



2014 First Quarter Results

Ended March 31, 2014

May 21th 2014

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Agenda

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1. Q1 2014 Business Update
2. Q1 2014 Financial Results
3. Q&A

Speakers



Emilio Petrone
Group CEO



Corrado Orsi
Group CFO

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1. Q1 2014 Business Update – Emilio Petrone (Group CEO)

2. Q1 2014 Financial Results – Corrado Orsi (Group CFO)

3. Q & A

Key Factors affecting Q1 2014

■ Macroeconomic factors:

- In the first quarter 2014, the **Italian GDP** was slightly down by 0.1%^a compared to the same period of 2013
 - A still soft private consumption and macroeconomic environment, but with **clear signs of trend reversal**
-
- Consumption softness affected the Italian **Gaming market** turnover, which, based on our estimates, was down by 4.6%^b to approximately € 21.1 billion^b
-
- Total **Convenience Payments Services market** confirmed the ongoing **positive trend**. Services turnover grew by 3.7%, reaching €24.0 billion^c, mainly driven by the expansion of payment and financial services

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

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

^c Based on Osservatorio dei Pagamenti - Roland Berger - Q1 2014 Release

Sisal Key Achievements – Q1 2014

- **Turnover** amounted to **€3.5 billion** in Q1 2014, **up 0.9%** vs Q1 2013, reflecting the continuation of the soft macroeconomic environment and private consumption, though many indicators show **clear signs of trend reversal**
- **Revenues** amounted to **€209.7 million** in Q1 2014, **up 0.1%** vs Q1 2013. Payments and Services revenues (approx. +8% vs Q1 2013) and Virtual Races revenues (launched in December 2013), whose performance has gone beyond expectations, allowed to offset Gaming machines and NTNG revenues, affected by consumption softness and a lottery low average jackpot level. Fixed odds betting achieved a very positive Q1 2014 result, that almost matched the record high performance of the same reference period in 2013
- **Adj. Ebitda^b** reached **€54.7 million** (approx. **up 10%** vs €49.8 million in Q1 2013), representing the all time record Q1 Adj. Ebitda. The increasing Adj. Ebitda margin vs Q1 2013 (26,1% vs 23,8%) is primarily attributable to marketing campaigns scheduled mostly in H2, when new products will be launched, to the retail strategy execution, driven by the opening of new directly managed POS and to the continuous implementation of cost saving initiatives

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

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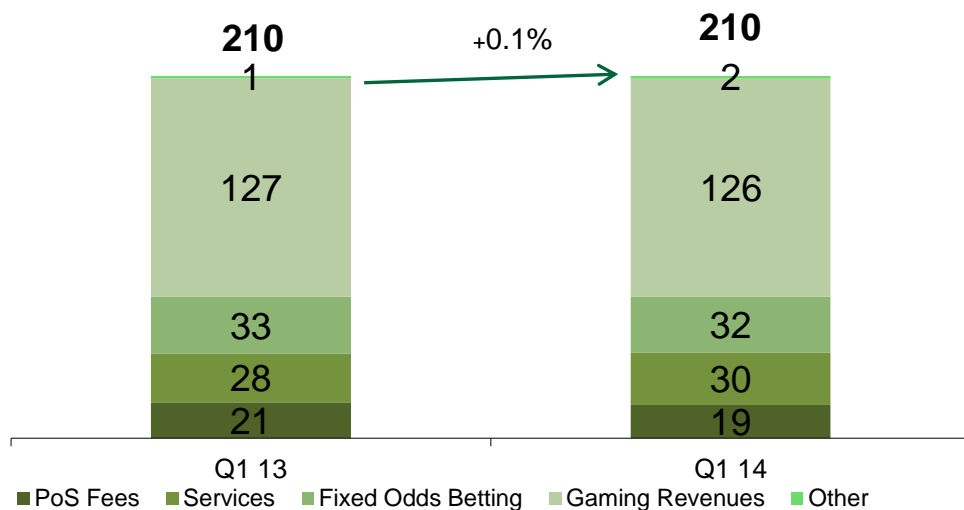
1. Q1 2014 Business Update – Emilio Petrone (Group CEO)

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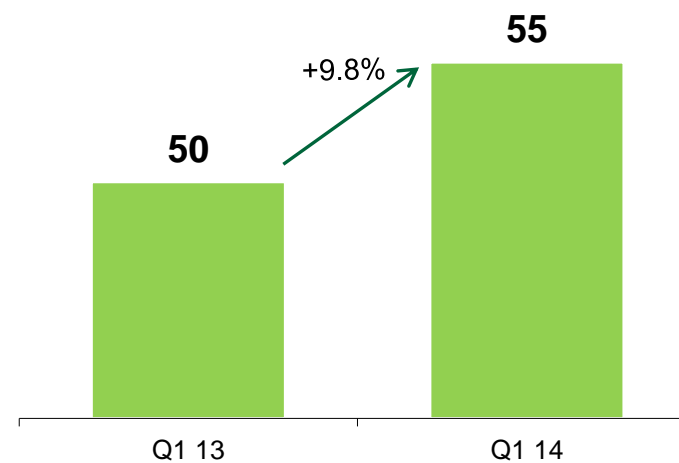
Sisal Results Highlights – Q1 2014

Revenues



Figures in € M

Adj. Ebitda^(a)



Adj. Ebitda Margin %

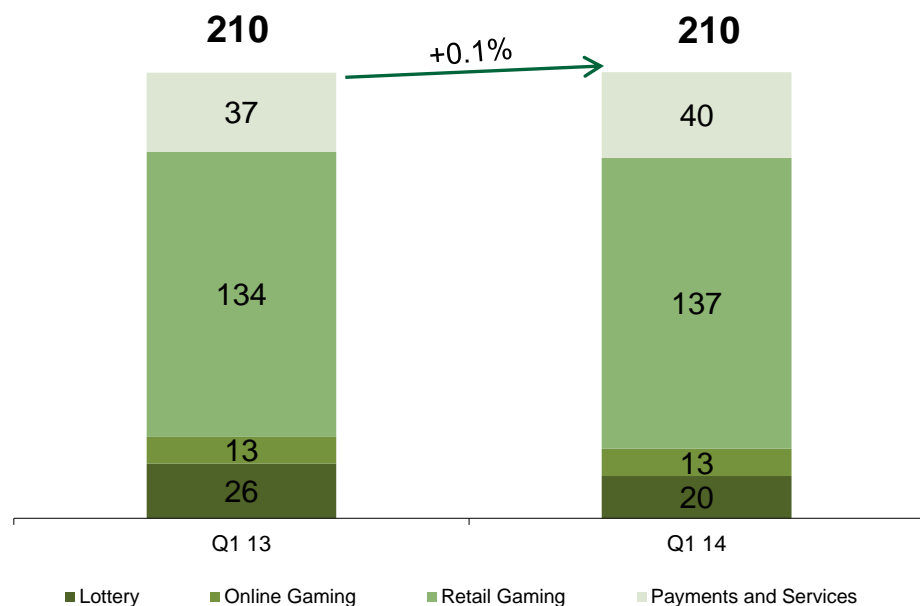
23.8%

26.1%

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

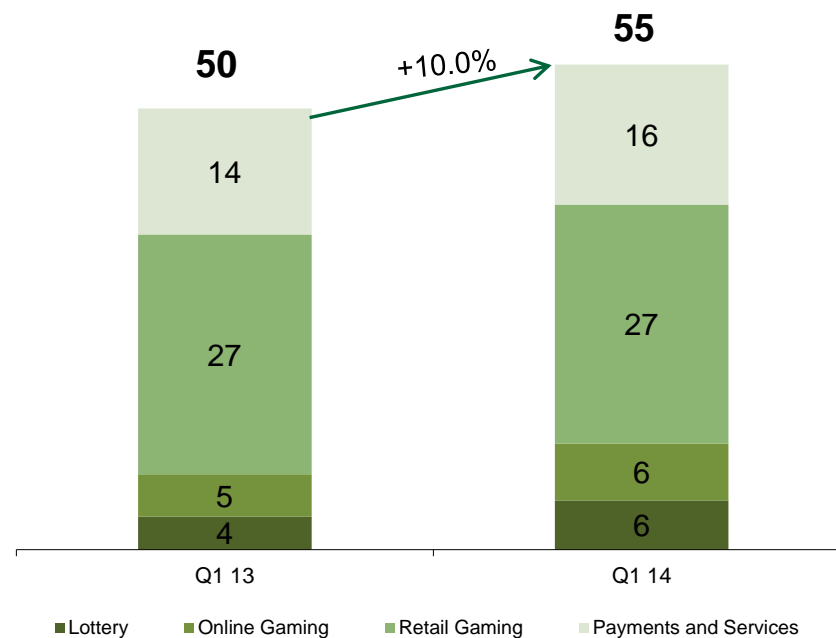
Segments Results Highlights – Q1 2014

Revenues



Figures in € M

Operating Segments Ebitda



Operating Segments Ebitda Margin %

	Q1 13	Q1 14
Total	23.8%	26.2%
Retail Gaming	20.2%	19.8%
Online Gaming	38.1%	49.6%
Lottery	14.4%	27.8%
Payments & Services	38.2%	39.5%

Sisal Key Figures – Q1 2014 vs Q1 2013

P&L and simplified cash flow

(€m)	Q1-14	Q1-13	Change
Turnover	3.525	3.492	0,9%
Revenues	209,7	209,6	0,1%
<i>Retail Gaming</i>	136,6	133,9	2,0%
<i>Online Gaming</i>	12,9	12,6	2,3%
<i>Lottery</i>	19,8	25,6	(22,8)%
<i>Payments and services</i>	40,3	37,4	7,8%
<i>Other</i>	0,1	0,1	(18,1)%
Operating Segments EBITDA	54,9	49,9	10,0%
Adj. Ebitda	54,7	49,8	9,8%
<i>% margin</i>	26,1%	23,8%	
Ebitda	54,1	49,8	8,6%
<i>% margin</i>	25,8%	23,8%	
Cash Flow			
Ebitda	54,1	49,8	
Change in trade W/C	(44,3)	(32,6)	
Change in other assets and liabilities ^(a)	(18,9)	(17,3)	
Capex	(6,8)	(1,9)	
Acquisitions	(5,0)	(1,5)	
Cash interest	(9,8)	(9,2)	
Total	(30,7)	(12,7)	
Net Financial Position^(b)	951,0	858,7	
Leverage Ratio (LTM)^(c)	5,3x	4,7x	

▪ **Strong performance in sport betting and virtual races** partially offset by a soft turnover in VLT

▪ **Strong performance in online sport betting and successful launch of Slot games**, partially offset by Poker games weak market trend

▪ **Low average SuperEnalotto jackpot and delay in new games approval**

▪ **Revenues growth** mainly driven by payment and financial services

▪ **Working Capital** movements mainly related to recurring Q1s negative seasonality and Q1-14 unfavourable cash collection cut-off date

▪ **Capex** mainly related to POS technology and AWP's cabinets and games

▪ **Acquisitions** related to € 5M instalment payment of Merkur Win Sport Betting Business

(a) Shows the impact of payables of unpaid winnings net of the restricted cash balance

(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

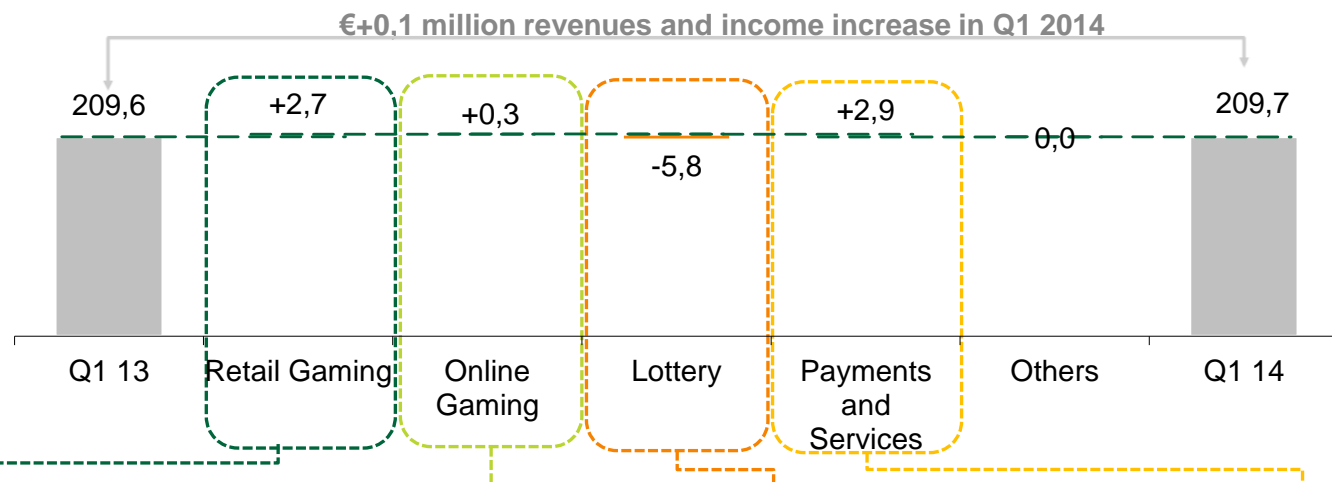
(c) Computed based on Adjusted EBITDA LTM (€180.4M in Q1 2014 and € 182.7M in Q1 2013)

Q1 2014 vs Q1 2013 comparison: Revenues

Turnover (€ BN)



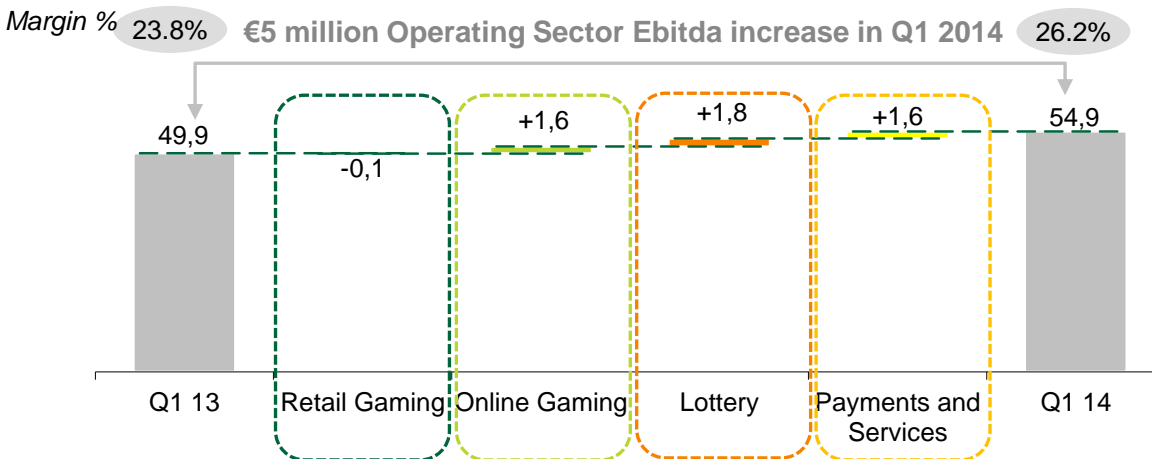
Revenues and income (€ M)



	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers			
Gaming machines	(2.8)	<ul style="list-style-type: none"> Impact of VLTs soft turnover 	Digital games	0.6	<ul style="list-style-type: none"> Successful performance of Slot games partially offset by Poker games weak market trend 	Lottery	(3.3)	<ul style="list-style-type: none"> Soft turnover driven by both low average jackpot and delays in new games approval 	Services	2.4	<ul style="list-style-type: none"> Mainly driven by payment and financial services
Sport Betting	(0.4)	<ul style="list-style-type: none"> Positive performance in sport betting, that almost matched the record high performance in Q1-13 	Betting online	(0.3)	<ul style="list-style-type: none"> Positive performance in sport betting, that almost matched the record high performance in Q1-13 	Point of Sale fees	(2.6)	<ul style="list-style-type: none"> Decrease primarily as a result of retail network optimization program 	Point of Sale fees	0.6	<ul style="list-style-type: none"> Increase driven by services turnover and roll out of service-only POS
Other revenues	5.9	<ul style="list-style-type: none"> Strong Virtual Races performance 									

Q1 2014 vs Q1 2013 comparison: Profitability

Operating Segments Ebitda (€ M)



- Strong performance of Virtual Races and solid sport betting margin offset gaming machines soft results

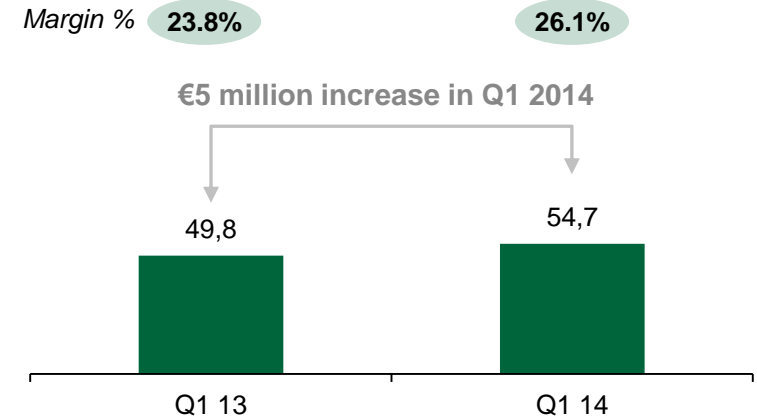
- Successful performance of Slot games

- Marketing campaigns planned in H2 to support new products launch

- Driven by top line

Continuous implementation of cost efficiency programs

Adj. Ebitda (€ M)

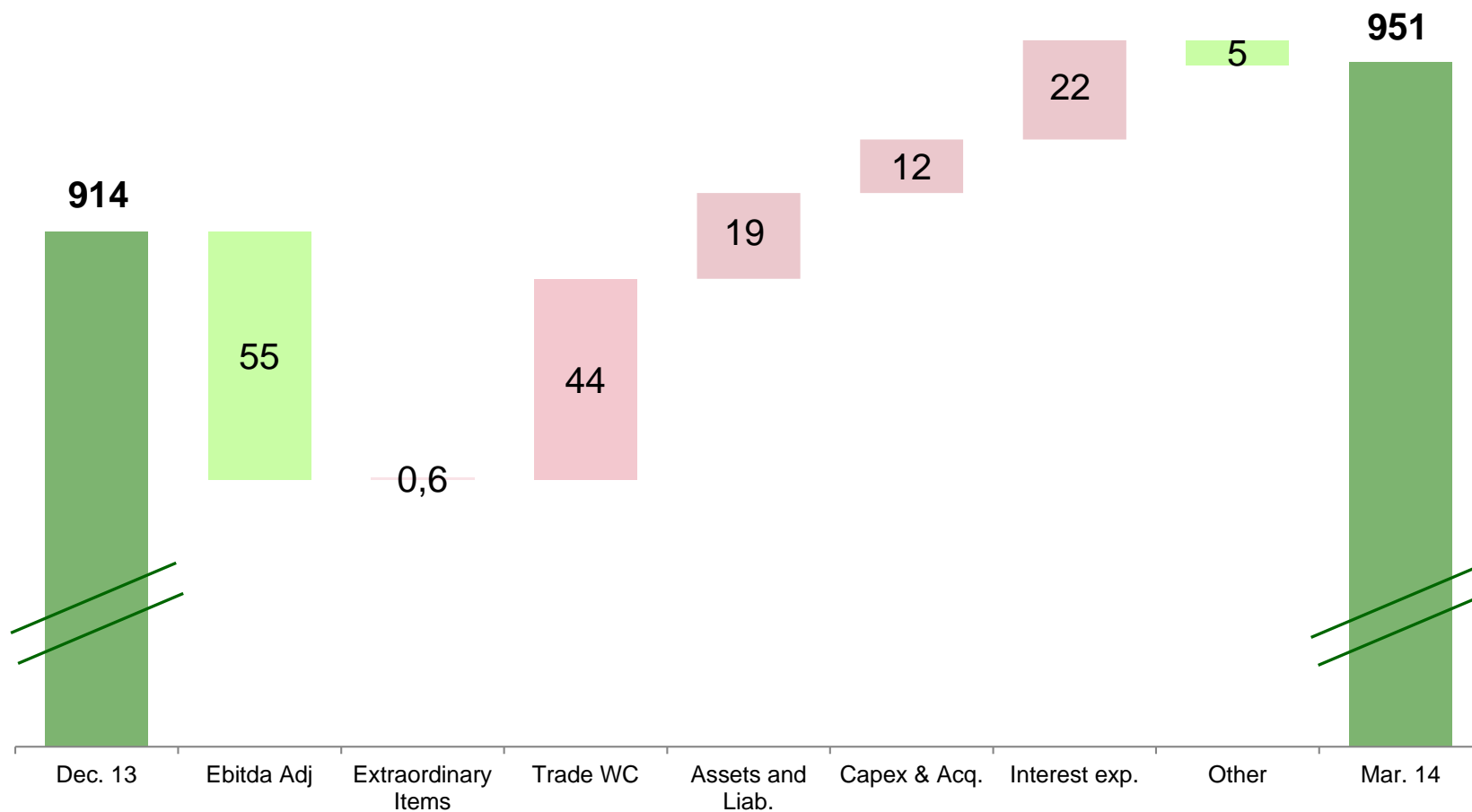


- Adj. Ebitda margin improvement mainly driven by:

- top line growth in the online and payment and services segments
- planned advertising campaigns scheduled to support new products launch in H2-14
- retail strategy execution
- cost efficiency programs

Net Financial Position^(a) Bridge – Q1 2014

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

Note: GI Principal Amount of debt at 31 March 2014 equal to € 281,3M and Q1 2014 GI Interest expenses equal to € 6,6M

Consolidated Sisal Group Income Statement – Q1 2014

Figures in € M (except ratios)

Income Statement	Q1 14	Q1 13	% Change
Revenues	177,1	175,9	0,7%
Fixed odd betting income	32,3	32,9	(1,8)%
Other revenues and income	0,3	0,7	(57,1)%
Total revenues and Income	209,7	209,6	0,1%
Adj. Ebitda^(a)	54,7	49,8	9,8%
<i>Margin (%)</i>	<i>26,1%</i>	<i>23,8%</i>	
Ebitda	54,1	49,8	8,6%
<i>Margin (%)</i>	<i>25,8%</i>	<i>23,8%</i>	
Ebit	28,4	23,2	22,4%
Net financial expenses and similar	22,3	16,5	35,2%
Income before tax	6,1	6,7	(8,9)%
Net Income	1,5	2,7	(44,4)%

(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 – Q1 2014

Figures in € M

Balance Sheet	Q1 14	FY 13
Non-Current Assets	385,1	401,5
Goodwill	880,0	880,0
Net Working Capital/Other ^(a)	(287,8)	(345,0)
Total assets	977,4	936,5
Net Financial Position ^(b)	1.027,9	988,7
Total Equity	(50,5)	(52,2)
Total Liabilities and Equity	977,4	936,5
Payables for unpaid winnings	79,5	78,2
Restricted cash balance	80,0	76,7

(a) Includes Payables for unpaid winnings

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

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