

For public register

30 October 2012

Ms Imogen Hartcher-O'Brien and Ms Jasmine Tan
Mergers & Adjudication Branch
Australian Competition and Consumer Commission
23 Marcus Clark Street
Canberra ACT 2601

Dear Imogen and Jasmine

Notification of collective bargaining submitted by Harness Racing Australia Inc

1. Introduction

- 1.1 We refer to HRA's email to the Commission dated 2 October 2012.
- 1.2 The purpose of this letter is to clarify two specific matters raised in HRA's email.

2. Supply of racing content to international acquirers

- 2.1 In its email (at paragraph 2(b)), HRA states that ThoroughVision Pty Ltd ("**TVN**") negotiates with international acquirers in relation to the supply of content rights for thoroughbred racing. This is only partially correct.
- 2.2 As set out in TVN's media release dated 14 June 2012, the Victorian and NSW thoroughbred content owners have decided to aggregate their audio and vision rights through TVN. However, TVN does not supply all of those rights to international acquirers. Sky Channel currently has the right to market all Victorian and NSW thoroughbred racing audio and vision rights to overseas acquirers, other than the rights to races on Melbourne Cup and Cox Plate day.
- 2.3 Sky Channel exports racing programming for all three racing codes to over 31 countries worldwide, and has made significant investments in infrastructure to facilitate these export sales. Wagering revenue generated in these export markets is shared with, and provides significant benefits to, the Australian industry.
- 2.4 In FY2012, the wagering revenue generated in export markets (across all three racing codes) was \$23.1 million (see Attachment 1, Tabcorp Holdings Limited's 2012 Investor Day presentation).

3. Relationship between wagering and the harness racing industry

- 3.1 In its email (at paragraph 3), HRA states that the majority of the income for State Controlling Bodies (“SCBs”) and racing clubs is derived from fees generated by wagering, and refers to these fees as “product fees”. Sky Channel wishes to clarify that there are two types of fees paid by wagering operators to SCBs and racing clubs, namely:
- (a) race field information fees; and
 - (b) product fees.
- 3.2 “Race field information fees” are fees that are paid by all wagering operators in accordance with relevant State legislation. These operators include on-course bookmakers, the various totalisators that operate throughout Australia (e.g. Tabcorp, Tattsbet, Tab Limited), as well as corporate bookmakers licensed in other states (e.g. Centrebet, Sportingbet and Betfair). These fees are set on a State-by-State basis for each of the racing codes, and the fees can differ between racing codes.
- 3.3 By way of example, the fee for the use of race field information in NSW (both harness and thoroughbred racing) is 1.5% of turnover on the particular races. However, the fee for greyhound racing is 15% of gross revenue in relation to wagers taken on NSW greyhound racing. In Tasmania, the fee for all three codes is 10% of revenue generated through wagering on those codes.
- 3.4 In contrast, “product fees” are fees that are paid only by state wagering licensees. In Victoria and NSW, the relevant licensed wagering operators (being Tabcorp Wagering Manager (Vic) Pty Ltd in Victoria, and Tab Limited in NSW) have entered into agreements as a condition of their off-course wagering licences or as required by the relevant legislation, under which each racing code is entitled to a share of the revenue generated by the licensee. A significant amount of this revenue is derived from wagering turnover on that States’ racing product.
- 3.5 In Victoria and NSW, product fees represent the majority of the income earned by the racing industry. Annual reports for Tabcorp and the three racing codes in Victoria and NSW reveal that:
- (a) in NSW, product fees generate approximately \$230-250 million in revenue each year for the NSW racing industry, compared to approximately \$48-55 million in revenue which is generated from race field information fees; and
 - (b) in Victoria, product fees generate approximately \$320-340 million in revenue each year for the Victorian racing industry, compared to approximately \$55-60 million in revenue which is generated from race field information fees.
- 3.6 Sky Channel consults extensively with audio and vision providers across all three racing codes in order to optimise broadcasting exposure and therefore wagering revenue. This consultation and scheduling process will not be facilitated by the notified conduct. To the contrary a decrease in broadcasting exposure is likely to reduce the total amount of wagering turnover and therefore the amount of “product fees” which are critical to supporting not only HRA’s members, but also the Australian racing industry as a whole.
- 3.7 Accordingly, Sky Channel does not agree that the notified conduct (with HRA’s stated intention of increasing licence fees and/or changing broadcast scheduling) would involve any public benefits. In contrast, the notified conduct has the potential to create significant public detriments.

4. Further questions

4.1 If the Commission requires any further information, Sky Channel would be pleased to assist.

Yours sincerely



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Encl

Attachment 1

Tabcorp Holdings Limited 2012 Investor Presentation

[http://www.tabcorp.com.au/resources.ashx/mediareleases/692/downloadableVersion/B93F7884F071A5E9218BEFDBA6AF71FF/18_October - Investor Day.pdf](http://www.tabcorp.com.au/resources.ashx/mediareleases/692/downloadableVersion/B93F7884F071A5E9218BEFDBA6AF71FF/18_October_-_Investor_Day.pdf)

Tabcorp Holdings Limited

ACN 66 063 780 709

Investor Day

18 October 2012



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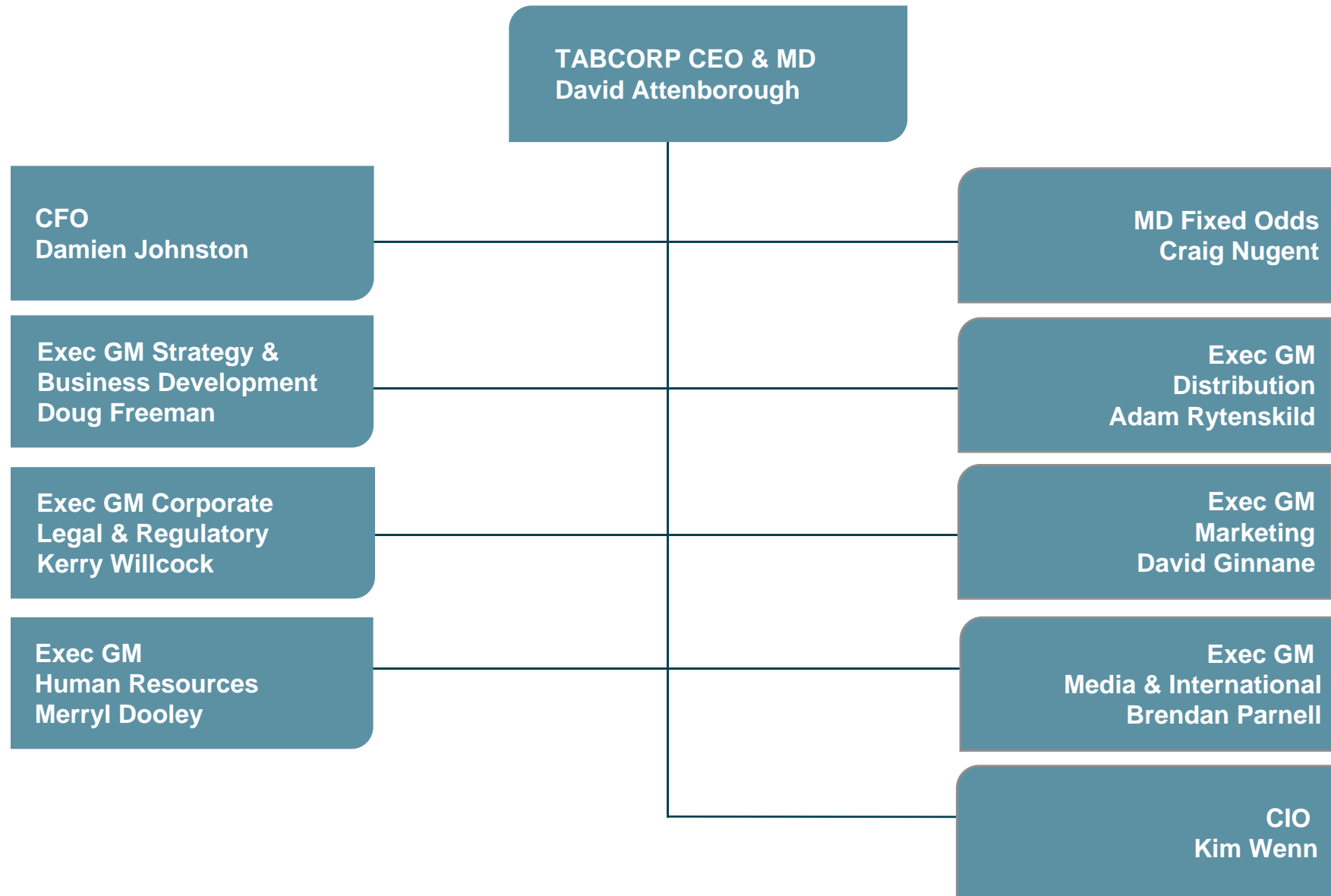
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Tabcorp senior leadership team



Market leading businesses

Tabcorp has a unique multi-product, multi-channel gambling entertainment business

Product	Brands	Licence expiry	% EBITDA	Channels		International
				Retail / Live events	Digital / Account	
Wagering		NSW 2097 Victoria 2024	63%	NSW 2,130 outlets Victoria 720 outlets 270 racecourses with oncourse wagering facilities	Internet Mobile devices Interactive TV Phone	Co-mingling with four jurisdictions
		NSW 2097 Victoria 2024		NSW 2,000 outlets Victoria 700 outlets		
		NT 2015			Internet Mobile devices Phone	
Keno		NSW 2022 Queensland 2022 Victoria 2022	13%	Queensland 1,090 outlets NSW 1,770 outlets Victoria 650 outlets		
TGS		n/a	11%	8,500+ EGMs contracted 170 outlets		
Media		n/a	13%	5,400 commercial outlets Broadcasting from 230 Australian racetracks	Internet Mobile devices Pay TV	Exporting to 31 countries
% of Revenue				80%	19%	1%

Note: Above statistics are as at 30 September 2012 unless otherwise stated, rounded

% of Revenue and % of EBITDA based on FY12 results, excluding Victorian Tabaret, and TGS expected EBITDA of approximately \$55m p.a. from August 2012

Investment highlights

Tabcorp has an attractive investment case – defensive earnings, strong cash flow and growth from new investments

- Quality integrated gambling entertainment business with multiple channels delivering market leading products
 - Strong trusted brands
 - Geographic diversification
 - Long dated licences
 - Unique multi-product / multi-channel distribution
- Strong cash generating businesses and defensive earnings profile
- Maintained market share in highly competitive market
- Product and technology innovation to lead both retail and digital channels
- Driving growth from new investments
- Business model underpinned by strong relationships with stakeholders

A successful 12 months

Transition priorities were well executed

- Demerger implemented and separation completed
- Seamless transition to new Victorian Wagering and Betting Licence
- Successful launch of new Victorian Keno business
- Smooth transition out of Victorian Tabaret
- Well executed start up of Tabcorp Gaming Solutions (TGS)
- Launch of new international wagering hub – Premier Gateway International (PGI)
- Refinancing of FY13 debt maturities
- Recent Federal Court judgement in the Victorian “Betbox” case confirmed Tabcorp’s sole retail licence

FY12 financial performance

Tabcorp delivered solid earnings growth in FY12

Group financial performance

\$m	FY12	FY11	Change
Revenues	3,038.5	2,947.5	3.1%
Variable contribution	1,141.3	1,082.5	5.4%
Operating expenses	(416.1)	(395.7)	5.2%
EBITDA before impairment	725.2	686.8	5.6%
D&A	(133.5)	(124.3)	7.4%
EBIT before impairment	591.7	562.5	5.2%

EBITDA by business

\$m	FY12	FY11	Change
Wagering	313.5	287.5	9.0%
Media	65.7	59.8	9.9%
Gaming	282.6	279.6	1.1%
Keno	63.4	60.6	4.6%

1Q13 trading update

Tabcorp's revenue growth continued into 1Q13. Wagering declined due to change in Victorian Licence terms

Revenue (\$m)	1Q13	1Q12	Change
Wagering	384.6	394.1	(2.4%)
Media & International	49.5	46.6	6.2%
TGS	13.1	1.1	>100%
Keno	53.9	45.8	17.7%
Total - continuing operations	488.9	475.2	2.9%
Victorian Tabaret - discontinued operations	130.2	284.1	(54.2%)

- Refer ASX release "1Q13 Trading Update" on 17 October 2012 for further details.

Note: Reported wagering revenue impacted by Tabcorp's share of the Victorian JV changed from 75% to 50%, with new licence commencing 16 August 2012.
TGS commenced operations 16 August 2012.
Victorian Tabaret operations ceased 15 August.2012.
Revenues do not aggregate to group total due to intercompany eliminations.

1Q13 trading update – Wagering KPIs

Growth in fixed odds revenues more than offset the decline in totalisator revenues in 1Q13

<u>\$m</u>	<u>1Q13</u>	<u>1Q12</u>	<u>Change</u>
Revenue by product			
Totalisator - Vic	144.9	145.1	(0.1%)
Totalisator - NSW	172.6	180.9	(4.6%)
Fixed Odds	94.7	72.7	30.3%
Trackside	22.6	20.8	8.7%
Luxbet	8.1	5.3	52.8%
Turnover by distribution			
Retail Vic	758.9	767.0	(1.1%)
Retail NSW	993.1	972.5	2.1%
Digital	573.9	508.4	12.9%
Phone	185.8	203.6	(8.7%)
Other	207.5	184.0	12.8%
Luxbet	161.1	100.5	60.3%

Note: Victoria includes Victorian Racing Industry (VRI) interest under the JV
Other includes oncourse and premium customers
Refer ASX release "1Q13 Trading Update" on 17 October 2012 for further details

Key strategies

Strategies remain focussed on leadership in retail and digital

Build on strength in retail	<ul style="list-style-type: none">➤ Optimise distribution footprint➤ Deliver full suite of products and related services➤ Lead with world-class self-service technology➤ Broadcast rights retention➤ Manage expiration of retail exclusivity in NSW – June 2013➤ Expand TGS in Victoria
Drive digital / account	<ul style="list-style-type: none">➤ Invest in digital to lead the market for online and mobile➤ Expand Luxbet➤ Strengthen customer relationships through CRM capability
Geographic expansion	<ul style="list-style-type: none">➤ Expand international pooling through Isle of Man➤ Drive export of Australian racing and import international product➤ Establish TGS interstate
Drive new products	<ul style="list-style-type: none">➤ Expand fixed odds offer➤ Drive growth in Keno through new product expansion

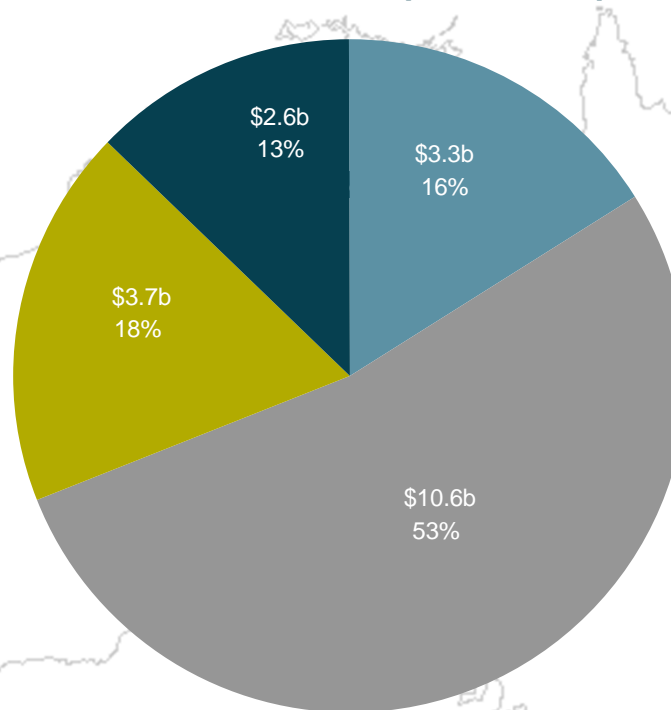
Doug Freeman – Market Trends



Australian gambling market

Tabcorp is diversified across three core segments of the Australian Gambling Market

Total Gambling Revenue A\$20.1b (FY12 est)



■ Wagering ■ Gaming ■ Casinos ■ Lotteries

Lotteries

- Operators 7
- Ownership Govt/Corporate
- Revenue A\$2.6b
- **TAH share (Keno) A\$0.3b**

Wagering

- Operators 4 State TAB's + 9 NT Bookmakers
- Ownership Govt/Corporate
- Revenue A\$3.3b
- **TAH share A\$1.8b**

Casinos

- Venues 13
- Ownership Corporate
- Revenue A\$3.7b

Gaming machines

- Venues c. 5,500
- Ownership Corporate
- Revenue A\$10.6b
- **TGS services in Victoria**

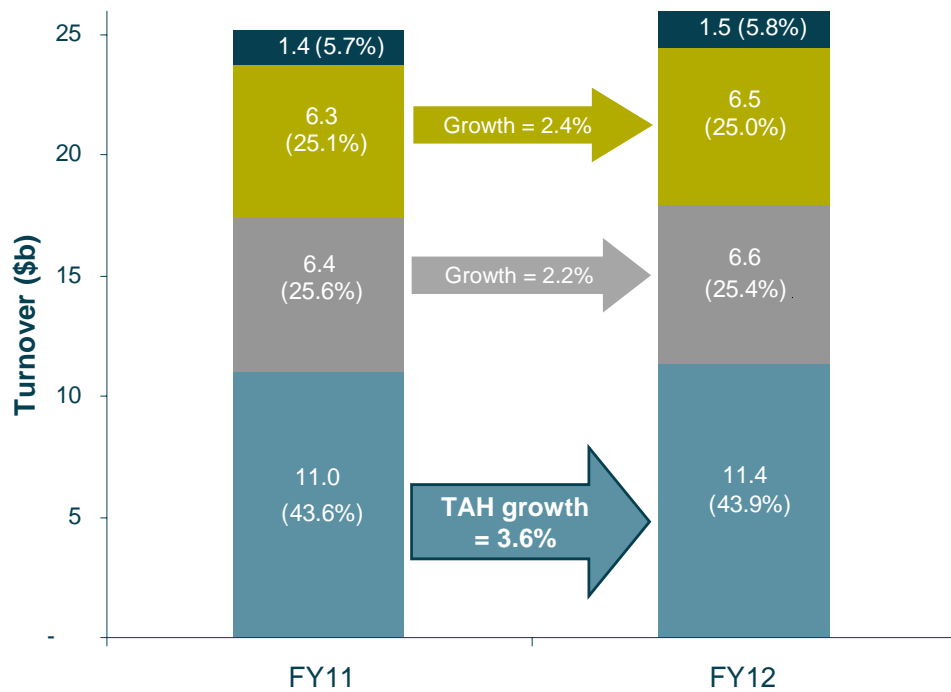
Source: Tabcorp estimates based on state regulators' publications, Australian Gambling Statistics 27th Edition June 2011, internal data

Wagering market

Tabcorp has improved market share in a highly competitive environment

TOTAL AUSTRALIAN WAGERING MARKET

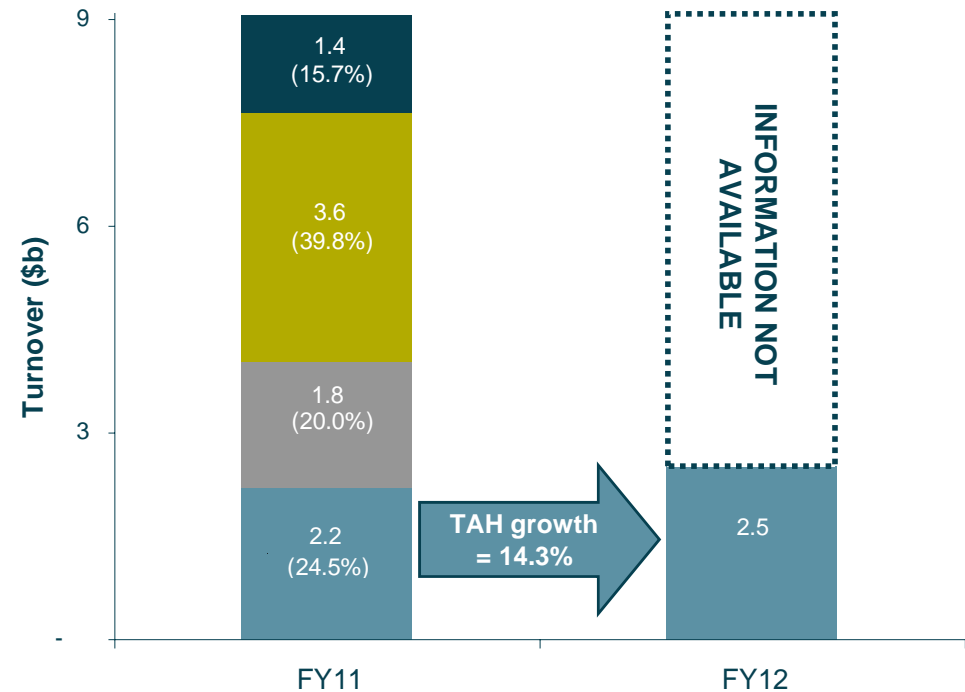
Total Market = \$26.0b Turnover
Market Growth in FY12 = 3.0%



■ Tabcorp ■ Other TAB's ■ Bookmakers ■ Betting Exchange

ONLINE AUSTRALIAN WAGERING MARKET

Total Market = \$9.1b Turnover (FY11)
Online share of Total Wagering Market = 36% (FY11)



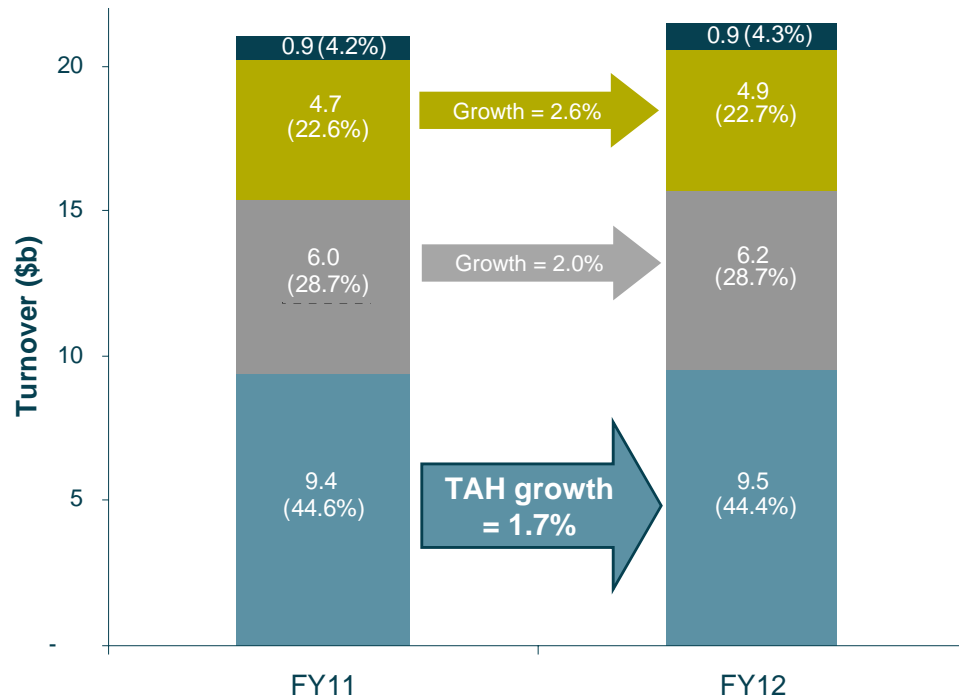
Source: Tabcorp estimates based on Australian Racing Fact Book 2011, Annual Reports, internal data

Racing and Sport markets

Tabcorp has grown turnover in the Racing and Sports markets

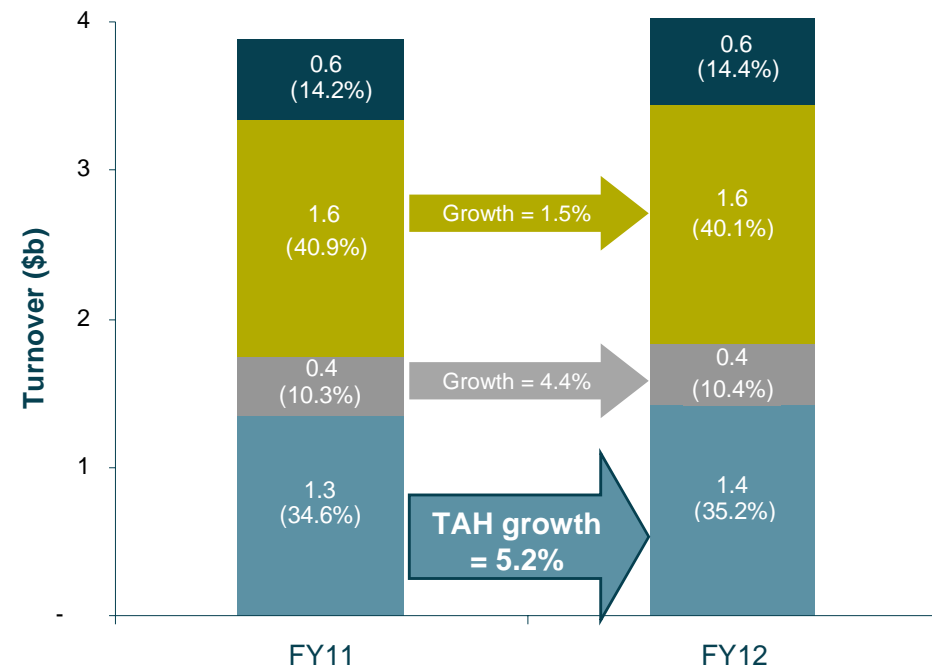
AUSTRALIAN RACING WAGERING MARKET

Total Market = \$21.5b Turnover
Market Growth in FY12 = 2.1%



AUSTRALIAN SPORTS WAGERING MARKET

Total Market = \$4.0b Turnover
Market Growth in FY12 = 3.6%



■ Tabcorp ■ Other TAB's ■ Bookmakers ■ Betting Exchange

Source: Tabcorp estimates based on Australian Racing Fact Book 2011, Annual Reports, internal data

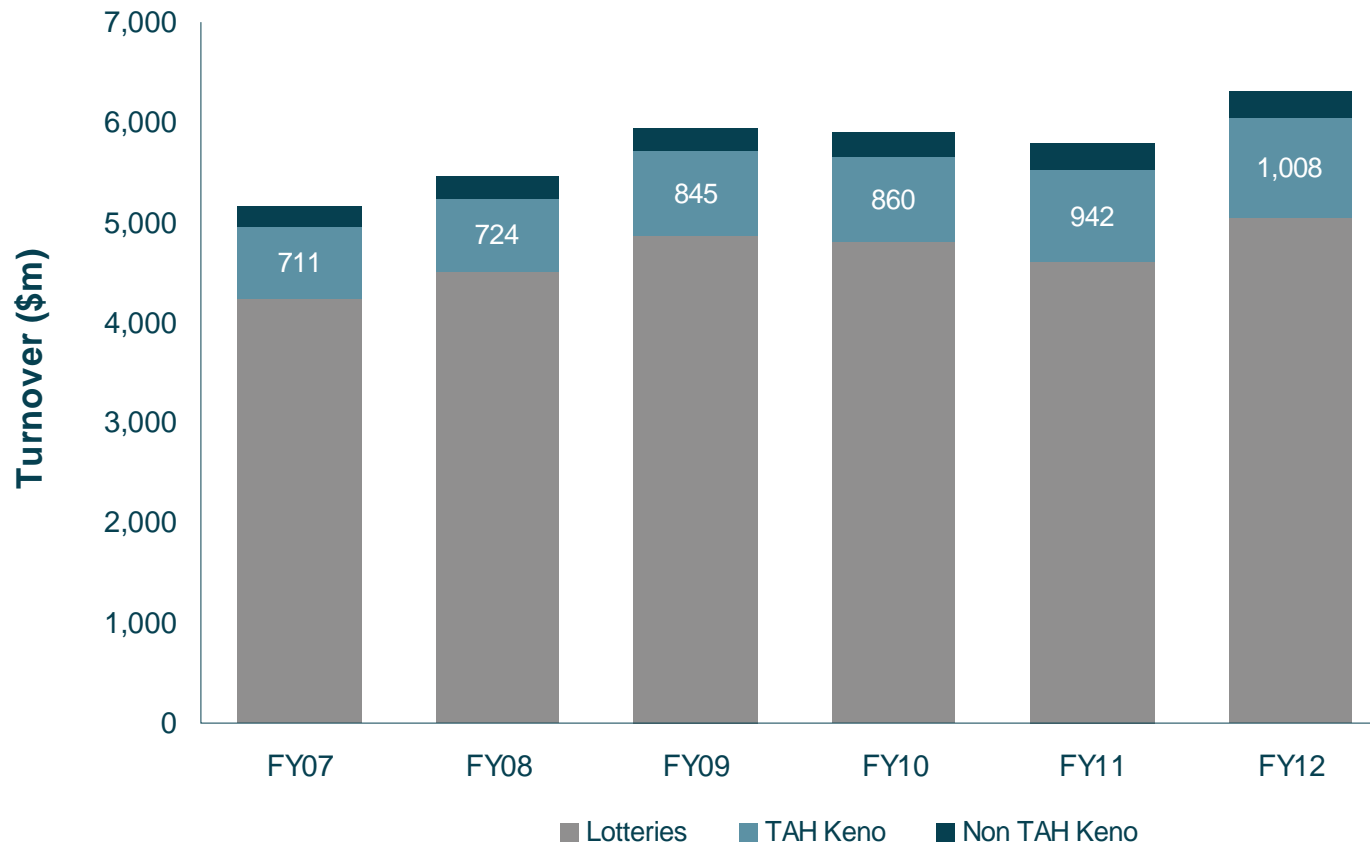
Lottery market

Turnover growth in Tabcorp's Keno business has outperformed the broader lottery market

AUSTRALIAN LOTTERIES
FY12 Turnover ~\$6.3 billion

CAGR
FY07 – FY12

Total 4.1%



4.3%

7.3%

3.6%

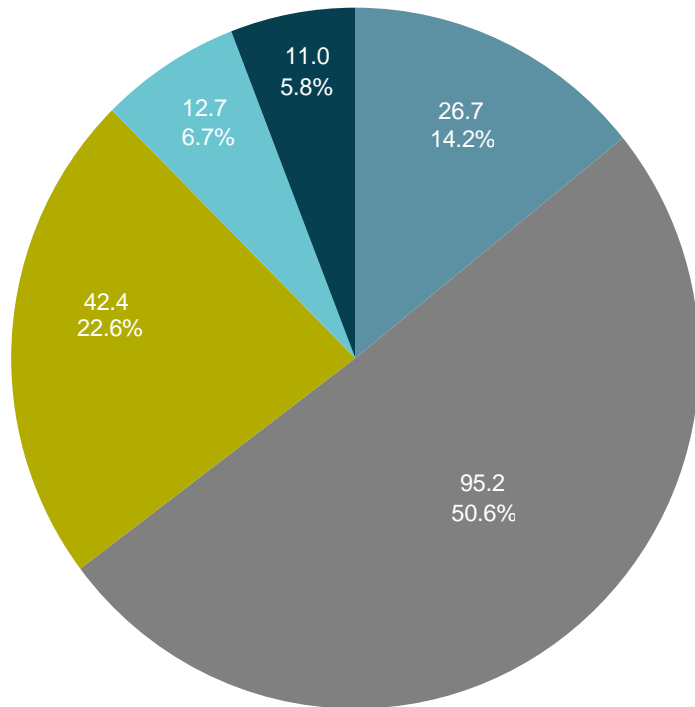
Source: Tabcorp estimates based on Annual Reports, internal data

Electronic gaming machine market

The EGM market is a growth opportunity for our TGS business

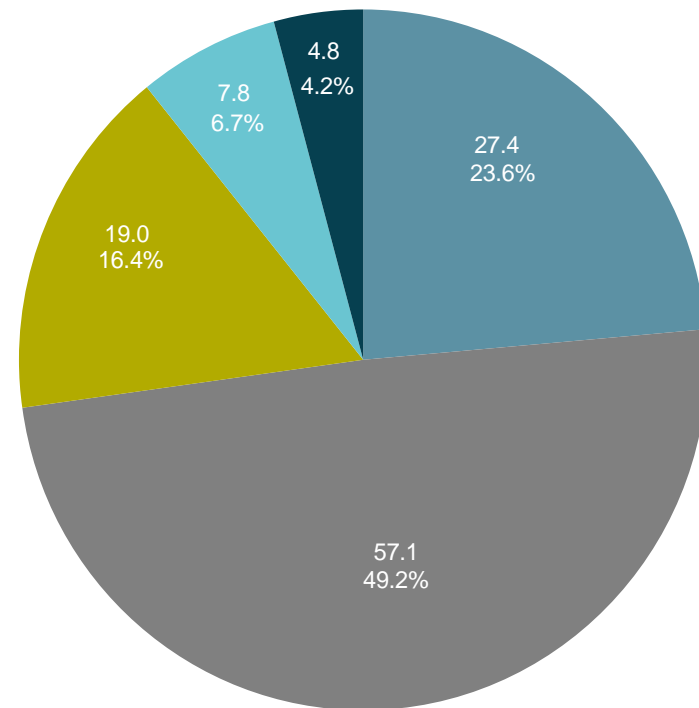
NUMBER OF EGMs IN AUSTRALIA (000's)

Total Number of EGMs = 188,000
Growth in EGM Numbers in FY12 = 1.1%



GAMING TURNOVER BY STATE FY12 (\$b)

Total Market Value = \$116.1b Turnover
Market Growth in FY12 = 1.0%



■ VIC ■ NSW ■ QLD ■ SA ■ Other

➤ Tabcorp's TGS business has more than 8,500 EGMs contracted in Victoria

Source: Tabcorp estimates based on state regulators' publications, Australian Gambling Statistics 27th Edition June 2011, internal data

Domestic consumer trends

Tabcorp has developed capabilities to meet domestic consumer trends

Digital devices & real time access

- Popularity of mobile devices & apps
- Social media
- Rapid adoption of new technology
- Virtual game based entertainment
- Integration of digital into retail

Customer service & convenience are key

- Customisation of your experience
- 24/7 access is expected
- Speed & simplicity essential
- Cash is relevant – challenged by digital
- Know the customer

Globalisation

- Understanding of global trends & international practises
- Focus on international events (including racing & sport)

Regulatory impacts

- Responsible gambling focus
- Advertising restrictions
- Concerns with sports integrity
- Illegal online markets

International gambling trends

Tabcorp is further developing its capabilities in line with international trends

Global pari-mutuel pools

- Pool size is critical
- 24/7 demand for product
- Increased interest in global racing
- Cost synergies through pooling hubs

Sports betting popularity

- Live sports betting growth
- Growth in novelty markets
- Multi game betting
- Interest in fantasy sport

Online growth

- Technology enhances distribution
- Convergence across channels/devices
- iGaming/Casino/Poker games
- New low cost entrants
- New non traditional competitors
- Regulatory challenges

Global deregulation is likely

- Tax revenue needed to fund deficits
- Concerns regarding illegal market impacts
- Potential for legislative change (eg. IGA in Australia, US Wire Act)

David Ginnane - Marketing

THE TRUE BELIEVER
WHEN IT ALL GOES YOUR WAY.

HOW'S YOUR FORM? **TAB**

There's always a catch. Call Gambling Help on 1800 858 884 or www.gamblinghelp.org.au. © 2014 TAB Australia.

This advertisement shows a man in a light blue shirt in a control room, looking up with his hands raised in a gesture of triumph or prayer. The background is filled with multiple computer monitors displaying data.

THE RANDOM HUGGER
A WIN WORTH SHARING.

HOW'S YOUR FORM? **TAB**

There's always a catch. Call Gambling Help on 1800 858 884 or www.gamblinghelp.org.au. © 2014 TAB Australia.

This advertisement shows two men in a control room. One man in a light blue shirt is hugging another man in a blue plaid shirt from behind. Both appear excited and surprised.

THE EXCITED OVERDOER
BECAUSE, LET'S FACE IT, SOME COLLECTS DESERVE IT.

HOW'S YOUR FORM? **TAB**

There's always a catch. Call Gambling Help on 1800 858 884 or www.gamblinghelp.org.au. © 2014 TAB Australia.

This advertisement shows a man in a blue plaid shirt kneeling on the floor in a control room, holding a small white card or slip of paper high in the air. He has a wide, excited smile and is pointing upwards.

Tabcorp's competitive strengths

Tabcorp has a powerful and unique arsenal of competitive strengths

Customer Base

	Total Customers
Wagering	1,800,000
Trackside	200,000
Luxbet	27,500
Keno	1,400,000
Sky	1,500,000 ¹

Multiple Channels



Multiple Brands



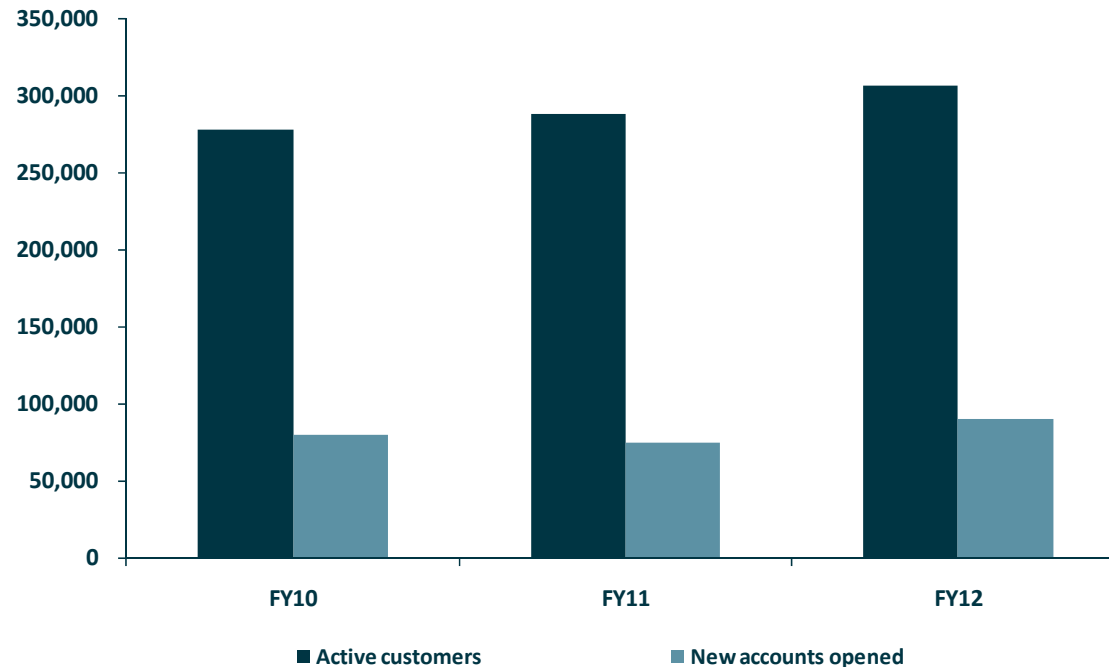
➤ Underpinned by an extensive customer base across multiple channels and brands

Note 1: Represents active viewers

Customer acquisition

Active TAB customers have grown by over 6% between FY11 and FY12

Active TAB account customers

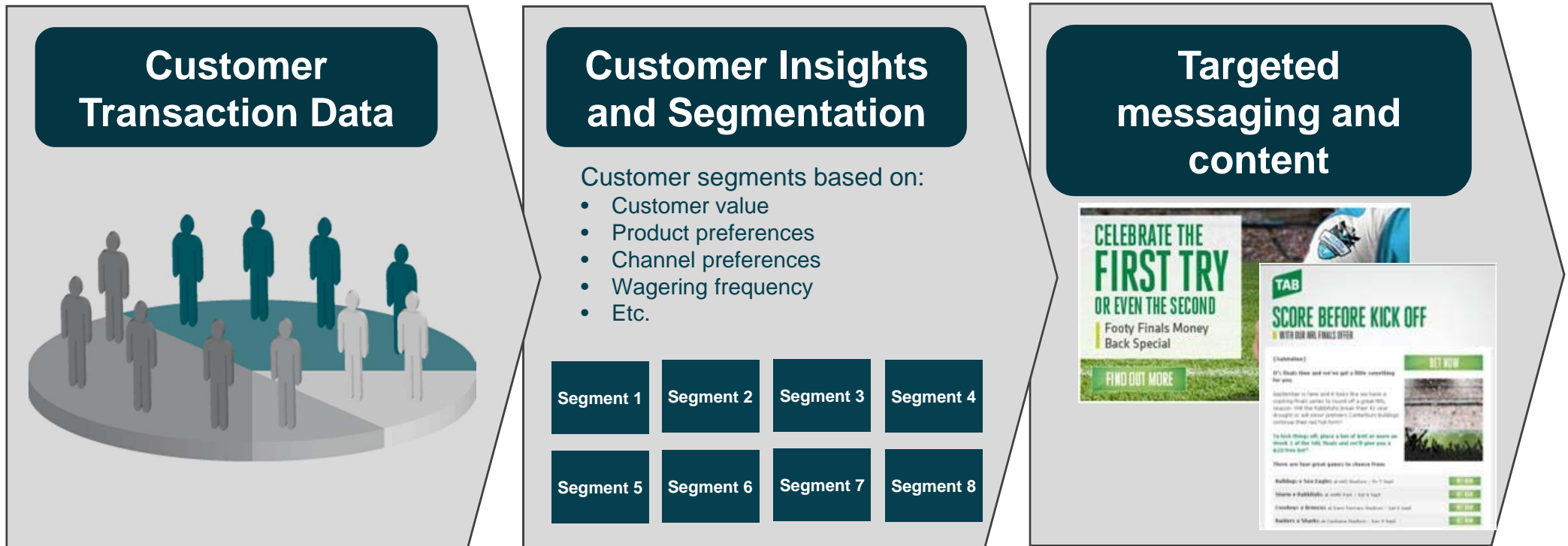


- Online and mainstream marketing programs generating strong YOY customer acquisition
- Up-weighted investment in CRM capabilities focused on driving customer retention and growth (includes specialist personnel, technology and analytics tools)

Customer retention and growth

CRM is the new battleground in marketing as the cost of customer acquisition increases

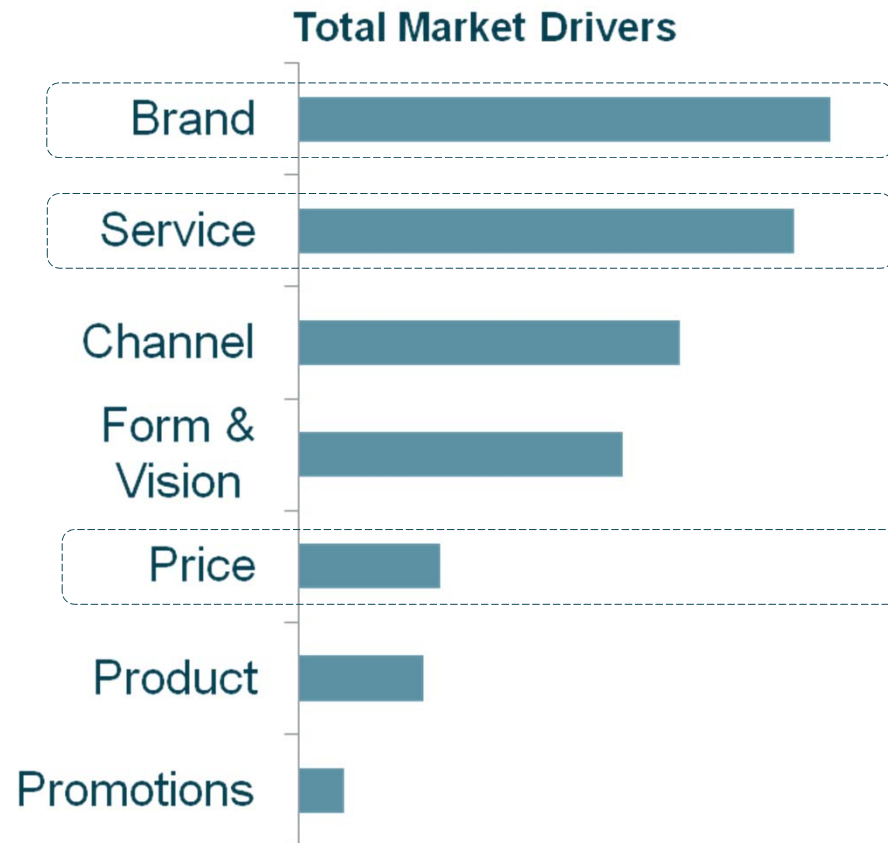
- Appending transactional data to individual customers across multiple brands provides a powerful “single view of customer”
- CRM is simply about leveraging insights to deliver the right message at the right time, to the right customer over the right channel



Brand choice in wagering

Brand and Service are the most important drivers of betting choice for wagering customers

- Price alone is less influential in customer betting choice



Source: TLE Customer Emersion and positioning research, n=1,000 non rejecters of betting, Oct 2011

New TAB brand

Our new TAB brand is a powerful differentiator

- TAB re-branding aims to further enhance one of Australia's most iconic brands
- TAB is the hero brand in the market, with 95%+ awareness*
- The new TAB brand clearly differentiates TAB in a cluttered market while at the same time creating a personality and emotional connection

Brand Confusion

tabsportsbet



sportingbet

sportsbet
.com.au

CENTREBET

Now: Masterbrand

TAB.COM.AU

TAB

TAB

- New logo, positioning & brand architecture
- New A&P programs
- New retail signage and merchandising
- New on-course executions

*Source: Millward Brown Brand Health Monitor Autumn 2011

Base: Total national sample (18+ aware of sports or race betting and are non rejectors of sports or race betting)

TAB brand relaunch

Positioning the new TAB brand as contemporary, fresh and relevant for today's customers

PRESS



RETAIL AND ON COURSE



POS PATHWAY TO PURCHASE



ZONE 1: ENTRY



ZONE 2: EN ROUTE



ZONE 3: DESTINATION



ZONE 4: PAYMENT POINTS

OUTDOOR



TELEVISION



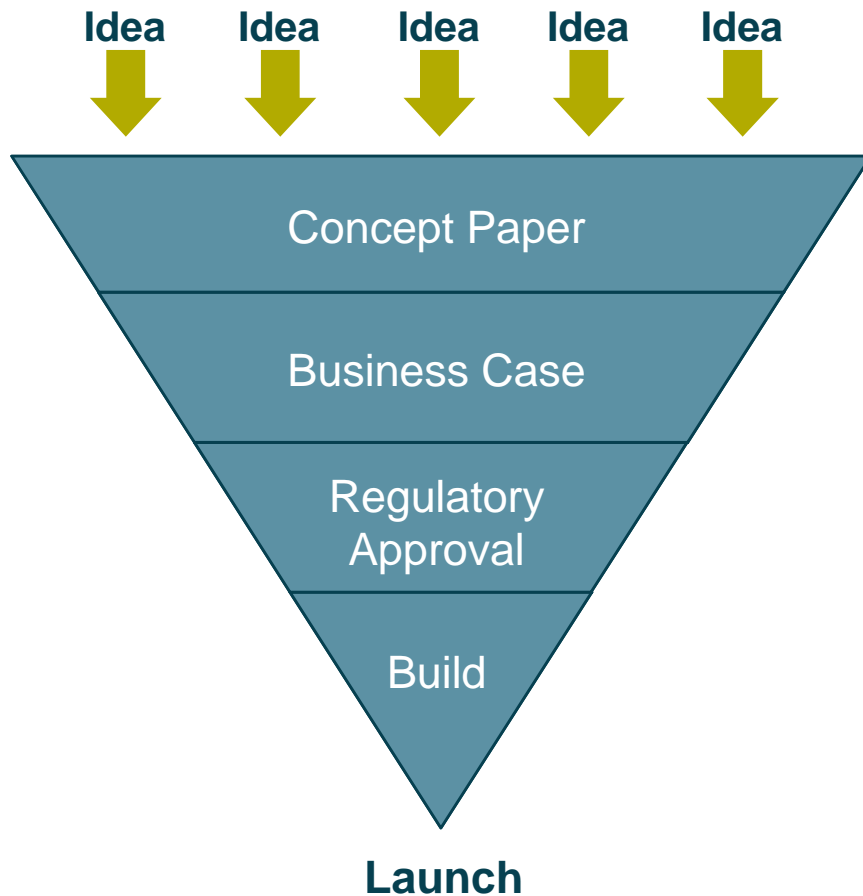
POINT OF SALE



Product Innovation

Product innovation capabilities are strong, underpinned by a 'market driven / customer led' development process

NPD Innovation funnel



- 1) **Ideation:** identification of customer opportunities
- 2) **Concept paper:** feasibility paper supported by customer research
- 3) **Business case:** rigorous commercial assessment, supported by detailed customer and market insights
- 4) **Regulatory approval:** rules, licences and / or legislation (as applicable)
- 5) **Build:** agile development processes, with customer touch-points as required
- 6) **Launch:** initially via pilot, with enhancements integrated per customer feedback

Recent product innovations

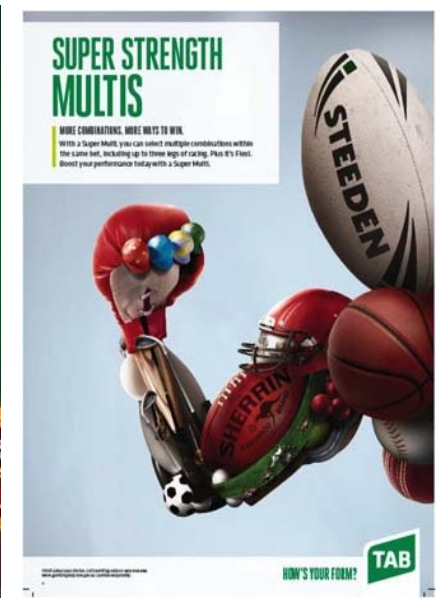
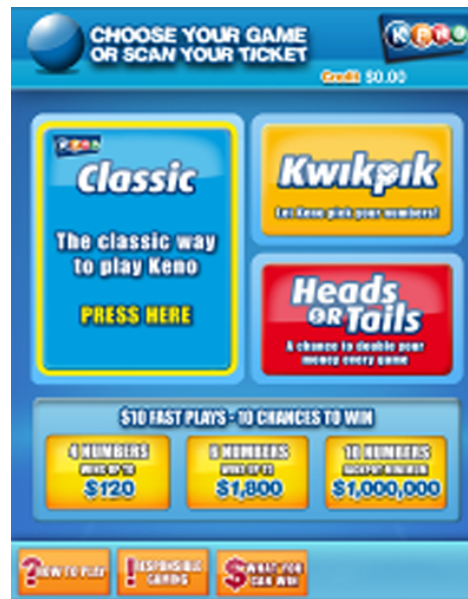
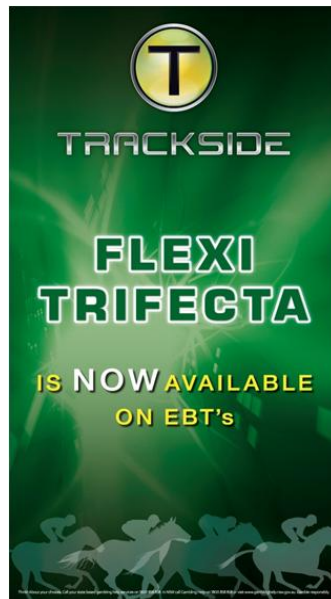
TAB
ePOS

Trackside
Flexi

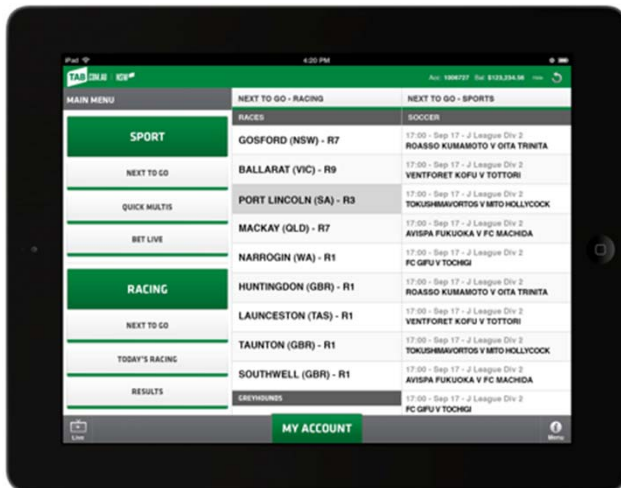
Keno
Touch

Keno
Roulette

Super
Multi



Adam Rytenskild - Distribution



Distribution: Broadest range of channels and products

Tabcorp's distribution is unique and delivers key competitive advantages

RETAIL

61% of wagering turnover
100% of Trackside
100% of Keno
100% of TGS

- 2,850 wagering venues
- 2,700 of these venues now have Trackside
- 3,510 Keno venues
- 170 TGS venues in Vic

Live Events

2% of wagering turnover

- Wagering at 270 tracks and 5 sports stadiums in 3 states
- Live at 4,800 race meetings and 400 footy games

DIGITAL

20% of wagering turnover

- FY13 vs pcp: digital transactions +28%, mobile sales +190%
- 90,000 new customer accounts opened in FY12
- 315k active account customers in FY12

Phone

6% of wagering turnover

- 600 seat customer contact centre
- 21m customer betting calls received last year
- 600k outbound customer calls to be made this year

Note: Figures quoted are as at 30 September 2012, rounded.

Luxbet and Premium customers are not included in the table above. They represent 11% of Wagering turnover

Distribution: Strong retail partnerships

Our strong retail partnerships are exclusive and underpin our retail business

- Tabcorp has exclusive agreements in place with the key retail industry bodies for both NSW and Vic
 - AHA NSW & Clubs NSW: exclusive agreement for wagering & Keno to FY16
 - AHA Vic: exclusive agreement for wagering & Keno to FY24
 - 2,090 venues have wagering, Trackside & Keno
- The Hotels and Clubs associations exclusively endorse Tabcorp with packages that provide Tabcorp benefits to member venues across all of our products
- As a result, we have developed strong relationships with the venues and with large venue groups
- Arrangements are also in place with:
 - Vic Clubs: Community Clubs Association
Vic and Vic RSL
 - Agents Associations in NSW & Vic: 3 year agreements to FY15

	Agencies	Pubs	Clubs	Total
Wagering				
NSW	210	1,160	760	2,130
VIC	90	490	140	720
Total	300	1,650	900	2,850
Keno				
NSW		780	990	1,770
Qld	210	600	280	1,090
Vic	90	380	180	650
Total	300	1,760	1,450	3,510
TGS		50	120	170

Above data is as at 30 September, rounded

Distribution: Successful execution

FY12 priorities have been well executed

- Retail expansion for wagering, Trackside and Keno largely complete. Net increase in venues over the last 12 months:
 - 239 wagering, 500 Trackside and 736 Keno
- 148 Retail upgrades completed in the best agencies and licensed venues
 - 102 licensed venues and 46 agencies upgraded
- Wagering self-service expansion complete
 - 45% of all retail wagering transactions are now completed via self-service (60% in Vic)
- New website and mobile apps launched
 - Strong focus on mobile, including for Keno
 - SKY vision now streaming on devices
- Customers are responding to our mobile apps (iPhone, iPad, Android, *mobi*)
 - 29% of digital sales are now made via a mobile device (up from 6% pcp)
- Vic Keno and TGS successfully launched



Looking ahead

Quality integrated gambling entertainment business with multiple channels delivering market leading products

Build on strength in retail

- Optimise distribution footprint
- Deliver full suite of products and related services
- Lead with world-class self-service technology

Drive Digital

- Invest in Digital to lead the market for online and mobile
- Strengthen customer relationships through CRM capability

Drive new products

- Drive growth in Keno through new product expansion

Retail execution: next 12 months

Drive growth from retail investments made to date

- Retail excellence: optimise customer experience in the venues to drive performance
 - Increase product penetration in hotels and clubs
 - Improve merchandising standards
 - Extend products across the existing network (TAB, Trackside, Keno)
 - Improve Service: on-line training for front-line operators
- Low cost venue upgrades continue in 150 targeted locations
- Targeted digital integration within retail venues
 - Integrate QR code, Near Field Comms, ePOS and location based offers into targeted retail venues
 - Optimise betting data using smart screens



Retail execution: next 12 months

Drive growth in Keno through new product expansion

- Expand Victorian Keno
- Launch and expand Keno Roulette in NSW
- Launch and expand Keno self-service in Qld¹
- New initiatives¹:
 - Keno Player Card
 - Keno Racing



Note 1: Subject to regulatory approval

Digital strategy

To be the Australian market leader for online and mobile

- Tabcorp's digital leadership position will be measured by:
 - Growth in digital market share (currently 24.5%)
 - Competitor benchmarking
 - Customer choice
- Underpinned by promotions in Tabcorp's retail network through cross-channel integration of digital and retail
- Customers will choose Tabcorp:
 - For the best digital gambling entertainment experience, everywhere every-time
 - Best means: fast, personalised and social
 - On their device of choice
 - Supported by a seamless single relationship across all Tabcorp products and channels

Digital execution: next 12 months

Tabcorp will continue to invest in digital initiatives

➤ Tabcorp's immediate focus:

- Continued refinement of new website and Apps
- Launch new IPTV App for Samsung TVs
- Broaden digital payment options for customers

➤ New digital initiatives to deliver:

FAST

- Design-in simplicity and speed for all interfaces, on all devices

PERSONALISED

- Intelligent personalised wagering interfaces
- Betting wizards and tools

SOCIAL

- Facebook-like features: share comments, follow 'experts', leader-boards



Distribution: The key points

Tabcorp's multi-product multi-channel strategy is unique

- Tabcorp's unique distribution is delivering key competitive advantages
 - Broadest range of channels, including a large retail network
 - Broadest range of products, including unique games such as Trackside and Keno
 - Strong retail partnerships with industry groups and venues, across all products

- Strong execution, with investments generating sales growth momentum

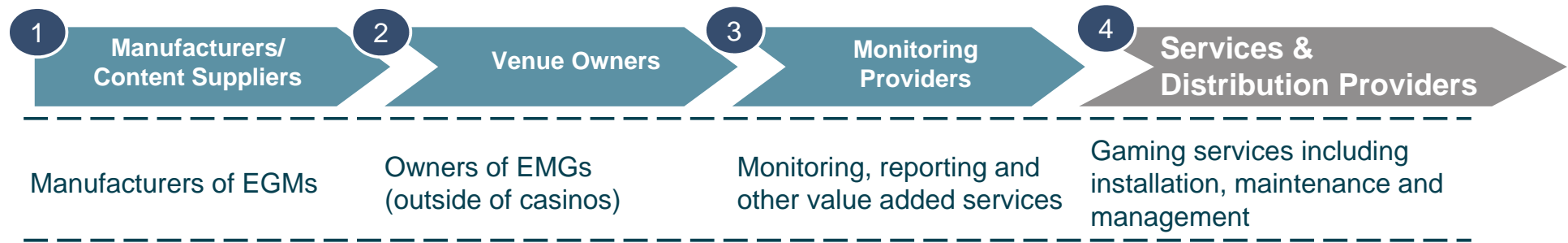
- Tabcorp's multi-product multi-channel strategy now moves into the next phase
 - Drive growth from retail investments made to date
 - Drive growth in Keno through new product expansion
 - Invest in digital to lead the market for online and mobile
 - Develop and retain intimate relationships with our customers across all products (CRM)

Steven Wooding - Tabcorp Gaming solutions



TGS and the gaming machine value chain

The gaming machine market can be segmented into four subcategories. TGS is focused on services and distribution



TGS Service offering	TGS 
Product Management Advice	✓
EGM and game upgrade	✓
Loyalty program	✓
Field services	✓
Venue design	✓
Marketing toolkit	✓
Account management	✓
Responsible gambling and compliance support	✓

- TGS provides a comprehensive service offering
- Market competitors are largely consulting services only

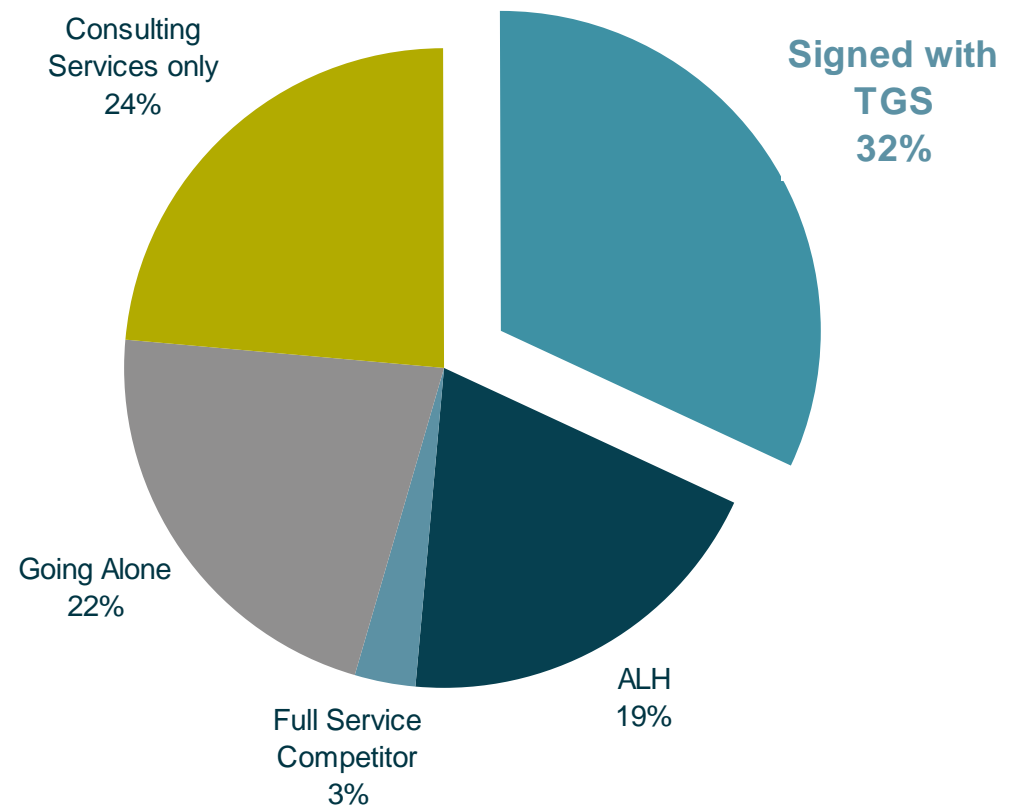
TGS contracts

TGS has over 8,500 EGMs signed up in Victoria, with 32% market share

TGS contract summary



Breakdown of Victorian EGM market



1. Termination requires 12 month notice at 5 year term, therefore a minimum 6 year contract.

TGS strategic growth platform

Value improvement is likely to be delivered in 3 horizons

Build on strength in retail	<ul style="list-style-type: none">➤ Additional customer wins and CPI linked price increases➤ Diamond Rewards™ Loyalty Program, 65,000 members signed to date
Geographic expansion	<ul style="list-style-type: none">➤ Expand service offering to Clubs and Hotels interstate➤ NCSS acquisition provides key service capability in NSW
Drive new products	<ul style="list-style-type: none">➤ Introduce server based gaming and other value add initiatives

Craig Nugent - Fixed odds



R5 ROSEHILL

FIXED ODDS

1	LUCAS CRANACH	\$17.00
2	AMERICAN	\$21.00
3	DECEMBER DRAW	\$21.00
4	DUNADEN	\$21.00
5	IBICENCO	\$26.00
6	RED CADEAUX	\$26.00
7	GREEN MOON	\$26.00
8	VAL CHAMP	\$26.00

BET NOW

Data updated at 07:40 20/07/16. Please Subject To Change.

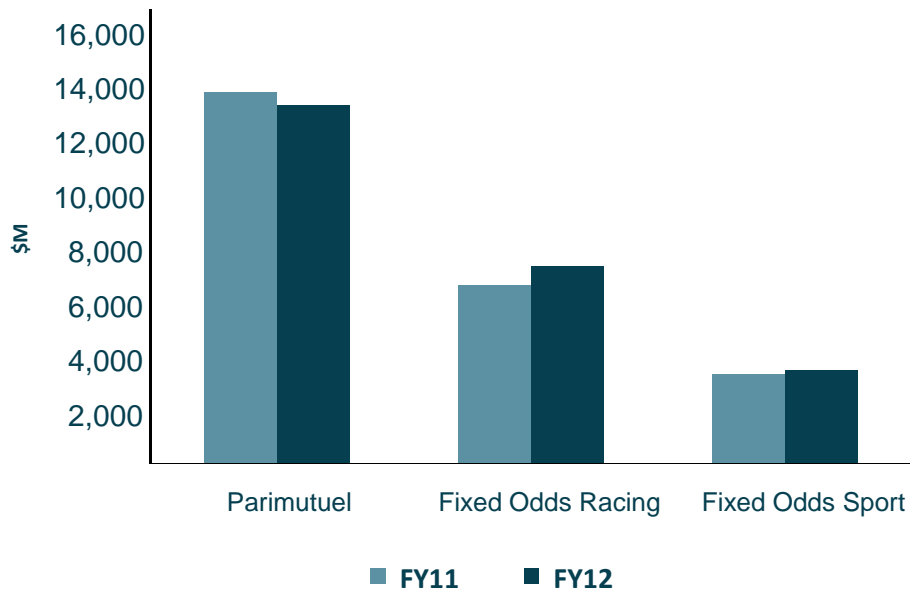
Think! About your choices. In NSW/ACT call Gambling Help on 1800 854 854 or visit www.gamblinghelp.nsw.gov.au. Gamble Responsibly.

Fixed odds market

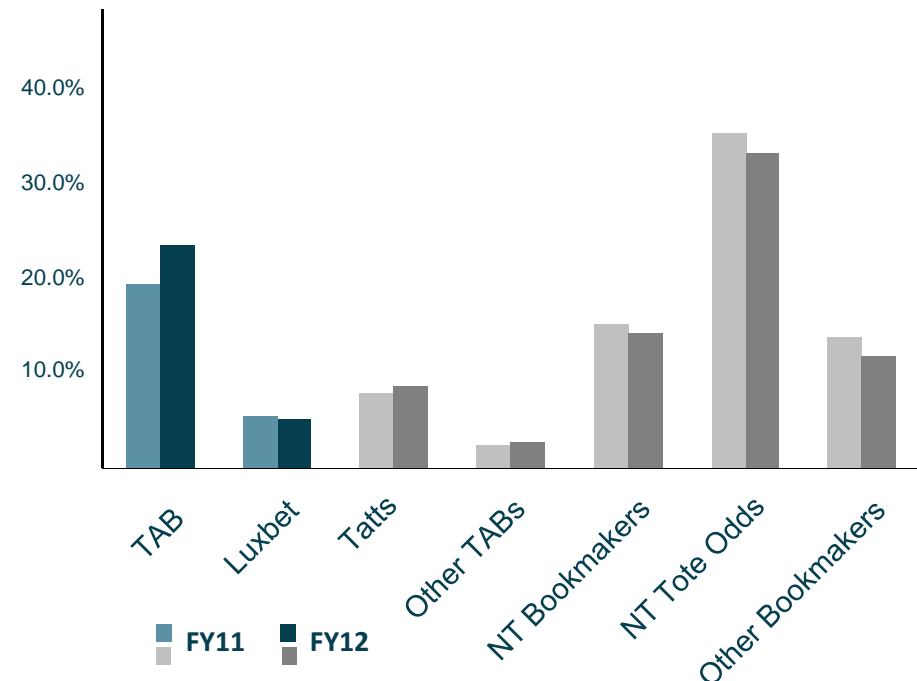
Tabcorp is the market leader and has grown market share

- FY12 trends were positive for Tabcorp:
 - Growth in the wagering market is coming from fixed odds
 - Fixed Odds Racing and Sport continued to grow
 - Tabcorp's fixed odds market share increased

Australian Wagering Market (\$ turnover)



Fixed Odds Market - Turnover Share



Fixed odds racing

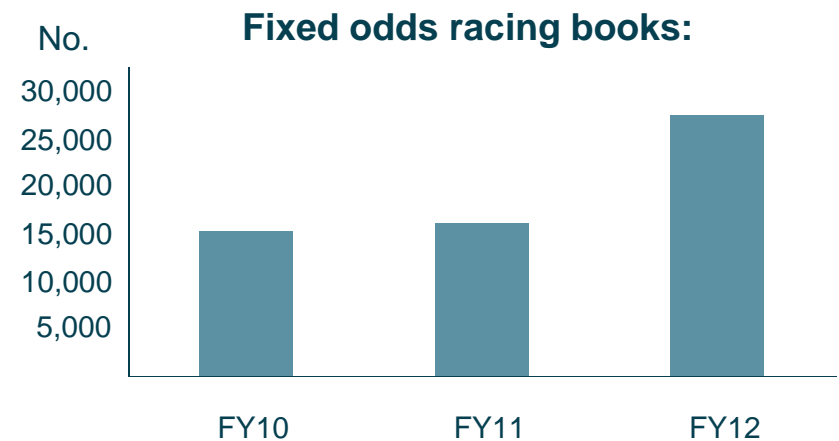
Tabcorp has increased its share of Fixed Odds market turnover significantly

- Tabcorp is the market leader
- Key performance drivers:
 - Increased product offering to customers
 - Strong risk management focus

Wagering Fixed Odds Racing Turnover share			
	FY12	FY11	FY10
TAB	17.1%	10.4%	5.4%
Luxbet	6.6%	7.3%	6.4%
Other Tote's	10.8%	9.6%	5.2%
NT Bookmakers	15.3%	16.5%	18.6%
NT Tote Odds	35.7%	38.6%	43.4%
Other bookmakers	14.6%	17.8%	20.9%

Source Tabcorp data. Excludes betting exchanges

\$m	FY12	FY11	FY10
Turnover	1,254.0	673.6	314.9
Revenue	156.0	79.9	38.3
Yield	12.4%	11.9%	12.1%



Fixed odds sports

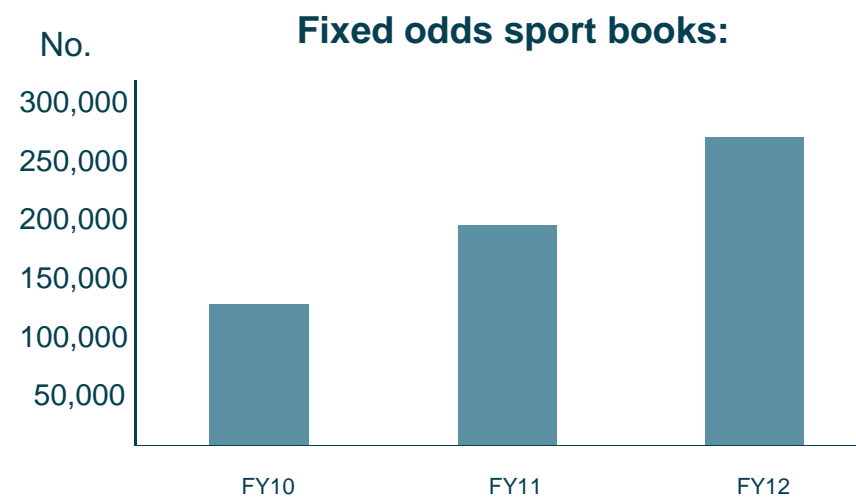
Sports betting continues to grow strongly

- Tabcorp is the market leader
- Growth has been driven by:
 - Increased product offering to customers
 - Price integration and advertising in key television programs
 - Increased live betting
- In FY12 live betting turnover grew 20% and now accounts for 15% of TAB sports turnover

Wagering Fixed Odds Sport Turnover share			
	FY12	FY11	FY10
TAB	38.1%	37.2%	36.0%
Luxbet	2.6%	2.6%	3.6%
Other Totes	12.4%	12.2%	13.9%
NT Bookmakers	41.1%	41.9%	39.7%
Other bookmakers	5.8%	6.0%	6.7%

Source Tabcorp data. Excludes betting exchanges

\$m	FY12	FY11	FY10
Turnover	1,300.5	1,232.8	1,061.4
Revenue	159.3	140.9	130.3
Yield	12.2%	11.4%	12.3%



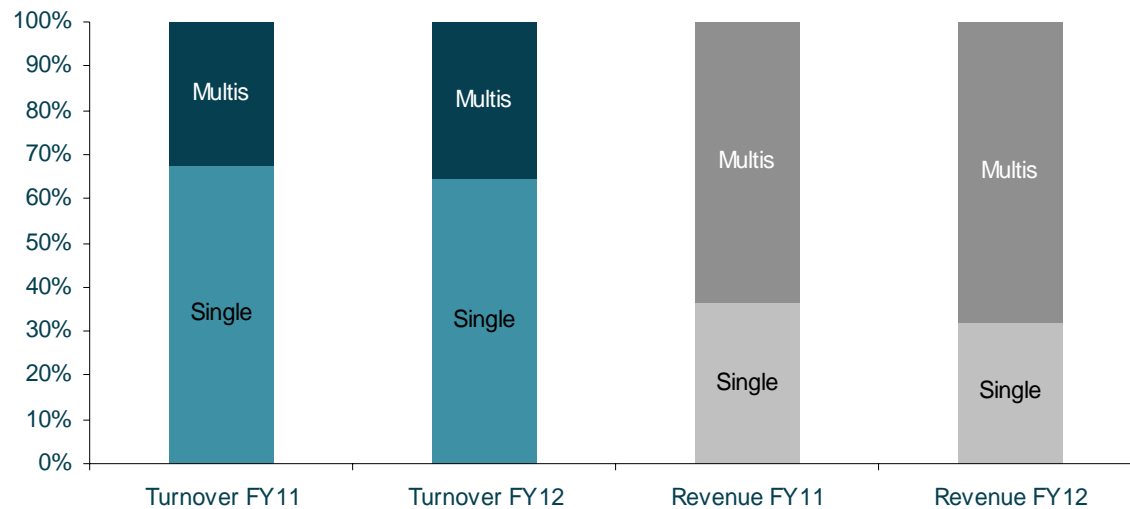
Fixed odds sports

Multis remain the most important sports product generating 68% of TAB sports revenue

- The Tabcorp super multi product is the best in the market with the ability for customers to:
 - Take up to 20 legs,
 - Take a flexi/systems bet up to 10 legs and
 - Take multis that include racing & sport

Sports turnover to revenue conversion Single vs Multi

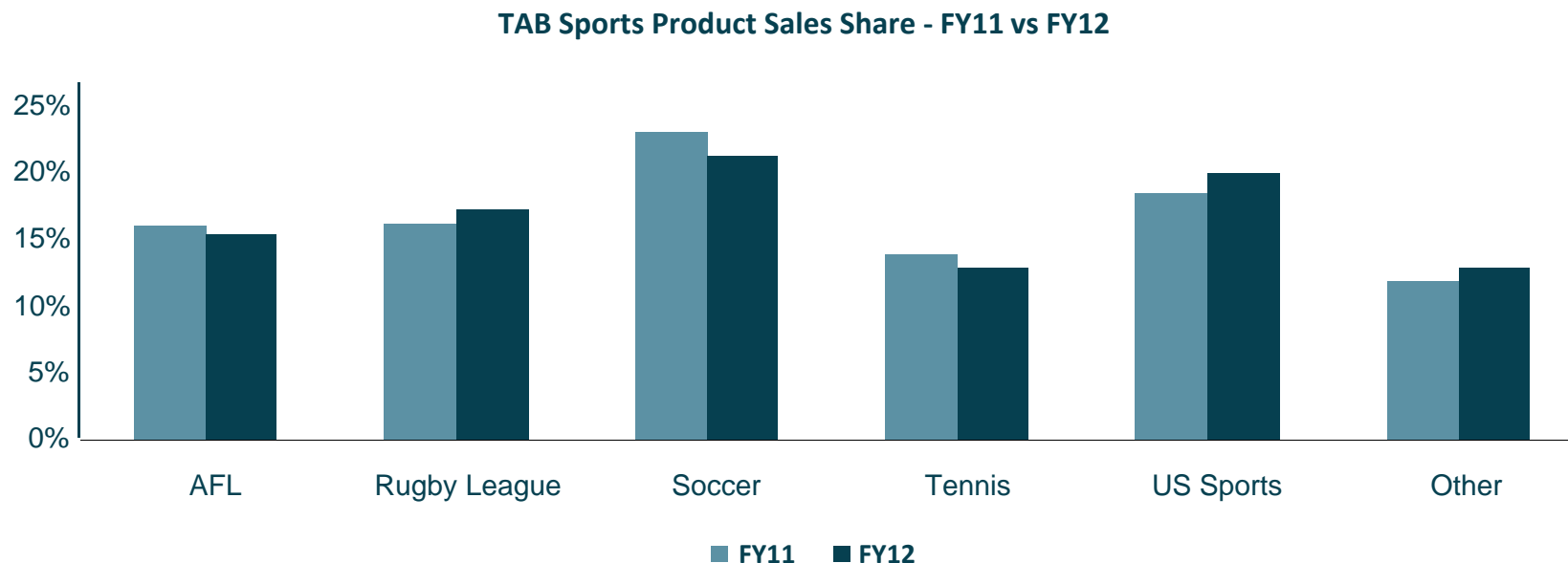
- The sports turnover to revenue conversion remained strong in FY12, where Multis represented 35% of turnover, converting to 68% of revenue to the higher yields



Fixed odds sports

Tabcorp sports turnover is split evenly between domestic and international events

- American sports growth is outperforming domestic sports
- A diversified sports offering leaves Tabcorp less susceptible to a series of abnormal results in any one sport
- Product fees to sports controlling bodies are payable on domestic sports



During FY12 Luxbet continued to successfully grow revenue and customer acquisition

Financials		
\$m	FY11	FY12
Turnover	558.5	572.2
Net Revenue	20.7	27.9
EBITDA	0.0	0.2

Customers		
	FY11	FY12
Active Customers	21,662	28,700
Direct Acquisition	6,671	7,263
Affiliated Acquisition	6,904	8,954
Frequent Customers	13,703	19,806

- Yield focus has seen improvement from 3.7% to 4.9% in FY12
- Marketing spend is targeting direct customer acquisition which is more profitable
- Marketing and Risk Management are aligned to retain customers, increase activity and maximise revenue

Luxbet - Domestic Product Offering

Luxbet has a highly competitive product offering for Australian sports

- FY12 / FY13 expanded its offering with new products for AFL and NRL, i.e. Pick Your Own Total and Pick Your Own Line

Fixed Odds

Offered on Racing and Sports



Tote Derivative Racing Products

Racing products such as Best Tote



150 AFL & NRL Markets

Luxbet is the clear market leader



Pick Your Own Line

Select from multiple Lines on a match

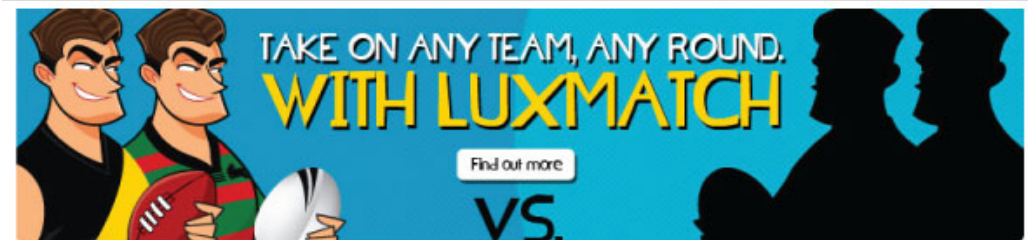


Automated Sport Pricing

Creation, Pricing and Settlement



Adelaide	Odds	Brisbane	Odds
-45.5	12.8	+45.5	1.01
-43.5	11.1	+43.5	1.02
-41.5	9.80	+41.5	1.03
-39.5	8.60	+39.5	1.05
-37.5	7.55	+37.5	1.07
-35.5	6.70	+35.5	1.09
-33.5	5.95	+33.5	1.11
-31.5	5.35	+31.5	1.13
-29.5	4.80	+29.5	1.16
-27.5	4.35	+27.5	1.19
-25.5	3.95	+25.5	1.23
-23.5	3.60	+23.5	1.26
-21.5	3.30	+21.5	1.31



Luxbet Digital Applications & CRM

Technology, innovation and CRM are key focuses for Luxbet

New look and feel

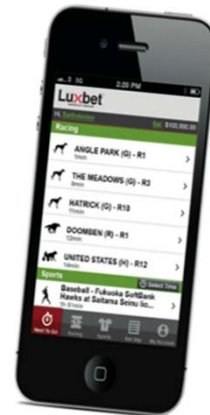
- Optimise functionality
- 1.5m ClickTale recordings

Integrated homepage banner

Increased functionality

Improved usability

Improved reliability



CRM – Communicating to a Segment of One

- Best practice automated system
- All communications based on customer deposit and betting history
- Communication via email, SMS, mail and outbound phone calls
- Built with gaming integration in mind

Communication 'lifecycle' includes:

- Welcome email
- First purchase driver
- Weekly newsletter aligned to individual customer activity
- Special events
- Cross sell program
- Anniversary message and gift
- Birthday message and gift
- Automated reactivation program

Luxbet Revolution

New brand launched 25 September 2012



Reinforce association with Tabcorp

Highlight the unique element in the name

Stand out from competitors

Brendan Parnell - Media and International

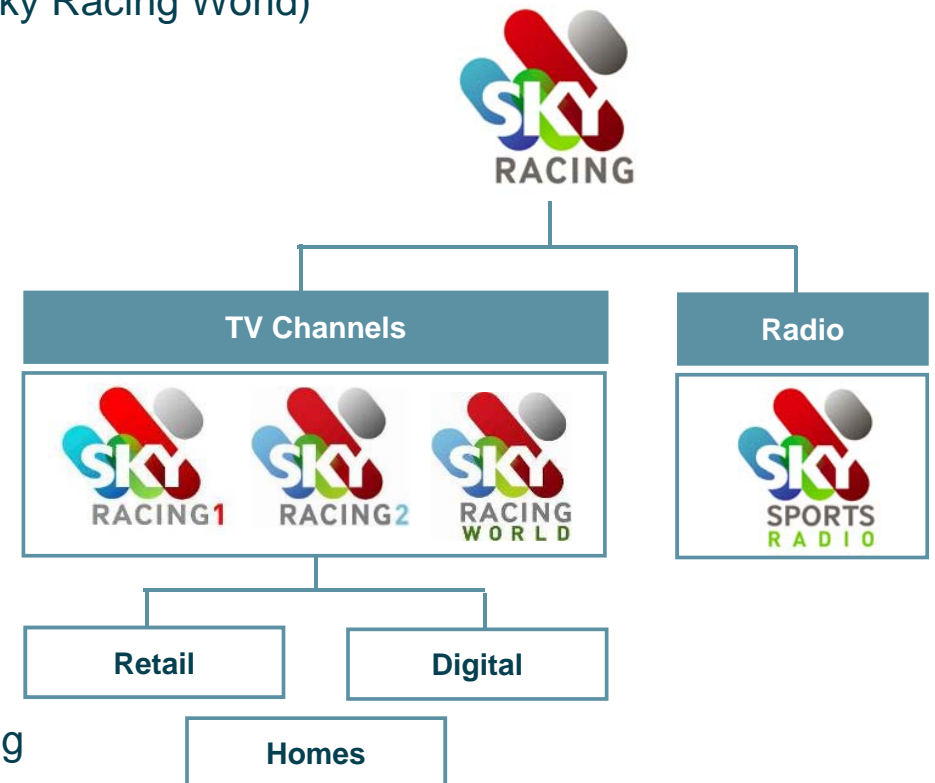


Business overview

Sky Racing – world leader in Australian and international race broadcasting

Business overview

- Sky Racing, a premier thoroughbred, harness and greyhound racing multimedia broadcaster
 - Sky Racing channels (Sky Racing1, Sky Racing2 and Sky Racing World)
 - Sky Sports Radio
 - Sky Racing Digital
- Extensive network coverage
 - 5,400 retail outlets – hotels, clubs and TABs
 - Pay TV across 2.4 million homes
- International growth
 - Export to 31 countries
 - Importing international race content from 10 countries
 - Co-mingling

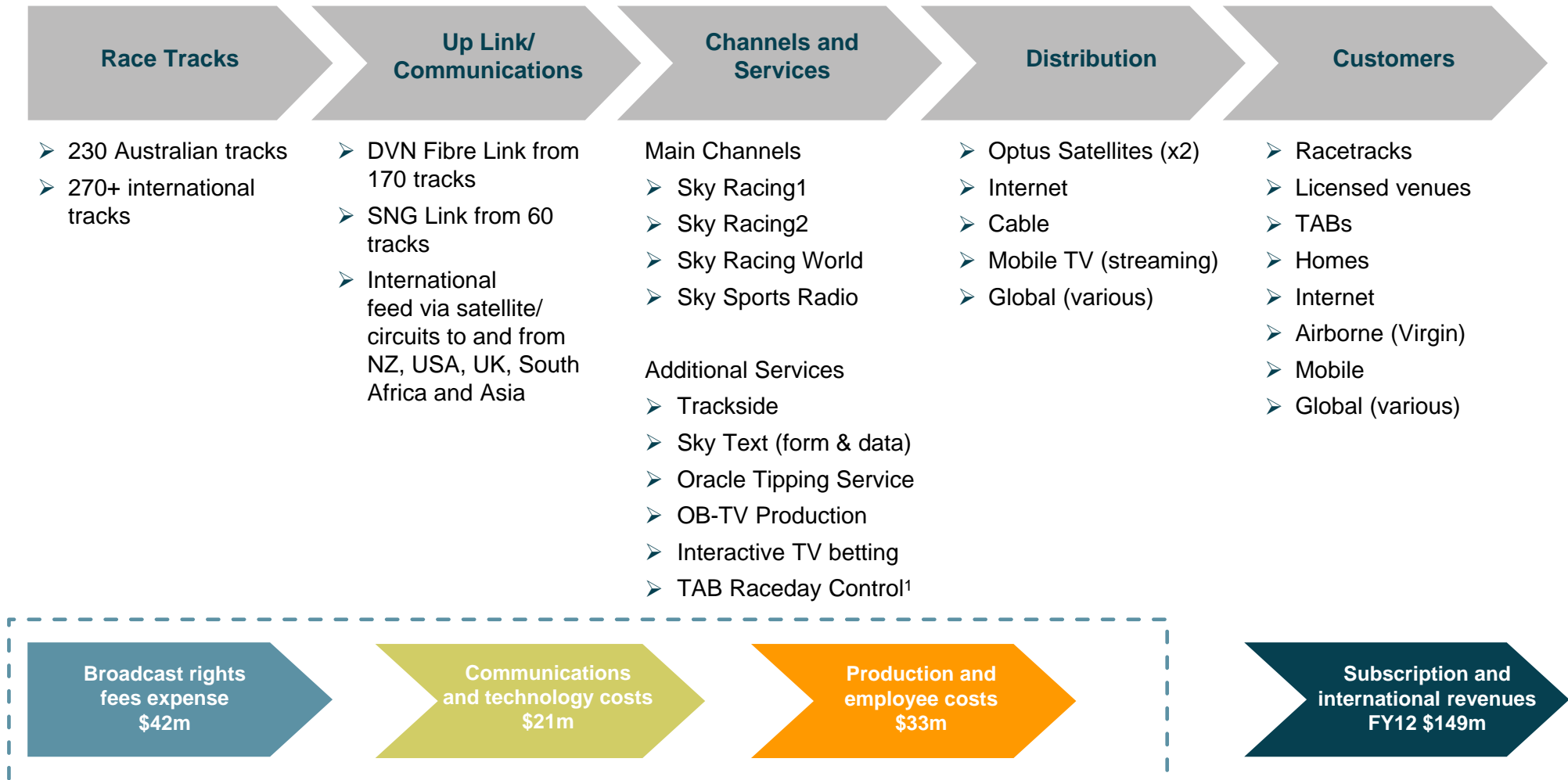


Sky Racing and Tabcorp Wagering

- Broadcast of racing vision and commentary stimulates betting
- Promotes Wagering through data and audio display of products
- Established relationships with the racing industry

Sky Racing value chain




Sky Racing costs base delivers operating scale



¹ Audio and vision to meet regulatory requirements e.g. close off betting, final results

Broadcast rights

Sky broadcasts every race, every code

	Type	Domestic		
		Race Meets	Rights Held	New Media
 Thoroughbred	NSW (non Metro)	512	✓	✓
	QLD/NT	512	✓	✓
	WA	253	✓	✓
	SA	183	✓	✓
	ACT	25	✓	✓
	TAS	68	✓	✓
 Greyhound & Harness	AUS	4,826	✓	✓
	SYD Metro and all VIC	612	✓	X ¹

- Sky has secured all media rights that have expired over the last three years
- Victorian and Sydney thoroughbred rights:
 - Sky's contract with TVN expires December 2012 (domestic and international)
 - Racing Victoria and Racing NSW plan to aggregate these rights with NSW non-metro
 - Tabcorp is focused on achieving a commercial outcome in these negotiations

Note: 1. Telstra holds TVN's New Media rights

International

Tabcorp's international business is growing through export / import of racing vision

➤ International manages:

- Export of Australasian racing (including data, vision and co-mingled wagering) including Racing World Australia channel¹
- Import of international racing
- Premier Gateway International (Isle of Man)
- Overseas marketing of Trackside and Keno



➤ Export revenue – FY12 \$23.1m

- Derived from wagering commissions and subscriptions from betting shops
- Revenue is shared with Australian racing

➤ Import revenue – FY12 \$105.7m (recorded in wagering)

- Derived from Australian betting after paying host nation product fees and shared with racing

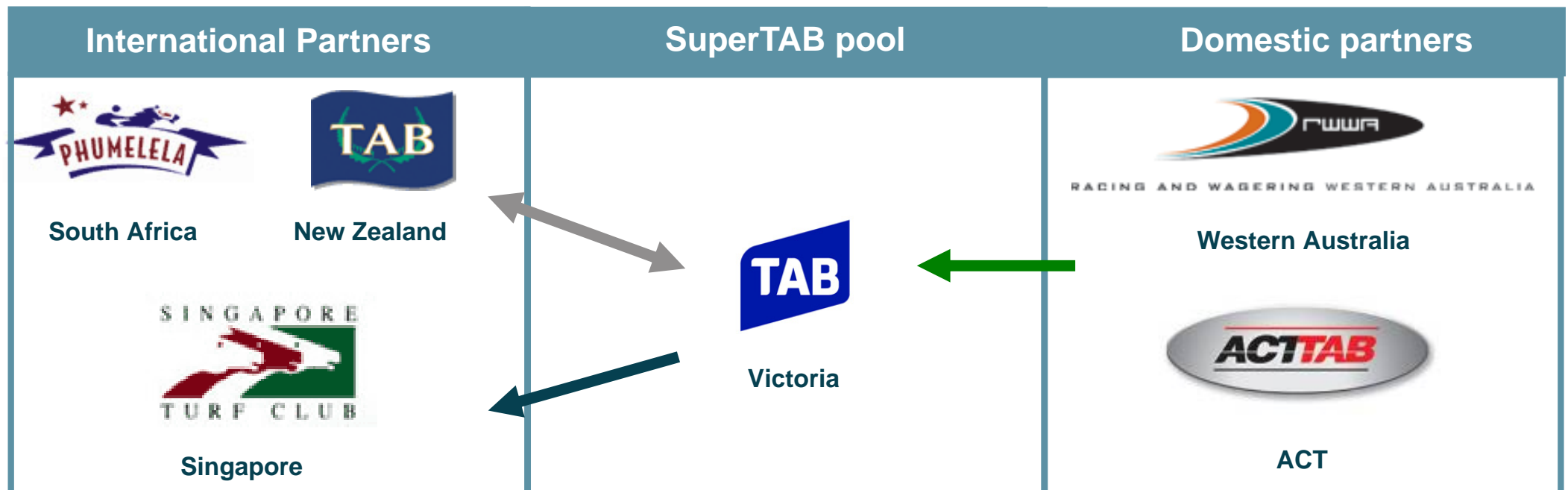
Country	Market Share Export	Market Share Import
New Zealand	53%	60%
Singapore	13%	8%
USA/ Canada	9%	<1%
UK	9%	9%
South Africa	3%	11%
Hong Kong	3%	9%
Other	10%	3%
Total	100%	100%

Notes: 1. Racing World Australia is a re-badged Sky Racing World. It is available in 14m UK homes daily on the BSkyB platform

Tabcorp co-mingling overview

Tabcorp has been the pioneer of co-mingling domestically and is a leader in global co-mingling

- Co-mingling creates a superior customer proposition via less odds volatility and greater viability of returns
- Acquisition of new customers with bigger pools
- Enables expansion of products and operating hours

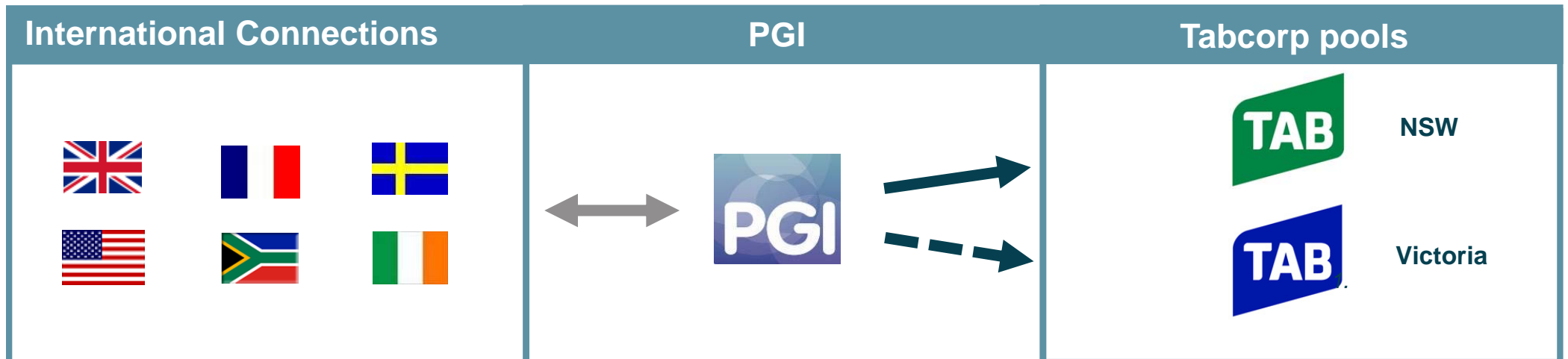


Note: Arrows represent the direction / flow of pooling funds

Premier Gateway International (PGI)

PGI is a global gateway into Australian racing pools

- PGI expedites connectivity to global tote pools and reduces significant co-mingling establishment costs and time
- PGI will increase export exposure and returns for Australian racing
- PGI co-mingling volumes into NSW are currently exceeding \$2m per week (since full approval in Sept 12)



Notes: Arrows represent the direction / flow of pooling funds
Approval for Vic-TAB to host PGI wagers is pending

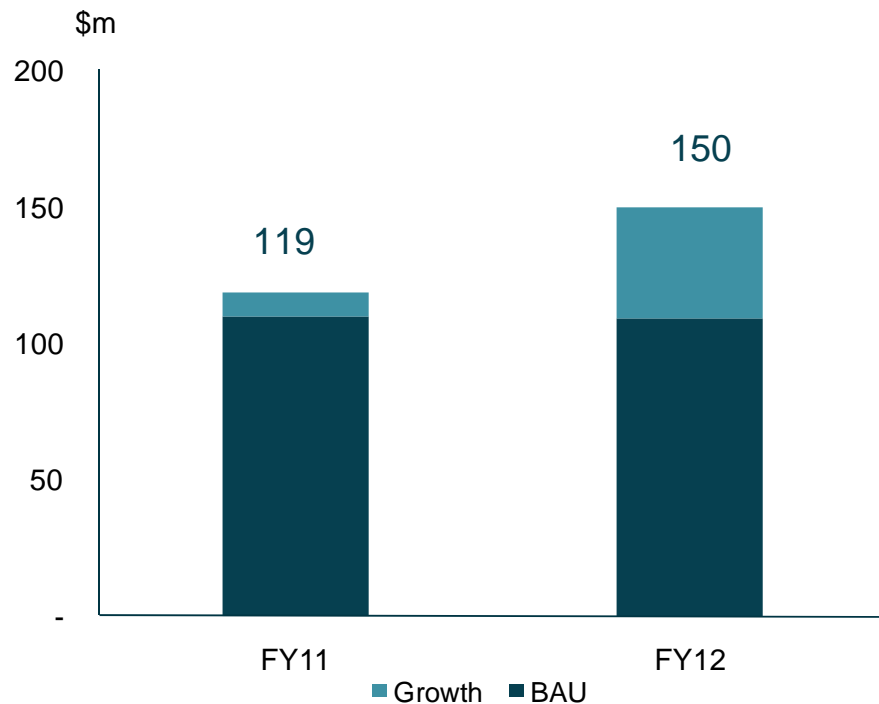
Damien Johnston - CFO



Capex

Tabcorp invested significant capital into new investments in FY12

Capex Spend - Growth vs BAU



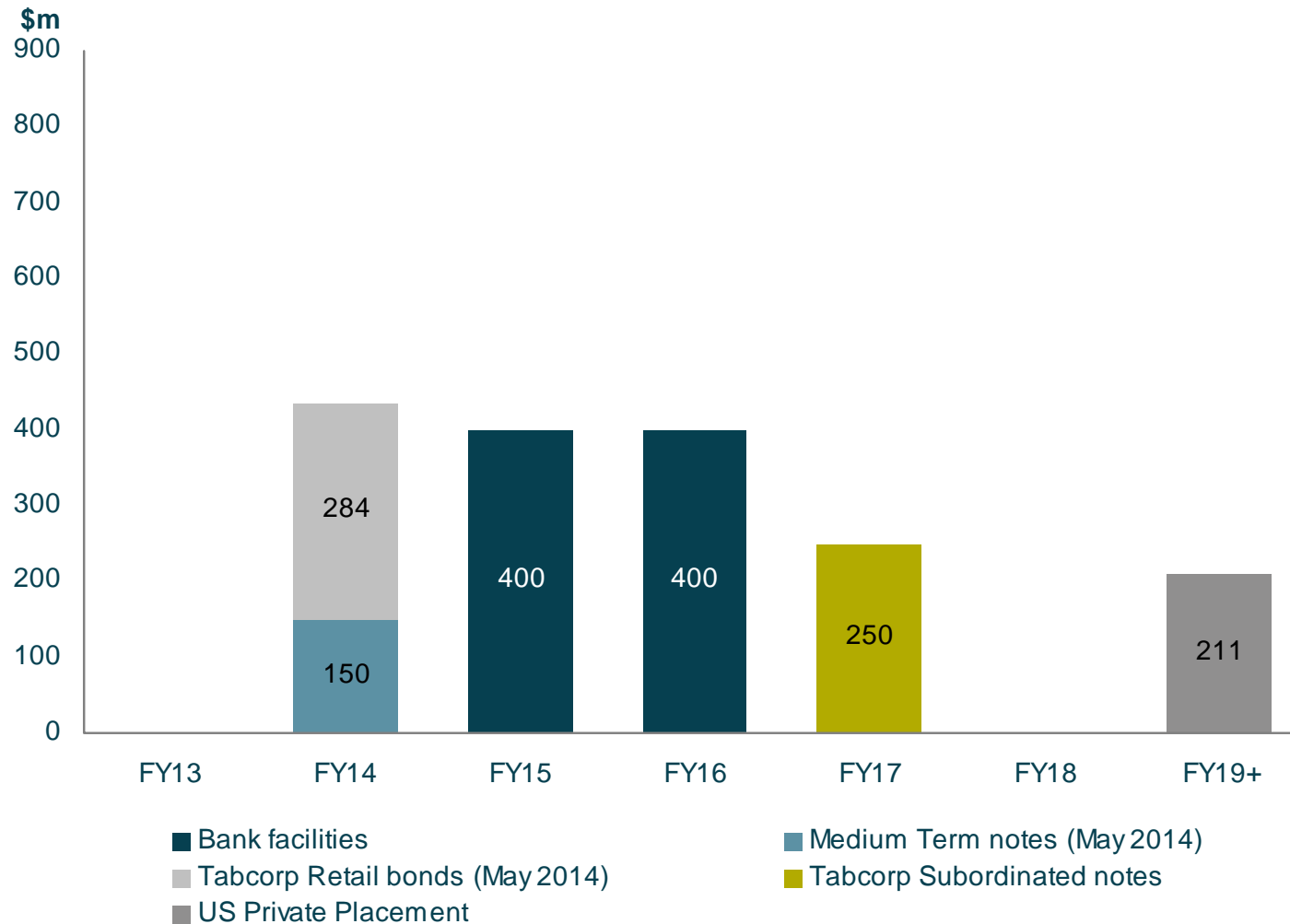
- Growth capex:
 - FY11: Trackside and TGS
 - FY12: Victorian Keno, Trackside and TGS

Major capex projects

- Major capex projects in FY12
 - New Victorian Keno roll out
 - TGS loyalty system and EGMs
 - New tab.com.au website
 - Venue expansion
 - Trackside NSW
 - Outside broadcast infrastructure
- Key focus in FY13
 - Continuing investment in wagering multi-channel strategy
 - TGS business roll out
 - Keno expansion

Capital structure

Tabcorp has a well diversified debt structure



1. Tabcorp Subordinated Notes mature in March 2037, however illustrated at the first call date

Entitlement to refund in relation to the Victorian Gaming Licence and the Victorian Wagering Licence

- Tabcorp Holdings Limited filed a claim in the Supreme Court of Victoria on 24 August 2012 seeking a payment from the State of Victoria of \$686.8 million
- That payment relates to the State of Victoria's obligation which came into existence on the privatisation of the Victorian TAB and its listing on the Australian Securities Exchange in 1994. The Gaming and Betting Act 1994 provided for a payment by the State of Victoria to Tabcorp on the grant of new licences, irrespective of whether Tabcorp was the new licensee
- Tabcorp considers that it is entitled to a payment from the State of Victoria, which was triggered on the grant of the new Gaming Machine entitlements and the new Victorian Wagering and Betting Licence, and was payable by 23 August 2012
- Tabcorp has a strong resolve to pursue this matter. It should be noted however that the outcome of the litigation cannot be predicted with certainty and Tabcorp may ultimately not succeed in recovering the payment from the State of Victoria. If Tabcorp is unsuccessful in its claim, there should be no further adverse financial effect on the Company other than arising from the payment of legal costs in relation to pursuing the claim
- For further details, see the ASX announcement made by Tabcorp in relation to this matter on 24 August 2012

Conclusion

Tabcorp is an attractive investment case

- Quality integrated gambling entertainment business with multiple channels delivering market leading products.
 - Strong trusted brands
 - Geographic diversification
 - Long dated licences
- Our strategies are focussed on leadership in retail and digital through investment in our products, our customers and technology innovation
- We delivered solid earnings growth in FY12
- And maintained revenue growth momentum into 1Q13
- We have a strong cash generating business with defensive earnings profile underpinned by strong relationships with our stakeholders

