



# Jumbo has chance at US jackpot

**Michael Bleby**

Online lottery group Jumbo Interactive is yet to sign a contract but the mere prospect of new business has chief executive Mike Veverka forecasting it could double or triple in size “very quickly”.

Mr Veverka is banking on a huge expansion after a US Department of Justice ruling just before Christmas that state-based lotteries could sell tickets over the internet.

Jumbo shares soared 34 per cent to 55¢ yesterday — their highest since October 2009. The shares are up 72 per cent over the past 12 months.

The company, which owns the ozlotteries.com website, told the

market that it was hoping to play an “integral role” in the \$US56 billion US lottery market.

The prospect of losing sales at home makes overseas expansion crucial for the company. Jumbo started selling lottery tickets online in 2000 but stands to lose its monopoly on the business in NSW, where lottery owner Tatts Group has said it intends to start selling online. Jumbo last month signed a five-year sales agreement with South Australian Lotteries.

“For a small company, signing up one or two states would be a huge deal for us,” Mr Veverka said yesterday. “If we were to grab a state, our size could double or triple very quickly.”

For investors, it probably can’t come quick enough. Tatts has not yet started selling lottery tickets online in NSW, but once does it will take share in that market from Jumbo, which yesterday reaffirmed guidance for revenue to rise as high as \$48 million in the six months to December 31 from \$40 million a year earlier.

The US lottery market is

dominated by large states such as New York, which last year made \$US7.8 billion in sales and Illinois, with \$US2.3 billion. It could support up to 15 per cent of sales online, Mr Veverka said. He said his company had previously been in touch with all 43 US state lotteries and he hoped to announce a first agreement “in three to six months”. Analysts welcomed the news but said it could take up to 18 months for any contracts to be announced.

Jumbo is likely to face competition from companies such as Rhode Island, US-based GTECH and Iceland-based Betware to sell tickets online in the US. State lottery operators may also want to sell tickets online themselves.

Jumbo has appointed Brian Roberts and John Carson to secure contracts in the US and Latin America. Both men have been given 500,000 three-year, 70¢ options “contingent on Jumbo signing a contract with a lottery operator on terms acceptable to Jumbo”, the company said.