



Jumbo Interactive Ltd

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ANALYSTS' BRIEFING



An analysts' briefing of the 2019 first half year financial results by the CEO follows:

"With a fresh software platform to start the 2019 financial year, we were in the best possible position to make the most of the new Powerball which peaked at \$100 million in August 2018. This enabled us to activate more customers and sign up new accounts in record numbers. Active customers surged 47.9% to 576,144 and new accounts grew 91.9% to 199,410 accounts in the 6 month period to December 2018.

This underpinned a 66% increase in TTV to \$147.8 million and a 58% increase in Revenue to \$30.5 million. The operating leverage of the business resulted in a 138% increase in NPAT to \$12.6 million. Cash levels are up at \$77.3 million (inclusive of players funds) allowing a first half dividend of 15.0c per share.

The jackpot run was strong with 23 large jackpots (Oz Lotto/Powerball Division 1 jackpots of \$15 million and over) compared to 18 in the first half of FY2018. The average jackpot size reached \$37.4 million compared to \$26.7 million in the previous corresponding period. The second half of FY2019 has already seen another \$100 million Powerball clearly indicating the new Powerball format is a success.

The strong start to the second half has prompted us to update our full year guidance. Based on an expected 40 large jackpots for the full year, we now expect TTV to reach about \$296.4 million and Revenue \$60.8 million. EBITDA is expected to reach about \$37.0 million, Net Profit Before Tax \$35.0 million and Net Profit After Tax \$24.2 million. This indicates that if we see only 17 large jackpots in the second half compared to 23 in the first half, we expect the business to produce roughly the same TTV and Revenue because of our growing customer database.



The benefits of the new software platform include greater transactional capacity and better user experience for the customer. During the \$100 million Powerball jackpot in January 2019, our system peaked at 840 transactions per minute with room to spare. The new Lotto Party product is making good progress and our voice app has been launched on Google Assistant. Intelligent data analytics insights and improved marketing tools in the hands of the Jumbo team have had an impact on lowering the cost per lead to \$12.87 (pcp \$18.81).

Revenue diversification is on track with a 23% increase in Charity Lottery TTV to \$3.6 million compared to the pcp and the release of the "Powered by Jumbo" Software as a Service (Solution). The Mater Lottery became the first "PBJ" customer in November 2018 and the project is on track for a public release later in 2019. This Software as a Service business is exciting as there are growth opportunities locally and it paves the way into new markets outside of Australia, most notably in the UK and Canada which both have active charity lottery markets.

The balance sheet remains healthy with Net Assets of \$70 million and the Company's cash position at \$77.3 million as at 31 December 2018 (\$67.5 million general cash plus \$9.8 million players' funds). The Board will continue to review all capital management options in respect of the general cash surplus.

With good growth prospects and a healthy cash reserve position, the Dividend Policy remains at 85% of NPAT for the full financial year. This has allowed the board to pay a fully franked first half interim dividend of 15.0c per share, and the payment of a special dividend is still a consideration.

As Australia's only listed pure digital lottery company, Jumbo is receiving greater attention from the investment community. To accommodate this, more resources have been provided to the Investor Relations team to ensure Jumbo continues to provide fast and relevant information to all shareholders during these exciting times of growth. The board also welcomes Mr Giovanni Rizzo to the board (commencing January 2019) who brings a wealth of knowledge and experience to Jumbo.

In summary, Jumbo has made the most of the strong jackpot run and has made great progress in its new businesses. There is always room for improvement and the Jumbo team is always busy



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working through a long list of upcoming improvements. I wish to thank our strategic partner Tabcorp, the Board, all Jumbo employees and our investors, for their continued support.”

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