



ZEAL Network SE

Investor Call
Q1 Report as of 31/03/2017

London, 12 May 2017

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ZEAL at a Glance

Our marketing is working - Increased MAU

We will continue to invest in our marketing strategy

Successful launch in Ireland – beginning of internationalisation project

B2B/B2G Business Unit enters next stage – successful acquisition of B2B/B2G licences



Billings

€68.4m



Total Operating
Performance

€24.1m



EBIT

€0.2m

Highlights...



KPIs...

	Q1 2017	Q1 2016
Billings (in € millions)	64.1	61.5
ABPU (in €)	54.35	57.45
MAU (in thousands)	392.9	356.6

What's to come...



Increased Marketing investment in growth



Further Internationalisation in 2017



Further Expansion of Product Portfolio (new Lotteries) in 2017

Started Norway Beta Phase

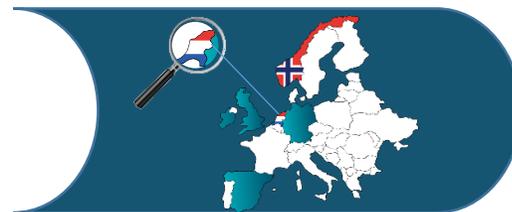
Netherlands Product Development

Highlights...



Positive FPL Performance
- 79% increase in Daily
Active Users

What's to come...



**Rollout in Norway
(Go-Live in Q2 2017)
and the Netherlands
(H2 2017)**

**Identification of further
disruptive lottery models**

**Delivery of 'Social
lottery' concept**



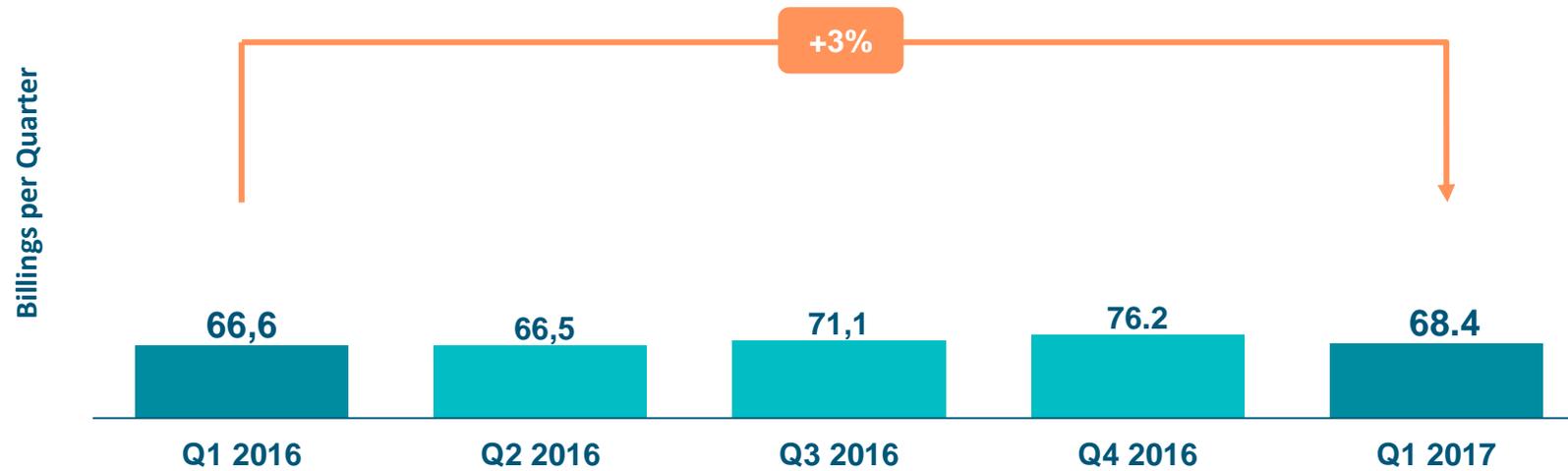
No significant news. Case will be ultimately settled in courts

We remain confident that the outcome will be favourable for the Group

Following the invocation of Article 50, the UK will leave the EU by 29 March 2019, unless a deal is reached at an earlier date. **But** in all scenarios we would expect that the company is suitably prepared and that the impact will be minimal

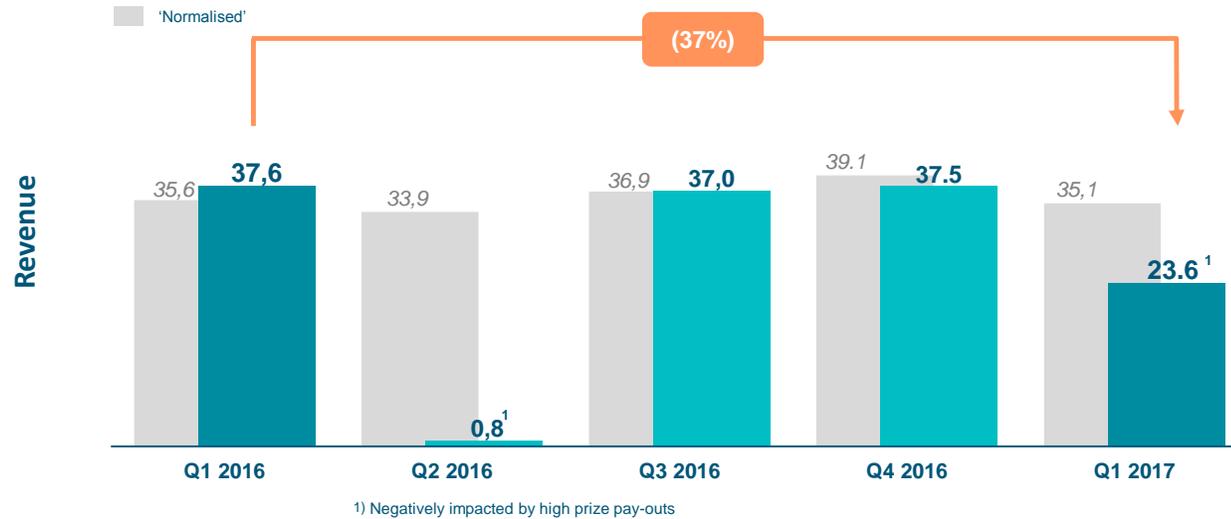


Development of Billings in million €

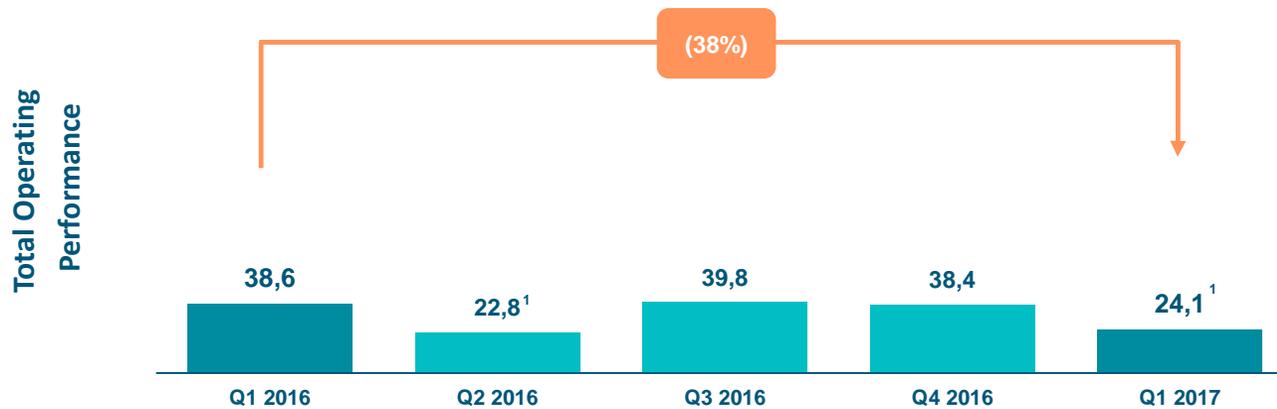


- Healthy continued underlying growth
 - Favourable jackpot situation in Q1 and continued marketing investment into 2017
 - More customers are playing with us

Development of Revenue and TOP in million €

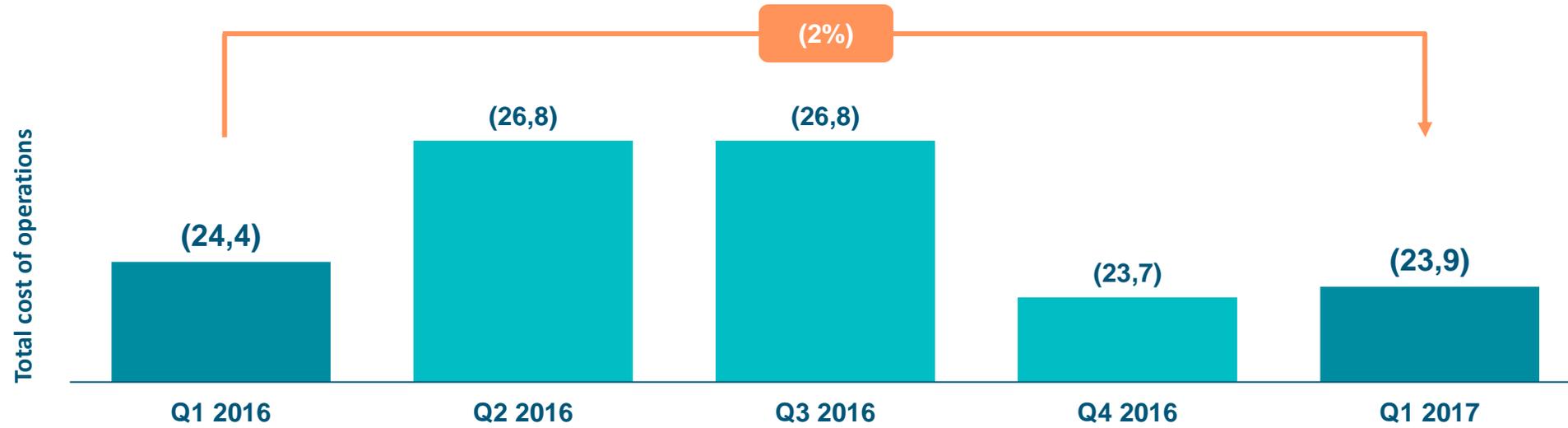


- Statutory Revenue decreased by 37%, due to the big win
- 'Normalised' Revenue decreased by 1% due to a shift in product mix during the period.



- Total Operating Performance decreased 38% compared to previous year driven by higher than statistically expected prize pay-outs

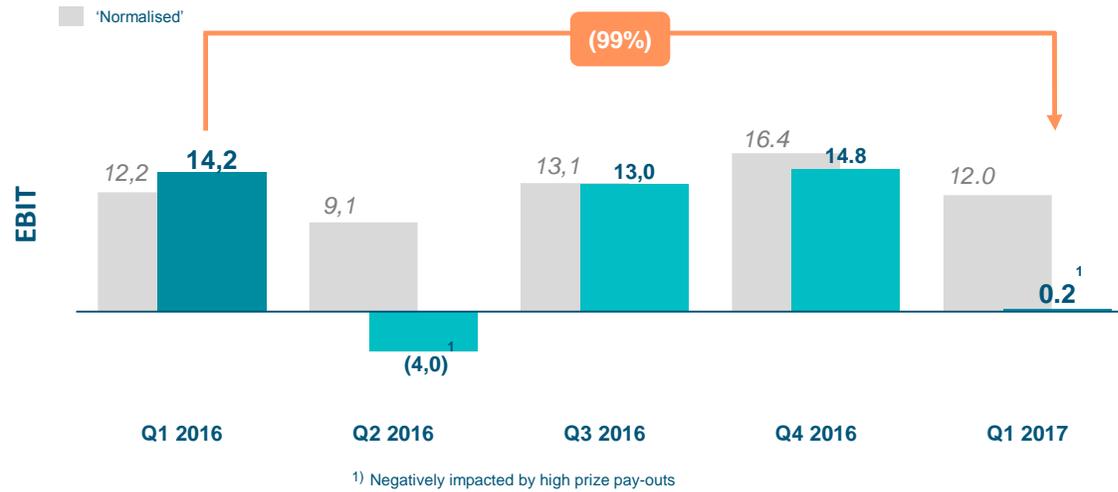
Development of Expenses in million €



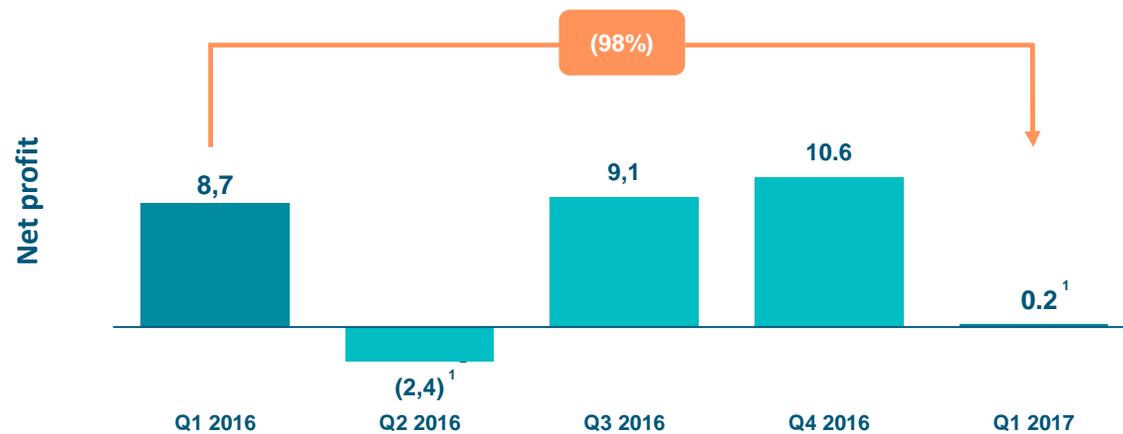
Expenses decreased by €0.5m – primarily made up of:

- Increased marketing investment of €2.5m. Further marketing investments are expected in the forthcoming quarters
- Decrease in direct (mainly hedging) costs of €1.0m
- Positive forex movements on GBP of €1.0m
- Lower depreciation charges of €0.6m
- Reduction in other costs of operation of €0.4m

Development of EBIT and Net Profit in million €

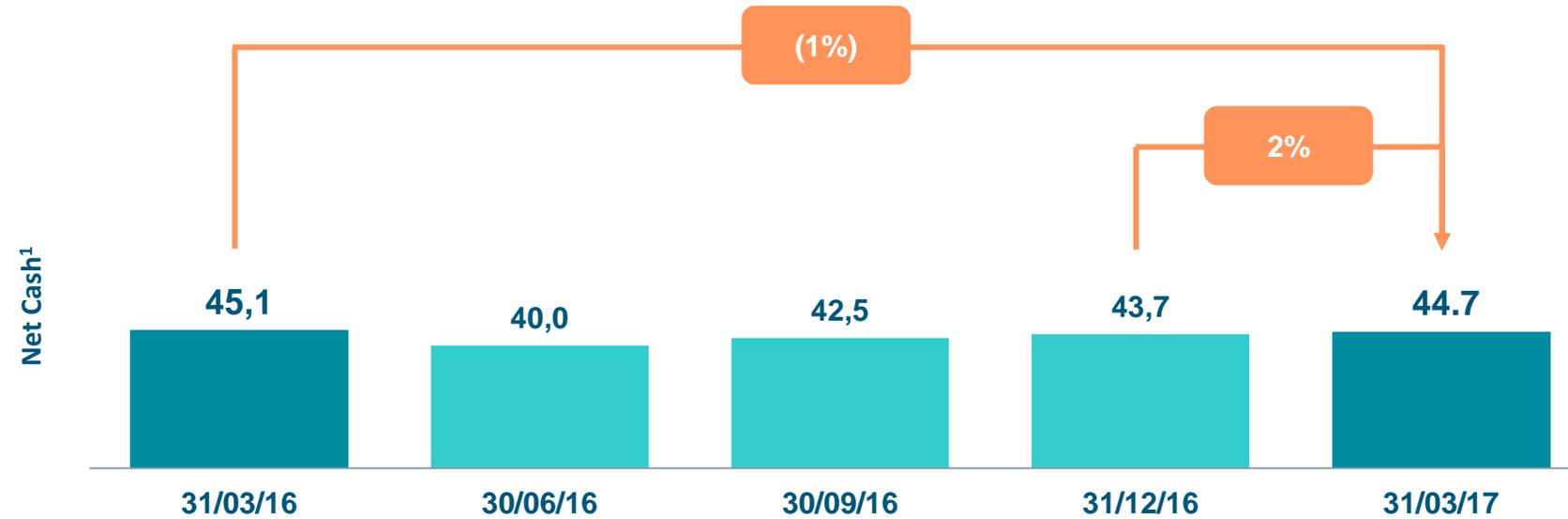


- Impressive 'Normalised' EBIT of €12.0m
- Statutory EBIT decreased to €0.2m, primarily due to €15m winner in March 2017



- Net profit decrease of €8.5m compared to previous year, driven mainly by the winner as noted above
- Earnings per share (EPS) of €0.02 (2016: €1.04)

Development of Net Cash in million €



Net Cash was impacted in 2017 by:

- €16m operational cash inflow in the period
- €15m outflow including a large prize pay-outs in the period

¹ Definition of Net Cash: Cash (less pledged cash) + Short-term financial assets + Other current assets and prepaid expenses, less Trade payables, Other liabilities, Income tax liabilities and a €50m hedging reserve

Guidance 2017	Guidance
Total Operating Performance	€ 130 - 140m
EBIT	€ 15 - 25m
Dividend	€ 1.00 per share



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Appendix

Consolidated Income Statement and Balance Sheet as at 31/03/17 in €k

Income Statement	31/03/2017	31/03/2016	Change in %
	Revenue	23,574	37,574
Total operating performance	24,142	38,634	(37.5)
Other operating expenses	-15,551	-14,405	+8.0
EBITDA	585	15,167	(96.1)
EBIT	245	14,244	(98.3)
Earnings before taxes	235	12,719	(98.2)
Profit	165	8,695	(98.1)

Balance Sheet	31/03/17	31/12/16	Change in %
	Current assets	124,064	131,339
Non-current assets	4,632	4,677	(1.0)
ASSETS	128,696	136,016	(5.4)
Current liabilities	28,994	36,259	(20.0)
Non-current liabilities	1,892	2,199	(14.0)
Equity	97,810	97,558	+0.3
EQUITY & LIABILITIES	128,696	136,016	(5.4)

Business Unit Segment Reporting as of 31/03/17 in €k

	B2C [A]	B2B/B2G [B]	Business unit total [A]+[B]=[C]	Reconcili- ation to stats [D]+[E]=[F]	- thereof normalisation adjustments [D]	- thereof other [E]	Statutory [C]+[F]
Revenue	33,356	1,723	35,079	(11,505)	(11,566)	61	23,574
Other operating income	567	55	622	(54)	(184)	130	568
Total operating performance (TOP)	33,923	1,778	35,701	(11,559)	(11,750)	191	24,142
EBITDA	14,510	(2,303)	12,207	(11,622)	(11,750)	128	585
Depreciation/amortisation	(260)	(80)	(340)	-	-	-	(340)
EBIT	14,250	(2,383)	11,867	(11,622)	(11,750)	128	245
Financial result	-	-	-	(10)	-	(10)	(10)
EBT	-	-	11,867	(11,632)	(11,750)	118	235
Income tax	-	-	-	(70)	-	(70)	(70)
Net profit/loss	-	-	11,867	(11,702)	(11,750)	48	165

Statutory / Normalised Revenue & EBIT as at 31/03/17 in €k

Revenue		31/03/2017	31/03/2016	Variance
	Statutory	23,574	37,574	(14,000)
	Normalised	35,140	35,602	(462)
	Variance	(11,566)	1,972	

EBIT		31/03/2017	31/03/2016	Variance
	Statutory	245	14,244	(13,999)
	Normalised	11,995	12,243	(248)
	Variance	(11,750)	2,001	

Financial Calendar 2017

Publication of Annual Report 2016	24 March 2017
Publication of Q1 Report	12 May 2017
Annual General Meeting	30 June 2017
Publication of Q2 Report	11 August 2017
Publication of Q3 Report	10 November 2017



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