

**ASX & MEDIA RELEASE**

**23 April 2008**

**Chairman's Address and CEO's Presentation**

The attached Chairman's Address and Chief Executive Officer's Presentation will be delivered at today's General Meeting of Members of Two Way Limited.

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For further information:

Ben Reichel  
Chief Executive Officer and Managing Director  
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**ABOUT TWO WAY LIMITED (ASX: TTV)**

Two Way creates advanced interactive media and gambling applications. Our competitive strengths include our specialised expertise, patented technology, and library of interactive applications, which can be deployed on TV, mobile or internet.

Two Way has developed an interactive TV wagering service with Tabcorp Holdings Limited (ASX:TAH) and FOXTEL, with the potential to establish similar relationships with other wagering and broadcasting partners throughout Australia and overseas.

Our interactive wagering technology offers advanced betting features and related information, and utilises the latest synchronisation techniques to enhance the user experience. This technology can be applied to both racing and sports betting applications.

Our Way2Bet portal offers an extensive range of information resources to help punters bet better. These services are available via online and mobile platforms at [www.way2bet.com.au](http://www.way2bet.com.au) and way2bet.mobi.

Two Way's products are currently being deployed by leading wagering and interactive TV operators in Australia and New Zealand. Our clients include Tabcorp, Foxtel, Austar and Sky New Zealand.

To learn more about Two Way visit [www.twowaytv.com.au](http://www.twowaytv.com.au)

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## **Two Way Limited General Meeting of Members 23 April 2008**

### **Chairman's Opening Speech**

This is an exciting stage in the Company's history with the imminent launch on Monday 28<sup>th</sup> April of the Sky Racing Active Application in Victoria and NSW, after the successful completion of a pilot testing phase.

The service will be available to Foxtel and Optus Pay TV customers, with Victorian customers able to access their TAB wagering accounts and place bets. NSW customers will be offered an information only service at this stage.

This is a major milestone for the Company as it is the culmination of many years' hard work, which has had its fair share of challenges.

The service meets all Commonwealth legislation, which was introduced by the former Howard Government in 2001 and which specifically allowed for TV wagering. The legislation was further reviewed and endorsed by the Federal Government in 2004 (with no changes). It was on this basis that the Company was floated on the ASX.

As mentioned above, the service is only available to TAB account holders who have Foxtel or Optus Pay TV. This, together with PIN-based security and responsible gambling messages on screen, addresses any concerns associated with problem gambling; and counters some of the recent negative press surrounding the service.

I would now like to hand over to Mr Ben Reichel, our Managing Director and Chief Executive Officer.



# Two Way Limited General Meeting Presentation

April 2008

Ben Reichel  
Chief Executive Officer  
& Managing Director



# Our Business

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Two Way creates advanced interactive media and gambling applications

## Revenue Drivers

1. TV wagering service
2. Way2Bet online and mobile wagering portal
3. Interactive TV games services

## Latest Developments

1. TV wagering service launching on 28 April 2008
2. Actively exploring deployment of wagering service around Australia
3. Preliminary discussions on other interactive services (eg. sports betting)



# TV Wagering Service

- ❑ Launch confirmed for 28 April 2008
- ❑ Full betting service available in Victoria
- ❑ Information service only in NSW at this stage
- ❑ Tabcorp pays a fee derived from wagering turnover through the service
- ❑ Two Way receives 100% of fee from Tabcorp until \$5.6m recouped, then 50/50 revenue share with FOXTEL
- ❑ Technology can be extended to other States, other pay TV carriers, other channels, and other products (eg. sports betting)



Two Way is the only company with a service linked into the Tabcorp wagering engine



# TV Wagering Service

**MR 5 - Win & Place**

Connected

**14:25 Werribee 5 (2200m)**

Runners(15)      \$59k / \$41k

1	<input checked="" type="checkbox"/> Classic Mate	5.90	2.10
2	<input type="checkbox"/> Brave World	9.70	3.00
3	<input type="checkbox"/> Osca Eric	13	3.70
4	Agents	SCR	
5	<input type="checkbox"/> Ain't No Mountain	4.60	1.70
6	Kaliningrad	SCR	
7	<input type="checkbox"/> Bono	58	20
8	<input type="checkbox"/> Coronation Crystal	5.70	2.00
9	Mary Goodnight	SCR	
10	<input type="checkbox"/> Moving On	8.30	2.70

Win: \$100.00

Place: \$0.00

Press ● to place your bet

Select/Unselect    ● BET NOW  
 Navigate            BACK Clear Text

Wed, 31 Oct 07      ⌚ 14:24:07

Press 3 for next to go

Balaklava 4	-7 min
New Zealand 1	-3 min
Werribee 5	0 min
Sandown Park 9	4 min
Townsville 3	7 min

1 HOME
HELP
● FULLSCREEN

● ACCOUNT
 ● LATEST RESULTS
 FOXTEL
EXIT





# TV Wagering Service

**Help Guide**

- How To Guide
- Betting Rules
- Responsible Wagering
- Conditions of Use
- FOXTEL Customer Support
- Tabcorp Customer Support
- About Two Way

**powered by**  
**twoway™**

Select Option  
Navigate Menu **BACK** Go Back

**How To Guide:** Press SELECT for detailed information on helpful hints on how to use this service.

Disconnected



Tue, 30 Oct 07 🕒 12:03:13

**Press 3 for next to go**

	New Zealand 4	-6 min
	New Zealand 1	18 min
	New Zealand 5	28 min
	New Zealand 2	38 min
	Gawler 1	51 min

1 HOME
HELP
FULLSCREEN
ACCOUNT
LATEST RESULTS
FOXTEL
EXIT



# TV Wagering Service – Opportunities

State	NSW	VIC	QLD	SA	WA	TAS	ACT	NT
TAB	Tabcorp	Tabcorp	Unitab	Unitab	RWWA	Tote Tas	ACT TAB	Unitab
Racing turnover*	\$4,569m	\$3,486m	\$1,952m	\$670m	\$1,326m	\$315m	\$172m	\$124m
Share of turnover	36.14%	27.57%	15.44%	5.53%	10.48%	2.49%	1.36%	0.98%
Pay TV operator	FOXTEL (Sydney), Austar	FOXTEL (Melb), Austar	FOXTEL (Bris/GC), Austar	FOXTEL (Adelaide), Austar	FOXTEL	Austar	FOXTEL	Austar

- Green: Covered under existing contract
- Blue: Service live on FOXTEL platform, but commercial agreement required with wagering operator

\* Source: Australian Racing Factbook 2006



# TV Wagering Service – Revenue Model

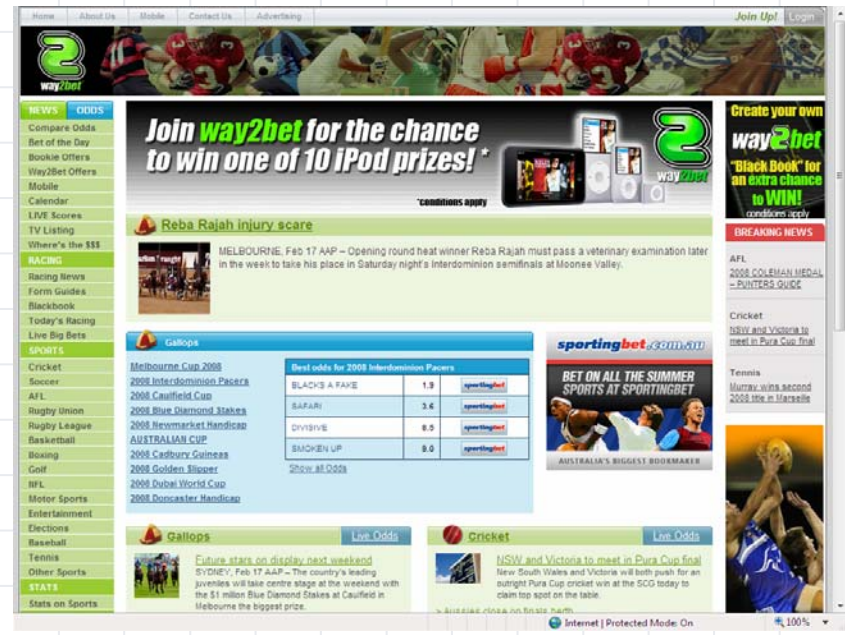
- Model based on detailed information from Tabcorp and FOXTEL
  - FOXTEL now has over 1.5m subscribers, growing at 13.1% in FY07
  - OzTam ratings figures for Sky Racing – average weekly reach (in Jan 08) of more than 500,000 people
  - Significant number of FOXTEL subscribers in Sydney and Melbourne have TAB wagering accounts
  - Data on average bet size, and number of bets per week, for both regular and infrequent punters
- Cross checked against data on size of market
  - Tabcorp's total wagering turnover on racing events exceeds \$8B per year (H108: \$4057m)
  - Tabcorp has over 400,000 wagering account holders
  - Internet and phone turnover exceeds \$1.8B per year (H108: \$1077m)
- Model indicates that across the first five full years, our service will capture a single digit percentage of wagering turnover in NSW and VIC
- No growth assumed in our share of turnover after first 5 years



# Way2Bet – Online and Mobile Portal



- ❑ [www.way2bet.com.au](http://www.way2bet.com.au) launched April 07; [way2bet.mobi](http://way2bet.mobi) launched June 07
- ❑ Wide range of information resources – inc. odds comparison engine for all sports and racing
- ❑ Revenue sources inc advertising sales; affiliate fees; premium services
- ❑ Ongoing enhancements to build client database and increase revenue
- ❑ Strategic marketing campaigns to drive traffic to the portal
- ❑ Traffic and revenue numbers continue to grow
- ❑ Further development put on hold for now – operating costs reduced and existing revenues maintained





# Interactive TV Games

- ❑ Existing contracts with FOXTEL, Austar, and Sky New Zealand
- ❑ 30,000 subscribers pay a monthly fee for unlimited games
  - ❑ FOXTEL \$6.95, Austar \$5.95, Sky NZ\$5.95 – shared with broadcasters
- ❑ Additional 7,000 single plays per month, at \$1 per play (on FOXTEL)
- ❑ Recently launched AFL and NRL branded trivia on FOXTEL
  - ❑ Pleasing response so far





# Cost Saving Initiatives

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- ❑ Workforce restructure completed – staff costs reduced by \$2.0m p.a. in FY08, with further savings in FY09
- ❑ Move to new office premises completed – rental costs reduced by 75%, with savings over three year lease of \$800k (against previous lease)
- ❑ Total third party licence costs reduced by almost \$1 million per year by FY09
  - ❑ from \$1.19m in FY07 to \$0.25m in FY09
- ❑ Ongoing tight cost controls



# High Level Strategy

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- **2008:**
  - Launch TV wagering service in Victoria – confirmed for 28 April
  - Commence targeted marketing campaign in conjunction with Tabcorp and FOXTEL
    - To be scaled up as service expands around Australia
  - Pursue commercial launch in NSW asap
  - Finalise agreements with Austar and Unitab
  - Continue to explore sports betting and other interactive services
  
- **2009 and beyond:**
  - Finalise agreements with RWWA and other totes
  - Commercial launch of wagering service around Australia
  - Explore deployment of wagering service outside Australia
  - Add new interactive services, based on wagering platform



# Two Way Limited – The Opportunity



- ❑ Flagship product launching next week
- ❑ Company finally has an opportunity to fulfil its potential
- ❑ Tight focus on high margin services
- ❑ Even tighter cost management
- ❑ Further distribution opportunities for TV wagering technology, around Australia and in New Zealand and Asia
- ❑ Opportunities to create new services which build on our IP and expertise

