



Jumbo Interactive Ltd

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## ASX RELEASE – Monday, 29 August 2016

### ANALYSTS' BRIEFING



An analysts' briefing of the 2016 full financial year results by the CEO follows:

"A seven-fold increase in net profit after tax to \$4.67 million headlines Jumbo's 2016 full financial year results. This was a result of a 20% rise in ticket sales (TTV) to \$156 million and an 18% increase in revenue to \$34.3 million. The balance sheet strengthened with both net assets and cash at bank around \$25 million setting the stage for an increase in fully franked dividends from 3.0c the previous year to 7.0c this year.

The growth can be attributed to 3 main factors.

1. Successful online marketing that again brought in 206,900 additional new accounts bringing our total number of accounts to well over 2 million. This was underpinned by a good run of Jackpots that saw 45 Jackpots at \$15 million or more, compared to 34 the year before.
2. Continued software development of our lottery platform that includes our OzLotteries.com mobile apps and website. This has continually improved the players' experience which can be seen in the number of active customers up from 333,500 the previous year to 376,000 this year.
3. A stronger brand stemming from the new brand rollout in 2015 has given Jumbo and OzLotteries their own identity and improved customer affinity.

The release of further KPI's has also revealed a number of important trends that we continue to monitor. The CPL (Cost per lead) remained under \$20 indicating efficient marketing activity. The average spend per customer remained over \$300 indicating an acceptable level of customer interaction.



One startling number is the percentage of customer interactions via mobile which increased from 39% two years ago to 50% one year ago and then to 75% this year. This rapid uptake of mobile is not surprising considering the rise in mobile devices in the community and the continual improvements in their capabilities.

The 2016 financial year also saw the emergence of a new competitor that began operations midway through the year. Lottoland do not actually sell tickets in the lottery games, but rather take bets on the outcome of lottery games in Australia and around the world, and then are required to payout customers directly. We have not seen any adverse impact on our sales or growth but we continue to monitor their progress carefully.

Jumbo still has reseller contracts with Tatts until September 2017 and we have begun the process leading towards renewal. We expect to continue the strong relationship that we have with Tatts and to continue our growth in the foreseeable future.

In Germany, the effects of our restructure last year have begun to show in our results. The loss for this division was reduced from \$3.6 million the previous year to a more manageable \$2.6 million in 2016. Management continues to monitor the progress of this division with the focus on reaching breakeven.

The Australian Charity Lottery business involves the sale of a number of charity-based lottery games to the established customer base in Australia. The business has expanded to include four charities and the games have been further integrated into the OzLotteries.com website and App. Early indicators have been pleasing, prompting further expansion plans in the year ahead.

In summary, I am pleased that Jumbo has delivered its best result in 4 years and continues to go from strength to strength. I wish to thank our Board for their continued guidance, the efforts of all of Jumbo's employees who have worked tirelessly to make it happen, and our investors for their continued support and confidence in us."



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