



ZEAL Network SE

Investor Call
Half-Year Report as of 30/06/18

London, 02 August 2018

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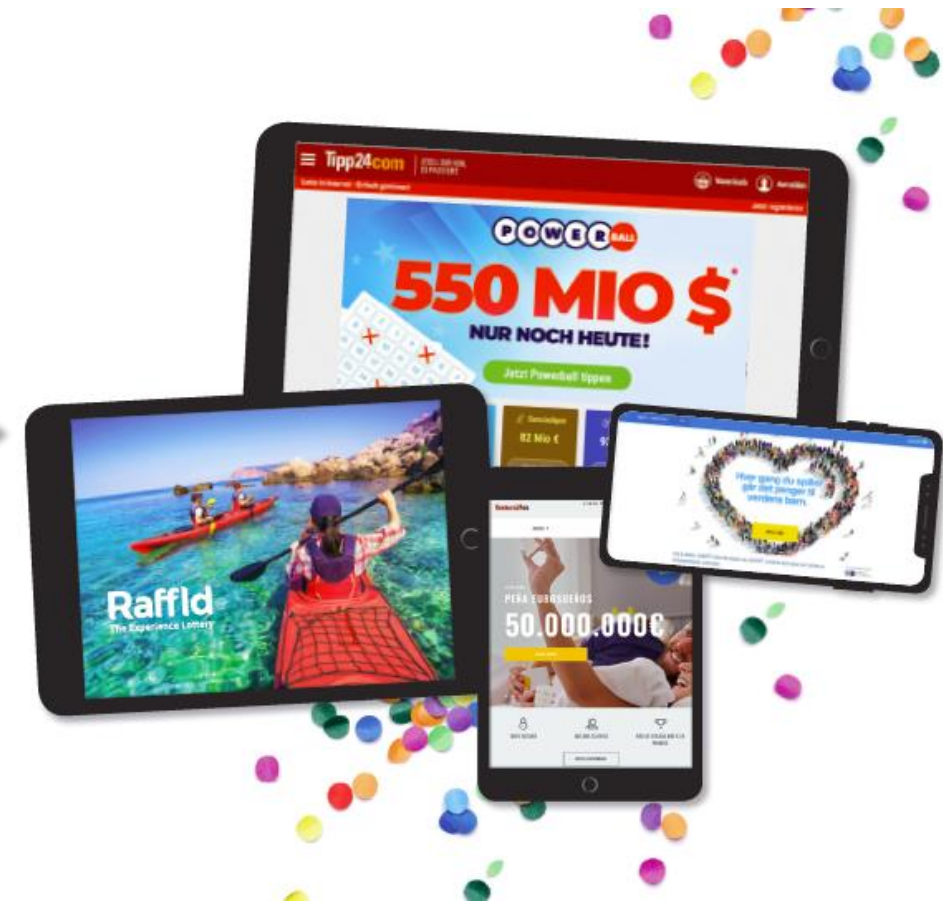
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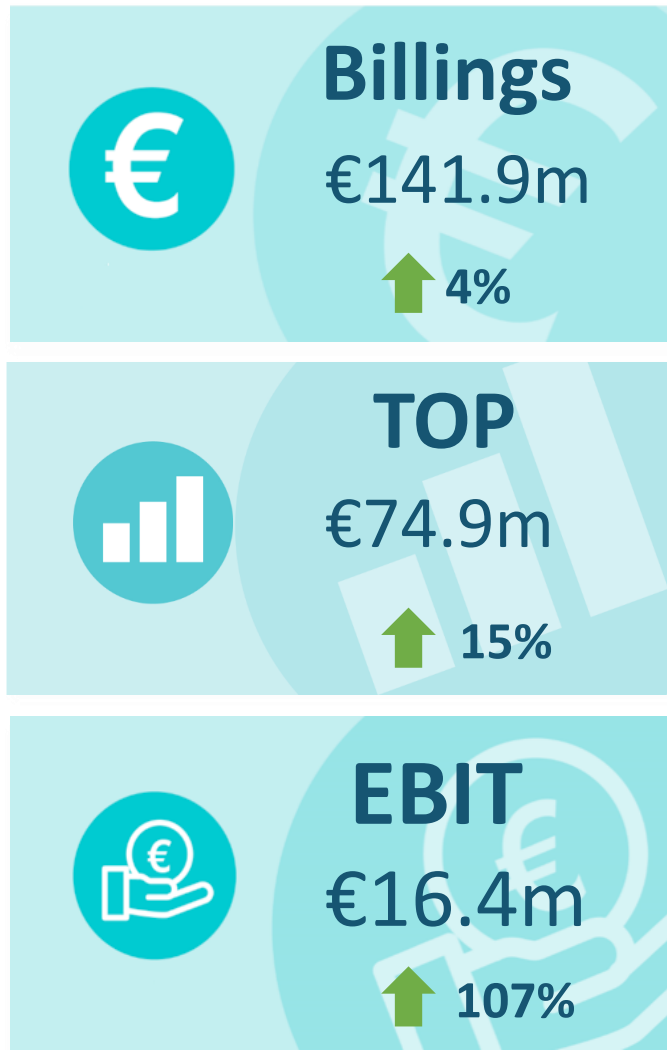
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ZEAL at a Glance



- ZEAL Group performed well, delivering **strong H1 results**
- The Group delivered growth in Billings (**4%**) and Total Operating Performance (**+15%**) in the first half-year
- Strong EBIT of **€16.4m** demonstrates the outstanding profitability of our business
- ZEAL's marketing strategy is paying off with **293k** new customers for the Group and our partners in H1 2018. **69%** up on prior year
- Fully launched world's first experience lottery in the Netherlands

Highlights



Top line growth of 5% in segment billings - record in new customer acquisition

Product portfolio strong - IWG and US lotteries in particular



Costs per new customer nearly halved vs 2017

Tipp24.com

myLotto24!

What's to come

Continued marketing investment to strengthen position



Continue to build international portfolio

Scale-testing myLotto24 in UK



Highlights



UNICEF-Lotteriet showing positive momentum



Fully launched Raffld; the Netherlands' first new lottery in nearly 30 years

Raffld



Lottovate

What's to come



Czech licence application submitted



Continue market-testing Norway and Netherlands



Brexit

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

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



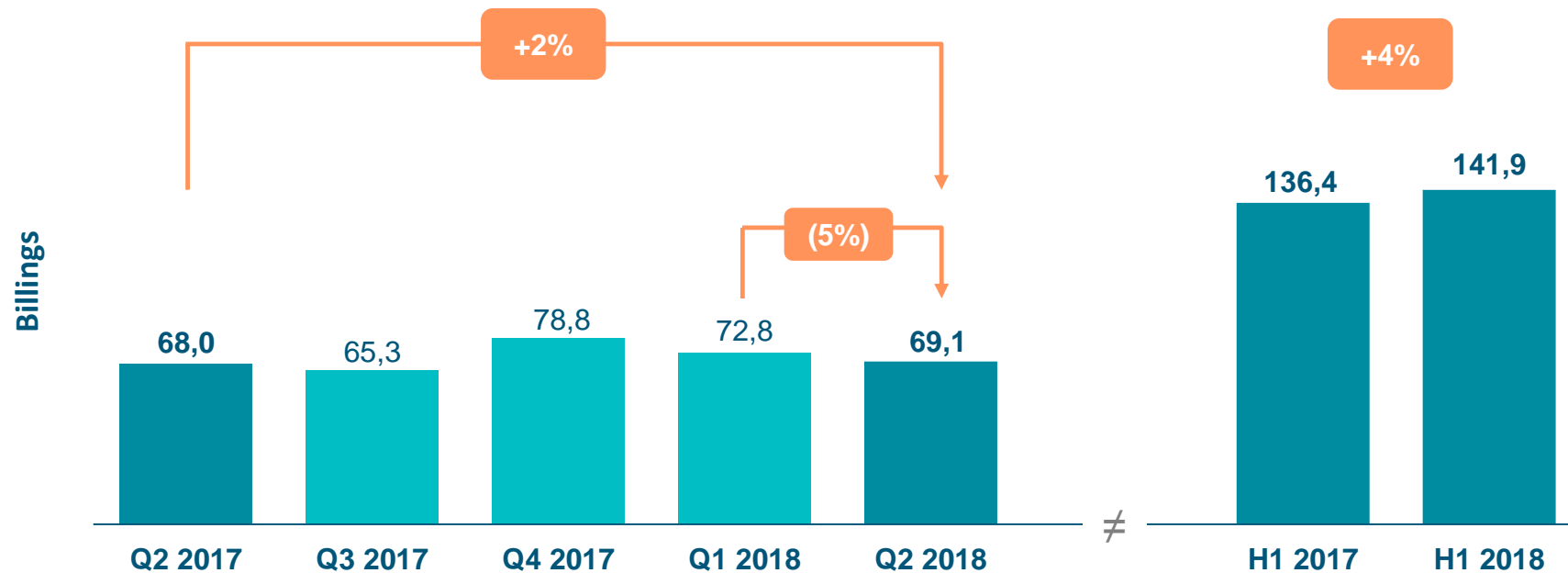
GM 2018

ZEAL Network SE General Meeting took place on 27 July 2018 in London



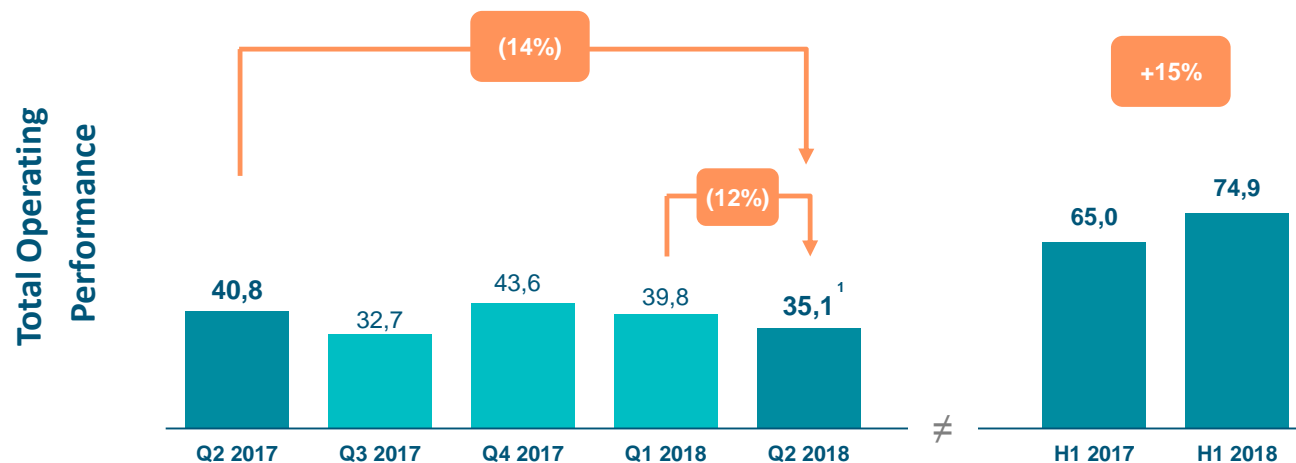
German VAT

Development of Billings in million €



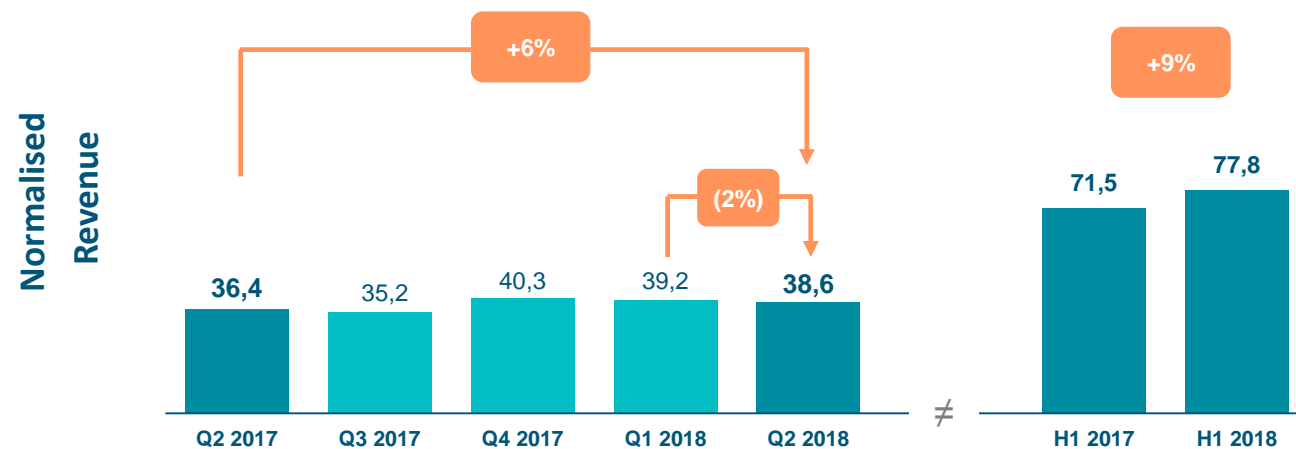
- Billings continues to develop positively supported by EuroJackpot, IWG and US lottery products
 - H1 Billings of €141.9m for the Group; up 4% on previous year in spite of a 38% fall in average jackpot size between the first two quarters (Q1 2018: €111m; Q2 2018: €69m)
 - 293k new registered customers up 69% YoY

Development of TOP and Normalised Revenue in million €



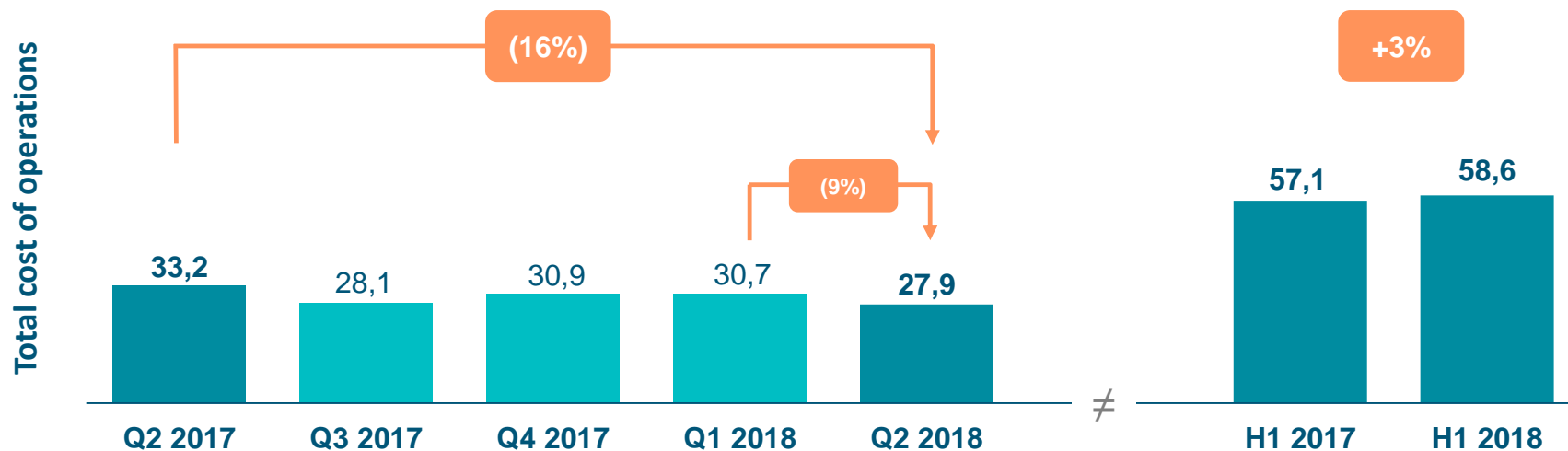
1) Negatively impacted by higher than expected prize pay-outs

- TOP up **15%** versus 2017 driven by higher billings and lower exceptional payouts
- Q2 2018 negatively impacted by a unfavourable prize pay-out statistic
- Statutory revenue up **17%** versus H1 2017



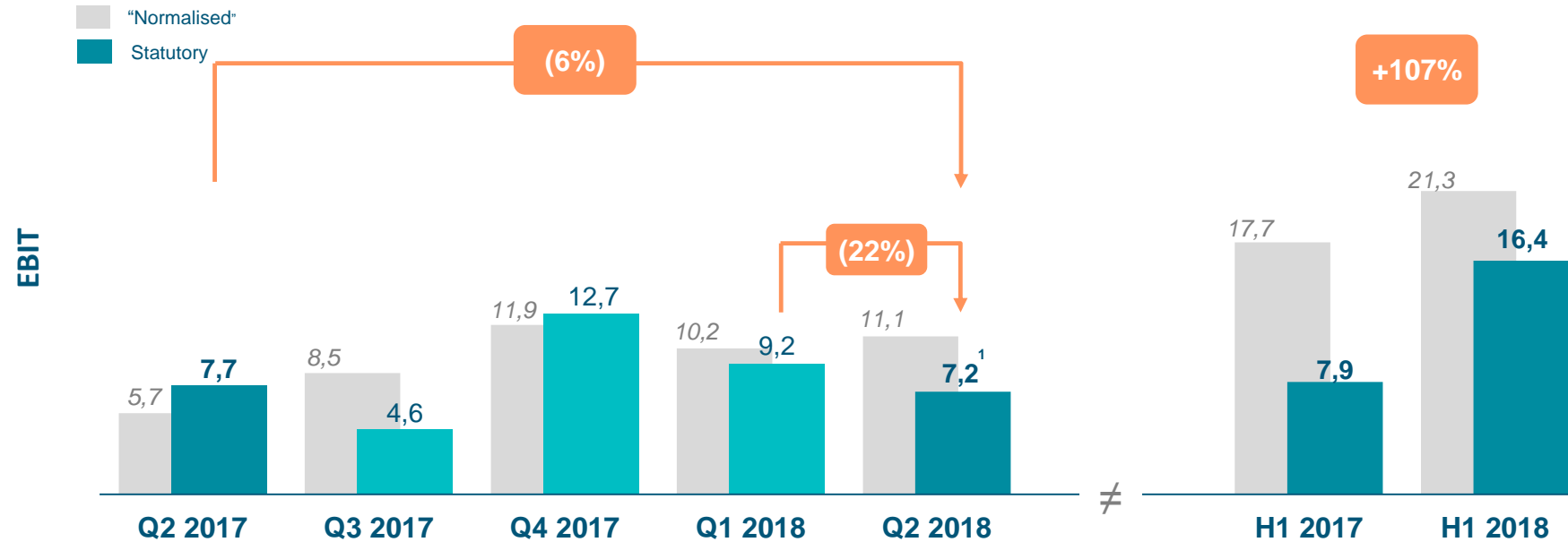
- ‘Normalised’ Revenue in H1 2018 up **9%** versus 2017 due to more favourable product mix
- ‘Normalised’ Revenue down **2%** versus Q1 2018

Development of Expenses in million €



- Expenses decreased by 9% between Q1 2018 and Q2 2018
- Increase of 3% in H1 2018 vs 2017 is mainly driven by hedging costs (+€2.8m) and marketing investments (+0.9m) offset by various other cost positions

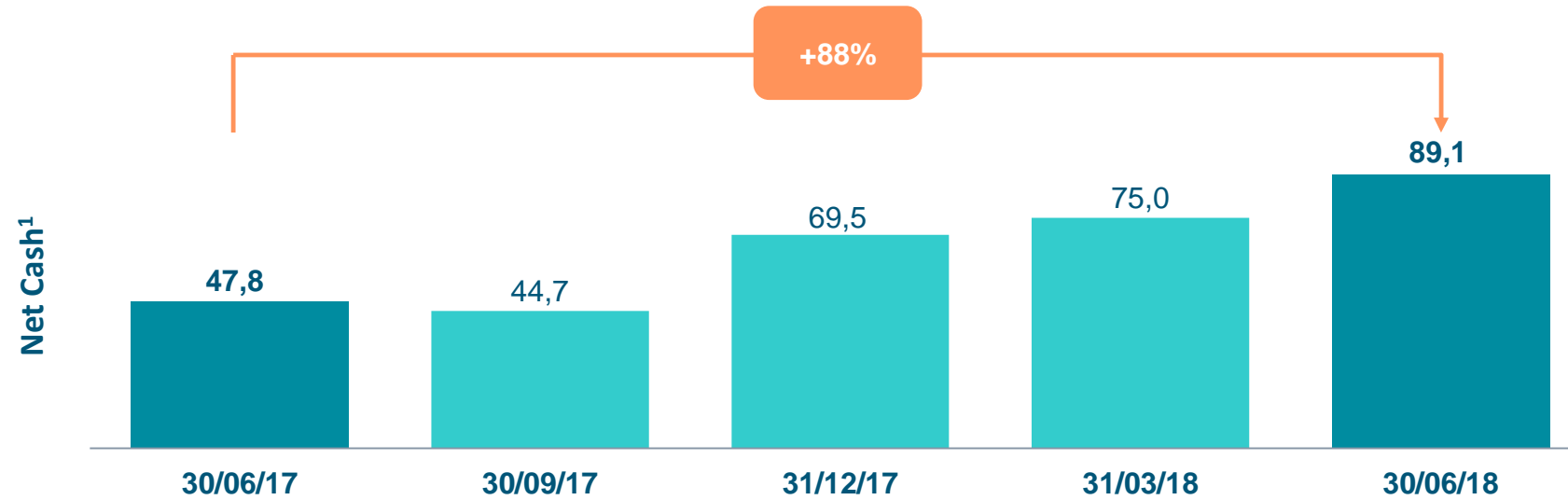
Development of EBIT and *Normalised EBIT* in million €



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

- Strong statutory EBIT of **€16.4m** & 'Normalised' EBIT of **€21.3m**
- Net profit of **€11.5m**
- Earnings per share (EPS) up **104%** to €1.37 (H1 2017: €0.67). Effective Tax rate of 30%

Development of Net Cash in million €



Net Cash in H1 2018 has increased by €41.9m:

- **€9.9m** increase in cash and short-term deposits
- **€28.3m** decrease in the hedging reserve due to the improvement in our hedging structure

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 €21.7m hedging reserve

2018 Guidance confirmed

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

Key take-aways



Strong first half-year performance



Good results and sustained operational growth



Continued to build portfolio. World's first experience lottery launched in Netherlands. UK and Norway performing well



On track to deliver per plan for 2018



ZEAL

Appendix

Consolidated Income Statement and Balance Sheet in €k

Income Statement		30/06/18	30/06/17	Change in %
	Revenue	72,973	62,351	+17.0
	Total operating performance	74,946	64,976	+15.3
	Total costs of operations	(58,570)	(57,077)	+2.6
	EBITDA	16,972	8,554	+91.4
	EBIT	16,376	7,899	+107.3
	Earnings before taxes	16,420	8,000	+105.3
	Profit	11,493	5,600	+105.2

Balance Sheet		30/06/18	31/12/17	Change in %
	Current assets	142,798	134,477	+6.2
	Non-current assets	7,288	6,634	+9.9
	ASSETS	150,086	141,111	+6.4
	Current liabilities	29,961	32,730	(8.5)
	Non-current liabilities	2,375	1,765	+34.6
	Equity	117,750	106,616	+10.4
	EQUITY & LIABILITIES	150,086	141,111	+6.4

Business Unit Segment Reporting as of 30/06/18 in €k

	Lottery betting	Lottovate	Business unit total	Normalisation adjustments	Other adjustments	Statutory total
Revenue	73,744	3,984	77,728	(4,852)	97	72,973
Other operating income	1,693	353	2,046	(74)	1	1,973
Total operating performance	75,437	4,337	79,774	(4,926)	98	74,946
EBITDA	25,949	(3,653)	22,296	(4,926)	(398)	16,972
Depreciation/amortisation	(451)	(145)	(596)	–	–	(596)
EBIT	25,498	(3,798)	21,700	(4,926)	(398)	16,972
Financial result	–	–	–	–	44	44
EBT	–	–	21,700	(4,926)	(354)	16,420
Income tax	–	–	–	–	(4,927)	(4,927)
Net Profit/loss	–	–	21,700	(4,926)	(5,281)	11,493

Statutory / Normalised Revenue & EBIT in €k

Revenue		H1 2018	H1 2017	Variance
	Statutory	72,973	62,351	10,622
	Normalised	77,825	71,501	6,324
	Variance	(4,852)	(9,150)	

EBIT		H1 2018	H1 2017	Variance
	Statutory	16,376	7,899	8,477
	Normalised	21,302	17,658	(3,644)
	Variance	(4,926)	(9,759)	

Lottery Betting KPI's

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

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

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

Financial Calendar 2018

Publication of Annual Report 2017	22 March 2018
Publication of Q1 Report	4 May 2018
Annual General Meeting	1 June 2018
General Meeting	27 July 2018
Publication of Q2 Report	2 August 2018
Publication of Q3 Report	1 November 2018



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