



ZEAL Network SE

Investor Call
Quarterly Release as of 30/09/18

London, 1 November 2018

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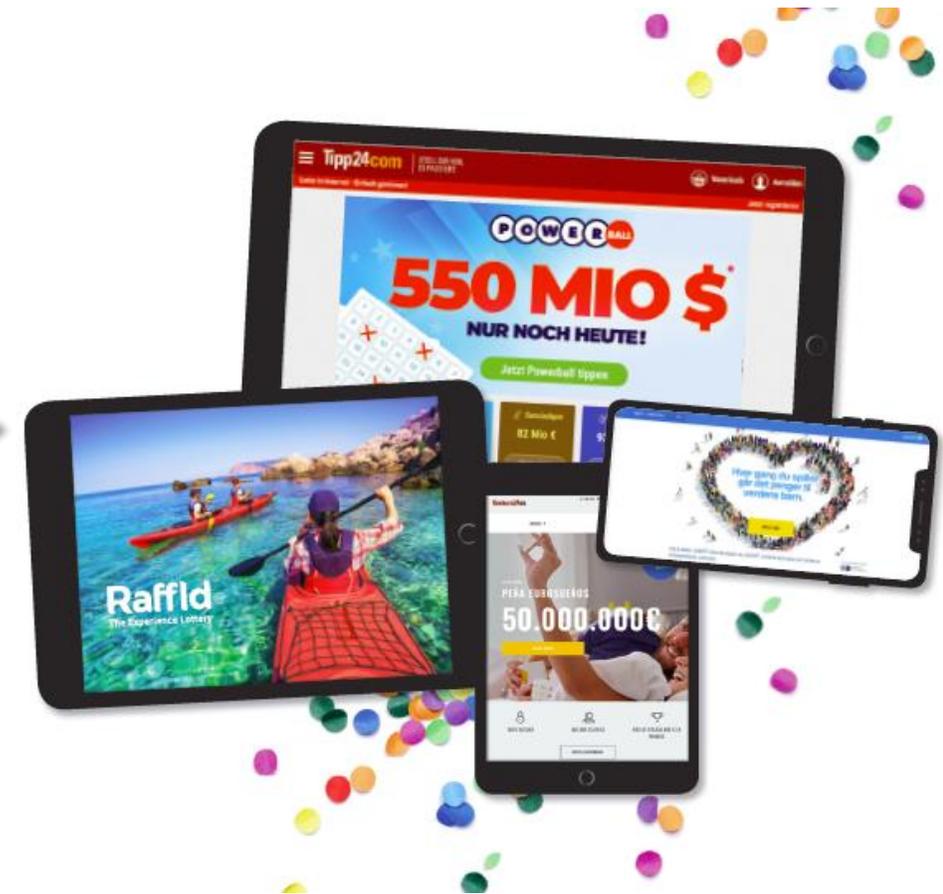
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ZEAL at a Glance – a strong performance



➤ Strong business performance

- Statutory revenue up 21% YoY
- Normalised revenue up 8% YoY
- Normalised EBIT up 26% YoY
- Costs on downward trend
- Record new customer acquisition

➤ Strong cash generation

- Net cash up 110% YoY to €101.0m

➤ Strong platform for long-term value creation

➤ Continued to evolve the way we manage our portfolio

➤ Q4 historically our best quarter

Business Update – positive momentum

Lottery Betting segment

- Billings up **10%** for the quarter
- **24%** more new customers acquired in 9 months 2018 vs full year 2017
- Customer acquisition costs more than halved vs 2017
- Strong performance in the quarter from IWGs, US lotteries, lottery clubs & core jackpot products

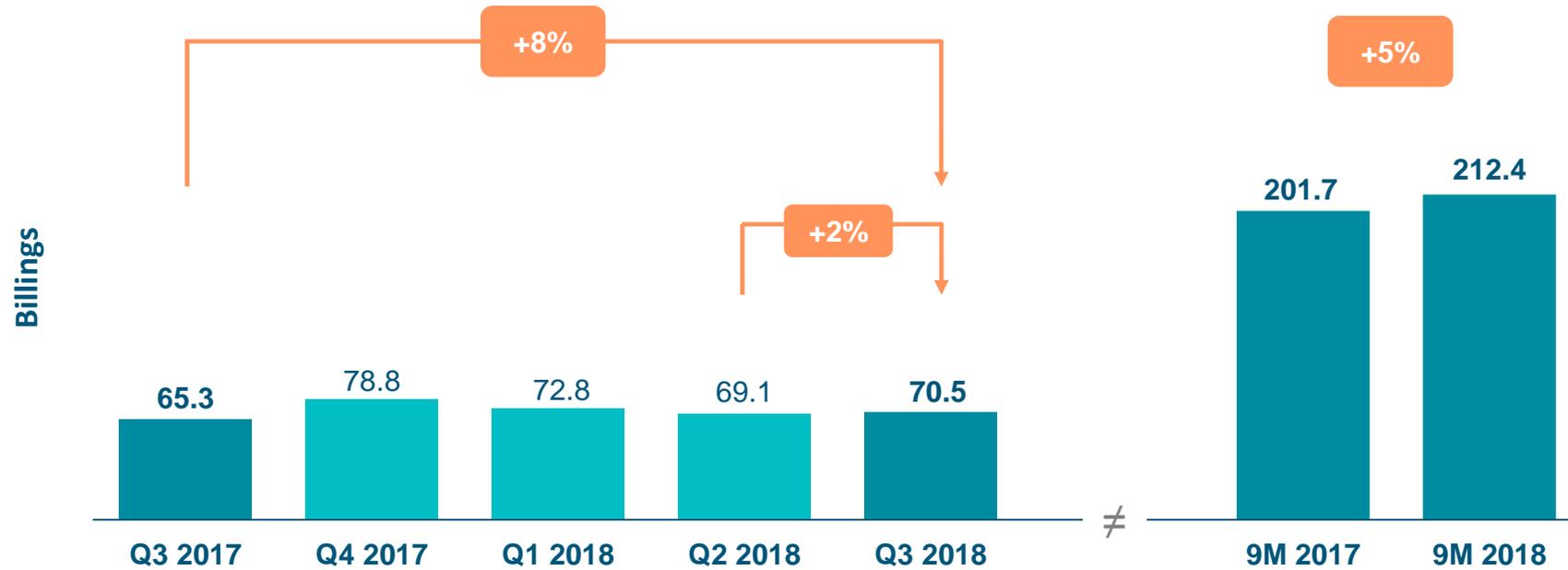
Lottovate segment

- UNICEF-Lotteriet continuing positive momentum
- Spanish lottery services business showing profitable growth
- Acquired 5% stake in a London-based lottery syndicate disruptor

Areas of focus

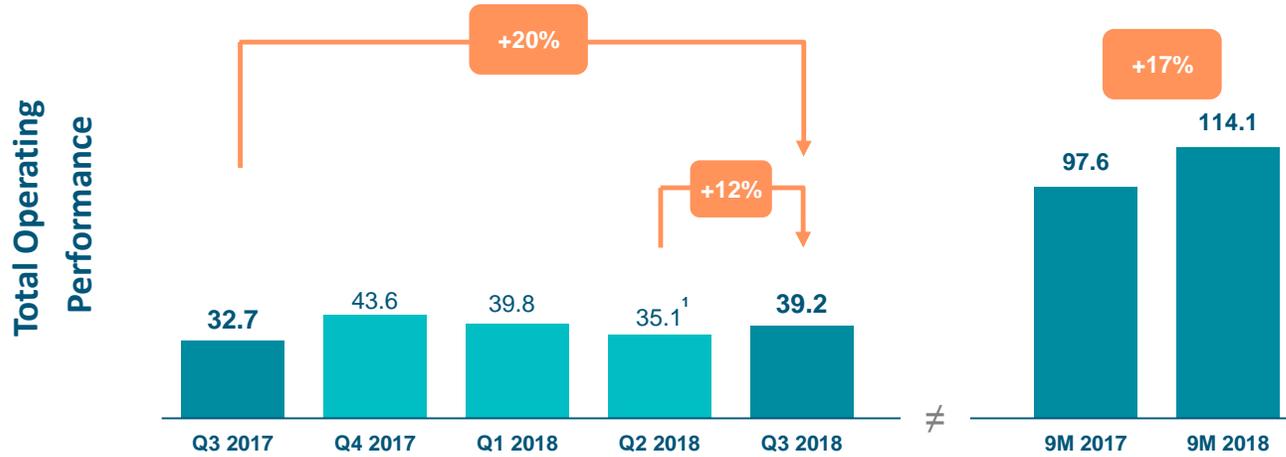
- Continue efficient marketing, reducing customer payback period, and improving customer lifetime value
- Continue building international portfolio
- Start to scale-test myLotto24 in the UK

Billings continued to grow

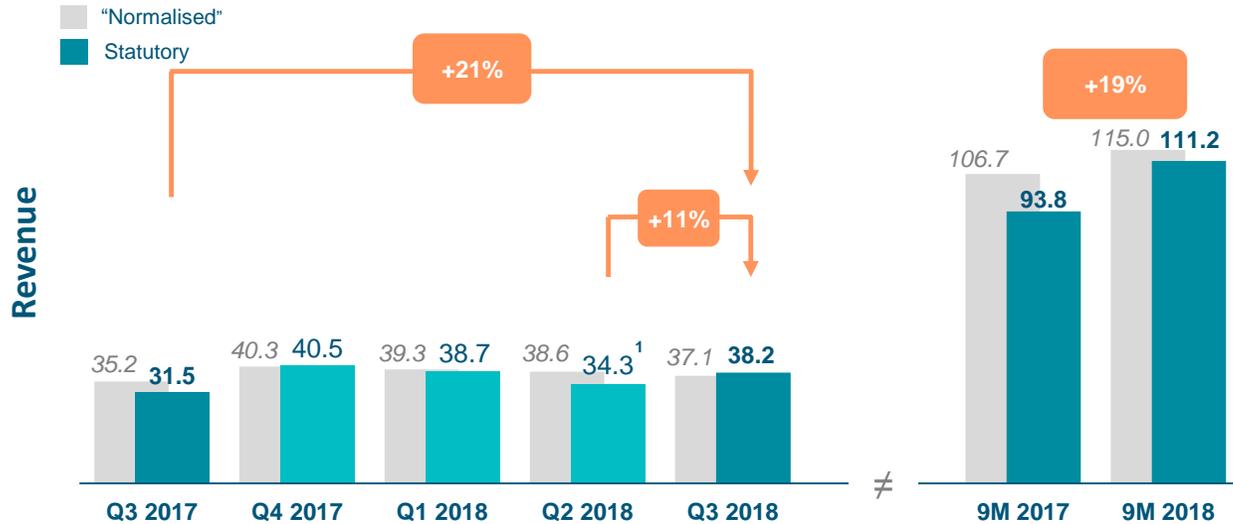


- Billings of **€212.4m** for the Group; up 5% on previous year
- Q3 2018 billings up 8% vs Q3 2017
- Driven by positive performance in both core products, US lotteries, IWGs and lottery clubs

TOP and Revenue both up



1) Negatively impacted by higher than expected prize pay-outs

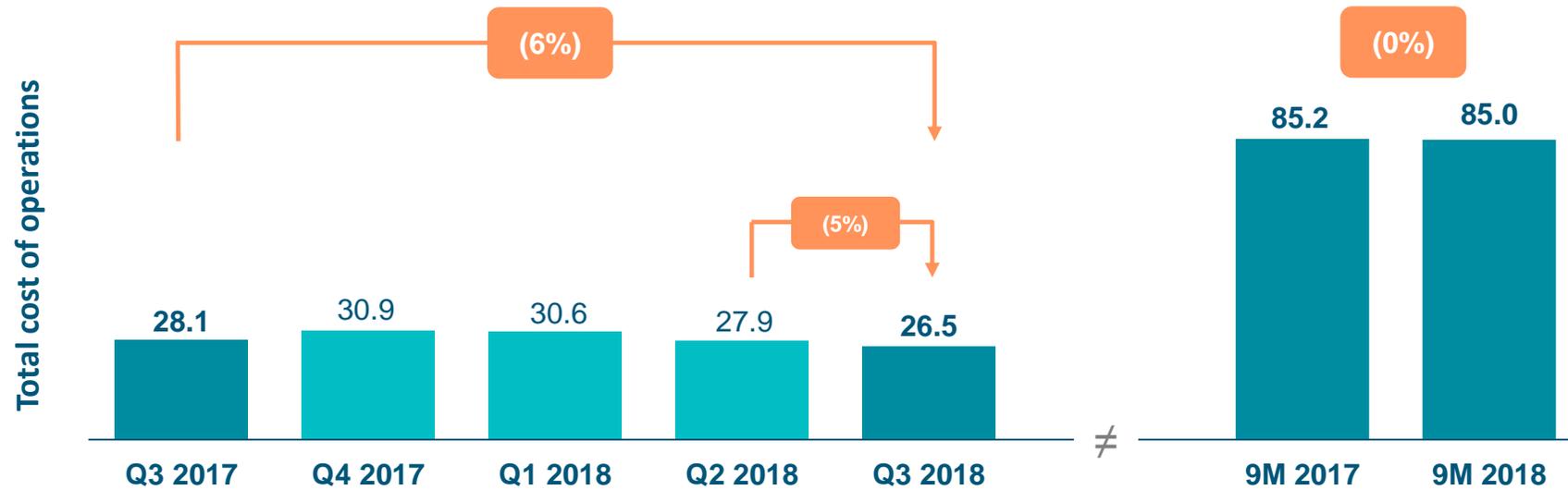


1) Negatively impacted by higher than expected prize pay-outs

- TOP up 17% YoY
- Driven by higher billings and lower exceptional payouts

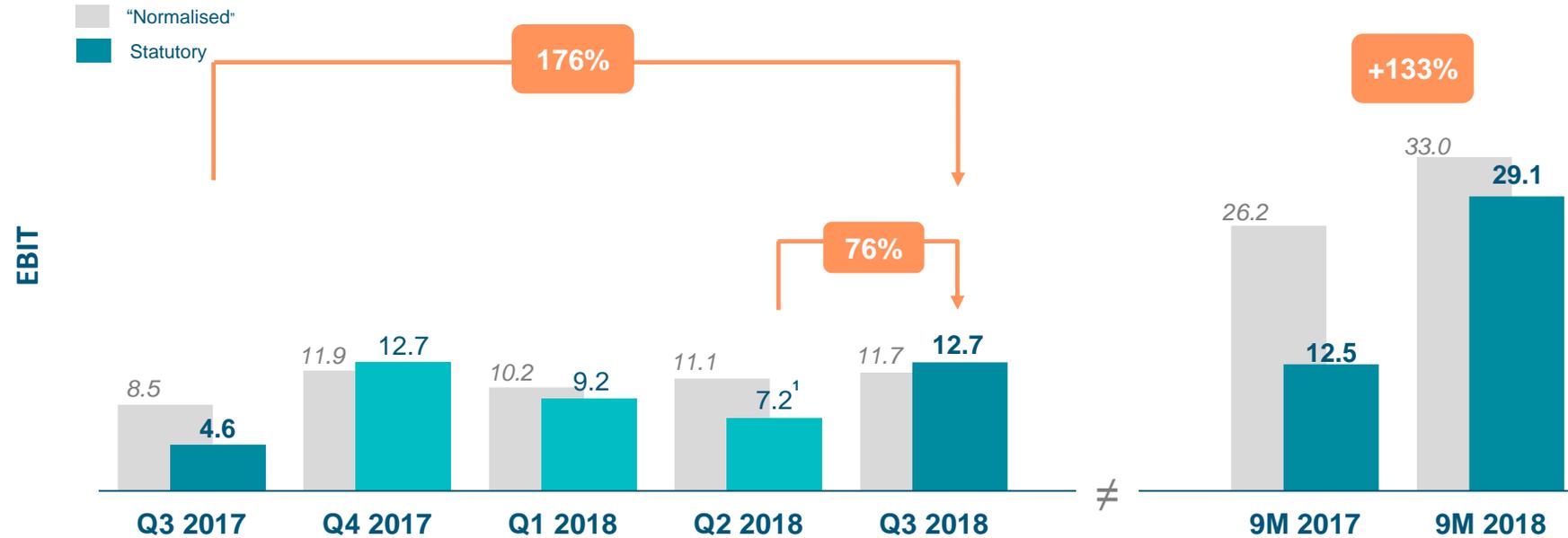
- Statutory Revenue up 19% YoY and 21% QoQ
- Normalised Revenue up 8% YoY.

Costs following downward trend



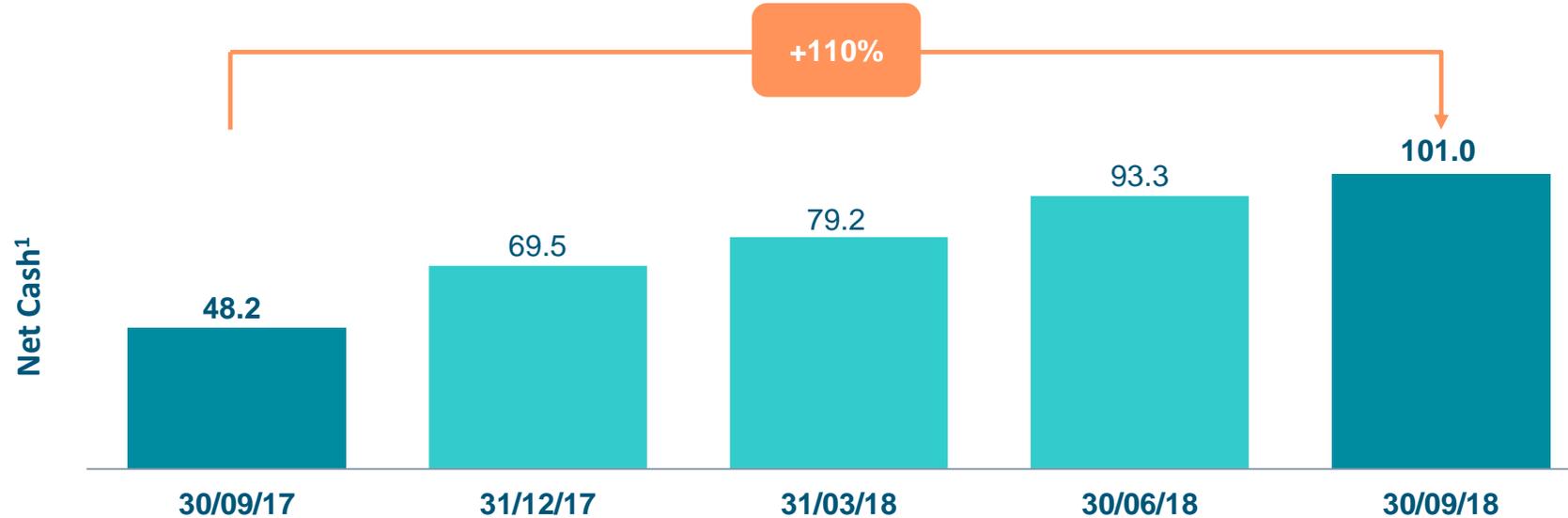
- Costs following downward trend; down 5% vs Q2 2018 and down 6% vs Q3 2017
- Costs flat YoY
- Increase in hedging costs (+€1.6m) offset by reduction in marketing investments (-0.7m) and other costs

Strong EBIT performance



- Strong statutory EBIT of **€29.1m** & Normalised EBIT of **€33.0m**
- Q3 EBIT outperformed expectations with **€12.7m**
- Net profit of **€20.1m**
- Earnings per share (EPS) up **130%** to €2.39 (9M 2017: €1.04).

Strong cash generation



- Net Cash has increased by **€52.8m** YoY
- **€20.1m** increase in profit after tax for the nine-months
- **€25.5m** improvement due to a release of reserved cash as a result of a revised hedging structure
- **€5.8m** decrease in the amount of income tax paid

¹ Definition of Net Cash: Cash (without pledged cash) + Short-term financial assets + Other current assets and prepaid expenses, less Trade payables, Other liabilities, Income tax liabilities and a €17.5m hedging reserve

2018 Guidance reconfirmed

Total Operating Performance	€ 150 - 160m
EBIT	€ 33 - 43m
Dividend	€ 1.00 per share



Following the invocation of Article 50, the Company is making the necessary plans to minimise any impact.

Case filed with the court. First court decision is now expected in Q1 2019. We remain confident that ultimately the outcome will be favourable for the Group



Key takeaways

Strong business performance

Costs on downward trend

Strong cash generation

An excellent platform for long-term value creation

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Creating a better world of lottery



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Appendix

Consolidated Income Statement and Balance Sheet in €k

Income Statement		30/09/18	30/09/17	Change in %
	Revenue	111,202	93,806	+18.5
	Total operating performance	114,129	97,631	+16.9
	Total costs of operations	(85,032)	(85,179)	-0.2
	EBITDA	29,977	13,410	+123.5
	EBIT	29,097	12,452	+133.7
	Earnings before taxes	28,848	12,519	+130.4
	Profit	20,102	8,763	+129.4

Balance Sheet		30/09/18	31/12/17	Change in %
	Current assets	153,933	134,477	+14.5
	Non-current assets	6,643	6,634	+0.1
	ASSETS	160,576	141,111	+13.8
	Current liabilities	33,427	32,730	+2.1
	Non-current liabilities	2,298	1,765	+30.2
	Equity	124,851	106,616	+17.1
	EQUITY & LIABILITIES	160,576	141,111	+13.8

Business Unit Segment Reporting as of 30/09/18

in €k

	Lottery betting	Lottovate	Business unit total	Normalisation adjustments	Other adjustments	Statutory total
Revenue	95,252	–	95,252	(3,759)	–	91,493
Revenue from ticket sales and commission	13,625	5,940	19,565	–	144	19,709
Other operating income	2,467	445	2,912	(160)	175	2,927
Total operating performance	111,344	6,385	117,729	(3,919)	319	114,129
EBITDA	37,705	(5,363)	34,342	(3,919)	(446)	29,977
Depreciation/amortisation	(663)	(217)	(880)	–	–	(880)
EBIT	39,042	(5,580)	33,462	(3,919)	(446)	29,097
Financial result	–	–	–	–	(249)	(249)
EBT	–	–	33,462	(3,919)	(695)	28,848
Income tax	–	–	–	–	(8,746)	(8,746)
Net Profit/loss	–	–	33,462	(3,919)	(9,441)	20,102

Statutory / Normalised Revenue & EBIT in €k

Revenue		9M 2018	9M 2017	Variance
	Statutory	111,202	93,803	17,399
	Normalised	114,961	106,699	8,262
	Variance	(3,759)	(12,896)	

EBIT		9M 2018	9M 2017	Variance
	Statutory	29,097	12,452	16,645
	Normalised	33,016	26,177	6,839
	Variance	(3,919)	(13,725)	

Lottery Betting KPIs

Billings (in €m)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
	69.9	64.1	64.0	61.7	72.4	68.3	65.5	67.8

ABPU (in €)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
	57.9	54.4	56.2	60.3	59.7	58.0	53.3	58.0

MAU (in k)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
	404	393	380	341	405	392	410	384

Financial Calendar 2019

Publication of Annual Report 2018	22 March 2019
Publication of Q1 Report	7 May 2019
Annual General Meeting	27 June 2019
Publication of Q2 Report	1 August 2019
Publication of Q3 Report	5 November 2019



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