

The logo for ZEAL, consisting of the word "ZEAL" in a bold, white, sans-serif font, positioned on a dark blue horizontal bar that tapers from the left side of the slide.

ZEAL Network SE

Investor Call
Annual Report 2015

London, 30 March 2016

Highlights 2015

Strong underlying business performance, with normalised revenue and EBIT up year on year

- 'Normalised'¹ Revenue increased by 7% to €141.2m (2014: €131.8m)
- 'Normalised' EBIT increased by 173% to €47.1m (2014: €17.3m)

Statutory Numbers

€k	2015	2014	Change %
Total Operating Performance (TOP)	140,986	145,651	(3)
EBIT	42,859	19,156	123

- Total operating performance:
 - Product portfolio enhanced with the successful introduction of Instant Win Games
 - Plus favourable jackpot situation drove revenue up
 - Offset by higher jackpot pay-outs than in the previous year
- EBIT of €42.9m, significant increase compared to prior year (€19.2m) due to a reduction of gaming duty and other cost savings

¹ 'Normalised' revenue is defined as statutory revenue adjusted for statistical fluctuation differences

Business Unit and Investments Update (1/2)

B2C:

- Strong fourth quarter boosted by favourable jackpot situation
- Launch of nine Instant Win Games on Tipp24.com
 - Well received by our customers
 - Leading to an increase in revenue per customer
- For 2016, we expect that recent regulatory changes will allow us to address more marketing channels



B2B/B2G:

- Deal signed with UNICEF Norway. License application process underway
- Significant headway in the development of charity lottery partnerships
- Costs incurred in project development are in line with previously approved plans
- We expect our Spanish business lines to be EBIT accretive in 2016

Business Unit and Investments Update (2/2)

Geonomics and GeoLotto ('Geo') Investments

Impairment

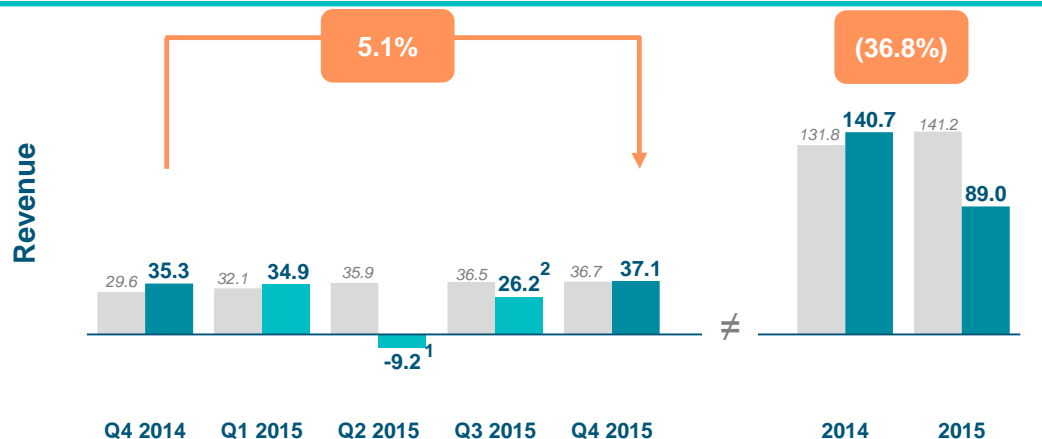
- ZEAL assessed the viability of the business plans for Geo
- Management concluded that these no longer supported their carrying value
- An impairment charge was recorded against the carrying value of the assets

Acquisition

- After a comprehensive review of the Geo business model, ZEAL management agreed that having the Geo investments as a wholly owned part of the Group would be beneficial for both parties
- As a result ZEAL acquired the remaining shares of Geonomics for a cash consideration of GBP 0.8m, by way of a share purchase agreement which was signed on 10th March 2016
- Thereby allowing ZEAL to leverage the skills of the Geo Tech team to accelerate the development of the Group's B2B and B2G products
- And also securing the innovative IP which underpinned the Geo24 games for potential future use
- Management intends to close down the websites

Development of Revenue and Earnings (1/2)

in million €



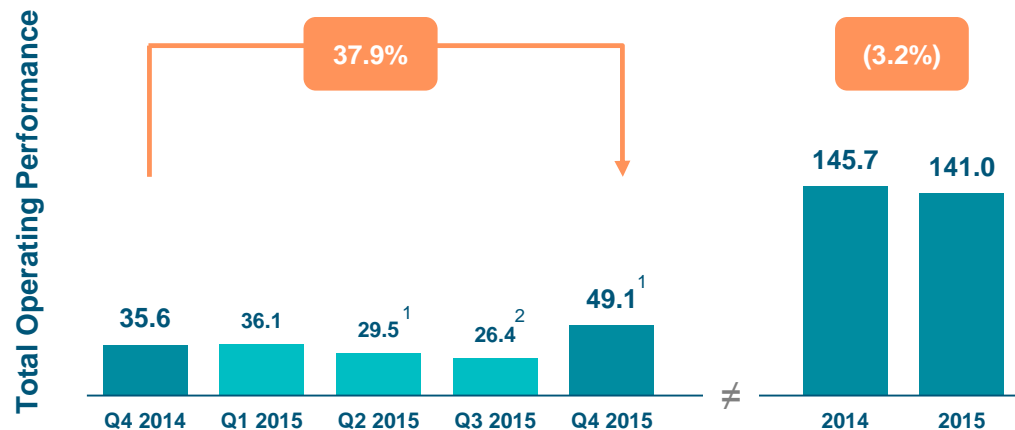
1) Negatively impacted by one high prize pay-out of €47.9m

2) Negatively impacted by one high prize pay-out of €15.0m

Comments

- 'Normalised' revenue increased by 7% due to favourable jackpot situation and expanded product portfolio
- Statutory Revenue negatively impacted by higher pay-outs compared to previous year

■ Normalised



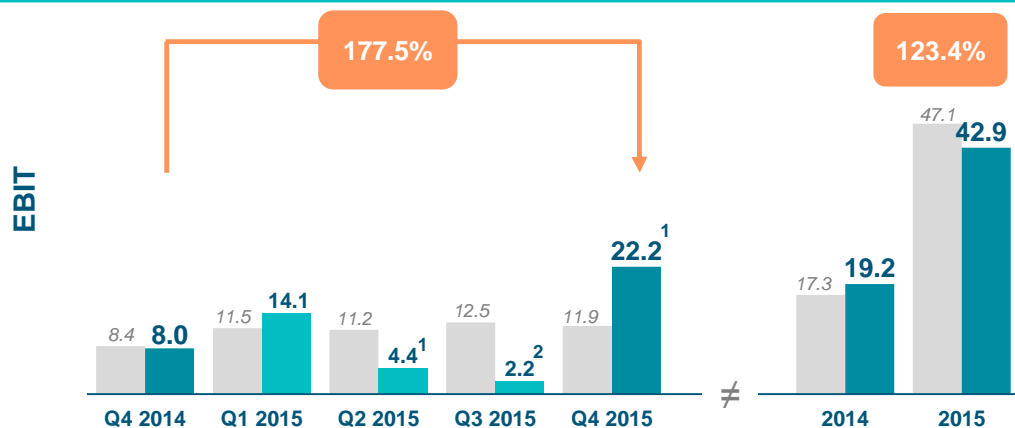
1) Impacted by Spanish lottery tax of €9.6m

2) Negatively impacted by one high prize pay-out of €15.0m

- Total Operating Performance (down €4.7m) also impacted by higher prize pay-outs compared to previous year
- Impact was largely covered by hedging instrument income of €47.9m

Development of Revenue and Earnings (2/2)

in million €



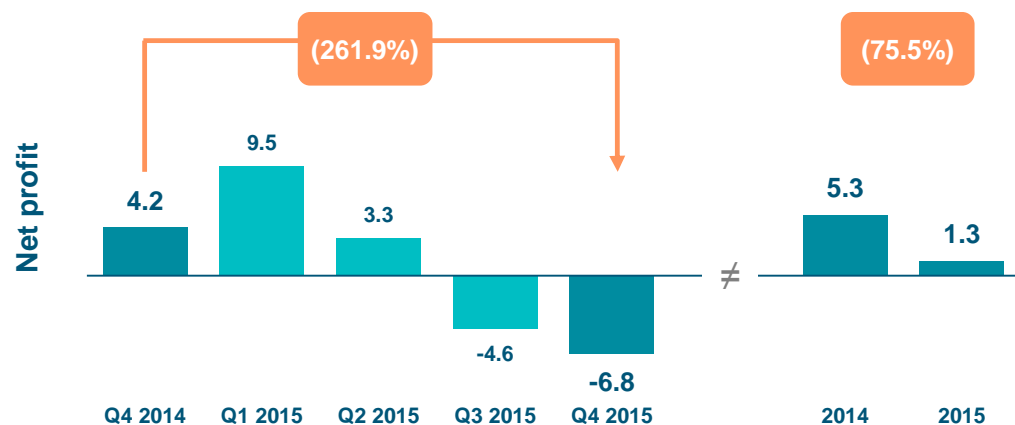
¹) Impacted by Spanish lottery tax of €9.6m

²) Negatively impacted by high prize pay-out of €15.0m

Comments

- Normalised EBIT rose in 2015 by 173% from €17.3m to €47.1m
- Strong EBIT growth driven by a lower cost structure, including a decrease in Gaming Duty of €17.5m

■ Normalised

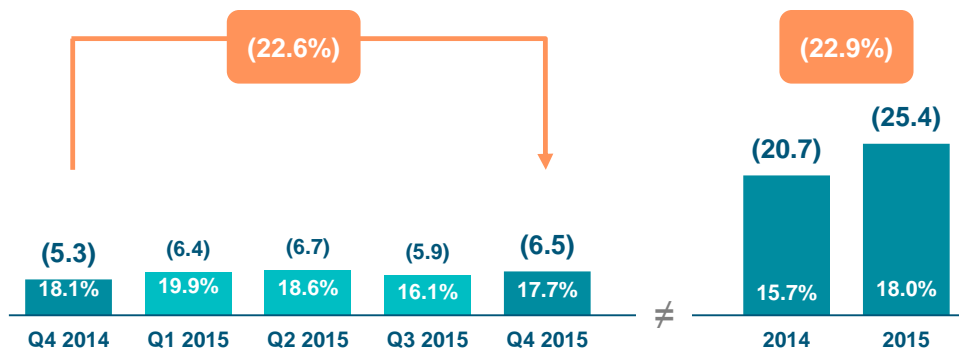


- Net profit decrease of €4m
- Decrease driven mainly from the non-cash charge for the Geo investments in Q4
- Earnings per share (EPS) of €0.16 (2014: €0.63)
- Without Geo investments charges the EPS would be €2.67.

Development of Expenses (1/2)

in million €

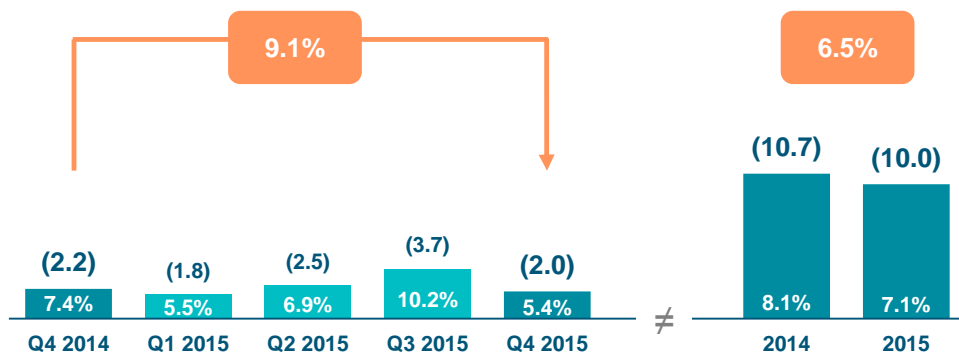
Personnel expenses¹



Comments

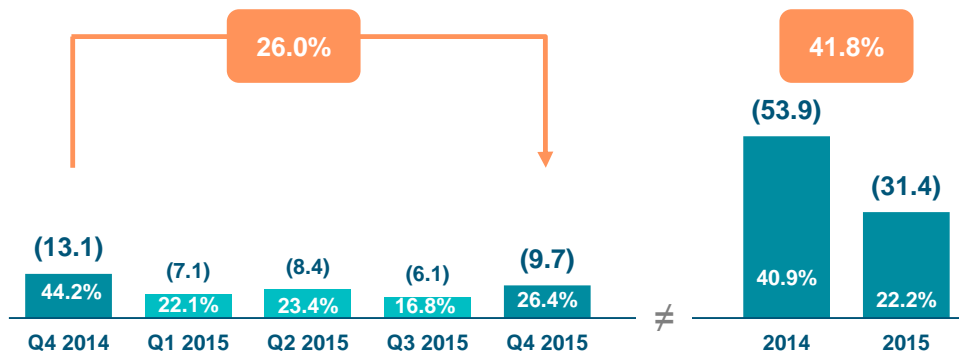
- Cost increase explained by insourcing of technical service provider (€2.5m personnel costs of former technical service provider in 2015)
- Additional increase in headcount (€1.3m)
- Additional bonus expenses (€1.0m)

Marketing expenses¹



- Marketing expenses broadly flat year on year

Direct costs¹

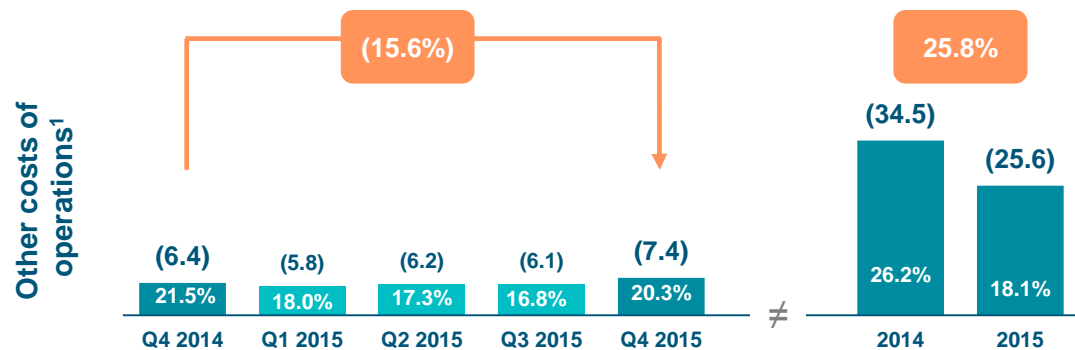


- Gaming duty savings of €17.5m in 2015
- Reduction in hedging costs of €5.4m in 2015
- Fluctuations within the year due to 'natural hedging' costs

¹ Percentage of normalised revenue

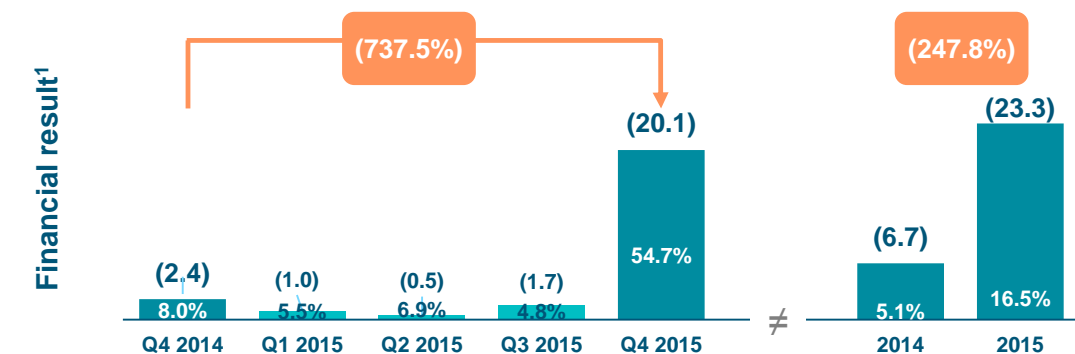
Development of Expenses (2/2)

in million €

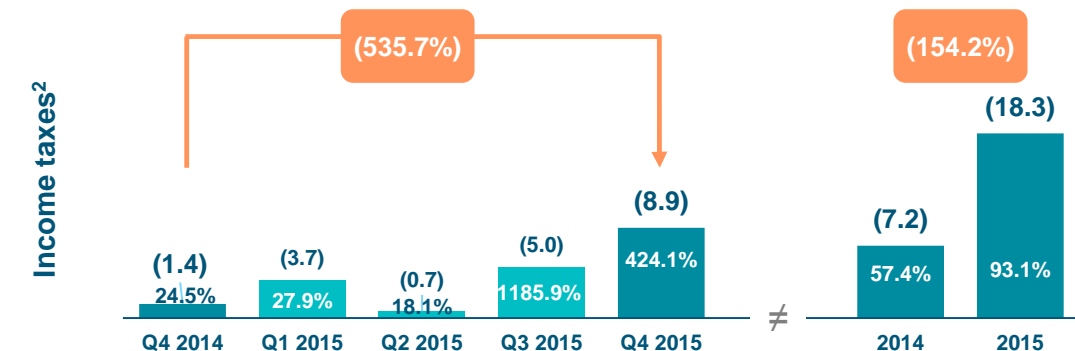


Comments

- Impact by cost shift into personnel costs due to acquisition of technical service provider (€2.5m)
- Decrease of consulting costs (€4.3m) in 2015
- Decrease of outsourcing costs (€1.4m) in 2015



- Geo non-cash charges adversely impact financial result



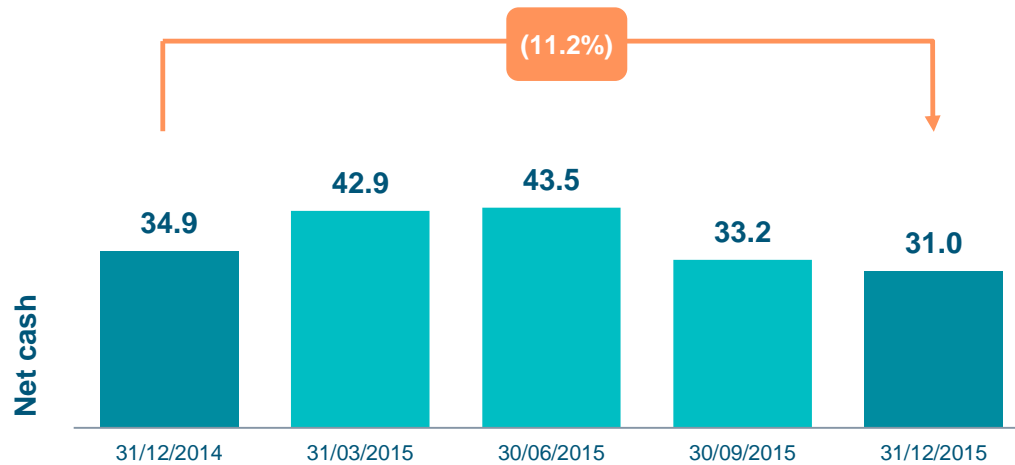
- Consolidated tax rate of 93.1% in 2015 (2014: 57.4%) resulted from following effects:
 - Tax losses carried forward (€4.7m)
 - Non-deductible losses (€4.6m)
 - Settlement of legal cases and uncertain tax positions (€5.3m)
- Expected tax rate without tax one-offs would have been 31% for 2015

¹ Percentage of normalised revenue

² Tax rate in %

Development of net cash

in million €



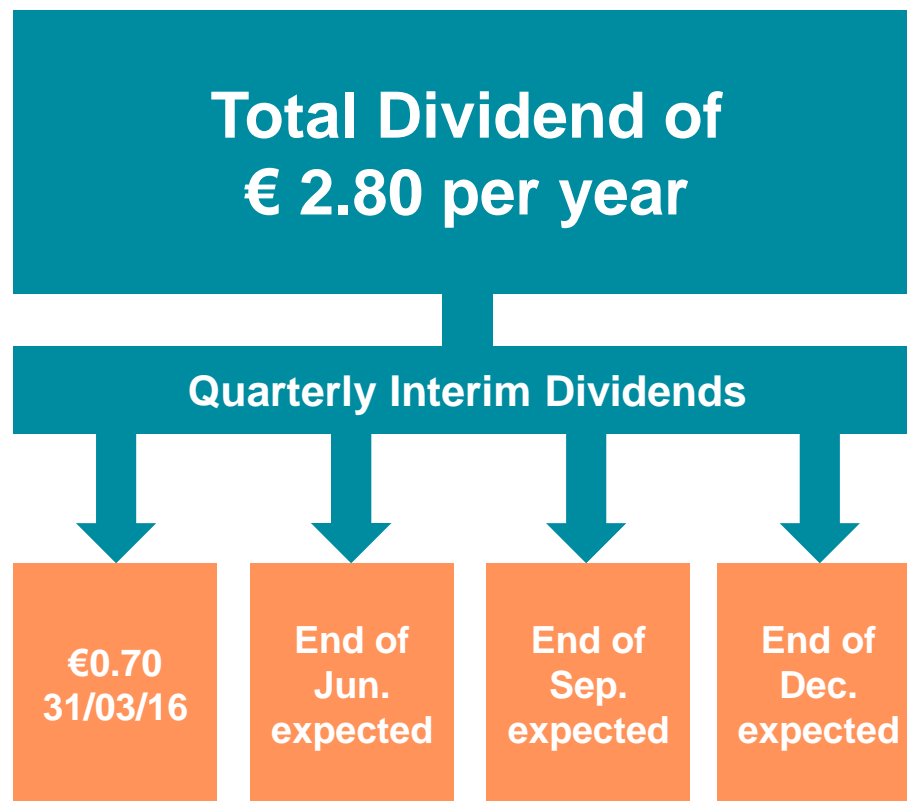
Comments

- €23.5m dividends paid in 2015
- Definition of net cash:
 - Cash (without pledged cash)
 - + Short-term financial assets
 - + Other current assets and prepaid expenses
 - Trade payables
 - Other liabilities
 - Income tax liabilities
 - €50 million hedging reserve

ZEAL's Net Cash position broadly flat compared to December 2014 despite:

- Dividend payments of €23.5m
- High prize pay-out
- Unfavorable working capital movements

Dividend Policy



Guidance 2016

Guidance 2016	in € million
Total Operating Performance	140 - 150
EBIT	40 - 50

2016 guidance represents strong growth after normalizing 2015 for higher than expected jackpot situation

Financial calendar

Publication of Q1 Report	13 May 2016
Annual General Meeting	22 June 2016
Publication of Q2 Report	12 August 2016
Publication of Q3 Report	11 November 2016
Annual report 2016	30 March 2017



ZEAL

Appendix

Consolidated Income Statement and Balance Sheet

in €k

Income Statement		2015	2014	Change in %
	Revenue	88,962	140,702	(36.8)
	Total operating performance	140,986	145,651	(3.2)
	Other operating expenses	(66,878)	(99,153)	32.6
	EBITDA	50,107	26,829	86.8
	EBIT	42,859	19,156	123.7
	Earnings before taxes	19,604	12,477	57.1
	Profit	1,346	5,317	(74.7)

Balance Sheet		31.12.2015	31.12.2014	Change in %
	Current assets	132,156	121,297	9.0
	Non-current assets	8,198	34,109	(76.0)
	ASSETS	140,354	155,406	(9.7)
	Current liabilities	43,711	37,471	(16.7)
	Non-current liabilities	1,474	682	(116.1)
	Equity	95,169	117,253	(18.8)
	EQUITY & LIABILITIES	140,354	155,406	(9.7)

Business unit segment reporting 2015

in €k

	B2C	B2B/B2G	Business unit total	Reconciliation to stats	- thereof normalisation adjustments	- thereof other	Statutory
	[A]	[B]	[A]+[B]=[C]	[D]+[E]=[F]	[D]	[E]	[C]+[F]
Revenue	132,521	6,277	138,798	(49,836)	(52,227)	2,391	88,962
Other operating income	3,607	307	3,914	48,110	47,951	159	52,024
Total operating performance	136,128	6,584	142,712	(1,726)	(4,276)	2,550	140,986
EBITDA	62,357	(8,134)	54,223	(4,211)	(4,276)	65	50,012
Depreciation/amortisation	(6,380)	(575)	(6,955)	(198)	-	(198)	(7,153)
EBIT	55,977	(8,709)	47,268	(4,409)	(4,276)	(133)	42,859
Financial result	-	-	-	(23,255)	-	(23,255)	(23,255)
EBT	-	-	47,268	(27,664)	(4,276)	(23,388)	19,604
Income tax	-	-	-	(18,258)	-	(18,258)	(18,258)
Profit	-	-	47,268	(45,922)	(4,276)	(41,646)	1,346

Statutory / Normalised Revenue & EBIT

in €k

Revenue		2015	2014
	Statutory	88,962	140,702
	Normalised	141,189	131,799
	Variance	(52,227)	(8,906)

EBIT		2015	2014
	Statutory	42,859	19,156
	Normalised	47,139	17,253
	Variance	(4,276)	1,903

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Thank you!

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Frank Hoffmann

Investor Relations Manager

ZEAL

5th Floor - One New Change
London EC4M 9AF

T +44 (0) 203 739 7123

M +49 (0) 175 2673420

F +44 (0) 203 739 7099

frank.hoffmann@zeal-network.co.uk

www.zeal-network.co.uk