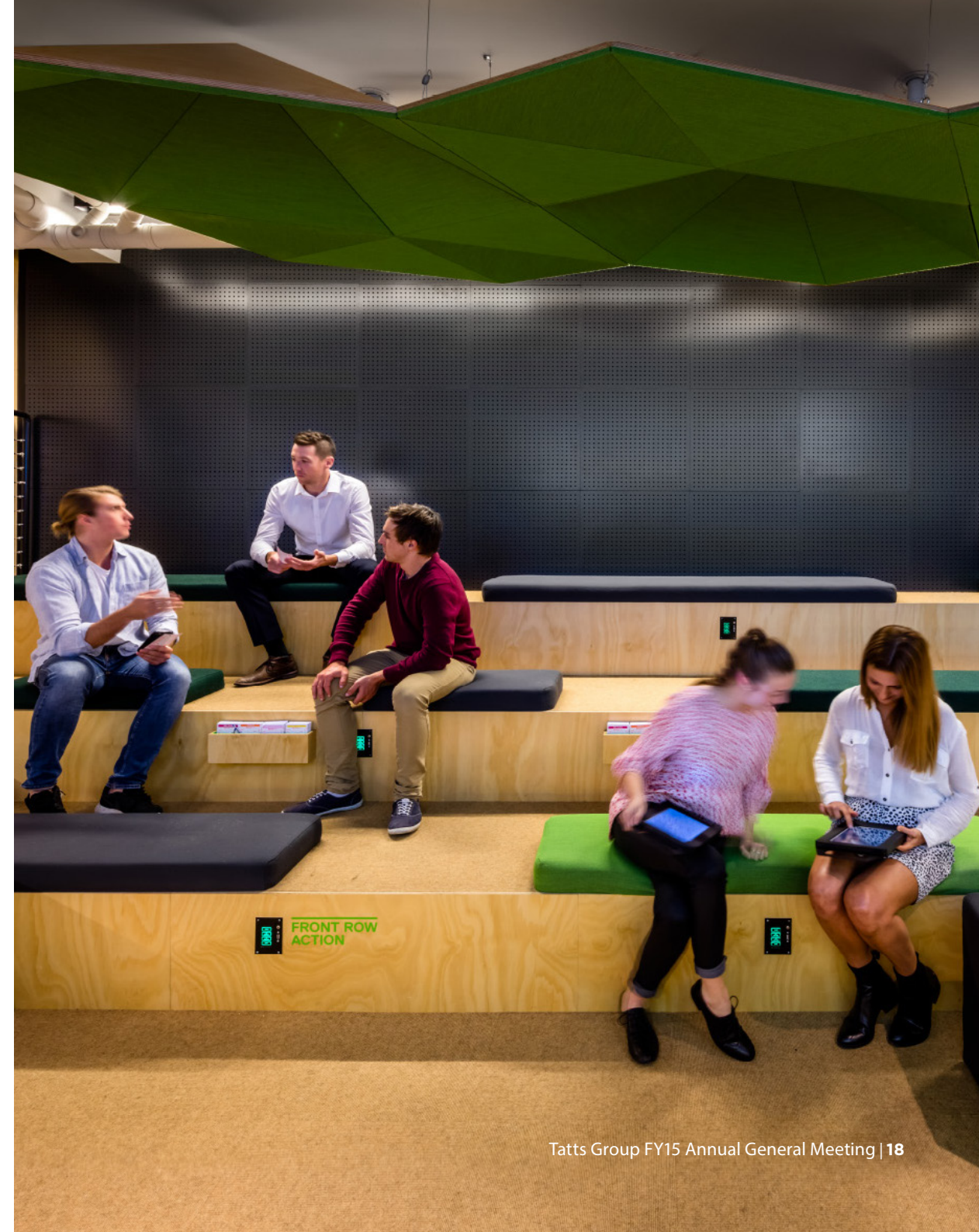
- Next generation retail
- Digital assets
- Omni-channel experience
- Convenience fuel outlets
- Set-for-Life

### - Wagering:

- UBET brand building
- CRM cross promotion to lotteries database
- Iterating digital assets
- New product development
- Roll-out of new generation SSTs
- Next generation retail roll-out - 28 stores now up and running

### - Gaming:

- Gaming portal
- New jackpot products
- Server based games in UK





### • MOMENTUM CONTINUING

#### - Lotteries:

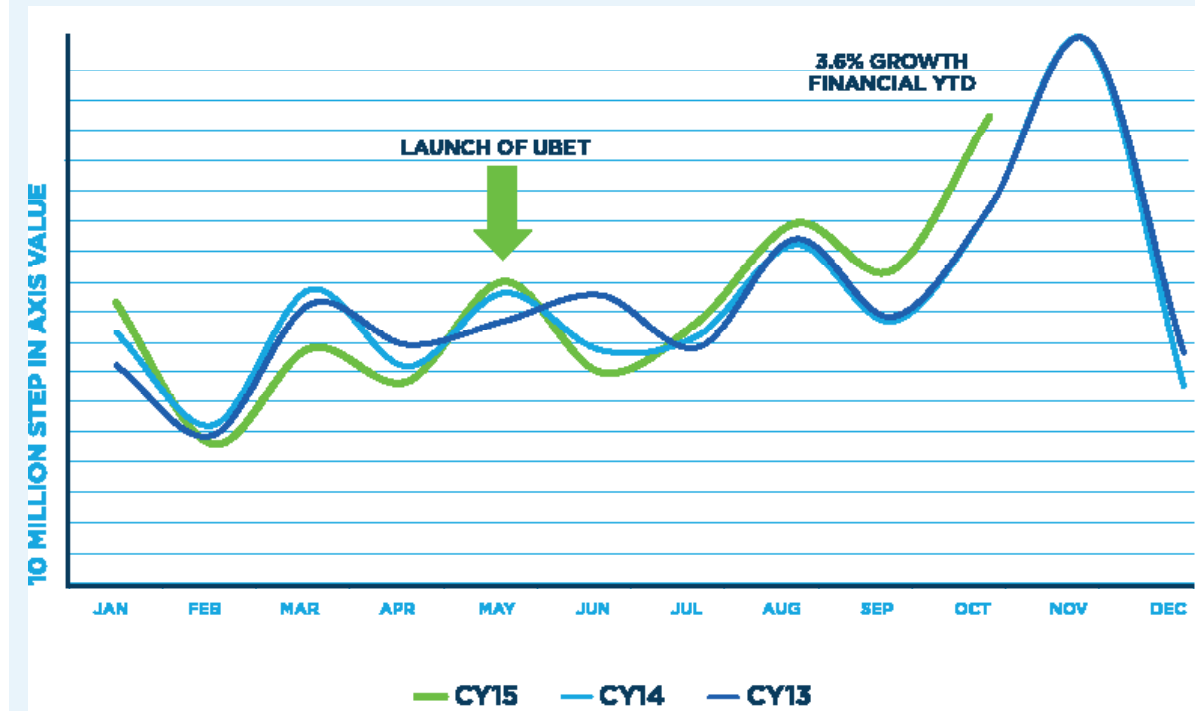
- Performing ahead of Q1 FY15
- Jackpots 13 vs 12 year-to-date
- 1<sup>st</sup> division jackpot pools - \$26.9 million vs \$31.3 million
- Benefiting from Set for Life
- Instant Scratch-Its sales ⬆ 12.4%

#### - Wagering:

- Turnover return to growth ⬆ 3.6%
- Queensland retail environment improving
- Blended win rates ⬇ circa 1% (remaining a healthy double digit) reflecting:
  - more competitive positioning
  - migration tote to fixed price
  - some results against the book
- EBITDA margin:
  - in targeted range
  - 23.4% vs FY15 24.3%
  - noting H1 FY15 margin significantly higher due to timing difference between new QLD fiscal arrangements and committed in-market spend

#### - Gaming:

- All three divisions tracking ahead of last year



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