

The logo for ZEAL, consisting of the word "ZEAL" in a bold, white, sans-serif font, positioned on a dark blue horizontal bar that tapers from the left side of the slide.

ZEAL Network SE

Investor Call
Quarterly Report as of 31/03/16

London, 13 May 2016

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Highlights Q1 2016

Strong start to 2016

- ‘Normalised’¹ Revenue increased by 11% to €35.6m (2015: €32.1m)
- ‘Normalised’ EBIT increased by 7% to €12.2m (2015: €11.5m)

Statutory Numbers

€m	Q1 2016	Q1 2015	Change %
Total Operating Performance (TOP)	38.6	36.1	7
EBIT	14.2	14.1	1

- Total operating performance:
 - Successfully re-activating dormant accounts, acquiring new users and expanding the product portfolio
- EBIT of €14.2m, increased compared to prior year (€14.1m) despite
 - impact of non-recurring charge of €1.3m attributable to the acquisition of Geonomics and GeoLotto (‘Geo’) investments and;
 - adverse movements (versus last year) in exchange rate differences of €1.8m

¹ ‘Normalised’ revenue is defined as statutory revenue adjusted for statistical fluctuation differences

Business Unit Update

B2C:

- First quarter confirmed growth opportunities
 - Rulings of the European Courts enhance marketing capabilities
 - Instant Win Games attract new target groups

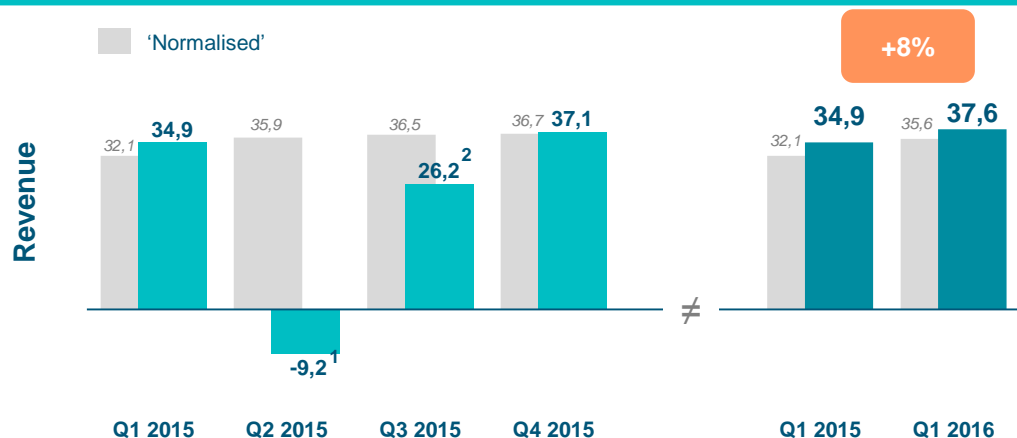


B2B/B2G:

- License application process with UNICEF Norway underway
- Further headway in the development of charity lottery partnerships
- Ventura and ONCE run profitable in Q1 2016

Development of Revenue and Earnings (1/2)

in million €

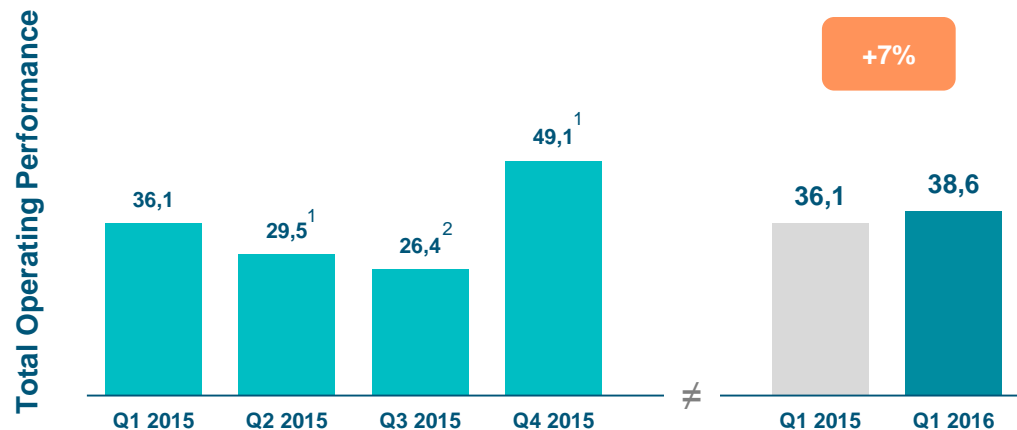


1) Negatively impacted by one high prize pay-out of €47.9m

2) Negatively impacted by one high prize pay-out of €15.0m

Comments

- 'Normalised' Revenue increased by 11% due to successful rollout of instant win games, re-activating of dormant accounts and acquiring of new users
- Statutory Revenue increased by 8%



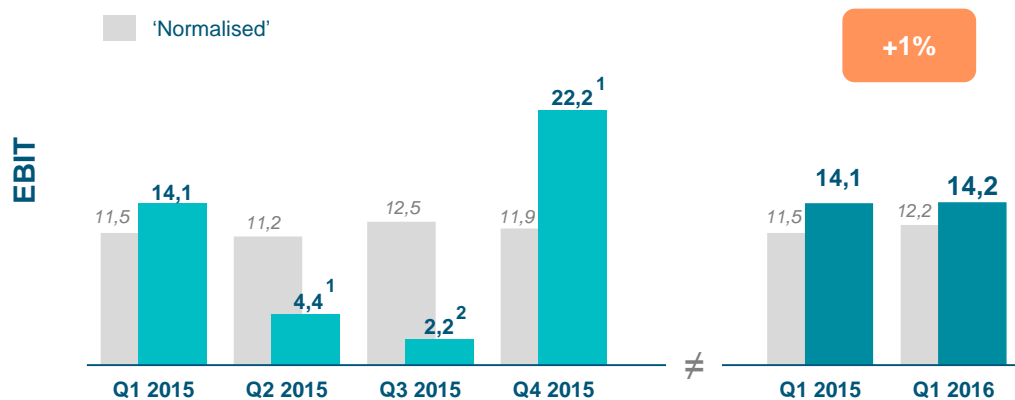
1) Impacted by Spanish lottery tax of €9.6m

2) Negatively impacted by one high prize pay-out of €15.0m

- Total Operating Performance increased by 7% compared to previous year
- So far, no high jackpot payouts have been recorded in 2016

Development of Revenue and Earnings (2/2)

in million €

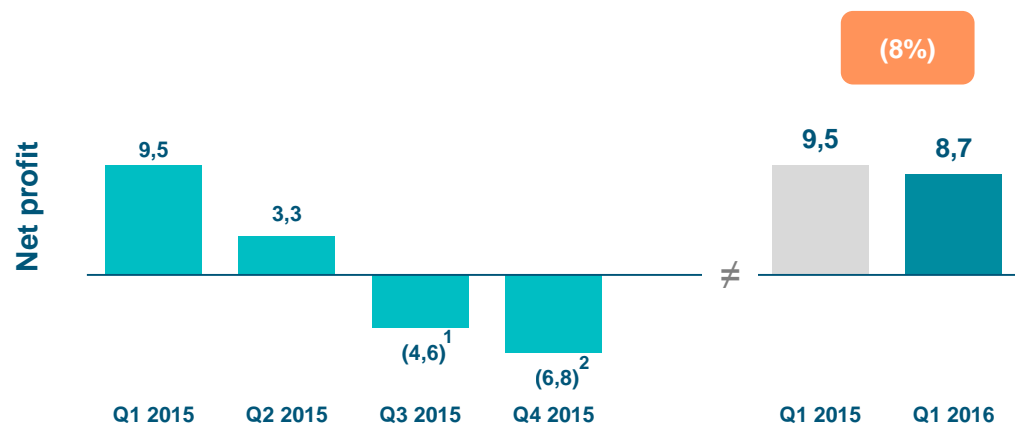


¹) Impacted by Spanish lottery tax of €9.6m

²) Negatively impacted by high prize pay-out of €15.0m

Comments

- 'Normalised' EBIT increased in Q1 2016 by 7% from €11.5m to €12.2m
- EBIT increased by 1% from €14.1m to €14.2m despite negative impacts
 - of non-recurring charge of €1.3m (Geo investments)
 - of adverse movements in exchange rate differences of €1.8m
- Less Marketing costs of €0.3m
- Less depreciation of €0.9m

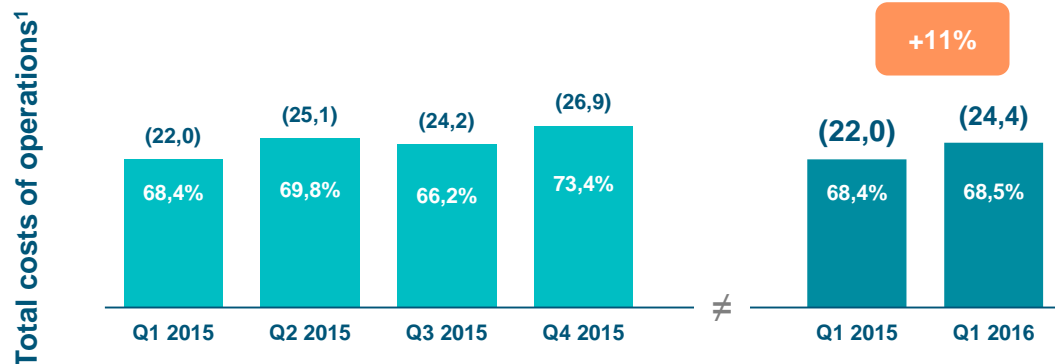


¹) Negatively impacted by high prize pay-out of €15.0m

²) Negatively impacted by non-cash charge for the Geo investments

- Net profit €0.8m down versus last year due to:
 - Impact of non-recurring charge attributable to the acquisition of Geo and charge related to the impairment of Geo of €2.9
 - Negative forex movements versus last year of €1.8m
- Earnings per share (EPS) of €1.04 (2015: €1.13)

Development of Expenses (1/2)



Comments

Personnel cost:

- Broadly in line with previous year with minor increase due to more headcount and inflation based salary increases

Other Operating Expenses:

- Higher hedging costs of €0.6m
- Decrease in consulting costs of €0.7m

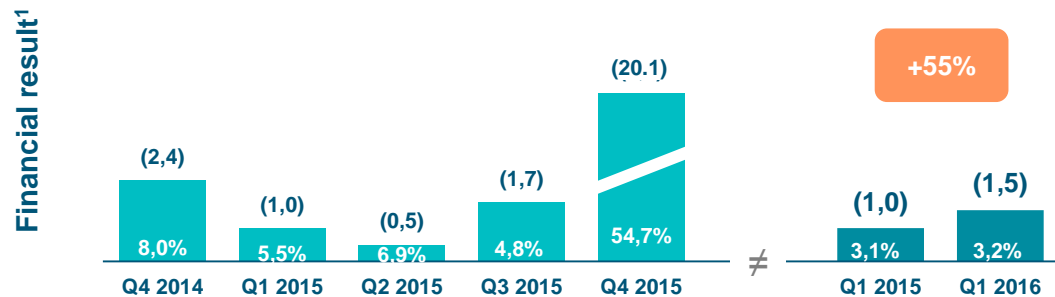
Other:

- Negative forex movements versus last year of €1.8m
- Non-recurring charge of €1.3m (Geo investments)
- Depreciation decreased by €0.9m
- Marketing expenses of €1.5m is €0.3m less as previous year and is expected to ramp-up in the coming quarters

¹ Percentage of 'normalised' Revenue

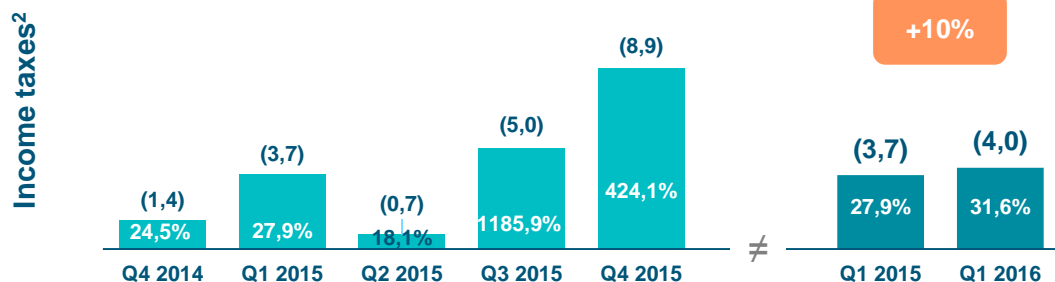
Development of Expenses (2/2)

in million €



Comments

- Q1 2016 charge relates primarily to the impairment of draw-downs on the convertible loan facility extended to Geonomics (€1.6m)
- Q1 2015 charge related to loss pickups from Geo (€1.0m)
- No loss pickups in 2016 as investments were fully impaired at 31 December 2015



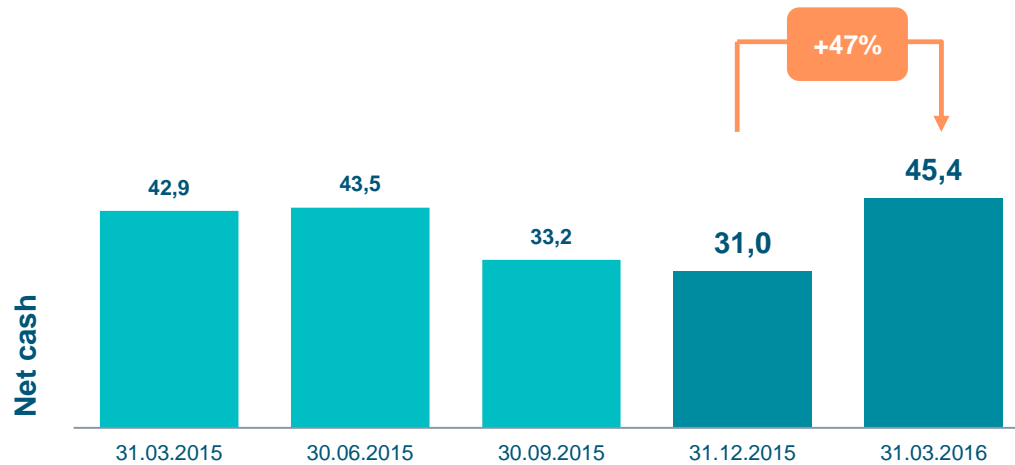
- Q1 2016 consolidated tax rate was 32% (Q1 2015: 28%)
- Period on period increase was driven by a mix of comparably higher profits in the B2C segment and comparable increases in costs incurred by the B2B/B2G segment
- Q1 2016 tax rate is in line with our forecasted annual tax rate of between 30% and 35%

¹ Percentage of 'normalised' Revenue

² Tax rate in %

Development of net cash

in million €

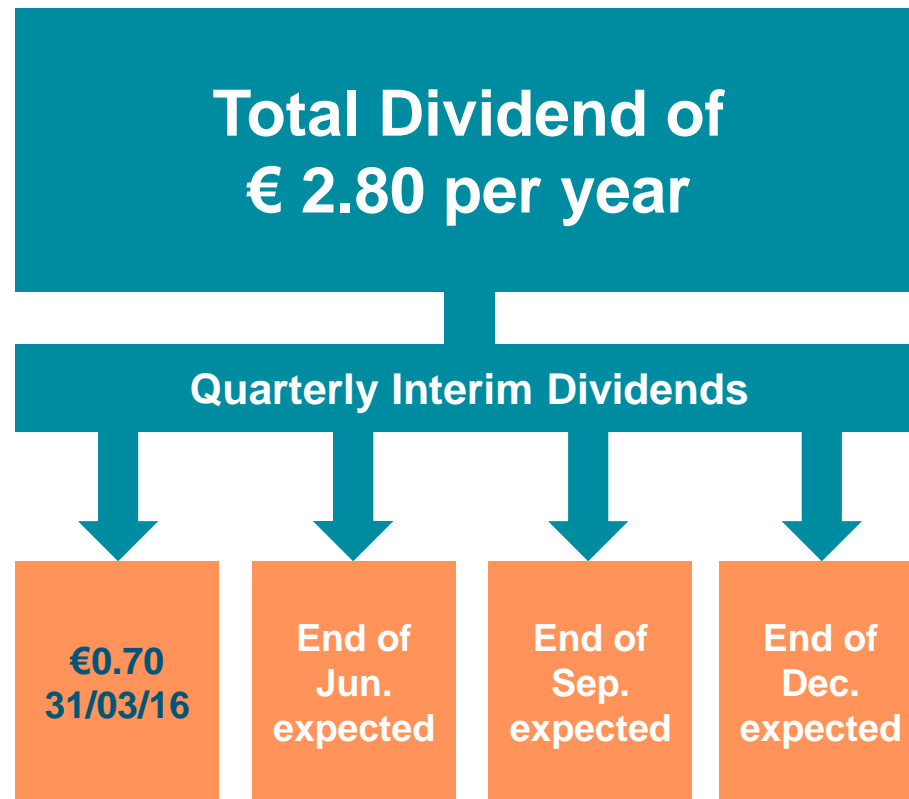


Comments

- €5.9m dividends paid in Q1 2016
- Definition of net cash:
 - Cash (without pledged cash)
 - + Short-term financial assets
 - + Other current assets and prepaid expenses
 - Trade payables
 - Other liabilities
 - Income tax liabilities
 - €50 million hedging reserve

Favourably impacted by positive working capital movements and a refund of €9.6m from the Spanish Tax Authority

Dividend Policy



Guidance 2016 unchanged

Guidance 2016	in € million
Total Operating Performance	140 - 150
EBIT	40 - 50

Financial calendar

Publication of Q1 Report	13 May 2016
Annual General Meeting	22 June 2016
Publication of Q2 Report	12 August 2016
Publication of Q3 Report	11 November 2016
Annual report 2016	30 March 2017



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Appendix

Consolidated Income Statement and Balance Sheet

in €k

Income Statement		31/03/16	31/03/15	Change in %
	Revenue		37,574	34,902
Total operating performance		38,634	36,063	7.1
Other operating expenses		(14,405)	(14,620)	(1.5)
EBITDA		15,167	15,882	(4.5)
EBIT		14,244	14,097	1.0
Earnings before taxes		12,719	13,111	(3.0)
Profit		8,695	9,459	(8.1)

Balance Sheet		31/03/16	31/03/15	Change in %
	Current assets		132,016	132,156
Non-current assets		7,431	8,198	(9.4)
ASSETS		139,447	140,354	(0.6)
Current liabilities		40,118	43,711	(8.2)
Non-current liabilities		1,579	1,474	7.1
Equity		97,750	95,169	2.7
EQUITY & LIABILITIES		139,447	140,354	(0.6)

Business unit segment reporting as of 31/03/16

in €k

	B2C	B2B/B2G	Business unit total	Reconciliation to stats	- thereof normalisation adjustments	- thereof other	Statutory
	[A]	[B]	[A]+[B]=[C]	[D]+[E]=[F]	[D]	[E]	[C]+[F]
Revenue	33,829	1,711	35,540	2,034	1,972	62	37,574
Other operating income	804	101	905	155	29	126	1,060
Total operating performance	34,633	1,812	36,445	2,189	2,001	188	38,634
EBITDA	16,445	(2,089)	14,356	811	2,001	(1,190)	15,167
Depreciation/amortisation	(749)	(174)	(923)	-	-	-	(923)
EBIT	15,696	(2,263)	13,433	811	2,001	(1,190)	14,244
Financial result	-	-	-	(1,525)	-	(1,525)	(1,525)
EBT	15,696	(2,263)	13,433	(714)	2,001	(2,715)	12,719
Income tax	-	-	-	(4,024)	-	(4,024)	(4,024)
Net Profit/loss	15,696	(2,263)	13,433	(4,738)	2,001	(6,739)	8,695

Statutory / Normalised Revenue & EBIT

in €k

Revenue		Q1 2016	Q1 2015
	Statutory	37,574	34,902
	Normalised	35,602	32,112
	Variance	1,972	2,790

EBIT		Q1 2016	Q1 2015
	Statutory	14,244	14,097
	Normalised	12,243	11,483
	Variance	2,001	2,614



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