

Tabcorp 2021 AGM Report

ASX Code	TAH
Meeting Time/Date	10am, Tuesday 19 October 2021
Type of Meeting	Virtual
Monitor	Mike Muntisov
Pre AGM Meeting?	Yes, with Chair Steven Gregg, Company Secretary Chris Murphy, Investor Relations Chris Richardson

Focussing on the demerger

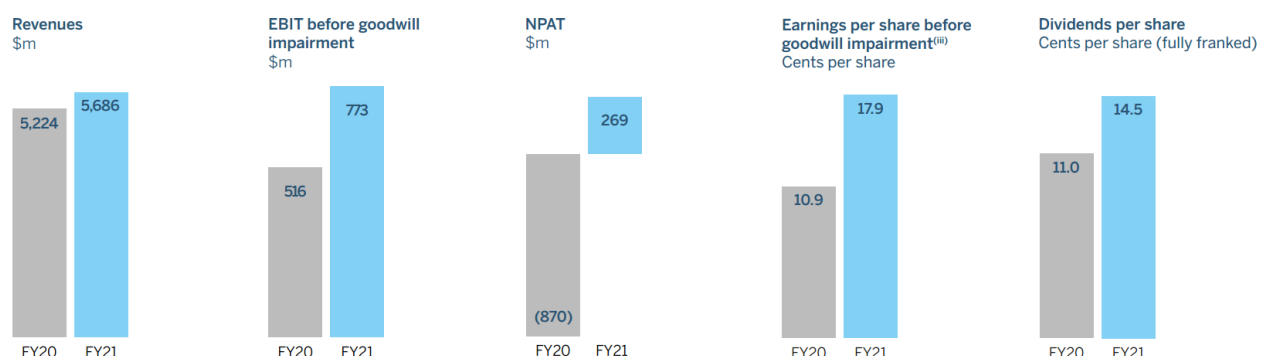
What the Company Does

Tabcorp is a diversified gambling company operating three divisions: Lotteries and Keno; Wagering and Media; and Gaming Services.

Developments in the Financial Year

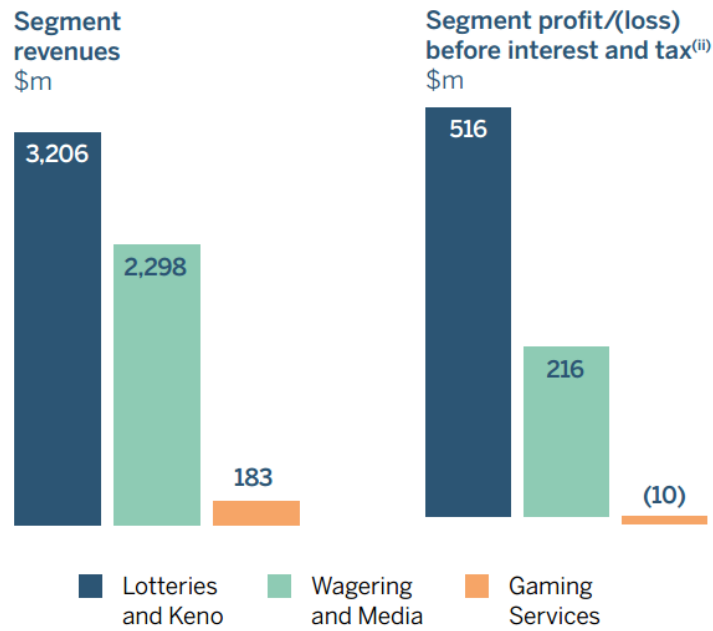
The most significant development of the year was the announcement in July 2021 to demerge Tabcorp into two separate ASX-listed companies by splitting off the Lotteries/Keno business. The announcement came on the heels of several bids from international consortia to buy the wagering and media business which has suffered disproportionately during the COVID pandemic. The bids prompted a strategic review by the Board and the subsequent demerger announcement.

Financial year 2021 (FY21) showed a significant performance improvement over the lockdown-impacted FY20 result as is demonstrated by the summary graphics below:



Source: Tabcorp 2021 Annual Report

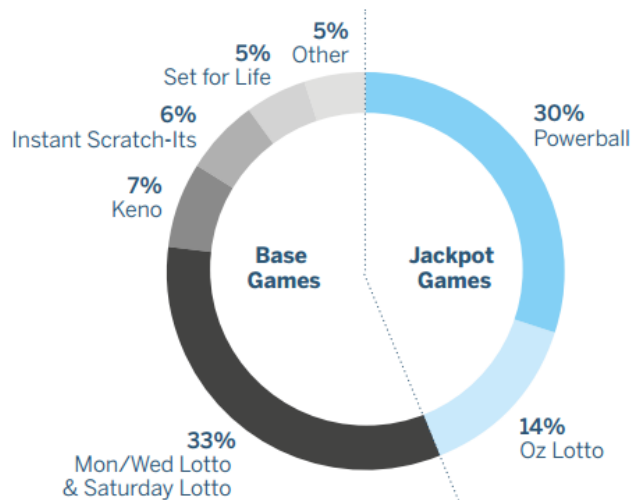
Given the proposed demerger, it is interesting to compare the contributions of the various divisions to the business. As can be seen, the Lotteries division is the largest, providing about two thirds of the group profit.



Source: Tabcorp 2021 Annual Report

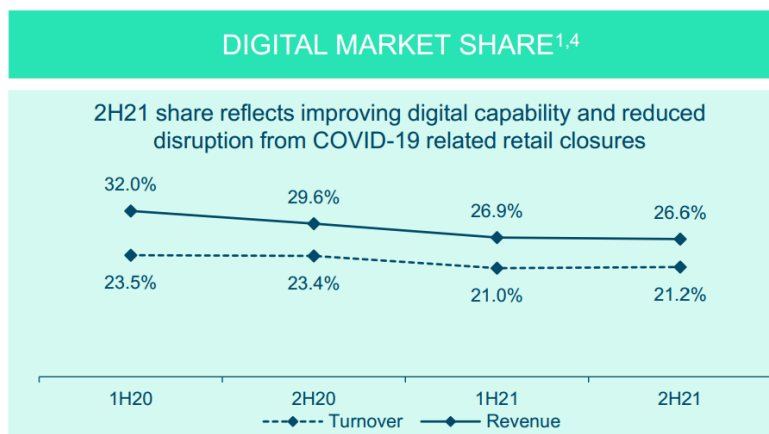
For the lotteries business, total revenue was up 10% with all product segments experiencing growth.

FY21 Lotteries revenue by product



Source: Tabcorp 2021 Annual Report

In wagering, competition from the online bookmakers was fierce and Tabcorp struggled to maintain digital market share.



Source: Tabcorp FY2021 Results Presentation

The pandemic put on hold the appointment of a new CEO, and with the demerger announcement, the long-term CEO David Attenborough will stay on to complete the demerger. The company has flagged that the CEO-designate of the Lotteries business is former Tatts executive Susan van der Meuwe and for the rump Tabcorp business long-time executive Adam Rytenschild

Summary of Historical ASA Issues with the Company

The company has progressively implemented improvements sought by ASA over the last few years including greater transparency on remuneration and political donations. Tabcorp is one of the largest political donors on the ASX. There has been a significant amount of churn on the board in recent years.

Debate and Voting at the AGM

All resolutions at the AGM passed with a comfortable majority.

In his address the Chairman highlighted the regulatory and fee discrepancy faced by Tabcorp compared to the online bookmakers. He pointed out that 40% of the wagering divisions revenue was returned to the racing industry whilst less than half that rate was paid by competitors. He called for a levelling of the playing field.

The CEO highlighted that since the start of the pandemic, the company voluntarily waived more than \$200m in fees to support venues whose operations were impacted by COVID.

The ASA questions/comments focussed on the demerged companies, urging Tabcorp to take advantage of this opportunity to appoint diverse boards to both companies, and to build on the improvements made in their remuneration framework and disclosures over the last few years.

Activist Stephen Mayne asked several questions/comments. Q: Will Tabcorp apologise for failure of some gaming venues. A: Tabcorp does not manage venues. Q: Political donations A: Tabcorp does not make cash donations but does subscribe to networking events across the political spectrum. Q: Why has Tabcorp not performed as well as peer Aristocrat Leisure since listing? A: Core business is not the same. Q: What acquisitions has Tabcorp done well and not? A: Tatts combination has been successful. SunBets was not.

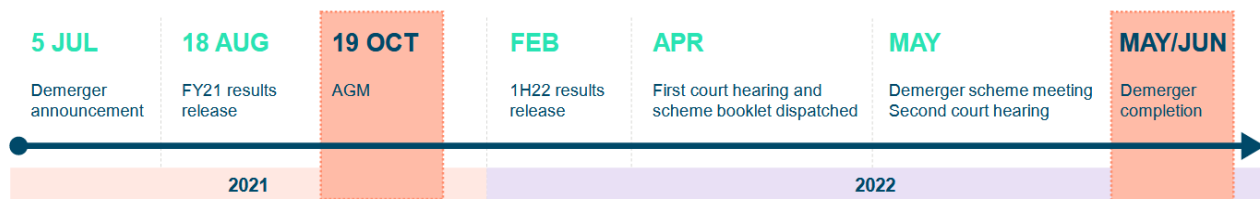
Outlook Statements from the Company

The first quarter of FY22 has been impacted by the lockdowns in NSW and Victoria, particularly the Wagering and Gaming divisions as shown in the graphic. The Lotteries and Keno business maintained revenue as its retail network was not materially affected.

LOTTERIES & KENO	WAGERING & MEDIA	GAMING SERVICES
<p style="text-align: center;">Revenue down 0.2%</p> <ul style="list-style-type: none"> • Lotteries revenue up 1.4% due to growth in Powerball and Saturday Lotto • Lotteries' retail network not materially impacted • Keno revenue down 19.3% due to adverse impacts of venue closures 	<p style="text-align: center;">Revenue down 17.2%</p> <ul style="list-style-type: none"> • Revenue adversely impacted by venue closures, partly offset by some transfer to digital • Significant increase in generosities and advertising in a highly competitive and largely digital market • Negative impact on variable contribution margin from increased generosities • Operating expense growth also impacted by increased technology investment (including improved disaster recovery) 	<p style="text-align: center;">Revenue down 14.6%</p> <ul style="list-style-type: none"> • Venue closures continued to adversely impact revenues • Continuing to provide fee relief to closed venues • Significant operating expense growth given COVID-19 cost mitigations in the pcp

Source: Tabcorp CEO's 2021 AGM presentation

The updated demerger timetable was presented.



Source: Tabcorp Chairman's 2021 AGM presentation

As at 4 October 2021, there were nine brokers recommending a buy for Tabcorp, four a hold, and one a sell according to MarketIndex.com

Meeting Statistics

Number of Holdings Represented by ASA	296 (down from 407 last year)
Number of Shares represented by ASA	3.31m (down from 3.8m last year)
Value of Shares represented by ASA	\$17.3m
Number Attending Meeting	38 shareholders plus 383 visitors (34/345 last year)
Market capitalisation	\$11.8b
Were proxies voted?	Yes, on a poll