



Jumbo Interactive Ltd

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ANALYSTS' BRIEFING



An analysts' briefing of the 2018 full year financial results by the CEO follows:

"Following the signing of the Tatts contracts in May 2017 and subsequent \$15 million investment by Tatts (now Tabcorp), Jumbo went straight to work and delivered a stellar year. TTV up 26% to \$183 million, Revenue up 23% to \$39.8 million and NPAT from continuing operations up 55% to \$11.8 million. Cash levels up at \$48 million (inclusive of players funds) and a second half dividend of 11.0c per share bringing the total dividends for FY18 to 18.5c per share (2017: 8.5c). The run of jackpots was modest – 32 large jackpots (\$15 million and over) compared to 31 in 2017. The average jackpot size was modestly higher at \$28 million (\$24 million in FY17).

So what else is driving this growth? New software. Better tools in the hands of the Jumbo team.

Last year was the release of a 3-year project to completely rewrite our entire software platform to set Jumbo up for the next decade. More tools, better performance and ultimately better customer engagement. Jumbo's 2 million-plus customer database was migrated over to the new platform and the benefits were immediate. Faster response and a more streamline ordering process meant a better buying experience for our customers.

The Jumbo team has yet to fully optimise the system – this will be the focus for the next few years – but early indicators are positive. The number of new online accounts was up 34% to 215,000 and the number of active online customers (defined as a customer that makes a purchase in the preceding 12 months) was up 24% to 438,000.

Some new features have been released in the past couple of months. "Lotto Party" is a world first innovation that allows customers to set up a group syndicate game entirely within our App. Friends are invited to join via social media and each participant opens a new account (expanding our new



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online accounts). Funds are managed by Jumbo (helping friends remain friends!) and winnings are dispersed by Jumbo according to each share in the syndicate. We've already seen a significant uptake in the first few weeks of FY19.

The FY19 year has started strongly. 11 large jackpots in 6 weeks including a \$100 million Powerball and a \$70 million OzLotto. The new software platform was able to handle the high customer load, and the large influx of new customers can now be managed more intelligently. Further enhancements are scheduled in the coming year and we aim to keep improving our KPI's and ultimately the Company's financial performance for the benefit of all shareholders.

The scalability of operations is now quite apparent. The Jumbo team delivered a 55% increase in NPAT from a 24% increase in TTV from a 3% increase in number of large jackpots. Costs are under control with only modest increases expected in the years ahead. Marketing costs are also under control as can be seen by the stability of the Cost per Lead under \$20.

The new Powerball has clearly set the tone for large jackpots in the years to come. The \$100 million jackpot drawn on Thursday 16 August 2018 broke all records at Jumbo, and one of the two winners of \$50 million each was a Jumbo customer!. The number of tickets sold peaked at 14 per second in the hours before the draw.

Charity lottery sales are also doing well. Sales have increased 60% to \$6.1m (2017: \$3.8m) and are now at 3.3% of TTV (2017: 2.6%). The number of charities during the financial year has been maintained at five and at least one further charity is expected to be added in FY2019, with expected continued good growth.

The balance sheet remains healthy with Net Assets of \$47.2 million and the Company's cash position at \$47.9 million as at 30 June 2018 (\$40.1 million general cash plus \$7.8 million players' funds). The Board will continue to review all capital management options in respect of the general cash surplus.



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With good growth prospects and a healthy cash reserve position, the Dividend Policy remains at 85% of NPAT. This has allowed the board to pay a fully franked final dividend of 11.0c per share bringing the total dividend for the year to 18.5c per share.

In summary, the new software platform is giving us the tools we need just as the large jackpots are on the rise thanks to the new Powerball. I wish to thank Tabcorp, the Board, all Jumbo employees and our investors, for their continued support."

For further information:

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CEO and Executive Director

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