



ASX RELEASE – Tuesday, 16 February 2016

HALF YEAR REPORT - DECEMBER 2015



- TTV **\$81 million** AN INCREASE OF 22%
- REVENUE **\$17.8 million** AN INCREASE OF 21%
- NPAT **\$2.0 million** AN INCREASE OF 654%
- INCREASED HY DIVIDEND TO **2.0c** FROM 1.5c
- GERMANY RESTRUCTURE POSITIVE EFFECT

The following summary is provided for the six months to 31 December 2015.

	HY Dec 15 Actual	HY Dec 14 Actual Restated ²	% Change (on actual figures)
Total Transaction Value ("TTV")	\$81 mil	\$66.3 mil	22%
Revenue	\$17.8 mil	\$14.7 mil	21%
NPBT	\$3.5 mil	\$1.2 mil	189%
Income tax	(\$1.5) mil	(\$0.9 mil)	56%
NPAT	\$2.0 mil	\$0.3 mil	654%
Number of jackpots ¹	24	18	33%
Additional new accounts	108,650	101,000	8%

¹ OZ Lotto/ Powerball jackpots of \$15 million or more.

² There was a correction of an error recognised in previous years and the HY December 14 period has been restated accordingly. The net effect was an increase in TTV, Revenue & NPBT of \$0.4 mil, an increase in income tax of \$0.1 mil, and an increase in NPAT of \$0.3 mil. Refer to Note 6 in the Annual Report 2015 for details.



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Leading interactive lottery business, Jumbo Interactive Limited (ASX:JIN), is pleased to announce a significant increase in profit driven by growing customer numbers combined with a good run of Jackpots. A focus on managing costs and improving Germany also contributed to the profit increase. Dividends have increased to 2.0c from 1.5c for the half-year period.

"Profits rose sharply to \$2.0 million for the half year due to successful marketing campaigns, a good run of jackpots and a focus on managing expenses, especially in Germany", said Mr Mike Veverka, CEO of Jumbo Interactive.

"Both ticket sales (TTV) and Revenue reached record levels of \$81 million and \$17.8 million respectively", he said.

The balance sheet remains healthy with Net Assets of \$22.9 million and the Company's cash position at \$26.4 million (\$20.0 million net cash plus \$6.4 million players' funds) as at 31 December 2015.

The second half of the 2016 financial year has had a good start in terms of large Jackpots, new customers and customer activity.

Dividend Increase

Based on the strong first half performance, an interim fully franked dividend of 2.0 cents per ordinary share is declared for the half year (2014: 1.5 cents) with a franking percentage of 100% as follows:

Record date: 11 March 2016

Payment date: 25 March 2016

The Dividend Reinvestment Plan will be suspended for the proposed interim fully franked dividend.

The current dividend policy of a stable dividend payment remains unchanged.



Australia

The Australian Internet lottery business was the main contributor to the strong result with ticket sales (TTV) rising 22% to a record \$80 million and a 20% increase in Revenue to \$17.3 million. This was driven by 108,650 new online accounts over the half-year period combined with increased customer activity and a solid run of Jackpots.

Jumbo invests extensively in online marketing to grow and activate the database of customers who transact via its website (www.ozlotteries.com) and associated mobile apps (iOS & Android). The nature of lottery play is such that customers open an account online and either play immediately or wait for a higher jackpot. Marketing activity is therefore divided into first recruiting customers who open an account followed by then encouraging them to spend and play. The following KPIs are used to track the effectiveness of these campaigns and will be reported in the Annual Financial Reports for comparative purposes.

1. CPL: Cost per Lead (new online accounts) defined as total cost to acquire these new accounts divided by the number of new accounts in a given period. New accounts potentially become active customers after the account has been established.
2. Number of Active Online Customers defined as customers who have spent money on tickets in the preceding 12 month period.
3. Average spend per active online customer defined as the total spent by active online customers divided by the number of active online customers over the preceding 12 month period.

The following table summaries the Marketing KPI's at 31 December 2015.

Number of new online accounts for the half year	108,650
CPL (Cost per Lead for the half year)	\$19.06
Number of active online customers (12 months)	350,300
Average spend per active online customer (12 months)	\$340.35



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Mobile activity, Social media activity and customer demographic data are also indicators of customer behaviour that influence marketing yield. Mobile activity shows a trend towards mobile devices, which influences the development of the various mobile apps. 64% of customer interactions are via mobile device, up from 50% at 30 June, 2015. This has underpinned the development and release of version 3.8 of the mobile app which has full native purchasing functionality streamlining the order process without the need of a web browser.

The number of Facebook likes reached 106,000 at 31 December 2015, up from 95,000 at 30 June 2015. This indicates the importance of social media in the overall marketing mix.

Customer demographic data show a skew towards younger age groups (compared to traditional lottery players) influencing which Internet sites are used for marketing as well as the tone of voice and message used in communicating with customers.

Jumbo continues to invest in online marketing and its proprietary lottery software platform www.ozlotteries.com to underpin growth in future years.

Germany Restructure

In an effort to expand into overseas markets, diversify risk, and underpin growth, Jumbo obtained licenses to sell official lottery games in all 16 German states. Following a difficult first year that resulted in a divisional loss of \$3.6 million, the German business was restructured in June 2015 to significantly reduce expenses and improve online sales and marketing functions. The office was moved to Hamburg from Munich and a new Managing Director appointed. As a result of this, ticket sales (TTV) increased 37% to \$920,000 and Revenue increased 88% to \$98,000. The divisional loss was significantly reduced to \$1.3 million for the half-year period and efforts will continue to manage costs and increase sales for the remainder of the financial year.

"The German business is leaner and more focused on growing sales in order to close the gap to break even. The restructure has had a positive effect however further improvement is needed", said Mr Mike Veverka, CEO of Jumbo Interactive.



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KPIs for the German business will be reported as for the Australian online business once this business is more mature and there is meaningful comparable information to report to.

About Jumbo Interactive

Jumbo Interactive Limited is listed in Australia (ASX: JIN) as well as the German Frankfurt, Berlin and Stuttgart exchanges (Symbol: WKN A1C82X).

In 2000, Jumbo sold its first lottery ticket on the internet and witnessed a dramatic rise in popularity due to the convenience of buying tickets online. At first customers were attracted to the security of never losing a ticket and the convenience of automatic number checking, prize payments and auto-play. In 2012, Jumbo released a lottery app for the iPhone and in 2016 one lucky customer using the app won a \$25 million Powerball division 1 prize. The appeal of mobile devices was taken a step further with the release an app for the Apple watch with prize alerts, winning numbers and ticket management now available on the wrist.

The Company operates the popular website www.ozlotteries.com in Australia under agreement with the Tatts Group (ASX: TTS) and www.jumbolotto.de in Germany under federal licence and agreement with all 16 Länder (states).

Jumbo has proven its ability to open up new lottery markets with its innovative technology and internet marketing initiatives that have brought lotteries to new demographics via the internet. Jumbo has succeeded in targeting a younger and more mobile demographic with mobile now accounting for 64% of all online activity.

For further information:

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