



ZEAL Network SE

Investor Call
Q3 Report as of 30 September 2017

London, 10 November 2017

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Contents

1. ZEAL at a Glance
2. Business Unit Update
 - B2C
 - B2B/B2G
 - Other Topics
3. Financial Update
4. 2017 Guidance
5. Appendix



ZEAL at a Glance

Expansion of B2C product portfolio with launch of “Powerball” – most successful new product launch ever

New Customer Acquisition increased by 79% compared to previous year despite the low jackpot environment

B2B/B2G Business Unit – Norway goes fully live tonight & the Netherlands beta launch next

Continued investment in our internationalisation strategy, product diversification and new customer acquisition



Billings

€201.7m



Total Operating
Performance

€97.6m



EBIT

€12.5m

Tipp24.com

Highlights



Significant increase in customer acquisition

Launch of new products



Growth in MAU YTD

KPIs

Billings (in €m)	9M	Q3
2017	201.7	65.3
2016	204.1	71.1

ABPU (in €)	9M	Q3
2017	57	60
2016	58	59

MAU (in k)	9M	Q3
2017	372	342
2016	366	380

What's to come

Further marketing investment – strengthening our market position



Expansion of our internationalisation strategy

Further expansion of product portfolio by adding Mega Millions



Highlights



Norway lottery launches tonight

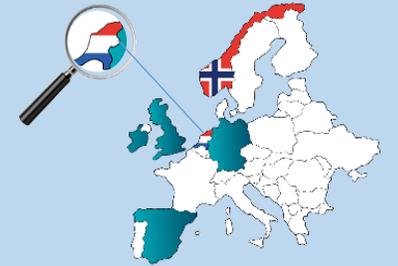


The Netherlands product coming soon

LOTTOVATE

What's to come

Continue to scale in the Netherlands and Norway



Czech licence application submitted



ILS

Optimisation of our hedging structure currently in progress



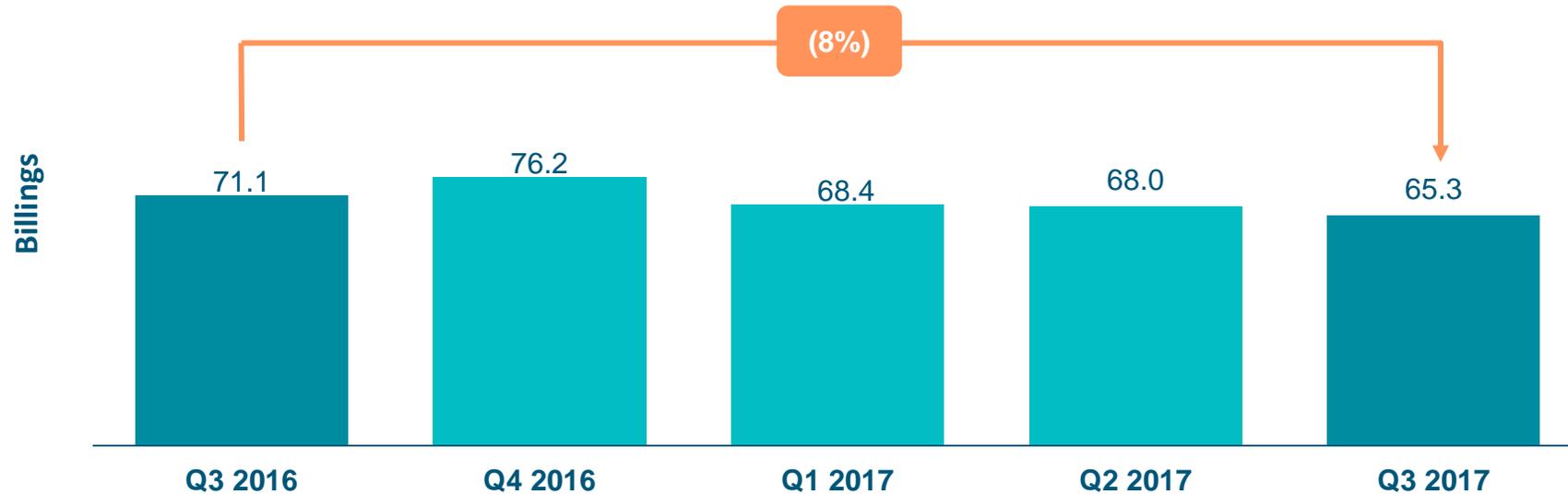
Following the invocation of Article 50, the Company is making the necessary preparations to ensure that the impact will be minimal



German
VAT

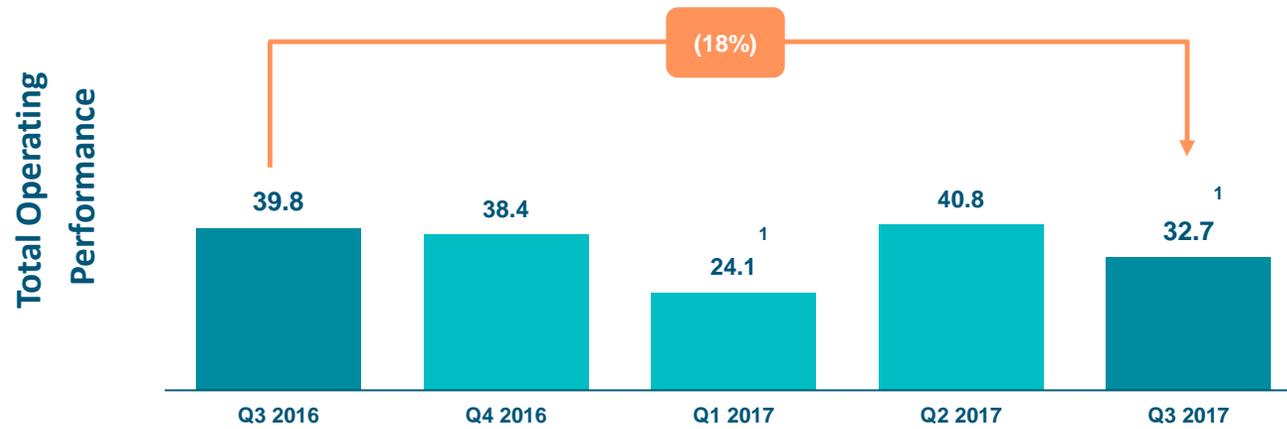
Case filed with the court. First court decision expected in Q2 2018. We remain confident that the outcome will be favourable for the Group

Development of Billings in million €



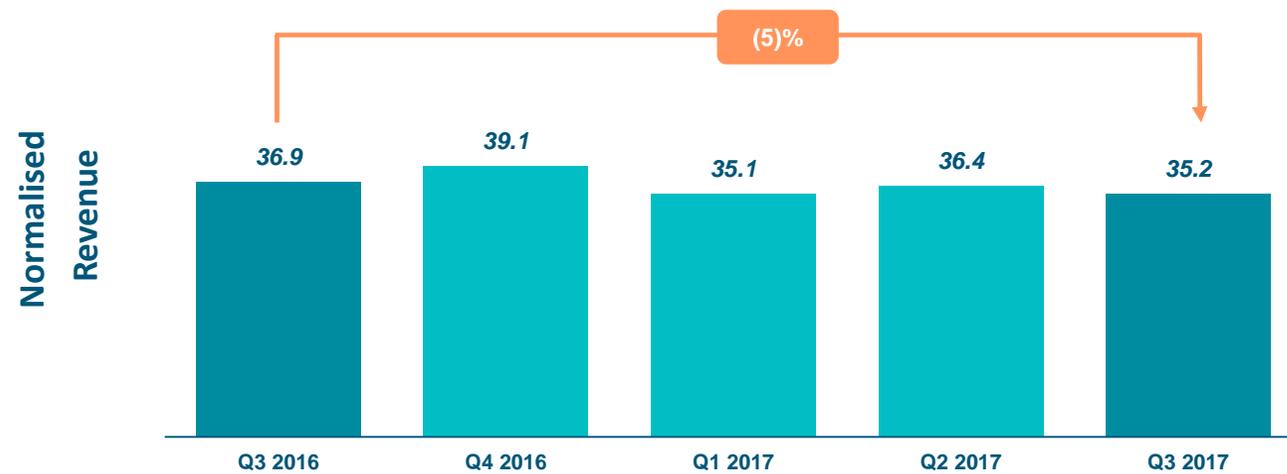
- Billings was impacted by unfavourable jackpot environment compared to an exceptional jackpot situation in previous year,
 - We outperformed the market by 4% points, due to our diversified product portfolio and marketing approach
 - Despite this 113k new paying customers were acquired

Development of TOP and Normalised Revenue in million €



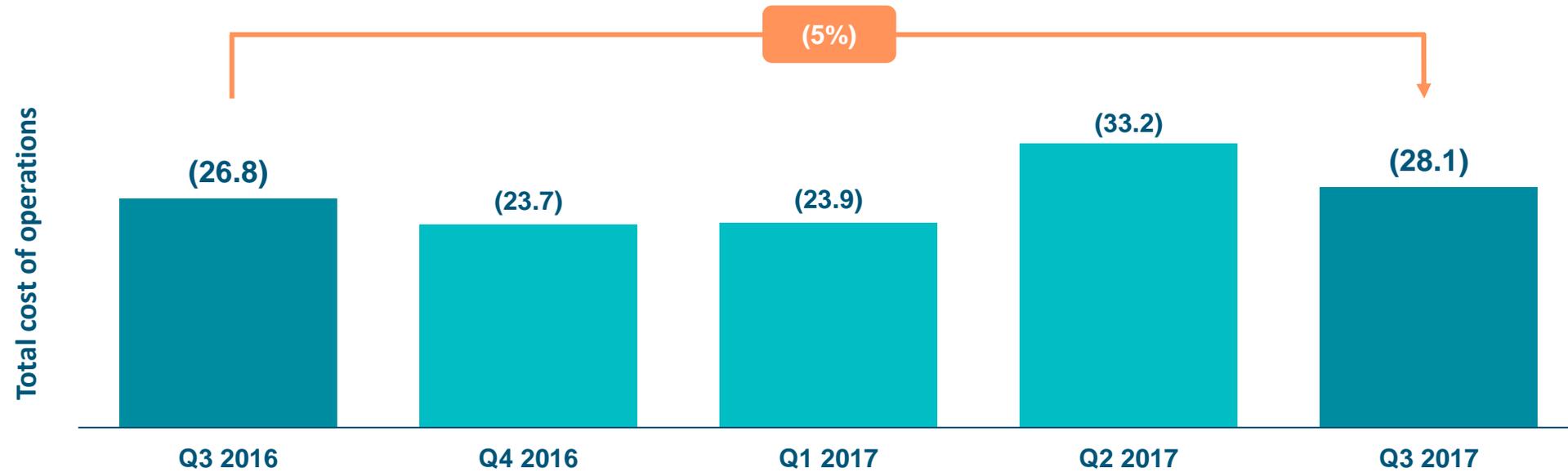
1) Negatively impacted by high prize pay-outs

- Total Operating Performance decreased 18% compared to previous period driven by unfavourable pay-out ratio and weak jackpot environment in Q3 2017



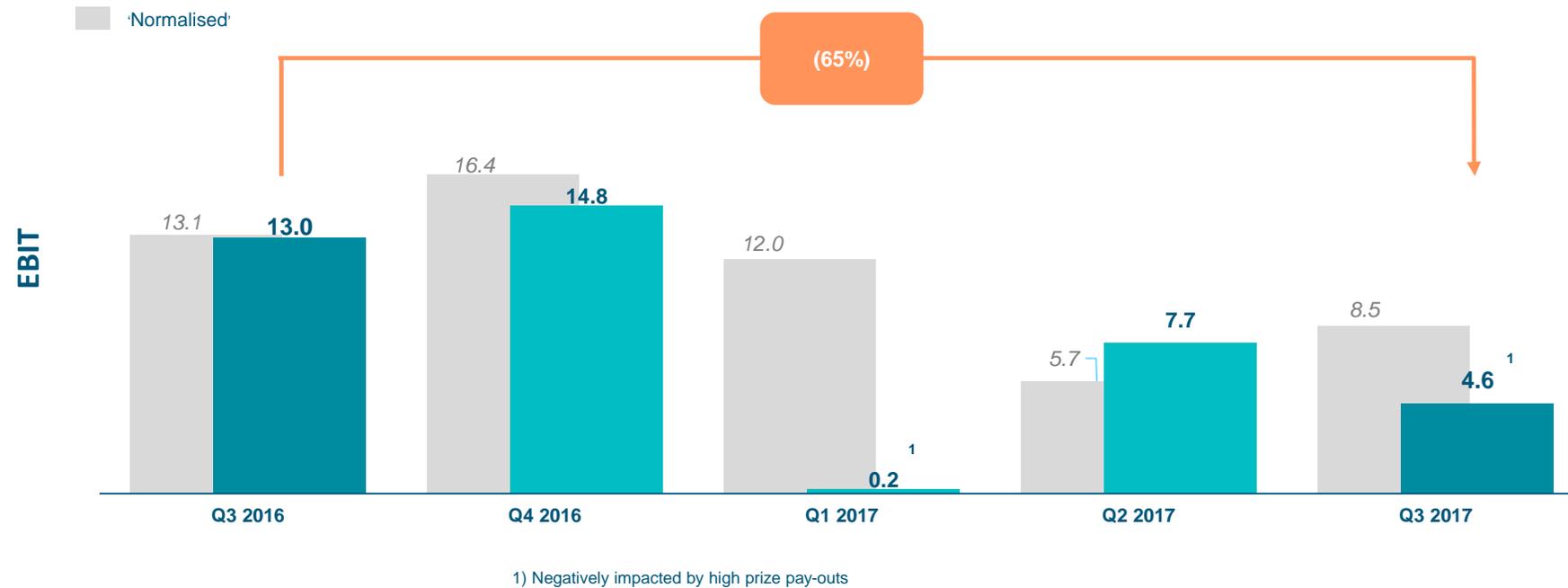
- 'Normalised' Revenue decreased by 5% for Q3
- 'Normalised' Revenue YTD on previous year level

Development of Expenses in million €



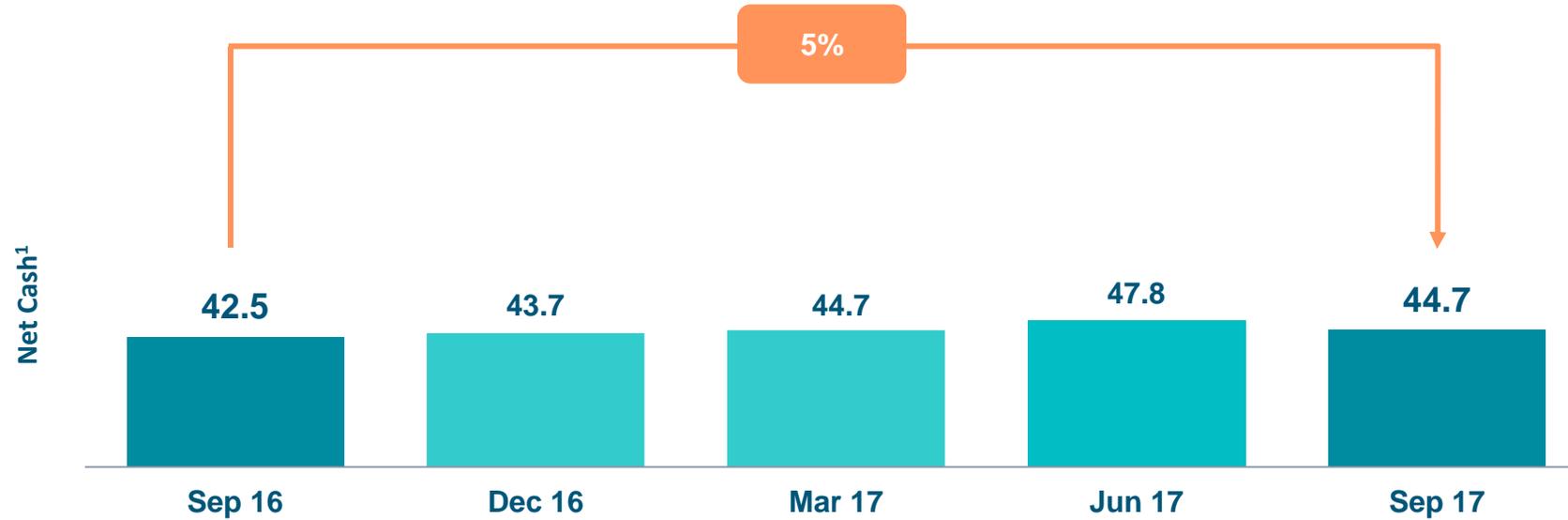
- Expenses increased by €1.3m in Q3 relative to the prior year comparative period – primarily made up of increased marketing investment of €1.5m.

Development of EBIT in million €



- Statutory EBIT decreased to €4.6m for Q3 & 'Normalised' EBIT of €8.5m in Q3
- Net profit decreased to €3.2m for Q3 compared to previous comparative period
- Earnings per share (EPS) of €0.38 for Q3 (2016: €1.09). Effective Tax rate of 30%

Development of Net Cash in million €



Net Cash in 2017 has increased by €1.0m, despite the following significant cash events:

- €1.8m investment (outflow) in Omaze
- €13.7m of statistically higher payouts (outflow) in the year

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

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



ZEAL

Appendix

Consolidated Income Statement and Balance Sheet as at 30 September 2017 in €k

Income Statement		9M 2017	9M 2016	Change in %
	Revenue	93,803	75,338	+24.5
	Total operating performance	97,631	101,248	(3.6)
	Other operating expenses	(84,115)	(77,286)	(8.8)
	EBITDA	13,410	25,046	(46.5)
	EBIT	12,452	23,255	(46.5)
	Profit before income tax	12,519	22,056	(43.2)
	Profit	8,763	15,439	(43.2)

Balance Sheet		30 Sep 2017	31 Dec 2016	Change in %
	Current assets	128,885	131,339	(1.8)
	Non-current assets	7,037	4,677	+50.5
	ASSETS	135,922	136,016	0
	Current liabilities	26,057	36,259	(28.1)
	Non-current liabilities	3,373	2,199	+53.4
	Equity	106,492	97,558	+9.2
	EQUITY & LIABILITIES	135,922	136,016	0

Business Unit Segment Reporting for 9M 2017 in €k

	B2C [A]	B2B/B2G [B]	Business unit total [A]+[B]=[C]	Normalisation and other adjustments [D]+[E]=[F]	Normalisation adjustments [D]	Other Adjustments [E]	Statutory [C]+[F]
Revenue	101,157	5,378	106,535	(12,732)	(12,896)	164	98,803
Other operating income	4,416	229	4,645	(817)	(829)	12	3,828
Total operating performance (TOP)	105,573	5,607	111,180	(13,549)	(13,725)	176	97,631
EBITDA	34,066	(6,845)	27,221	(13,811)	(13,725)	(86)	13,410
Depreciation and amortisation	(731)	(227)	(958)	-	-	-	(958)
EBIT	33,335	(7,072)	26,263	(13,811)	(13,725)	(86)	12,452
Financing and investment result	-	-	-	67	-	67	67
EBT	-	-	26,263	(13,744)	(13,725)	(19)	12,519
Income tax	-	-	-	(3,756)	-	(3,756)	(3,756)
Profit (Loss) for the period	-	-	26,263	(17,500)	(13,725)	(3,775)	8,763

Statutory / Normalised Revenue & EBIT for 9M 2017 in €k

Revenue		9M 2017	9M 2016	Change
	Statutory	93,806	75,338	18,468
	Normalised	106,699	106,344	355
	Normalisation Effect	(12,896)	(31,006)	

EBIT		9M 2017	9M 2016	Change
	Statutory	12,452	23,255	(10,803)
	Normalised	26,177	34,507	(8,330)
	Normalisation Effect	(13,725)	(11,252)	

Financial Calendar 2018

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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