



MEDIA RELEASE
April 9, 2013

First-half profit sets stage for strong full-year return

The New Zealand Racing Board has achieved a solid first-half profit of \$76.4 million (prior year \$72.6 million) and is on target to record a full-year result of \$142.5 million, as signalled in the revised Statement of Intent, for 2012/13.

Adjusted Net Profit, after excluding one-off costs of \$1.6 million, is \$78.0 million (including distributions from the New Zealand Racing Board's Class 4 gaming operations) – \$5.4 million, or 7%, ahead of the same period last year.

After also excluding the one-off benefit of the Rugby World Cup in 2011, net profit before one-off costs is 12% ahead of the same period last year.

Record total betting turnover of \$914.5 million for the six months to January 31 was up 10% on the same period last year, with Net Betting Revenue (turnover less dividends and taxation) up \$7.8 million.

Operating expenses, excluding those related to turnover and one-off cost items, were up \$3 million, or 5%, on the same period in 2011/12. One-off cost items comprised business transformation costs of \$1.6 million, including redundancy payments.

New Zealand Racing Board Deputy Chairman Alistair Ryan said the half-year profit result was pleasing, particularly in light of continuing economic challenges domestically and internationally.

"There's still uncertainty on many fronts, so this is a very solid result for the racing industry, achieved through a focus on implementing result-driven initiatives coupled with successful governance and management change.

"There have been one-off costs to reposition the business but this has been a critical investment as we work to deliver significantly enhanced and sustainable returns to the racing industry.

"Revenue results have been strong with a continued and concerted focus on reducing costs. The overall increase in expenditure is expected to decline in the second half."

New Zealand Racing Board Chief Executive Chris Bayliss said that, with a new senior management team now settled and business unit realignments close to completion, the focus in the remainder of the year would be on continuing an upward earnings trajectory.

"Our primary focus in the first half was to properly set the foundations for success by getting our house in order. That meant making some difficult but vital decisions to ensure we have the culture

and capability to drive change and sustained growth for the business and, ultimately, the racing industry.

“That drive to get the business fitter and faster is continuing in the second half, alongside the delivery of a clear, cohesive strategy for all aspects of the operation.

“Allied closely to this is the ongoing development of a strategic plan for the racing industry where stakeholders are engaged and participating with an understanding of the challenges, as well as respective roles and responsibilities.”

The New Zealand Racing Board has a series of new initiatives and products in development, while the second half of the year is expected to be positively influenced by a continuing focus on improving margin.

HALF-YEAR SUMMARY (\$m)

Six-month period to January 31	2013	2012	Variance \$	Variance %
Turnover	914.5	832.0	82.5	9.9
Net Betting Revenue	128.3	120.5	7.8	6.5
Other Income	34.2	31.2	3.0	9.6
Total Income	162.5	151.7	10.8	7.1
Turnover-related Expenses	26.3	23.9	2.4	10.1
Operating Expenses	58.2	55.2	3.0	5.4
Total Expenses	84.5	79.1	5.4	6.8
NET PROFIT	78.0	72.6	5.4	7.4
One-off cost items	1.6	-	1.6	-
NET PROFIT (after one-off costs)	76.4	72.6	3.8	5.2

The full 2012/13 half-year financial statements can be found at <http://www.nzracingboard.co.nz/annual-reports.html>

For more information, please contact:

John Mitchell

Manager – Media and Government Relations
New Zealand Racing Board

t +64 (0)4 576 6901

m +64 (0)27 294 0736

f +64 (0)4 576 6160

e john.mitchell@nzracingboard.co.nz

w www.nzracingboard.co.nz · www.tab.co.nz · www.theraces.co.nz

106-110 Jackson Street, Petone 5012, PO Box 38899, Wellington Mail Centre, Lower Hutt 5045, New Zealand