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# 31 December 2012 Half-Year Report

- TTV UP 23% TO $59 MILLION DRIVEN BY STRONG JACKPOTS AND GROWING CUSTOMER DATABASE (1.52 MILLION AT 31 DECEMBER 2012)
- REVENUE UP 14% TO $13.4 MILLION
- EBITDA $4.3 MILLION AND NPAT $2.5 MILLION AFTER REVISED TREATMENT OF CUSTOMER ACQUISITION COSTS
- ON A LIKE-FOR-LIKE BASIS, EBITDA UP 10% TO $5.7 MILLION AND NPAT $3.3 MILLION AFTER $1.0 MILLION EXPANSION EXPENSES WHICH RESULTED IN USA JV AND MEXICO AGREEMENTS
- STRONG CASH POSITION OF $16.0 MILLION AS AT 31 DECMEBER 2012 AFTER SPENDING $2.8 MILLION ON OVERSEAS INVESTMENTS (TOTAL CASH $23.1 MILLION LESS CUSTOMER FUNDS $7.1 MILLION)

Leading interactive lottery business, Jumbo Interactive (ASX: JIN), is pleased to announce that half year Total Transaction Value (TTV) of ticket sales is up 23% to $59.3 and Revenue is up 14% to $13.4 million driven by strong jackpots and a growing customer database.

"It has been a busy six months for Jumbo with two new offshore agreements signed as well as delivering good growth in our domestic business. The global trend in the move to Internet lotteries continues to gather pace", said Mr Mike Veverka, CEO of Jumbo Interactive Limited.

"The second half has continued where the first half left off with significant opportunities available to Jumbo", he said.

## Financial Performance

During the period, Jumbo spent $1.0 million on international expansion activities that resulted in the signing of a landmark agreement in Mexico and a JV in USA. In addition, Jumbo also spent $1.4 million on customer acquisition costs that resulted in 140,000 new customers bringing the total to 1.52 million customers.

Previously, Jumbo capitalised these customer acquisition costs and amortised them over an 18 month period. From 1 July 2012, Jumbo expenses these costs as they are incurred. This revision does not affect Jumbo's Net Cash Flows and will reduce the variance between reported Net Profit After Tax and Operating Cash Flows.

Below is a summary of the financial results, including the revised treatment of customer acquisition costs within the current policy:

| | HY Dec 2012 | HY Dec 2011 | YOY Dec Change |
|---|---|---|---|
| $ Million | $ | $ | % |
| TTV | 59.2 | 48.1 | 23.1 |
| Revenue | 13.4 | 11.8 | 13.6 |
| EBITDA | | | |
| Previous treatment | 5.7 | 5.2 | 9.6 |
| Changed treatment | 4.3 | | |
| Profit After Tax | | | |
| Previous treatment | 3.3 | 3.5 | (5.7) |
| Changed treatment | 2.5 | | |
| Profit After Tax – continuing operations | | | |
| Previous Policy | 3.3 | 3.3 | 0 |
| Changed Policy | 2.5 | | |

## International Expansion

As noted previously Jumbo continues to focus on securing offshore expansion opportunities.

During the six months to 31 December Jumbo announced the following international agreements:

1. November 30, 2012. Expands in Latin America through landmark deal in Mexico.
2. November 29, 2012. Expands in USA through Joint Venture.
3. September 7, 2012. 5 new lottery products released at the World Lottery Summit in Montréal.

To support these expansion efforts Jumbo has progressively increased its international expansion expenditure as shown below.

| | HY Dec 2012 | HY Dec 2011 | YOY Dec Change |
|---|---|---|---|
| $ Million | $ | $ | % |
| International expansion expenses | 1.0 | 0.1 | 900 |

These expenses relate to general marketing costs to find target jurisdictions as well as establishment costs in jurisdictions that have been signed. To date, Jumbo has been successful in expanding into Mexico and has plans to enter more international markets over the next 12 months.

All these expenses have been fully recognised in Jumbo's profit and loss and funded from operating cash flows with significant payback opportunities as demonstrated by the recent agreements in the USA and Latin America.

## Dividend

An interim fully franked ordinary dividend of 1.5 (one and a half) cents per share has been declared. The Record date is set for 15 March 2013 and the Payment date is set for 28 March 2013.

This is an increase to 26% in the board policy of paying fully franked dividends equal to 20% of NPAT. This is in recognition that the change in the treatment of customer acquisition costs noted above does not affect Jumbo's operating cash flow.

The Board has determined that based on current trading conditions it intends to maintain dividend payments for the FY 2013 at least at the current level of the 2012 financial year (3.0c).

## About Jumbo Interactive

Jumbo's FY 2012 results included a 32% increase in Total Transactional Value to A$100 million, 33% increase in Revenue to A$24 million and a 39% increase in Net Profit After Tax to A$6.7 million. A 2.0c final dividend was declared bringing the total for the full year to 3.0c.

In 2000, the Company sold its first lottery ticket on the Internet and since then has developed www.ozlotteries.com into a popular place for lotteries to be played.
Jumbo has proven its ability to open up new lottery markets with its innovative technology and Internet marketing initiatives that have brought lotteries to new demographics via the Internet.

Jumbo has recently expanded from the A$4 billion Australian lottery market into the A$64 billion North American and Latin American lottery markets, increasing the population base from 22 million to 400 million people.

Jumbo employs over 90 staff, has its headquarters in Brisbane and plays an important role in the Australian lottery industry with over A$22 million in additional State Government revenue raised from sales in 2012, A$17 million in 2011 and A$15 million in 2010.

For further information:

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