



# 2013 First Half Results

Ended June 30, 2013

September 12<sup>th</sup> 2013

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# Agenda

## Agenda

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1. H1 2013 Business Update
2. H1 2013 Financial Results
3. Q&A

## Speakers

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**Emilio Petrone**  
Group CEO



**Corrado Orsi**  
Group CFO

# Agenda

**1. H1 2013 Business Update – Emilio Petrone (Group CEO)**

**2. H1 2013 Financial Results – Corrado Orsi (Group CFO)**

**3. Q & A**

# Key Factors affecting H1 2013

## ■ Macroeconomic factors:

- In the first half 2013 the **Italian GDP** was down 2.6%<sup>1</sup> compared to the same period of 2012
- **Consumption softness** affected the Italian gaming market turnover, which, based on our estimates, was down by 6.5%

- **Convenience payments services market** confirmed the ongoing positive trend: services turnover grew by 4.3%<sup>2</sup> during the period, mainly driven by payments and financial services

- **Favourable fixed odds market payout** and **slot online launch** partially offset gaming machine, lottery and online poker softness

<sup>1</sup> Based on Istat: Conti economici trimestrali; OECD: Interim Assessment , Economic Outlook

<sup>2</sup> Based on Osservatorio dei Pagamenti – Roland Berger – Q2 2013 Results

# Sisal Key Achievements – H1 2013

- **Turnover** amounted to €6.8 billion in H1 2013, down 5.6% vs the same 2012 period, reflecting soft macroeconomic environment and an even softer private consumption
- **Revenues** amounted to €392.4 million, slightly down 5.6% vs H1 2012. The excellent performance of betting, digital games and services versus prior year allowed to partially offset soft performance of gaming machines and lottery
- **Ebitda** reached €89.5 million (+28.2% vs €69.8 million in H1 2012). Ebitda improvement was driven by successful implementation of cost saving initiatives and marketing expenses optimization
- Nevertheless the macroeconomic environment, Sisal delivered **all-time record H1 Ebitda**
- **Senior Secure Notes:** in May 2013, Sisal issued € 275M SSN, the proceeds of which were used to refinance a portion of the existing debt

# Agenda

1. H1 2013 Business Update – Emilio Petrone (Group CEO)

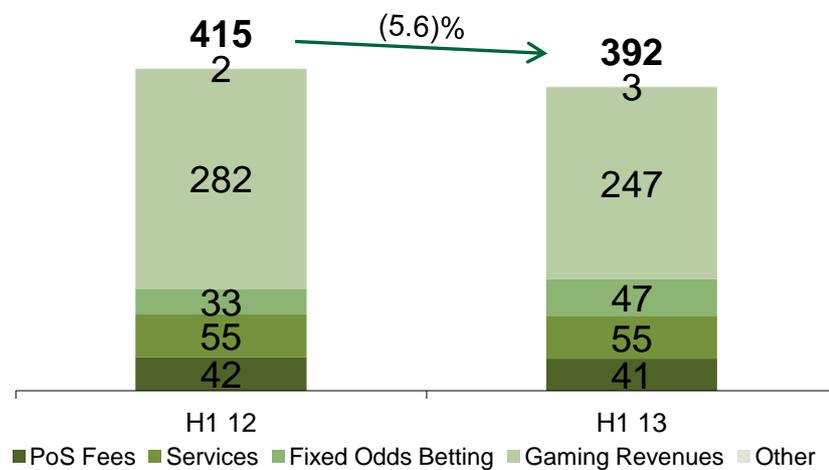
2. H1 2013 Financial Results – Corrado Orsi (Group CFO)

3. Q & A

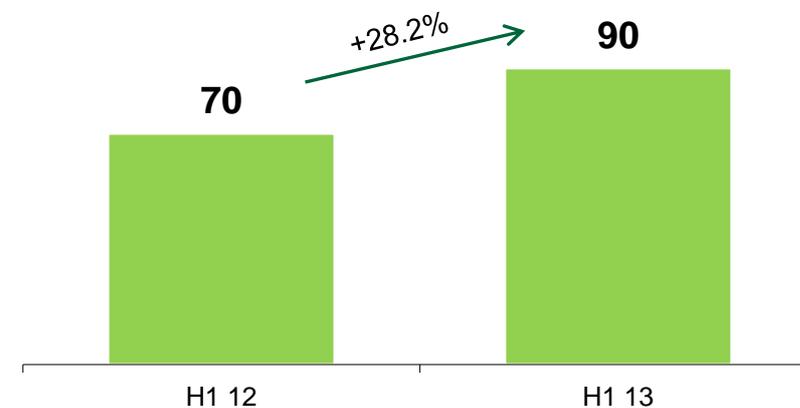
# Sisal Results Highlights – H1 2013

## Revenues

Figures in € M



## Ebitda



## Ebitda Margin %

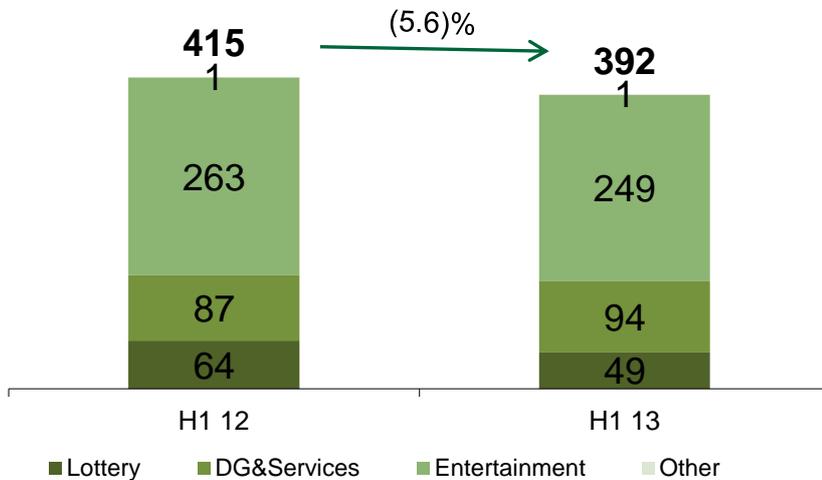
16.8%

22.8%

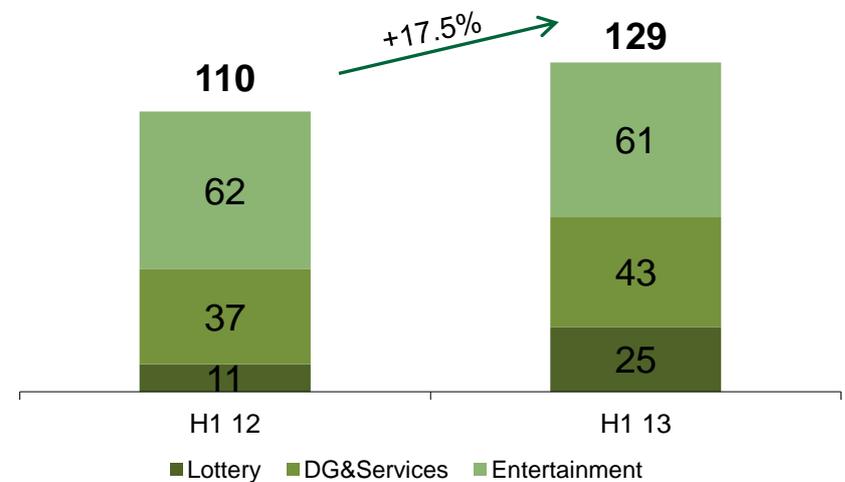
# Segments Results Highlights – H1 2013

## Revenues

Figures in € M



## Gross Operating Profit



### Gross Operating Margin %

<b>Total</b>	<b>26.4%</b>	<b>32.9%</b>
<hr/>		
<b>Entertainment</b>	<b>23.5%</b>	<b>24.4%</b>
<b>DG&amp; Services</b>	<b>42.5%</b>	<b>45.9%</b>
<b>Lottery</b>	<b>17.1%</b>	<b>51.9%</b>

Note: Segment Operating Gross Profit represents gross operating profit before amortisation, depreciation, impairment losses and reversals, impairment of receivables, costs of corporate structure and provisions which are not directly related to the performance of the business

# Sisal Key Figures - H1 2013

## P&L and simplified cash flow

(€m)	H1-13	H1-12	Change
<b>Turnover</b>	<b>6,759</b>	<b>7,161</b>	<b>(5.6)%</b>
<b>Revenues</b>	<b>392.4</b>	<b>415.5</b>	<b>(5.6)%</b>
<i>Entertainment</i>	249.1	263.3	(5.4)%
<i>Digital Games &amp; Services</i>	93.8	87.2	7.5%
<i>Lottery</i>	49.0	63.7	(23.1)%
<i>Other</i>	0.5	1.3	(53.3)%
<b>Gross Operating Profit</b>	<b>129.1</b>	<b>109.9</b>	<b>17.5%</b>
<b>Ebitda</b>	<b>89.5</b>	<b>69.8</b>	<b>28.2%</b>
<i>% margin</i>	22.8%	16.8%	
Change in trade W/C	(42.4)	61.2	
Change in other assets and liabilities <sup>(a)</sup>	(5.0)	(47.5)	
Capex	(19.1)	(23.5)	
Other non current Assets	(12.0)	(1.8)	
Acquisitions	(3.5)	(1.7)	
Cash taxes	(0.7)	0.0	
Cash interest	(24.5)	(22.0)	
<b>Total</b>	<b>(17.8)</b>	<b>34.5</b>	
<b>Net Financial Position<sup>(b)</sup></b>	<b>871.9</b>	<b>841.5</b>	
<b>Leverage Ratio (LTM)</b>	<b>4.5x</b>	<b>4.9x</b>	

Revenues affected by **VLT soft turnover** and **tax increase**, partially offset by **strong performance of sport betting**

Revenues growth driven by **successful launch of online slot, strong online betting and services retail revenues**

Revenues down due to **low average jackpot** and **delay in refreshing product offering**

**Working Capital:** cash absorption primarily due to timing in convenience services trade payables, turnover softness and a lower cost base in H1 2013. H1 2012 benefitted from the first ever second weekly cash collection

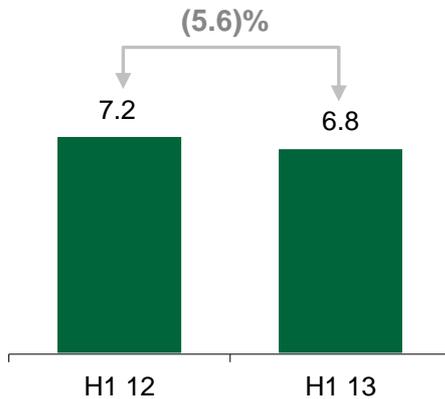
**Other non current Assets:** € 12M in H1 2013 related to the cash deposit provided upfront as a guarantee for the installments payment of the NTNG minimum guaranteed penalty agreed with the Gaming Authority

(a) Excludes the impact of movements in other current liabilities related to winnings (due to offsetting in restricted cash balance) and in other provisions

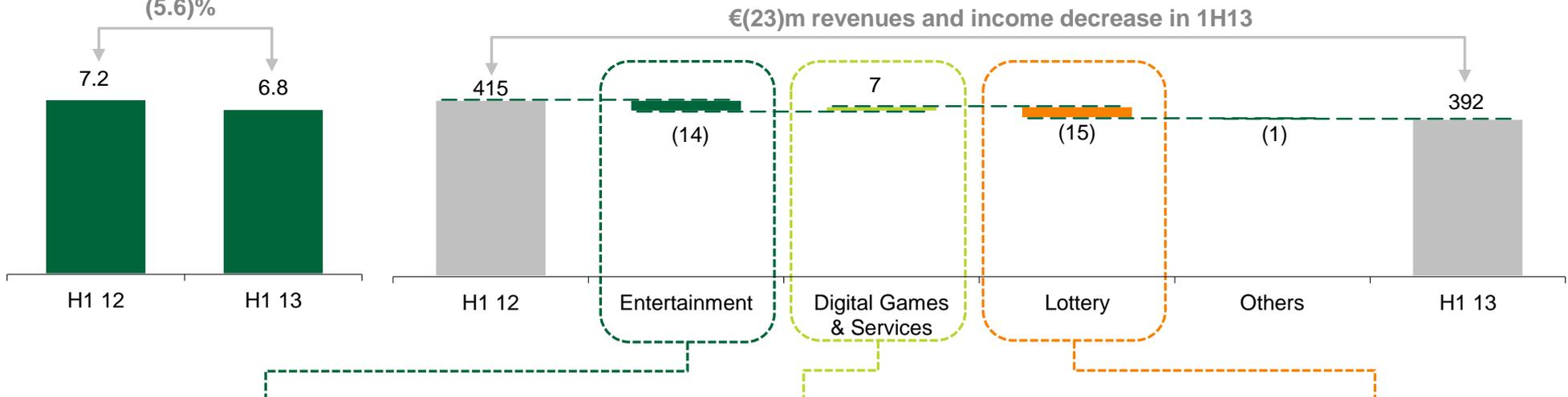
(b) We define Net Financial Position as Sisal Holding Istituto di Pagamento (Ship) net debt plus Gaming Invest (GI) net debt which consists of the principal amount of total debt of the Issuer and its consolidated subsidiaries excluding amounts due under the Shareholder Loans and net of unrestricted cash of the Issuer and its subsidiaries, plus amounts due by GI under the Mezzanine Facilities Agreement and the Second Lien Facilities Agreement net of cash at GI

# H1 2013 vs H1 2012 comparison: Revenues

## Turnover (€bn)



## Revenues and income (€m)



	€m impact	Primary drivers
<b>Gaming machines</b>	<b>(24.3)</b>	<ul style="list-style-type: none"> <li>Combined impact of VLTs soft turnover and lower revenues/turnover ratio of VLTs related to direct taxation increase</li> </ul>
<b>Betting<sup>(a)</sup></b>	<b>10.0</b>	<ul style="list-style-type: none"> <li>Strong performance in sport betting</li> </ul>

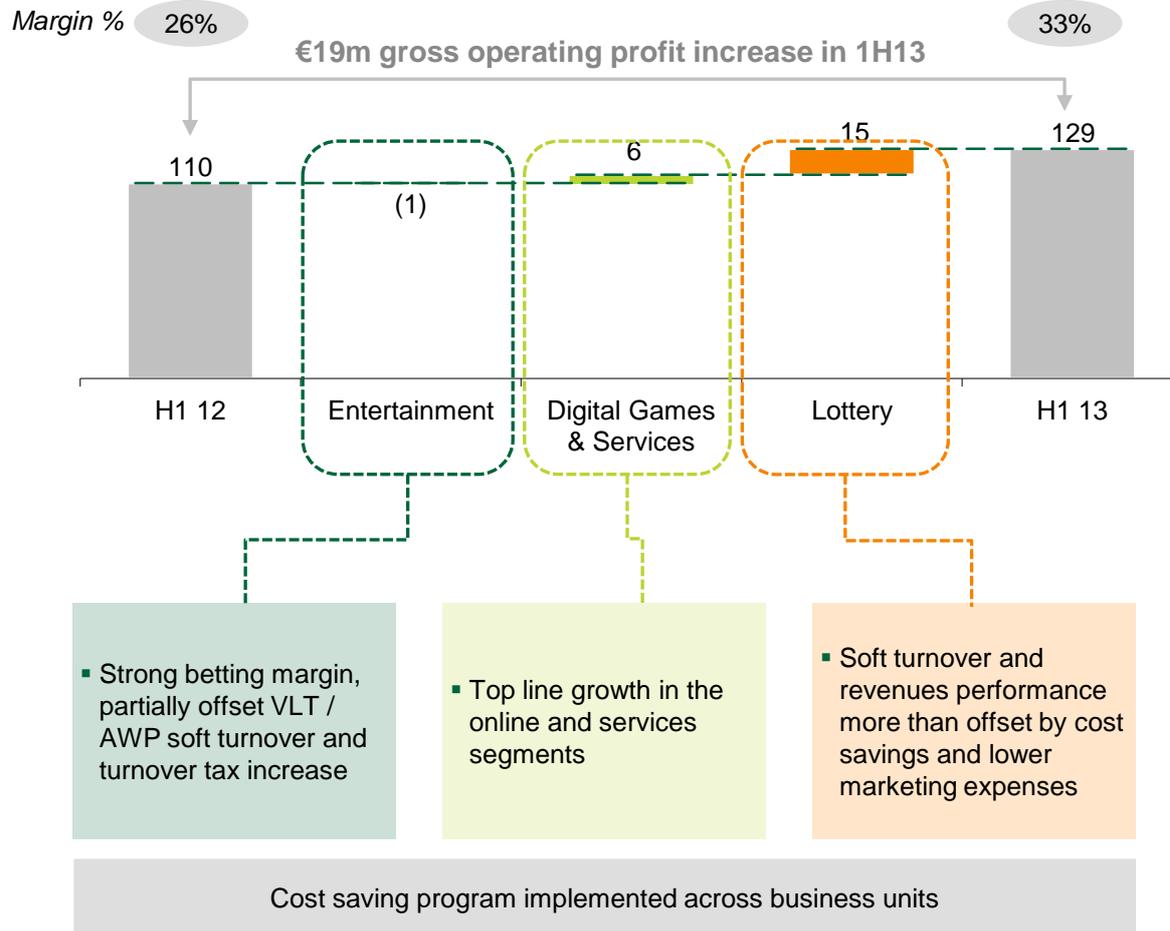
	€m impact	Primary drivers
<b>Services</b>	<b>(0.2)</b>	<ul style="list-style-type: none"> <li>Relatively flat</li> </ul>
<b>Point of Sale fees</b>	<b>3.2</b>	<ul style="list-style-type: none"> <li>Increase driven by services turnover</li> </ul>
<b>Digital games</b>	<b>0.4</b>	<ul style="list-style-type: none"> <li>Successful launch of digital slot games partially offset by Poker games weak market trend</li> </ul>
<b>Betting online</b>	<b>3.2</b>	<ul style="list-style-type: none"> <li>Higher profit margin in fixed odds online sport betting</li> </ul>

	€m impact	Primary drivers
<b>Lottery</b>	<b>(10.2)</b>	<ul style="list-style-type: none"> <li>Softer turnover driven by both lower average jackpots and delays in refreshing the product offering</li> </ul>
<b>Point of Sale fees</b>	<b>(4.5)</b>	<ul style="list-style-type: none"> <li>Decrease primarily as a result of reduction on the n° of active Point of Sale</li> </ul>

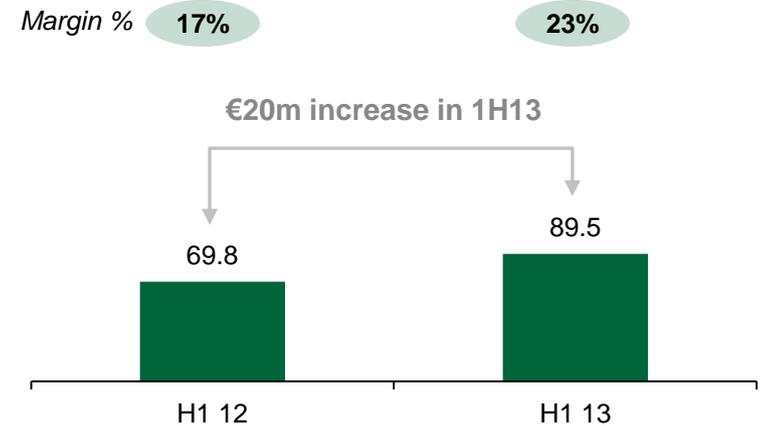
(a) Includes other revenues

# H1 2013 vs H1 2012 comparison: Profitability

## Gross operating profit<sup>(a)</sup> (€m)



## Ebitda (€m)

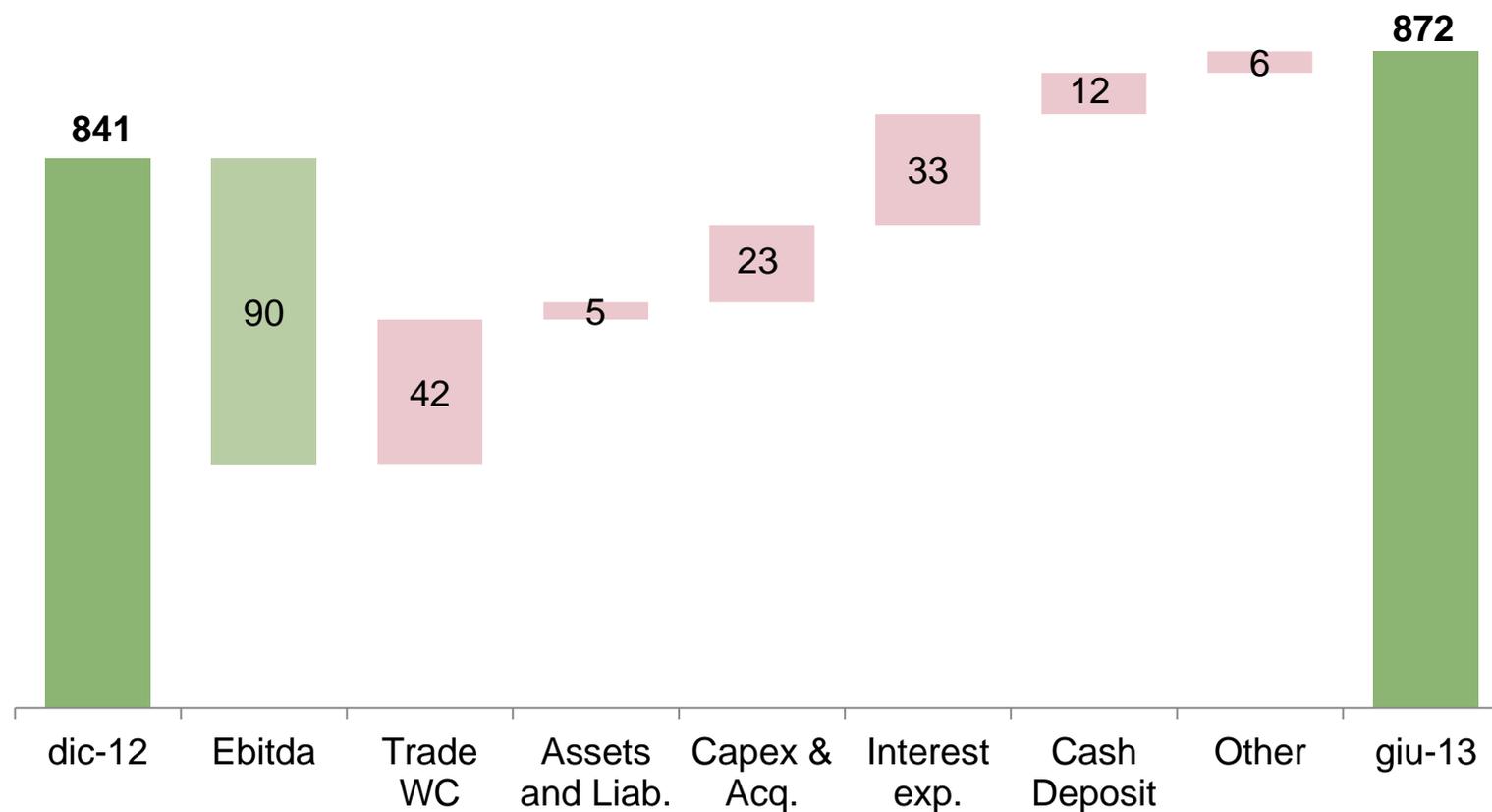


- Ebitda margin improvement mainly driven by:
  - strong performance of betting
  - top line growth in the online and services segments
  - lower marketing expenses
  - successful implementation of cost saving initiatives (especially for the Lottery business)

(a) Before corporate costs and reclassification differences between management and statutory reporting

# Net Financial Position<sup>(a)</sup> Bridge – H1 2013

Figures in € M



(a) We define Net Financial Position as Sisal Holding Istituto di Pagamento (Ship) net debt plus Gaming Invest (GI) net debt which consists of the principal amount of total debt of the Issuer and its consolidated subsidiaries excluding amounts due under the Shareholder Loans and net of unrestricted cash of the Issuer and its subsidiaries, plus amounts due by GI under the Mezzanine Facilities Agreement and the Second Lien Facilities Agreement net of cash at GI

# Consolidated Ship Income Statement – H1 2013

Figures in € M (except ratios)

Income Statement	H1 13	H1 12	% Change
Revenues	343,7	380,5	(9,7)%
Fixed odd betting income	47,2	33,0	43,0%
Other revenues and income	1,5	2,0	(25,0)%
<b>Total revenues and Income</b>	<b>392,4</b>	<b>415,5</b>	<b>(5,6)%</b>
<b>Ebitda</b>	<b>89,5</b>	<b>69,8</b>	<b>28,2%</b>
<i>Ebitda Margin (%)</i>	<i>22,8%</i>	<i>16,8%</i>	
<b>Ebit</b>	<b>36,9</b>	<b>18,5</b>	<b>99,5%</b>
Net financial expenses and similar	36,1	35,3	2,3%
<b>Income before tax</b>	<b>0,8</b>	<b>(16,8)</b>	<b>nm</b>
<b>Net Income</b>	<b>(3,5)</b>	<b>(19,5)</b>	<b>nm</b>

Note: Ebitda defined as profit (or loss) for the period plus net finance expenses and similar, income taxes and amortisation, depreciation, impairments and impairment of receivables

# Consolidated Ship Balance Sheet – H1 2013

Figures in € M

Balance Sheet	H1 13	FY 12
Non-Current Assets	400,7	407,5
Goodwill	875,2	869,6
Net Working Capital/Other <sup>(a)</sup>	(308,7)	(334,9)
<b>Total assets</b>	<b>967,2</b>	<b>942,2</b>
Net Financial Position <sup>(b)</sup>	924,9	896,6
Total Equity	42,3	45,5
<b>Total Liabilities and Equity</b>	<b>967,2</b>	<b>942,2</b>
Payables for unpaid winnings	82,3	88,6
Restricted cash balance	86,1	89,2

(a) Includes Payables for unpaid winnings

(b) Includes amounts due under the Shareholder Loans and restricted cash balance

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