Tabcorp

18 August 2021

Australian Securities Exchange
Companies Announcements Platform
20 Bridge Street
Sydney NSW 2000

TABCORP FULL YEAR RESULTS PRESENTATION

Attached is the presentation regarding Tabcorp Holdings Limited's (**Tabcorp**) results for the financial year ended 30 June 2021 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 announcements of Tabcorp's results for the financial year ended 30 June 2021.

This announcement was authorised for release by the Tabcorp Board.

For more information:
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Investors/Analysts: Chris Richardson, GM Investor Relations & Treasury, +61 3 9868 2800

Excitement with Integrity

Tabcorp

2020-21

FULL YEAR RESULTS PRESENTATION
YEAR ENDED 30 JUNE 2021

18 AUGUST 2021

ABN 66 063 780 709

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EXECUTIVE SUMMARY

Strong operational result in a year heavily impacted by COVID-19

GROUP REVENUE	GROUP EBITDA[1]	GEARING	FY21 DIVIDEND
$5,686M	**$1,107M**	**2.4X**	**14.5 CPS**
+8.8% ON PCP	+11.3% ON PCP	GROSS DEBT/EBITDA	UP 31.8% ON PCP 80% PAYOUT RATIO

LOTTERIES & KENO

- Record profit result (despite below average jackpots)
- Digital turnover growth of 30%; resilient performance in retail

WAGERING & MEDIA

- Improved performance and growth across TAB, Media and International
- Digital wagering turnover growth of 27%[2]; resilient performance in retail venues when re-opening after lockdowns

GAMING SERVICES

- Venue Services continued to be heavily COVID-19 impacted
- Progressing with implementation of the plan to simplify and streamline the business

Notes:

1. EBITDA before significant items
2. Digital includes digital and call centre channels in which a customer transacts using their account

FY21 GROUP RESULTS

$M	FY21	FY20	Change $	Change %
Revenues	**5,686**	**5,224**	**462**	**8.8%**
Variable contribution	1,914	1,792	122	6.8%
Operating expenses	(807)	(797)	(10)	1.3%
EBITDA before significant items	**1,107**	**995**	**112**	**11.3%**
D&A	(383)	(399)	16	(4.0%)
EBIT before significant items	**724**	**596**	**128**	**21.5%**
Interest	(155)	(193)	38	(19.7%)
Tax expense	(170)	(132)	(38)	28.8%
NPAT before significant items	**399**	**271**	**128**	**47.2%**
Significant items (after tax) - goodwill impairment[1]	(122)	(1,090)	968	NM
Significant items (after tax) - other[2]	(8)	(51)	43	NM
Statutory NPAT	**269**	**(870)**	**1,139**	**NM**
EPS (before significant items)	18.3	13.4	4.9	36.6%
EPS (statutory)	12.3	(42.9)	55.2	NM
DPS (fully franked)	14.5	11.0	3.5	31.8%

EBITDA
+11.3%
BEFORE SIGNIFICANT ITEMS

NPAT
+47.2%
BEFORE SIGNIFICANT ITEMS

EPS
+36.6%
BEFORE SIGNIFICANT ITEMS

DPS
+31.8%
80% PAYOUT RATIO

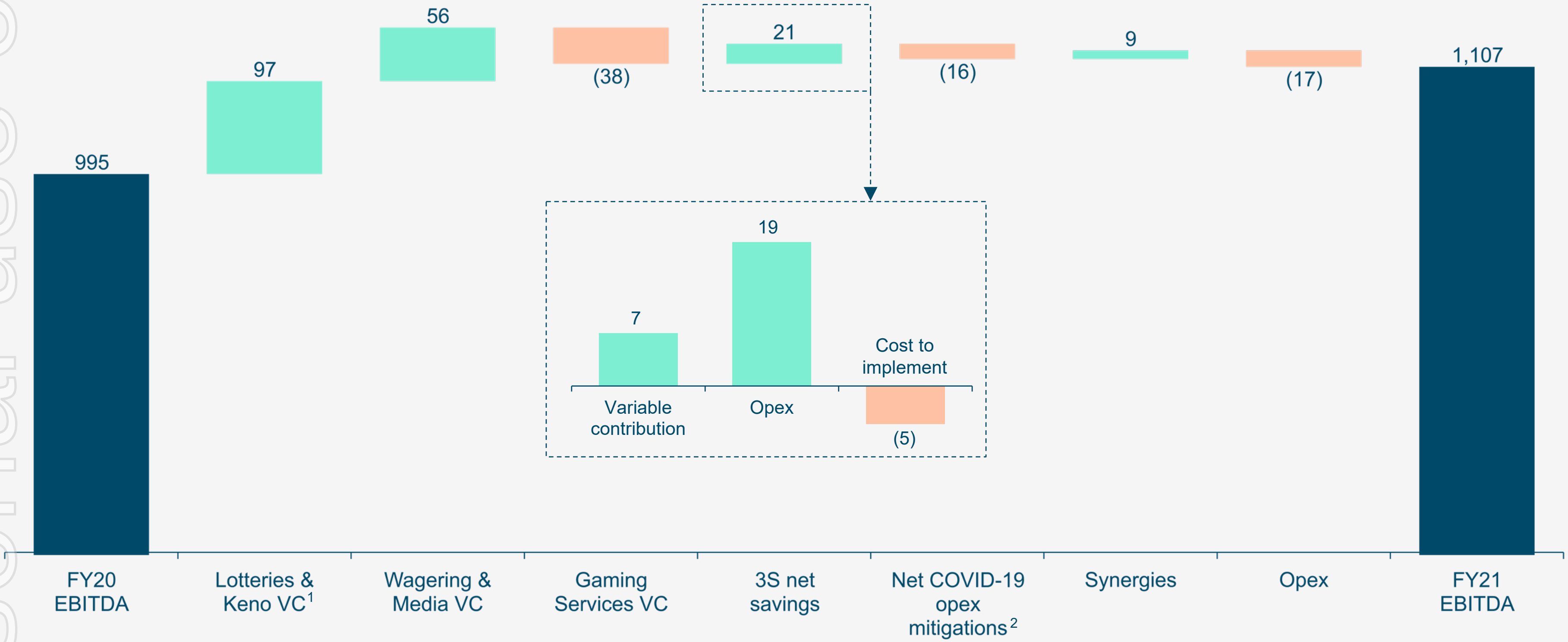
Notes:
1. Non-cash impairment of Gaming Services goodwill reflects reduced expectations for future growth and contract extensions, particularly due to the ongoing COVID-19 impacts
2. Refer Appendix 1

GROUP EBITDA GROWTH 11.3%

Strong Lotteries & Keno result

Wagering & Media improvement; cycling larger COVID-19 impacts in pcp

Full year impact of COVID-19 on Gaming Services



Notes:

1. Lotteries & Keno VC includes the impact of Jumbo dividend received in FY20 ($3m)
2. Net COVID-19 opex mitigations of $16m ($47m in FY20, $31m in FY21)

CAPITAL METRICS

Strong and flexible financial position

Payout ratio at top end of target range

Material increase in ROIC with further improvement targeted

	GEARING	DEBT PROFILE	CREDIT RATING
	2.4X GROSS DEBT / EBITDA	**AVG MATURITY[1]: 5.7 YEARS** **AVG INTEREST RATE[2]: 5.3%**	**BBB- /STABLE**
TARGET	2.5x - 3.0x	Minimise cost of borrowings	Maintain investment grade

	CAPEX	ROIC[3]	DIVIDENDS
	$161M FY20: $262M	**7.9%** FY20: 6.4%	**14.5 CPS** Payout ratio: 80% FY20: 11.0 CPS
TARGET	FY22 BAU capex: <$200m FY22 D&A: $380m - $390m	Increase returns to cost of capital over time	70% - 80% of NPAT before significant items

Notes:
1. Based on available facilities
2. Based on drawn facilities (based on available facilities: 3.8%)
3. ROIC is an absolute measure, defined as earnings before interest, tax and significant items (EBIT before significant items), divided by the average invested capital base. Invested capital bases have been pro-forma adjusted for comparative purposes to give effect to the goodwill impairments of FY20 and FY21 as if they had occurred at the beginning of FY20. If the goodwill impairments of FY20 and FY21 are added back to the asset base, ROIC would be FY20: 5.7%, FY21: 7.0%

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OPTIMISATION PROGRAM '3S'

Further savings expected in FY22

FY21

$30M

ACTUAL EBIT SAVINGS[1]

3S

SIMPLER > SMARTER > STRONGER

FY22

$20-25M

TARGET EBIT SAVINGS

VARIABLE CONTRIBUTION	OPERATING EXPENSES	DEPRECIATION & AMORTISATION
$7M	$19M	$4M

- Jumbo reseller agreement (L&K)
- Agency rationalisation (W&M)
- Operating model changes (W&M, GS)
- Process simplification & redesign (Group-wide)

Notes:
1. Comprises Lotteries & Keno $5m, Wagering & Media $19m, Gaming Services $6m. Amounts are before costs to implement (program costs) of $5m (pre tax)

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GROUP & BUSINESS RESULTS[1]

$M	Lotteries & Keno			Wagering & Media			Gaming Services			Group		
	FY21	FY20	Change	FY21	FY20	Change	FY21	FY20	Change	FY21	FY20	Change
Revenues	**3,206**	**2,917**	**9.9%**	**2,298**	**2,084**	**10.3%**	**183**	**221**	**(17.2%)**	**5,686**	**5,224**	**8.8%**
Variable contribution	858	754	13.8%	884	825	7.2%	172	210	(18.1%)	1,914	1,792	6.8%
Operating expenses	(238)	(212)	12.3%	(470)	(454)	3.5%	(101)	(126)	(19.8%)	(807)	(797)	1.3%
EBITDA	**620**	**542**	**14.4%**	**414**	**371**	**11.6%**	**71**	**84**	**(15.5%)**	**1,107**	**995**	**11.3%**
D&A	(104)	(100)	4.0%	(198)	(196)	1.0%	(81)	(98)	(17.3%)	(383)	(399)	(4.0%)
EBIT	**516**	**442**	**16.7%**	**216**	**175**	**23.4%**	**(10)**	**(14)**	**NM**	**724**	**596**	**21.5%**
VC / Revenue %	26.8%	25.8%	1.0%	38.5%	39.6%	(1.1%)	94.0%	95.0%	(1.0%)	33.7%	34.3%	(0.6%)
Opex / Revenue %	7.4%	7.3%	0.1%	20.5%	21.8%	(1.3%)	55.2%	57.0%	(1.8%)	14.2%	15.3%	(1.1%)
EBITDA / Revenue %	19.3%	18.6%	0.7%	18.0%	17.8%	0.2%	38.8%	38.0%	0.8%	19.5%	19.0%	0.5%
EBIT / Revenue %	16.1%	15.2%	0.9%	9.4%	8.4%	1.0%	(5.5%)	(6.3%)	0.8%	12.7%	11.4%	1.3%
Capex	**37**	**55**	**(32.7%)**	**98**	**144**	**(31.9%)**	**26**	**63**	**(58.7%)**	**161**	**262**	**(38.5%)**

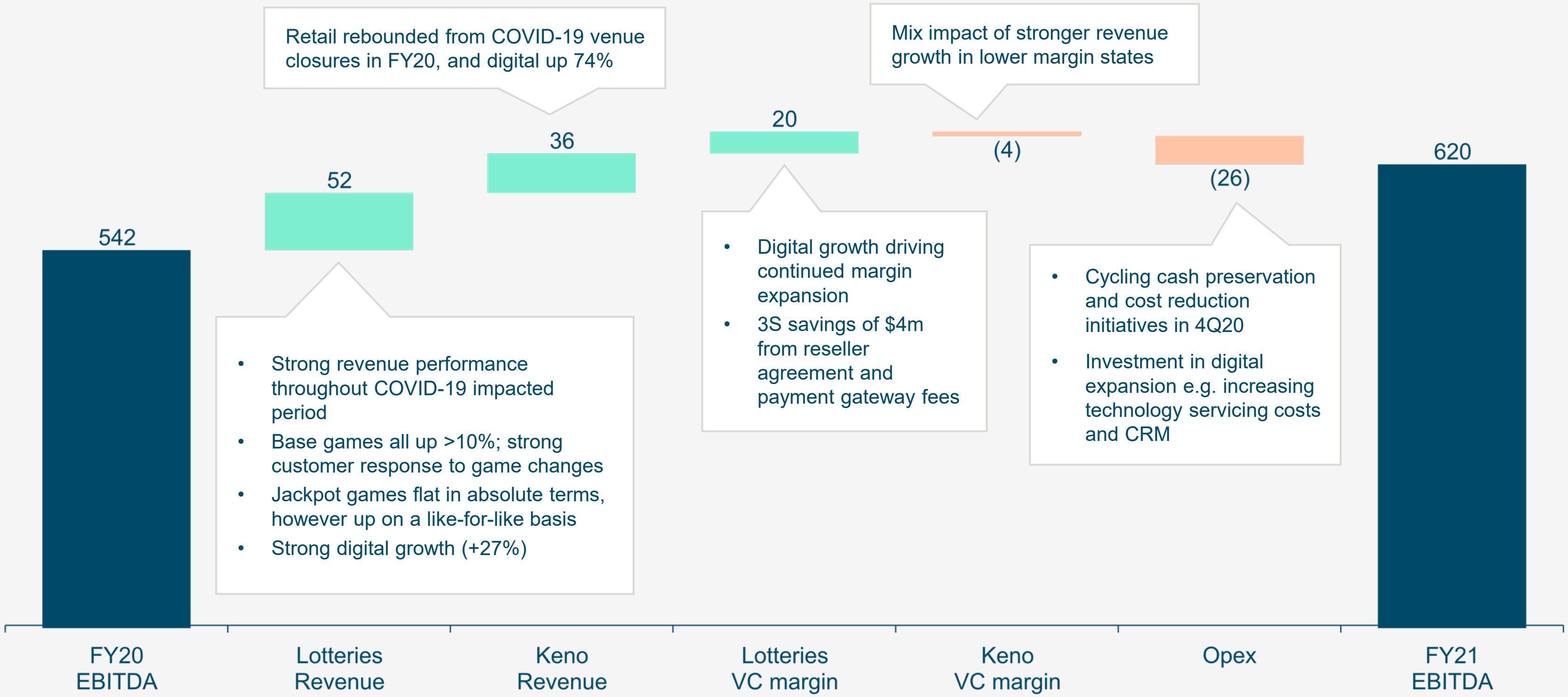
Notes:
1. All amounts are before significant items. Business results may not aggregate to Group total due to intercompany eliminations and unallocated items

LOTTERIES & KENO
RESULT HIGHLIGHTS

Strong revenue growth driven by game development, and active portfolio and sequence management

Customer-centred improvements continue to deliver better player experiences, increased digital conversion and greater retail integration

$M	FY21	FY20[1]	Change
Revenues	**3,206**	**2,917**	**9.9%**
Variable contribution	858	754	13.8%
Operating expenses	(238)	(212)	12.3%
EBITDA	**620**	**542**	**14.4%**
D&A	(104)	(100)	4.0%
EBIT	**516**	**442**	**16.7%**
VC / Revenue %	26.8%	25.8%	1.0%
Opex / Revenue %	7.4%	7.3%	0.1%
EBITDA / Revenue %	19.3%	18.6%	0.7%



Notes:
1. Instant Scratch-It inventory costs have been restated in FY20 from operating expenses to Cost of Goods Sold (within variable contribution)

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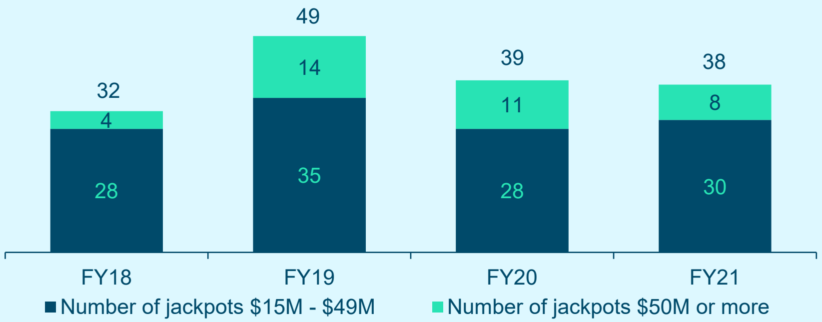
LOTTERIES & KENO
KEY PERFORMANCE INDICATORS

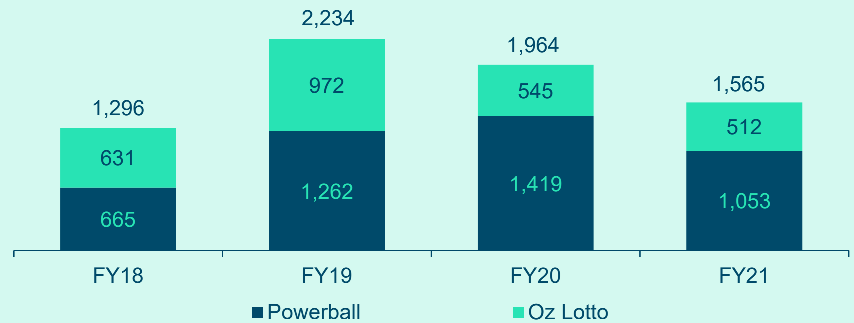
POWERBALL AND OZ LOTTO MAJOR JACKPOTS

Below average major jackpots despite acceleration of sequences



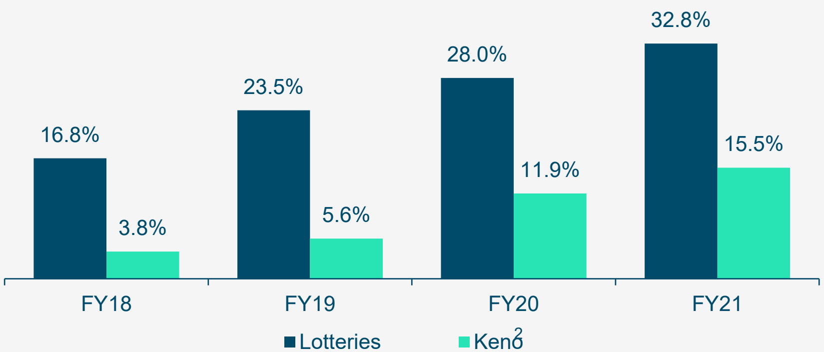
CUMULATIVE JACKPOT VALUE OFFERED[1]

Powerball cycling three jackpots of $100m or more in FY20



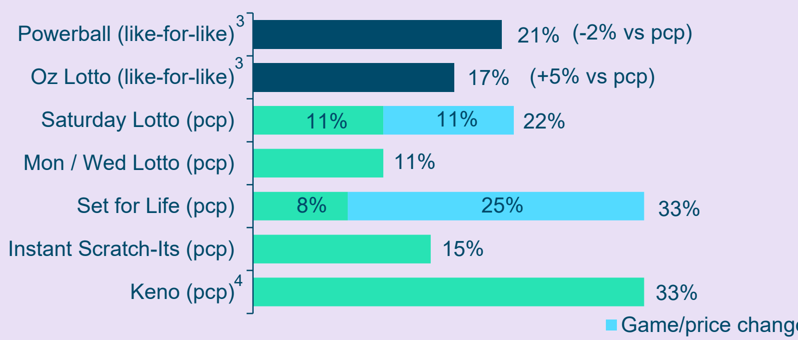
DIGITAL SHARE OF TURNOVER

Margins supported by continued shift to digital



COMPARABLE TURNOVER GROWTH

Positive impacts from game changes
COVID-19 premium remained evident throughout the year



Notes:
1. The cumulative value of all Division 1 offers for Powerball and Oz Lotto draws
2. ACT Keno only. NSW in-venue mobile now decommissioned
3. Powerball and Oz Lotto adjusted to reflect comparable jackpot sequences
4. Includes an estimated 24% net benefit due to the relatively greater opening of retail venues in FY21 vs FY20 due to lesser COVID-19 restrictions

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LOTTERIES & KENO
CUSTOMER-FOCUSED INVESTMENTS DRIVING GROWTH

Investments in product enhancements, omni-channel program, digital platform and payment options helping deliver compelling offers and the ability for customers to buy when, where and how they wish

	the Lott		KENO	
FY21	Set for Life[1] and Saturday Lotto changes	✓	Retail venue uplift	✓
FY21	Evolve retailer mix	✓	Retailer support during COVID-19	✓
FY21	The Lott brand refresh	✓	Keno SA alignment	✓
FY21	App in Google Play Store	✓	App in Google Play Store	✓
FY21	PayPal introduction	✓	Enhanced digital CRM	✓
FY22	SA launch of omni-channel program	✓	Keno Victoria Licence outcome	☐
FY22	Evolve retailer mix and CX uplift	☐	Digitally enhance retail	☐
FY22	Digital innovation	☐	Keno cashless pilot	☐
FY22	Contact centre transformation	☐	PayPal introduction	☐
FY22	Community focus campaign	☐	Community partnerships expansion	☐
FY22	Oz Lotto changes	☐	Responsible Gaming - early intervention program	☐

Notes:
1. Set For Life change launched in March 2020 but full year effect on results in FY21

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LOTTERIES & KENO
KEY GROWTH STRATEGIES

Growth to be underpinned by a customer-led focus on product innovation, deepened engagement across all channels and digital expansion

DRIVE INNOVATION WITH A CUSTOMER FOCUS

- Continue to evolve game portfolio to align with changing player motivations
  - Review and refresh existing games
  - Develop and/or acquire new games
- Leverage large known player base to deliver tailored customer experiences to drive engagement

OPTIMISE DIGITAL ENGAGEMENT

- Optimise channel mix to further reflect consumer behaviour and build loyalty
- Customer-led digital innovation to enhance the user experience and maximise engagement
- Innovative and data driven personalised marketing, including continued investment in digital capability

EVOLVE RETAIL FOOTPRINT

- Continue to diversify retail channel mix to meet changing customer behaviours
- Continue to promote the omni-channel offering across the retail network
- Customer-driven retail experience designed to support broad range of outlet types

PURSUE GROWTH OPPORTUNITIES

- Explore opportunities for enhancements to existing licences
- Evaluate potential future new licence opportunities
- Leverage international profile to explore partnerships with global industry players

WAGERING & MEDIA
RESULT HIGHLIGHTS

Improved underlying performance despite COVID-19 disruptions

Capability build has lifted competitiveness

Digital growth of 27%[1]; resilient performance in retail venues when re-opening after lockdowns

$M	FY21	FY20	Change
Revenues	**2,298**	**2,084**	**10.3%**
Variable contribution	884	825	7.2%
Operating expenses	(470)	(454)	3.5%
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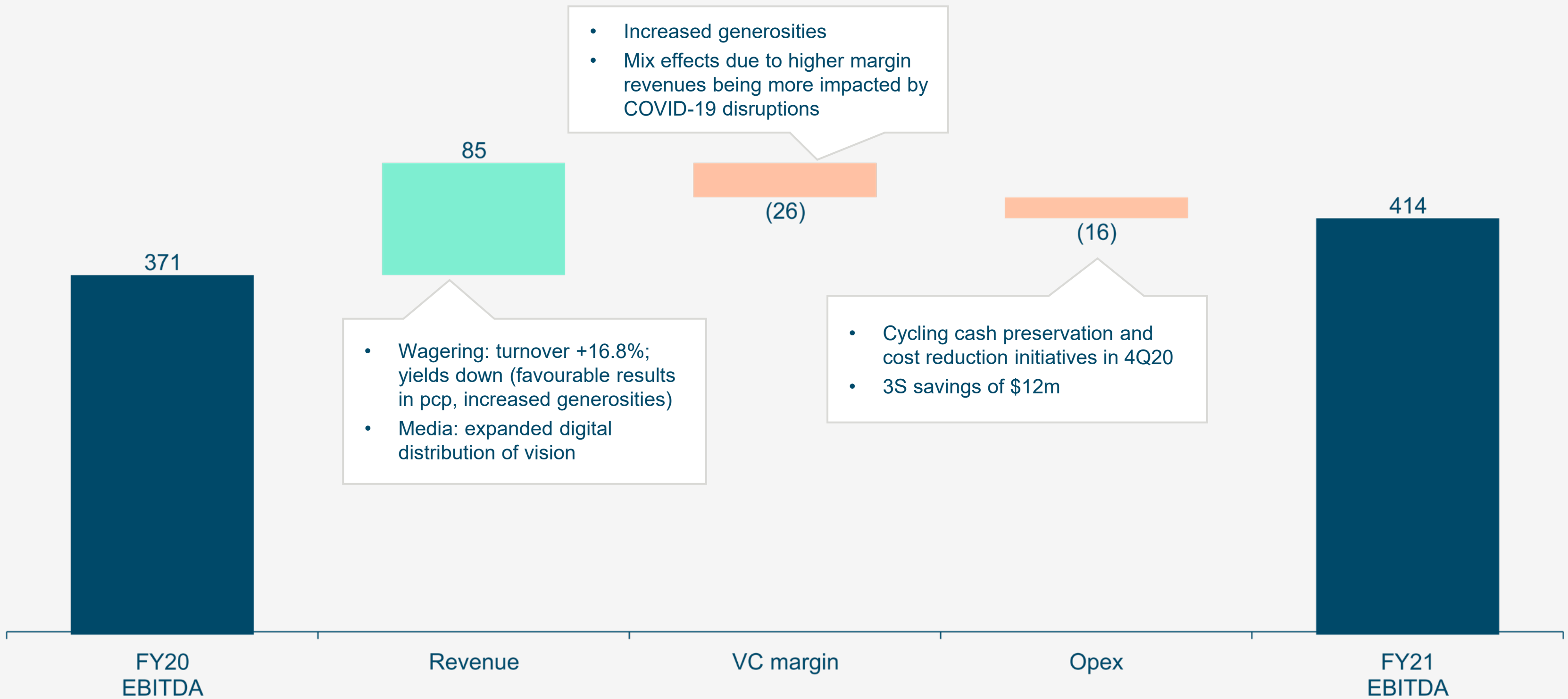
EBIT	**216**	**175**	**23.4%**
VC / Revenue %	38.5%	39.6%	(1.1%)
Opex / Revenue %	20.5%	21.8%	(1.3%)
EBITDA / Revenue %	18.0%	17.8%	0.2%



Notes:
1. Digital includes digital and call centre channels in which a customer transacts using their account

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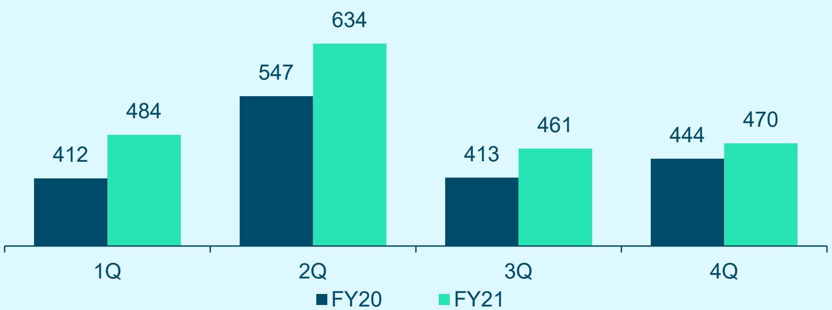
WAGERING & MEDIA

KEY PERFORMANCE INDICATORS

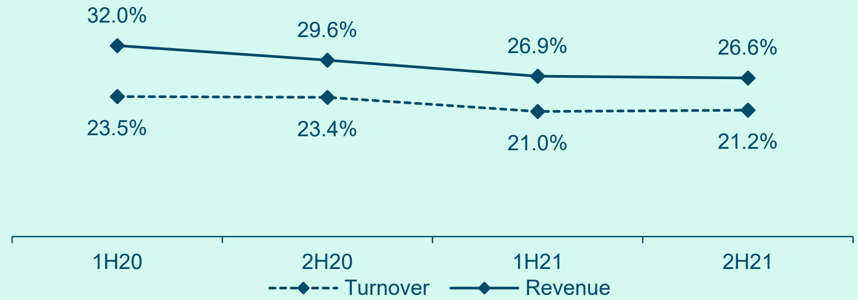
QUARTERLY ACTIVE USERS (‘000)

Growth supported by improving digital experience
(highest acquisition growth in 18 - 35 category)



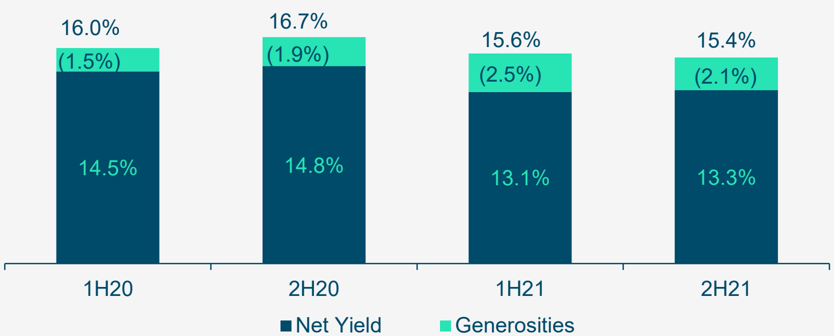
DIGITAL MARKET SHARE[1,4]

2H21 share reflects improving digital capability and reduced disruption from COVID-19 related retail closures



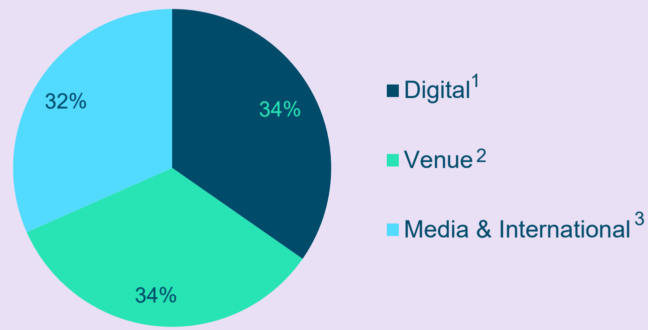
FIXED ODDS YIELDS

Normalisation of yields in 2H21 following elevated generosities in 1H21



VARIABLE CONTRIBUTION

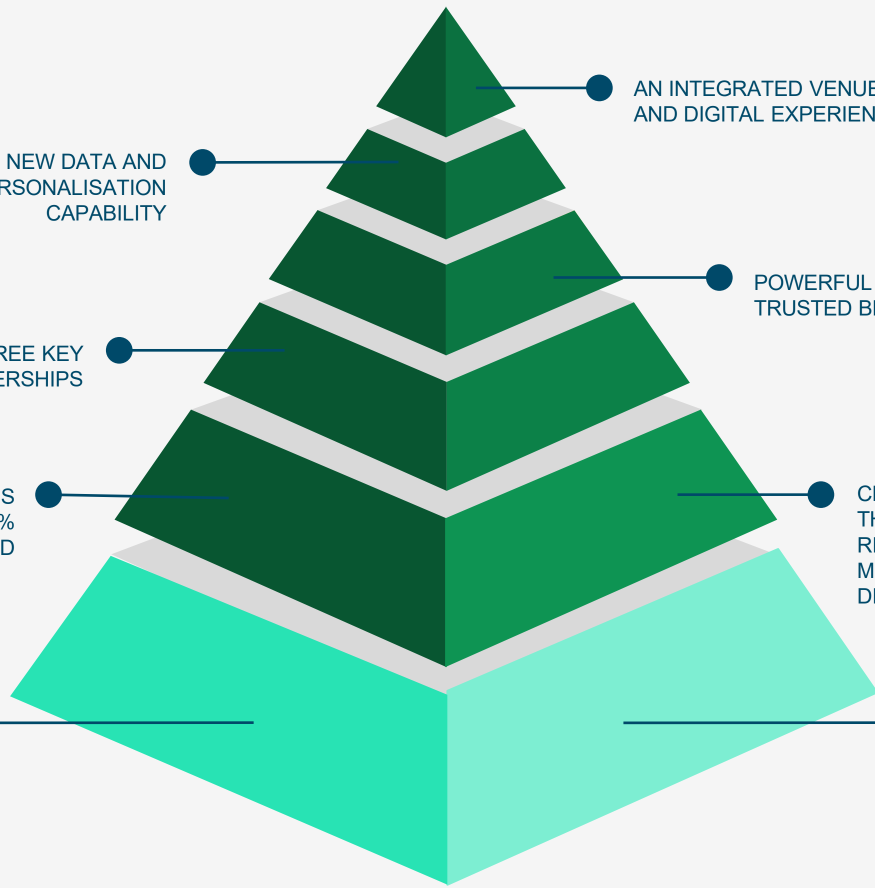
Well diversified income streams



Notes:
1. Digital includes digital and call centre channels in which a customer transacts using their account
2. Venue includes retail and on course channels in which a customer transacts using cash
3. Media & International includes PGI, export, Sky Racing World and domestic Media business
4. Based on data supplied by industry partners which account for approximately one-third of the wagering market. All data is before generosities. Prior year estimates adjusted where necessary to reflect updated data and to align with current measurement methodology

WAGERING & MEDIA

WE HAVE BUILT THE FOUNDATIONS AND INVESTED IN CAPABILITY TO DRIVE FUTURE GROWTH



ALL NEW DATA AND PERSONALISATION CAPABILITY

ADDED THREE KEY US SPORTS PARTNERSHIPS

AN ESTABLISHED BUSINESS INTERNATIONALLY - NOW WITH 100% PGI OWNERSHIP & SKY RACING WORLD

DEEP EXPERIENCE MANAGING COMPLEX AND CHANGING GAMBLING REGULATORY ENVIRONMENTS

LONG-STANDING RACING INDUSTRY CONNECTION, INCLUDING THE AGGREGATION AND DISTRIBUTION OF RACING VISION

AN INTEGRATED VENUE AND DIGITAL EXPERIENCE

POWERFUL AND TRUSTED BRANDS

CREATED A SKY MEDIA BUSINESS THAT HAS LONG TERM RACING MEDIA RIGHTS, A NEW VENUE COMMERCIAL MODEL AND EXPANDED DIGITAL DISTRIBUTION

MULTI-CHANNEL CUSTOMER EXPERIENCE, INCLUDING IN THE EXCLUSIVE LICENSED VENUE NETWORK WHERE CUSTOMERS ARE MOST ENGAGED

INTEGRATED WAGERING, MEDIA AND CONTENT CUSTOMER PROPOSITION

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WAGERING & MEDIA
KEY GROWTH STRATEGIES

Growth to be underpinned by a unique and improved customer experience, domestic structural reform and targeted international expansion

CREATE THE BEST CUSTOMER EXPERIENCE ACROSS ALL CHANNELS

- Further enhancement of the TAB digital experience
- Unique customer experiences
  - Digital-in-venue
  - Vision and sports information innovation
  - Tote revitalisation
  - Product innovation
  - Live in-play
  - High-value customers

UNLEASH THE FULL POTENTIAL OF SKY

- New SKY brand and vision experience for racing and sport
- Unique vision in digital and retail
- New content and formats
- Enhance capability, creativity and value through all channels
- Expanded distribution channels and unique integration to TAB brand

STRUCTURAL REFORM AND TARGETED INTERNATIONAL EXPANSION

- Advocate for sustainable gambling regulation and licence reform to ensure long term industry sustainability
- Achieve regulatory simplification
- Targeted growth of the existing international businesses

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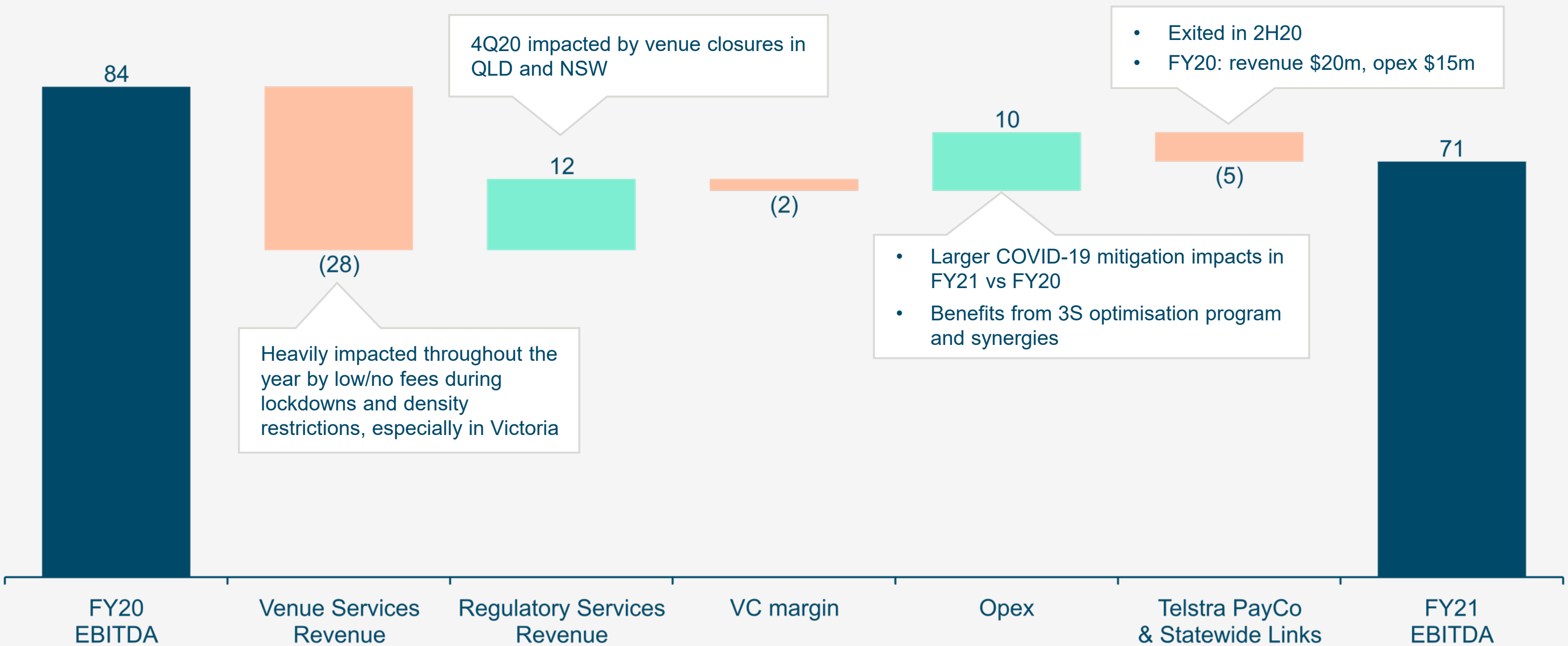
GAMING SERVICES
RESULT HIGHLIGHTS

Continuing impacts from COVID-19 closures and other restrictions, especially for Venue Services; non-cash goodwill impairment of $122m

Resilient performance from Regulatory Services (monitoring)

Business progressing with implementation of the plan to simplify and streamline the business, including a significant opex reduction

$M	FY21	FY20	Change
Revenues	**183**	**221**	**(17.2%)**
Variable contribution	172	210	(18.1%)
Operating expenses	(101)	(126)	(19.8%)
EBITDA	**71**	**84**	**(15.5%)**
D&A	(81)	(98)	(17.3%)
EBIT	**(10)**	**(14)**	**NM**
VC / Revenue %	94.0%	95.0%	(1.0%)
Opex / Revenue %	55.2%	57.0%	(1.8%)
EBITDA / Revenue %	38.8%	38.0%	0.8%



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GAMING SERVICES
KEY STRATEGIES

The focus is on executing the current plan to simplify the operating and business model, and streamline the operating cost base amidst continued COVID-19 disruptions

EXECUTE PLAN TO SIMPLIFY AND STREAMLINE THE BUSINESS

- Leaner management and simplified operating structure
- Develop and implement new products for core MAX Venue Services offer, targeting capex reductions
- Review and modify operating model of field services activities
- Streamline the product portfolio of the systems business
- Focus on core monitoring activity within MAX Regulatory Services

INVEST TO GROW THE CORE

- Pursue additional monitoring products and licences
- Pursue venue advisory opportunities
- Continue to grow data and analytics function and revenues
- Expand product portfolio via third party distribution partnerships

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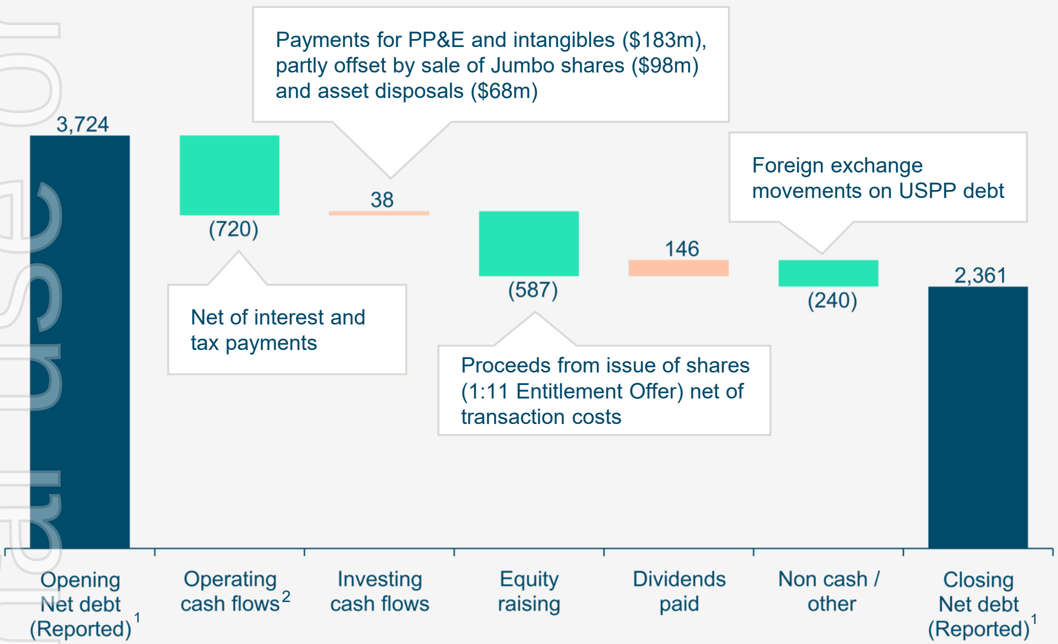
CASH FLOW AND DEBT

Strong balance sheet and operating cash flow conversion

Net debt reduction enabled by strong operating cash flows and equity raising

CASH FLOW ($M)

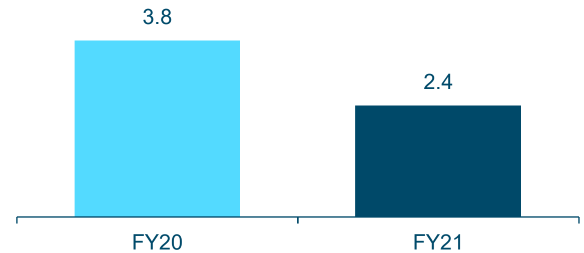


- EBITDA / operating cash flow conversion[3] of 103% (FY20: 102%)
- Cash flows impacted by repayment of deferred Lotteries taxes (net $114m) and prize reserve levels

KEY DEBT RATIOS

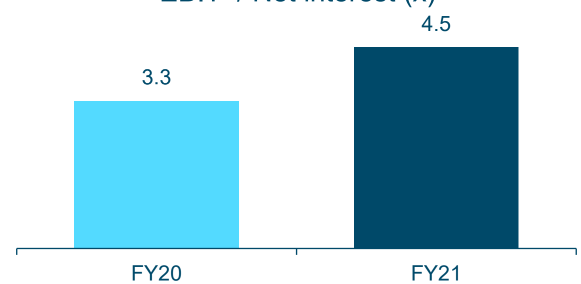
GEARING

Gross debt (economic)[4] / EBITDA (x)



INTEREST COVER

EBIT[5] / Net interest (x)



Notes:
1. Net debt (reported) includes lease liability of $309m (FY20: $353m)
2. Includes cash outflows of $68m relating to significant items (FY20: $46m)
3. Excludes significant items
4. Includes USPP debt at the A$ principal repayment under cross currency swaps
5. EBIT excludes amortisation of the Victorian wagering and betting licence

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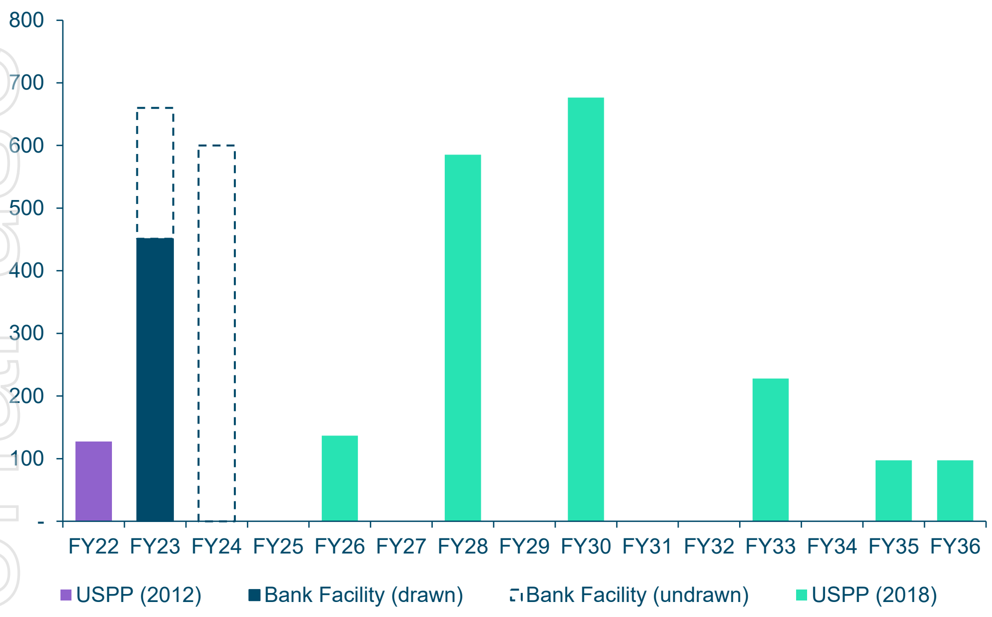
DEBT STRUCTURE AND CAPITAL EXPENDITURE

Long-dated USPP debt intended to be allocated to Lotteries & Keno; bank debt provides shorter term flexibility

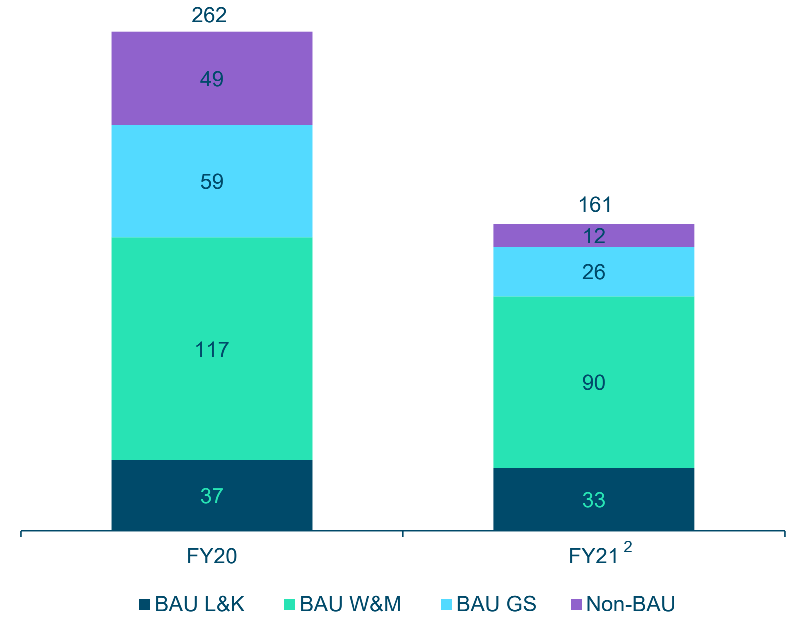
Over $900m of unused bank facilities at year end

Capex reduction reflects completion of integration and disciplined BAU spend in a COVID-19 impacted environment

DEBT STRUCTURE[1] ($M)



CAPITAL EXPENDITURE ($M)



Notes:
1. Excludes $100m overdraft facility maturing in February 2022
2. Non-BAU capex: integration, data centre consolidation

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TRADING UPDATE
COVID-19 IMPACT ON JULY 2021 RESULT

COVID-19 restrictions had a significant impact on results in July[1]

Full year impacts are dependent on the length and nature of restrictions

LOTTERIES & KENO

Revenue impact: negligible

- Marginally positive impact on Lotteries
- Keno adversely impacted by retail closures in NSW
  - Victorian lockdown impacts largely offset by digital growth

WAGERING & MEDIA

Revenue impact: c.$30m-$40m

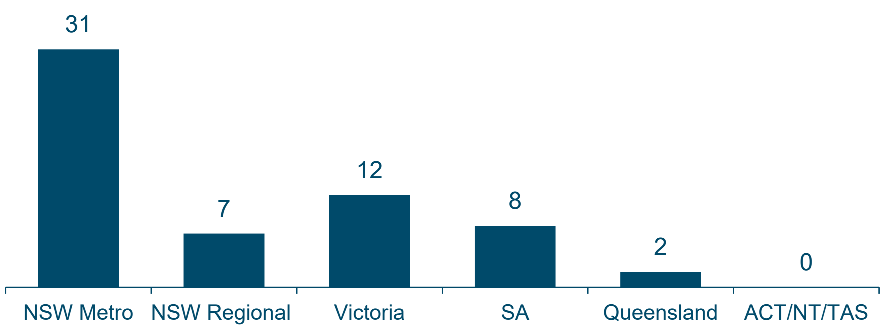
- Wagering and Media revenue adversely impacted by retail closures, especially in NSW and Victoria, partly offset by some transfer to digital

GAMING SERVICES

Revenue impact: c.$5m-$10m

- Venue closures, particularly in Victoria and Metro NSW where the vast majority of customers are located, continued to adversely impact revenues
- Still providing fee relief to closed venues

NUMBER OF LOST DAYS IN RETAIL VENUES: JULY 2021[2]



Notes:
1. The information above is for a single month and is provided for information purposes only. Particularly given the extraordinary current situation pertaining to COVID-19, it should not be considered indicative of future performance. For further information on forward looking statements please refer to the disclaimer at the end of this presentation. Amounts derived from unaudited monthly management accounts. Estimated impact is measured relative to the revenue expected if there had been no lost days in retail venues in the month.
2. Pubs, clubs and agencies regarding Keno, Wagering & Media, and Gaming Services venues

DEMERGER UPDATE

The proposed demerger[1] is expected to unlock significant value and be implemented no later than June 2022

Next demerger update to be provided at October AGM

Detailed planning & preliminary execution phase (Jul 2021 – Sep 2021)

Key workstreams

- Legal structuring and regulatory approvals pathway
- Stakeholder engagement and approvals
- Organisational design planning
- Technology and systems separation roadmap
- Transitional and commercial agreements strategy

Execution phase (Jul 2021 – Jun 2022)

Key workstreams

- Scheme of arrangement process
- Continued stakeholder and regulatory engagement to secure necessary approvals
- Organisational design and key appointments
- Technology and operational separation delivery
- Transitional and commercial arrangements operational

KEY EVENTS[2]

5 Jul	18 Aug	19 Oct	Feb	Apr	May	May/Jun
Demerger announcement	FY21 results release	AGM	1H22 results release	First court hearing and scheme booklet dispatched	Demerger scheme meeting Second court hearing	Demerger completion
2021			2022			

Notes:
1. Demerger subject to shareholder, court, regulatory and other approvals
2. Dates are indicative only and subject to change

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CONCLUSION

Strong operational result in a year heavily impacted by COVID-19

- Lotteries & Keno: Record profit result (despite below average jackpots)
- Wagering & Media: Improved performance and growth across TAB, Media and International
- Gaming Services: Progressing with implementation of the plan to simplify and streamline the business

The proposed demerger is expected to enable two market-leading businesses to operate independently with focused management, optimise their capital structures and to trade at market values which reflect their individual characteristics

Lotteries & KenoCo

Lotteries & KenoCo is one of the highest performing Lotteries businesses globally and offers infrastructure-like qualities, with low capital intensity and upside from continuing digital growth

Wagering & GamingCo

Wagering & GamingCo has national scale and reach, a unique omni-channel offering, organic growth options, and potential upside from future domestic structural reform and further international expansion

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1. SIGNIFICANT ITEMS

GOODWILL IMPAIRMENT

- Non-cash impairment of Gaming Services goodwill reflects reduced expectations for future growth and contract extensions, particularly due to the ongoing COVID-19 impacts.

AMENDED TAX ASSESSMENT RE MAX CMS LICENCE[1]

- Tabcorp received an amended tax assessment for the 2016 taxation year regarding the tax treatment of licence fees in relation to monitoring gaming machines in New South Wales. The amended assessment was for $71m, including $9m ($7m after tax) in Australian Taxation Office imposed interest. Tabcorp lodged an objection with the ATO and disclosed a contingent asset in the Financial Statements. A Notice of Decision was issued in June 2021 disallowing the objection. Tabcorp intends to appeal this decision.

JUMBO PROFIT ON SALE

- Tabcorp sold its shareholding in Jumbo Interactive and recognised a profit after tax on the sale of $69m.

PGI - REVALUATION

- Tabcorp purchased the remaining 50% interest in Premier Gateway International Limited (PGI) in February 2021. The original shareholding required re-measurement under AASB 3 ‘Business Combinations’ resulting in an accounting gain of $35m.

$M	FY21
Goodwill impairment	(122)
Amended tax assessment - MAX CMS Licence	(69)
Jumbo profit on sale	69
PGI - revaluation	35
Tatts Group combination implementation costs	(14)
Restructure costs (3S)	(12)
Racing Queensland arrangements	(11)
Strategic review costs	(4)
Property (net)	(2)
Total significant items (after tax)	**(130)**

TATTS GROUP COMBINATION IMPLEMENTATION COSTS

- Tabcorp/Tatts merger activities are now complete with $14m of implementation costs incurred during FY21. Total implementation costs of $123m pre tax (or $86m after tax) were incurred across the program, below previous market guidance of $130m pre tax.

RESTRUCTURE COSTS (3S)

- Restructure costs in relation to initiatives identified as part of the 3S optimisation program.

RACING QUEENSLAND ARRANGEMENTS[2]

- Tabcorp guaranteed minimum fees that RQ will receive under the deed of understanding with UBET Queensland in each calendar year from 2018 to 2020 inclusive. A top up payment expense of $11m (after tax) was recorded in respect of 1H21, being the top up payment required to meet the minimum fee obligation for the final term of the agreement to 31 December 2020.

STRATEGIC REVIEW COSTS

- Costs in relation to the strategic review resulting in the intention to demerge as announced on 5 July 2021.

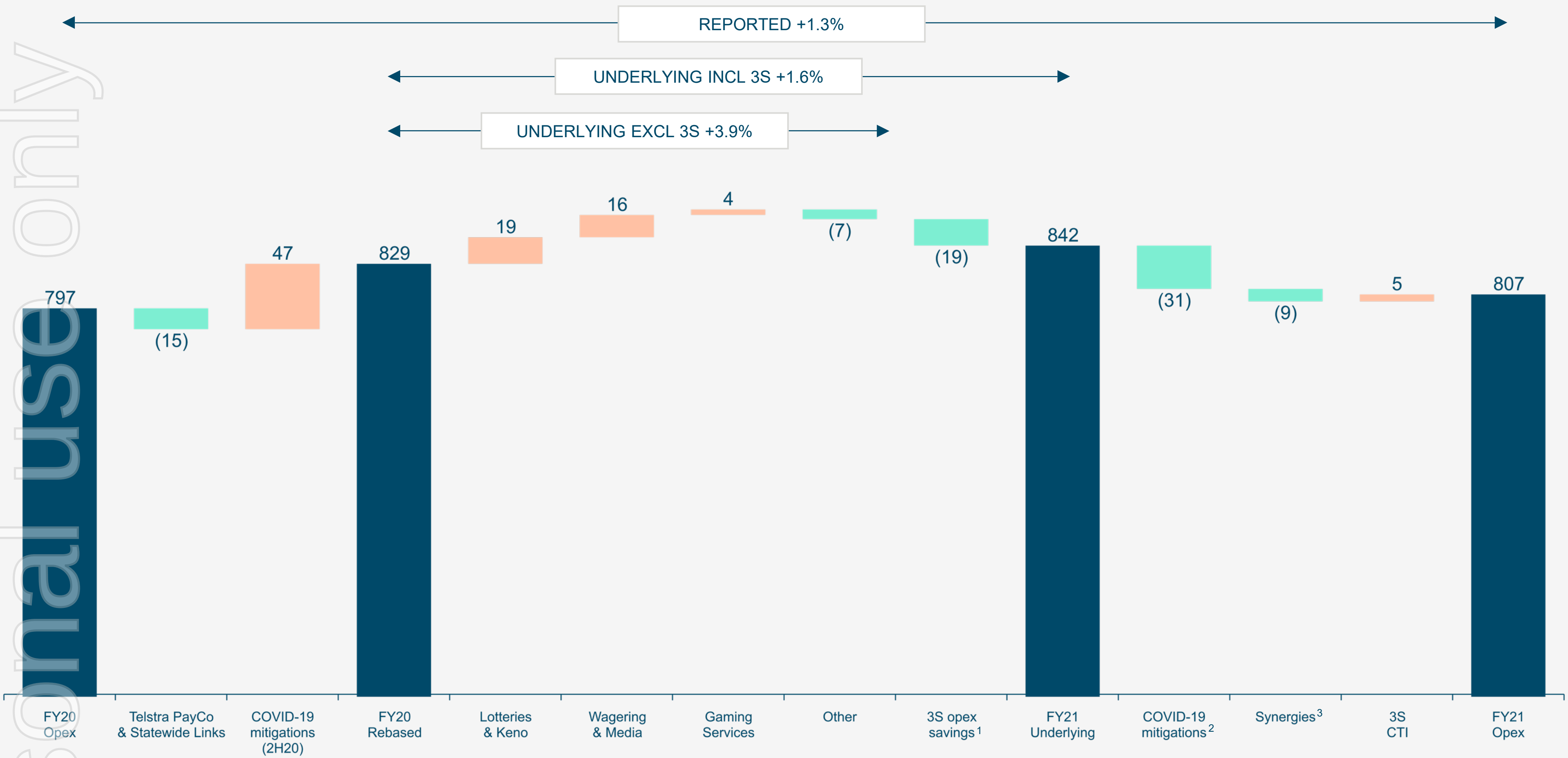
PROPERTY (NET)

- Tabcorp continues to review its property footprint and during the year successfully completed the sale of the surplus Albion property. In addition, a further review of the property portfolio identified surplus floorspace which required an impairment of the associated lease asset.

Notes:

1. Refer Note E4 in the Financial Statements for the year ended 30 June 2021
2. In the event Tabcorp is ultimately unsuccessful in the current dispute with Racing Queensland, further payments may need to be made by the Group. Refer to ASX Announcements dated 28 June 2019 and 24 July 2019 and Note E4 in the Financial Statements for the year ended 30 June 2021

2. GROUP OPERATING EXPENSES



Notes:
1. FY21 3S opex savings of $19m (Lotteries & Keno $1m, Wagering & Media $12m, Gaming Services $6m)
2. FY21 COVID-19 cost mitigations of $31m (Lotteries & Keno $5m, Wagering & Media $8m, Gaming Services $18m)
3. FY21 incremental synergies vs pcp of $9m (Lotteries & Keno $4m, Wagering & Media $4m, Gaming Services $1m)

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3A. GROUP RESULTS

$M	1H21	1H20	Change	2H21	2H20	Change	FY21	FY20	Change
Revenues	**2,870**	**2,914**	**(1.5%)**	**2,816**	**2,310**	**21.9%**	**5,686**	**5,224**	**8.8%**
Variable contribution	951	1,027	(7.4%)	963	765	25.9%	1,914	1,792	6.8%
Operating expenses	(391)	(430)	(9.1%)	(416)	(367)	13.4%	(807)	(797)	1.3%
EBITDA before significant items	**560**	**597**	**(6.2%)**	**547**	**398**	**37.4%**	**1,107**	**995**	**11.3%**
D&A	(188)	(193)	(2.6%)	(195)	(206)	(5.3%)	(383)	(399)	(4.0%)
EBIT before significant items	**372**	**404**	**(7.9%)**	**352**	**192**	**83.3%**	**724**	**596**	**21.5%**
Interest	(82)	(94)	(12.8%)	(73)	(99)	(26.3%)	(155)	(193)	(19.7%)
Tax expense	(83)	(96)	(13.5%)	(87)	(36)	>100.0%	(170)	(132)	28.8%
NPAT before significant items	**207**	**214**	**(3.3%)**	**192**	**57**	**>100.0%**	**399**	**271**	**47.2%**
Significant items (after tax) - goodwill impairment	-	-	-	(122)	(1,090)	NM	(122)	(1,090)	NM
Significant items (after tax) - other	(22)	(15)	46.7%	14	(36)	NM	(8)	(51)	NM
Statutory NPAT	**185**	**199**	**(7.0%)**	**84**	**(1,069)**	**NM**	**269**	**(870)**	**NM**
VC / Revenue %	33.1%	35.2%	(2.1%)	34.2%	33.1%	1.1%	33.7%	34.3%	(0.6%)
Opex / Revenue %	13.6%	14.8%	(1.2%)	14.8%	15.9%	(1.1%)	14.2%	15.3%	(1.1%)
EBITDA / Revenue %	19.5%	20.5%	(1.0%)	19.4%	17.2%	2.2%	19.5%	19.0%	0.5%
EBIT / Revenue %	13.0%	13.9%	(0.9%)	12.5%	8.3%	4.2%	12.7%	11.4%	1.3%

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3B. LOTTERIES & KENO RESULTS[1]

$M	1H21	1H20	Change	2H21	2H20	Change	FY21	FY20	Change
Lotteries Revenues	1,477	1,467	0.7%	1,474	1,259	17.1%	2,951	2,726	8.3%
Keno Revenues	132	117	12.8%	123	74	66.2%	255	191	33.5%
Revenues	**1,609**	**1,584**	**1.6%**	**1,597**	**1,333**	**19.8%**	**3,206**	**2,917**	**9.9%**
Lotteries Variable contribution	354	344	2.9%	365	303	20.5%	719	647	11.1%
Keno Variable contribution	73	66	10.6%	66	41	61.0%	139	107	29.9%
Variable contribution	**427**	**410**	**4.1%**	**431**	**344**	**25.3%**	**858**	**754**	**13.8%**
Operating expenses	(116)	(115)	0.9%	(122)	(97)	25.8%	(238)	(212)	12.3%
EBITDA	**311**	**295**	**5.4%**	**309**	**247**	**25.1%**	**620**	**542**	**14.4%**
D&A	(53)	(49)	8.2%	(51)	(51)	0.0%	(104)	(100)	4.0%
EBIT	**258**	**246**	**4.9%**	**258**	**196**	**31.6%**	**516**	**442**	**16.7%**
Lotteries VC / Revenue %	24.0%	23.4%	0.6%	24.8%	24.1%	0.7%	24.4%	23.7%	0.7%
Keno VC / Revenue %	55.3%	56.4%	(1.1%)	53.7%	55.4%	(1.7%)	54.5%	56.0%	(1.5%)
VC / Revenue %	26.5%	25.9%	0.6%	27.0%	25.8%	1.2%	26.8%	25.8%	1.0%
Opex / Revenue %	7.2%	7.3%	(0.1%)	7.6%	7.3%	0.3%	7.4%	7.3%	0.1%
EBITDA / Revenue %	19.3%	18.6%	0.7%	19.3%	18.5%	0.8%	19.3%	18.6%	0.7%
EBIT / Revenue %	16.0%	15.5%	0.5%	16.2%	14.7%	1.5%	16.1%	15.2%	0.9%

Notes:
1. Instant Scratch-It inventory costs have been restated in FY20 and 1H21 from operating expenses to Cost of Goods Sold (within variable contribution)

3C. WAGERING & MEDIA RESULTS

$M	1H21	1H20	Change	2H21	2H20	Change	FY21	FY20	Change
Revenues	**1,189**	**1,180**	**0.8%**	**1,109**	**904**	**22.7%**	**2,298**	**2,084**	**10.3%**
Variable contribution	458	473	(3.2%)	426	352	21.0%	884	825	7.2%
Operating expenses	(231)	(239)	(3.3%)	(239)	(215)	11.2%	(470)	(454)	3.5%
EBITDA	**227**	**234**	**(3.0%)**	**187**	**137**	**36.5%**	**414**	**371**	**11.6%**
D&A	(95)	(95)	0.0%	(103)	(101)	2.0%	(198)	(196)	1.0%
EBIT	**132**	**139**	**(5.0%)**	**84**	**36**	**>100.0%**	**216**	**175**	**23.4%**
VC / Revenue %	38.5%	40.1%	(1.6%)	38.4%	38.9%	(0.5%)	38.5%	39.6%	(1.1%)
Opex / Revenue %	19.4%	20.3%	(0.9%)	21.6%	23.8%	(2.2%)	20.5%	21.8%	(1.3%)
EBITDA / Revenue %	19.1%	19.8%	(0.7%)	16.9%	15.2%	1.7%	18.0%	17.8%	0.2%
EBIT / Revenue %	11.1%	11.8%	(0.7%)	7.6%	4.0%	3.6%	9.4%	8.4%	1.0%

3D. GAMING SERVICES RESULTS

$M	1H21	1H20	Change	2H21	2H20	Change	FY21	FY20	Change
MAX Venue Services	33	102	(67.6%)	66	48	37.5%	99	150	(34.0%)
MAX Regulatory Services	40	47	(14.9%)	44	24	83.3%	84	71	18.3%
Revenues	**73**	**149**	**(51.0%)**	**110**	**72**	**52.8%**	**183**	**221**	**(17.2%)**
Variable contribution	66	142	(53.5%)	106	68	55.9%	172	210	(18.1%)
Operating expenses	(44)	(76)	(42.1%)	(57)	(50)	14.0%	(101)	(126)	(19.8%)
EBITDA	**22**	**66**	**(66.7%)**	**49**	**18**	**>100.0%**	**71**	**84**	**(15.5%)**
D&A	(40)	(45)	(11.1%)	(41)	(53)	(22.6%)	(81)	(98)	(17.3%)
EBIT	**(18)**	**21**	**NM**	**8**	**(35)**	**NM**	**(10)**	**(14)**	**NM**
VC / Revenue %	90.4%	95.3%	(4.9%)	96.4%	94.4%	2.0%	94.0%	95.0%	(1.0%)
Opex / Revenue %	60.3%	51.0%	9.3%	51.8%	69.4%	(17.6%)	55.2%	57.0%	(1.8%)
EBITDA / Revenue %	30.1%	44.3%	(14.2%)	44.5%	25.0%	19.5%	38.8%	38.0%	0.8%
EBIT / Revenue %	(24.7%)	14.1%	(38.8%)	7.3%	(48.6%)	55.9%	(5.5%)	(6.3%)	0.8%

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4. BALANCE SHEET

$M	Jun-21	Jun-20	Change
Total current assets	898	727	23.5%
Licences	2,041	2,148	(5.0%)
Other intangible assets	8,056	8,134	(1.0%)
Property, plant and equipment	376	456	(17.5%)
Other non current assets	498	951	(47.6%)
Total assets	**11,869**	**12,416**	**(4.4%)**
Total liabilities	5,173	6,389	(19.0%)
Shareholders' funds	**6,696**	**6,027**	**11.1%**
Net debt (reported)[1]	2,361	3,724	(36.6%)
Net debt (economic)[2]	2,284	3,399	(32.8%)
Shares on issue (m)	2,222	2,032	9.4%
Key debt ratios			
Gross debt (economic)[2] / EBITDA (x)	2.4	3.8	
EBIT[3] / Net interest (x)	4.5	3.3	

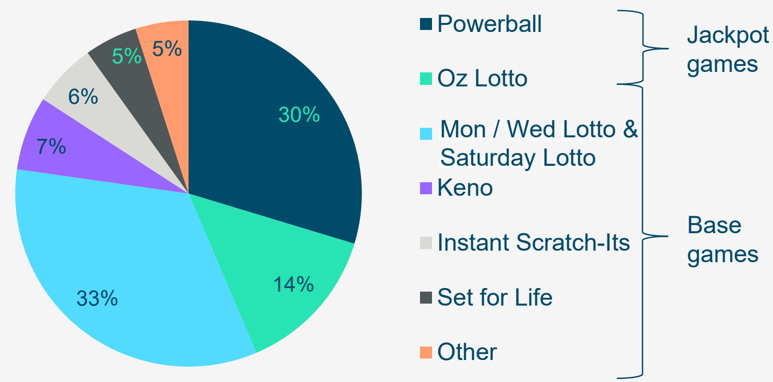
Notes:
1. Net debt (reported) includes lease liability of $309m (FY20: $353m)
2. Includes USPP debt at the A$ principal repayment under cross currency swaps
3. EBIT excludes amortisation of the Victorian wagering and betting licence

5. ADDITIONAL KPIs

WAGERING & MEDIA

	FY21	FY20	Change
Turnover by distribution ($m)[1]			
Retail	5,305	5,354	(0.9%)
Digital	9,097	7,067	28.7%
Call Centre	384	391	(1.8%)
Other[2]	1,659	1,267	30.9%
Total	**16,445**	**14,079**	**16.8%**
Revenue by product ($m)[1]			
Totalisator	1,072	1,026	4.5%
Fixed Odds	977	911	7.2%
Total Racing	**2,049**	**1,937**	**5.8%**
Sport	242	193	25.4%
Trackside	53	55	(3.6%)
Total	**2,344**	**2,185**	**7.3%**
Fixed Odds Yields			
Gross Yield	15.5%	16.4%	(0.9%)
Generosities	(2.3%)	(1.7%)	(0.6%)
Net Yield	**13.2%**	**14.7%**	**(1.5%)**
Net Racing Yield	14.3%	15.6%	(1.3%)
Net Sports Yield	10.0%	11.4%	(1.4%)
Other KPIs			
Wagering active customers[3]	784,000	715,000	9.7%
Digital-in-venue turnover ($m)	530	350	51.4%
Retail turnover from SST (%)	62.3%	59.8%	+2.5%
Sky Racing Active registered customers[4]	59,000	38,000	55.3%
Sky venue subscriptions (#)	4,911	4,901	0.2%
Sky races broadcast (#)	140,168	123,719	13.3%

LOTTERIES & KENO: REVENUE BY PRODUCT



GAMING SERVICES

MAX VENUE SERVICES

Contracted EGMs	Jun-21	Jun-20	Change
Victoria	7,980	8,230	(250)
NSW	530	1,930	(1,400)
Total	**8,510**	**10,160**	**(1,650)**

MAX REGULATORY SERVICES

Monitored EGMs	Jun-21	Jun-20	Change
NSW	90,700	92,840	(2,140)
Queensland	29,860	31,180	(1,320)
NT	1,450	1,450	-
Total	**122,010**	**125,470**	**(3,460)**

Notes:
1. Combined Wagering results only (excluding Media). TAB turnover and TAB revenue includes Victorian Racing Industry interest
2. Other turnover comprises On-course, Premium Customers and PGI
3. Wagering active digital customers measured on a rolling 12 month basis. For comparability, prior period data adjusted to exclude duplication between TAB and ex UBET customers
4. Reflects life to date Sky Racing Active registered customers

6. GLOSSARY

TERM	DEFINITION
1H/2H	Six months ended 31 December/30 June of the relevant financial year
1Q/2Q/3Q/4Q	Three months ended 30 September/31 December/31 March/30 June of the relevant financial year
3S	Optimisation program - Simpler, Smarter & Stronger
AAS	Australian Accounting Standards
ACT	Australian Capital Territory
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BAU	Business as Usual
Combination	The Tabcorp-Tatts combination which was implemented in December 2017
CRM	Customer Relationship Management
D&A	Depreciation, Amortisation and impairment
DPS	Dividends Per Share
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation, Amortisation and impairment
EGM	Electronic Gaming Machine
EPS	Earnings Per Share
Financial year / FY	The Group's financial year is 1 July to 30 June
GAAP	Generally accepted accounting principles
Gaming Services (GS)	The Group's business that provides services to licensed gaming venues and EGM monitoring services
Group	The Tabcorp group of companies

TERM	DEFINITION
IFRS	International Financial Reporting Standards
Keno	A game of chance that is played approximately every three minutes and part of the Group's Lotteries and Keno business
Lotteries and Keno (L&K)	The Group's business that operates lotteries and Keno, which are games of chance
MAX	The Group's Gaming Services brand
NM	Not meaningful
NPAT	Net Profit After Tax
OPEX	Net operating expenses
PCP	Prior Corresponding Period
PGI	Premier Gateway International Limited
POCT	Point of Consumption Tax
ROIC	Return on invested capital (refer Slide 6 for definition)
RQ	Racing Queensland
Sky Racing	Part of the Group's Media business, broadcasting racing and sport throughout Australia and internationally
TAB	The Group's wagering brand
UBET	The part of the Group's wagering business acquired as part of the Combination
Tatts or Tatts Group	Tatts Group Limited (ABN 19 108 686 040) which was acquired by Tabcorp Holdings Limited in December 2017
The Lott	Umbrella brand for the entire lotteries business
USPP	US Private Placement
VC	Variable Contribution
Wagering and Media (W&M)	The Group's business that operates fixed odds and pari-mutuel betting products and services on racing, sport and novelty products, and racing and sports broadcasting

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the Lott KENO TAB SKY RACING MAX