

ASX RELEASE – Tuesday, 5 March 2013

## **JUMBO EXPANDS INTO GERMANY WITH LICENSE IN SCHLESWIG HOLSTEIN**

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- Receives indefinite license from the Ministry of Interior of Schleswig Holstein to sell official Germany lotteries via the web and mobile in that state.
- Signs indefinite contract with NordwestLotto, the official lottery operator in Schleswig Holstein, to sell official German lotteries via the web and mobile.
- The Internet lottery market size in Germany is expected to grow to A\$2.0 billion over 5 years.
- Process underway to obtain a nationwide license and contracts in all other states to cover the full German population.
- Jumbo office opens in Munich.

Leading interactive lottery business, Jumbo Interactive Limited (ASX: JIN) (“Jumbo or “the Company”), is pleased to announce another major step forward in its plans to expand into high-growth international lotteries, with the signing of an indefinite license and contract in Schleswig Holstein to sell official German lotto games via web and mobile within that state.

Furthermore, plans are underway to acquire similar contracts in other German states to cover the full German population.

“With a prosperous population of over 80 million people and 65 million on the Internet, there is enormous potential for growth in the Internet lottery market in Germany”, said Mr Mike Veverka, CEO of Jumbo Interactive Limited.

“Based on trends in neighbouring countries, the German Internet lottery market is expected to reach A\$2.0 billion in 5 years”, he said.

The current total market size for German lotteries is A\$10.3 billion and neighbouring countries such as Austria and Finland have already reached 20% to 30% Internet lottery sales.

Laws in Germany have recently changed to permit the sale of lotteries via Interactive channels on a non-exclusive basis. Strict requirements are imposed on applicants to ensure high lottery standards are upheld.

In Australia, laws changed in 2000 to permit interactive lotteries prompting Jumbo to enter the market early. Since then, Jumbo has grown rapidly to reach A\$100 million in lottery sales last financial year representing 2.5% of overall sales. The German market is expected to grow at a much faster rate because of the relative maturity of the Internet.

“Jumbo’s 13 years’ experience and reputation in growing Internet lotteries in Australia and industry-leading software platform places us in pole position as the Germany Internet lottery market opens up”, said Mr Veverka.

Jumbo has opened an office in Munich where it is managing the process of acquiring a nationwide license and state contracts as well as preparing its software platform for sales later this year. A fully owned subsidiary, Jumbo Interactive GmbH i. Gr. has been established for operational and contractual purposes. The parent Company, Jumbo Interactive Limited, is listed on the

German Frankfurt, Berlin and Stuttgart exchanges (Symbol: JUB) as well as the ASX.

### **International Expansion Strategy**

Jumbo is progressing through an international expansion strategy to complement its Australian interactive lottery business. In addition to the expansion into Germany, Jumbo has recently announced expansion into the Mexican and US interactive lottery industries via the following announcements.

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.

Jumbo adapts its proprietary software platform for local conditions and uses its marketing experience to build up a customer database of loyal repeat customers. Multiple language capabilities have been built into the software platform and marketing is adapted for local cultural conditions. The Company earns a retailers commission on the sale of tickets using unique offerings as a competitive advantage.

### **About Jumbo Interactive**

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

For the half year to December 2012, Jumbo announced a 23% increase in TTV to \$59 million and a 14% increase in Revenue to \$13.4. On a like-for-like basis (adjusting for a change in the treatment of customer acquisition costs and international expansion expenses), Net Profit After Tax increased 18% from \$3.4 million to \$4.0 million. A 1.5c interim dividend was also declared.

In 2000, the Company sold its first lottery ticket on the Internet and since then has developed [www.ozlotteries.com](http://www.ozlotteries.com) into a popular place for Australian 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.

International markets are key targets for the Company, in particular the A\$70 billion North and South American and A\$110 billion European lottery markets.

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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