



# Entain

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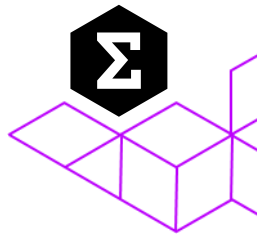
## TAB NZ partnership

June 2023

Business update and future outlook

Dean Shannon, CEO Entain Australia & New Zealand

# TAB NZ and Entain strategic partnership – key terms



## Key Terms

- 25 Year partnership
- Entain assumes management rights of TAB NZ Wagering & Trackside Media businesses
- TAB NZ retains gaming revenue, machines and leases for shops with machines – Entain managing operations on service fee basis

## Consideration

- NZ\$160m upfront consideration includes NZ\$10m direct funding to racing industry
- Further NZ\$100m payment subject to legislative net implementation

## Commercial Structure

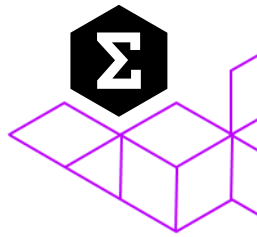
- 50% share of Gross Profit with Minimum Guarantee for first 5 years
- Entain responsible for all marketing and operating expenses

## Other

- Strategic partnership commenced on 1st June 2023
- Committed to no forced redundancies for first 24 months of the agreement



# A unique opportunity in a regulated market with growth potential



## Management rights to TAB NZ Wagering & Media businesses

- TAB NZ provides Racing & Sports betting through both retail & digital channels
- TAB NZ owns and operates TAB Trackside, the largest sports outside broadcasting operation in New Zealand
- Partnership unlocks opportunity to launch a new digital only sister brand

## Compelling partnership of capabilities, expertise and scale

- Combining both TAB NZ and Entain resources, infrastructure and expertise to realise significant opportunity
- Leverage opportunity to build on strong Australian business and drive further diversification

## Unrestricted access to regulated market

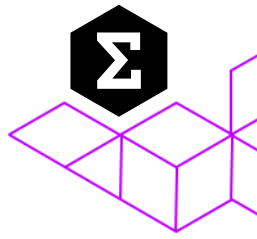
- Unrestricted and accelerated entry into a regulated market with an estimated Wagering revenue pool of NZ\$600m
- TAB NZ has the only wagering licence and is the only operator of retail wagering

## Safer Gambling and Sustainability our core

- Significant support to New Zealand Racing and Sports Industries
- In first 5 years of partnership, minimum annual returns of NZ\$150m to TAB NZ and Industry
- Committed to continuously improving Safer Gambling protections & reduce gambling harm



# TAB NZ is a well-established racing & sports betting and media operator



## TAB NZ Existing Business Overview

### Betting

- Digital offering & Retail wagering network
- 500 venue retail network including shops
- Pre-Jump & Live Betting, Fixed & Parimutuel odds

Betting Turnover by bet placed<sup>1</sup>



### Media

- Trackside is the largest sports outside broadcasting operation in NZ
- Holds IP and licensor rights to NZ Racing Vision and Wagering data for NZ/global distribution

### Gaming



- Permitted to operate gaming machines in select shops within the retail network under Class 4 license

**Gaming business will remain with TAB NZ, with Entain to provide related services**

**NZ\$2.5bn+**  
Betting turnover<sup>2</sup>

**100,000+**  
Races broadcast to NZ customers<sup>3</sup>

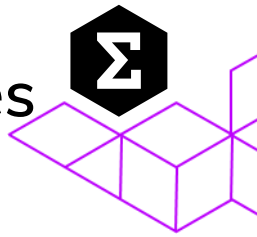
**Strong ties to industry and government**

**81%**  
GBR<sup>2</sup>   
**19%**  
GBR<sup>2</sup> 

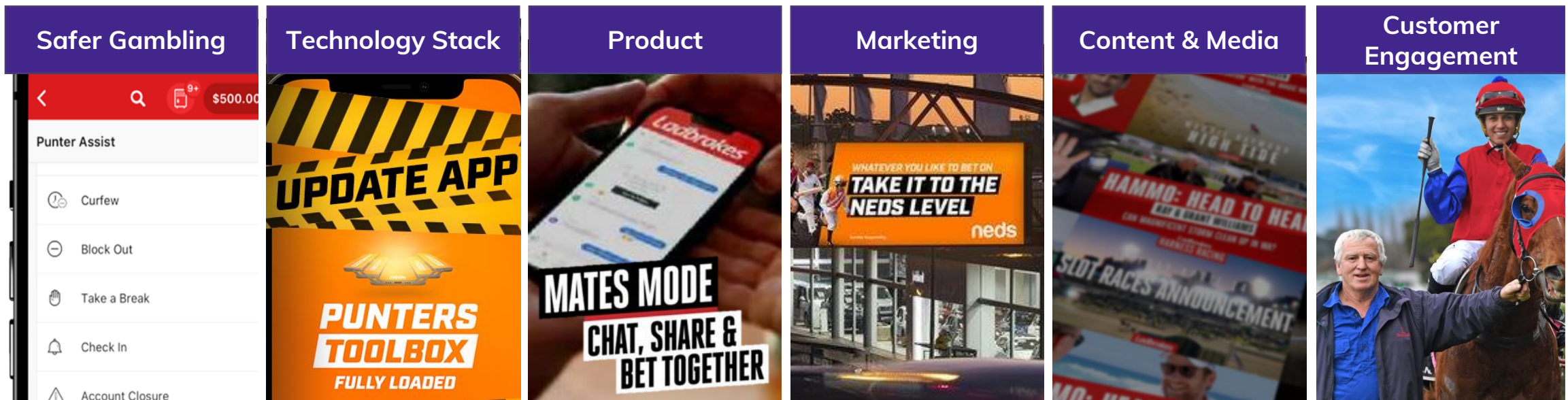
**250,000+**  
Active digital customers<sup>4</sup>

(1) TABNZ as at 30 September 2022.  
(2) Gross Betting Revenue (GBR) TABNZ Financial Statements for the Year ended 31 July 2022  
(3) Broadcasted by Trackside over last 12 months  
(4) TAB NZ management

# Partnership will benefit from Entain's scale and market leading capabilities



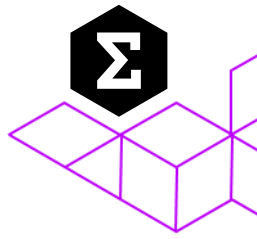
## Entain Australia



Providing New Zealand customers an enhanced offering across safer gambling, engaging product & customer experience

(1) As reported in Entain's FY22 results; NGR £563million using FX spot at close 31st December 2022  
(2) Entain Australia Management 2022  
(3) Entain Australia Management; Video content since launch from May 2021 to May 2023  
(4) Entain Australia Management; Races streamed on Live Channels since launch 11 July 2022 to 31 May 2023

# Safer Gambling, Integrity & Industry support are core to the partnership



## Safer Gambling & Integrity

### Punter Assist

is a one-stop shop for a customer to manage their betting account, with the intention of having “being in control” become part of the every-day gambling experience via our suite of 11 tools

Entain Australia’s experienced Safer Gambling team supplement these tools by continuously monitoring customer activity to identify and contact customers at potential risk of harm

We are committed to continuously improving our Safer Gambling offering to best meet customer needs and reduce gambling harm in the community



Entain Australia’s Safer Gambling team are supported by a leading Near Real Time (sub minute) portal to flag customers at risk and enable prompt intervention, with work underway to provide more timely and relevant interactions

We maintain relationships with leading academics and community organisations who work at the forefront of gambling harm, which we rely on to test the effectiveness of, and continually improve our approach

## Support for Industry

### Partnership distributions

New headline racing events



Direct investment in prize money

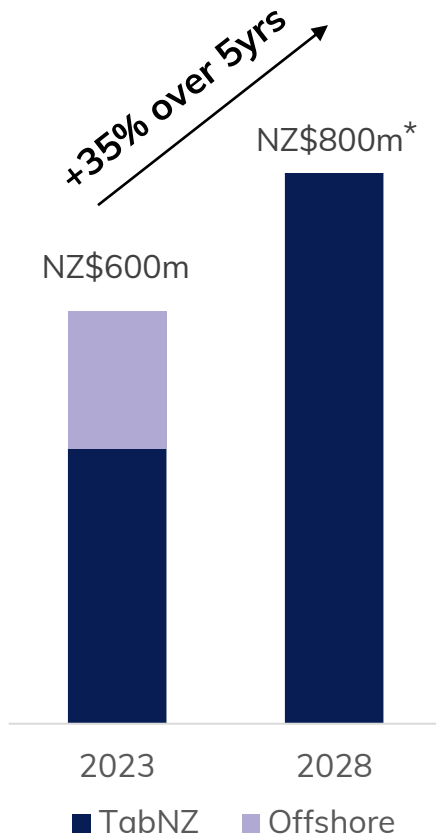
Breeding & ownership incentives



# The partnership provides a unique opportunity to win in New Zealand

## Quantifying the opportunity

### New Zealand Betting Market



- **NZ\$600m+** estimated Total NZ Betting Market in 2023
- Estimated **c30%** of market **lost to offshore** operators
- Geo-blocking legislation expected in 2024
- Growth estimated **c35%<sup>1</sup> over 5 years** to **NZ\$800m+**

## Financial profile<sup>2</sup>

### Revenue

- Current market opportunity of NZ\$600m+, includes c30% lost to offshore operators

### Gross Profit

- c60% gross profit margin

### 50/50 Split

- Gross profit share arrangement
- Annual minimum guarantee for first 5 years, starting at NZ\$150m

### Marketing

- Efficient spend due to NZ market structure
- Expected c5% of revenue

### Opex

- Steady state opex base of NZ\$110-120m
- Efficiencies through leveraging Entain Australia cost base

### EBITDA

- Assuming legislative net implementation, expect positive EBITDA contribution from 2025

### Capex

- Initial capex uplift reflects investment in product, migration & retail network
- Steady state capex of NZ\$5m

\* Assumes successful enforcement of geo-blocking legislation  
 1) Internal estimates  
 2) Figures refer to NZ\$ million

The background features abstract geometric shapes in purple and white. On the left, there are several overlapping polygons, including a prominent cube-like structure. On the right, there is a more complex arrangement of overlapping polygons, some resembling cubes and others more abstract shapes. The overall aesthetic is modern and geometric.

# Σntain

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TAB NZ partnership

June 2023