



TattsGroup

HALF-YEAR RESULTS FY15

✓ **Strong profit outcome:**

- NPAT up 14.6% to \$139.8 million

✓ **12.5% lift in interim dividend (9.0 cents per share) - 93.1% payout**

✓ **Digital sales momentum:**

- Lotteries up 18.4% - now 10.8% of sales
- Wagering up 12.9% - now 24.8% of sales

✓ **Fixed price betting powerful sales growth up 25.2%**

✓ **Court of Appeal win in pokies compensation action**

✓ **Licensed to sell scratch-its and daily keno in Victoria**

✓ **Two new lottery games ready for release**

✓ **New Queensland wagering deal legislated in December 2014**

✓ **UBET launch imminent**

✓ **Nextgen sports betting platform live:**

- Sporting Solutions bookmaking engine integrated
- In-venue live betting module in field trial

✓ **NT TAB - bid for licence renewal submitted**

✓ **Investment in gamification start-up:**

- to accelerate wagering and lotteries innovation in this space

✓ **Active in pursuit of wagering and lotteries growth opportunities**

	H1 FY15 (\$'m)	H1 FY14 (\$'m)	Change (%)
Total revenue and other income	1,508.9	1,491.3	▲ 1.2%
Government share	(661.7)	(669.8)	▼ 1.2%
Venue share/commission	(218.4)	(216.9)	▲ 0.7%
Product and program fees	(107.9)	(99.5)	▲ 8.4%
Other expenses	(244.8)	(240.1)	▲ 2.0%
Total expenses	(1,232.8)	(1,226.3)	▲ 0.5%
EBITDA	276.1	265.0	▲ 4.2%
Depreciation and amortisation	(45.0)	(41.3)	▲ 9.0%
EBIT	231.1	223.7	▲ 3.3%
Interest income	4.2	1.2	▲ 244.2%
Finance costs	(33.3)	(49.0)	▼ 32.1%
PBT	202.0	175.9	▲ 14.8%
Income tax	(62.8)	(53.9)	▲ 16.4%
NPAT (from continuing operations)	139.2	122.0	▲ 14.1%
Profit from discontinued operations ¹	0.6	-	▲ -
NPAT (statutory basis)	139.8	122.0	▲ 14.6%

NOTES:

1. FY15 result benefited from \$1.1 million profit on sale of existing pokies venue partially offset by \$0.5 million in other discontinued operations costs

LOTTERIES

	H1 FY15 (\$'m)	H1 FY14 (\$'m)	Change (%)
Revenue	1,012.4	999.5	▲ 1.3%
EBITDA	161.1	157.4	▲ 2.4%
EBIT	148.0	144.9	▲ 2.1%

WAGERING

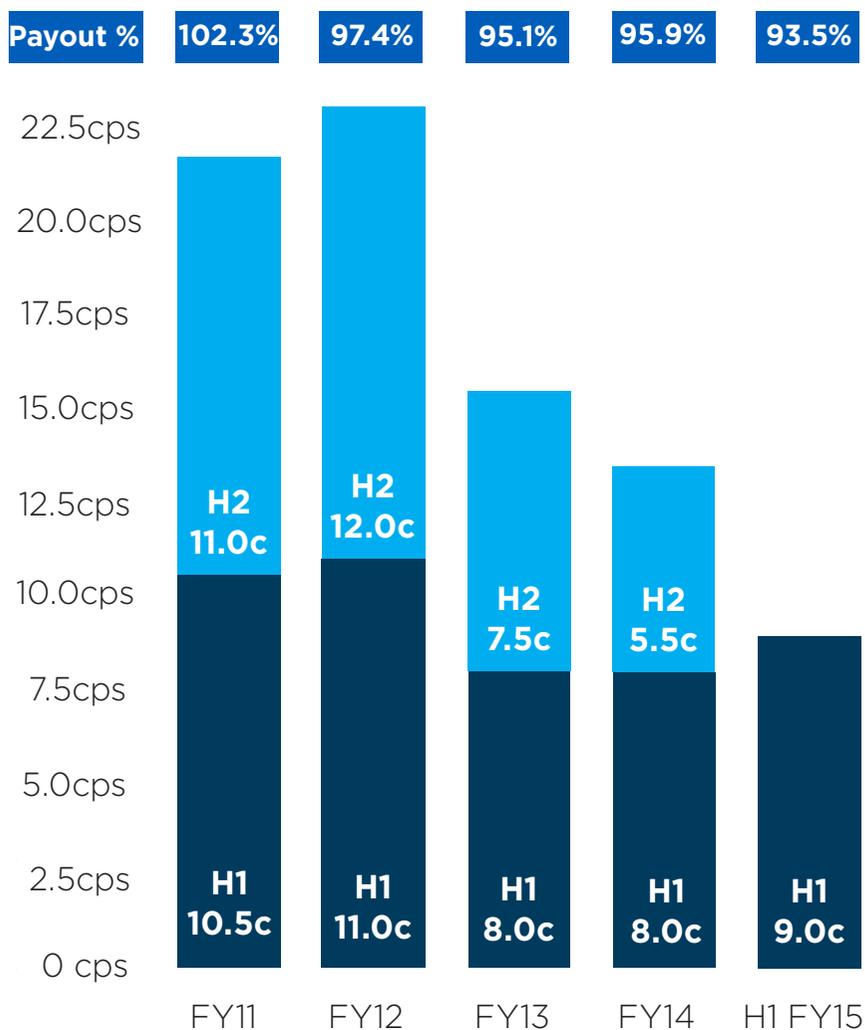
	H1 FY15 (\$'m)	H1 FY14 (\$'m)	Change (%)
Revenue	339.2	337.9	▲ 0.4%
EBITDA	91.8	86.2	▲ 6.4%
EBIT	82.6	78.0	▲ 5.9%

GAMING

	H1 FY15 (\$'m)	H1 FY14 (\$'m)	Change (%)
Revenue			
- Maxgaming	58.8	58.1	▲ 1.1%
- Talarus	59.3	52.8	▲ 12.3%
- Bytecrafft	51.3	53.7	▼ 4.5%
EBITDA			
- Maxgaming	32.6	31.7	▲ 2.7%
- Talarus	8.4	6.9	▲ 22.5%
- Bytecrafft	1.0	(0.1)	▲ 865.6%
EBIT			
- Maxgaming	25.5	25.0	▲ 2.3%
- Talarus	3.0	1.9	▲ 55.7%
- Bytecrafft	(0.2)	(1.2)	▲ 82.0%

DIVIDENDS PER SHARE & PAYOUT RATIO

(as a % of continuing operations)



- 9 year history of average +90% payout ratio (continuing operations)
- H1 FY15 payout ratio - 93.5% of NPAT (continuing operations)
- Fully franked interim dividend up **12.5%** to 9.0 cents per share (H1 FY14: 8.0 cents):
 - Record date - 3 March 2015
 - Payment date - 2 April 2015
- Dividend reinvestment plan operative with 1.5% discount

Pokies Compensation Case:

- Victorian Court of Appeal unanimously upheld Supreme Court decision
- Compensation of \$451.2 million plus interest of \$89.3 million retained by Tatts
- State seeking leave to appeal to the High Court of Australia - awaiting hearing
- Judgement amount applied to reduce debt - circa \$6 million after tax interest benefit realised in H1 FY15
- If State granted leave and successful in High Court, Tatts may have to repay compensation award + interest + costs
- Compensation not recognised as income until action finally concluded
- If Tatts ultimately successful:
 - total amount received subject to tax
 - assess appropriate capital management alternatives at that time

Health Benefit Levy:

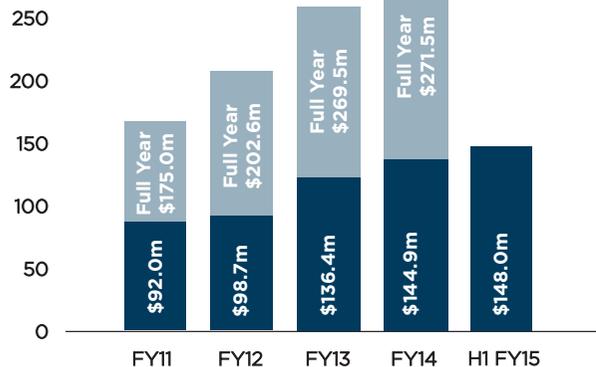
- High Court on Friday 13 February 2015 declined to grant Tatts special leave to appeal
- Full impact of Levy (excluding costs) recognised in FY14 results - no additional impact arises

DIVISIONAL PERFORMANCE HIGHLIGHTS

HALF-YEAR RESULTS FY15

LOTTERIES

EBIT CONTRIBUTION (\$'m)



- EBIT up 2.1% to \$148.0 million (H1 FY14: \$144.9 million)
- Revenue up 1.3% to \$1.01 billion (H1 FY14: \$999.5 million)
- Digital sales up 18.4% - now 10.8% of total sales (H1 FY14: 9.2%)
- 18 jackpots \geq \$15m (H1 FY14: 22 jackpots)
- Average 1st division jackpot pool \$26.9 million (H1 FY14: \$28.6 million)
- EBIT margin 14.6% (H1 FY14: 14.5%)

WAGERING

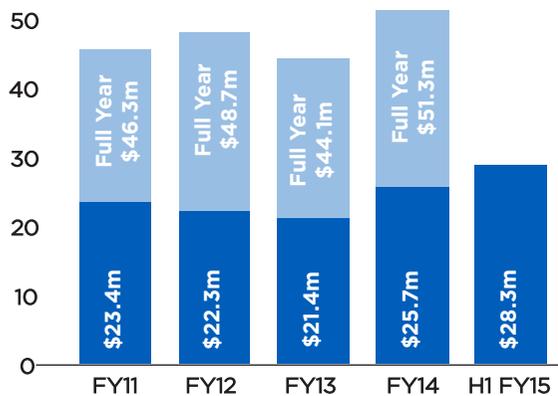
EBIT CONTRIBUTION (\$'m)



- EBIT up 5.9% to \$82.6 million (H1 FY14: \$78.0 million)
- Revenue up 0.4% to \$339.2 million (H1 FY14: \$337.9 million)
- Digital sales up 12.9% - now 24.8% of sales
- 29.1% growth in fixed price betting revenue

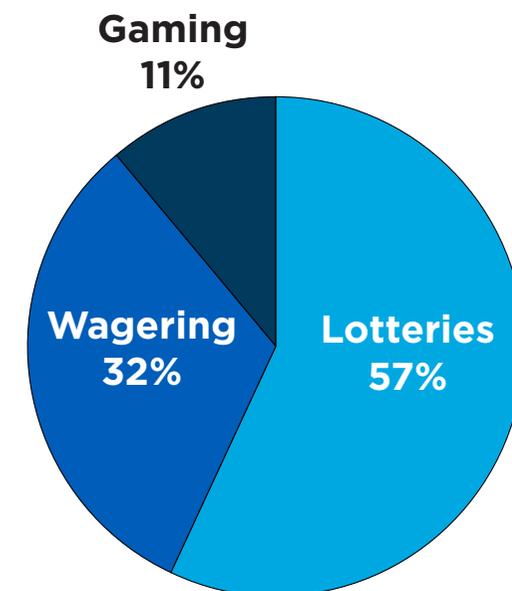
GAMING

EBIT CONTRIBUTION (\$'m)



- EBIT Maxgaming up 2.3% to \$25.5 million (H1 FY14: \$25.0 million)
- EBIT Talarius up 55.7% to \$3.0 million (H1 FY14: \$1.9 million)
- EBIT Bytecraft up 82.0% to \$(0.2) million (H1 FY14: \$(1.2) million)

EBIT CONTRIBUTION % (H1 FY15)





SEGMENT RESULTS

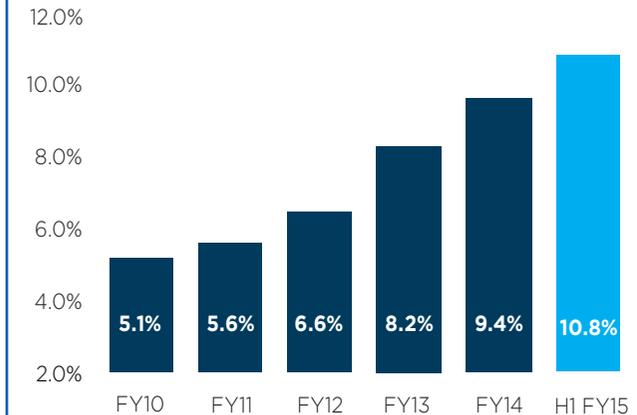
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HIGHLIGHTS

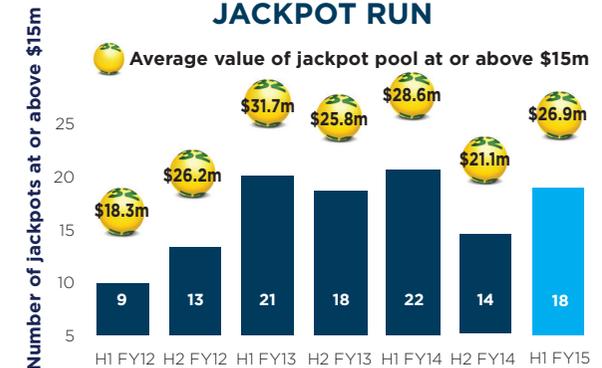
- Scratch-its and daily keno added to Tatts' existing Victorian lottery licence
- Revenue up 1.3% notwithstanding softer jackpot sequence in Q2
- 18 jackpots (Oz Lotto/Powerball) ≥ \$15m - average 1st division pool of \$26.9m (H1 FY14: 22 jackpots - average of \$28.6m)
- Digital sales up 18.4% - now 10.8% of all lottery sales* (H1 FY14: 9.2%)
- 3,902 retailers (H1 FY14: 4,252 retailers) - reduction due to 7Eleven exit
- EBIT Margin up to 14.6% (H1 FY14: 14.5%)
- Participation rates strong - approximately 50% of the Australian adult population played a lottery game in the past 12 months
- \$12.65 average spend per transaction (H1 FY14: \$12.54) - digital average spend at \$14.65 per transaction (H1 FY14: \$14.19)

* - Excluding SA Lotteries

DIGITAL SALES



JACKPOT RUN



EBIT MARGIN



LOTTERIES OPERATIONAL HIGHLIGHTS

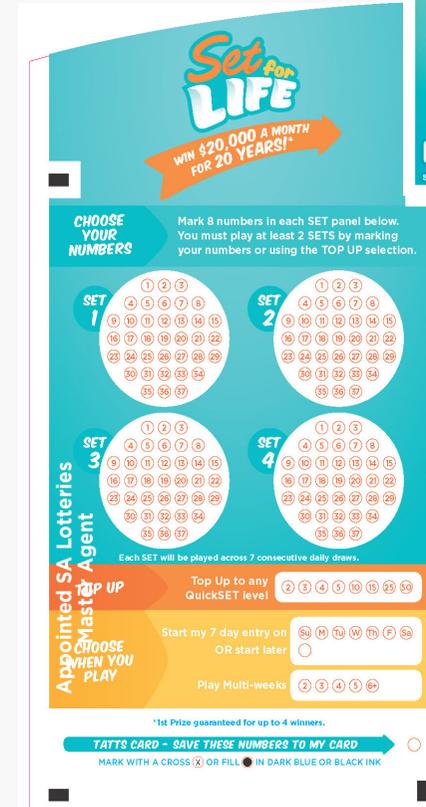
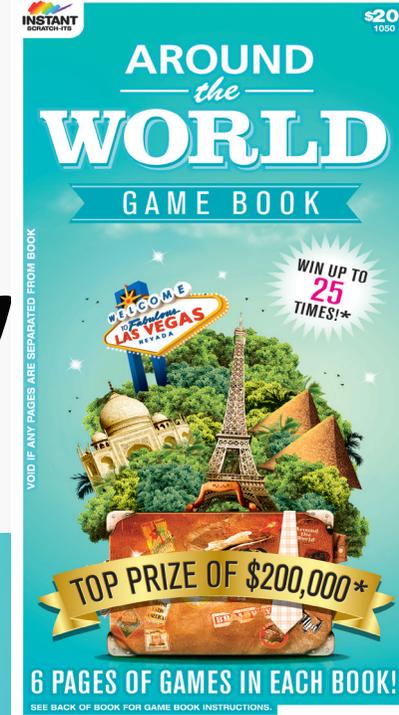
HALF-YEAR RESULTS FY15

KEY STATISTICS

- 2.7m visits to lotteries website per month
- No. 1 ranking on Google for keyword searches (both SEM and SEO)
- 1.4m players registered on tats.com (1.0m H1 FY14)
- 2.1m registered card members (2.3m H1 FY14)
- 131 new millionaires in the six months

KEY ACTIONS

- Expanding roll-out of fuel convenience outlets
- Launch of new draw based game - Set for Life
- Lucky Lotteries game to go multi-jurisdictional
- Re-development of lotteries website
- Launch of instant scratch-its 'Game Book' - 6 pages of games for \$20



LOTTERIES

NEW GAME - SET FOR LIFE

HALF-YEAR RESULTS FY15

- First new draw game since 1996 (since Powerball)
- Lotterywest participating
- Built on features popular in other lottery products
- Complements existing game portfolio
- Appeal to broader age demographic (25 to 40 years old)
- Strong marketing campaign
- Awaiting final regulatory approval
- The game:
 - Top prize \$20,000 a month for 20 years
 - A draw each night of the week
 - One entry for seven days
 - Eight numbers from 37
 - Eight prize divisions
 - Minimum entry two games for seven draws - \$8.40
 - Top prize up to four winners (then shared)
 - No jackpot element

NEW GAME

Set for LIFE

WIN \$20,000 A MONTH FOR 20 YEARS!*

7-DAY ENTRIES. DRAWS EVERY DAY.

CHOOSE YOUR NUMBERS

Mark 8 numbers in each SET panel below. You must play at least 2 SETS by marking your numbers or using the TOP UP selection.

SET 1 SET 2 SET 3 SET 4

*Each set will be played across 7 consecutive daily draws.

The graphic features a large, stylized title 'Set for LIFE' in orange and white. A yellow arrow points to the text 'NEW GAME'. A large orange banner contains the main prize offer: 'WIN \$20,000 A MONTH FOR 20 YEARS!*'. Below this, a smaller graphic shows a 'Set for Life' lottery ticket with four 'SET' panels, each containing a grid of numbers from 1 to 37. Text on the ticket instructs players to 'CHOOSE YOUR NUMBERS' and 'Mark 8 numbers in each SET panel below. You must play at least 2 SETS by marking your numbers or using the TOP UP selection.' At the bottom of the ticket graphic, a small note states '*Each set will be played across 7 consecutive daily draws.'

WAGERING

OPERATIONAL HIGHLIGHTS

HALF-YEAR RESULTS FY15

The logo for LIVEBET is displayed in a bold, italicized, sans-serif font. The letter 'L' is a vibrant green, while the remaining letters 'IVEBET' are white. The text is set against a dark grey background.

LIVEBET

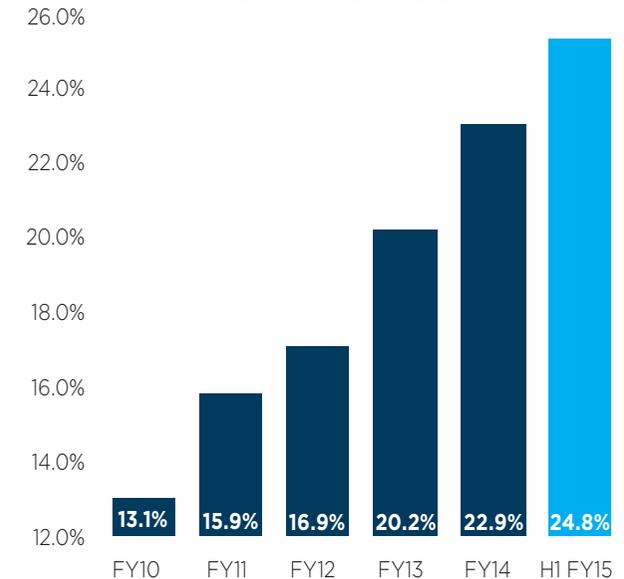
SEGMENT RESULTS

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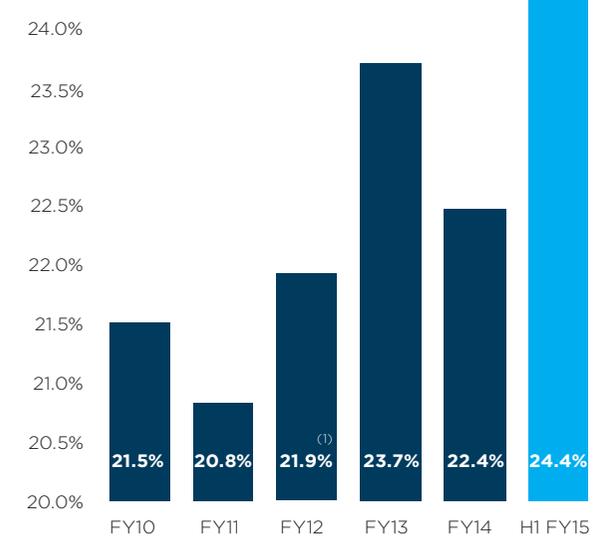
HIGHLIGHTS

- UBET new omni-channel retailing brand revealed
- Queensland wagering arrangements legislated December 2014
- Now positioned to launch + market UBET nationally
- Nextgen sports betting platform live
- In-venue live betting module in field trial
- EBIT up 5.9% from 0.4% revenue increase
- EBIT margin lifted to 24.4% (H1 FY14: 23.1%) - reflecting December QLD legislative amendments
- 12.9% lift in digital sales - now 24.8% of all wagering sales (H1 FY14: 22.0%)
- Migration from phone to digital continues - digital sales growth outpacing phone sales decline 3 to 1

DIGITAL SALES



EBIT MARGIN

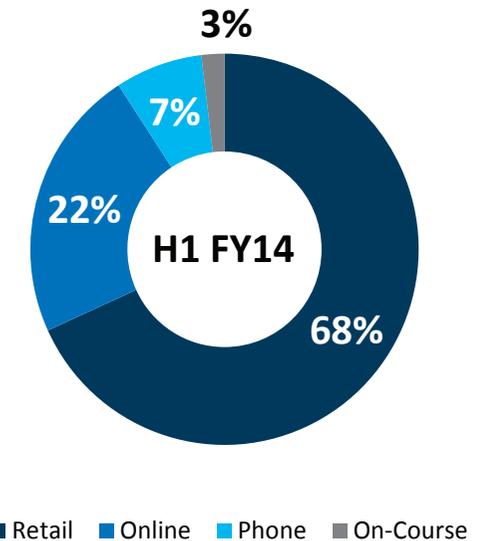
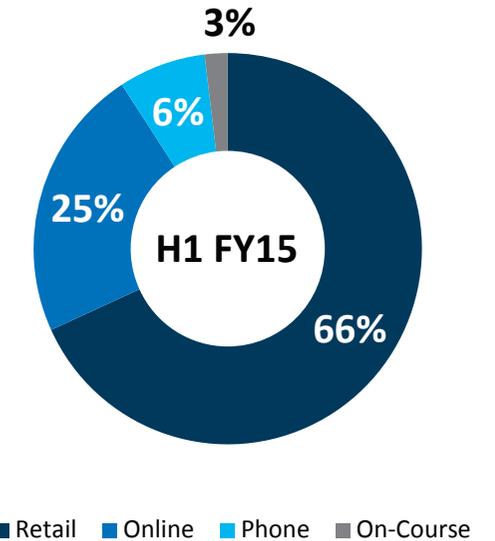


⁽¹⁾ Underlying EBIT

KEY STATISTICS

- **Fixed price sales - up 25.2%:**
 - Fixed price racing up 27.9% - win rate maintained
 - Fixed price sport up 13.6% - improved win rate
 - Fixed price represents 41.7% of total wagering sales (H1 FY14: 33.6%)
 - Racing comprises 82.6% of fixed price book (H1 FY14: 80.9%)
- **Tote sales:**
 - Tote sales declined 11.4% on pcp
 - Win rates improved
- 332 self-service terminals operational (H1 FY14: 144)
- 1,410 TABs, agencies and race clubs (H1 FY14: 1,390)
- Average bets:
 - Online \$12.27 (H1 FY14: \$11.87)
 - Retail \$15.43 (H1 FY14: \$15.08)
 - Phone \$12.32 (H1 FY14: \$12.92)
- 521,000 devices operating with tatts.com App (H1 FY14: 187,000)

% Sales by channel



UBET LAUNCH TIMELINE

- Full marketing campaign (including TV commercials produced and ready to launch)
- New mobile apps ready for release
- UBET.com beta release on schedule for Q1 CY15
- UBET.com production release Q2 CY15
- First UBET retail outlet April 2015
- Self-service terminals with cash handling capability
- In-venue live betting module in field trial

SPORTING SOLUTIONS INTEGRATION

- Sporting Solutions bookmaking integration completed 10 December 2014
- Provides significantly enhanced markets (both pre-match + in-play)
- Provides automated trading, pricing and resulting
- Initial launch soccer (English League 1) followed by tennis
- Went live in January 2015 - launched on tennis and soccer:

No. of live markets	January 2014	January 2015
Tennis	4,300	11,300
Soccer	5,300	10,500

- Integral step for in-venue live betting module
- Cricket next to launch
- To follow - American football, basketball, boxing, baseball, ice hockey, volleyball, darts, handball and snooker





SEGMENT RESULTS

	H1 FY15 (\$'m)	H1 FY14 (\$'m)	Change (%)	
Revenue				
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- Talarius	59.3	52.8	▲	12.3%
- Bytecraft	51.3	53.7	▼	4.5%
EBITDA				
- Maxgaming	32.6	31.7	▲	2.7%
- Talarius	8.4	6.9	▲	22.5%
- Bytecraft	1.0	(0.1)	▲	865.6%
EBIT				
- Maxgaming	25.5	25.0	▲	2.3%
- Talarius	3.0	1.9	▲	55.7%
- Bytecraft	(0.2)	(1.2)	▲	82.0%

MAXGAMING

- Revenue lift of 1.1% - third successive half of revenue growth
- Revenue distribution:
 - 54% from monitoring
 - 24% from value-add services
 - 22% from EGM maintenance
- The roll-out of ticket-in-ticket-out in QLD and a new \$250,000 state-wide linked jackpot game in NSW have generated additional revenue
- EBIT margin improvement to 43.4% (H1 FY15: 42.9%)
- Queensland monitoring segment share now at 81%

TALARIUS

- Business turnaround has resulted in revenue lift of 12.3% and EBIT lift of 55.7%
- Net machine revenue per machine per day - £20.94 up 5.4% (H1 FY14: £19.87)
- 3.3% growth in gaming machines in operation
- Rationalisation of five venues (167 venues at H1 FY15 vs. 172 venues at H1 FY14) , continuing refurbishment program, extended operating hours and new server based games

BYTECRAFT

- Revenue decline of 4.5% as exit/not renew unprofitable contracts
- Business turnaround program continuing with EBITDA up from a \$0.1 million EBITDA loss in H1 FY14 to a positive \$1.0 million EBITDA in H1 FY15

**KEY
STATISTICS:**

MAXGAMING

- 131,478 machines monitored in QLD, NSW and NT (H1 FY14: 131,669)
- 13,961 machines linked to venue or state-wide linked jackpots (H1 FY14: 14,746)
- Maximum SWL jackpot in NSW increased to \$250,000 from \$125,000
- Max Connect installed on 13,026 machines (H1 FY14: 10,433)
- TITO installed on 3,642 machines (H1 FY14: 0)
- 3,762 gaming venues monitored (H1 FY14: 3,811)

TALARIUS

- 7,840 gaming machines operational (H1 FY14: 7,587)
- 167 gaming venues (H1 FY14: 172)
- NMR per machine per day - £20.94 (H1 FY14: £19.87)

BYTECRAFT

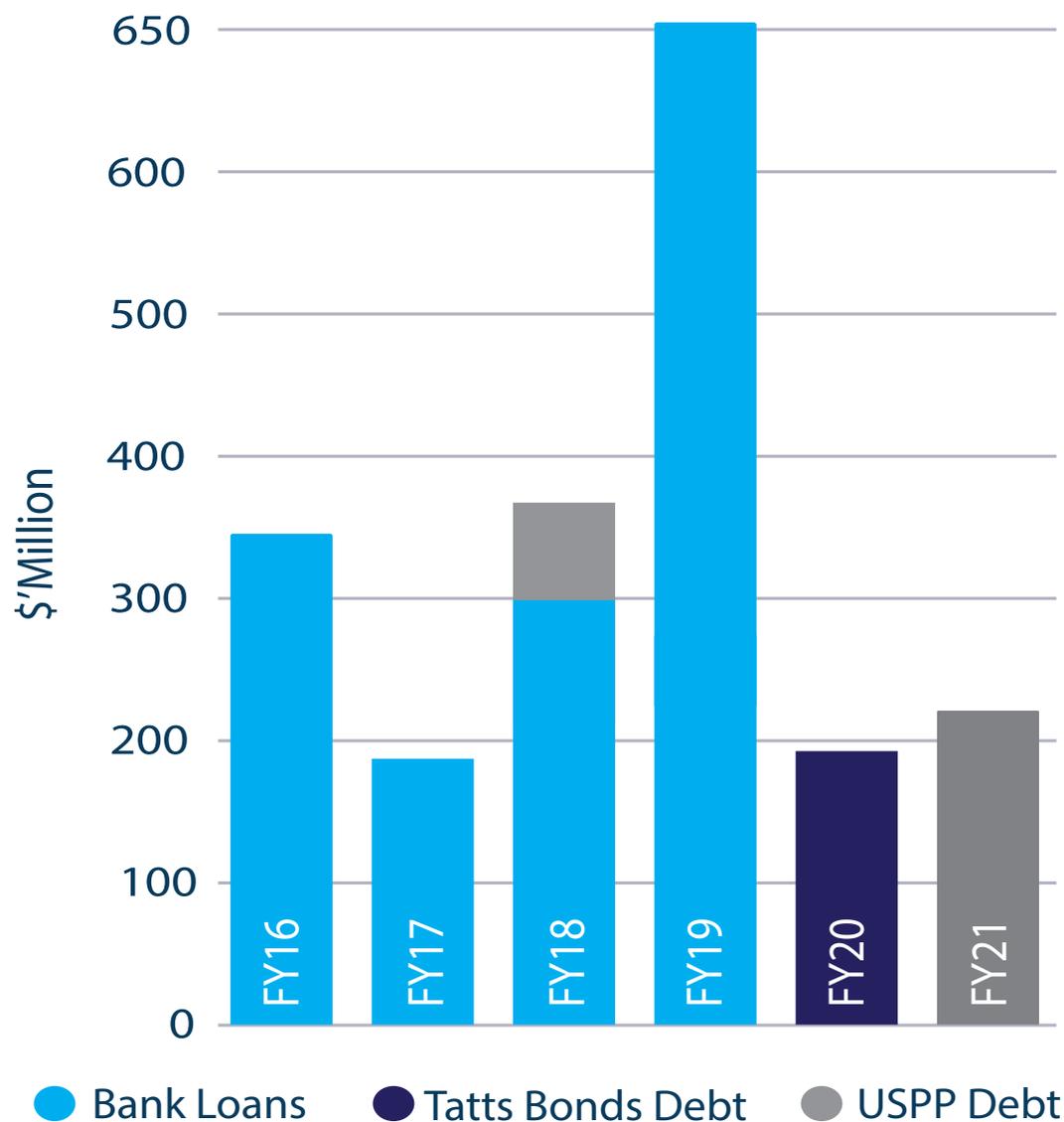
- Circa 317,000 total call outs received (H1 FY14: circa 380,000)
- SLA performance on largest contracts continues to meet contractual requirements and tracks above 95%

	At 31 Dec 2014 (\$'m)	At 30 Jun 2014 (\$'m)	Change %
ASSETS			
Current assets	685.9	910.9	▼ 24.7%
Intangible assets	4,647.5	4,540.0	▲ 2.4%
Property, plant & equipment	217.0	205.6	▲ 5.5%
Other non-current assets	87.4	43.7	▲ 100.5%
Total assets	5,637.8	5,700.2	▼ 1.1%
LIABILITIES			
Other current liabilities	688.4	661.5	▲ 4.1%
Unearned income - Pokies	540.5	540.5	-
Non-current liabilities	1,481.0	1,666.5	▼ 11.1%
Total liabilities	2,709.9	2,868.5	▼ 5.5%
TOTAL EQUITY	2,927.9	2,831.7	▲ 3.4%

- Very strong cash position
- Pokies compensation \$540.5m (current liability) not recognised as income until all appeal avenues exhausted
- Net debt (excluding prize reserves) \$679.5 million (FY14: \$767.8 million)
- Net debt to EBITDA - 1.4x (compares favourably to 1.7x at 30 June 2014)
- FY15 capex to be in the region of \$80 million
- \$45.0 million total depreciation and amortisation (H1 FY14: \$41.3 million)
- H1 FY15 amortisation of licences and rights to operate of \$12.6 million (H1 FY14: \$11.0 million)
- Effective tax rate of 31% (H1 FY14: 30.6%) increased due to non-deductible amortisation of the new Queensland wagering licence framework

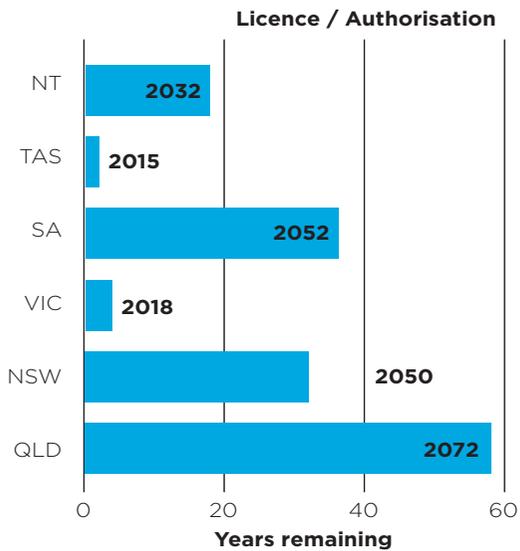
	H1 FY15 (\$'m)	H1 FY14 (\$'m)
Cash flow from operating activities	273.3	367.5
Net interest paid	(27.8)	(43.2)
Income taxes paid	(46.3)	(43.4)
Net cash inflow from operating activities	199.2	280.9
Cash flows from investing activities		
Payments for intangibles	(4.5)	(5.7)
Capital expenditure	(32.3)	(39.2)
Sale of P,P &E	-	0.3
Sale of available-for-sale financial assets	10.0	-
Net cash (outflow) from investing activities	(26.8)	(44.6)
Cash flows from financing activities		
Proceeds from issues of shares	0.6	0.0
Dividends paid net of DRP	(46.5)	(63.5)
Repayments of borrowings	(320.0)	(80.0)
Net cash inflow from financing activities	(365.9)	(143.5)
Net (decrease)/increase in cash and cash equivalents	(193.5)	92.8
Cash and cash equivalents - beginning of year	687.1	355.7
Effects of exchange rate changes	(0.8)	9.2
Cash and cash equivalents - end of year	492.8	457.7

- Cash inflow from operating activities impacted by:
 - Health Benefit Levy of \$43 million paid out in July 2014
 - Timing of weekly sweeps



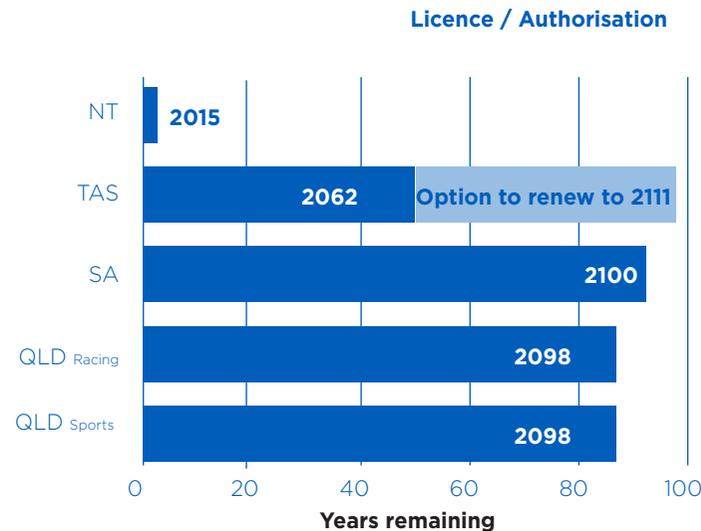
- Debt/EBITDA - 1.4x (30 June 2014: 1.7x and 31 Dec 2013: 2.6x)
- Excluding the \$540.5m receipt, Debt/EBITDA ratio would be 2.6x.
- Financing costs reduced to \$29.1 million (H1 FY14: \$47.8 million) - circa \$6 million after tax interest benefit from pokies compensation
- DRP continues for the interim FY15 dividend of 9.0 cents per share including a 1.5% discount

LOTTERIES



- Sole lottery operator in SA, NSW, QLD and VIC
- Circa 76% of Lotteries EBIT from licences that run at least 35 years

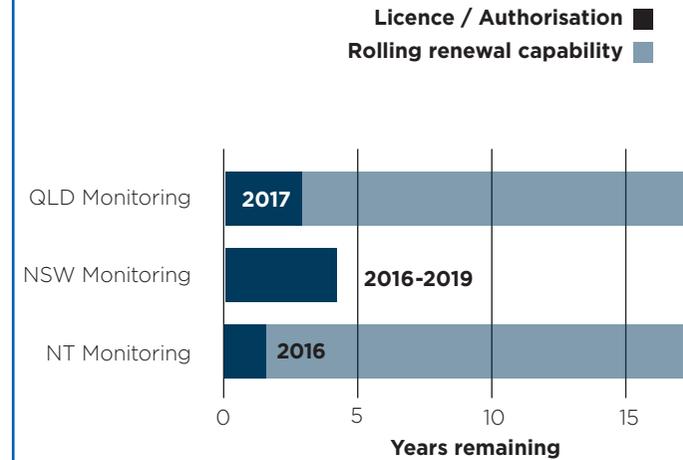
WAGERING



- Sole race and sports wagering licences in SA, TAS and QLD* - new wagering licence framework in QLD from 1 July 2014 - 30 years retail exclusivity
- Circa 95% of wagering EBIT from licences that run at least 35 years
- NT totalisator licence is currently under a bid process

**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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