



2013 Twelve Months Results

Ended December 31, 2013

April 29th 2014

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Agenda

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

Speakers



Emilio Petrone
Group CEO



Corrado Orsi
Group CFO

Agenda

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

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

3. Q & A

Key Factors affecting 2013

■ Macroeconomic factors:

- In 2013 the **Italian GDP** was down 1.8%^a compared to 2012
- **Consumption softness** affected the Italian gaming market turnover, which, based on our estimates, was down by 4.1%^b

■ **Shift of payments and services towards bar and tobaccoconists** confirmed also in 2013

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

^a Based on Istat: Conti economici trimestrali; OECD: Interim Assessment , Economic Outlook

^b Sisal Market Intelligence Estimate based on AAMS, Agicos, Agipro, Agimeg

Sisal Key Achievements – 2013

- **Turnover** amounted to €13.3 billion in 2013, down 3.4% vs 2012, reflecting soft macroeconomic environment and an even softer private consumption
- **Revenues** amounted to €772.3 million, down 6.2% vs 2012. Fixed odds betting revenues (+39% vs 2012) allowed to partially offset gaming revenues, affected by consumption softness, increased taxation of gaming machines and Lottery low average jackpot level
- **Adj. Ebitda^a** reached €175.5 million (+2.3% vs €171.6 million in 2012) fully offsetting the Group soft revenues thanks to the execution of cost saving initiatives
- **Slot Case Settlement:** the overall performance of the period has been affected by the definition of the legal case related to the gaming machines disputed penalties. On November 15th Sisal settled the penalties at 30% or €73.5 million plus circa €3 million of interest charges
- **Acquisitions:** in 2013 Sisal completed two acquisitions, 60% of Friulgames srl, an Italian operator of approximately 2,000 slot machines and 170 VLTs and the sport betting business activities in Italy of Merkur Interactive S.p.A (75 retail sport betting stores and 29 rights), using internally generated cash

(a) We define Adjusted EBITDA as EBITDA adjusted for the effect of extraordinary items and provisions related to disputes with regulatory bodies.

Agenda

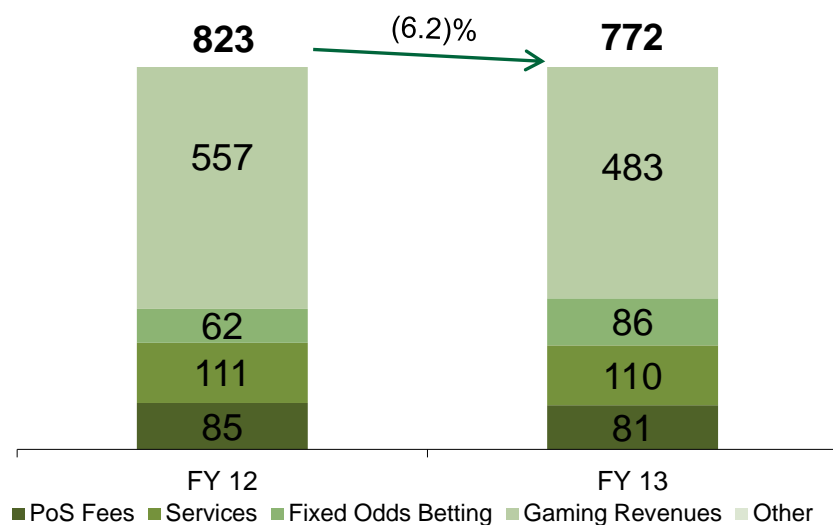
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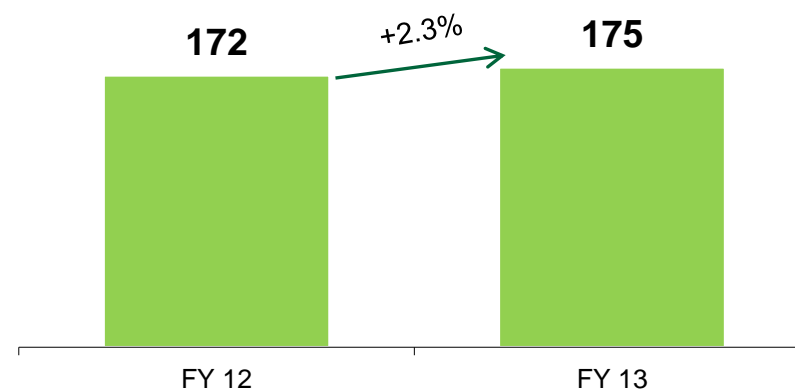
Sisal Results Highlights – 2013

Revenues



Figures in € M

Adj. Ebitda^(a)



Adj. Ebitda Margin %

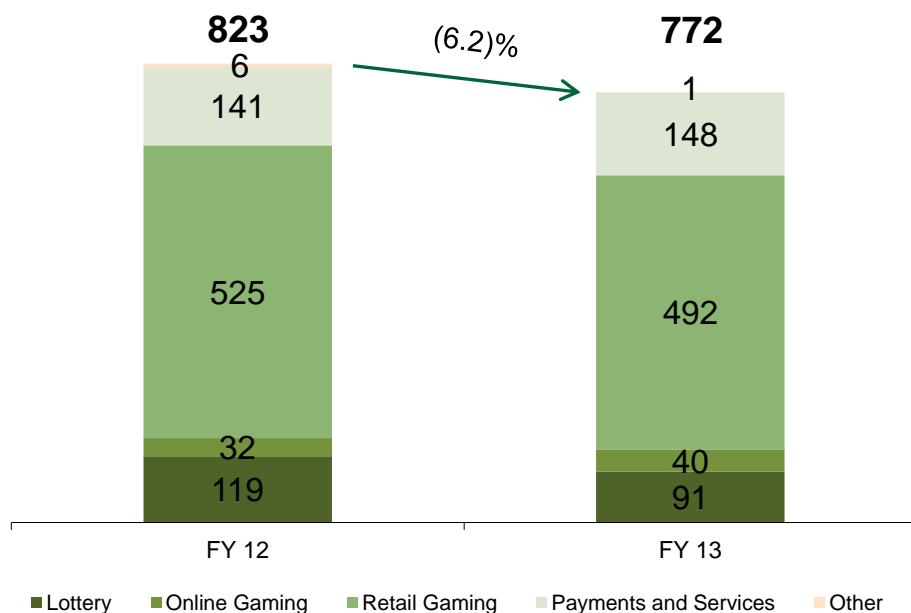
20.8%

22.7%

(a) We define Adjusted EBITDA as EBITDA adjusted for the effect of extraordinary items and provisions related to disputes with regulatory bodies.

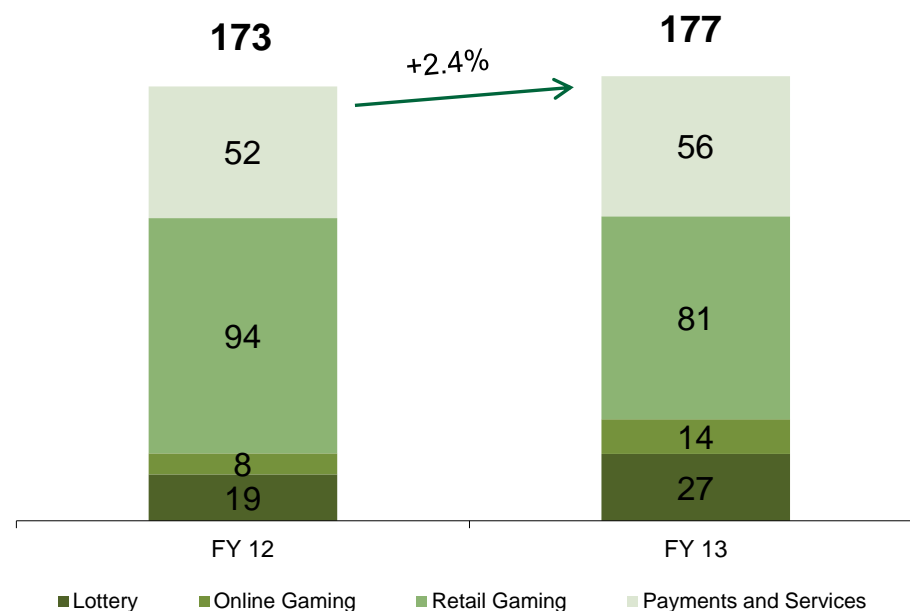
Segments¹ Results Highlights – 2013

Revenues



Figures in € M

Operating Segments Ebitda



Operating Segments Ebitda Margin %

Total	21.0%	22.9%
Retail Gaming	17.9%	16.4%
Online Gaming	25.8%	34.7%
Lottery	15.5%	29.2%
Payments & Services	37.3%	37.7%

¹ The Group has modified its organization, moving from three to four Business Units. The Digital Games and Services BU has been split into 2 BUs, respectively denominated Online Gaming and Payments and Services. Furthermore, the BU Entertainment changed its name to BU Retail Gaming

Sisal Key Figures – 2013 vs 2012

P&L and simplified cash flow

(€m)	FY-13	FY-12	Change
Turnover	13.314	13.780	(3,4)%
Revenues	772,3	823,4	(6,2)%
<i>Retail Gaming</i>	<i>491,7</i>	<i>525,3</i>	<i>(6,4)%</i>
<i>Online Gaming</i>	<i>39,8</i>	<i>32,4</i>	<i>22,8%</i>
<i>Lottery</i>	<i>91,4</i>	<i>119,1</i>	<i>(23,3)%</i>
<i>Payments and services</i>	<i>148,2</i>	<i>140,5</i>	<i>5,4%</i>
<i>Other</i>	<i>1,3</i>	<i>6,1</i>	<i>(78,1)%</i>
Operating Segments EBITDA	177,2	173,1	2,4%
Adj. Ebitda	175,5	171,6	2,3%
% margin	22,7%	20,8%	
Ebitda	93,4	155,1	(39,8)%
% margin	12,1%	18,8%	
Cash Flow			
Ebitda	93,4	155,1	
Change in trade W/C	4,4	6,5	
Change in other assets and liabilities ^(a)	(12,5)	(22,1)	
Capex	(60,4)	(58,8)	
Other non-Current Assets	(12,0)	0,0	
Acquisitions	(8,9)	(9,2)	
Cash taxes	(3,0)	(24,3)	
Cash interest	(56,6)	(49,0)	
Total	(55,7)	(1,9)	
Net Financial Position^(b)	913,9	840,7	
Leverage Ratio (LTM)^(c)	5,2x	4,9x	

▪ **Strong performance of fixed odds betting** allowed to partially **offset** lottery and gaming machines soft performance

▪ Revenues growth driven by **successful launch of Slot games**, partially offset by **Poker games weak market trend**

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

▪ **Services revenues in line** with previous year period

▪ **Working Capital** movements mainly affected by a favourable timing of receivables collection, turnover softness and mix and a low cost base

▪ **Capex**: mainly related to € 16M concession rights, € 14M of PoS Technology, € 9M of Branded PoS restructuring/refurbishing and € 6M of HW and high speed connectivity

▪ **Other non-Current Assets**: €12 million in 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

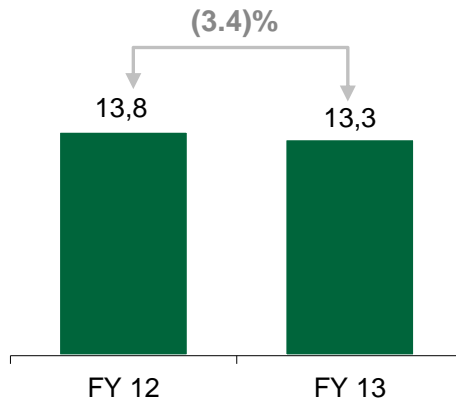
(a) Excludes the impact of movements in other current liabilities related to winnings (due to offsetting in restricted cash balance) and in other provisions

(b) We define Net Financial Position as Sisal Group 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

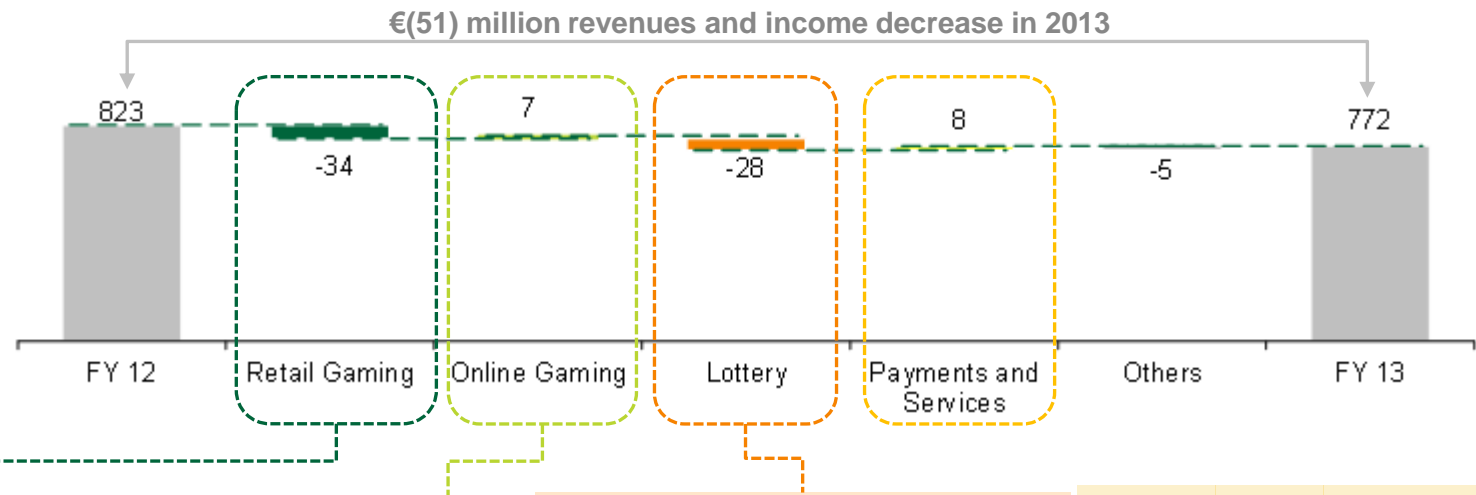
(c) Computed based on Adjusted EBITDA LTM (€175,5M I in 2013 and € 171,6M in 2012)

2013 vs 2012 comparison: Revenues

Turnover (€ BN)



Revenues and income (€ M)



	€ M impact	Primary drivers
Gaming machines	(57.2)	<ul style="list-style-type: none"> Combined impact of VLTs soft turnover and lower revenues/turnover ratio of VLTs related to direct taxation increase
Sport Betting	18.6	<ul style="list-style-type: none"> Strong performance in sport betting
Other revenues	5.0	<ul style="list-style-type: none"> Recurring other income, penalties charged to PoS, F&B ^(a) revenues

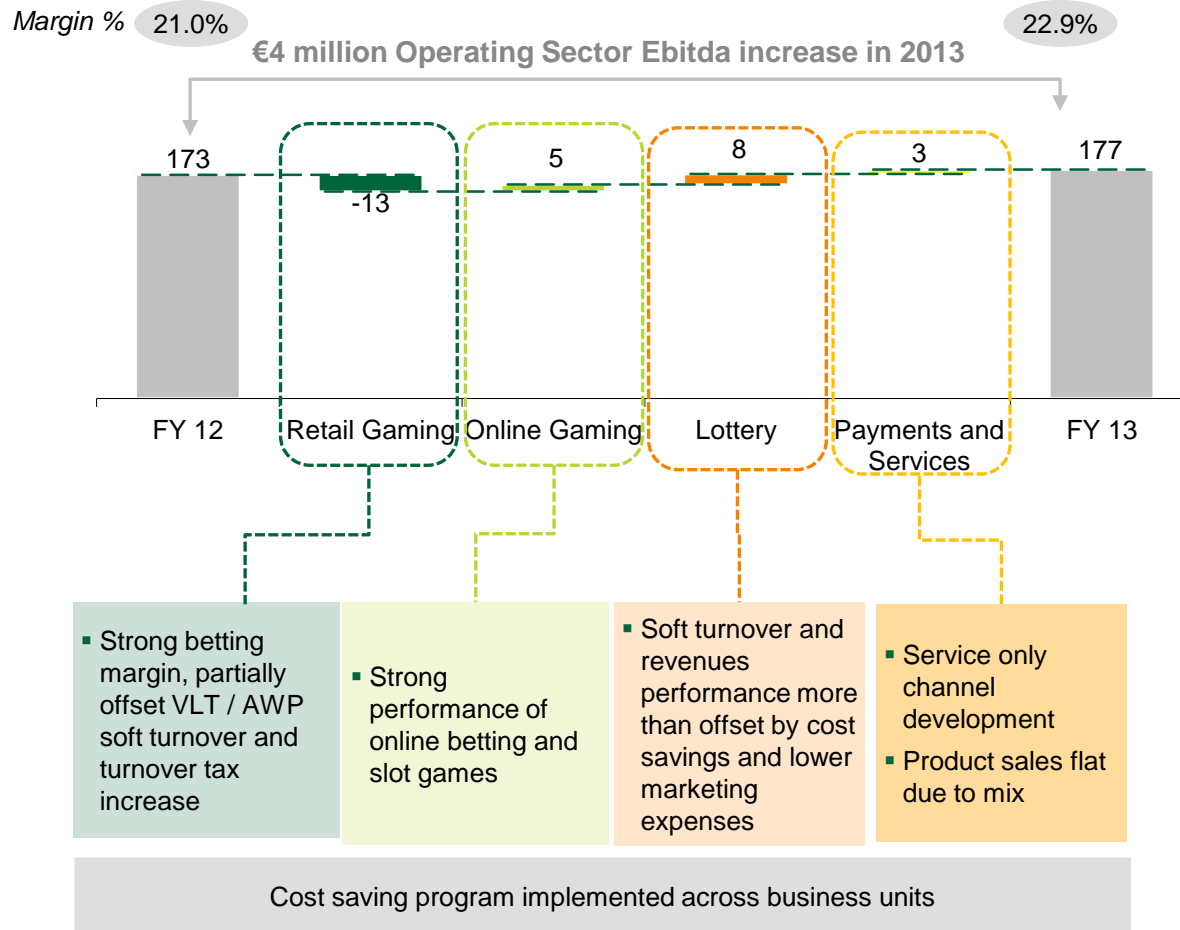
	€ M impact	Primary drivers
Digital games	2.2	<ul style="list-style-type: none"> Successful launch of digital slot games partially offset by Poker games weak market trend
Betting online	5.1	<ul style="list-style-type: none"> Higher profit margin in fixed odds online sport betting

	€ M impact	Primary drivers
Lottery	(15.2)	<ul style="list-style-type: none"> Softer turnover driven by both lower average jackpots and delays in refreshing the product offering
Point of Sale fees	(12.5)	<ul style="list-style-type: none"> Decrease primarily as a result of reduction on the n° of active Point of Sale

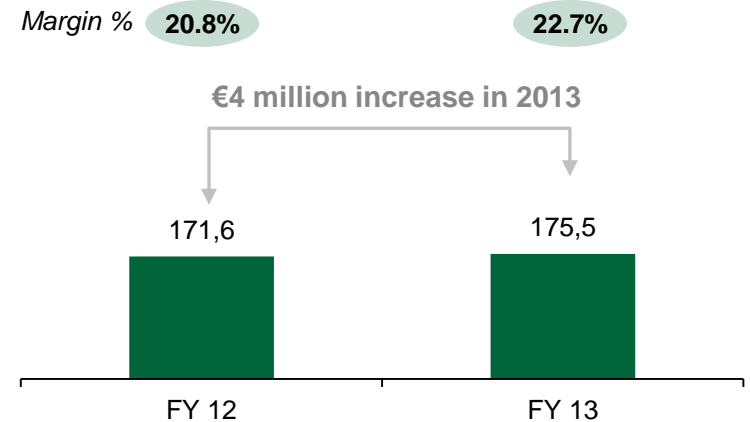
	€ M impact	Primary drivers
Services	(0.2)	<ul style="list-style-type: none"> Relatively flat
Point of Sale fees	7.8	<ul style="list-style-type: none"> Increase driven by services turnover

2013 vs 2012 comparison: Profitability

Operating Segments Ebitda (€ M)



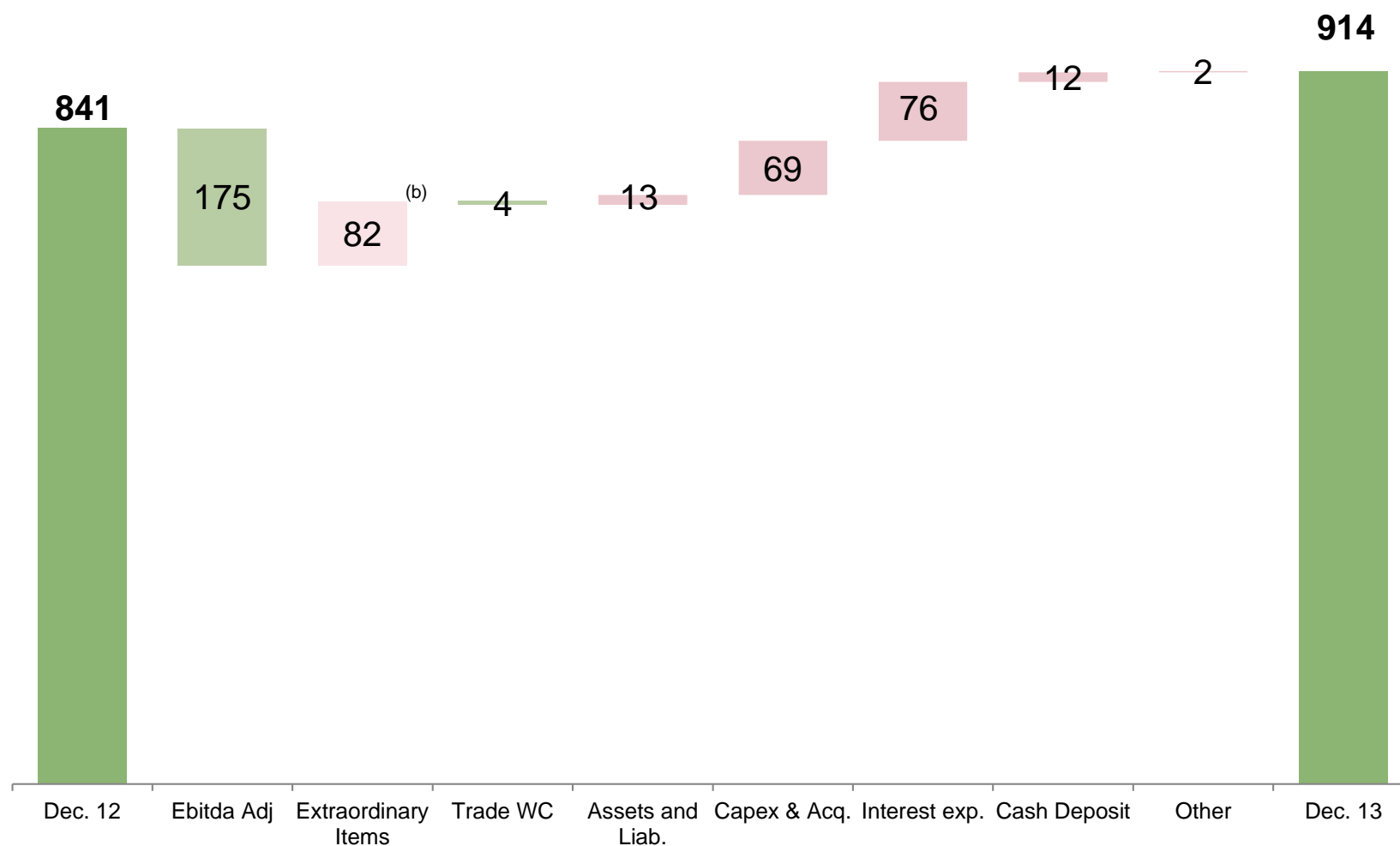
Adj. Ebitda (€ M)



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

Net Financial Position^(a) Bridge – 2013

Figures in € M



(a) We define Net Financial Position as Sisal Group 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

(b) Including provisions related to disputes with regulatory bodies

Note: GI Principal Amount of debt at 31 December 2013 equal to € 281,3M and 2013 GI Interest expenses equal to € 25,5M

Consolidated Sisal Group Income Statement – 2013

Figures in € M (except ratios)

Income Statement	FY 13	FY 12	% Change
Revenues	677,1	754,1	(10,2)%
Fixed odd betting income	86,4	62,3	38,7%
Other revenues and income	8,8	7,0	25,7%
Total revenues and Income	772,3	823,4	(6,2)%
Adj. Ebitda ^(a)	175,5	171,6	2,3%
<i>Margin (%)</i>	<i>22,7%</i>	<i>20,8%</i>	
Ebitda	93,4	155,1	(39,8)%
<i>Margin (%)</i>	<i>12,1%</i>	<i>18,8%</i>	
Ebit	(12,1)	33,2	nm
Net financial expenses and similar	84,6	69,0	22,6%
Income before tax	(96,7)	(35,8)	nm
Net Income	(98,8)	(38,8)	nm

(a) We define Adjusted EBITDA as EBITDA adjusted for the effect of extraordinary items and provisions related to disputes with regulatory bodies.

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 Sisal Group Balance Sheet – 2013

Figures in € M

Balance Sheet	FY 13	FY 12
Non-Current Assets	401,5	407,5
Goodwill	880,0	869,6
Net Working Capital/Other ^(a)	(312,0)	(297,8)
Total assets	969,6	979,2
Net Financial Position ^(b)	988,7	896,6
Total Equity	(52,2)	45,5
Total Liabilities and Equity	936,5	942,2
Payables for unpaid winnings	78,2	88,6
Restricted cash balance	76,7	89,2

(a) Includes Payables for unpaid winnings

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

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