



# **ZEAL Network SE**

Investor Call  
Quarterly Release as of 31/03/18

London, 04 May 2018

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# ZEAL at a Glance



- ZEAL Group delivered another strong quarter
- Our extensive diversified product portfolio helped the Group to deliver growth in Billings (+6%) and Total Operating Performance (+65%) in the first quarter
- Strong EBIT of €9.2m demonstrates the underlying strength of our business.
- The Group has continued to invest in new customer acquisition, with 140k new customers for the Group and our partners in Q1 2018. 59% up on prior year
- Launched in Australia with lottery betting business today

# Lottery Betting Update

## Highlights



Significant top line growth of 7% in segment billings

Positive performance from our US lottery products



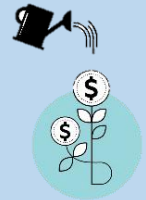
Costs per new customer were significantly reduced

**Tipp24.com**

**myLotto24!**

## What's to come

Continued marketing investment – strengthening our market position



Launch in other countries in preparation

Ongoing expansion of product portfolio



## Highlights



### UNICEF-lotteriet

Norway lottery on track



The Netherlands product in beta test and will be fully launched in Q2/Q3

# Raffld



# Lottovate

## What's to come



Czech licence application submitted

Continue to scale in the Netherlands and Norway



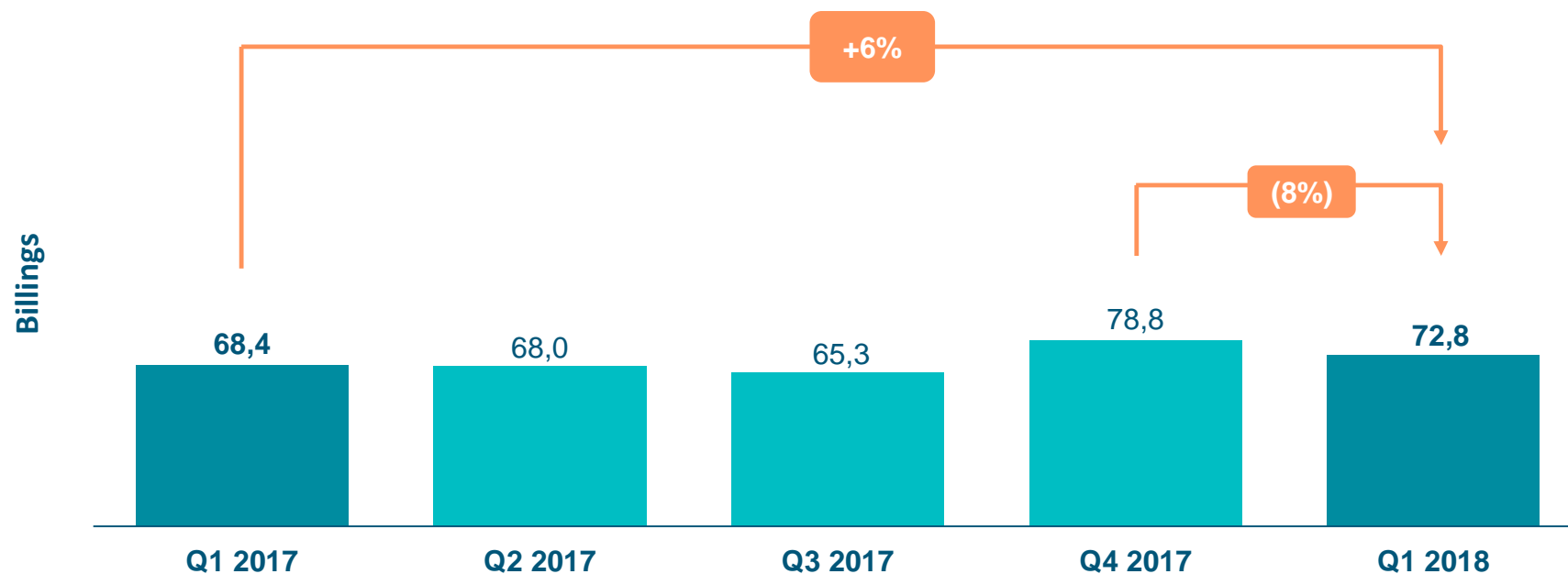


Following the invocation of Article 50, the Company is making the necessary preparations to ensure that the impact will be minimal

Case filed with the court. First court decision is now expected in H2 2018. We remain confident that ultimately the outcome will be favourable for the Group



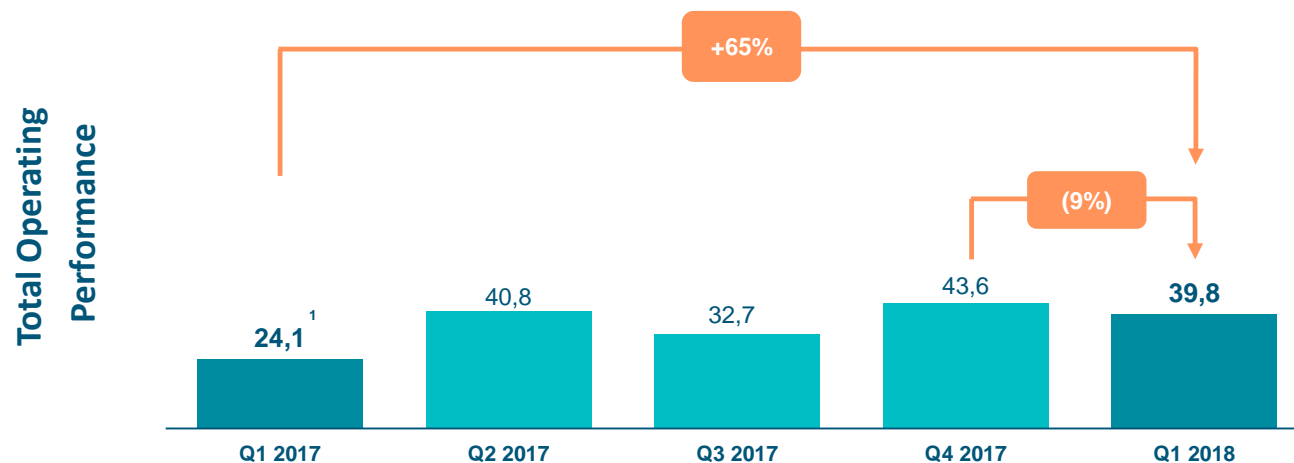
## Development of Billings in million €



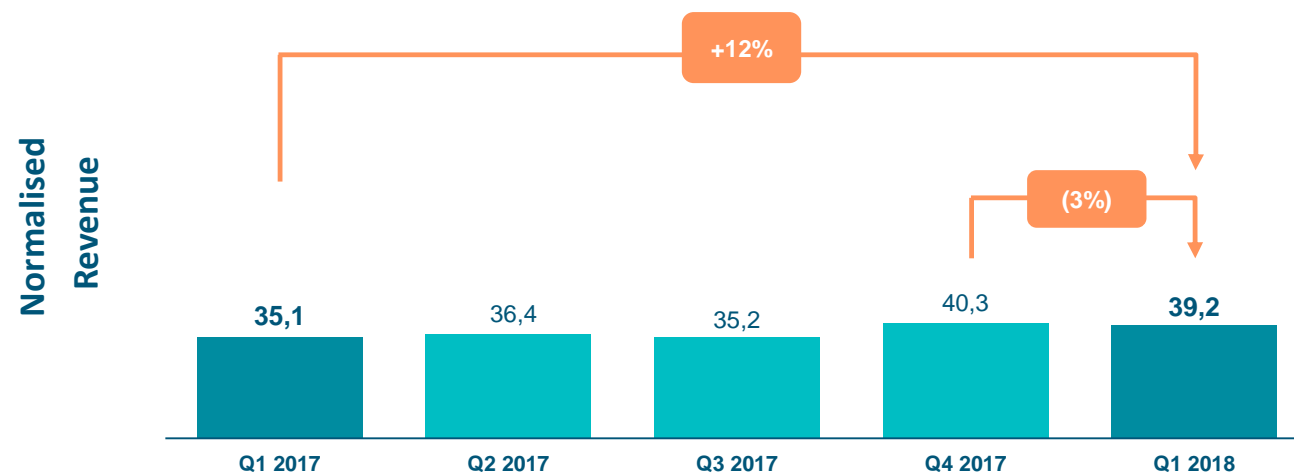
- Billing continues to develop favourable supported by the successful launch of US lottery products
  - Strong Q1 billings of €72.8m for the Group; up 6% on previous year
  - 140k new registered customers up 58% YoY



# Development of TOP and Normalised Revenue in million €



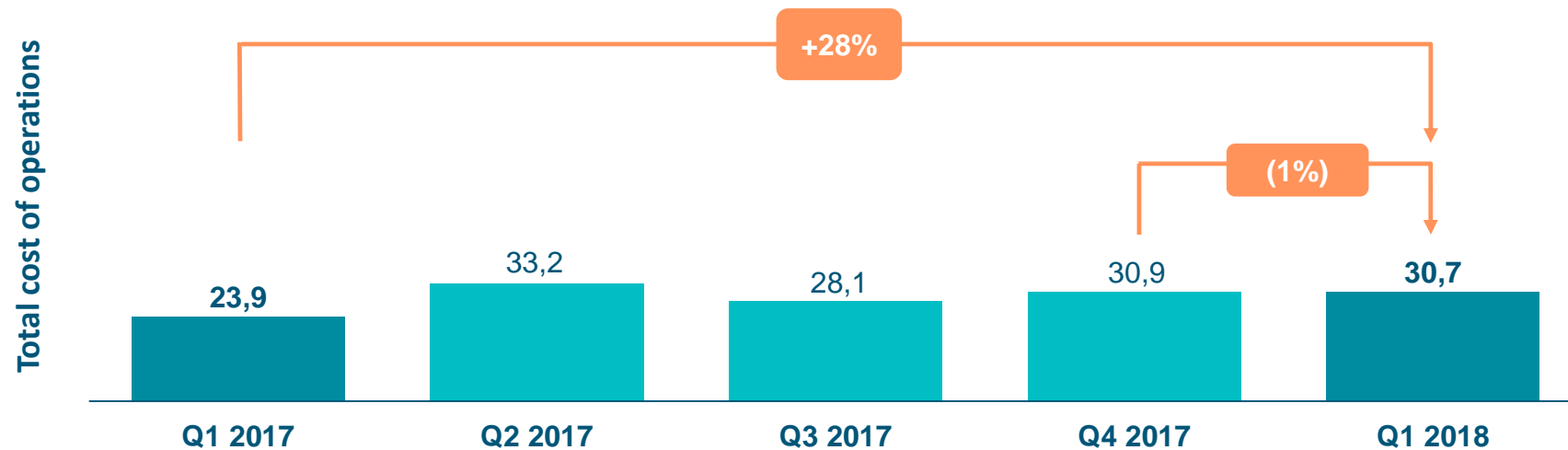
1) Negatively impacted by high prize pay-outs



- Total Operating Performance in Q1 2018 up on previous year due to a reduction in the value of exceptional prize pay-outs

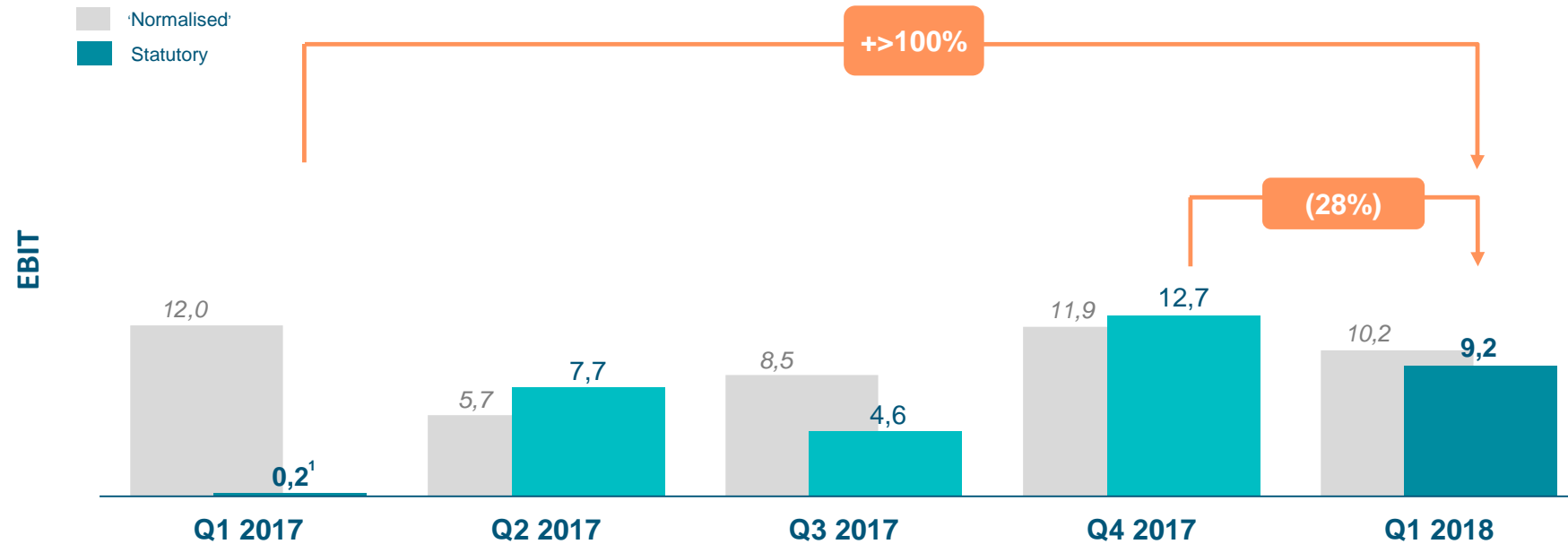
- ‘Normalised’ Revenue in Q1 2018 increased on previous year by 12% thanks to a more favourable product mix
- ‘Normalised’ Revenue decreased only by 3% from Q4 2017 to Q1 2018

## Development of Expenses in million €



- Expenses increased by 28 % in Q1 2018 relative to the prior year:
  - Increase in direct costs of €4.6m, which is mainly driven by €3.0m increase in physically hedged ticket costs
  - Increase in marketing investment of €0.7m which in part drove 140k new customers
  - Increase in other costs of operations of €1.6m, which is mainly driven by additional consulting costs

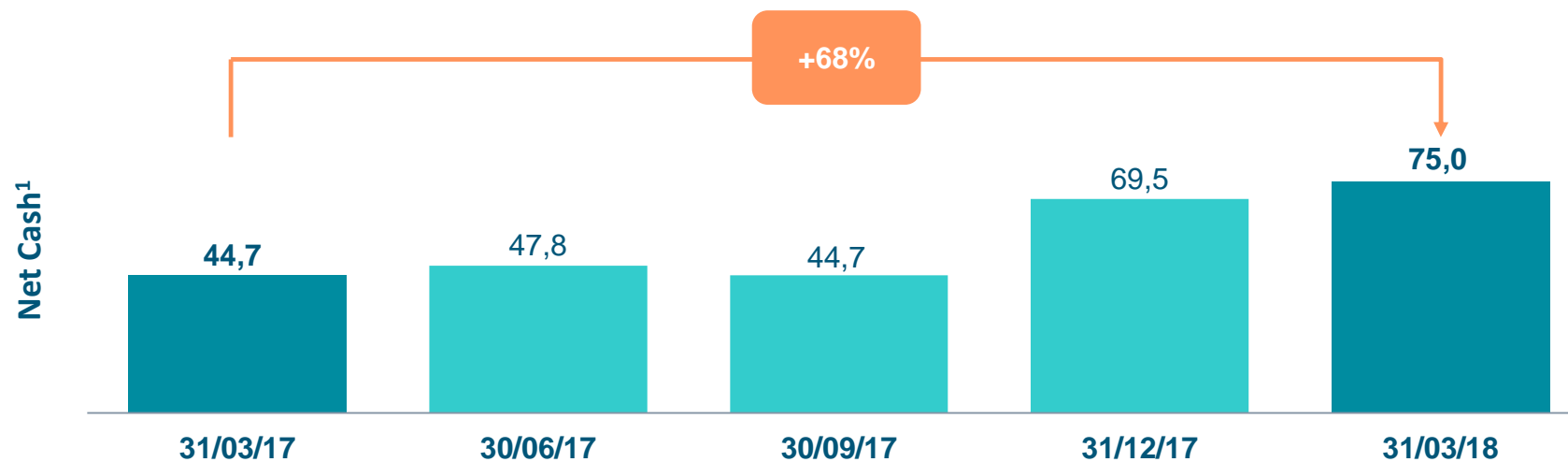
# Development of EBIT and *Normalised EBIT* in million €



1) Negatively impacted by high prize pay-outs

- Statutory EBIT of €9.2m & 'Normalised' EBIT of €10.2m
- Net profit of €6.4m
- Earnings per share (EPS) of €0.76 (Q1 2017: €0.02). Effective Tax rate of 30% (in line with expectations)

# Development of Net Cash in million €



Net Cash in Q1 2018 has increased by €30.3m:

- €12.9m increase in cash and short-term deposits
- €20.0m decrease in the hedging reserve due to the improvement in our hedging structure
- Offset by a €2.6m negative movement in other working capital balances

<sup>1</sup> 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 €30m hedging reserve

## 2018 Guidance confirmed

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

# Key takeaways

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Strong first quarter performance



Good results and sustained operational growth



Relentless focus on growth, internationalisation and customers delivers results



Promising set of plans for 2018



**ZEAL**

**Appendix**

# Consolidated Income Statement and Balance Sheet

in €k

Income Statement		31/03/18	31/03/17	Change in %
	Revenue	38,700	23,574	+64.2
	Total operating performance	39,830	24,142	+65.0
	Total costs of operations	(30,671)	(23,897)	+28.3
	EBITDA	9,458	585	+1,516.8
	EBIT	9,159	245	+3,638.4
	Earnings before taxes	9,095	235	+3,770.2
	<b>Profit</b>	<b>6,368</b>	<b>165</b>	<b>+3,759.4</b>

Balance Sheet		31/03/18	31/12/17	Change in %
	Current assets	138,021	134,477	+2.6
	Non-current assets	7,121	6,634	+7.3
	<b>ASSETS</b>	<b>145,142</b>	<b>141,111</b>	<b>+2.9</b>
	Current liabilities	29,930	32,730	(8.6)
	Non-current liabilities	2,297	1,765	+30.1
	Equity	112,915	106,616	+5.9
	<b>EQUITY &amp; LIABILITIES</b>	<b>145,142</b>	<b>141,111</b>	<b>+2.9</b>



# Business Unit Segment Reporting as of 31/03/18 in €k

	Lottery betting	Lottovate	Business unit total	Normalisation adjustments	Other adjustments	Statutory total
Revenue	37,075	2,080	39,155	(506)	51	<b>38,700</b>
Other operating income	1,622	91	1,713	(579)	(4)	<b>1,130</b>
<b>Total operating performance</b>	<b>38,697</b>	<b>2,171</b>	<b>40,868</b>	<b>(1,085)</b>	<b>47</b>	<b>39,830</b>
<b>EBITDA</b>	<b>12,933</b>	<b>(2,013)</b>	<b>10,920</b>	<b>(1,085)</b>	<b>(377)</b>	<b>9,458</b>
Depreciation/amortisation	(227)	(72)	(299)	–	–	<b>(299)</b>
<b>EBIT</b>	<b>12,706</b>	<b>(2,085)</b>	<b>10,621</b>	<b>(1,085)</b>	<b>(377)</b>	<b>9,159</b>
Financial result	–	–	–	–	(64)	<b>(64)</b>
<b>EBT</b>	<b>–</b>	<b>–</b>	<b>10,621</b>	<b>(1,085)</b>	<b>(441)</b>	<b>9,095</b>
Income tax	–	–	–	–	(2,727)	<b>(2,727)</b>
<b>Net Profit/loss</b>	<b>–</b>	<b>–</b>	<b>10,621</b>	<b>(1,085)</b>	<b>(3,168)</b>	<b>6,368</b>

# Statutory / Normalised Revenue & EBIT in €k

Revenue		Q1 2018	Q1 2017	Variance
	Statutory	38,700	23,574	15,126
	Normalised	39,206	35,140	4,066
	Variance	(506)	(11,566)	

EBIT		Q1 2018	Q1 2017	Variance
	Statutory	9,159	245	8,914
	Normalised	10,244	11,995	(1,751)
	Variance	(1,085)	(11,750)	

# Lottery Betting KPI's

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

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

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

# Financial Calendar 2018

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Publication of Annual Report 2017	22 March 2018
Publication of Q1 Report	4 May 2018
Annual General Meeting	1 June 2018
Publication of Q2 Report	2 August 2018
Publication of Q3 Report	1 November 2018



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