

ZEAL Network SE

Investor Call
Quarterly Report as of 30/09/16

London, 11 November 2016

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Highlights 9M 2016

€m Statutory	9M 2016	9M 2015	Change %
Billings	204.1	195.2	+5
Total operating performance	101.2	91.9	+10
EBIT	23.3	20.7	+12

- Billings showed underlying growth of 5% from €195m to €204m
- Double-digit growth in Total Operating Performance
- Strong EBIT increase of 12%

€m Normalised ¹	9M 2016	9M 2015	Change %
Revenue	106.3	104.5	+2
EBIT	34.5	35.3	(2)

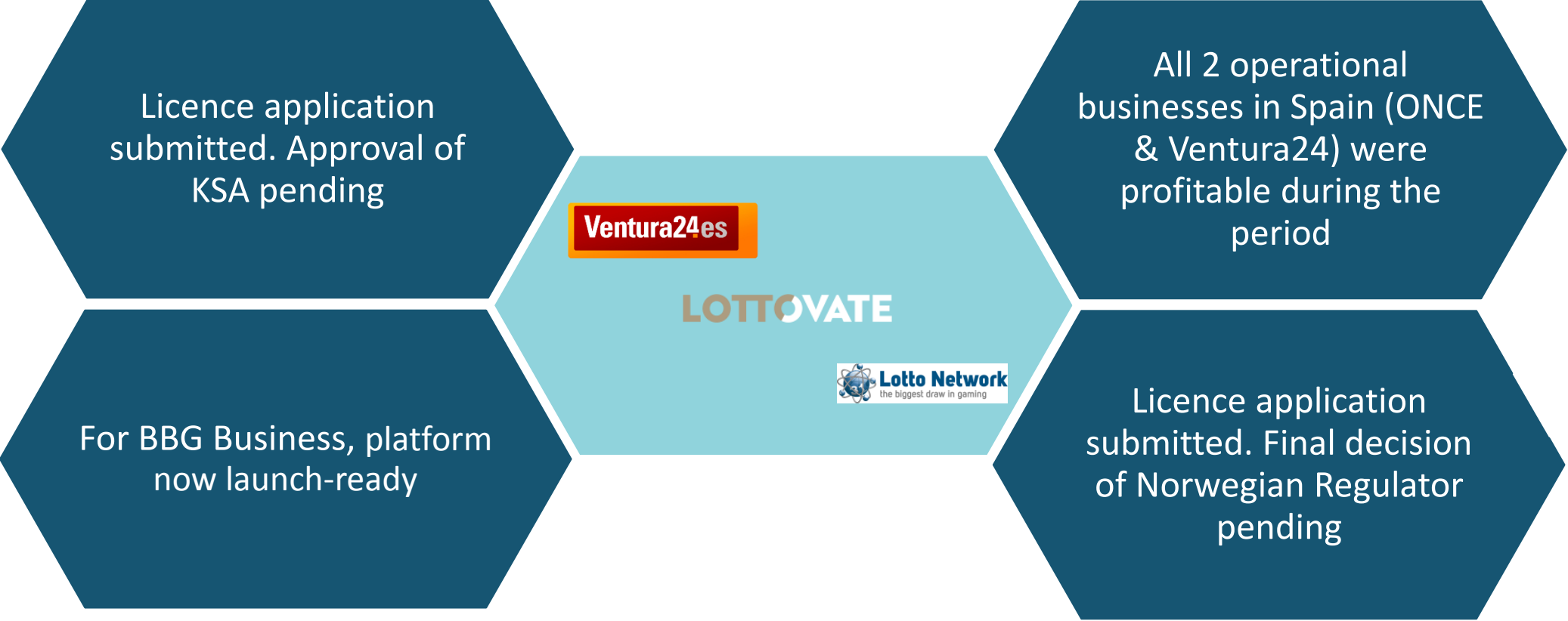
- 'Normalised'¹ Revenue increased by €1.8m to €106.3m despite the distraction from Euro 2016
- 'Normalised'¹ EBIT €34.5m decreased by €0.8m

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

Business Unit Update – B2C



Business Unit Update - BBG



Other Topics



German
VAT

Continuously monitoring the development

No change in situation and no materially new information since Annual Report 2015

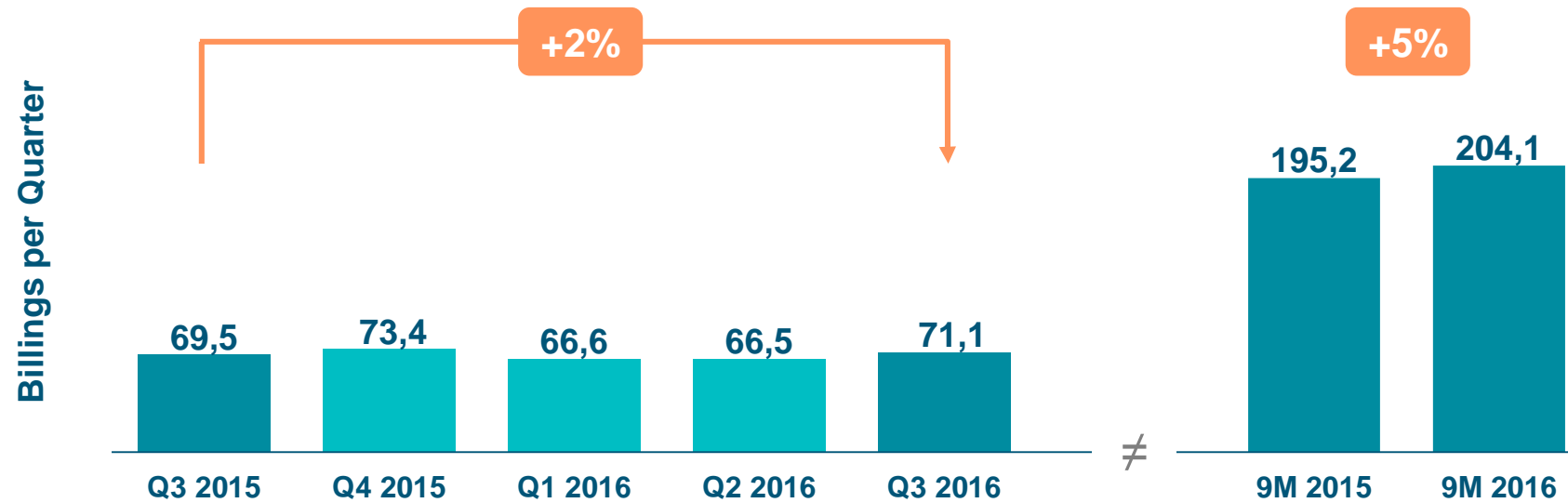
The future relationship between UK and EU remains unclear, **but** in all scenarios we expect that the impact will be minimal



Brexit

Development of Billings

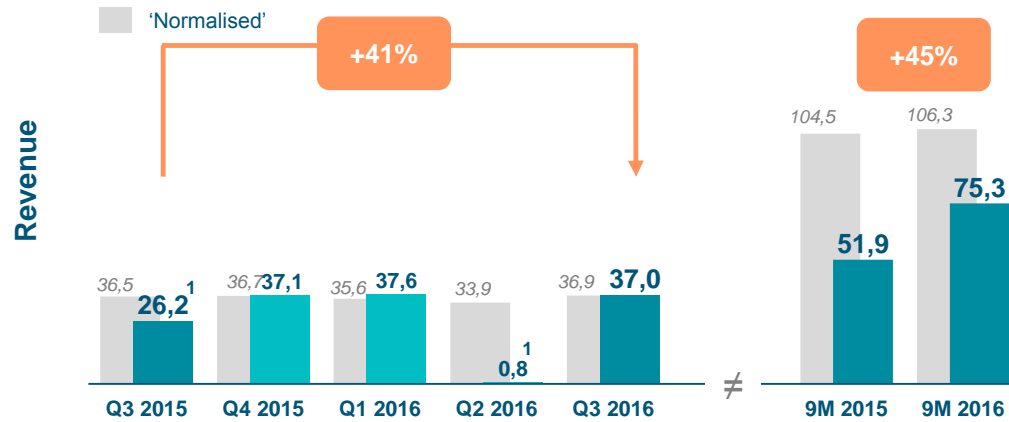
in million €



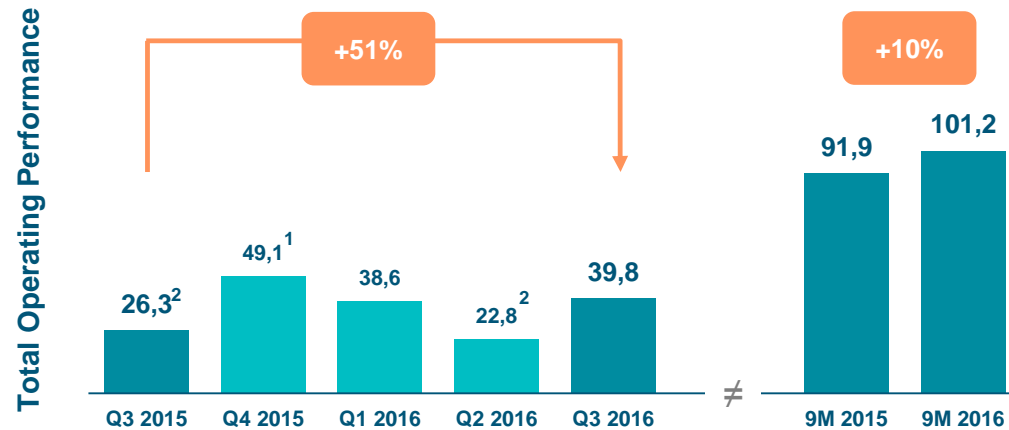
- Billings increased by 5% compared to previous year
- Healthy underlying growth in core business
 - Successful rollout of instant win games
 - Higher average levels of spend from customer base

Development of Revenue and TOP

in million €



1) Negatively impacted by high prize pay-outs



1) Impacted by Spanish lottery tax of €9.6m

2) Negatively impacted by high prize pay-outs

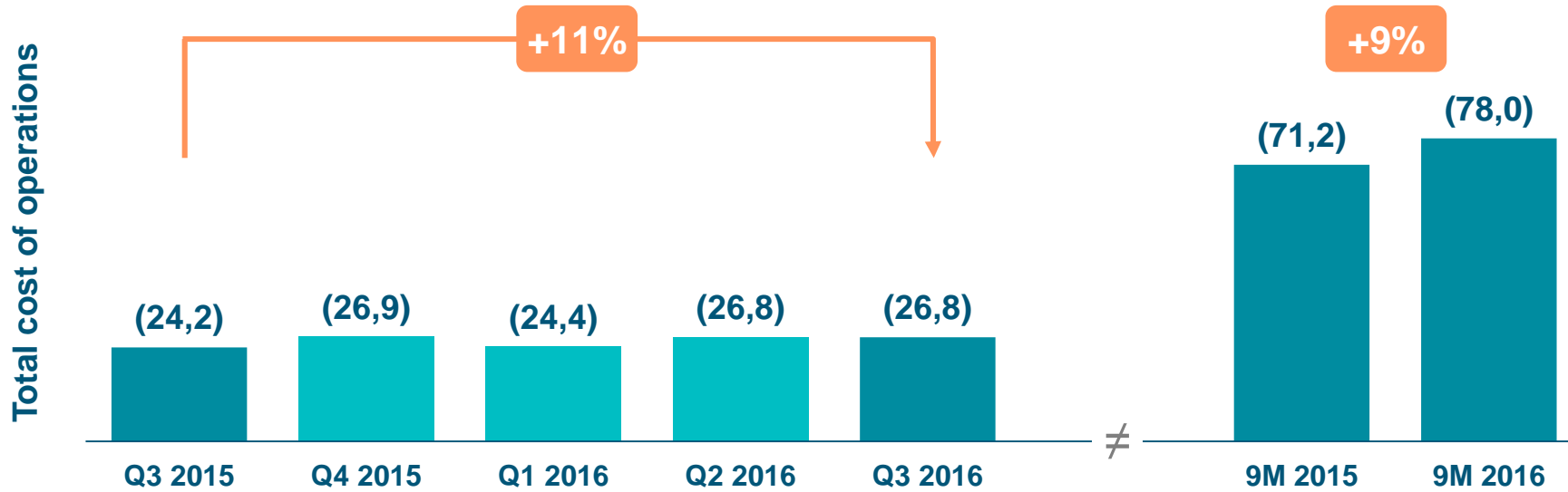
- Statutory Revenue increased by 45%
 - Impacted by higher prize pay-outs in 2015 compared to 2016
- 'Normalised' Revenue increased by 2%
- 'Normalised' Revenue in Q3 increased by 8.8% compared to Q2

- Total Operating Performance increased by 10% compared to previous year
 - Successful rollout of instant win games and higher average levels of spend from the customer base



Development of Expenses

in million €



Personnel cost:

- Modest increase of €0.8m

Other Operating Expenses:

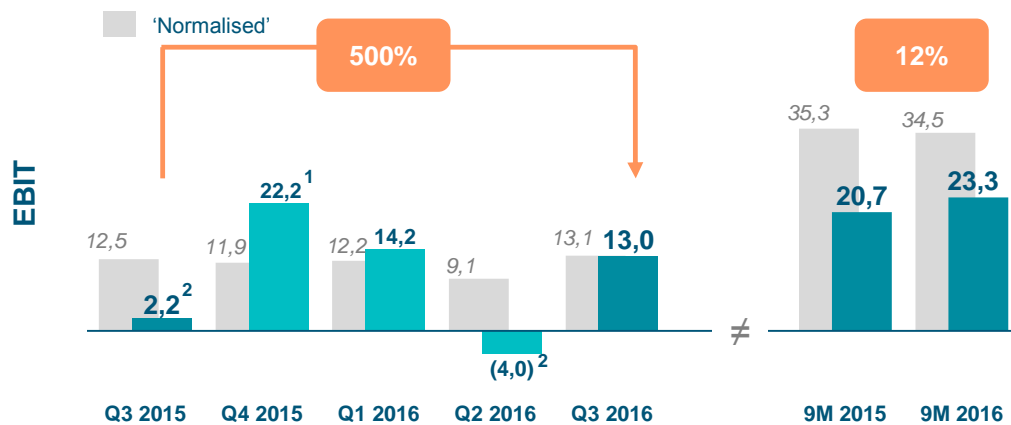
- Increase of €1.9m marketing spend
- Increase in direct costs of €5.1m
 - €2.2m irrecoverable VAT
 - €3.0m special jackpot insurances

Other:

- Negative forex movements of €2.3m on GBP
- Non-recurring charge of €1.3m (Geo investments)
- Partly offset by lower depreciation charges and other costs of operations (€4.6m)

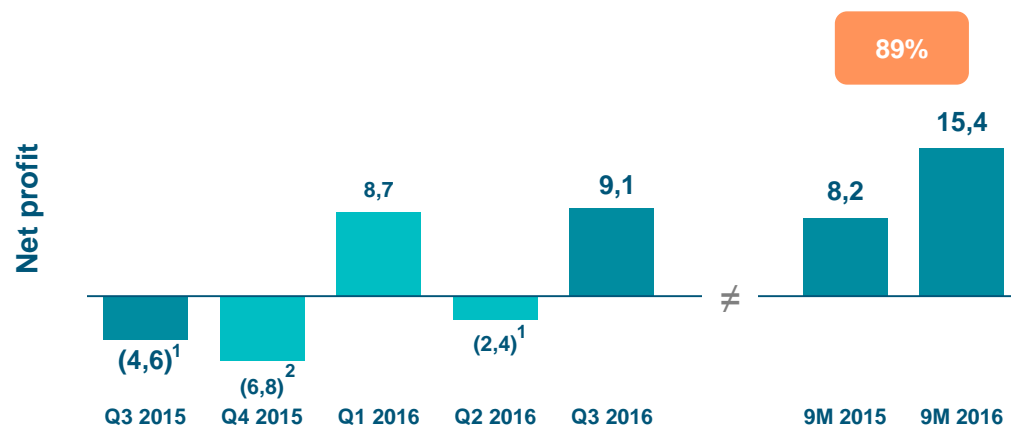
Development of EBIT and Net Profit

in million €



1) Impacted by Spanish lottery tax of €9.6m
 2) Negatively impacted by high prize pay-outs

- Statutory EBIT increased by 12% to €23.3m
- 'Normalised' EBIT decreased by €0.8m due to higher cost base explained previously

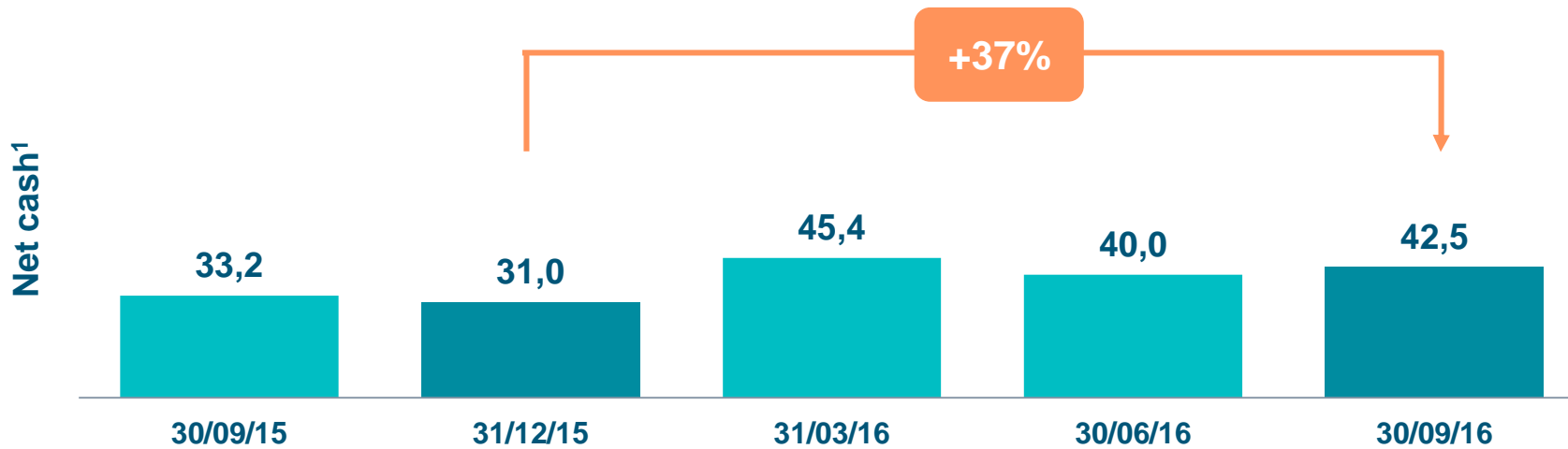


1) Negatively impacted by high prize pay-outs
 2) Negatively impacted by non-cash charge for the Geo investments

- Net profit increased by 89% compared to previous year due to stronger EBIT
- Consolidated tax rate of 30% (2015: 53%)
- Earnings per share (EPS) of €1.84 (2015: €0.97)

Development of Net Cash

in million €

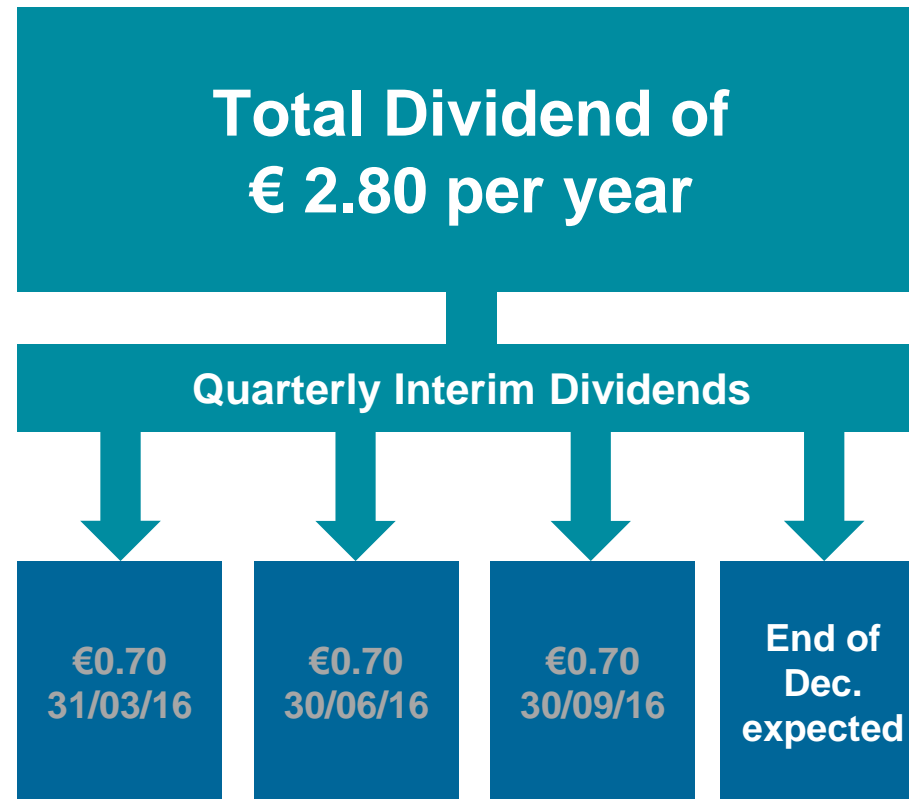


Net Cash after retention was impacted in the first 9 months by:

- €18m dividend payments in 9M 2016
- €17m from high payout in the 2nd Quarter
- Refund of €10m from the Spanish Tax Authority in 1st Quarter

¹ Definition of net cash: Cash (less pledged cash) + Short-term financial assets + Other current assets and prepaid expenses, less Trade payables, Other liabilities, Income tax liabilities and a €50m hedging reserve

Dividend Policy



Guidance 2016

Guidance 2016	
Total Operating Performance	€ 125 - 135m
EBIT	€ 25 - 35m
Dividend	€ 2.80 per share



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Appendix

Consolidated Income Statement and Balance Sheet

in €k

Income Statement		30/09/16	30/09/15	Change in %
	Revenue		75,338	51,869
Total operating performance		101,248	91,891	+10.2
Other operating expenses		(53,557)	(47,701)	+12.3
EBITDA		25,046	26,022	(3.8)
EBIT		23,255	20,686	+12.4
Earnings before taxes		22,056	17,502	+26.0
Profit		15,439	8,161	+89.2

Balance Sheet		30/09/16	31/12/15	Change in %
	Current assets		128,168	132,156
Non-current assets		6,999	8,198	(14.6)
ASSETS		135,167	140,354	(3.7)
Current liabilities		39,355	43,711	(10.0)
Non-current liabilities		2,243	1,474	+52.2
Equity		93,569	95,169	(1.7)
EQUITY & LIABILITIES		135,167	140,354	(3.7)

Business Unit Segment Reporting as of 30/09/16

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	101,532	4,635	106,167	(30,829)	(31,006)	177	75,338
Other operating income	2,137	248	2,385	23,525	19,754	3,771	25,910
Total operating performance	103,669	4,883	108,552	(7,304)	(11,252)	3,948	101,248
EBITDA	45,085	(7,188)	37,897	(12,851)	(11,252)	(1,599)	25,046
Depreciation/amortisation	(1,304)	(487)	(1,791)	-	-	-	(1,791)
EBIT	43,781	(7,675)	36,106	(12,851)	(11,252)	(1,599)	23,255
Financial result	-	-	-	(1,199)	-	(1,199)	(1,199)
EBT	-	-	36,106	(14,050)	(11,252)	(2,798)	22,056
Income tax	-	-	-	(6,617)	-	(6,617)	(6,617)
Net Profit/loss	-	-	36,106	(20,667)	(11,252)	(9,415)	15,439

Statutory / Normalised Revenue & EBIT

in €k

Revenue		9M 2016	9M 2015	Variance
	Statutory	75,338	51,869	23,469
	Normalised	106,344	104,521	1,823
	Variance	(31,006)	(52,652)	

EBIT		9M 2016	9M 2015	Variance
	Statutory	23,255	20,686	2,569
	Normalised	34,507	35,253	(746)
	Variance	(11,252)	(14,567)	

Financial Calendar 2017

Publication of Q3 Report	11 November 2016
Publication of Annual Report 2016	March 2017
Publication of Q1 Report	May 2017
Annual General Meeting	June 2017
Publication of Q2 Report	August 2017
Publication of Q3 Report	November 2017



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