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CHAIRMAN AND CEO AGM ADDRESSES AND 1Q21 TRADING UPDATE

Attached are the addresses to be delivered by Paula Dwyer, Chairman, and David Attenborough, Managing Director and Chief Executive Officer, at the Tabcorp Holdings Limited (Tabcorp) Annual General Meeting.

These addresses will be webcast live at www.tabcorp.com.au/Investors/AGM from 10.00am (AEDT) today and will be archived on the Tabcorp website for viewing later today.

This announcement was authorised for release by the Chairman, Paula Dwyer.

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Annual General Meeting
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CHAIRMAN AND CEO AGM ADDRESSES AND 1Q21 TRADING UPDATE

CHAIRMAN'S ADDRESS

The onset of COVID-19 during 2020 has impacted the way we live and work - our first ever virtual AGM is evidence of that.

In Melbourne, where I live, the community is still dealing with the lockdown which commenced in July 2020. The impact of this continued lockdown on families, the community and commerce is profound.

In other parts of Australia, people are adjusting to a new COVID-safe way of living.

From the outset, Tabcorp's priority has been to ensure our people's safety and wellbeing, and to support our business partners. The organisation mobilised quickly around these priorities.

Investments over the last few years to transition us to a more flexible workplace have meant the Company had the resources and culture in place to adapt quickly and enable our people to continue to work productively away from the office.

In these difficult times, Tabcorp's role of providing gambling entertainment and the excitement of sport to millions of Australians has been crucial.

Our business continuity plans were successfully enacted so Australians could continue to play the lottery or have a bet on racing or sport.

We have worked closely with the Federal and State governments, the racing industry and our venue partners who have done an excellent job to operate within the restrictions.

Newsagents have largely traded throughout the pandemic, and most licensed venues and TAB agencies across the country have resumed trading under strict and effective COVID-safe protocols.

However, in Victoria many of our venue partners have not been permitted to trade with TAB agencies and licensed venues closed for the most part of the last eight months. This is continuing in Melbourne.

As has been demonstrated in states outside Victoria, Tabcorp has developed, with our partners, COVID-safe ways of continuing business.

We stand with our venue partners ready to safely restart operations in Melbourne when current restrictions are relaxed.

Our racing and sporting partners have also done an extraordinary job to continue to operate under strict biosecurity controls.

It is sobering to remember that the onset of COVID-19 followed the devastation of the national bushfires.

In response, the Company offered its support to the relief effort through a number of actions, most notably donating the proceeds of a one-off Saturday Lotto Bushfire Benefit Draw, which exceeded \$1.9 million.

On behalf of the leadership team, I would like to thank our people and our industry partners for their resilience, dedication and creativity in the way they have stepped up to meet the significant challenges and respond to the rolling disruptions and uncertainty.

Performance in review

Moving to our financial performance for FY20.

Tabcorp delivered a net profit after tax and before significant items of \$271 million.

After significant items, which included a \$1.09 billion non-cash goodwill impairment charge relating to the Wagering & Media and Gaming Services businesses, Tabcorp recorded a statutory net loss after tax of \$870 million.

The impairment charge reflected a reassessment of the value of our wagering and gaming businesses in light of the potential impact of the pandemic, the level of competitive intensity and structural changes including the possible acceleration of retail contraction in a digital-centric market.

Our Lotteries and Keno business, which accounted for more than half of the Group's revenues and almost 75% of EBIT, delivered another strong result.

David will cover the FY20 results in more detail later in the meeting.

In response to the pandemic and the consequent closure of licensed venues and sporting events, the Group moved quickly to mitigate the immediate fiscal impacts and strengthen our position.

Actions included securing our financial liquidity facilities, reducing non-essential operating and capital expenditure and negotiating amendments to some of our commercial arrangements.

Other early actions were the temporary standing down of employees where shutdowns meant no work and a reduction in CEO remuneration and Chairman and Non-Executive Director Fees from April to June 2020.

Importantly, we secured agreement from lenders under our Syndicated Facility Agreement, as well as US Private Placement noteholders, to waive or adjust leverage and interest cover covenants for the June and December 2020 testing dates.

At year end, the Group announced revised capital management targets.

The target gearing range for Gross Debt to EBITDA has been reduced to 2.5 to 3 times, while the target dividend payout ratio is now 70 to 80 per cent of NPAT before significant items.

These targets improve the Company's credit metrics and preserve more capital over time.

The Board took these decisions in light of the uncertainties associated with the pandemic and the potential consequences for the company.

Following the release of our year-end results, we undertook an equity capital raising with gross proceeds of approximately \$600m.

The offer structure was chosen for its fairness to all our shareholders, allowing both retail and institutional investors to participate proportionately.

The funds have been used to pay down existing debt facilities and strengthen the balance sheet.

The balance sheet is now conservatively structured with greater potential to weather the impacts of COVID19.

I would now like to turn to dividends. An interim dividend in respect of the first half of FY20 of 11 cents per share, fully franked, was paid to shareholders in March this year.

As part of securing covenant testing relief, the Board resolved not to pay a final dividend for FY20.

This decision was made to preserve the Group's liquidity in this exceptional and uncertain period.

The Board is aware of the importance of dividends and the distribution of franking credits to our shareholders and recognises regular distributions are a meaningful part of the Tabcorp investment proposition.

As the environment stabilises we envisage resuming distributions during FY21, subject to satisfactory commercial performance.

Board changes

I would now like to turn to the transitions on our Board of Directors.

In FY20 Tabcorp announced the appointment of two new Directors, Anne Brennan and David Gallop.

After initially serving as observers, Anne and David were formally appointed to the Board in July 2020 and are seeking election later this morning.

Last month, we announced the appointment of Janette Kendall as an observer to the Board.

Janette is a proven non-executive director and brings deep experience in the gambling entertainment industry, digital innovation and marketing.

Her appointment will be formalised upon completion of the necessary ministerial and regulatory approval processes.

As announced at last year's AGM, in February, Ziggy Switkowski retired as a Director.

Vickki McFadden will retire from the Tabcorp Board at today's Annual General Meeting.

Since joining the Board in 2017, Vickki has been Chairman of the Audit Committee and it is planned she will be succeeded in that role by Anne Brennan, subject to Anne's election today.

On behalf of my fellow directors, I would like to thank Vickki for her contribution to Tabcorp and wish her well in future endeavours.

Chairman and Managing Director succession

Last year, I advised shareholders of my intention to step down as Chairman and retire from the Board prior to the 2021 Annual General Meeting.

With the integration of Tatts now largely complete, I will retire from the Board at the end of this calendar year.

Steven Gregg, who will succeed me as Chairman, has served as a Director of Tabcorp since 2012.

He has deep commercial experience across a range of industries, including racing, and knows Tabcorp well.

He is currently Chairman of the People and Remuneration Committee and his appointment ensures an orderly transition.

It is intended that David Gallop will succeed Steven as Chairman of the People and Remuneration Committee.

Our Managing Director and CEO, David Attenborough, has also announced his intention to retire in the first half of calendar year 2021.

The Company is well advanced in a global search for his replacement.

David has been an inspiring CEO of Tabcorp having led through the enormous complexity that goes with our licensed gambling operations and the significant events that have shaped the Company.

On behalf of the Board I would like to thank him for his hard work and professionalism over many years.

Tabcorp purpose

While strong commercial performance is important, it is not enough in the gambling sector.

To sustain the Company and the industry for the long term we must have a reputation for and commitment to operating our licences with the highest levels of integrity and responsibly manage the social impact of gambling.

Our purpose of 'Excitement with Integrity' underpins everything we do at Tabcorp and drives our culture.

This purpose has informed decision making and investment across the enterprise.

We have invested in enhanced risk and compliance systems, capability and training for our people and partners, and we continue to invest in and further develop our responsible gambling initiatives.

In October, we launched our enhanced Customer Care mission and principles for responsible gambling.

We are also using our voice to play a more active role in working with our racing partners to prioritise animal welfare.

I believe these capabilities are essential if gambling companies are to secure their long-term sustainability and that of the industry.

As a result of this focus, Tabcorp is well on the way to setting the standard for responsibility in the gambling sector and remaining the trusted choice for customers, industry partners and government.

Tabcorp today

The Tabcorp and Tatts combination in 2017 redefined our Company.

Today, with the integration of the businesses largely complete, Tabcorp holds a market leading portfolio of diversified gambling entertainment assets across multiple jurisdictions and categories.

There is no doubt that we have been able to better navigate the challenges of COVID-19 because of the strength of our portfolio and the resilient performance of the Lotteries business.

Tabcorp is well placed to leverage its competitive advantages and I can report the Group is well positioned for the future – both to manage through the pandemic, to grow the Australian businesses and to pursue broader growth opportunities.

Conclusion

In conclusion, I would like to thank my Board colleagues, our executive leadership team and our people for their commitment and support over my time as Chairman of Tabcorp.

We have built Tabcorp into a great company with a resilient financial position, market-leading brands, strong governance, culture and risk management, and with significant growth potential from its Australian base.

Finally, I would like to thank our shareholders for your interest and support over the years.

I will now invite our Managing Director and CEO, David Attenborough to address the meeting.

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S ADDRESS

Thank you, Chairman. The COVID-19 pandemic certainly presented one of the toughest challenges many of us have faced in our careers.

Tabcorp's diversification and our investments in digital transformation helped us manage these challenges, with a strong performance from our Lotteries business, and good digital growth in Wagering and Keno.

However, the pandemic materially impacted our results. Group revenue was down 4.8% to \$5.2 billion, and EBITDA before significant items was down 11.5%.

The biggest impact came from the retail closures across our Wagering & Media, Keno and Gaming Services operations.

Despite implementing a range of initiatives to cut costs, protect earnings and conserve cash, Group EBITDA was down \$142 million in the second half.

Our COVID-19 response

While managing the financial impact has been central to our COVID-19 response, we have also aimed to ensure that our actions do not erode our culture and the trust in our brands.

Part of our philosophy has been to apply the 'look back test'. That is, when we look back at this time in the Company's history, are we satisfied that we did the right thing by our people, shareholders and business partners?

Many of the venues who distribute our products are family-run hotels, TAB agencies or small clubs.

Temporary closures and restrictions on patrons when open, have had a devastating impact on their cash flows.

We have waived more than \$130 million in contracted fees to these venues so far for things like equipment charges and Sky Racing subscriptions.

We need our venue partners to be successful and sustainable and these actions have been about coming through this stronger, together.

Maintaining the employment and engagement of our people has also been key. The majority of our employees have adapted well to working from home, although at various times we have had to stand down employees where there was little or no work for them.

Integration

As well as navigating COVID-19, we also substantially completed the integration of Tabcorp and Tatts.

The migration of ex-UBET account customers to the TAB platform was executed seamlessly post-year end. This was the most important integration milestone and means ex-UBET customers now receive the TAB customer offer.

The integration is on track to deliver on our final target of \$95 million in total cost synergies by the end of this financial year, with \$86 million delivered to the end of FY20.

COVID-19's impact on our revenue base means the measurement and reporting of revenue synergies at this time is not considered meaningful.

One-off, pre-tax costs incurred in delivering the integration were \$103 million to the end of FY20 with a further \$32m expected as we move to full completion.

With the integration program substantially complete, we are shifting the Group into an optimisation phase. We have commenced an enterprise-wide three-year program that is targeting substantial cost savings as well as enhancing operational capability, process improvement and overall efficiency.

Initiatives underway include marketing efficiencies and agency rationalisation in the Wagering & Media business, and the operational review of Gaming Services, which includes some restructuring.

We will be reporting progress on the savings as part of our reporting of group results.

Lotteries & Keno

Turning to the performance of our three businesses, starting with Lotteries & Keno, which makes up more than half of our earnings. Lotteries & Keno delivered another excellent performance demonstrating its resilience and substantial value to the Group and to our shareholders.

This is a great business and home to games Australians love such as TattsLotto, Powerball, Oz Lotto and Instant Scratch-Its.

Revenues were \$2.9 billion, up 1.8%, and EBITDA was \$542 million, up 5.7%, a pleasing result given the number of large jackpots of \$15 million-plus in the prior year.

We added 400,000 active registered customers and ended the year with 3.7 million customers.

Turnover through digital channels accounted for 28% of all Lotteries turnover, up from 23.5% in the prior year. And retail continued to hold its own, remaining the dominant distribution channel for lottery games.

Keno revenue was tracking at record levels prior to COVID-19 however the closure of licensed venues impacted second half revenues. Digital growth remained strong and digital share of turnover grew to 11.9%.

We're always looking to maximise the performance of the game portfolio, so we have given Saturday Lotto – an important foundation game – a refresh this month. This popular game now delivers bigger Division 1 prizes and more winners. This follows the refresh of Set For Life in March 2020, which has resulted in increased player engagement and sales to date.

Wagering & Media

Wagering & Media revenues were \$2.1 billion, down 10.1%, and EBITDA was \$371 million, down 19.5%.

We have been seeing a progressive migration from retail to digital wagering over the past decade, in line with changing consumer habits. However, COVID-19-enforced venue closures have accelerated this shift.

Retail remains an important part of our strategy. The convergence of our retail business with the fast-growing digital channels gives us a unique competitive advantage.

However, we were more exposed to COVID-19's disruption than the digital-only operators, with our entire retail network closed at various times.

Pleasingly, turnover through Wagering's digital channels grew 44% in the final quarter of FY20, compared to the pcp. A similar rate of growth was achieved in the first quarter of FY21.

We are very focused on strengthening our unique customer experience with investment in brand, personalisation, marketing offers and the digital-in-venue experience.

Media, too, is an important differentiator. Signing deals with major American sports leagues strengthens our position in this fast-growing market.

We were also pleased recently to secure Queensland racing's media rights for the next decade, underpinning Sky as racing's long-term pre-eminent broadcaster.

The wagering sector continues to be incredibly competitive. But with the integration of TAB and UBET largely behind us, we are now in a much stronger position to unlock the value from a more competitive TAB.

Gaming Services

Gaming Services revenues were \$221 million, down 27.3% and EBITDA was \$84 million, down 42.5%.

As a pure business-to-business operation with no digital earnings, Gaming Services relies on venues being open and gaming machines operating.

So, with gaming venues closed from March to June 2020 and our decision to suspend fees, revenue essentially reduced to zero during that period.

Contract expirations, extensions at lower daily rates, reduced project work and the non-renewal of a Telstra service contract also impacted FY20 revenues.

At our half year results we flagged the business was under operational review and that is now being implemented.

The strategic review announced at the same time has understandably been paused due to COVID-19.

Trading update

I would now like to provide a trading update for the first quarter of FY21. This information is unaudited. Given the uncertainty around COVID-19 it shouldn't be extrapolated beyond this period or considered indicative of future performance.

At a Group level, revenues were down 5.7% on the prior corresponding period.

In terms of the three business units:

- Lotteries & Keno revenues were down 6.9% on the pcp, which had strong jackpot sequences. On a like-for-like jackpot basis, sales across the portfolio of games were up circa 15% to 30% on pre COVID-19 levels.
- Wagering & Media revenues were up 2.9% on the pcp, despite the decline in retail and reduced net yields. Wagering account revenue was up 47%.
- And Gaming Services revenues were down 55.2% on the pcp, impacted by the closure of licensed venues, particularly in Victoria.

Future

The duration and severity of COVID-19 is unclear, however Tabcorp remains well placed with our resilient, diversified earnings base and strengthened balance sheet.

Into FY21, our priorities have included driving the digital opportunity across Lotteries, Keno, Wagering and Media.

We are also focused on improving performance in Wagering & Media, delivering the Gaming Services turnaround and the business-wide optimisation program.

And we'll continue to invest in initiatives that support our purpose of 'Excitement with Integrity' – such as our risk and compliance systems and customer care technology.

Conclusion

In conclusion, this is my last Tabcorp Annual General Meeting. It has been a privilege to be the CEO of such an extraordinary Australian company and I remain committed to ensuring a smooth transition to the next CEO in 2021.

I am proud to leave behind a Company that has been substantially transformed into a diversified, resilient, purpose-led organisation.

We have done a lot of work to integrate leading inclusion and diversity practices into our operations, to ensure diversity of thought and drive commercial success.

Attracting, engaging, and retaining great talent is critical to achieving our strategic objectives. I'm proud of, and would like to thank, our talented and committed Tabcorp team, for their support over the years.

I would like to acknowledge our many venue partners, the racing and sporting industry, governments, regulators and community partners for their collaboration.

I would like to think we share a commitment to ensuring Tabcorp's products give customers great experiences, while being delivered in line with community expectations.

I would also like to congratulate our Chairman, Paula Dwyer, for her many achievements as Chair and for her commitment to making Tabcorp 'The Trusted Gambling Entertainment Company'. I acknowledge the Chairman and the Board's unrelenting focus on putting integrity at the heart of how we deal with our people, our partners and our customers.

Finally, thank you to our shareholders and our millions of customers.

I will now hand you back to the Chairman.
