

## Notice of Annual General Meeting

The Company's Annual General Meeting will be held at the Brisbane City Hall, Ithaca Auditorium, Ann Street entrance, Brisbane, Queensland at 2.00pm (Brisbane time) on Friday 30 October 2015.

Attached are copies of documents relating to the Company's Annual General Meeting that will be dispatched to shareholders today.

Included in the attachments are:

- Notice of Annual General Meeting 2015 including Chairman's letter, Notice of Annual General Meeting and Explanatory Memorandum;
- Voting form; and
- Annual Shareholder Review.

A copy of the direct voting rules made by the Board which apply to general meetings at which direct voting applies, including this Annual General Meeting, was released to ASX on 27 September 2010 and can be found at [www.tattsgroup.com](http://www.tattsgroup.com).

A live audiocast of the Annual General Meeting will be available on the Company's website at [www.tattsgroup.com](http://www.tattsgroup.com).

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### Analysts and institutions please contact:

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TattsGroup

# 15TH APRILS

TATTS GROUP LIMITED  
NOTICE OF ANNUAL GENERAL MEETING 2015  
ABN 19 108 686 040

25 September 2015

Dear Shareholder

It is my pleasure to invite you to the Annual General Meeting (AGM) of Tatts Group Limited (Tatts, or the Company) to be held on Friday, 30 October 2015 at 2.00pm (Brisbane time). The AGM will be held in the Ithaca Auditorium, Level 2, Brisbane City Hall (Ann Street entrance), Brisbane, Queensland. Registration will commence at 1.00pm and light refreshments will be available at the conclusion of the meeting.

If you are not able to attend the AGM, you are encouraged to vote your shares<sup>1</sup>:

- directly (see page 2 for details);
- by lodging an electronic proxy online by visiting [www.tattsgroup.com/investors/agm](http://www.tattsgroup.com/investors/agm) and selecting the "AGM Voting" link; or
- by completing the enclosed personalised shareholder voting form and returning it to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001. Before completing your vote and returning by post, please consider using the preferred electronic voting option.

Corporate shareholders wishing to appoint a representative to attend on their behalf will need to complete a 'Certificate of Appointment of Representative'. This can be obtained at [www.computershare.com.au](http://www.computershare.com.au) or by calling 1300 367 346 within Australia or +61 3 9415 4199 outside Australia.

AGM questions can be submitted by shareholders using our online form. Visit [www.tattsgroup.com/investors/agm](http://www.tattsgroup.com/investors/agm) and select the 'Lodge an AGM question online' link. Alternatively, shareholders can complete the enclosed form and return it to Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3001. We will endeavour to respond to the more frequently asked questions at the AGM.

Shareholders who are not able to attend the AGM in person can listen online at [www.tattsgroup.com](http://www.tattsgroup.com). In addition, an electronic version of the Annual Report for the year ended 30 June 2015 is available at our website [www.tattsgroup.com](http://www.tattsgroup.com).

My fellow Directors and I look forward to seeing you at the AGM.

Yours sincerely



Harry Boon  
Chairman

<sup>1</sup> See the "Lodgement" section on page 3 of this notice for voting deadlines.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2015 Annual General Meeting of shareholders of Tatts Group Limited will be held in the Ithaca Auditorium, Level 2, Brisbane City Hall (Ann Street entrance), Brisbane, Queensland on Friday, 30 October 2015 commencing at 2.00pm (Brisbane time).

## ITEMS OF BUSINESS

### Chairman and Chief Executive Officer presentations

#### Financial statements and reports

To receive and consider the annual financial report, the Directors' Report and the Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2015.

#### Resolution 1: Approval of the Remuneration Report

To consider the Company's Remuneration Report as it appears in the 2015 Annual Report and, if thought fit, pass the following non-binding resolution as an ordinary resolution in accordance with section 250R(2) of the *Corporations Act 2001* (Cth):

*'That the Company's Remuneration Report for the financial year ended 30 June 2015 is approved.'*

#### Voting Exclusion

The Company will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the 'Voting Exclusions' on page 2 of this Notice.

#### Resolutions 2(a) and (b):

##### Re-election of Directors

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

- (a) *'That Mr Harry Boon, a Director retiring by rotation in accordance with the Company's Constitution and the ASX Listing Rules, and being eligible for re-election, be elected as a Director of the Company.'*
- (b) *'That Mrs Lyndsey Cattermole, a Director retiring by rotation in accordance with the Company's Constitution and the ASX Listing Rules, and being eligible for re-election, be elected as a Director of the Company.'*

#### Resolution 3: Grant of Rights to Chief Executive Officer

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*'That the grant to Mr Robbie Cooke of 103,383 Rights under the Tatts Group Limited Rights Plan on the terms summarised in the Explanatory Memorandum to this Notice of Meeting, be approved for all purposes, including for the purposes of ASX Listing Rule 10.14.'*

#### Voting Exclusion

The Company will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the 'Voting Exclusions' on page 2 of this Notice.

The Explanatory Memorandum attached to this Notice is incorporated into and forms part of this Notice. A detailed explanation of the background and reasons for the proposed resolutions is set out in the Explanatory Memorandum.

#### By Order of the Board



#### Anne Tucker

Company Secretary  
Dated 20 August 2015

# IMPORTANT NOTES

## VOTING METHODS

Shareholders may vote by attending the AGM in person, by direct voting, by proxy or by appointing an attorney under a power of attorney. A body corporate shareholder may appoint a corporate representative.

To vote in person, please attend the AGM on Friday, 30 October 2015 in the Ithaca Auditorium, Level 2, Brisbane City Hall (Ann Street entrance), Brisbane, Queensland commencing at 2.00pm (Brisbane time).

## VOTING ENTITLEMENT

For the purposes of voting at the AGM, the Board has determined that persons holding fully paid ordinary shares in the capital of the Company at 7pm (Sydney time) on Wednesday, 28 October 2015 will be treated as shareholders of the Company. This means that if you are not the registered holder of any shares in the Company at that time, you will not be entitled to vote.

## VOTING EXCLUSIONS

The Corporations Act and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by certain persons, on some of the resolutions to be considered at the AGM.

For the purpose of these voting exclusions:

- **Associate** has the meaning given in the ASX Listing Rules.
- The **Key Management Personnel (KMP)** of the Company's consolidated group are those persons having authority and responsibility for planning, directing and controlling the activities of the Company's consolidated group either directly or indirectly. It includes all Directors (executive and non-executive) and selected members of the management team. The KMP of the Company's consolidated group during the financial year ended 30 June 2015 are listed at page 48 of the Company's Annual Report.
- A **Closely Related Party (CRP)** of a member of the KMP means:
  - a spouse or child of the member;
  - a child of the member's spouse;
  - a dependant of the member or of the member's spouse;
  - anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company's consolidated group; or
  - a company the member controls.

The voting exclusions for Resolutions 1 and 3 are described in the following table:

Resolution No	Resolution description	Who is excluded from voting on the resolution?		
		As a shareholder?	As holder of a directed proxy?	As holder of an undirected proxy?
1	Approval of the Remuneration Report	KMP named in the Remuneration Report and their CRP	Proxy holder for KMP named in the Remuneration Report or their CRP.	Proxy holder for KMP named in the Remuneration Report or their CRP. Proxy holder who is a KMP or a CRP <b>(subject to Note 1 below)</b> .
3	Grant of Rights to Chief Executive Officer	Mr Robbie Cooke and Mr Robbie Cooke's associates.	Proxy holder for Robbie Cooke or any of Robbie Cooke's associates.	Proxy holder for Robbie Cooke or any of Robbie Cooke's associates. Proxy holder who is Robbie Cooke or any of Robbie Cooke's associates <b>(subject to Note 2 below)</b> . Proxy holder who is a KMP or a CRP <b>(subject to Note 1 below)</b> .

## DIRECT VOTING

Shareholders may cast a direct vote on resolutions considered at the AGM by lodging their votes with the Company prior to the AGM. Direct voting enables shareholders to exercise their voting rights without attending the AGM or appointing a proxy.

A direct vote by a shareholder is automatically revoked if the shareholder attends the AGM in

person or by proxy, attorney or representative. A direct vote will revoke (or suspend in the case of a standing appointment) the authority of a proxy, attorney or corporate representative appointed by the shareholder, received by the Company before or at the same time the direct vote was received. A direct vote by a shareholder is automatically revoked if after the direct vote is received, the

Company receives a proxy form, an instrument under which an attorney is appointed to act, or a corporate representative is appointed to act for that shareholder.

To review the rules relating to direct voting, please visit [www.tattsgroup.com/investors/agm](http://www.tattsgroup.com/investors/agm).

## PROXIES

A shareholder entitled to attend and vote at the AGM is entitled to appoint any person to attend the AGM and vote as the shareholder's proxy. A proxy can be an individual or a body corporate. A proxy need not be a shareholder.

A proxy form is enclosed with this Notice.

Unless the proxy is required by law to vote, the proxy may decide whether or not to vote on any particular item of business. If the appointment of a proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. Any undirected proxies on a given resolution may be voted by the appointed proxy as they choose, subject to the voting exclusions described above.

If a shareholder is entitled to cast two or more votes, they may appoint two proxies and specify the proportion or number of votes each proxy is appointed to exercise. If the shareholder appoints two proxies and the proportion or the number of the shareholder's votes each proxy may exercise is not specified, each proxy may exercise half the votes (disregarding fractions).

If more than one proxy for a shareholder is present at the meeting, neither may vote on a show of hands. A proxy need not vote on a show of hands nor a poll (except if the proxy is the chairman of the meeting) but if the proxy does so, the proxy must vote as directed. If you require a second proxy form, please contact Computershare Investor Services Pty Limited from within Australia on 1300 367 346 and from outside Australia on +61 3 9415 4199.

## CHAIRMAN'S INTENTION

**Please note that the Chairman intends to vote all valid undirected proxies received in favour of each resolution (subject to the voting exclusions set out on page 2 of this Notice of AGM).**

## COMPLETION OF VOTING FORM

A voting form for appointment of a proxy or direct voting must be signed by the shareholder or the shareholder's attorney. In the case of shares held jointly by two or more persons, all joint holders must sign the voting form. Electronic voting forms do not need to be signed as they will be authenticated electronically. A voting form cannot be completed online if it is completed under power of attorney or similar authority.

## LODGEMENT

A voting form for appointment of a proxy or direct voting is enclosed. To be valid, your voting instructions must be received by one of the following methods not less than 48 hours before the commencement of the AGM or any adjournment of the AGM:

- (a) electronically, by visiting [www.tattsgroup.com/investors/agm](http://www.tattsgroup.com/investors/agm) and selecting the **AGM Voting link** and following the instructions provided;
- (b) by sending the voting form by mail to the registered office of the Company or to the Company's Share Registry, Computershare Investor Services Pty Limited at GPO Box 242, Melbourne, Victoria 3001, Australia;
- (c) by sending the voting form by facsimile to the Company's Share Registry on 1800 783 447 within Australia or +61 3 9473 2555 from outside Australia; or
- (d) for certain intermediaries (such as custodians, nominees and broker participants) who subscribe to the intermediary online service—electronically, by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) and following the instructions provided.

## BODIES CORPORATE

Body corporate shareholders and proxies entitled to attend and vote at the AGM may appoint a person to act as their representative at the AGM by providing that appointee with a 'Certificate of Appointment of Representative'.

A pro forma of this certificate can be obtained by calling 1300 367 346 (within Australia), +61 3 9415 4199 (outside Australia), or at [www.computershare.com.au](http://www.computershare.com.au). A copy of the signed Certificate of Appointment of Representative, or other evidence satisfactory to the Chairman of the AGM, must be produced prior to admission to the AGM.

## RESOLUTIONS

All items of business involving a vote by shareholders are ordinary resolutions. To be passed, the items need approval of a simple majority of the votes cast by shareholders entitled to vote on the resolution.

# EXPLANATORY MEMORANDUM

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## INTRODUCTION

This Explanatory Memorandum forms part of the notice convening the AGM of the Company to be held in the Ithaca Auditorium, Level 2, Brisbane City Hall (Ann Street entrance), Brisbane, Queensland on Friday, 30 October 2015 commencing at 2.00pm (Brisbane time).

## FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the Financial Year ended 30 June 2015 to be laid before the AGM.

While there is no requirement in the Corporations Act or the Company's Constitution for shareholders to vote on, approve or adopt these reports, shareholders will have a reasonable opportunity at the AGM to ask questions and make comments on these reports and the management of the Company.

The auditor of the Company is required to attend the AGM and will be available to take shareholders' questions and comments about the conduct of the audit and the content of the Auditor's Report. Shareholders may also submit questions (up to five Business Days before the AGM) to the auditor on these matters for response at the meeting.

To lodge questions online, visit [www.tattsgroup.com/investors/agm](http://www.tattsgroup.com/investors/agm) and select the **Lodge an AGM question online link**. Alternatively, shareholders may forward written questions on the enclosed form.

The Company is required by law to forward all questions to the auditor and the auditor is required to prepare a list of questions that the auditor considers are relevant to the conduct of the audit and the content of the Auditor's Report. The auditor may omit questions that are substantially the same as other questions or not received in a timely manner. At the AGM, the Chairman will give the auditor a reasonable opportunity to answer the questions on the question list. The list of questions prepared by the auditor will be available from the Company's website, [www.tattsgroup.com/investors/agm](http://www.tattsgroup.com/investors/agm) prior to the AGM. In addition, copies of the list of questions will be available at the AGM.

The auditor of the Company will also be available to take shareholders' questions at the AGM regarding accounting policies adopted by the Company in relation to the preparation of the financial statements, the preparation of the Auditor's Report and the independence of the auditor in relation to the conduct of the audit.

## RESOLUTION 1: APPROVAL OF THE REMUNERATION REPORT

The Corporations Act requires a resolution in relation to the Remuneration Report to be included in the business of the AGM. There will be an opportunity for shareholders at the AGM to comment on, and ask questions about, the 2015 Remuneration Report (see pages 47 to 62 of the 2015 Annual Report).

The Corporations Act states that a vote on the Remuneration Report is advisory only and will not bind the Directors or the Company. The Board will, however, take the outcome of the vote and comments made by shareholders on the Remuneration Report into consideration when reviewing the Company's remuneration practices and policies.

Voting exclusions apply to this resolution as specified in the Notice of AGM.

## RESOLUTIONS 2(A) AND (B): RE-ELECTION AND ELECTION OF DIRECTORS

The ASX Listing Rules require the Company to hold an election of Directors each year. The Company's Constitution also requires that one-third of Directors (rounded down to the nearest whole number) retire from office at each AGM of the Company. In addition, no Director can stay in office longer than the later of the third AGM or three years after last being elected.

Mr Harry Boon and Mrs Lyndsey Cattermole will retire by rotation at the AGM and they offer themselves for re-election.

## RESOLUTION 2(A): RE-ELECTION OF MR HARRY BOON AS A DIRECTOR

Mr Harry Boon was last elected to the Board on 24 October 2012 and has been a member of the Board since 31 May 2005.

Mr Boon:

- is Chairman of the Tatts Group Limited Board;
- is a member of the Remuneration and Human Resources Committee;
- is Chairman of the Governance and Nomination Committee;
- is Chairman of ASX listed Asaleo Care Limited (since May 2014);
- was Chief Executive Officer and Managing Director of ASX listed company Ansell Limited until he retired in 2004, a position that capped a career spanning some 28 years with the Ansell Group;



- has lived, and worked in senior positions, in Australia, Europe, the US and Canada, and has broad-based experience in global marketing and sales, manufacturing, and product development. He is multi-lingual and has a strong track record in delivering business results through setting ambitious goals, building the appropriate organisation and relationships, and relentlessly pursuing objectives; and
- holds a Bachelor of Laws (Honours) and a Bachelor of Commerce from the University of Melbourne.

### **Recommendation**

A review of Mr Boon's performance during the period of his directorship has been undertaken by the other Directors. As a result, the Directors (with Mr Boon abstaining) recommend that shareholders vote in favour of Resolution 2(a).

### **RESOLUTION 2(B): RE-ELECTION OF MRS LYNDSY CATTERMOLE AS A DIRECTOR**

Mrs Lyndsey Cattermole AM was last elected to the Board on 31 October 2013 and has been a member of the Board since 31 May 2005.

Mrs Cattermole:

- is a member of the Governance and Nomination Committee;
- is a member of the Remuneration and Human Resources Committee;
- is a non-executive Director of Treasury Wine Estates Limited (Director since May 2011) and PACT Group Holdings Limited (Director since November 2013), both ASX listed companies. She also holds directorships with the Victorian Major Events Company, JadeLynx Pty Ltd, Madowla Park Holdings Pty Ltd, MPH Agriculture Pty Ltd and Catinvest Pty Ltd;
- was the founder and Managing Director of Aspect Computing Pty Ltd from 1974 to 2003, and a Director of Kaz Group Limited from 2001 to 2004. She has also held many board and other membership positions on a range of government, advisory, association and not-for-profit committees, including the Committee for Melbourne, the Australian Information Industries Association, the Victorian Premier's Round Table, and as Chairman of the Women's and Children's Health Care Network; and
- holds a Bachelor of Science from the University of Melbourne and is a Fellow of the Australian Computer Society.

### **Recommendation**

A review of Mrs Cattermole's performance during the period of her directorship has been undertaken by the other Directors. As a result, the Directors (with Mrs Cattermole abstaining) recommend that shareholders vote in favour of Resolution 2(b).

### **RESOLUTION 3: GRANT OF RIGHTS TO CHIEF EXECUTIVE OFFICER**

#### **Background**

Shareholders are being asked to approve Resolution 3 to allow performance rights (Rights), and shares that may vest under the Tatts Group Limited Rights Plan (Rights Plan) following the exercise of Rights, to be issued to Mr Robbie Cooke.

Mr Cooke's remuneration includes:

- fixed annual remuneration (salary plus superannuation);
- the grant of up to 450,000 Rights over a three year period ending on 30 September 2015, which was approved by shareholders at the 2013 AGM; and
- a performance-based incentive of up to 70% of Mr Cooke's fixed annual remuneration, payable 50% in cash and 50% in Rights to restricted shares (with the Rights component subject to shareholder approval).

Further details about Mr Cooke's remuneration can be found in the 2015 Remuneration Report (see pages 47 to 62 of the 2015 Annual Report).

In determining Mr Cooke's remuneration package, including the proposed grant of Rights, the Board considered the scope of Mr Cooke's role, Mr Cooke's performance throughout FY15, the business challenges facing Tatts and market practice for the remuneration of chief executive officers in positions of similar responsibility.

The Board has determined that the grant of Rights under the Rights Plan to Mr Cooke is an appropriate form of long-term incentive for Mr Cooke.

#### **ASX Listing Rule 10.14**

Resolution 3 seeks shareholder approval in order to comply with the requirements of ASX Listing Rule 10.14, which provides that a company must not issue equity securities (including performance rights) to a director under an employee incentive scheme unless the issue has been approved by shareholders by ordinary resolution. If approval is given under Listing Rule 10.14, separate shareholder approval is not required under Listing Rule 10.11 (which provides a general restriction against issuing securities to company directors without shareholder approval).



As noted above, Mr Cooke's remuneration arrangements include a performance-based incentive of up to 70% of Mr Cooke's fixed annual remuneration, payable 50% in cash and 50% in Rights to restricted shares (with the Rights component subject to shareholder approval).

The performance-based incentive entitlements are at risk. The actual incentive awarded, if any, is determined by the Board each year, based on achievement of a mix of financial and non-financial targets, including annual financial benchmarks linked to NPAT outcomes (providing direct alignment with desired shareholder outcomes), EBITDA margin improvement and EPS improvement (to reinforce cost control and capital management respectively) and an overall assessment of Mr Cooke's performance based on predetermined key performance indicators (KPIs). These KPIs may include such measures as achieving strategic outcomes, organisational change, leadership development and other Company-defining events. The Board considers that the Company's performance-based incentive scheme forms an integral part of executive remuneration. It seeks to align the interests of shareholders with those of the Company's executives.

Subject to shareholder approval, the Board has determined that 103,383 Rights (with a face value of \$3.99 as at 30 July 2015) be granted to Mr Cooke as part of Mr Cooke's performance-based incentive award for the financial year ended 30 June 2015. The Board has endorsed the proposed award of Rights on the recommendation of the Remuneration and Human Resources Committee. Approval is therefore sought pursuant to ASX Listing Rule 10.14 for the grant of 103,383 Rights to Mr Cooke. If approved, the grant of Rights will be made to Mr Cooke shortly after the AGM.

In the event that Resolution 3 is not approved by the requisite majority of shareholders, Mr Cooke will receive the value of the 103,383 Rights in cash. The cash value of the Rights will be determined by using the VWAP of the 10 ASX trading days prior to determination by the Remuneration and Human Resources Committee to award the Rights.

Information requirements for the purposes of Listing Rule 10.14

The following information is provided as required by Listing Rule 10.15A.

(a) Date the securities will be provided

If approved by shareholders, Rights will be granted to Mr Cooke as soon as practicable after the AGM (but in any case no later than 12 months after the AGM).

(b) Maximum number of securities to be provided

The maximum number of Rights that may be acquired by Mr Cooke is 103,383.

(c) The price of securities, performance measures and other matters

The principal terms of the rights proposed to be granted are as follows:

- On exercise, each Right entitles Mr Cooke to be issued with one ordinary share in Tatts.
- No consideration will be payable by Mr Cooke for either the grant of Rights or on exercise of the Rights.
- Each grant of Rights will be exercisable into restricted shares approximately 12 months after grant (usually late October in the following year). Other than this time-based hurdle, there are no vesting conditions attached to the exercise of the Rights.
- Mr Cooke has one month in which to exercise each grant of Rights once exercisable, thereafter they will lapse.
- Mr Cooke will be restricted from dealing in shares issued following the exercise of Rights for the earlier of two years from the date of issue and Mr Cooke ceasing to be employed by Tatts Group (and at all times subject to the Company's Securities Trading Policy and insider trading laws) (Disposal Restriction Period).
- Subject to the discretion of the Board, if:
  - Mr Cooke does not remain employed by Tatts Group for any reason other than the expiration of his employment agreement, or commits an act of fraud or serious misconduct in relation to the affairs of Tatts; or
  - there is a material misstatement in Tatts' financial statements,
 unvested Rights will lapse.
- Shares issued following the exercise of Rights are, subject to the discretion of the Board, liable to forfeiture during the Disposal Restriction Period if:
  - Mr Cooke commits an act of fraud or serious misconduct in relation to the affairs of Tatts; or
  - there is a material misstatement in Tatts' financial statement.

- (d) Persons referred to in ASX Listing Rule 10.14 who received securities under the Rights Plan since the last shareholder approval.

At the 2013 AGM, shareholders approved a grant of up to 450,000 Rights to Mr Cooke over a three-year period ending on 30 September 2015. The first tranche (150,000 Rights) was granted to Mr Cooke on 22 November 2013 and the second tranche (150,000 Rights) on 31 October 2014. Additionally, 60,074 FY13 Rights were granted to Mr Cooke on 22 November 2013 and 131,089 FY14 Rights were granted to Mr Cooke on 31 October 2014. Subsequently, 210,074 of the Rights granted were exercised by Mr Cooke resulting in 210,074 ordinary shares in Tatts being issued to Mr Cooke on 31 October 2014. There was no issue price or exercise price for the Rights or shares. No other person who requires shareholder approval under ASX Listing Rule 10.14 has been granted any Rights under the Rights Plan since 31 October 2014.

- (e) Voting Exclusion Statement

The voting exclusions applicable to Resolution 3 are contained in the voting exclusion statement set out on page 2 of the Notice of Meeting accompanying this Explanatory Memorandum.

- (f) No loan

The Company will not be providing a loan to Mr Cooke in relation to the acquisition of Rights, or the exercise of those Rights, the subject of Resolution 3.

- (g) Details to be included in annual reports

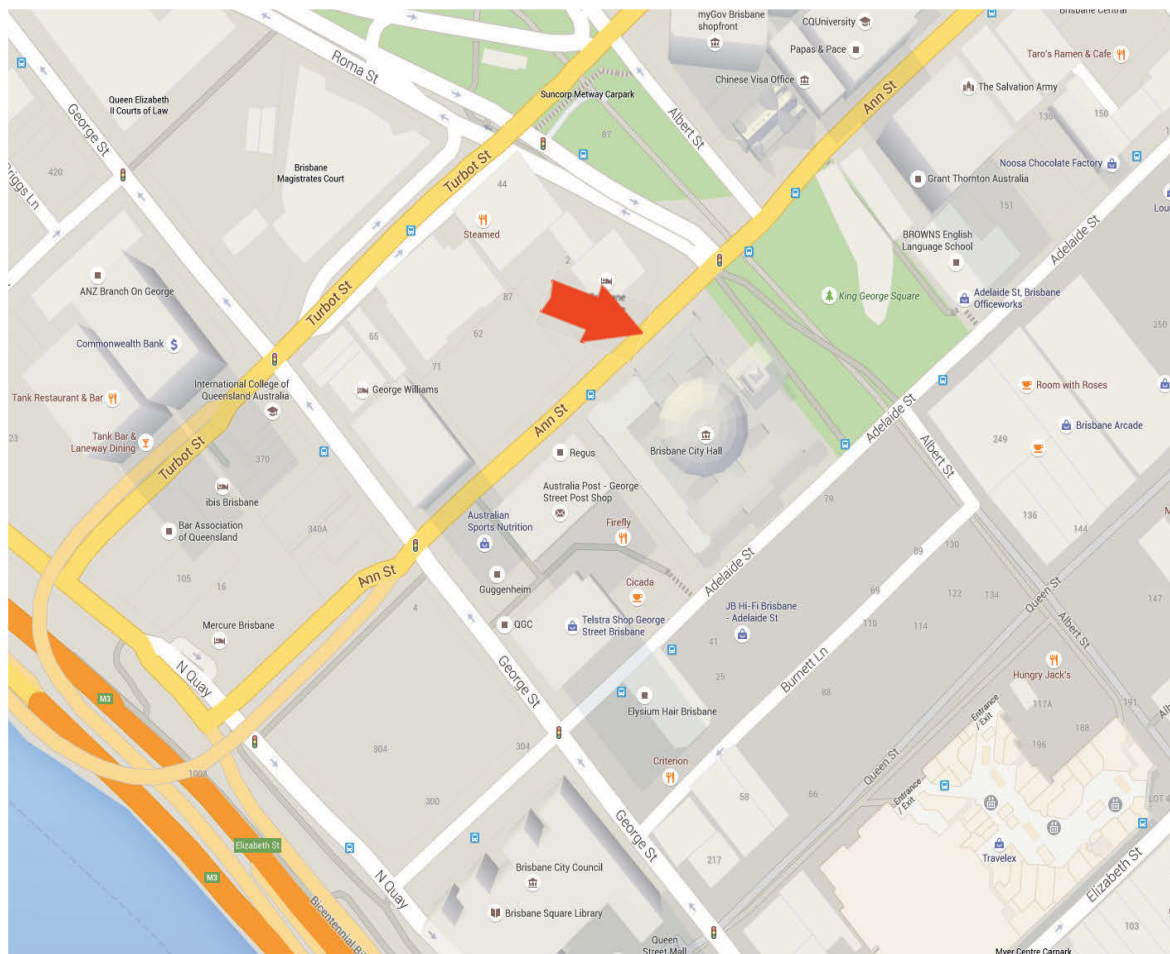
Details of any securities issued under the Rights Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and will state that approval for the issue of securities was obtained under Listing Rule 10.14.

No Directors other than Mr Cooke are entitled to participate in the Rights Plan. Any additional persons for whom shareholder approval is required and who become entitled to participate in the Rights Plan after Resolution 3 is approved and who are not named in the Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14. If any additional persons for whom shareholder approval is required under the ASX Listing Rules become entitled to participate in the Rights Plan following approval of this resolution, they will not participate until approval is obtained as required under ASX Listing Rule 10.14.

## Recommendation

The Directors (with Mr Cooke abstaining), recommend that shareholders vote in favour of Resolution 3.

# BRISBANE CITY HALL GUIDE MAP



## Brisbane City Hall

64 Adelaide St, Brisbane QLD 4000

Level 2, Ithaca Auditorium

### Arriving by train:

Take the train to Central Station. After a short walk down Anne Street, you will arrive at the Brisbane City Hall.

### Arriving by bus:

Take the bus to stop 19 at City Hall.

### Parking:

Brisbane City Council operates two public car parks in the Brisbane Central Business District (CBD). There are also street parking meters throughout the city and surrounding inner city areas.

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**Tatts**Group

**Tatts Group Limited**

**ABN 19 108 686 040**

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MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



## Lodge your vote:



**Online:**

[www.tattsgroup.com/investors/aggm](http://www.tattsgroup.com/investors/aggm)



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 367 346  
(outside Australia) +61 3 9415 4199

## Voting Form



### Vote and view the annual report online

- Go to [www.tattsgroup.com/investors/aggm](http://www.tattsgroup.com/investors/aggm) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I999999999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by  
2.00pm (Brisbane time) Wednesday 28 October 2015**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Vote Directly

**Voting 100% of your holding:** Mark either the For, Against or Abstain box opposite each item of business. Your vote will be invalid on an item if you do not mark any box OR you mark more than one box for that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement.

#### Appoint a Proxy to Vote on Your Behalf

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.



I 9999999999

I ND

# Voting Form

Please mark  to indicate your directions

## STEP 1 Indicate How your Vote will be Cast *Select one option only* XX

At the Annual General Meeting of Tatts Group Limited to be held at the Ithaca Auditorium, Level 2, Brisbane City Hall (Ann Street Entrance), Brisbane QLD 4000 on Friday 30 October 2015 at 2.00pm (Brisbane time) and at any adjournment or postponement of that meeting, I/We being member/s of Tatts Group Limited direct the following:

### 1. Vote Directly

Record my/our votes strictly in accordance with directions in Step 2.

**PLEASE NOTE:** A Direct Vote will take priority over the appointment of a Proxy. For a valid Direct Vote to be recorded you must mark FOR, AGAINST, or ABSTAIN on each item.

### 2. Appoint a Proxy to Vote on Your Behalf: I/We hereby appoint

the Chairman of the Meeting **OR**

**OR**

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit).

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

### IMPORTANT FOR ITEMS 1 AND 3

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1 and 3** (except where I/we have indicated a different voting intention below) even though **Items 1 and 3** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1 and 3** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you have appointed a proxy and you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority. If you are directly voting and you mark the **Abstain** box for an item, it will be treated as though no vote has been cast on that item and no vote will be counted in computing the required majority.

		For	Against	Abstain
1	Approval of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(a)	Re-election of Director - Mr Harry Boon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(b)	Re-election of Director - Mrs Lyndsey Cattermole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Grant of Rights to Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Before completing your vote and returning by post, please consider using the preferred electronic voting option outlined on the front page of this form.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_





TattsGroup

TATTS GROUP LIMITED

ANNUAL SHAREHOLDER REVIEW

ABN 19 108 686 040

# 15THIRLLS

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**The thrill is what drives us.**

**In FY15 our business renewal has stepped up a gear, delivering a transformative approach to digital, innovative new brands such as UBET and game-changing technology.**

**We are innovating the way we do business to bring thrills that benefit our customers, our shareholders and our teams.**

**This year we've highlighted 15 of FY15's 'thrills', each one taking us a step closer to becoming the world's best gambling group.**

Thrill #1

# SURGE IN PROFITS

Despite fierce competition, fewer lottery jackpots, and an ongoing business renewal program, Tatts Group achieved a 25.7% surge in statutory profit after tax.



NPAT (CONTINUING OPERATIONS) UP 12.9% TO

# \$255.8M



NPAT  
(STATUTORY)

UP 25.7% TO

**\$252.0  
MILLION**

↑ REVENUE UP 1.8% TO

**\$2.92** BILLION

EBITDA  
UP 1.8%  
TO \$507.4  
MILLION



↑ EBIT UP 1.4% TO

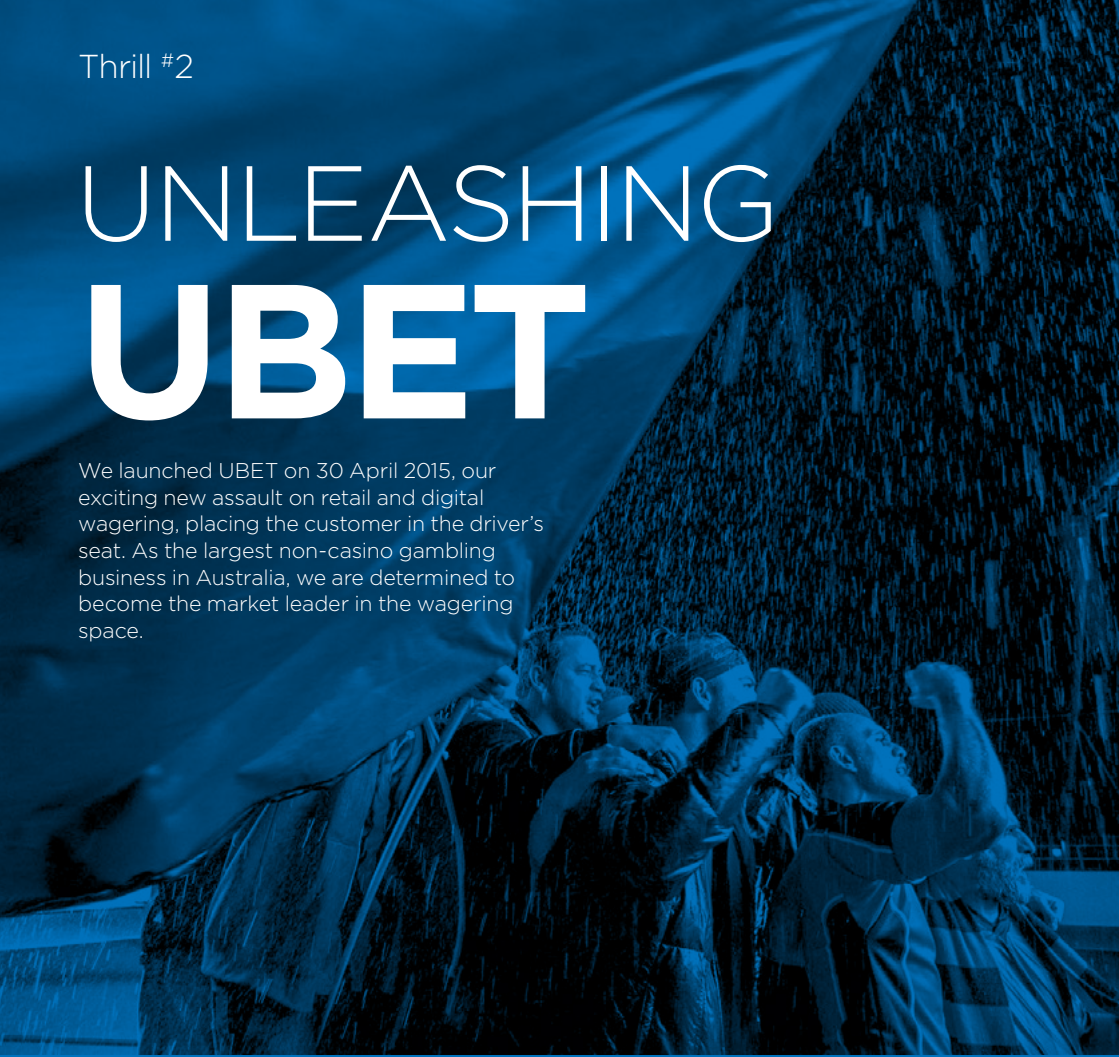
**\$420.3<sup>M</sup>**

RECORD RESULTS FOR LOTTERIES, MAXGAMING & TALARIUS

Thrill #2

# UNLEASHING UBET

We launched UBET on 30 April 2015, our exciting new assault on retail and digital wagering, placing the customer in the driver's seat. As the largest non-casino gambling business in Australia, we are determined to become the market leader in the wagering space.



Thrill #5

# REINVIGORATING RETAIL WAGERING

Our new UBET stores are a dramatic change from the old TAB, bringing to life the concept billed as 'your home arena'. We can now offer a true omni-channel wagering experience, with the seamless convergence of digital, retail and telephone betting in the new stores and on-course.

Thrill #3

# BEST IN CLASS DIGITAL

LIVE RACING  
VISION



LEAGUE OF  
LEGENDS

EXPERT NEWS  
AND VIEWS



UBET APP

FAST AND INTUITIVE



Thrill #4

# TRANSFORMING WAGERING TECHNOLOGY

UBET+ rewards customers in cash, based on their spend with us across retail, digital, and phone. A class-leading loyalty program to connect with our customers, in an environment where brand loyalty is rare.





# CHAIRMAN'S LETTER

The 2015 financial year has been a very successful year. We produced a strong financial result with net profit after tax lifting 25.7% (12.9% on a continuing operations basis).

This strong outcome was achieved while maintaining our investment and focus on the business renewal program we began some two years ago.

In looking back over the year, it is worth remarking on a number of significant operational achievements:

- The **digital and online** initiatives we have implemented are performing exceedingly well, gaining significant momentum in the year. Our online sales for wagering were up by 12.5%, and lotteries were up by 20.9%.
- Our **Wagering operation** successfully launched the UBET brand—now live in-market, and the repositioning of the business is in full swing. While still early days, we have seen some very positive signs from the new branding and retailing initiatives implemented thus far.
- Our **Lotteries** team was focused on new product innovation, with Lucky Lotteries launched in Queensland, Victoria, Tasmania and the Northern Territory, while the new Set for Life game achieved regulatory clearance. We are excited about the potential for Set for Life, which launched on 3 August 2015, our first new draw lottery game since 1996.

The Managing Director's report on page 10, discusses these highlights in more detail.

## OPERATIONAL PERFORMANCE

At a Group level, we achieved revenue growth of 1.8% to \$2.92 billion, despite the challenge posed by an extremely competitive wagering environment as well as fewer lottery jackpots reaching the influential \$15 million or more level.

This revenue growth, combined with prudent cost control, saw us deliver improved operating margins across our portfolio of businesses, resulting in the strong increases in net profit after tax previously mentioned, and a 23.4% increase in earnings per share.

## INCREASED RETURNS TO SHAREHOLDERS

Consistent with the increased net profit and earnings per share, and our commitment to high dividend payout ratios, your Board has determined a final dividend of 7.5 cents per share (last year 5.5 cents).

This takes the total dividend paid for the 2015 financial year to 16.5 cents per share, an increase of 22.2% over 2014. This represents a 95.1% payout of our statutory profits, and is the ninth year<sup>1</sup> since listing in 2005 that the dividend payout ratio has exceeded 90%.

We are continuing our dividend reinvestment plan (**DRP**) this year. With the strength of our balance sheet and overall financial position, your Board has decided to discontinue the 1.5% discount previously offered with the DRP.

Total Shareholder Return (**TSR**) for FY15 from a combination of dividends and share price growth was 20.7%. This performance again outpaces the broader ASX200, which achieved a TSR of 7.8% over the same period.

<sup>1</sup> On a continuing operations basis.





## TOTAL SHAREHOLDER RETURN FOR FY15 FROM A COMBINATION OF DIVIDENDS AND SHARE PRICE GROWTH WAS 20.7%.

### PEOPLE

The business renewal program we commenced in FY13 was designed to challenge and update some of our accepted ways of operating to better position all our businesses for future success.

As expected, this resulted in some significant changes in business processes and focus, as well as adjustments to team structures and personnel. Change can sometimes be a difficult and emotional issue, and I would like to acknowledge the positive way the entire Tatts team has embraced the changes made.

Through this renewal program, which is ongoing, we have already achieved an extraordinary amount of success in a short period of time, and this, once again, is credit to the outstanding efforts of the

dedicated and engaged team at Tatts.

In discussing our team, I am pleased to report on the success achieved so far under our diversity program. We have implemented a number of specific programs that aim to place the best possible talent in roles as they become available, and have focused on removing any impediments to the 'best and brightest' applying for these roles, irrespective of gender. I am happy to report that, under this approach, we have seen the representation of women in our senior leadership team lift to now make up 50%<sup>1</sup> of this important management group (vs last year: 27%).

### SUSTAINABILITY

Tatts has a well-developed sustainability program and vision, which we have refined over the 100+ years we have operated. It recognises that our licences and authorities to operate are privileges granted by governments, and proudly highlights our significant contributions to both the communities in which we operate and to the industry partners upon whom we rely.

In FY15 we became official partners with two key community organisations. Our Lotteries unit is now an official partner of the Starlight Foundation and our Wagering unit partners with Mates4Mates (an initiative of the RSL). An important part of our sustainability approach involves community support through our responsible gambling programs, and contributions to community organisations such as these.

We have also continued to make significant charitable contributions to a range of programs, with these contributions covered in greater detail in our Sustainability Report on page 28.

<sup>1</sup> The Sustainability Report on page 28 has more detail on our diversity policy and reporting.

In FY15 we paid a total of \$1.32 billion to state governments (excluding corporate taxes) and industry partners in the form of lottery taxes, wagering taxes, wagering product fees and race information fees, with the most significant of these contributions being:

- Queensland \$367.1 million
- New South Wales \$327.1 million
- Victoria \$387.3 million

We continue to monitor our environmental impact, and although we will always have a low carbon emissions footprint due to the nature of our businesses, we have made further positive strides in FY15 to decrease this small footprint even further.

Again, more detailed reporting on our environmental impact is provided in our Sustainability Report on page 28.

## **POKIES COMPENSATION LITIGATION**

The legal action to enforce our contractual rights following the expiry of our Victorian gaming operator's licence in FY13 continues. After successfully defending the appeal by the State of Victoria to the Victorian Supreme Court in FY14, the High Court of Australia granted the State special leave to appeal that decision. There can be no certainty when that appeal will be heard, but we are hopeful that this matter will be finally concluded during the current financial year.

If we are ultimately successful, your Board will consider appropriate capital management options in the best interests of shareholders. Meanwhile,

although the compensation of \$451.2 million, plus interest of \$89.3 million, has been received from the State of Victoria, it will not be recognised as income in our accounts until the action is finally concluded (i.e. after the High Court appeal decision). To date, the funds have been used to reduce debt.

- the development of a network-wide, omni-channel customer experience.

We will also continue to actively seek out acquisition opportunities that offer our business a step-up in scale, geography and/or product range within the wagering, lottery and/or gaming domains. Our approach remains

# **THIS IS THE NINTH YEAR<sup>2</sup> SINCE LISTING THAT THE DIVIDEND PAYOUT RATIO HAS EXCEEDED 90%.**

## **LOOKING FORWARD**

Following the launch of UBET on 30 April 2015, our wagering strategy in FY16 has four key elements:

- focus on building the new brand nationally;
- refurbish and renew our retail footprint;
- continually improve our digital offerings;
- continually innovate our products and technology.

Our renewal activities will accelerate in FY16 to focus in on lotteries, with:

- the launch of a new website and apps;
- the refresh of our lotteries' retail image; and

disciplined, with a strategic focus on only those opportunities that will deliver commercially attractive returns, and which are capable of seamless integration, or which will benefit from our proven operational capabilities.

Your Directors and I look forward to welcoming you to the Tatts Group Annual General Meeting on Friday, 30 October 2015 at the iconic Brisbane City Hall, and, as always, if you are unable to join us on the day, you can listen to the proceedings online at [www.tattsgroup.com](http://www.tattsgroup.com).



## **HARRY BOON**

Chairman

<sup>2</sup> On a continuing operations basis.

MANAGING  
DIRECTOR'S  
REPORT



# OPERATING & FINANCIAL REVIEW

FY15 was another great year for Tatts.

Building on last year's momentum, we achieved an impressive lift in profits (25.7% on a statutory basis or 12.9% on a continuing operations basis) while also implementing a

significant number of initiatives under our business renewal program, to better position our operations for future growth.

This renewal program is focused on re-invigorating our business. It is about re-thinking some of our accepted ways of

I will first provide a 'year in a snapshot' view of the past year including looking more closely at some of the game-changing actions, initiatives and innovations undertaken by the team. I then move to a 'deeper dive' into the performance

## FY15 WAS ANOTHER GREAT YEAR FOR TATTS. BUILDING ON LAST YEAR'S MOMENTUM, WE ACHIEVED AN IMPRESSIVE LIFT IN PROFITS...

operating and giving our team the authority to 'challenge, re-think and refresh'. Often when companies embark on such programs the actions required can impede immediate-term profit outcomes due to organisational distraction and disruption. Given this known risk, our FY15 results are particularly pleasing.

The momentum built in FY15 has continued into the new financial year, kick-started by a strong run of lottery jackpots at the influential \$15 million or more threshold (8 vs 5 in the same period last year). While still early days, this provides a solid foundation for the year ahead.

As in past years, before reviewing our financial performance and position at a Group level,

of our three operating units (Lotteries, Wagering and Gaming) with a focus on their key achievements in FY15, and then wrap up with some of the key actions planned for the year ahead.

Our Annual General Meeting in October will be an opportunity to provide further insights and to outline a number of the new initiatives and innovations in the pipeline. I hope that you can join us in October for this event in person or online.



# YEAR IN OVERVIEW

## FY15 SNAPSHOT

The 25.7% surge in after tax profits on a statutory basis to \$252.0 million, and the more representative 12.9% lift on a continuing operations basis to \$255.8 million, was achieved despite fewer and lower value lottery jackpots, a more competitive wagering landscape, the business digesting a number of major changes from our ongoing business renewal program, and the rollout of a number of new products and initiatives. (see Figure 1)

It was particularly exciting to see the excellent sales traction accomplished by our digital channels in the year. These digital sales contributed significantly to our FY15 performance. Lotteries delivered an outstanding 20.9% growth in online sales, with 11.1%<sup>1</sup> of our lotteries sales online in FY15 (FY14: 9.4%).

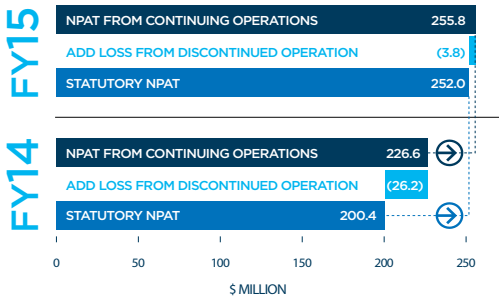
Wagering's digital outcomes were also excellent, with a growth rate of 12.5%. Our wagering operation transacts an impressive 25.7% of its sales online (compared to 22.9% in FY14). We believe there remains considerable untapped opportunity in the digital wagering channel, and the initiatives we are implementing are designed to capture this potential (see discussion below).

The launch of UBET on 30 April 2015 was a key area of focus for our Wagering operation in FY15, and we are extremely pleased with the consumer response to the UBET brand, our marketing actions, and the associated digital and retail initiatives. UBET is not just a simple change in livery. It clearly is a continuing piece of work, and will remain a focus in FY16 and beyond.

The UBET project has seen the team deliver the key elements that position UBET to provide a world-class omnichannel customer experience. To this end, FY15 saw the accomplishment of many major milestones including:

- The selection and development of our new brand, UBET, including securing the 'ubet.com' domain.
- Up-scaling our online capabilities (development, online marketing and customer relationship marketing).
- Development of new apps and website.
- Production and launch of advertising across all media.
- Design and rollout of our category-leading next generation retail outlets.
- Doubling the team's bookmaking resources.
- Integrating an automated bookmaking platform to provide significantly expanded and enhanced markets (pre-match and in-play).
- Development and introduction of our rewards program, UBET+.
- Market ready with a category-leading virtual sport and racing solution.
- Development of new self-service betting terminals with cash handling and ticket-in ticket-out capability.

FIGURE 1. NPAT GROWTH



<sup>1</sup> Consistent with prior years this excludes South Australia—if South Australia is included, online sales grew 22.2% and represent 10.4% of sales vs 8.7% in FY14



- Development of our new age retail terminal, the Orion, due for rollout in FY16.
- Development and retail launch of UBET Live, which provides a unique in-venue in-play betting module.

Also in the wagering arena, we completed the contractual amendments required to reflect the new wagering structure in Queensland as agreed with Government and the Racing Industry at the end of FY14. These arrangements also required certain legislative changes to enshrine the new structure and, pleasingly, these were enacted in December 2014. On the licencing front, we are currently in the midst of a competitive process for the award of a new Totalisator Licence in the Northern Territory.

The Territory Government extended the original licence expiry from 30 June 2015 to 31 August 2015. We therefore expect a decision imminently.

Our Lotteries operation has had an excellent year with revenues up 2.8% despite jackpot levels being lower than in the prior year. In addition to driving our core operations, our Lotteries team implemented a number of digital initiatives and specific projects that have made a significant contribution to this performance throughout the year, including:

#### **INSTANT SCRATCH-ITS IN VICTORIA**

Following a variation to our public lotteries licence in October 2014, we completed the many technical, operational and retailing integration works necessary to facilitate the sale of Instant Scratch-Its in Victoria from 1 February 2015. The return of Instant Scratch-Its to our Victorian product line after a 6-year absence has seen a great customer and retailer response, with sales tracking well ahead

## **MAJOR MILESTONES INCLUDE THE SELECTION AND DEVELOPMENT OF OUR NEW BRAND, UBET.**

of those achieved prior to Tatts' re-engagement.

#### **INSTANT SCRATCH-ITS INNOVATION**

The year saw a focus on innovation in ticket design and new products. The inaugural launch of the \$20 Instant Scratch-Its Game Book in Golden Casket jurisdictions was a standout success, as was the introduction of the new Live the Life range (and other tickets) that highlighted new features along with a new reflective printing technique, adding to the visual appeal of the ticket.

#### **LUCKY LOTTERIES**

On 30 March 2015 the Lucky Lotteries game, previously only available in New South Wales and the ACT, was successfully extended into Queensland, Victoria, the Northern Territory and Tasmania. The new multi-jurisdictional game is built on the 84-year-old, successful NSW Lotteries draw lottery game. Customers and retailers in the new markets have embraced the game, and we have seen a strong online response to Lucky Lotteries, with overall online sales currently more than 17% (the online mix being significantly higher in the new markets).

#### **CONVENIENCE FUEL OUTLETS**

Our 2-year trial at seven Coles Express retail fuel sites in Victoria

concluded on 28 June 2015, however we simultaneously sealed an agreement to expand the sale of our full lotteries offering in other convenience fuel outlets across New South Wales, Victoria and the ACT. This is an exciting opportunity on the back of strong year-on-year growth in the convenience fuel channel, predominantly from the 'On the Run' chain in the South Australian market.

#### **SET FOR LIFE**

In June 2015 we achieved all regulatory approvals necessary to launch Set For Life in August 2015. Considerable excitement surrounds what is our first new national draw game since the launch of Powerball in 1996.

#### **OMNI-CHANNEL CUSTOMER EXPERIENCE**

Throughout the year we have been developing a network-wide, omni-channel experience to unify our lotteries customer experience through all of our purchase channels. When launched, this will mirror the omni-channel experience being pursued in our Wagering operation.

#### **NEW DIGITAL ASSETS**

The team is working on a new suite of digital assets for lotteries to further improve our online customer experience.

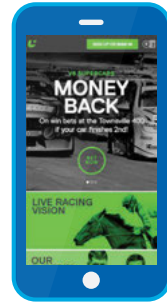


FRONT ROW ACTION

Our Gaming team has been particularly focused in the year on our centralised monitoring system (CMS) business in New South Wales. We operate this business under a licence from the New South Wales Government, and provide a monitoring platform to which all electronic gaming machines in clubs and hotels in New South Wales must be connected for taxation and regulatory purposes. In our capacity as licensee, our system is responsible for calculating and facilitating the collection of in excess of \$1.3 billion in taxes

to establish appropriate transitional arrangements to continue to provide the CMS service for a transitional 12-month post-licence period, on similar commercial terms to those currently in place.

Beyond our normal business operations, a key matter still in progress is the compensation claim in Victoria relating to our now discontinued pokies business. During FY15 the State of Victoria was granted special leave by the High Court of Australia to appeal the decision by the Supreme Court of Victoria to award



We have, over the last 2 years, done much to structure our work groups to better deliver business outcomes—we have removed silos, lifted internal

## IT IS THE ENERGY OF OUR TEAM THAT WILL ENSURE WE ACHIEVE OUR VISION OF BEING THE WORLD'S BEST GAMBLING GROUP!

on behalf of the New South Wales Government from more than 95,000 networked gaming machines, in approximately 2,700 venues throughout the State.

Our licence is due to expire on 30 November 2016 and the New South Wales Government has commenced a competitive market process for a new licence. Irrespective of the outcome of this competitive process, we have over the last year been working with the New South Wales Government

compensation in favour of Tatts (\$451.2 million plus interest of \$89.3 million). We look forward to the final resolution of this matter in FY16.

Finally, in looking at the year in overview, I would like to highlight that the results delivered—and the exciting innovations and initiatives we have in the pipeline—have been made possible by the combined efforts of a large number of engaged, creative and passionate team members working in unison.

communication, encouraged nimbleness, introduced rapid prototyping to fast-track product delivery, promoted and recruited the 'best and brightest', and openly articulated to all team members our business strategies—all with a single-minded focus on customer satisfaction. Ultimately, it is the energy of our team that will ensure we achieve our vision of being the world's best gambling group!

## GROUP REVENUE

At a Group level revenue was up 1.8% on FY14 at \$2.92 billion.

Our Lotteries operation contributed strongly to this revenue outcome, with our largest game, Saturday Lotto, performing very well, assisted by the price increase introduced in July 2014. This was supplemented by stability in our Monday/ Wednesday game and a strong performance by our Instant Scratch-Its portfolio, which benefited from the return of Victoria to the fold. All this despite fewer jackpots at the \$15 million or more mark, and a lower average value jackpot pool for the year.

Awaiting the UBET launch that occurred in the last two months of the reporting period, wagering revenue was down, reflecting as vigorous as ever competitor activity and a subdued retail environment in a few key regions. Our three gaming businesses all performed well, and, in aggregate, delivered increased contributions to the Group's revenue.

## GROUP EBITDA

Group EBITDA of \$507.4 million was 1.8% up on FY14's result.

Lotteries positively contributed to this result, where its EBITDA margin lifted (up 50 basis points to 15.9%) benefiting from the growth in our digital channel (discussed in more detail below).

Wagering's margin performance was in line with the level we indicated to the market in August last year—the lower margin outcome reflecting the investment made to reposition our wagering offering so as to compete and capture segment share. This, coupled with the subdued revenue result, saw wagering's contribution to the Group's EBITDA result soften.

Our three gaming businesses all increased on their FY14 performances to provide a lift in the Group's EBITDA outcome in FY15.

## GROUP EBIT

EBIT from continuing operations was up 1.4% in FY15 to \$420.3 million. Total Group depreciation and amortisation amounted to \$87.1 million, up 3.8% on FY14. Amortisation of the new Queensland wagering licence was the largest contributor to this increased charge.

FIGURE 2. GROUP FINANCIAL PERFORMANCE

	FY15 \$ M	FY14 \$ M		CHANGE %
<b>Total revenue and other income</b>	<b>2,919.9</b>	<b>2,868.3</b>	<b>▲</b>	<b>1.8%</b>
State government share	(1,293.5)	(1,289.9)	▲	0.3%
Venue share/ commission	(417.0)	(413.1)	▲	0.9%
Product and program fees	(203.1)	(187.2)	▲	8.5%
Other expenses	(498.9)	(479.7)	▲	4.0%
Total expenses	(2,412.5)	(2,369.9)	▲	1.8%
<b>EBITDA</b>	<b>507.4</b>	<b>498.4</b>	<b>▲</b>	<b>1.8%</b>
Depreciation and amortisation	(87.1)	(83.9)	▲	3.8%
<b>EBIT</b>	<b>420.3</b>	<b>414.5</b>	<b>▲</b>	<b>1.4%</b>
Net interest	(54.2)	(87.9)	▼	(38.4%)
<b>Profit before tax</b>	<b>366.1</b>	<b>326.6</b>	<b>▲</b>	<b>12.1%</b>
Income tax	(110.3)	(100.0)	▲	10.3%
<b>Net profit after tax (continuing operations)</b>	<b>255.8</b>	<b>226.6</b>	<b>▲</b>	<b>12.9%</b>
(Loss) from discontinued operation	(3.8)	(26.2)	▼	(85.4%)
<b>Net profit after tax (statutory)</b>	<b>252.0</b>	<b>200.4</b>	<b>▲</b>	<b>25.7%</b>

# REVENUE

\$2.92 BILLION,

UP 1.8%

## GROUP NET PROFIT

After tax profits from continuing operations for the Group lifted 12.9% to \$255.8 million (FY14: \$226.6 million). Net interest was down \$33.7 million.

Group after tax profits on a statutory basis lifted 25.7% to \$252.0 million (FY14: \$200.4 million), noting that the FY14 result included the \$26.2 million impact of our discontinued Victorian pokies operation, primarily relating to the health benefit levy charge in FY14.



## GROUP FINANCIAL POSITION

Following the refinancing of \$650 million of our facilities in FY14, we have secured the benefits of improved pricing, the current interest rate market, the compensation proceeds received and the cash generated from operations, which has resulted in net interest falling from \$87.9 million to \$54.2 million, a reduction of \$33.7 million.

The strong cash generative nature of our business underpins the continuing improvement in our balance sheet position. The Group's capital management planning seeks to ensure ongoing access to funds to support our business strategies, while rewarding shareholders where possible. Despite not maintaining a public credit rating, our target is a balance sheet consistent with an investment grade rating. Throughout FY15, we have undertaken capital management activities that have positioned the Group well, delivering value to shareholders principally through lower financing costs.

The Group remains in a position of financial strength, with the

financial performance achieved in the year, coupled with the retention of the \$540.5 million from the ongoing pokies compensation case with the State of Victoria.

As previously advised to the market, these litigation funds were used to repay debt as it matured, resulting in an approximate \$12 million after tax interest benefit for the year. As the compensation amount is subject to appeal in the High Court, we remain focused on maintaining flexibility to deal

The Group's committed debt facilities (as at 30 June 2015) totalled \$1.79 billion, of which \$915.2 million were utilised. When netted against the Group's cash holdings (excluding prize reserves), Group net debt amounted to \$656.1 million. Even without the \$540.5 million in compensation, net debt is comfortably serviceable considering the Group's cash flow and profitability. For the period ended 30 June 2015, Group net debt to EBITDA was

## WITH THE FINANCIAL PERFORMANCE ACHIEVED IN THE YEAR... THE GROUP REMAINS IN A POSITION OF FINANCIAL STRENGTH.

with the full range of possible final scenarios. At the time of the final decision, if successful, your Board will consider the most appropriate capital management option, whether it is a special dividend, share buyback or some other form of corporate activity.

Of particular note, our strong position gives us sufficient capacity, irrespective of the outcome, for upcoming licence bids and/or renewals.

1.18 times, while interest cover was 8.62 times. Excluding the compensation receipt, the Group's net debt to EBITDA ratio would have been 2.27 times.

During the year we cancelled a \$180 million tranche of the debt facility, saving over \$1 million per annum. We are currently renegotiating new terms on the \$350 million tranche maturing in March 2016.

# LOTTERIES REVIEW

**OUR RETAIL NETWORK, WHICH IS, AND WILL REMAIN, OUR LARGEST SOURCE OF SALES, ACHIEVED SALES GROWTH IN THE YEAR.**

## FY15 LOTTERIES HIGHLIGHTS

- Record 260 customers made millionaires (FY14: 238)
- 34 jackpots at \$15 million or more threshold (FY14: 36)
- Average jackpot pool \$25.3 million (FY14: \$25.7 million)
- Implementation of Saturday Lotto price increase
- Launch of inaugural \$20 Instant Scratch-Its Game Book
- 20.9% growth in digital channel, online representing 11.1%<sup>1</sup> of sales (FY14: 9.4%)
- Tatts.com lotteries app downloaded on 735,000 devices (FY14: 332,000)
- Lucky Lotteries extended beyond New South Wales and ACT into Queensland, Victoria, Northern Territory and Tasmania
- Agreement to expand our lotteries products into a selection of convenience fuel outlets in NSW, Victoria and ACT
- Expansion of 'On the Run' convenience fuel channel in South Australia
- Instant Scratch-Its returned to our Victorian game portfolio
- \$1.11 billion paid to state governments in lotteries taxes

## LOTTERIES PERFORMANCE

Our lotteries operation had a very successful year with revenue up an impressive 2.8% to \$1.98 billion across the portfolio of games, once again demonstrating the value of our diverse lotteries product range. Overall growth was achieved notwithstanding two fewer jackpots in FY15 at the \$15 million or more mark when compared to the prior year (34 vs 36 jackpots—see Figure 4); and a lower average value jackpot pool at \$25.3 million (FY14: \$25.7 million). This revenue growth was underwritten by: strong performance from the base games of the lottery game portfolio with excellent contribution from our largest game, Saturday Lotto; stable performance in our Monday/Wednesday game; and continued growth in our expanded Instant Scratch-Its portfolio. The well-established New South Wales and ACT game, Lucky Lotteries, was also able to find new avenues for growth by extending its footprint on 30 March 2015 into Queensland, Victoria, Northern Territory and Tasmania.

Off the back of this revenue growth we achieved a 5.8% lift in EBITDA, reaching a record \$313.6 million and EBIT growth of 5.9% to \$287.5 million. Our EBIT margin continues to improve, now sitting at 14.5%. (See Figure 5).

Our retail network, which is, and will remain, our largest source of sales, achieved sales growth in the year. FY16 will see some major initiatives implemented in our retail channels, which will further stimulate sales and position the business well. This includes a new digital point-of-sale system, our expansion into more convenience fuel outlets, and the development of a network wide omni-channel customer experience—all designed to further strengthen our recent growth in this channel.

<sup>1</sup> Consistent with prior years this excludes South Australia—if South Australia is included, online sales grew 22.2% and represented 10.4% vs 8.7% in FY14.



Our focus on driving our digital performance saw online sales continue to gain traction in the year, with online now representing 11.1%<sup>1</sup> of all lottery sales. FY16 will see our digital initiatives in lotteries step up to a new level. We are confident that we can achieve more growth from this convenient and easy-to-use purchase path.

Importantly, we have maintained the number one Google paid search ranking for all of our lottery keywords (95% of the time in FY15). Our new market-leading customer relationship marketing (CRM) system generated sales from more than one million customers who receive our promotional emails. We combined this with pilot marketing campaigns on Facebook, which have proven successful, demonstrating social engagement does drive sales growth in this domain.

Instant Scratch-Its revenue increased by an impressive 7.0%. This performance was assisted by innovation in the product portfolio and the return of Instant Scratch-Its to our game portfolio in Victoria. On 27 October 2014, the Victorian Government approved a variation to our public

FIGURE 3. LOTTERIES FINANCIAL PERFORMANCE

LOTTERIES	FY15 \$ M	FY14 \$ M	CHANGE %
Revenue	1,976.7	1,922.8	▲ 2.8%
EBITDA	313.6	296.6	▲ 5.8%
EBIT	287.5	271.5	▲ 5.9%

lotteries licence, expanding our authorised product offering to include Instant Scratch-Its and daily Keno. This followed Intralot's decision to exit its lottery licence in Victoria, which authorised it to sell Instant Scratch-Its and daily Keno. Our sales commenced on 1 February 2015, and we have had a great response from customers and retailers alike to our return to the market, with sales tracking well ahead of those achieved prior to Tatts' re-engagement.

Our other major product initiative was the repositioning of Lucky Lotteries on 30 March 2015 to become a multi-jurisdictional game. This draw lottery 'raffle' style game has been offered only in New South Wales and the ACT since 1931. Customers in Queensland, Victoria, Northern Territory and Tasmania have embraced the game, with these jurisdictions

representing close to 20% of game sales just three months after launch. Despite lower jackpot activity on the prior year, the benefit of additional sales from the new jurisdictions and improved draw sell-through times has delivered a positive result. We are confident the game will continue to show growth as it builds recognition in its new markets.

FIGURE 5. EBIT/EBITDA MARGIN

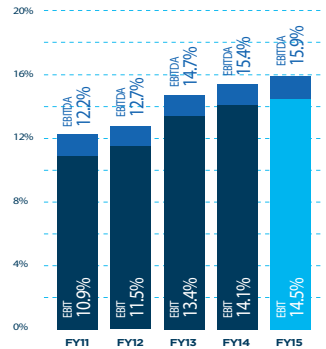
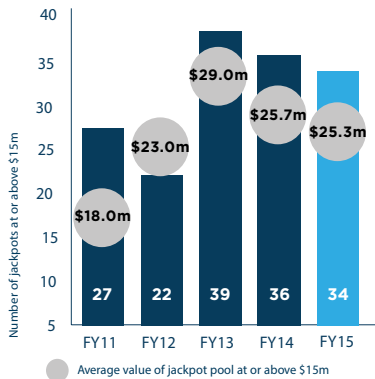


FIGURE 4. JACKPOT RUN





# WAGERING REVIEW

## FY15 WAGERING HIGHLIGHTS

- New Queensland wagering arrangements legislated December 2014
- New concept retail stores opened
- UBET brand launch on 30 April 2015
- New website and apps launched
- 12.5% growth in digital channel, online representing 25.7% of sales (FY14: 22.9%)
- 'UBET Live' in-venue, in-play betting module
- 6.0% spontaneous brand recognition
- Fixed-price sales up 20.7% to \$1.6 billion
- Win rates on both racing and sports maintained
- \$224.3 million paid to state governments and racing industry

## WAGERING PERFORMANCE

Wagering revenue was lower (down 1.5% at \$632.9 million) this year, with UBET only launching in the closing months of FY15. Not unexpectedly, the pack of European and domestic bookmakers remained as competitive as ever, and this, coupled with a necessary easing in marketing activity leading into our new brand launch, had an impact on our revenue performance.

A huge focus in the year was directed to re-positioning our

wagering business—this coincided with the passage of the required enabling legislation to enshrine the new Queensland wagering arrangements in December 2014. With all relaunch assets in place, the UBET campaign went live on 30 April 2015. From that moment, our Wagering team became armed with a unified brand, new digital assets, an expanded product offering, and a funded and coordinated marketing capability. These assets are reinforced with a unique, category-leading, next generation retail presence, which includes innovative in-store technology designed to leverage the advantages offered from an exclusive 'bricks and mortar' presence in Queensland, South Australia, Tasmania and the Northern Territory. To date, this has been a much under-exploited part of our armoury.

We are now well positioned to start fighting back, and the next 24 months presents an exciting stage for our Wagering operation and the early signs are encouraging.

Digital sales were up 12.5% in FY15 to represent 25.7% of all wagering sales (FY14: 22.9%). Unsurprisingly, the migration of customers from phone-based sales (which were down 11.2%) continued but we are very pleased that our digital sales growth outpaced the phone sales decline 4 to 1. With the launch of the new UBET website, and class-leading apps, we are optimistic about further growth through our digital channels in FY16.

Our retail network recorded a 2.3% decline in sales (compared to

FIGURE 6. WAGERING FINANCIAL PERFORMANCE

WAGERING	FY15 \$ M	FY14 \$ M	CHANGE %
Revenue	632.9	642.3	▼ 1.5%
EBITDA	153.5	160.8	▼ 4.5%
EBIT	135.9	144.1	▼ 5.7%

a decline of 1.4% in the previous financial year) from 1,306 retail outlets, compared to 1,396 outlets in FY14. With the rollout of the new generation self-service terminals expected to commence in January 2016, the progressive rollout of our next generation retail stores (with a target of 50 by December 2015), and the associated expansion of our 'UBET Live' in-venue in-play betting modules, we are confident that we can bring our retail network into growth. This view is supported (and acknowledging it is early days) from the initial performance of our two pilot stores, which have both experienced strong double-digit sales lifts since re-opening, when compared to their regional peer set.

Fixed-price sales on racing and sports continued to display an impressive growth profile, lifting 20.7% in aggregate. Racing continues to dominate the fixed-price book, comprising 82.6% of the book (FY14: 79.6%) with sport making up the remainder at 17.4% (FY14: 20.4%). We expect our sports book to grow more significantly following the UBET launch and the introduction of our more compelling and expansive sports offering, following the integration of Sporting Solutions automated bookmaking system. This platform lifted our live markets from 5,000 markets a year ago to 130,000 markets at the end of FY15.

As stated, overall wagering revenue declined 1.5% to \$632.9 million, down from \$642.3 million in FY14. This primarily reflected the competitive landscape and some softness in retail (particularly in Queensland). Tote revenue declined by 9.8% notwithstanding improving win rates, which was consistent with the migration to fixed-price race betting. Fixed-price betting revenue on racing was up 21.8% and held win rates in line with those achieved in FY14. Fixed-price betting revenue on

sport was up 4.8% with the book lifting its win rate.

In August last year we indicated that the investment required in our wagering operation would see a small contraction in our EBITDA margin (which at that time was 25.0%).

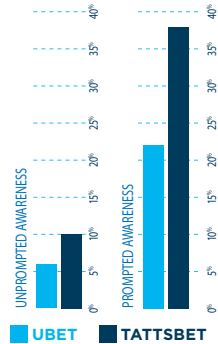
We reiterated in February this year that, with 'the imminent launch of the new UBET wagering website and new retailing concept, there [would be] a significant lift in marketing spend in the second half of FY15 that [would] bring EBITDA margins back to historical levels'. We commenced intensive brand-building marketing activities in the last two months of the year, which successfully established UBET in the national market. This success is evident in our brand awareness surveys, which showed after 12 weeks in market UBET had achieved brand positions very close to that established by TattsBet over a period of some 5 years (See Figure 7).

With all costs required for the repositioning of our wagering business in the cost base for the year, we saw our EBITDA reduce by 4.5% at \$153.5 million (FY14: \$160.8 million). Our EBITDA margin was at 24.3% (FY14: 25.0%) (See Figure 8). Likewise, EBIT declined 5.7% to \$135.9 million (FY14: \$144.1 million). As indicated at the time of announcing the new wagering licence framework, the savings delivered under the new Queensland licencing model were to be re-invested in the UBET brand in the form of increased marketing spend, CRM capability, investment in digital capabilities,

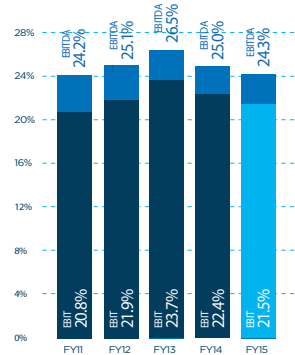
and the new retail image.

Finally, a competitive process for the award of a new Totalisator Licence in the Northern Territory commenced during the year. This competitive process is ongoing at the time of this report. In the event that Tatts is unsuccessful in its bid, the Government has agreed to extend the current licence until September 2016.

**FIGURE 7. CONSUMER BRAND RECOGNITION**



**FIGURE 8. EBIT/EBITDA MARGIN**



<sup>1</sup> Underlying results.

**OUR TWO PILOT STORES... HAVE BOTH EXPERIENCED STRONG DOUBLE-DIGIT SALES LIFTS SINCE RE-OPENING, WHEN COMPARED TO THEIR REGIONAL PEER SET.**

# GAMING REVIEW

## FY15 MAXGAMING HIGHLIGHTS

- Revenue growth of 2.2%
- EBIT growth of 3.2%
- Launch of pre-commitment solution in Victoria
- Retention of +80% share of Queensland gaming machine monitoring market
- Increase in New South Wales linked jackpot to a minimum of \$250,000
- Ticket-in Ticket-out (TITO) technology released in Queensland

## FY15 TALARIUS HIGHLIGHTS

- Second year of positive contribution to the Group since acquisition
- Achieved common currency revenue growth of 5.6%
- Australian dollar revenue growth of 11.9%
- 51.7% EBIT lift to \$6.2 million
- Net machine revenue growth of 6.1%

## FY15 BYTECRAFT HIGHLIGHTS

- First positive EBITDA and EBIT contribution in two years, following business restructure
- Revenue down as unprofitable contracts exited
- New external contract work secured with appropriate margins

Tatts' Gaming operation consists of three separate but related businesses.

## MAXGAMING PERFORMANCE

Maxgaming is the Group's Australian gaming venue services unit. Founded on the provision of government-mandated electronic monitoring systems to gaming venues in New South Wales, Queensland and the Northern Territory, Maxgaming has a unique position in its markets to leverage this network, and certain infrastructure, to provide additional value-add services to its contracted venues.

For the second consecutive year, Maxgaming has lifted revenue (after four years of decline). Our operation grew revenue in FY15 by 2.2% to \$116.8 million. Product initiatives, particularly value-add services, together with annual increases in monitoring fees, have been key to this performance.

In September 2014 we started rolling out our TITO solution, which quickly gained acceptance in the market, and this product is now installed on more than 5,365 machines in Queensland. In August 2014, we obtained approval from the New South Wales regulator to offer a \$250,000 linked jackpot product. The take-up of this new jackpot in New South Wales has been strong, with 113 venues connected covering a total of 308 gaming machines. The first jackpot triggered in December 2014, and already 3 jackpots in excess of \$250,000 have been paid out to gaming customers. We are seeking approval for larger jackpots from the regulator to continue to build the

FIGURE 9. GAMING FINANCIAL PERFORMANCE

	GAMING	FY15 \$ M	FY14 \$ M	CHANGE %
Revenue	- Maxgaming	116.8	114.2	▲ 2.2%
	- Bytecraft	104.0	106.9	▼ 2.7%
	- Talarius	115.9	103.6	▲ 11.9%
EBITDA	- Maxgaming	64.6	63.1	▲ 2.4%
	- Bytecraft	2.8	(0.4)	▲ 854.1%
	- Talarius	16.4	13.6	▲ 20.3%
EBIT	- Maxgaming	51.3	49.7	▲ 3.2%
	- Bytecraft	0.6	(2.5)	▲ 123.0%
	- Talarius	6.2	4.1	▲ 51.7%

attractiveness of this product for clubs and hotels, and their patrons. In Victoria, we facilitated the rollout of player loyalty technology to gaming venues, and have our solution installed on 344 gaming machines.

Our continued focus on our cost base enhanced profitability, with EBITDA up 2.4% to \$64.6 million, and EBIT up 3.2% to \$51.3 million reflecting lower depreciation and amortisation costs.

## TALARIUS PERFORMANCE

Talarius, our UK slots operation, delivered another impressive result, not an easy feat given the exceptional performance last year.

A key contributor to our growth in FY15 has been the customer reaction to the server-based gaming machines rolled out in the Talarius network. These machines are enjoying widespread popularity, and we will be releasing more units in FY16. Our motorway venues also continue to show strong revenue growth.

Overall performance saw our revenue up 11.9% to \$115.9 million, EBITDA up 20.3% to \$16.4 million and EBIT up 51.7% to \$6.2 million.

On a common currency basis, Talarius' revenue for FY15 increased 5.6% to £61.2 million, EBITDA lifted 42.8% to £8.6 million and EBIT reached £3.2 million up 13.3%. Net machine revenue achieved a 6.1% increase to £21.90 per machine per day (FY14: £20.64). As at 30 June 2015, we had 164 venues in operation and were operating 7,599 gaming machines (FY14: 170 venues operating 7,634 gaming machines).

## BYTECRAFT PERFORMANCE

As a provider of a nationwide, fully managed, time-critical, end-to-end technical support service to a portfolio of ASX top-50 companies, and other everyday brands, the team at Bytecraft has had a challenging 2 years. With the operation losing money primarily due to a number of large, but mainly unprofitable contracts, a business turn-around program was implemented in FY13, which continued into FY15. This involved a refocus on core activities, namely the provision of time-critical technical support services to gaming and network infrastructure operators.

This program identified the need to exit from (or not renew) a number of unprofitable and/or non-core contracts. The 2.7% decline in revenue reflects this strategy, as does the reduction in externally sourced revenue (which in FY15 represented 69.8% of total revenue compared to 71.5% in FY14). This action also unfortunately resulted in the need to 'right size' our team in some areas, to reflect the reduced contract base. Bytecraft also

continues to undertake internally sourced work on a no-margin basis, which ultimately has an impact on the division's stand-alone profitability.

EBITDA lifted 854.1% to make a positive contribution of \$2.8 million to the Group (FY14: loss of \$0.4 million) and EBIT improved 123.0% to a positive \$0.6 million (FY14: loss of \$2.5 million). Excluding the impact of FY15 contract exit and restructuring costs of \$0.1 million, Bytecraft's underlying EBITDA was \$2.9 million for FY15.

## DISCONTINUED OPERATION

The \$3.8 million loss from the discontinued operation in the year relates to:

- the disposal of a number of legacy pokies properties in Victoria generating \$35.0 million in cash; and
- legal costs associated with the compensation action relating to our now discontinued pokies business in Victoria.

The prior year \$26.2 million loss from the discontinued operation principally represented the impact of a charge incurred in relation to a health benefit levy payable to the Treasurer of the State of Victoria, relating to the Victorian pokies business.

## KEY FY16 ACTIONS

We have an exciting set of initiatives and projects in train for FY16, the following being a sample of what is in the pipeline:

### NEW LOTTERIES OMNI-CHANNEL EXPERIENCE

We are developing a network-wide, omni-channel approach to unify our lotteries customer experience through all our touch points.

### NEW LOTTERY DIGITAL ASSETS

A new suite of digital assets specific to lotteries will be launched in the year to further improve our online customer experience.

### NEXT GENERATION LOTTERY RETAIL

We are embarking on a next generation lottery retail format designed to lift the retail experience and sales—this will include a digital point-of-sale system providing live jackpot updates, new product information, in-store offers, together with enhanced retailing displays for Instant Scratch-Its and efficiencies for our retail partners.

### CONVENIENCE FUEL OUTLETS

The expansion of our lotteries offering into more convenience fuel outlets is scheduled to commence in September.

### SET FOR LIFE

The game went on sale on 3 August 2015 and sales to date have been very encouraging. The game features a nightly draw over one week (7 days).

A minimum two game ticket costs \$8.40, with a top prize of \$20,000 per month for 20 years. This game is, as expected, displaying stronger participation in younger demographics when compared to our other games. The other positive feature is the strong digital performance, with online sales exceeding 20%.

### GAMING PORTAL

Our Gaming team is developing a portal delivering enhanced gaming venue business intelligence, along with a number of innovative features for venues including an online store for the purchase of gaming products.

### UBET BRAND BUILDING

We will continue to be active in the market, building the UBET brand position nationally, both through traditional media, online and through affiliate arrangements—we have no expectation that the competitive landscape will soften.

### UBET DIGITAL AND NEW PRODUCTS

With a well resourced digital team and a fully enabled fixed odds team, our focus now is on iterating the digital assets we have established to position UBET as the market leader. This, along with a focus on new product initiatives through the course of the year and beyond, will reinforce our customer proposition and brand.

## UBET RETAIL ROLLOUT

Based on the response to our initial pilot stores, we are now focused on the first wave of store rollouts with 50 installs planned by December 2015. This retail initiative will be enhanced by the introduction of our new generation self-service terminals (with cash handling and ticket-in ticket-out capability) expected to commence in January 2016 and taking UBET Live in-venue in-play betting modules to a full-scale launch. We are confident these initiatives will drive retail growth, while also enhancing our brand position where we have the advantage of an exclusive 'bricks and mortar' presence.

I look forward to the opportunity to update you on our progress on these and other exciting initiatives at our upcoming Annual General Meeting.

Robbie Cooke



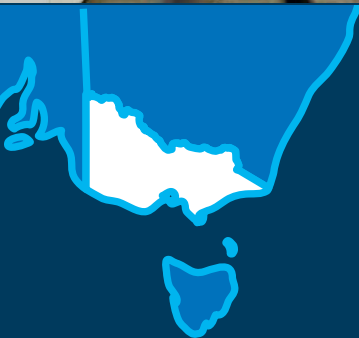
## ROBBIE COOKE

Managing Director and  
Chief Executive Officer



Thrill #6  
LAUNCHING  
**SET  
FOR  
LIFE**

Our first new national draw lottery game since Powerball in 1996.



Thrill #8

BRINGING  
BACK OUR  
**VIC SCRATCH-ITS  
LICENCE**



Thrill #7



# TAKING LUCKY BEYOND NSW & ACT

Thrill #9

## EXPANDING OUR LOTTERIES

REACH  
TO MORE  
CONVENIENCE  
FUEL OUTLETS



# SUSTAINABILITY REPORT

## OUR STAKEHOLDERS

We consider anyone that influences, or is impacted by, our business to be a stakeholder. Given that our operations span every Australian state and territory, this group is huge. We aim to ensure our relationships with our stakeholders are positive and contribute to the positive performance of the Group. We engage with people in many ways to build these relationships: face-to-face contact, social media and written communication are just some of the ways we communicate.

## OUR SUSTAINABILITY REPORT PROVIDES INFORMATION FOR STAKEHOLDERS ON ISSUES THAT ARE RELEVANT TO OUR BUSINESS

Our values influence how we engage with our stakeholders—they guide our behaviour and ensure a consistent and transparent approach to our interactions.

In the following section, we highlight the interests of our external stakeholder groups, demonstrate how we engage with them, and show the ways that we contribute to each group. Our internal stakeholder group, our team, is included in a separate section.

### INVESTORS AND SHAREHOLDERS

Our investors and shareholders are critical to the Company, providing the necessary capital to support our growth. Besides formal communication channels—ASX releases, published results, investor presentations, media releases and our Annual General Meeting—we also conduct face-to-face meetings and participate in conferences where appropriate.

### OUR CUSTOMERS

Understanding our customers' expectations, needs and behaviour is critical to deliver experiences that are relevant to them. We interact with our customers through our contact centres and our retail outlets. We also communicate on social media, through our customer relationship management program and through our digital sales channels.

### OUR SUPPLIERS AND BUSINESS PARTNERS

We rely on our suppliers and business partners to support us in delivering the very best to our customers, and in improving the value we deliver to our shareholders.

We interact with suppliers and business partners on an ongoing basis through meetings, tender processes, and conferences.

In addition to employing a team of more than 3,000 people, we indirectly support more than 25,000 jobs across Australia through our retail network.

### GOVERNMENT AND REGULATORY AGENCIES

We participate in regular updates and meetings with our government and regulatory agencies. Our internal compliance team helps guide these relationships, and where appropriate, we provide input into legislation and participate in government and industry forums.

We continue to make significant contributions to the community via wagering and lotteries taxes. In FY15, we contributed a total of \$1.11 billion to state governments (excluding corporate taxes). The contributions by state are shown in Figure 10 on page 30.

While every government we partner with will have different goals and priorities, we know that in the majority of cases, the \$1.11 billion in wagering and lottery taxes is used to fund health, education, social services, junior sport and vital community infrastructure.

We are pleased to play such an important and meaningful role in enhancing the lives of Australians.

We also assist the governments in New South Wales, Queensland and Northern Territory to collect over \$1.9 billion in gaming machine taxes from hotels and clubs through Maxgaming's gaming machine monitoring systems.

### CORPORATE GOVERNANCE

Information relating to corporate governance is covered in detail in the Investors section of our website and economic sustainability is covered in more detail in the Directors' Report on pages 43-63 of the full annual report.



**BE  
AMAZING**



**CREATE POSITIVE  
CHANGE**



**DO IT WITH  
HEART**



**OWN  
IT**

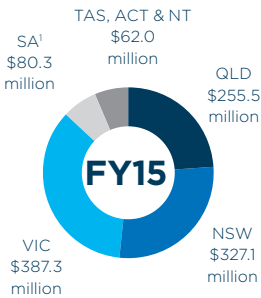


**PLAY AS  
A TEAM**



**HAVE  
FUN**

**FIGURE 10.**  
**CONTRIBUTIONS**  
**TO GOVERNMENT BY**  
**STATE AND TERRITORY**



**TOTAL CONTRIBUTION**

**\$1.11**  
**BILLION**

¹ South Australia includes the lotteries taxes generated via our management rights of the SA Lotteries.

**INDUSTRY PARTNERS AND ASSOCIATIONS**

Industry associations represent the core of our business through their relationships with retailers that sell our lottery and wagering products. Key staff connect through industry briefings and forums, and we also use social media to monitor and connect with these stakeholders.

The Australian racing industry supports more than 7,000 jobs. We are proud to be a major contributor to the industry, with payments of \$194.4 million (excluding GST) during FY15. These payments were in the form of product and program fees, and race information fees, the majority of which related to Queensland, our largest market.

**COMMUNITY ENGAGEMENT**

Positive engagement with the communities in which we operate, allows us to build trust and connect with people for the long-term sustainability of our business operations.

We have a proud history of supporting the communities in which we operate. In FY15, we launched our new corporate social responsibility (CSR) framework, 'Tatts Giving', in order to recognise the importance of giving back to our local communities. In alignment with our major charity partners, Tatts Giving offers our team a wide range of initiatives and activities to get involved in. Among other things, these include workplace giving, volunteering, dollar matching programs and challenge-based fundraising. During FY15, we contributed \$40,000 to more than 20 causes supported by our team. Together with the funds raised by our employees, we contributed more than \$80,000 through Tatts Giving.

As part of this program, we selected two charity partners: Our Lotteries unit adopted Starlight Children's Foundation, which aims to help sick children forget their illness and rediscover the joy of childhood, and our Wagering unit adopted Mates4Mates, an independent, apolitical, non-religious charity that supports current and ex-serving Australian Defence Force members who have suffered physical or psychological wounds, injuries or illnesses as a result of their service. In addition, we have proudly supported many other charities and causes through sponsorships, appeals and employee-focused initiatives.

Golden Casket also maintained its strong tradition of support for health services in FY15, firstly as the major partner and telecast sponsor of the inaugural Channel 9 Children's Hospital Telethon on 11 October 2014, and secondly through a major donation to the Mater Foundation's projects to help mothers and babies.

**SPONSORSHIPS**

We also connect with our communities through sporting team and event sponsorships. During FY15, Lotteries provided more than \$250,000 to support a number of events in the Northern Territory and also toward the Gold Lotto Brisbane City Hall Light Spectacular.

UBET and our wagering brands provided more than \$1.4 million in sponsorship to 29 events around Australia during FY15. Notably, the V8 Supercar Championship, Port Adelaide Football Club, Racing Queensland, and TasRacing.

There is more information on our CSR program and history of community support on our Group website ([www.tattsgroup.com/community](http://www.tattsgroup.com/community)).

**WE HAVE A PROUD HISTORY OF SUPPORTING THE COMMUNITIES IN WHICH WE OPERATE**

## COMMITTED TO RESPONSIBLE GAMBLING

We are committed to responsible gambling throughout the states and territories in which we operate and to providing products in a safe, secure and friendly environment.

While the vast majority of people who gamble do so for enjoyment and entertainment, we recognise that there are some people for whom this form of entertainment has become a problem, causing them personal and financial distress. We understand the importance of providing responsible gambling programs and initiatives to assist those people who may experience difficulties with their gambling behaviour, as well as to keep all our lotteries and wagering customers well informed.

Responsible gambling codes of conduct exist in each of Tatts' trading jurisdictions. These codes contain a variety of measures that respond to community expectations in regard to player protection and harm minimisation. These measures include responsible gambling information, pre-commitment strategies, game rules, advertising restrictions, customer complaint mechanisms and self-exclusion programs.

We are represented on the responsible gambling advisory bodies for various state and territory governments, and collaborate with relevant stakeholders, including representatives of the community, counselling and welfare agencies, gambling industry associations, local government, state and

territory government policy makers and regulators.

All retailers and their staff must comply with the requirements of our responsible gambling codes of conduct as well as with various Australian state and territory responsible gambling codes and regulations.

Our online account holders have access to their own 'Self Manage' page which allows them to set a maximum spend for lotteries purchases, enable a wagering pre-commitment limit, or to exclude themselves from any further purchasing on their accounts.

## OUR PEOPLE

In order to attract, motivate and retain a high performing team we need to make sure our employee experience is second to none. Our People team is focused on ensuring our recruitment, remuneration, performance and reward structures support us in our mission to attract the very best.

## ENGAGEMENT

We conduct a number of engagement initiatives that are designed to facilitate communication with our team to ensure they know what we are trying to achieve as a business. On an annual basis, we conduct a 'State of the Nation' survey to measure employee sentiment. The results of this survey set the framework for our People team and provide real data to guide us in rolling out engagement initiatives. Also on an annual basis, we conduct an employee roadshow throughout the country to present our Play Book for the coming year, which transparently sets out our business strategies

for the entire team to view, and to provide our employees an opportunity to engage with the Chief Executive Officer and senior members of the team.

## DIVERSITY

At Tatts, we hire and nurture outstanding talent, and value the individual strengths of all of our team members. This forms part of our core value set. This means that, as a Group, we recognise the importance, benefits and value of a diverse workplace. We want an inclusive culture to allow our team to perform at their best. More detail about our diversity objectives and achievements are available on our website ([www.tattsgroup.com/investors/corporate-profile/key-policies](http://www.tattsgroup.com/investors/corporate-profile/key-policies)).

FIGURE 11.  
KEY MANAGEMENT  
PERSONNEL AND  
OTHER EXECUTIVES

FY 2015



FY 2014



**FIGURE 12.**  
**WOMEN IN KEY MANAGEMENT**

	AT 30 JUNE 2015	AT 30 JUNE 2014
Board	1 of 6 Directors (17%)	1 of 6 Directors (17%)
Chief Executive Officer	0 of 1 employees (0%)	0 of 1 employees (0%)
Key Management Personnel*	2 of 5 employees (40%)	0 of 5 employees (0%)
Other executives/general managers*	3 of 5 employees (60%)	3 of 6 employees (50%)
Senior managers*	10 of 26 employees (38%)	9 of 29 employees (31%)
Other managers*	17 of 87 employees (20%)	18 of 87 employees (21%)

\* These management positions are defined in the Workplace Gender Equality Agency's 'Guide to reporting under the Workplace Gender Equality Act 2012'. Note that 'Key Management Personnel' under these reporting guidelines does not include the Managing Director and CEO, as it does elsewhere in this report.

### DIVERSITY (CONT.)

As a relevant employer under the *Workplace Gender Equality Act 2012*, we participate in annual reporting against the standardised gender equality indicators. This report is available on our website and includes a workplace profile that uses standardised occupational categories. The number and proportion of women across our Australian managerial roles is shown in Figures 11 and 12.

### EMPLOYEE TRAINING AND DEVELOPMENT

We invested \$1.2 million in training and development of our team in FY15, compared with \$0.9 million in FY14.

During FY15 we partnered with Mount Eliza Executive Education to design a Future Leaders program for our team. We designed the program to prepare employees to take on future leadership positions as they arise, and it forms an important part of our succession planning. The program will commence in FY16 with 16 participants from across the Group involved in a number of initiatives over a 9-month period.

### EMPLOYEE SAFETY

We continue to focus on the safety of our team and to look for opportunities to

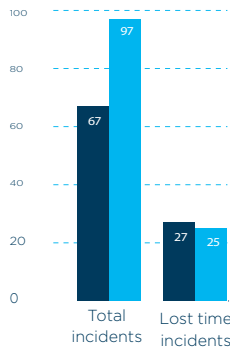
reduce the number of injuries that occur in our workplaces.

Our safety measures for FY15 are shown in the following figures.

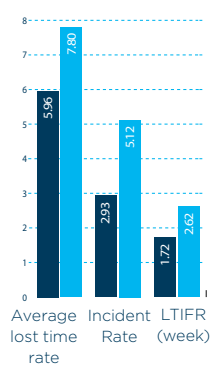
Figures 13 and 14 show our injury, incidents and lost time frequency rates.

As in FY15, we will continue to review our safety system during FY16 and to look for opportunities for proactive improvements to our workplaces.

**FIGURE 13.**  
**NUMBER OF INCIDENTS**



**FIGURE 14.**  
**INJURY AND LOST TIME RATES**



■ FY15 ■ FY14

**DURING FY15 WE PARTNERED WITH MOUNT ELIZA EXECUTIVE EDUCATION TO DESIGN A FUTURE LEADERS PROGRAM**

## OUR ENVIRONMENT

The Group comprises a portfolio of neighbourhood-based businesses, reaching our customers through advanced wide-area network technology. As such, our environmental footprint is relatively low and our carbon dioxide equivalent (CO<sub>2</sub>e) emissions profile is well below the reporting levels identified in the *National Greenhouse and Energy Reporting Act 2007*. Despite this, we continue to report our environmental impacts to the Carbon Disclosure Project, which is run worldwide on behalf of investors and environmental management practices.

The Audit, Risk and Compliance Committee of the Board periodically receives an environmental management report.

An internal review of our major operations indicated the following environmental outcomes for the 12-month period to 30 April 2015, compared to the prior comparative reporting period (pcp)<sup>4</sup>:

- Scope 1 CO<sub>2</sub>e emissions – 2,384 metric tonnes (pcp: 3,471 metric tonnes), from a fleet of 527 vehicles across Australia, a reduction of 63 vehicles over the prior comparative period.
- Scope 2 CO<sub>2</sub>e emissions – 18,508 metric tonnes (pcp: 18,452 metric tonnes), mostly from buildings that used 12.6 million (pcp: 13.2 million) kilowatts of electricity translating to 13,515 metric tonnes of CO<sub>2</sub>e emissions, and 7.8 million kilometres (pcp: 5.4 million) of air travel translating to 3,626 metric tonnes of CO<sub>2</sub>e emissions.

<sup>4</sup>Prior comparative reporting period, as shown in our FY14 Annual Report, was the 12 months to 31 March 2014.

## ENERGY

Energy usage at our properties is primarily comprised of the consumption of electricity, which decreased at the Group's owned and leased properties by 4.5% to 12.6 million kWh (FY14: 13.2 million kWh) during the year, mainly due to the installation of energy efficient equipment, consumption measurement and behavioural change initiatives by our employees. We continue to develop and adapt our services in response to changes in customer demand, and to take advantage of new and more efficient systems.

## WATER

The majority of our properties are in urban areas and use potable water provided by local councils. Water consumption at the Group's owned and leased properties increased during the year by 6.6% to 16,947 kilolitres (pcp: 15,898 kilolitres).

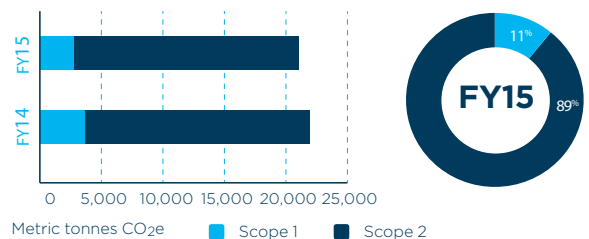
## DIESEL

The Group uses diesel-powered generators to provide emergency electricity backup. Consumption of diesel increased by 2.9% to 117.8 kilolitres (2014: 114.5 kilolitres) mainly as a result of regular monthly testing of diesel generators at our office locations.

## WASTE MANAGEMENT

Recycling initiatives are in place at all office locations, including paper and mixed recycling. Our procurement team ensures any obsolete e-waste (electronics, computers, printers, etc) is recycled or disposed of in an environmentally safe way, and obtains certificates to ensure their secure disposal.

FIGURE 15. SCOPE 1 & 2 CO<sub>2</sub>e EMISSIONS



### VEHICLE FLEET



**2,384**  
metric tonnes CO<sub>2</sub>e  
from 527 vehicles

FY14 3,471 t CO<sub>2</sub>e  
from 590 Vehicles

### BUILDING ELECTRICITY



**13,515**  
metric tonnes CO<sub>2</sub>e  
from 12.6 million kWh

FY14 14,513 t CO<sub>2</sub>e  
from 13.2 million kWh

### AIR TRAVEL



**3,626**  
metric tonnes CO<sub>2</sub>e  
from 7.8 million km

FY14 2,137 t CO<sub>2</sub>e  
from 5.4 million km

■ Scope 1 ■ Scope 2



# BOARD OF DIRECTORS



## **HARRY BOON**

Chairman

Non-executive Director

Member of the Board since 31 May 2005.

Harry was Chief Executive Officer and Managing Director of ASX listed company Ansell Limited until he retired in 2004, a position which capped a career spanning some 28 years with the Ansell Group. Harry has lived, and worked in senior positions, in Australia, Europe, the US and Canada, and has broad based experience in global marketing and sales, manufacturing, and product development. He is multi-lingual, and has a strong track record in delivering business results through setting ambitious goals, building the appropriate organisation and relationships and relentlessly pursuing objectives.

Harry holds a Bachelor of Laws (Honours) and a Bachelor of Commerce from the University of Melbourne.

Chairman of ASX-listed Asaleo Care Limited (Director since May 2014)

**Special responsibilities:** Chair Governance and Nomination Committee and Member Remuneration and Human Resources Committee.

**Former listed public company directorships in last 3 years:** Toll Holdings Limited (November 2006 to May 2015); PaperlinX Limited (May 2008 to September 2012).



## **ROBBIE COOKE**

**Managing Director and Chief Executive Officer**

Member of the Board since 14 January 2013.

Robbie Cooke commenced as Managing Director and Chief Executive Officer of Tatts on 14 January 2013.

Robbie's management career has traversed the wagering and gaming industries, oil and gas, and online travel retailing sectors.

Robbie joined the Wotif Group as Chief Operating Officer in 2006 and was promoted to Group CEO and Managing Director in 2007. Prior to that Robbie was Head of Strategy and General Counsel at UNiTAB (now part of Tatts) from 1999 to 2005. He has also held commercial, corporate finance and legal roles at Santos, HSBC James Capel and MIM Holdings Limited.

Robbie holds a Bachelor of Laws (Honours) and Bachelor of Commerce from the University of Queensland together with a Diploma in Company Secretarial Practice.

Robbie is a member of the Australian Institute of Company Directors and Governance Institute of Australia.

**Former listed public company directorships in last 3 years:**

Wotif.com Holdings Limited (October 2007 to January 2013).

## **LYNDSEY CATTERMOLE AM**

**Non-executive Director**

Member of the Board since 31 May 2005.

Lyndsey was the founder and Managing Director of Aspect Computing Pty Limited from 1974 to 2003, and a Director of Kaz Group Limited from 2001 to 2004. Lyndsey has also held many board and other membership positions on a range of government, advisory, association and not for profit committees including the Committee for Melbourne, the Australian Information Industries Association and the Victorian Premier's Round Table and as Chair of the Women's and Children's Health Care Network.

Lyndsey holds a Bachelor of Science from the University of Melbourne and is a Fellow of the Australian Computer Society.

Non-executive Director ASX-listed Treasury Wine Estates Limited (Director since May 2011); and ASX-listed PACT Group Holdings Limited (Director since November 2013); Director Victorian Major Events Company; JadeLynx Pty Ltd; Madowla Park Holdings Pty Ltd; MPH Agriculture Pty Ltd; Catinvest Pty Ltd

**Special responsibilities:** Member Governance and Nomination Committee; Member Remuneration and Human Resources Committee.

**Former listed public company directorships in last 3 years:**

PaperlinX Limited (December 2010 to September 2012).





## BRIAN JAMIESON

### Non-executive Director

Member of the Board since 31 May 2005.

Brian Jamieson was Chief Executive of Minter Ellison Melbourne from 2002 to 2005. Prior to joining Minter Ellison, he was the Chief Executive Officer at KPMG Australia from 1998 to 2000; Managing Partner of KPMG Melbourne and Southern Regions from 1993 to 1998 and Chairman of KPMG Melbourne from 2001 to 2002. He was also a KPMG Board member in Australia, and a member of the USA Management Committee.

Brian has over 30 years of experience in providing advice and audit services to a diverse range of public and large private companies.

Brian is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Institute of Company Directors in Australia.

Chair ASX-listed Mesoblast Limited (Director since November 2007) and ASX-listed Sigma Pharmaceuticals Limited (Director since December 2005); Director and Treasurer of the Bionics Institute.

**Special responsibilities:** Chair Audit, Risk and Compliance Committee; Member Remuneration and Human Resources Committee.

**Former listed public company directorships in last 3 years:** Oz Minerals Limited (August 2004 to May 2015); Tigers Realm Coal Limited (February 2011 to May 2014).

## JULIEN PLOUST

### Non-executive Director

Member of the Board since 21 November 2005.

Julien has more than 25 years experience as CEO, senior executive and non-executive director in public and private companies, including ASX-100, SME's and not-for-profit organisations.

He has worked across a range of industries including property, professional services, media, agriculture, retail, consumer discretionary, energy and financial services. He is CEO of diversified investment company AEH Group and his professional career includes management consulting in AMP, NAB, Andersen Consulting, Accenture and private equity ventures.

Julien is a Fellow of the Australian Institute of Company Directors and member of the Australian Institute of Management and The Royal Australian Institute of Architects.

Julien holds a Masters of Business Administration from AGSM, Bachelor of Architecture, First Class Honours and Bachelor of Science from Sydney University, and a Company Director Course Diploma from Australian Institute of Company Directors.

Director MGB Equity Growth Pty Ltd; Trustee Art Gallery NSW Foundation; Director National Gallery of Australia Foundation; Member UNSW Arts & Design Advisory Board; Member The Nature Conservancy Advisory Board

**Special responsibilities:** Chair Remuneration and Human Resources Committee; Member Audit, Risk and Compliance Committee.

**Former listed public company directorships in last 3 years:** Australian Renewable Fuels Limited (April 2009 to October 2014).





## KEVIN SEYMOUR AM

### Non-executive Director

Member of the Board since 12 October 2006, previously having been appointed to UNITAB's Board in September 2000.

Kevin is Executive Chairman of Seymour Group, a private property development and investment company with interests in the energy sector.

Kevin's extensive management and business experience includes company restructuring and equities markets in Australia. He was previously Chair of Royal Brisbane Hospital Herston Redevelopment Taskforce and independent Chair of Queensland Government/Brisbane City Council's Brisbane Housing Company Limited, Chair and Benefactor of Community TV's Channel 31, served on Lord Mayor's Drugs Taskforce and is an Honorary Ambassador for the City of Brisbane.

Deputy Chair ASX-listed Ariadne Australia Limited (since 1992); Director Secure Parking Limited; and Board positions with several private companies in Australia.

**Special responsibilities:** Member Audit, Risk and Compliance Committee; Member Governance and Nomination Committee.

### Former listed public company directorships in last 3 years:

Watpac Limited (23 May 1996 to 24 September 2013).

## DR DAVID WATSON

### Non-executive Director

Member of the Board since 27 March 2014.

Dr Watson served in the Federal Parliament in the House of Representatives as the member for Forde from 1984 to 1987 and in the Queensland Parliament as the member for Moggill from 1990 to 2004, during which time he was the Minister for Public Works and Housing (April 1997 to July 1998). Prior to entering parliament, Dr Watson was Professor of Accounting and Business Finance at the University of Queensland.

Dr Watson holds a Bachelor of Commerce (Hons) from the University of Queensland, and a MA and PhD from Ohio State University.

Dr Watson is a Fellow of the Institute of Chartered Accountants and of CPA Australia. He is also an Associate in Accounting of the University of Queensland.

Independent Chair Translational Research Institute, a medical research and biopharmaceutical facility; Deputy Chair Queensland Competition Authority.

**Special responsibilities:** Member Audit, Risk and Compliance Committee; Member Governance and Nomination Committee.



# THE EXECUTIVE TEAM

**WE ARE PASSIONATE ABOUT WHAT WE DO AND ARE DEEPLY COMMITTED TO OUR WORK, OUR COMMUNITY AND OUR INDUSTRY. WHEN WE ACT AND MAKE DECISIONS WE DO SO WITH OUR HEARTS AS WELL AS OUR MINDS.**



**FRANCIS CATTERALL**  
Executive General Manager -  
Corporate Development

Francis leads the Group's domestic and international corporate development activities. Francis and his team have led all of the Group's mergers and acquisitions, along with involvement in subsequent integration actions.



**BARRIE FLETTON**  
Chief Operating Officer -  
Wagering

Barrie has been a part of the Group for more than 20 years in various executive roles. Barrie's Wagering unit is one of the largest within the Group with more than 125 full-time employees operating across four states and territories.



**ASHLEIGH LOUGHNAN**  
Executive General Manager -  
People, Property & Procurement

Ashleigh heads up the Group's People, Property and Procurement team. These teams are made up of a large number of employees with extensive experience and knowledge of the Group's businesses.



**MEGAN MAGILL**  
Chief Marketing Officer

Megan was appointed to this exciting new role in June 2015, after starting with Tatts in 2013. She is responsible for bringing a cohesive vision across the broad spectrum of Tatts' brands, and for exploring innovative marketing opportunities for the Group. Megan has more than 20 years experience across agencies, media and in-house marketing.



## FRANK MAKRYLLOS

Chief Operating Officer – Gaming

Frank re-joined Tatts in early 2013 as COO of Gaming, an amalgamation of our Maxgaming, Bytecraft and Talarius operations. Frank was previously the CEO of the discontinued Tatts Pokies business. He held this position for 6 years. Prior to this, Frank held senior roles within the hotel industry in New South Wales.



## NEALE O'CONNELL

Chief Financial Officer

Neale, who joined Tatts in 2004, was appointed as CFO in December 2012, and has managed the finance team through a period of substantial expansion via the float, a merger, and several acquisitions. Neale has more than 30 years auditing and commercial experience.



## MAREE PATANE

Chief Auditor

Maree and her team provide consultative, compliance and continuous audit monitoring services, both nationally and internationally. The audit team has been built up through integration and has an unrivalled knowledge of the wagering industry, gaming business systems and lottery processes.



## MANDY ROSS

Chief Information Officer

Mandy leads the team of more than 350 technology and operations staff and develops the long-term strategic and digital roadmaps for the company. Mandy stepped into this role on 1 January 2015, after joining Tatts Group in January 2013. Mandy has 15 years industry experience, and was named 'CIO of the Year' at the national iAwards in 2012.



## ANNE TUCKER

General Counsel and Company Secretary

Anne joined the UNITAB team in June 2005 prior to the Tatts merger in 2006, and was appointed as Company Secretary and General Counsel in July 2013. Anne and her team have a wealth of experience and knowledge within the gaming industry, and play an integral role in all merger, acquisition and integration activities.



## SUE VAN DER MERWE

Chief Operating Officer – Lotteries

As the leading lottery operator in Australia, Sue heads the unit that contributes the largest amount to Group earnings. With a mix of long-standing lottery games and new brands, the lotteries team markets its products through some of Australia's leading consumer brands, in every Australian state and territory, with the exception of Western Australia.

Thrill #10

# BOOMING ONLINE SALES



**20.9%**  
GROWTH IN LOTTERIES  
ONLINE SALES

Thrill #12

# REINVENTING THE BUSINESS

Over the last 2 years, we have removed silos, lifted internal communication, encouraged nimbleness, introduced rapid prototyping to fast track product delivery, promoted and recruited the 'best and brightest'—all with a single-minded focus on customer satisfaction.

Thrill #14

# DELIVERING FOR SHAREHOLDERS

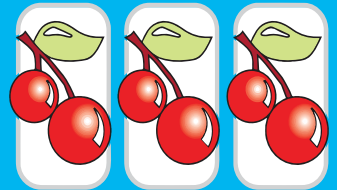
PAYOUT RATIO

**95.1%**

DIVIDEND IN FY15



**22.2%**







**12.5%**  
GROWTH IN WAGERING  
ONLINE SALES



Thrill #11

**THRIVING  
DIGITAL**



Thrill #13  
**GIVING  
BACK**

In addition to the \$1.11 billion paid in state government taxes, Tatts Group is proud to be official partners with the Starlight Foundation and Mates4Mates, carrying on our 100+ year tradition of supporting the communities in which we operate.

Thrill #15

**KICKING  
GOALS IN THE  
UK**



Our **Talarius** business recorded sales growth of 5.6% in GBP and Australian dollar revenue growth of 11.9% in FY15. That's two years running of positive contribution since joining Tatts Group.

# TRACK RECORD

	30 JUNE 2015 \$ M	30 JUNE 2014 \$ M	30 JUNE 2013 \$ M <sup>1</sup>	30 JUNE 2012 \$ M <sup>2</sup>	30 JUNE 2011 \$ M
<b>Revenue</b>	<b>2,919.9</b>	2,868.3	2,948.8	2,656.9	3,669.3
<b>Statutory charges</b>					
- Government	<b>(1,293.5)</b>	(1,289.9)	(1,376.4)	(1,265.6)	(1,768.3)
- Other <sup>3</sup>	<b>(620.1)</b>	(600.3)	(605.7)	(552.3)	(869.1)
Operating Costs <sup>3</sup>	<b>(498.9)</b>	(479.7)	(476.5)	(423.4)	(415.6)
<b>EBITDA</b>	<b>507.4</b>	498.4	490.2	415.6	616.3
<b>Profit before income tax on continuing operations</b>	<b>366.1</b>	326.6	303.1	225.4	398.9
<b>Profit after income tax on continuing operations</b>	<b>255.8</b>	226.6	227.4	161.5	275.4
(Loss)/Profit from discontinued operation	<b>(3.8)</b>	(26.2)	19.9	157.6	-
<b>Net Profit after income tax</b>	<b>252.0</b>	200.4	247.3	319.1	275.4
	<b>CENTS</b>	CENTS	CENTS	CENTS	CENTS
Earnings per share <sup>4</sup>	<b>17.4</b>	14.1	17.9	23.8	21.2
Dividends per share	<b>16.5</b>	13.5	15.5	23.0	21.5
	<b>%</b>	%	%	%	%
Dividend pay-out ratio	<b>95.1</b>	95.9	87.4	97.4	102.3
	<b>\$ M</b>	\$ M	\$ M	\$ M	\$ M
Cash flows from operating activities	<b>439.8</b>	278.4	346.9	390.3	391.9

1. The FY13 net profit after income tax on continuing operations includes a one-off tax benefit of \$16.2 million. Before one-offs the adjusted NPAT for FY13 would be \$211.2 million.

2. Only FY12 comparatives have been restated to reflect Tatts Pokies as a discontinued operation.

3. Product and program fees have been reclassified as 'Statutory charges - Other' in each year.

4. EPS is calculated using the weighted average number of shares on issue throughout the year.

# GLOSSARY OF TERMS

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AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AGM	Annual General Meeting
app	A software application designed to run on smartphones, tablet computers and other mobile devices.
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691, or the financial products market operated by ASX, as the context requires.
ATO	Australian Taxation Office
Board	The Company's board of directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CMO	Chief Marketing Officer
CO <sub>2</sub> e	Carbon dioxide equivalent, as defined by the Carbon Disclosure Project
Company or Tatts	Tatts Group Limited
Consolidated Entity	The Company and its subsidiaries
COO	Chief Operating Officer
Corporations Act	<i>Corporations Act 2001</i> (Cth)
CPI	Consumer Price Index
Director	A director (or their alternate) of the Company
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
fixed-price betting	A betting system where the payout is agreed at the time the bet is sold.
Gaming or Tatts Gaming	The Group's businesses that provide gaming solutions under various licences, permits and approvals from state governments under the brands Maxgaming, Talarius and Bytecraft.
Group	The Company and its wholly owned subsidiaries (unless otherwise defined)
GST	Australian goods and services tax
Lotteries or Tatts Lotteries	The Group's businesses that provide lottery products under various licences, permits and approvals from state governments in Victoria, Queensland, Tasmania, New South Wales, South Australia, Australian Capital Territory and Northern Territory.
Non-executive Director	A Director who is not a member of the Company's executive management team.
NPAT	Net profit after tax
parimutuel	A betting system where the payout is not determined until the pool is closed.
pcp	Prior corresponding period
PwC	Pricewaterhouse Coopers, The Company's independent auditor
Tatts Pokies	The poker machine business operated under a licence granted by the Victorian Government, and which ceased operations on 15 August 2012.
TSR	Total Shareholder Return
Wagering, TattsBet or UBET	The Group's businesses that provide parimutuel and fixed price betting services under various licences from state governments in Queensland, South Australia, Tasmania and Northern Territory.

A person is relaxing in a blue and red striped hammock on a sandy beach. They are holding an open book and reading. The background features palm trees and the ocean under a clear sky. The text "WHAT WOULD YOU DO?" is overlaid in large, white, bold letters with a black outline.

**WHAT  
WOULD  
YOU DO?**



# Set for LIFE

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

HAVE FUN & PLAY  
RESPONSIBLY

\*Guaranteed for up to 4 winners.



**Tatts**Group

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