



# 2013 First Quarter Results

Ended March 31, 2013

June 28<sup>th</sup> 2013

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# Agenda

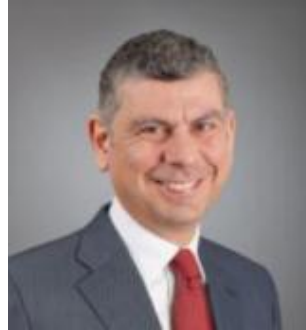
## Agenda

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1. Q1 2013 Business Update
2. Q1 2013 Financial Results
3. Q&A

## Speakers

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**Emilio Petrone**  
Group CEO



**Corrado Orsi**  
Group CFO

# Agenda

**1. Q1 2013 Business Update – Emilio Petrone (Group CEO)**

**2. Q1 2013 Financial Results – Corrado Orsi (Group CFO)**

**3. Q & A**

# Key Factors affecting Q1 2013

## ■ Macroeconomic factors:

- In the first quarter 2013 the **Italian GDP** was down 2.3%<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 6.2%.

- **Convenience payments services market** confirmed the ongoing positive trend: services turnover grew by 2.4%<sup>2</sup> during the quarter, mainly driven by payments and financial services.

- **Favourable fixed odds market payout** boosted the strong Sport betting performance, while a **higher Gaming Machines taxation** affected gaming revenues.

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

<sup>2</sup> Based on Osservatorio dei Pagamenti – Roland Berger – Q1 2013 Results

# Sisal Key Achievements – Q1 2013

- **Turnover** amounted to €3.5 billion in Q1 2013, down 6.5% vs the same 2012 period, reflecting soft macroeconomic environment and an even softer private consumption.
- **Revenues** amounted to €209.6 million, slightly down 1.4% vs Q1 2012. The positive performance of fixed odds betting income allowed to almost fully offset the softness of gaming revenues. Services revenues were in line with Q1 2012.
- **Ebitda** reached €49.8 million (+28.7% vs €38.7 million in Q1 2012). Ebitda improvement was driven by successful implementation of cost saving initiatives and marketing expenses optimization.
- **Acquisitions:** in January 2013 Sisal acquired 60% of Friulgames srl, an Italian operator of approximately 2,000 slot machines and 170 VLTs, using internally generated cash.

# Agenda

1. Q1 2013 Business Update – Emilio Petrone (Group CEO)

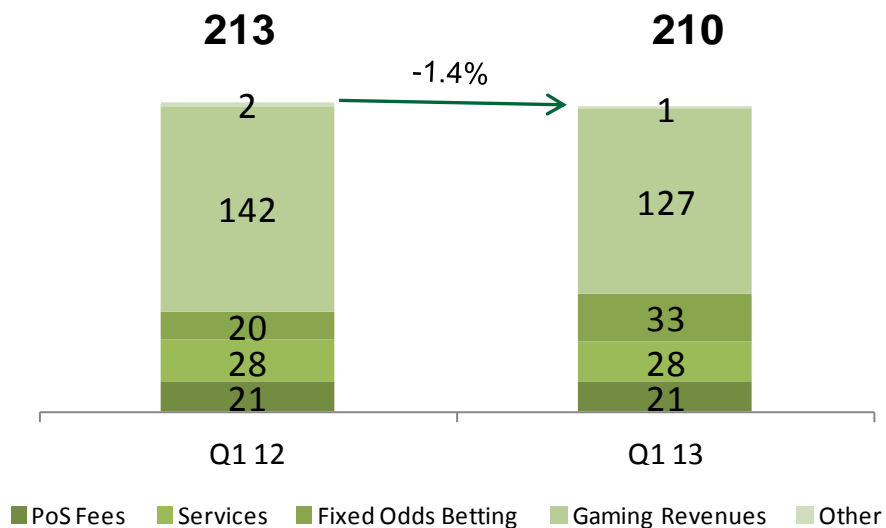
2. Q1 2013 Financial Results – Corrado Orsi (Group CFO)

3. Q & A

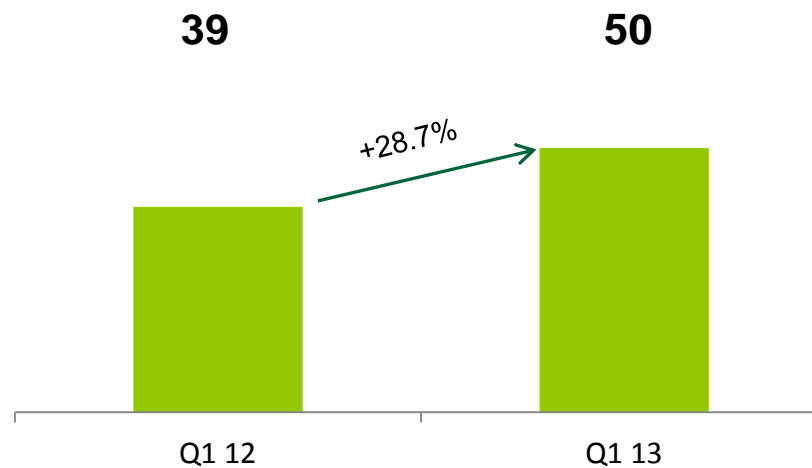
# Sisal Results Highlights – Q1 2013

## Revenues

Figures in € M



## Ebitda



## Ebitda Margin %

18.2%

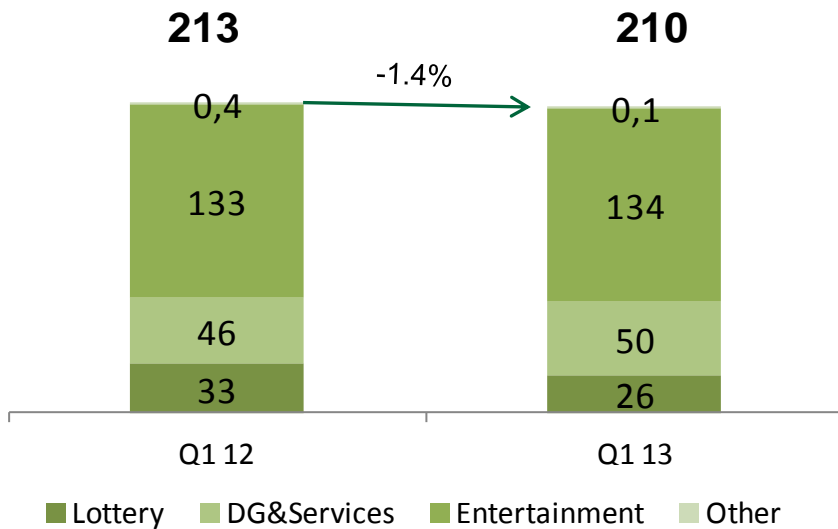
23.8%



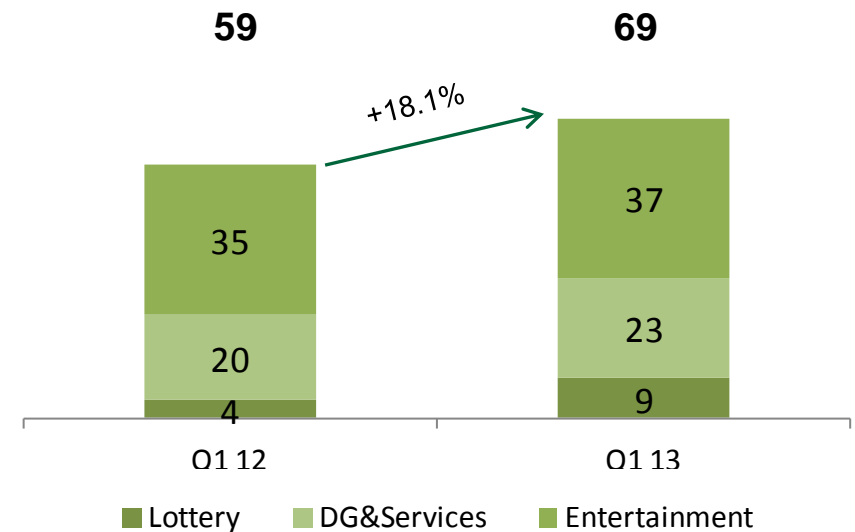
# Segments Results Highlights – Q1 2013

## Revenues

Figures in € M



## Gross Operating Profit



### Gross Operating Margin %

	Q1 12	Q1 13
<b>Total</b>	<b>27.6%</b>	<b>33.1%</b>
<b>Entertainment</b>	<b>26.0%</b>	<b>27.4%</b>
<b>DG&amp; Services</b>	<b>43.6%</b>	<b>46.8%</b>
<b>Lottery</b>	<b>12.3%</b>	<b>35.9%</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 - Q1 2013

## P&L and simplified cash flow

(€m)	Q1-13	Q1-12	Change
<b>Turnover</b>	<b>3,492</b>	<b>3,733</b>	<b>(6.5)%</b>
<b>Revenues</b>	<b>209.6</b>	<b>212.6</b>	<b>(1.4)%</b>
<i>Entertainment</i>	133.9	133.3	0.4%
<i>Digital Games &amp; Services</i>	50.0	45.6	9.5%
<i>Lottery</i>	25.6	33.2	(22.8)%
<i>Other</i>	0.1	0.4	(76.4)%
<b>Gross Operating Profit</b>	<b>69.3</b>	<b>58.7</b>	<b>18.1%</b>
<b>Ebitda</b>	<b>49.8</b>	<b>38.7</b>	<b>28.7%</b>
<i>% margin</i>	23.8%	18.2%	
Change in trade W/C	(33.5)	20.6	
Change in other assets and liabilities <sup>(a)</sup>	(13.3)	(33.2)	
Capex	(1.9)	(14.1)	
Acquisitions	(1.5)	(0.6)	
Cash taxes	0.0	0.0	
Cash interest	(9.2)	(5.8)	
<b>Total</b>	<b>(9.7)</b>	<b>5.7</b>	
Net Financial Position <sup>(b)</sup>	858.5	867.5	
Leverage Ratio (LTM)	4.7x	4.7x	

- Higher profit margin in sport betting partially offset by soft turnover and tax increase in Slot and VLT

- Higher profit margin in the online sport betting and successful launch of new online games

- Continued effect of low SuperEnalotto Jackpot and delay in approving games rejuvenation

- Working capital:** cash absorption primarily due to timing of convenience services trade payables, turnover softness and a lower cost base. Change in other assets and liabilities primarily related to the deposits made with AAMS and gaming taxes

- Capex:** Q1-12 affected by ~€10m investment in Microlot terminals

- Acquisitions:** Q1-13 acquisition spend associated with the Friulgames acquisition (net of cash)

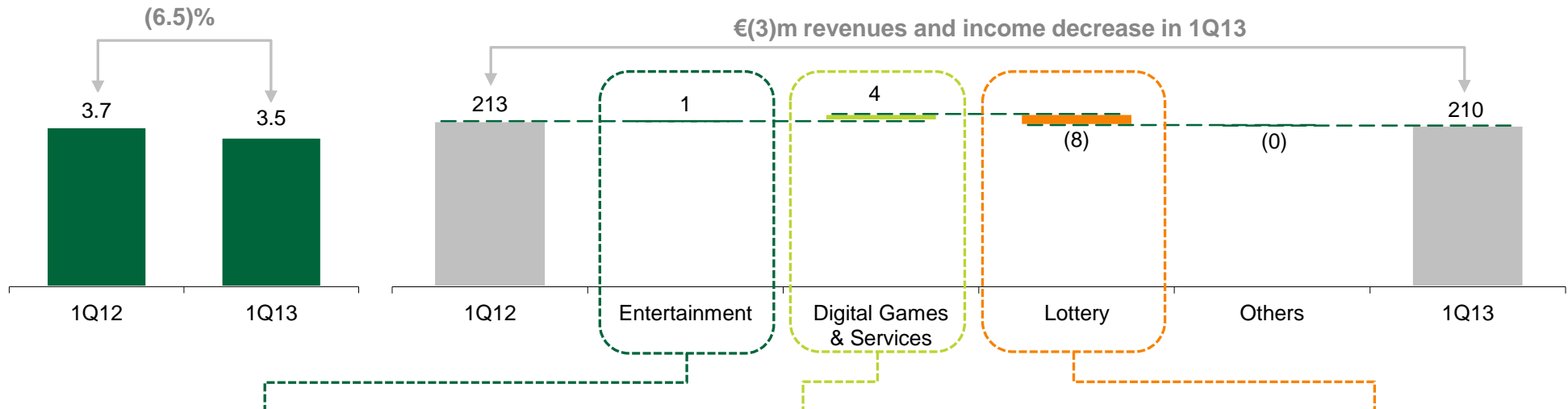
(a) Excludes the impact of movements in other current liabilities related to winnings (due to offsetting in restricted cash balance) and in other provisions

(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

# Q1 2013 vs Q1 2012 comparison: Revenues

## Turnover (€bn)

## Revenues and income (€m)



	€m impact	Primary drivers
<b>Gaming machines</b>	<b>(9.0)</b>	<ul style="list-style-type: none"> <li>Slightly softer turnover and 1% turnover tax increase</li> </ul>
<b>Betting<sup>(a)</sup></b>	<b>9.6</b>	<ul style="list-style-type: none"> <li>Higher profit margin in fixed odds sport betting</li> </ul>

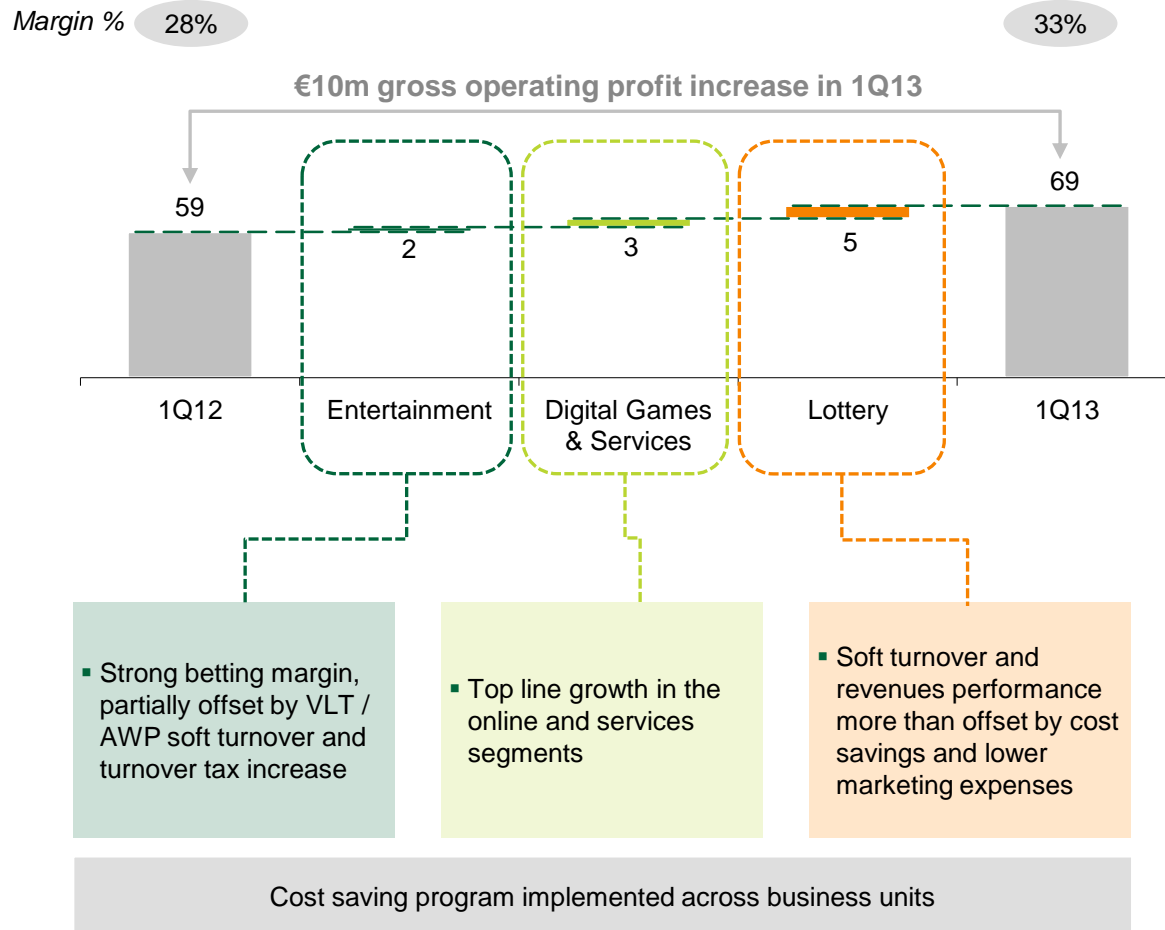
	€m impact	Primary drivers
<b>Services</b>	<b>0.0</b>	<ul style="list-style-type: none"> <li>Relatively flat</li> </ul>
<b>Point of Sale fees</b>	<b>1.7</b>	<ul style="list-style-type: none"> <li>Increase driven by services turnover</li> </ul>
<b>Digital games</b>	<b>(0.1)</b>	<ul style="list-style-type: none"> <li>Successful launch of digital slot games partially offset by the weak poker games market trend</li> </ul>
<b>Betting online</b>	<b>2.7</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>(5.4)</b>	<ul style="list-style-type: none"> <li>Low SuperEnalotto Jackpot during the period reducing game appeal to customers and delay in approving games rejuvenation</li> </ul>
<b>Point of Sale fees</b>	<b>(2.1)</b>	<ul style="list-style-type: none"> <li>Decrease driven by Lottery turnover</li> </ul>

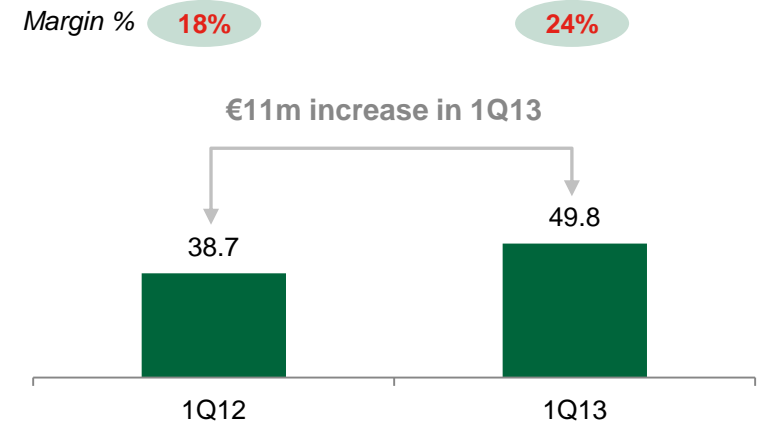
(a) Includes other revenues

# Q1 2013 vs Q1 2012 comparison: Profitability

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



## Ebitda (€m)

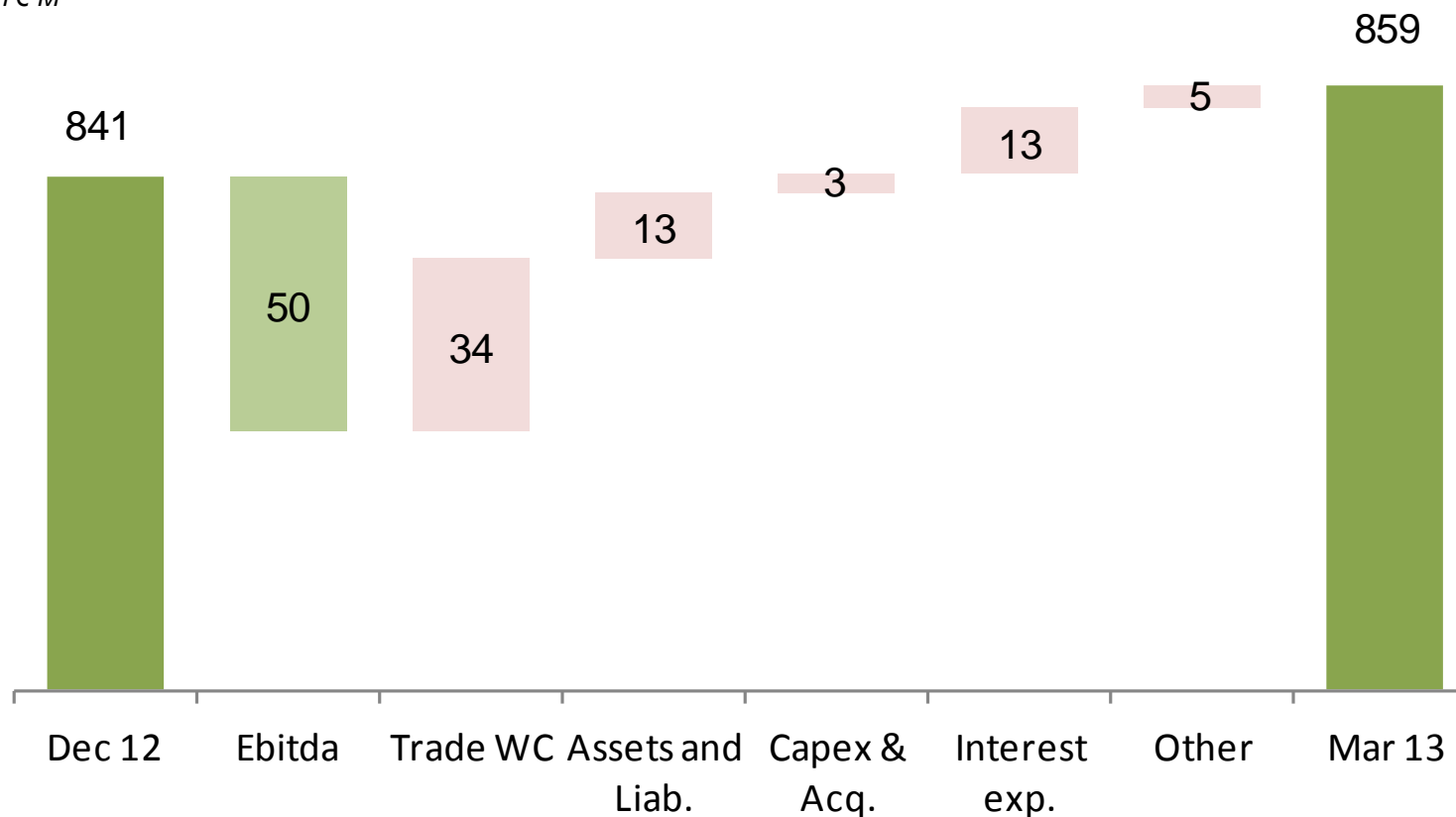


- Ebitda margin improvement mainly driven by:
  - strong performance of betting
  - top line growth in the online and services segments
  - lower marketing expenses
  - successful implementation of cost saving initiatives (especially for the Lottery business)

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

# Net Financial Position<sup>(a)</sup> Bridge – Q1 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 – Q1 2013

Figures in € M (except ratios)

Income Statement	Q1 13	Q1 12	% Change
Revenues	175,9	191,6	-8,2%
Fixed odd betting income	32,9	20,4	61,1%
Other revenues and income	0,7	0,6	25,6%
<b>Total revenues and Income</b>	<b>209,6</b>	<b>212,6</b>	<b>-1,4%</b>
<b>Ebitda</b>	<b>49,8</b>	<b>38,7</b>	<b>28,7%</b>
<i>Ebitda Margin (%)</i>	<i>23,8%</i>	<i>18,2%</i>	
<b>Ebit</b>	<b>23,2</b>	<b>11,9</b>	<b>94,6%</b>
Net financial expenses and similar	16,4	18,0	-8,7%
<b>Income before tax</b>	<b>6,7</b>	<b>(6,1)</b>	<b>-210,9%</b>
<b>Net Income</b>	<b>2,7</b>	<b>(8,3)</b>	<b>-133,0%</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 – Q1 2013

Figures in € M

Balance Sheet	Q1 13	FY 12
Non-Current Assets	393,3	407,5
Goodwill	874,6	869,6
Net Working Capital/Other <sup>(a)</sup>	(328,3)	(334,8)
<b>Total assets</b>	<b>939,7</b>	<b>942,2</b>
Net Financial Position <sup>(b)</sup>	890,9	896,7
Total Equity	48,8	45,5
<b>Total Liabilities and Equity</b>	<b>939,7</b>	<b>942,2</b>
Payables for unpaid winnings	113,4	88,6
Restricted cash balance	117,0	89,2

(a) Includes Payables for unpaid winnings

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

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