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Solid first half performance to see NZ Racing Board through to year end

The New Zealand Racing Board has achieved a solid half year result with revenues of \$830 million for the six months to 31 January 2010, slightly ahead of budget. The result will see the NZ Racing Board through the second half of the year which is expected to be more challenging.

NZ Racing Board Chairman Michael Stiasny said the Board was pleased with the half year result which was achieved on the back of last year's economic recession and ongoing constraints on household spending.

"All key indicators—turnover, net betting revenue and profit—exceeded expectations in the half," Mr Stiasny said.

"Net profit for the period was \$70.94 million, 4.9% ahead of budget, which will see us through the slightly softer second half we are expecting."

Turnover was 4.1% ahead of budget and net betting revenue was 2.9% ahead of budget. Compared with the same time last year turnover was 3.9% higher, net betting revenue was 1.3% higher and net profit was 5.8% higher.

Some of this upside has already been shared with the racing industry through an unscheduled distribution of \$6m made in February.

The solid half year result came off the back of a number of positive initiatives including wagering product innovation and the launch of TAB TV. There was also some realisation of the NZ Racing Board's \$10 million cost saving programme in the half. The benefits of this will continue to be realised to the end of the financial year and in the 2010/11 year.

In the second part of the year it is expected that the NZ Racing Board's internationalisation programme will deliver greater export earnings, and the recent redevelopment of tab.co.nz to a more customer-centric format will pay dividends. A major campaign around the Football World Cup will kick-off in June, and substantial investment in modernising the TAB retail network in the 2011 year has also recently been confirmed.

"The traditional TAB customer is ageing so to future-proof the business we need to evolve the TAB's offering to meet the needs of younger customers," said Mr Stiasny. "Someone in their twenties demands a completely different entertainment experience than someone in their sixties, and we are working hard to find solutions that cater for this group."

The April launch of two new racing channels by Sky Australia which are broadcasting all New Zealand races means that, in time, all key TAB bet-types will be commingled with Tabcorp. Increased earnings as a result of this development will start to be realised in the second half.

Commitment to a range of growth initiatives means the NZ Racing Board is on track to deliver a full year result in line with budget. This will provide a solid base for delivering on the goals outlined in *Racing Ahead*, the Board's recently launched Strategic Plan.

"We are currently talking the racing industry through our vision for the next five years which will see New Zealand racing and wagering become world-class on every level," Mr Stiasny said.

Racing Ahead, launched at a series of industry meetings over the past fortnight, outlines a vision for the New Zealand racing industry which includes having the best quality racing, highest level of integrity, and highest rates of participation in racing in the world.

"Racing is facing a range of pressures and the industry needs to cooperate to do things differently if it is going to prosper. It's impossible to move the industry forward using strategies and structures designed for yesterday," Mr Stiasny said.

"We need the three racing Codes to engage and support solutions that will grow the entire industry, not just those that support individual interests. There is no time for division."

The NZ Racing Board expects there to be ongoing fiscal pressure over the coming 18 months due to anticipated tax changes and a comprehensive investment strategy which is required for future growth.

"We need to do fewer things better and rationalise where we can," said Mr Stiasny. "We can still deliver in a tough fiscal environment if we are smart about what we commit to. We need to invest in the projects and systems that will make the biggest impact on lifting the performance of the entire industry."

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