



Jumbo Interactive Ltd

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## ASX RELEASE – Monday, 19 February 2018

### ANALYSTS' BRIEFING

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An analysts' briefing of the December 2017 half year financial results by the CEO follows:

"Jumbo has delivered a record half year in terms of TTV, Revenue and NPAT after renewing all contracts with Tatts in May 2017. A quick look at the headline numbers; TTV up 28% to \$89.1 million and Revenue up 21% to \$19.3 million. NPAT up 104% to \$5.3 million, however on a continuing operations basis (removing the now closed German business), NPAT is up 53%. Half Year dividend 7.5c up from 3.5c one year ago and from 2.0c two years ago.

The run of Jackpots was better (18 major jackpots compared to 15 in the December 2016 half) but they did not reach the levels of the December 2015 half (24 major jackpots). Yet we still managed to beat all past sales performances assisted by the new "Jumbo Lotto" software platform that is now live with all customers having been migrated over to it.

The "Jumbo Lotto" platform is designed to improve customer engagement, performance and agility as our customer database grows. Customers engage more because the app and website are significantly easier to use, faster and more responsive to customers' requirements. This is evident in the number of active customers reaching 389,500 in the last half compared to 361,700 in the previous corresponding half and 350,300 the half before that.

Our rapid development cycle and improved agility allow our team to iterate faster. They can now take customer feedback and send improvements live quicker and repeat the cycle more often. This has resulted in our 5 star rating on our iOS App and allowed us to add additional products (like charities) as soon as they become available. For example, last month we added the Deaf Lottery to our Apps and website within a week of signing the agreement.



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The new platform also helps our marketing team optimize expenditure by using data to make better decisions about what to promote to whom. The number of new accounts for the half was back up over 100,000 and the Cost per Lead remains under \$20 despite increased competition from LottoLand. The average spend per customer is also up to \$369 due in part to the success of the Charity lottery games. With the recent addition of the Deaf Lottery, our Charity game portfolio is up to 6 different charities and includes 4 'house lotteries'.

Since my last presentation, the merger between Tabcorp and the Tatts Group has been completed and we continue to hold our relationship with the expanded group as our highest priority. I believe there will be significant opportunities for both Jumbo and Tabcorp in the coming years and we continue to maintain a close dialogue with our key partner. The recent campaign against LottoLand that Jumbo supported was a success with restrictions being imposed on LottoLand from taking bets on Australian games. The Set for Life game is being added to our portfolio and is expected to go live toward the end of this financial year.

At current sales levels the scalability of the business is becoming apparent. As mentioned earlier, TTV is up 28% and Revenue up 21% yet costs rose only 8%. These costs include variable costs such as merchant fees and marketing expenses that are proportional to sales, and a large part of the cost increase.

The balance sheet remains healthy with Net Assets of \$39.3 million and the Company's cash position at \$43.3 million as at 31 December 2017 (\$34.4 million general cash plus \$8.9 million players' funds). The Board will continue to review all capital management options in respect of the general cash surplus.

In summary, Jumbo has responded well to the stronger relationship with Tabcorp / Tatts by leveraging our new software and marketing platform to great effect. I wish to thank our Board for their continued guidance, the efforts of all of Jumbo's employees, and our investors for their continued support in Jumbo."



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