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6 February 2014

To: Australian Securities Exchange
Market Announcements
20 Bridge Street
Sydney NSW 2000

TABCORP HALF YEAR RESULTS PRESENTATION

Attached is the presentation regarding Tabcorp's half year results ended 31 December 2013 to be presented by David Attenborough, Managing Director and Chief Executive Officer.

This presentation will be webcast on Tabcorp's website at www.tabcorp.com.au from 10.00am (Melbourne time) today.

The information contained in this announcement should be read in conjunction with today's announcement of Tabcorp's half year results and Tabcorp's most recent annual financial report.

Kerry Willcock
Executive General Manager – Corporate, Legal and Regulatory

Enc.

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2013/14

Half Year Results Presentation
6 February 2014



1H14 overview

- Statutory NPAT of \$74.6m, up 2.3%
 - NPAT from continuing operations before significant items up 4.2%
- EPS of 9.9 cents per share
- Interim dividend 8 cents per share, fully franked
- Group EBITDA of \$243.8m, up 5.4%
- Bank facilities extended and increased in preparation for refinancing of May 2014 debt maturities
- Licence extensions completed
 - NSW Wagering retail exclusivity to 2033
 - Qld Keno extended to 2047

Group Results

\$m	1H14	1H13	Change
Revenues	1,045.1	1,034.9	1.0%
Variable contribution	464.4	450.0	3.2%
Operating expenses	(220.6)	(218.7)	0.9%
EBITDA from continuing operations before significant items	243.8	231.3	5.4%
D&A	(81.8)	(70.9)	15.4%
EBIT from continuing operations before significant items	162.0	160.4	1.0%
Interest	(51.4)	(52.5)	(2.1%)
Tax expense	(36.0)	(36.3)	(0.8%)
NPAT from continuing operations before significant items	74.6	71.6	4.2%
Significant items (after tax)	-	22.9	(100.0%)
NPAT from discontinued operations	-	(21.6)	100.0%
Statutory NPAT	74.6	72.9	2.3%

Notes: Variable contribution and EBITDA are non-IFRS financial information and has not been audited or reviewed in accordance with Australian Auditing Standards
 Earnings before significant items presented to provide the most meaningful presentation of Tabcorp's results
 1H13 significant items (after tax) consist of GST refund of \$14.3m and the close out of a right held by TGS of \$8.6m

Business results

\$m	Wagering	Change on pcp	Media & Int'l	Change on pcp	Gaming Services	Change on pcp	Keno	Change on pcp	Group	Change on pcp
Revenues	809.2	(0.7%)	109.9	8.3%	49.9	32.0%	104.4	(2.0%)	1,045.1	1.0%
Variable contribution	286.4	0.2%	95.5	3.8%	49.9	32.0%	57.6	(2.4%)	464.4	3.2%
Operating expenses	(145.8)	(1.4%)	(60.6)	1.3%	(16.2)	30.6%	(21.5)	(3.6%)	(220.6)	0.9%
EBITDA	140.6	2.0%	34.9	8.4%	33.7	32.7%	36.1	(1.6%)	243.8	5.4%
D&A	(52.8)	13.3%	(5.0)	6.4%	(13.6)	58.1%	(10.3)	(7.2%)	(81.8)	15.4%
EBIT	87.8	(3.8%)	29.9	8.7%	20.1	19.6%	25.8	0.8%	162.0	1.0%
EBIT/Revenue (%)	10.9%	(0.3%)	27.2%	0.1%	40.3%	(4.1%)	24.7%	0.7%	15.5%	0.0%
Opex / Revenue (%)	18.0%	(0.1%)	55.1%	(3.8%)	32.5%	(0.3%)	20.6%	(0.3%)	21.1%	(0.0%)
Capex	25.0	4.2%	4.4	33.3%	22.6	(18.7%)	5.4	(39.6%)	60.9	(11.0%)

- Wagering growth impacted by changeover to new Victorian Wagering and Betting Licence which commenced 16 August 2012. Refer to Appendix 4: Wagering Pro-forma.
- Gaming Services reflects a full six months contribution from the TGS business
- Keno impacted by a higher number of jackpots in Queensland vs the pcp

Notes: Variable contribution and EBITDA are non-IFRS financial information and has not been audited or reviewed in accordance with Australian Auditing Standards
 Business results do not aggregate to Group total due to inter-company eliminations between Wagering and Media & International businesses, and unallocated items
 Total group capex includes Corporate capex. This is apportioned within segment reporting in the statutory accounts.

Wagering: KPIs

\$m	1H14	1H13	Change
Revenues by product			
Totalisator Vic	328.3	341.2	(3.8%)
Totalisator NSW	352.0	375.7	(6.3%)
Fixed Odds	243.2	195.6	24.3%
Trackside	47.1	45.5	3.5%
Luxbet	19.9	19.6	1.5%
Turnover by distribution			
Retail Vic	1,456.9	1,568.6	(7.1%)
Retail NSW	1,989.8	2,040.9	(2.5%)
Digital	1,448.7	1,253.7	15.6%
Call Centre	326.6	398.5	(18.0%)
Other	604.6	582.4	3.8%
Luxbet	354.1	335.6	5.5%
Retail			
Self service turnover Vic	57.8%	53.2%	4.6%
Self service turnover NSW	48.4%	40.5%	7.9%
Racing Industry contributions			
Victoria (incl. Gaming)	184.6	187.1	(1.3%)
New South Wales	128.2	130.7	(1.9%)
Race fields	37.7	34.6	9.0%

Notes: * Other includes Oncourse, Premium Customers and PGI
Victorian revenue includes JV partner interest, NSW represents 100% of revenue

- Total revenue growth of 1.3% including the Victorian Racing Industry interest
- Totalisator revenues impacted by customer preferences shifting to Fixed Odds
- Fixed Odds revenues assisted by expanded product and risk management
 - Racing revenue up 38%
 - Sport revenue up 5%
- Retail performance reflects the transfer by customers to the digital channel and the relatively soft retail conditions
- Strong digital turnover growth of 15.6%
 - Driven by continued investments in mobile
 - Mobile devices represented 51% of digital turnover, up from 28% in the pcp
- Contributions to Victorian Racing Industry marginally behind run rate required to meet FY14 Minimum Performance Obligation. 1H14 includes an expense of \$0.9m.

Customer centricity and digital leadership

➤ Customer engagement

- Strong growth in customer engagement through our expanded 'TAB Rewards' loyalty program and increased investment in CRM

➤ Digital

- Increased digital capability
- Continued integration of digital and retail channels with digital form now in Victorian venues
- Further developed mobile interfaces - HTML racing only tablet website released in October 2013, sport to be added in 2H14

➤ Product

- Expanded fixed odds books on Australian greyhounds and harness racing
- Expanded sports offer through rollout of Automated Market Management from September
- Launch of new 'Early Quaddie' product in 2H14 subject to regulatory approval

Media & International

\$m	1H14	1H13	Change
Revenues	109.9	101.5	8.3%
Variable contribution	95.5	92.0	3.8%
Operating expenses	(60.6)	(59.8)	1.3%
EBITDA	34.9	32.2	8.4%
EBIT	29.9	27.5	8.7%
Broadcast Rights and Racing Industry contributions from International business	36.7	28.8	27.4%

- Revenue growth predominantly from International – vision expansion and co-mingling
- Australian racing broadcast in 52 countries
- Strong growth in Racing Industry contributions
- 2H14 focus
 - Negotiations for TVN media rights
 - International co-mingling



Gaming Services

\$m	1H14	1H13	Change
Revenues	49.9	37.8	32.0%
Operating expenses	(16.2)	(12.4)	30.6%
EBITDA	33.7	25.4	32.7%
EBIT	20.1	16.8	19.6%

- TGS commenced operations 16 August 2012
- Contracts cover approximately 8,500 EGMs in Victoria
 - 75% 10 year contracts
 - 25% minimum 6 year contracts
- First NSW venue signed
- 2H14 focus
 - Targeted sign ups
 - Implementing in-EGM Loyalty program



Keno

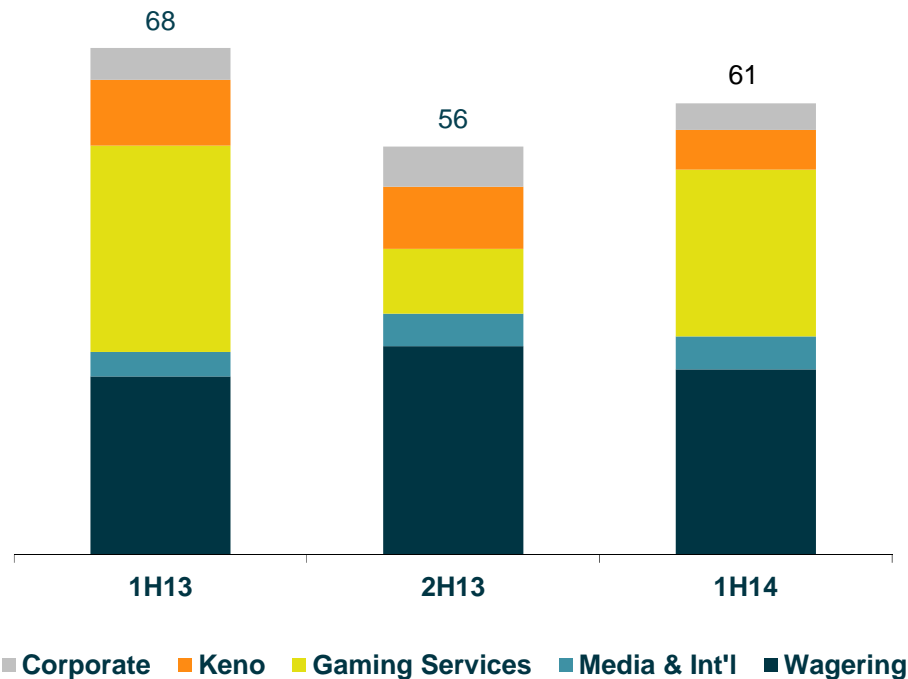
\$m	1H14	1H13	Change
Revenues	104.4	106.5	(2.0%)
Operating expenses	(21.5)	(22.3)	(3.6%)
EBITDA	36.1	36.7	(1.6%)
EBIT	25.8	25.6	0.8%
Venues	3,638	3,573	1.8%
Ticket Count (m)	50.7	51.2	(1.0%)
Avg ticket size (\$)	10.8	10.7	0.9%

- Revenue performance
 - Qld revenues down 4.2% impacted by a higher number of jackpots vs pcp
 - NSW up 0.5%
 - Victoria up 3.9%
- Keno Racing product approved in Qld
 - Currently in circa 200 venues
 - 450 venues expected by end of FY14
- 2H14 focus on progressing jackpot pooling for NSW and Victoria



Capital expenditure and investments

Capex trend



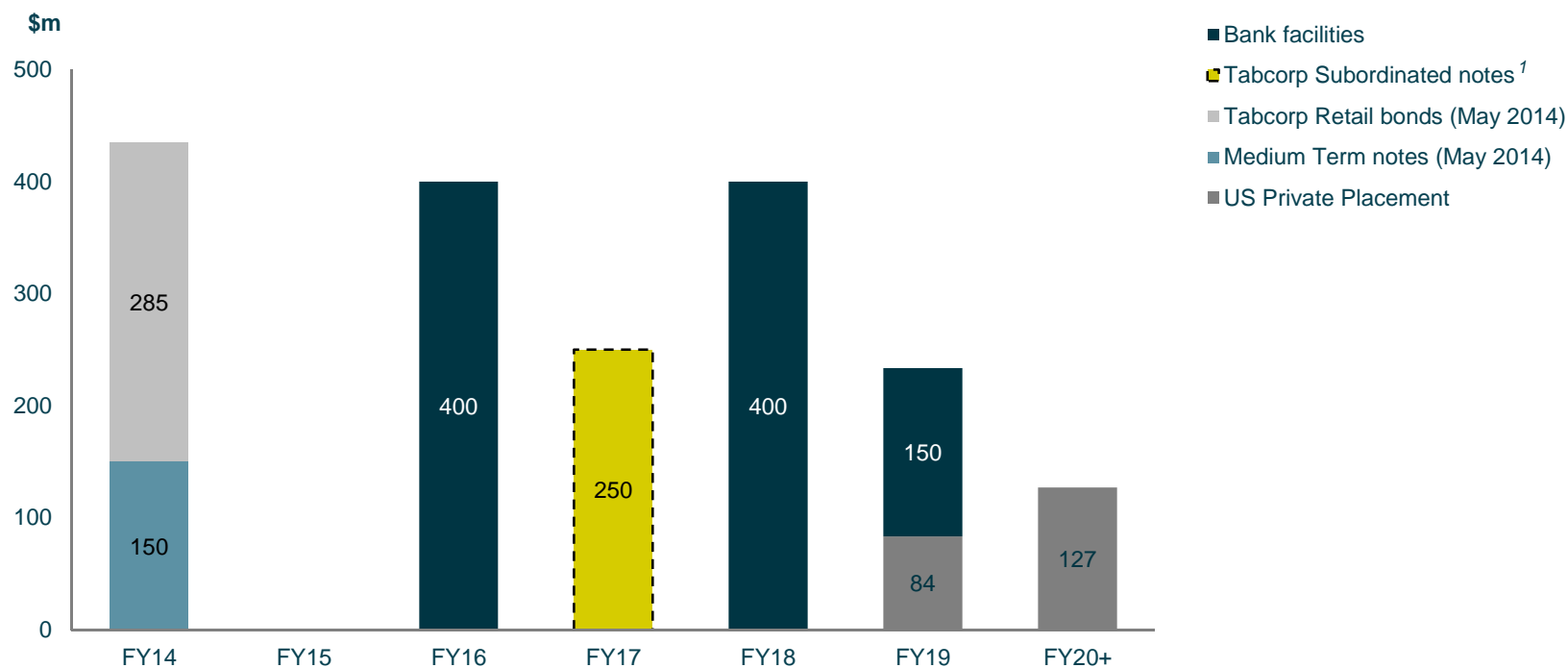
- FY14 expected D&A expense circa \$165m (previously \$165m-\$170m)
- FY14 expected capex \$130m-\$140m (no change)

Major FY14 capex projects

- Wagering
 - Digital strategy
 - Existing technology and system enhancement
 - Self service and retail refurbishments
- TGS
 - Purchase of EGMs
 - Loyalty system in Victoria
- Keno
 - Keno Racing in Qld
 - Jackpot pooling between NSW and Victoria
- Media and International
 - Digital technology
 - International co-mingling

Key capital features

➤ Debt Structure



- Bank facilities increased and extended to fund May 2014 redemption of Tabcorp Bonds and Medium Term Notes
- Undrawn bank facilities of \$640m at 31 December 2013
- Gross debt / EBITDA at 2.5x²
- DRP underwritten to 50% for the FY14 interim dividend
- FY14 target dividend payout is 80% of NPAT

Notes: 1 Tabcorp Subordinated Notes mature in March 2037, however illustrated above at first call date in 2017
 2 Gross debt includes USPP debt at the A\$ principal repayable under cross currency swaps

Conclusion

- **1H14 summary**
 - EBITDA of \$243.8m, up 5.4%
 - Interim dividend 8 cents per share, fully franked
 - Debt facilities extended to cover May 2014 maturities
 - Licence extensions completed

- **2H14 focus**
 - Digital growth, fixed odds expansion, RNSW 'The Championships' and Soccer World Cup
 - Negotiate TVN media rights and expand International co-mingling
 - Expand TGS via targeted sign ups
 - Expand Keno product and establish jackpot pooling between NSW and Victoria

- **Diversified portfolio of assets well positioned to drive future performance**

Appendices

1. Group results
2. Wagering: Financial data
3. Wagering: Revenues by state and product
4. Wagering: Pro-forma
5. Gaming Services: Financial data
6. Keno: Financial data
7. Balance sheet
8. Cashflow

1. Group results

\$m	1H14	1H13	Change
Revenues	1,045.1	1,034.9	1.0%
Government taxes & levies	(180.5)	(195.7)	(7.8%)
Operating commissions	(132.9)	(131.7)	0.9%
Racing industry fees	(267.3)	(257.5)	3.8%
Variable contribution	464.4	450.0	3.2%
Operating expenses	(220.6)	(218.7)	0.9%
EBITDA from continuing operations before significant items	243.8	231.3	5.4%
D&A	(81.8)	(70.9)	15.4%
EBIT from continuing operations before significant items	162.0	160.4	1.0%
Interest	(51.4)	(52.5)	(2.1%)
Tax expense	(36.0)	(36.3)	(0.8%)
NPAT from continuing operations before significant items	74.6	71.6	4.2%
Significant items (after tax)	0.0	22.9	(100%)
NPAT from discontinued operations	0.0	(21.6)	100%
Statutory NPAT	74.6	72.9	2.3%

Notes: Variable contribution and EBITDA are non-IFRS financial information and has not been audited or reviewed in accordance with Australian Auditing Standards
Earnings before significant items presented to provide the most meaningful presentation of Tabcorp's results

2. Wagering: Financial data

\$m	1H14	1H13	Change
Totalisator - Vic	175.9	191.2	(8.0%)
Totalisator - NSW	352.0	375.7	(6.3%)
Fixed Odds	191.8	160.2	19.7%
Trackside	33.6	33.7	(0.3%)
Luxbet	19.9	19.6	1.5%
Other	36.0	34.7	3.7%
Revenues	809.2	815.1	(0.7%)
Taxes, levies, commissions and fees	(522.8)	(529.3)	(1.2%)
Operating expenses	(145.8)	(147.9)	(1.4%)
EBITDA	140.6	137.9	2.0%
D&A	(52.8)	(46.6)	13.3%
EBIT	87.8	91.3	(3.8%)
EBIT/Revenue	10.9%	11.2%	(0.3%)

Notes Victorian revenue and expenses include Tabcorp's 50% proportional share of the new JV from 16 August 2012 (previously 75%)
NSW represents 100% of revenue and expenses with a wagering incentive fee paid to the NSW racing industry equivalent to 25% of profits included in 'Taxes, levies, commissions and fees'

3. Wagering: Revenues by state and product

	NSW	Change	Vic	Change	Total	Change
\$m	1H14	on pcp	1H14	on pcp	1H14	on pcp
Thoroughbred	232.0	(6.4%)	119.3	(7.2%)	351.3	(6.7%)
Harness	41.7	(6.9%)	21.9	(11.3%)	63.6	(8.5%)
Greyhound	78.3	(5.7%)	34.7	(8.7%)	113.0	(6.6%)
Totalisator	352.0	(6.3%)	175.9	(8.0%)	527.9	(6.9%)
Fixed Odds	140.3	20.1%	51.5	18.7%	191.8	19.7%
Trackside	20.1	8.1%	13.5	(10.6%)	33.6	(0.3%)
Luxbet					19.9	1.5%
Other					36.0	3.7%
Revenue	512.4	0.3%	240.9	(3.5%)	809.2	(0.7%)

Notes NSW represents 100% of revenue before fees paid to the NSW racing industry
Vic includes Tabcorp's 50% proportional share of the new JV from 16 August 2012 (previously 75%)

4. Wagering: Pro-forma

\$m	1H14 Reported	1H13 Reported	New Vic Wagering Licence ¹	Race fields ²	1H13 Pro-forma	Change
Revenue	809.2	815.1	(22.9)		792.2	2.1%
Taxes, commissions and fees	(522.8)	(529.3)	13.6	(2.2)	(517.9)	0.9%
VC	286.4	285.8	(9.3)	(2.2)	274.3	4.4%
Operating expenses	(145.8)	(147.9)	4.1		(143.8)	1.4%
EBITDA	140.6	137.9	(5.2)	(2.2)	130.5	7.7%
D&A	(52.8)	(46.6)	(3.5)		(50.1)	5.4%
EBIT	87.8	91.3	(8.7)	(2.2)	80.4	9.2%

1. The new Victorian Wagering and Betting Licence commenced on 16 August 2012 on significantly different terms from the previous arrangements, with Tabcorp's share of the new JV at 50% (previously 75%). Pro-forma adjustments have been made to the 1H13 earnings of the Wagering segment as if the new terms had applied from 1 July 2012.
2. New race fields arrangements applied from 16 August 2012. Pro-forma adjustments have been made to the 1H13 earnings of the Wagering segment as if the new terms had applied from 1 July 2012.

5. Gaming Services: Financial data

\$m	1H14	1H13	Change
Operating revenue	47.9	35.3	35.7%
Other revenue	2.0	2.5	(20.0%)
Revenues	49.9	37.8	32.0%
Operating expenses	(16.2)	(12.4)	30.6%
EBITDA	33.7	25.4	(32.7%)
D&A	(13.6)	(8.6)	58.1%
EBIT	20.1	16.8	19.6%
EBIT/Revenue	40.3%	44.4%	(4.1%)

Note The Gaming Services business commenced operations 16 August 2012

6. Keno: Financial data

\$m	1H14	1H13	Change
Operating revenue	86.7	89.5	(3.1%)
Other revenue	17.7	17.0	4.1%
Revenues	104.4	106.5	(2.0%)
Taxes, levies, commissions and fees	(46.8)	(47.5)	(1.5%)
Operating expenses	(21.5)	(22.3)	(3.6%)
EBITDA	36.1	36.7	(1.6%)
D&A	(10.3)	(11.1)	(7.2%)
EBIT	25.8	25.6	0.8%
EBIT/Revenue	24.7%	24.0%	0.7%

7. Balance Sheet

\$m	As at 31 Dec 13	As at 30 Jun 13	Change
Total current assets	201.4	221.3	(9.0%)
Licences	748.4	750.3	(0.3%)
Other intangible assets	1,827.0	1,772.4	3.1%
Property, plant and equipment	306.4	308.5	(0.7%)
Other non current assets	74.4	92.1	(19.2%)
Total assets	3,157.6	3,144.6	0.4%
Total liabilities	1,695.6	1,731.4	(2.1%)
Shareholders' funds	1,462.0	1,413.2	3.5%
Net debt (reported)	1,104.9	1,144.7	(3.5%)
Net debt (economic) ¹	1,068.7	1,114.4	(4.1%)
Shares on issue (m)	754.3	744.9	1.3%
Ratios ^{1,2}			
Gross debt / EBITDA (x)	2.5	2.5	
EBIT / Net interest (x)	3.2	3.4	
Subordinated notes ratios ^{3,4}			
Gross debt / EBITDA (x)	2.0	2.2	
EBITDA / Net interest (x)	5.7	5.5	

Notes 1 Debt includes USPP debt at the A\$ principal repayable under cross currency swaps

2 EBITDA, EBIT and net interest are last 12 months (continuing operations). EBIT excludes amortisation of new Victorian Wagering and Betting Licence

3 Gross debt excludes subordinated notes, then divided by two.

4 EBITDA and net interest are last 6 months. Net interest excludes interest on subordinated notes.

8. Cashflow

\$m	1H14	1H13	Change
Net operating flows	270.7	274.9	(1.5%)
Net interest payments	(52.5)	(51.0)	2.9%
Income tax paid	(32.8)	(71.5)	(54.1%)
Payments for PP&E and licences	(136.0)	(157.6)	(13.7%)
Sub-total	49.4	(5.2)	>100%
Dividends paid	(35.2)	(68.8)	(48.8%)
Payment of transaction costs for demerger	-	(6.7)	(100.0%)
Others	31.3	25.1	24.7%
Net cash flow	45.5	(55.6)	>100%
Net debt at beginning of period	1,144.7	1,072.6	6.7%
Non cash movements	5.7	(0.9)	>100.0%
Net debt at end of period	1,104.9	1,127.3	(2.0%)

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