

Press releaseFiscal year 2012**Tipp24 SE: foundation laid in FY 2012 for expansion of international business**

- **Revenue and EBIT 2012 largely on target**
- **Best result in company's history**
- **Relocation of company's registered office to UK**

(Hamburg, 28 March 2013) Tipp24 SE largely reached its targets in fiscal year 2012. Generated mostly abroad, consolidated revenue grew by 2.5% to EUR 142.7 (prior year: 139.3) million. Earnings before interest and taxes (EBIT) improved by 8.8% to EUR 56.5 (51.9) million, thus raising the EBIT margin by 2.3 %-points to 39.6% (37.3). Earnings per share rose to EUR 4.99 (4.80). At year-end, there were liquid funds of around EUR 132 (129) million.

Revenue and earnings influenced by special items

The spin-off of former subsidiary Lotto24 AG had a strong impact on the company's financial figures: the disclosure of hidden reserves resulting from the possibility to broker lotteries online in Germany raised EBIT by EUR 18.2 million, after netting with related consultancy expenses and deconsolidation effects.

Comparability with the previous year was affected by two other relevant special items: total payouts for secondary lotteries were EUR 14.1 million below the expected payout value in 2012, with a positive impact on revenues of the same amount and on EBIT of EUR 6.2 million. In 2011, the settlement of an insurance claim had a positive impact on EBIT.

Adjusted for chance effects, consolidated revenues of EUR 128.6 million were slightly below the adjusted prior-year figure of EUR 131.1 million, while EBIT adjusted for chance effects and other special items amounted to EUR 32.2 million, compared with EUR 38.9 million in the previous year. A major reason for the difference in revenues was the comparatively low number of jackpot draws for the core product "Lotto 6/49" in 2012. In addition to this revenue effect, EBIT was burdened by an adverse product mix, costs for the expansion of new businesses and extraordinary consultancy costs in connection with hedging transactions.

Successful spin-off of German business

On 1 July 2012, the new State Treaty on Games of Chance came into effect throughout virtually the whole of Germany – it failed however to resolve the legal problems of the previous regulations. After years of legal wrangling about the resumption of online lottery brokerage in Germany, Tipp24 decided to spin off its original core business – despite its proven success in court. The Annual General Meeting of Tipp24 SE on 22 June 2012 approved the spin-off of German activities and the formation of an independent, listed company, thus enabling Lotto24 AG to launch activities in Germany without the burden of legal disputes involving Tipp24 SE. Tipp24 no longer holds any shares in this former subsidiary, which has been listed in the Prime Standard segment of the Frankfurt Stock Exchange since 3 July 2012.

Dr Hans Cornehl, CEO, states: “Our decision to spin off German operations fulfilled all our expectations. Lotto24 has been granted all necessary permits for the brokering, online marketing and advertising of lotteries on TV and the Internet. The decision was also viewed as a value-enhancing move by the capital markets. Tipp24 has since been concentrating on its international business.”

Internationalisation – investment in Geonomics, acquisition of own licences and expansion of business division providing Internet services to lottery companies

In its fiscal year 2012, Tipp24 laid the foundation for the expansion of its international business. The company took a major strategic step in December 2012 with the acquisition of a 25.7% stake in the UK-based company Geonomics Global Games Limited (formerly Roboreus Limited). Via its UK subsidiary GeoSweep Limited, Geonomics operates the geo-based lottery game GeoSweep (www.geosweep.com). In this online lottery game, players purchase squares (“Geos”) on an online map. Operating under a UK Gambling Commission licence, the product currently covers the entire geographical area of Great Britain. However, GeoSweep also acts as a service provider for the Canadian provincial lottery organisation ALC. It is planned to expand the cooperation with state lottery companies in the near future. Particular focus will be placed on the North American market.

As Dr Hans Cornehl explains: “GeoSweep is one of the most outstanding lottery innovations of the past ten years. We regard this investment as a keystone for the implementation of our central growth strategy offering tremendous synergy potential – both for the marketing of Internet services to lottery companies and for the establishment of our own portfolio of licences. We see clear signs of deregulation above all in North America. We therefore aim to quickly tap this online lottery market as a partner of the state lottery companies.” Tipp24 boasts over twelve years of relevant technology and marketing expertise which it can bring to these markets. In the medium to long term, Tipp24 also wants to bid for further licences to run its own lotteries.

The planned relocation of the company’s registered office to London announced on 20 March 2013 is a consequence of the strategic realignment of Tipp24 SE. At the planned Annual General Meeting in June 2013, the company’s Executive Board and Supervisory Board will propose a vote on the relocation to shareholders of Tipp24 SE. Tipp24 SE intends to maintain its legal form as an SE after the relocation and retain its listing in the Prime Standard segment of the Frankfurt Stock Exchange.

Outlook – further positive prospects

After consideration of price increases, Tipp24 SE expects to achieve revenues of EUR 130 to 140 million and EBIT of EUR 20 to 30 million in its fiscal year 2013. This forecast takes account of costs for further necessary adjustments to hedging structures in its secondary lottery business and additional, mostly non-recurring, costs for the preparation of new business fields totalling EUR 15 million. The stated ranges for revenues and EBIT also take account of statistical fluctuations in payouts for the secondary lottery business.

Tipp24 anticipates similarly high costs in fiscal year 2014 as in 2013. At the same time, the company expects its new business fields to make their first significant contribution to revenues.

About Tipp24 SE: Tipp24 SE was founded in September 1999 and holds equity interests in a number of companies in Spain and the UK, which enable participation in lottery-based games via the Internet, especially via the websites www.ventura24.es, www.mylotto24.co.uk, www.tipp24.com and www.geosweep.com. From its foundation to the end of 2008, Tipp24 SE brokered tickets worth over 1.5 billion euros to the state lottery companies – in the latter years over 330 million euros annually. Following its successful IPO in 2005 (Prime Standard), the company was admitted to the SDAX index in June 2009. In July 2012, German online brokerage activities were successfully spun off from Tipp24 SE in the form of the listed company Lotto24 AG. With the acquisition of a stake in the UK-based company Geonomics Games Limited in December 2012, Tipp24 SE laid the foundation for the expansion of its international business.

Fiscal year		2012	2011
Revenue	€ thsd.	142,731	139,316
EBIT	€ thsd.	56,464	51,905
Consolidated net profit	€ thsd.	40,891	36,339

(Possible rounding differences due to presentation in EUR thousand)

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