



Jumbo Interactive Ltd

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**ASX RELEASE – Thursday, 17 December 2015**

**TRADING UPDATE**

**HALF YEAR DECEMBER 2015**



- FORECAST TTV \$74 - 77 million AN INCREASE OF 12 - 16%
- FORECAST REVENUE \$16.6 - 17.2 million AN INCREASE OF 16 - 20%
- FORECAST NPAT \$1.3 – 1.7 million AN INCREASE OF 333 – 467%
- CUSTOMER ACCOUNT DATABASE RISES 90,000
- INCREASED HY DIVIDEND FROM 1.5c TO 2.0c PLANNED
- GERMANY RESTRUCTURE POSITIVE EFFECT

Leading interactive lottery business, Jumbo Interactive Limited (ASX:JIN), is pleased to announce sales in Australia are on track for a record half year in the range of \$74 to \$77 million, up 12% to 16% on the preceding December 2014 half year. This is a direct result of the growing customer account database coupled with a good run of jackpots. A focus on managing costs and improving Germany is expected to deliver a record half year net profit after tax in the range \$1.3 to \$1.7 million.

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

	HY Dec 15 Forecast	HY June 15 Actual	HY Dec 14 Actual Restated <sup>2</sup>
Total Transaction Value ("TTV")	\$74 to \$77 mil	\$63.7 mil	\$66.3 mil
Revenue	\$16.6 to \$17.2 mil	\$14.5 mil	\$14.7 mil
NPBT	\$2.5 to \$3.1 mil	\$1.4 mil	\$1.2 mil
Income tax	(\$1.2) to (\$1.4) mil	(\$1.0 mil)	(\$0.9 mil)



	HY Dec 15 Forecast	HY June 15 Actual	HY Dec 14 Actual Restated <sup>2</sup>
NPAT	\$1.3 to \$1.7 mil	\$0.4 mil	\$0.3 mil
Number of jackpots <sup>1</sup>	19 (to Nov 30)	16	18
Additional new accounts	90,000 (to Nov 30)	97,000	101,000

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

<sup>2</sup> 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.

"The focus on managing expenses, especially in Germany, coupled with successful online marketing in Australia and a good run of jackpots has combined for expected record Sales, Revenue and most importantly, Profit", said Mr Mike Veverka, CEO of Jumbo Interactive.

The balance sheet remains healthy with Net Assets of \$24.0 million as at 30 November 2015. The Company's cash position remains strong at \$24.7 million as at 30 November 2015 (\$17.8 million net cash plus \$6.9 million players' funds).

The Company cautions that the 2<sup>nd</sup> half year trading performance to June 2016 may not be as strong as the 1<sup>st</sup> half year to December 2015 as jackpot levels are an important driver and are unknown for the 2<sup>nd</sup> half year.

Expenses for the group include non-recurring restructuring costs in Germany as well as a reduction of the carrying value of the US investment to nil.



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## Dividend Increase

Based on the forecast strong first half performance, a dividend of 2.0 cents per ordinary share is planned for the half year (2014: 1.5 cents). The current dividend policy of a stable dividend payment remains unchanged.

## Germany Restructure

Following a review of the first full year of operations, the German business was restructured at the beginning of the FY2016 to significantly reduce expenses and improve focus on building the customer database via online sales and marketing. The office was moved to Hamburg from Munich and a new Managing Director appointed. The new structure significantly reduces expenses and is expected to reduce the FY2015 \$3.6 million loss for that division by approximately \$1.0 million (including non-recurring restructure expenses).

"The new structure in Germany is leaner and focused more on closing the gap to break even", said Mr Mike Veverka, CEO of Jumbo Interactive.

## Australia

The strong performance in Australia is expected to increase Group TTV approximately 19% higher than the previous half year to June 2015 and approximately 14% higher than the corresponding December 2014 half year period. The customer account database grew by 90,000 accounts over 5 months from to 2.01 million accounts at 30 November, 2015. The number of major jackpots (OzLotto and Powerball \$15 million and over) reached 19 in the 5 months to the end of November and was ahead of previous periods. These 2 factors were the main drivers of growth.

In addition to providing customer account growth data and major jackpots, further marketing data will be reported in the 31 December 2015 Half Year Report and will include the following KPI's:

1. CPL: Cost per lead (new accounts)
2. Number of Active Customers.
3. Average spend per active customer.

These KPI's will provide further clarity on the effectiveness of online marketing and customer activity.



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Mobile activity, Social media activity and customer demographic data will also be updated in the half year report. Mobile activity reached 50% and the number of Facebook likes reached 95,000 at June 30, 2015. Customer demographic data show a skew towards younger age groups demonstrating the impact of mobile usage and social media on ticket sales.

During the December 2015 half year, 3 important milestones were reached.

1. The new software platform began managing new customers, triggering a migration process from the old to the new platform that will continue until the end of the 2016 financial year.
2. Release of version 3.8 of the mobile app with full native purchasing functionality streamlining the order process without the need of a web browser.
3. Passed the 100,000 "Like" milestone on the OzLotteries Facebook page.

Jumbo continues to invest in online marketing and the lottery software platform to underpin growth in future years.

### **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 a new transition began driven by the convenience of mobile lotteries. A new app for the Apple watch takes the customer experience a step further with prize alerts, winning numbers and ticket management now available on the wrist.

The Company operates the popular website [www.ozlotteries.com](http://www.ozlotteries.com) in Australia under agreement with the Tatts Group (ASX: TTS) and [www.jumbolotto.de](http://www.jumbolotto.de) in Germany under federal licence and agreement with all 16 Länder (states). In the USA, Jumbo is in a partnership to develop [www.lotteryrewards.com](http://www.lotteryrewards.com) and is working towards being able to sell US lotteries on the Internet.



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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 50% of all online sales.

For further information:

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