



Jumbo Interactive Ltd

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ASX RELEASE – Tuesday, 25 August 2015

ANALYSTS' BRIEFING



An analysts' briefing by the CEO follows:

"In a year when Jackpots were slightly down, Jumbo showed quite clearly its abilities to grow the market with a 21% increase in Total Transaction Value (TTV) to \$130 million, an 18% increase in revenue to \$29.2 million on the back of an 11% increase in our customer account database size to 1.92 million accounts. Or to put this into plain language, Jumbo used its marketing and technology to grow rather than just relying on larger prizes. However, if we could have both then the results would be even better, as we have seen in the first two months of the new financial year that saw a \$50 million Powerball in July and a \$60 million OzLotto in August.

Jumbo is laying the foundation for medium term growth by opening new international markets. Our first year in Germany was challenging but no more challenging than it was building our Australian business. We see a lot of similarities between the young German business and the early years of the Australian business. We were able to overcome those challenges and grow the Australian business to the size it is today so we are well prepared to do the same in Germany. We've rapidly released new versions of the German website JumboLotto.de with new features and have seen immediate improvements in customer activity. We've also restructured operations with the appointment of a new Managing Director in Germany, Mr Jan Steffen, as well as relocated the office to Hamburg. This has lowered operational costs, focused on marketing and generally put the business into a much better position for the year ahead. Our goal was to get Germany through the first and toughest year without pushing the Group into a loss situation and we did that with a \$660,000 net profit after tax for the Group. I should also point out that \$1.9 million in tax was paid after net profit before tax \$2.6 million which is a high effective rate because we are not yet able to use our losses in Germany to offset tax until down the track when it becomes profitable.

The balance sheet remains strong with \$21.7 million net assets and \$23.8 million in cash which



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includes \$7.1 million in players' funds leaving \$16.7 million available to the company. The \$7.1 million in players' funds is up from \$5.8 million a year before due to the increased player activity on www.ozlotteries.com. There was a revenue and GST adjustment that increased the cash available to the company by \$2.8 million which was an accumulation of small adjustments over the past 8 years.

Jumbo's mobile penetration has continued to impress with now 50% of all players using our app, up from 39% a year ago. We continue to attract the younger demographics to lottery play which is good for our future as well as the lottery industry in general.

Our new charity lottery games have been a hit. In June 2015 we introduced 3 new games from the Surf Lifesaving Lottery, Act for Kids and the Prince of Wales Hospital foundation. We've seen good incremental sales from these games and if this trend continues we will seek to expand this activity further.

After a year of higher expenses in our search for international markets, Jumbo will reduce these expenses in the year ahead in favour of focusing on profitability. We will still maintain our search, however the main targets we have been pursuing need more time to develop.

A 3.0c full year dividend has once again been declared and directors maintain the view that dividends should continue during our growth phase.

In summary, I am pleased with Jumbo's progress in the past year. We are moving along the right path towards a stronger business with revenue streams on multiple continents. I wish to thank our board for their continued guidance and the efforts of all of Jumbo's employees who have worked tirelessly to make it happen."

For further information:

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CEO and Executive Director

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