



Jumbo Interactive Ltd

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[www.jumbointeractive.com](http://www.jumbointeractive.com)

ASX RELEASE – Monday, 24 February 2020

## HALF YEAR REPORT - DECEMBER 2019



- RECORD RESULTS DRIVEN BY SIGNIFICANT IMPROVEMENT IN CUSTOMER ENGAGEMENT AND LOYALTY
  - TTV \$185.3 million up 25.3% pcp
  - REVENUE \$37.6 million up 23.1% pcp
  - NPAT \$14.4 million up 13.8% pcp
  - Number Active customers 848,621 (up 118% over 2 years)
  - Dormancy Rate 16.9% (down 42% over 2 years)
- HALF YEAR DIVIDEND 18.5c

The following results have been achieved for the six months to 31 December 2019 compared to the previous corresponding period 31 December 2018 (**pcp**). The six month period to 31 December 2017 is provided for information purposes and easy reference.

<b>Continuing operations</b>	HY Dec 19 Actual	HY Dec 18 Actual ( <b>pcp</b> )	HY Dec 17 Actual	Change % ( <b>pcp</b> )
Total Transaction Value ("TTV")	\$185.3 mil	\$147.8 mil	\$89.1 mil	25% up
Revenue	\$37.6 mil	\$30.5 mil	\$19.3 mil	23% up
NPAT	\$14.4 mil	\$12.7 mil	\$5.3 mil	14% up
EBITDA	\$22.9 mil	\$19.5 mil	\$9.0 mil	17% up
Number of large jackpots <sup>1</sup>	23	23	18	No change
HY Dividend	18.5c	15.0c	7.5c	23% up

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



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The new software platform released 2 years ago has been key to significantly improving customer engagement and loyalty evidenced by the sharp increase in the number of active customers (118% increase over 2 years to 848,621) and a decline in Dormancy Rate (42% decrease over 2 years to 16.9%).

“Customers are clearly playing more and return more frequently due to the proprietary features on the Jumbo platform”, said Mr Mike Veverka, Founder and CEO of Jumbo.

“This strengthens Jumbo during large jackpot cycle fluctuations when existing customer activity becomes more important than new customer acquisitions”, he said.

“Work is progressing well with further innovations enabling a raft of Artificial Intelligence (AI) and Machine Learning (ML) initiatives across more customer touch points to further enhance engagement and loyalty”, he concluded.

There were 23 large jackpots in the half (2018: 23) with an aggregate value of \$1,070 million (2018: \$860 million) and included one \$150 million jackpot.

The balance sheet remains healthy with Net Assets of \$79 million and the Company’s cash position at \$71 million as at 31 December 2019 (\$59 million general cash plus \$12 million players’ funds). The Directors continue to review capital management options in respect of the general cash surplus.

### **18.5c Dividend**

Based on the profitable half year period, a fully franked interim dividend of 18.5 cents per ordinary share has been declared for the half year (2018: 15.0 cents). The current dividend policy of a stable dividend payment of 85% NPAT for the full year remains unchanged.

Record date: 6 March 2020

Payment date: 20 March 2020



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## Marketing KPI's

Key Performance Indicators show an increase in active customers driven by improved customer engagement off the back of improvements to our software platform and marketing processes. The number of new accounts and CPA (Cost per acquisition) demonstrate an effective customer acquisition strategy that maximises new customers while maintaining disciplined cost control. The average spend remains within a healthy range and normal fluctuations can occur due to timing of new customers within the period.

	Dec 2019	Dec 2018	Dec 2017	Dec 2016
Number of new accounts for the half year	199,200	199,400	103,900	77,800
CPL (Cost per Lead) for the half year <i>Total marketing cost divided by the number of new accounts in a given period.</i>	\$15	\$13	\$19	\$17
Number of active customers (12 months) <i>Customers who have spent money on tickets in the preceding 12-month period.</i>	848,600	576,100	389,500	361,700
Average spend per active customer (12 months) <i>Total spent by active customers divided by the number of active customers over the preceding 12 month period</i>	\$389	\$420	\$369	\$322



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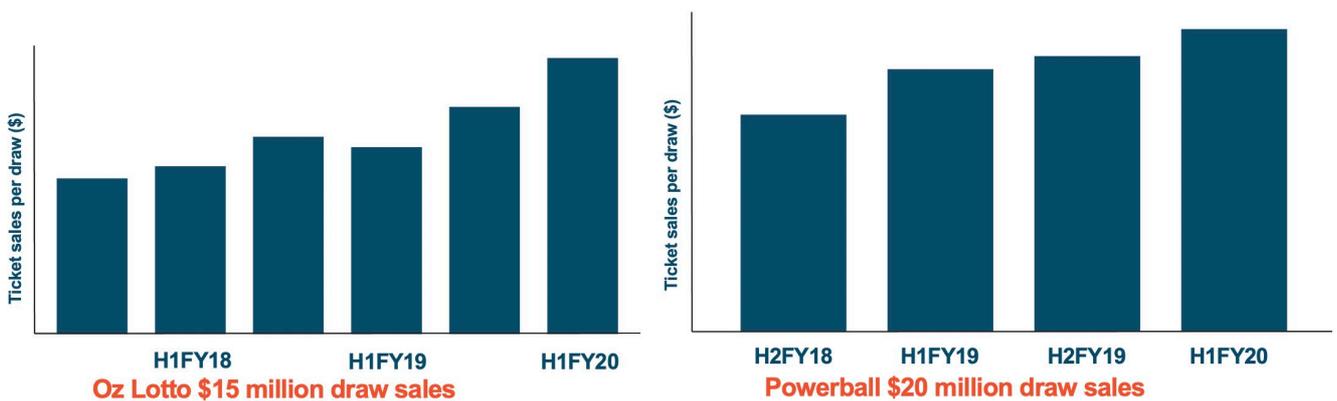
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## 26.7% Internet Penetration and Like-for-Like Analysis

The growth in Internet lotteries continues with Internet sales now representing 26.7% of all tickets sold in Australia (23.5% at June 2019 and 21.5% at December 2018).

Removing the influence of jackpot size allows sales to be compared over time at fixed jackpot levels. This indicates rising customer engagement and loyalty and resilience during years of low jackpot cycles.



## Powered by Jumbo SaaS (Software as a Service) business.

Momentum is building in the new SaaS business segment with three leading charity lotteries now signed up and a successful acquisition of Gatherwell Limited in the UK to gain a foothold in the larger UK market. Onboarding our first clients has uncovered areas to optimise their use of the platform which are being integrated and pave the way for improved results and more efficient onboarding of new clients in the future.

A new Point-of-Sale (POS) solution has been developed to add portable and desktop digital sales capability to "Powered by Jumbo" client lotteries. This includes a tablet-based solution combined with a wireless payment and portable ticket printing devices.



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## The Jumbo “Billion dollar vision”

In 2019 the Jumbo “Billion dollar vision” was created to articulate an internal goal of growing the business to the point of processing \$1 billion of tickets on the Jumbo software platform by 2022. The current level is \$358 million (CY2019) primarily from the ticket selling business (OzLotteries.com), however the new SaaS business has contracted with clients representing a further \$135 million in tickets once fully on boarded.

To achieve the billion dollar vision by 2022, management will need to maintain growth in the ticket selling business at about the same rate as the 5-year-CAGR 24.7% for the next 3 years to reach \$680 million. The remaining \$320 million will need to come from the SaaS business which has signed up and is in the process of onboarding 3 clients that will generate approximately \$135 million pa. of ticket sales .

## About Jumbo Interactive

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. The Company operates the popular website [www.ozlotteries.com](http://www.ozlotteries.com) in Australia under agreements with Tabcorp (ASX: TAH) that date back to 2005. These agreements are not required to be renewed however termination clauses with 12 months’ notice become available to either party in 2022. Tabcorp became a substantial shareholder in Jumbo in 2017.

Over the years Jumbo has grown a large and loyal database of predominately younger demographic customers attracted to the Jumbo innovations. These include Lotto Party which promotes social group play, iPhone/Android Apps and Google voice. In addition, Jumbo has grown a wide range of lottery games that include popular charity lotteries that appeal to younger demographics.

Since entering the Lottery SaaS (Software as a Service) market with the signing of its first customer in November 2018, Jumbo has built momentum in the charity lottery segment with a



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significant TAM (Total Addressable Market) largely underserved by optimised technology solutions.

In December 2019 Jumbo entered the UK market with an acquisition of Gatherwell Limited and has embarked on a "\$1 Billion vision" to reach \$1 Billion in ticket sales on the Jumbo platform by FY2022.

For further information:

Mike Veverka

CEO and Executive Director

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