

## Press release

Fiscal year 2009

### **Tipp24: Successful realignment of business fields**

- **Focus on non-German business**
- **Basis for business largely removed in Germany**

(Hamburg, 31 March 2010) In its fiscal year 2009, Tipp24 increased revenues by 95.4% to EUR 89,551 (prior year: 45,838) thousand. Consolidated earnings before interest and taxes (EBIT) grew to EUR 23,052 (8,897) thousand.

There was strong growth in revenues generated outside Germany to EUR 88,537 (5,856) thousand and a corresponding rise in EBIT of the Abroad segment to EUR 32,708 (-2,079) thousand.

As a result of the virtually complete withdrawal of its business base in Germany following the introduction of the State Treaty on Gaming (GlüStV), revenues of Tipp24's Germany segment fell by 91.9% to EUR 3,256 (39,983) thousand. Consequently, the EBIT result of the Germany segment fell to EUR -11,344 (10,976) thousand. The new legislation in Germany completely bans the online brokering and advertising of the state-run lottery (Lotto). Non-recurring restructuring costs and start-up losses in the Skill-Based Games division placed a further burden on earnings.

Earnings after taxes according to German Commercial Law (HGB) of Tipp24 SE (net profit) amounted to EUR 22 thousand in fiscal year 2009. The net profit could only be achieved due to a non-recurring effect from the restructuring of business. The company must bear considerable running costs – mainly for administration and legal advice – but has very few revenue streams itself from its own activities. The profits of associated companies in the Abroad segment, however, are currently being carried forward and not distributed to Tipp24 SE. As the balance sheet profit of Tipp24 SE was zero, no dividend will be paid for fiscal year 2009.

### **Realignment of business fields – focus on non-German business**

Following the introduction of the second stage of the GlüStV on 1 January 2009 and the resulting withdrawal of the company's previous business model in Germany, Tipp24 SE restructured its business fields as of 1 January 2009: the majority of activities in connection with the brokerage or offer of lottery products were terminated and numerous no longer required assets transferred to MyLotto24 Ltd. and its subsidiaries, which has been active in the UK since 2007.

On 30 April 2009, Tipp24 SE transferred control over its UK subsidiaries in accordance with company law. The move reflects the autonomy and individual responsibility of these companies. Specifically, 60% of the voting shares in both MyLotto24 Ltd. and Tipp24Services Ltd. were sold to a Swiss foundation set up by Tipp24 SE. The inclusion of this affiliated company and its respective subsidiaries in the consolidated financial statements is based on an economic view of their situation, whereby the significant opportunities and risks are borne by Tipp24 SE.

### **Legal situation in Germany still unresolved**

Tipp24 SE expects that the German legislation which controversially forbids its operations will be adapted again to the requirements of higher-ranking European legislation in the medium term.

Various injunctions and verdicts of German courts, concerning both Tipp24 and other market participants, mean that the legal situation remained extremely unclear in 2009. Numerous proceedings have been suspended until a settlement has been reached at European level. The government of the federal state of Schleswig-Holstein gave the GlüStV its first publicly stated rejection from a leading political body by announcing their intention to overturn it at the next possible opportunity.

Dr. Hans Cornehl, sole Executive Board member of Tipp24 SE: ““The State Treaty on Gaming has failed to achieve its objectives. There is neither legal certainty, nor have fiscal revenues been secured. There are only losers: the state lottery organizers, the commercial brokers, the advertising industry, consumers whose freedom of choice has been restricted, and the German federal states themselves. In the period up to late 2008, Tipp24 alone had brokered over EUR 1.5 billion of stakes for the state-run lottery companies and thus contributed EUR 600 million in taxes and duties. These funds are now no longer available to support sports, the arts and welfare institutions”. After the legal situation has been settled in its favour, Tipp24 SE intends to resume its previous activities as a private broker of state lotteries in Germany as swiftly as possible.

### **Outlook**

In view of the earnings and experience gained in its Abroad segment in 2009, Tipp24 expects consolidated revenues to increase to at least EUR 100 million and EBIT to reach at least EUR 40 million in 2010. Statistically unusually high or frequent payments of large winnings, however, would also dampen these expectations.

Should the current legal and economic conditions remain stable beyond 2010, our forecast for 2010 would apply in the same way for 2011. Against the backdrop of an extremely unstable regulatory environment at present, however, this is subject to considerable uncertainties.

**Comparison FY 2009 / 2008**

<b>Fiscal year Q.I-IV</b>		<b>2009</b>	<b>2008</b>
Revenues	€ thsd.	89,551	45,838
- Germany	€ thsd.	3,256	39,983
- Abroad	€ thsd.	88,537	5,856
EBIT	€ thsd.	23,052	8,897
- Germany	€ thsd.	-11,344	10,976
- Abroad	€ thsd.	32,708	-2,079
Net profit	€ thsd.	17,482	6,606

About Tipp24 SE: Tipp24 SE was founded in September 1999 and holds equity interests in a number of companies in Spain, Italy and the UK, which enable participation in lottery-based games via the Internet, especially via the websites [www.ventura24.es](http://www.ventura24.es), [www.giochi24.it](http://www.giochi24.it), [www.mylotto24.co.uk](http://www.mylotto24.co.uk) and [www.tipp24.com](http://www.tipp24.com). In Germany, the subsidiary Tipp24 Entertainment GmbH operates the games platform [www.tipp24games.de](http://www.tipp24games.de). From its foundation to the end of 2008, Tipp24 SE has brokered tickets worth over 1.5 billion euros to the state lottery companies – in recent years over 330 million euros annually. Shares in Tipp24 SE have been traded in the Prime Standard segment of the Frankfurt Stock Exchange since 2005. In June 2009, the company was admitted to the SDAX index.

**Press contact:**

Tipp24 SE  
 Andrea Fratini  
 Head of Media and Public Relations  
 Tel.: +49 40 32 55 33-660  
 E-mail: [presse@tipp24.de](mailto:presse@tipp24.de)  
 Internet: [www.tipp24-se.de/presse/](http://www.tipp24-se.de/presse/)