

For personal use only



ANNUAL GENERAL MEETING

29 OCTOBER 2014

HARRY BOON

Chairman

‘THE 2014 FINANCIAL YEAR WAS A LANDMARK YEAR FOR TATTS WITH TWO DEFINING SUCCESSES THAT HAVE THE POTENTIAL TO FUNDAMENTALLY SECURE THE GROUP FOR THE FUTURE’.

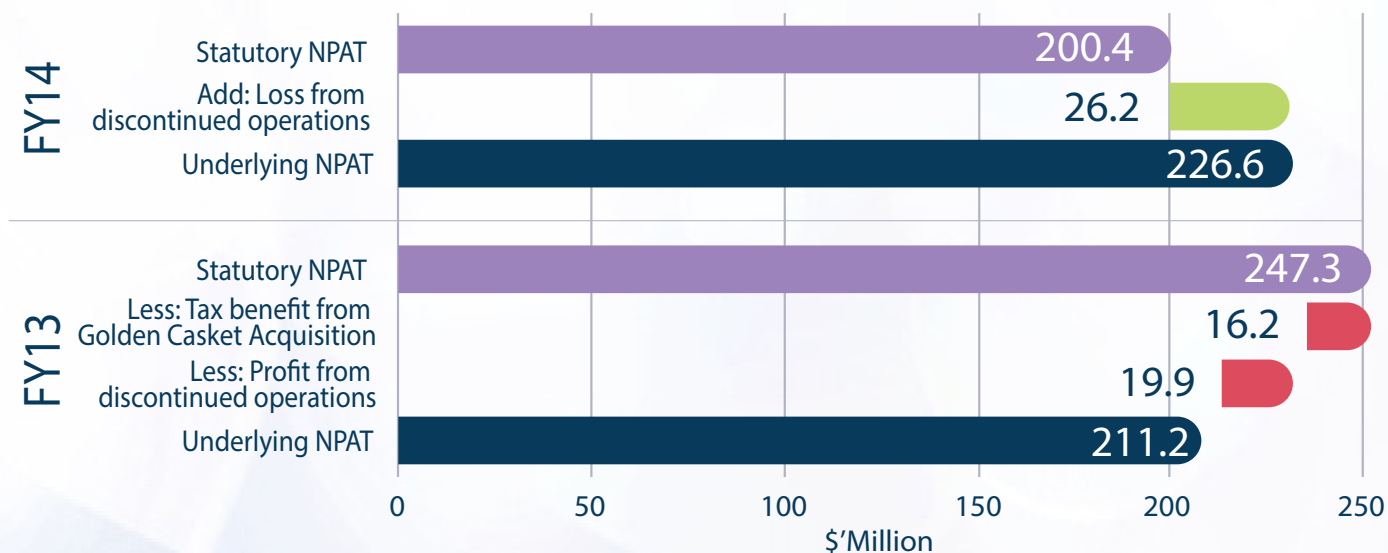
Chairman's Address - FY14 Highlights



OPERATIONAL PERFORMANCE

- Strong underlying business performance - 7.8% lift in profit before tax (on a continuing operations basis)
- Pre-tax net profit of \$326.6 million compared to \$303.1 million in FY13
- After tax profits from continuing operations declined by 0.3% due to a one-off lift in the prior year of a \$16.2 million tax benefit arising from the previous Golden Casket transaction
- Excluding the one-off tax benefit from FY13, NPAT growth in FY14 would have been an impressive 7.3%
- Statutory NPAT reduced by 19.0% - Direct consequence of an illogical charge for a health benefit levy imposed by the Victorian Treasurer

7.3% UNDERLYING NPAT GROWTH



Chairman's Address - FY14 Highlights

DELIVERING FOR INDUSTRY, THE COMMUNITY AND GOVERNMENT

- Again contributed strongly to the racing industry - \$179.1 million in the form of product and program fees
- \$1.15 billion to state governments (excluding corporate taxes), the most significant contributions being:
 - Queensland - \$279.3 million
 - New South Wales - \$322.2 million
 - Victoria - \$409.3 million
- Continued support of the Royal Children's Hospital Foundation, the Mater Children's Hospital and various rural children health services - \$1.5 million contributed in FY14
- Celebration sponsor for the Sydney Opera House's 40th anniversary



TO CELEBRATE THE
OPERA HOUSE'S 40TH ANNIVERSARY
WE CREATED A THEMED
INSTANT SCRATCH - ITS TICKET
AND CONTRIBUTED \$1 FROM
EVERY SATURDAY LOTTO
TICKET SOLD (\$1 MILLION) FOR A MONTH.

For personal use only

Purpose

MOMENTS THAT

THRILL!

Vision

To be the world's best gambling group

World leading in brands, innovation and technology

Loved by customers, partners and the community

Amazing people, products and workplace

Values

The behaviours that we believe in:



Be **amazing**



Create positive **change**



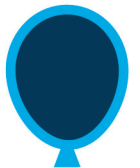
Do it **with heart**



Own it



Play as a **team**



Have **fun**

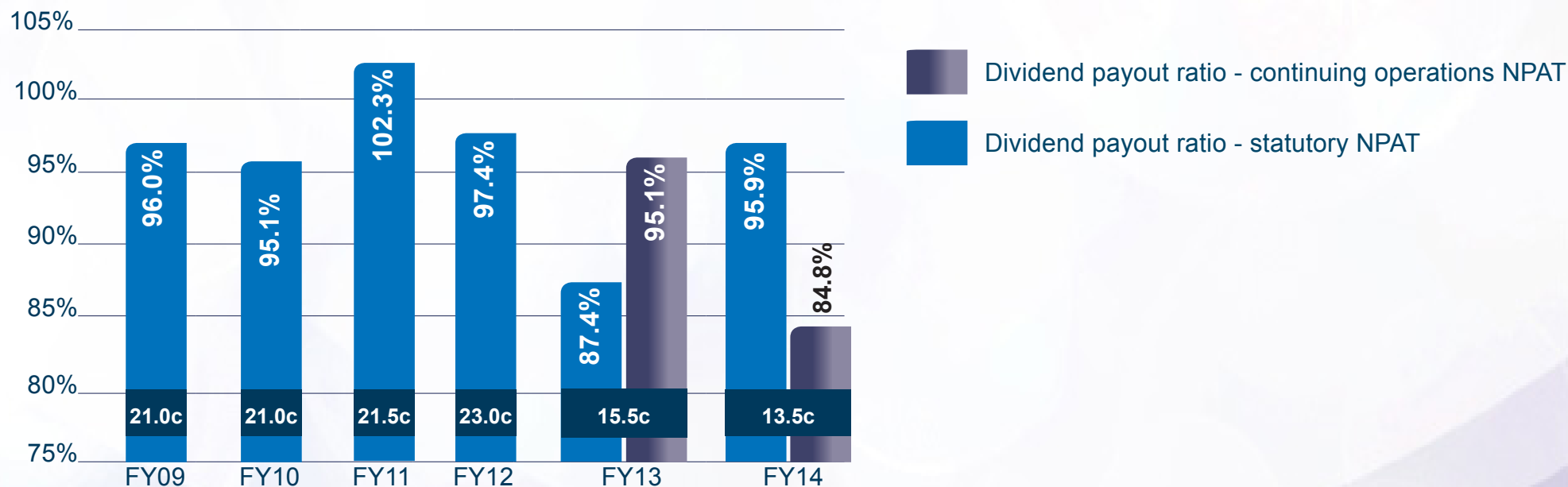
Chairman's Address - FY14 Highlights



RETURNS TO SHAREHOLDERS

- The Board has maintained a commitment to a high dividend payout ratio
- Final Dividend of 5.5 cents per share paid on 6 October 2014
- Total Dividend for FY14 - 13.5 cents per share
- 96% payout ratio on Statutory Results
- DRP continued for FY14 with a 1.5% discount applied
- TSR from a combination of dividends and share price growth was 11.8% in spite of being impacted by the uncertainty around wagering exclusivity in Queensland

DIVIDEND PAYOUT RATIO



For personal use only

ROBBIE COOKE

Managing Director/CEO

‘FY14 WAS A GREAT YEAR FOR TATTS WITH THE TEAM DELIVERING STRONG LIKE-FOR-LIKE FINANCIAL PERFORMANCE FROM OUR CONTINUING OPERATIONS, WHILST MAKING SIGNIFICANT PROGRESS IN THE BUSINESS TRANSFORMATION INITIATIVES WE SET IN MOTION LAST YEAR’.

FY14 Annual Results - Performance



TattsGroup

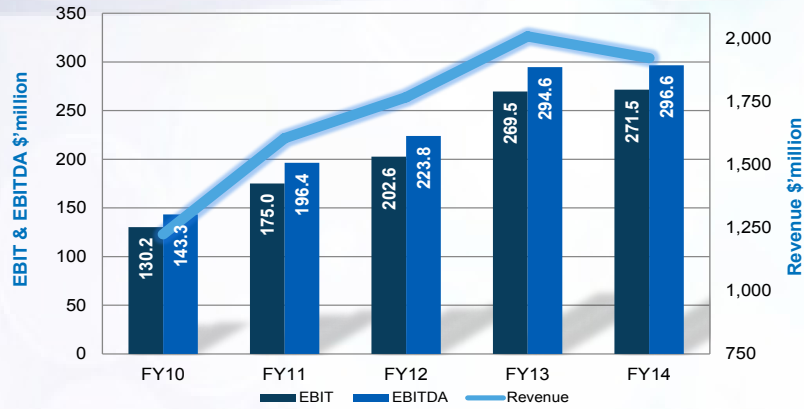
	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Total revenue and other income	2,868.3	2,950.4	▼ 2.8%
Government share	(1,289.9)	(1,376.4)	▼ 6.3%
Venue share/commission	(413.1)	(414.2)	▼ 0.3%
Product and program fees	(187.2)	(191.5)	▼ 2.3%
Other expenses	(479.7)	(478.1)	▲ 0.3%
Total expenses	(2,369.9)	(2,460.2)	▼ 3.7%
EBITDA	498.4	490.2	▲ 1.7%
Depreciation and amortisation	(83.9)	(84.1)	▼ 0.2%
EBIT	414.5	406.1	▲ 2.1%
Interest income	1.9	3.7	▼ 47.9%
Finance costs	(89.8)	(106.7)	▼ 15.8%
Profit before tax	326.6	303.1	▲ 7.8%
Income tax	(100.0)	(75.7) ²	▲ 32.1%
NPAT (from continuing operations)	226.6	227.4	▼ 0.3%
Profit from discontinued operations	(26.2) ¹	19.9 ³	▼ 231.4%
NPAT (statutory basis)	200.4	247.3	▼ 19.0%

1. FY14: Statutory result negatively impacted from \$42.6m health benefit levy
2. FY13: One-off \$16.2m tax benefit - Golden Casket acquisition
3. FY13: Statutory result benefited from pokies contribution - \$19.9m after tax

FY14 Annual Results - Lotteries Highlights



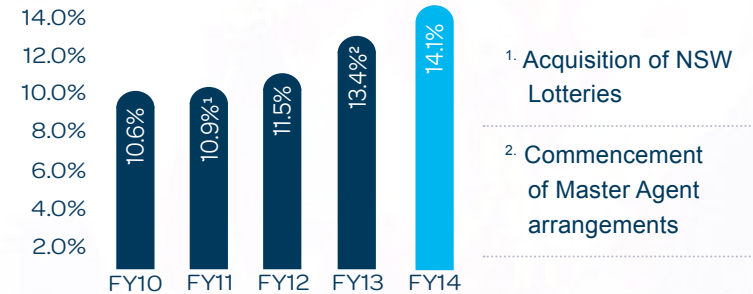
TattsGroup



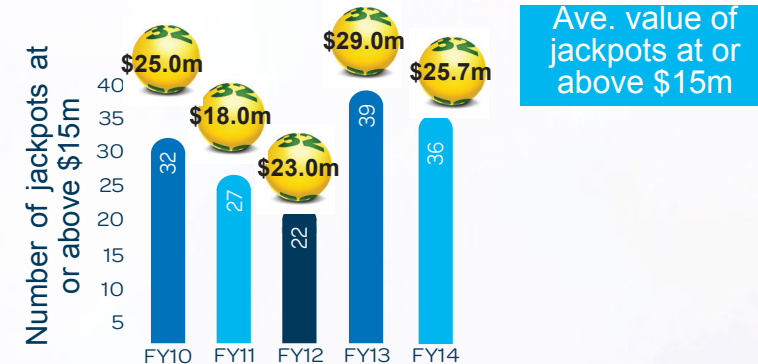
Segment Results

	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Revenue	1,922.8	2,008.6	▼ 4.3%
EBITDA	296.6	294.6	▲ 0.7%
EBIT	271.5	269.5	▲ 0.8%

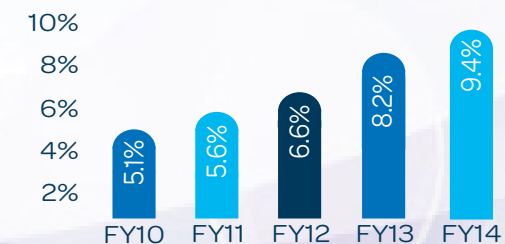
EBIT Margin



Jackpot Run



Online sales - % of total sales



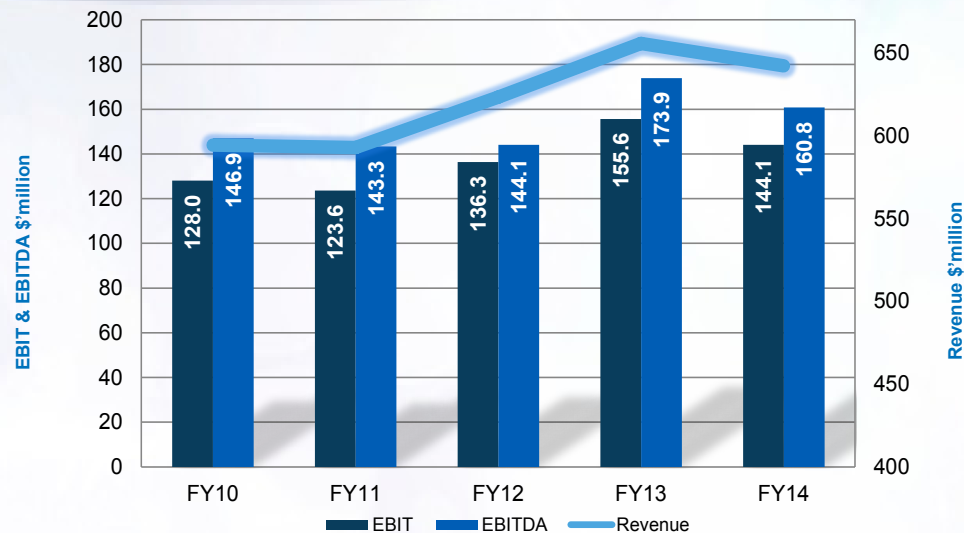
- Challenged by exceptional jackpot performance in FY13
- Jackpot numbers down:
 - 36 jackpots (Oz Lotto/Powerball) at or above \$15 million (FY13: 39)
 - average 1st division value down - \$25.7 million vs. \$29.0 million in FY13
- Revenue down 4.3% at \$1.92 billion (FY13: \$2.01 billion)
- EBIT margin up - 14.1% (FY13: 13.4%)
- EBIT up 0.8% at \$271.5 million
- Strong participation rates - approximately 41.4% of the Australian adult population playing a lotto game in the past 3 months
- \$12.34 average spend per transaction (FY13: \$12.35) - Online showing out performance on average spend at \$13.03 per transaction (FY13: \$13.62)
- Online sales now 9.4% of all lottery sales (FY13: 8.2%) (excl. SA Lotteries)
- Tatts proprietary lottery system rolled-out in South Australia including new Keno module
- Autoplay launched
- SA Lotteries website launched 11 December 2013
- Multi-jurisdictional instant scratch-its launched on 10 March 2014
- Monday Lotto successfully launched in Queensland on 21 October 2013

For personal use only

FY14 Annual Results - Wagering Highlights



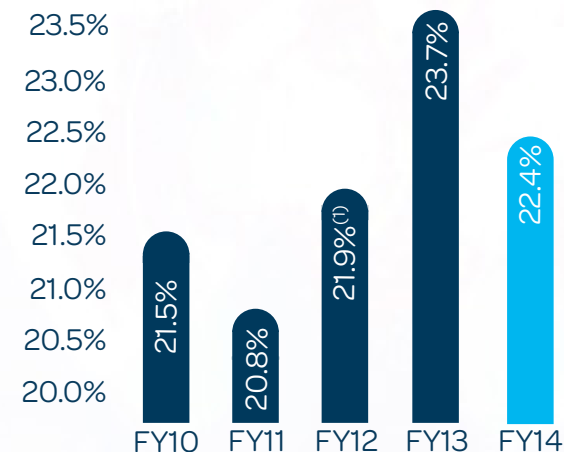
TattsGroup



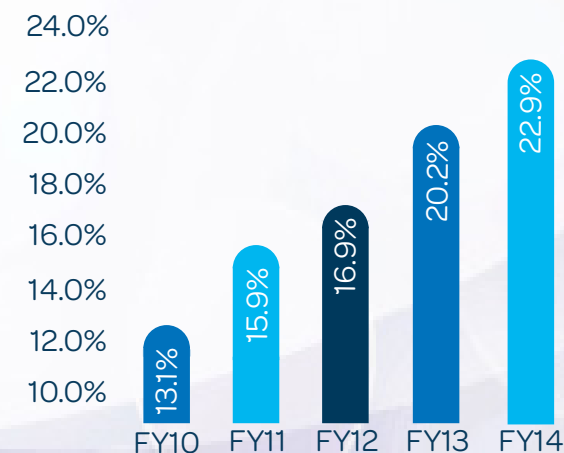
Segment Results

	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Revenue	642.3	655.7	▼ 2.0%
EBITDA	160.8	173.9	▼ 7.6%
EBIT	144.1	155.6	▼ 7.4%

EBIT Margin



Online sales - % of total sales



- Revenue down 2.0% to \$642.3m (FY13:\$655.7m) - delivered in a competitive trading environment
- Competition from out-of-state bookmakers leveraging more beneficial tax regimes - higher marketing spend/incentives
- Strong online sales - now 22.9% of wagering sales (FY13: 20.2%)
- \$1.32 billion fixed-price sales up 19.1% (\$211m) with strong win rate maintained
- Tote betting showed an 8.1% decline of \$196m mostly through the migration to fixed odds
- Fixed-price sales now represent 37% of total wagering sales (FY13: 31%)
- Racing continues to dominate fixed price book - 79.6%
- Fixed-price sports sales up 13.4% with double digit win rate
- Average fixed-price bet \$25.50 per bet (FY13: \$26.00 per bet)
- circa. 332,000 devices now operating with Tatts.com App installed (1H FY14: c.186,500)
- Migration from phone to online continues - online sales growth outpacing phone sales decline 3 to 1
- Wagering renewal program well advanced

For personal use only

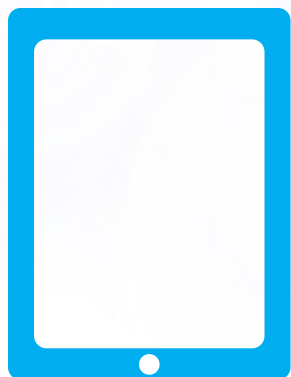
Wagering Renewal Program Well Advanced

For personal use only



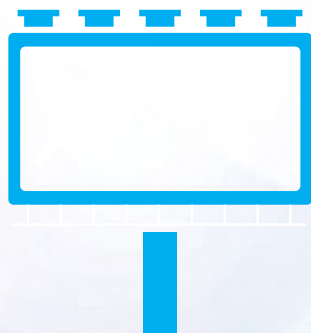
FIXED PRICE

- 24/7 offer ✓
- All racing codes ✓
- Bookmaker team size up 48% ✓



DIGITAL

- Digital team now 52 strong ✓
- World leading CRM system and dedicated team in place ✓
- Online marketing team established ✓
- New App launched ✓



MARKETING

- Team established with 8 members ✓
- New brand ready to launch ✓
- Advertising agency engaged ✓

FY14 Annual Results - Gaming Highlights

Maxgaming:

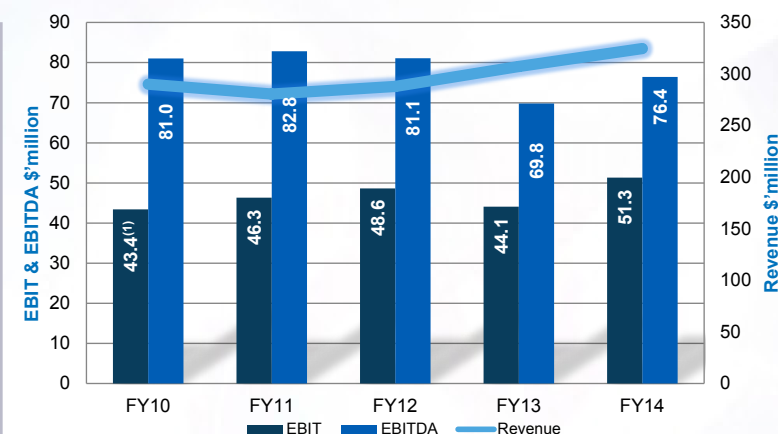
- Revenue lift of 0.9% - first time since FY10 - driven by new products (Max Connect and E-cash)
- Maintained +80% share of gaming machines monitored in Queensland
- Max Connect now installed on circa. 12,000 gaming machines in Queensland
- EBIT up 3.3% - EBIT margin 43.5% (FY13: 42.5%)
- NSW regulatory approval received for \$250,000 state wide linked jackpots
- TITO successfully trialled in Queensland - growth opportunity in FY15

Talarius:

- Positive annual contribution to Group profit for the first time since 2008
- Revenue growth 32.8% to \$103.6m (14.6% in local currency)
- EBIT up 506.8% to \$4.1m (FY13: loss of \$1.0m)
- Refurbishment program, extended operating hours and venue optimisation have driven performance
- Server based gaming trial proving positive and will be extended into FY15

Bytecraft:

- Turnaround strategy in progress and delivering success:
 - new management structure
 - right-sizing the business
 - non-profitable contracts exited
- Underlying EBITDA of \$0.8 million after excluding impact of one-off restructuring costs of \$1.2 million
- Developing gaming venue service ability to offer turn key gaming support



Maxgaming Segment Results

	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Revenue	114.2	113.2	▲ 0.9%
EBITDA	63.1	63.1	▲ 0.1%
EBIT	49.7	48.1	▲ 3.3%

Bytecraft Segment Results

	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Revenue	106.9	116.0	▼ 7.8%
EBITDA	(0.4)	(1.0)	▲ 63.8%
EBIT	(2.5)	(3.0)	▲ 18.4%

Talarius Segment Results

	FY14 (\$'m)	FY13 (\$'m)	Change (%)
Revenue	103.6	78.0	▲ 32.8%
EBITDA	13.6	7.7	▲ 76.6%
EBIT	4.1	(1.0)	▲ 506.8%

FY14 Annual Results - Queensland Wagering Franchise



- New licencing framework effective 1 July 2014 (subject to legislative changes)
- 61-year extension to sports wagering licence
- 30-year retail exclusivity for race and sports betting in Queensland
- Tote tax rate reduced from 20% to 14%
- Fixed-price tax rate reduced from 20% to 10%
- Improved overall margin - reinvest to drive growth
- Interstate race fields fee offset retained¹
- \$150m licence fee payable in four equal instalments
- Commitment to network expansion - self-service terminals (cash handling and TITO)
- Exclusive betting partner status for all Queensland on-course advertising
- 50/50 joint ventures with Racing Queensland - Virtual Racing/Sport and another innovative product
- Racing Queensland receives significantly enhanced funding model
- Partnering approach between Racing Queensland and Tatts - strong alignment in desired outcomes
- Race fields fee litigation between Racing Queensland and Tatts to end

	Previous licencing framework	New licencing framework
Product fee - variable (of gross wagering revenue)	39%	39% ¹
Product fee - fixed (indexed to 80% of CPI)	-	\$15m
Product fee - sports	-	2.5% ²
Race field fee offset	Yes	Yes ¹
Wagering tax - tote (incl. of GST)	20%	14%
Wagering tax - fixed price (incl. of GST)	20%	10%
Committed marketing spend - regional and country racing	-	\$5m
Licence fee payable	-	
- 25% 1 July 2014		\$37.5m
- 25% 1 July 2016		\$37.5m
- 25% 1 July 2020		\$37.5m
- 25% 1 July 2023		\$37.5m

¹ - Where RFF offset amount exceeds RQ race field fee receipts or product fee generated from interstate racing - resultant shortfall shared 60/40 Tatts/RQ

² - Based on fixed-price sports betting revenue generated from retail outlets in Queensland capped at \$5 million p.a. (indexed)

TATTS GREAT FOR RACING

QUEENSLAND'S racing industry will receive a \$4.5 billion boost after signing an exclusive wagering deal with gambling giant Tatts Bet. The 30-year deal will provide an extra \$850 million in funding in addition to the current \$130 million a year in revenue the industry currently receives. As part of the deal Tatts will invest more than \$74 million in marketing activities and expanding its retail network.

The deal includes \$97 million for infrastructure development. Treasurer Tim Nicholls said it would restore confidence and growth in the Queensland racing sector, which employs 30,000 people. Racing Queensland chairman Kevin Dixon said the deal should be celebrated across the racing industry. He said a Supreme Court case against Tatts Bet involving fielding fees would now be abandoned.

Deal may mean payout for Cairns

A THIRD major event could be added to the Cairns racing calendar after the state's racing industry secured a new \$120 million deal. Queensland Racing Minister Steve Dickson was in Cairns yesterday to sign a freshly signed 30-year wagering agreement with Tatts Group. Under the new deal, Tatts will be the exclusive retail operator of the state's betting shops until 2044 and will pay the Government \$150 million as a licence fee over the next nine years. Mr Dickson said the new deal could result in more prize money on offer and pave the way for a third major event to be held in Cairns to complement the Cairns Cup and Cairns Show events. "Cairns is a mega tourism destination and we want to make sure it has special one days," he said. "I'll be fighting as Racing Minister to make sure you get another one." Cairns Jockey Club chief executive Graham Thornton said he would be open to running another major event. "It's based around prize money, so having more money in the industry allows us to lure horses from the southeast corner, increases betting turnover and increases the return to the industry," he said.

Cairns Post 03 Jun 2014

Townsville Bulletin, 28 Jun 2014

Tatts' new deal widens wagering

HEADLINE prizemoney is the wrong benchmark to measure the strength of Queensland's racing product.

Instead, Queensland will continue to run the broadest racing product in the country under the new wagering agreement with Tatts Group.

That's the clear take-home message Racing Queensland CEO Darren Condon said the

industry had sent to Racing Queensland. "The industry says it wants to maintain a broad racing product and Racing Queensland will continue to deliver it," Mr Condon said. "We have listened to our participants and it is critical we find the right balance of support for our regional clubs and our metropolitan and carnival products.

"There has been a lot of discussion about prizemoney, and naturally people look towards the southern states for comparisons, but headline prizemoney is the wrong benchmark to measure the strength of Queensland's racing product.

EVERYONE IS ON A WINNER

Courier Mail, 30 Jun 2014

Tatts the way to develop racing

TATTS Group chief executive Robbie Cooke won a lot of friends in racing with his motto of growing the Queensland industry together.

Queensland racing tipped to thrive under lucrative deal

Mr Dickson said the 30-year wagering agreement was expected to provide more than \$4.5 billion to the state's racing industry and get much-needed funds flowing into the coffers of regional race clubs. "Importantly, country racing

and infrastructure investment will both be supported, as a key part of the agreement includes \$97 million for infrastructure development and \$5 million over five years for country and regional racing," he said. "We will

ensure Queensland's racing industry is a competitive force on the Australia racing scene." An extra \$850 million funding will be injected over three decades, in addition to the \$130 million a year racing now receives. Tatts Group will also

invest more than \$74 million by increasing Queensland marketing activities and expanding its retail network across state hotels, clubs and pubs.

Racing industry seals \$4.5b deal with Tatts

Lucrative 30-year deal confidence boost for industry in Queensland

RACING participants in Queensland will reap the rewards of a multi-billion dollar, 30-year wagering agreement struck between the State Government, Racing Queensland and Tatts Group yesterday. Racing Queensland chairman Kevin Dixon said the 30-year deal guaranteed the industry's sustainability in Queensland and provided the industry's 30,000 participants with confidence in their future.

Queensland Times, 28 Jun 2014

GALLOPING TOWARDS A NEW ERA

FOR FAILURE OF THE NEW PRODUCT AGREEMENT FOR IG WILL LARGELY REST, IN THE SHORT TERM AT LEAST, ON TATTS GROUP CHIEF EXECUTIVE ROBBIE COOKE, REPORTS RACING EDITOR NATHAN EXELBY

Tatts deal set to 'benefit Corbould Park'

A 30-YEAR deal with Tatts Group is expected to provide \$4.5 billion to Queensland's racing industry. Queensland's Corbould Park, the state's premier racing venue, is expected to benefit from the deal. Racing Minister and Industries Minister Steve Dickson said the Queensland Government would undertake an exclusive retail wagering deal with Tatts Group. "This is the biggest racing deal in the state's history," he said. "It will provide a massive boost to the state's racing industry and create 30,000 jobs. It's a landmark moment for Queensland racing." The deal will see Tatts Group become the exclusive retail wagering operator in Queensland. "We've listened to our participants and it is critical we find the right balance of support for our regional clubs and our metropolitan and carnival products," said Condon. "We have listened to our participants and it is critical we find the right balance of support for our regional clubs and our metropolitan and carnival products."

Sunday Mail, 13 Jun 2014

Courier Mail, 25 Jun 2014

Multi-billion dollar deal secures bright future for Queensland racing

THE future for 30,000 jobs supported through the Queensland racing sector is brighter after the State Government reached a new 30-year wagering agreement.

Racing Minister Steve Dickson said the Queensland Government would undertake an exclusive retail wagering licence with Tatts Group, expected to provide over \$4.5 billion to the Queensland racing industry.

"The Government has been unwavering in our determination to negotiate the best possible deal for Queensland and this announcement marks a great new era for the state's racing industry, as the LNP continues

to deliver upon its commitment to rebuild racing in Queensland," Mr Dickson said. "We have a strong plan to grow Queensland's economy and this deal provides security for tens of thousands of families across the state for the next three decades.

For personal use only

...TS RAC

...T ALL
...RTS H
...EADY

JOIN
NOW

...ON (MR) ○ EVENT
LEAGUE
000 M

...EE
...O

...TCH
...T BET
...0*



For personal use only

NEW WAGERING BRAND COMING IN NOVEMBER WATCH THIS SPACE



New Wagering Self-Service Terminals

For personal use only



Future Lotteries Expansion Into Fuel Retail Outlets

For personal use only



Trading Performance

Lotteries:

- Strong run of jackpots (10 at or above \$15 million versus 8 last year)
- 1st division jackpot pools averaging \$28.5 million - compared very favourably to the same time last year which averaged \$23.1 million
- 1st Quarter revenue up 12% on the comparable period

Wagering:

- Positive turnaround with 1st Quarter revenue up 1% on prior comparable period

Victorian Government has approved a variation to Tatts' public lotteries licence in Victoria expanding our authorised product offering to include scratch-its and daily keno

MOMENTS THAT THRILL

For personal use only



Disclaimer



This presentation contains summary information about the current activities of Tatts Group Limited (Tatts). It should be read in conjunction with Tatts' other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au.

No member of Tatts gives any warranties in relation to the statements or information contained in this presentation. The information contained in this presentation is of a general nature and has been prepared by Tatts in good faith and with due care, however no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information.

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian or any other law. This presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this presentation nor anything contained in it shall form the basis of any contract or commitment.

This presentation is not a recommendation to acquire Tatts shares. The information provided in this presentation is not financial product advice and has been prepared without taking into account any recipient's investment objectives, financial circumstances or particular needs, and should not be considered to be comprehensive or to comprise all the information which recipients may require in order to make an investment decision regarding Tatts shares.

All dollar values are in Australian dollars (A\$) unless otherwise stated. Neither Tatts nor any other person warrants or guarantees the future performance of Tatts shares or any return on any investment made in Tatts shares. This presentation may contain certain 'forward-looking statements'. Indications of, and guidance on, financial position and performance are also forward-looking statements. Any forecasts or other forward looking statements contained in this presentation are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Tatts, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Except as required by law or regulation (including the ASX Listing Rules), Tatts undertakes no obligation to update these forward-looking statements. Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

For personal use only