



2014 Nine Months Results

Ended September 30, 2014

November 18, 2014

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Agenda

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1. 9M 2014 Business Update
2. 9M 2014 Financial Results
3. Q&A

Speakers



Emilio Petrone
Group CEO



Corrado Orsi
Group CFO

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1. 9M 2014 Business Update – Emilio Petrone (Group CEO)

2. 9M 2014 Financial Results – Corrado Orsi (Group CFO)

3. Q & A

Key Factors affecting 9M 2014

■ Macroeconomic factors:

- In the first nine months 2014, the **Italian GDP** was slightly down by 0.3%^a compared to the same period of 2013
 - Private consumption is soft, but on the positive side, **consumers' confidence remains at the highest levels of the past 5 years**, though slightly softer than the previous quarters
-
- Consumption softness affected the Italian **Gaming market** turnover, which, based on our estimates, was down by 2.3%^b to approximately €61.3 billion^b
-
- Total **Convenience Payments Services market** confirmed the ongoing **positive trend**. Services turnover grew by 3.7%, reaching €73.3 billion^c, mainly driven by the expansion of payment and financial services

^a Based on Istat; Conti economici trimestrali; OECD; Interim Assessment; Economic Outlook. Percentage changes from same period of the last year

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

^c Based on Osservatorio dei Pagamenti - Roland Berger – Q3 2014 Release.

Sisal Key Achievements – 9M 2014

- **Turnover** amounted to **€10.2 billion** in 9M 2014, **up 3.5%** vs 9M 2013, despite the soft macroeconomic environment and private consumption
- **Revenues** amounted to **€603.7 million** in 9M 2014, **up 6.7%** vs 9M 2013, due in particular to the performances achieved in the second and third quarters of the current year. Most of the business lines recorded an increase. Payments and other services revenues (+11% vs 9M 2013) and fixed odds betting income (+30% vs 9M 2013) delivered double digit performances, but also Gaming revenues growth (+4% vs 9M 2013) accelerated compared to first half results
- **Adj. Ebitda^b** reached **€136.3 million** (**up 11%** vs €122.7 million in 9M 2013). Adj. Ebitda Margin is higher vs 9M 2013 (22,6% vs 21,7%). Ebitda improvement was mainly driven by the strong performance in sport betting, virtual races and payment and services

(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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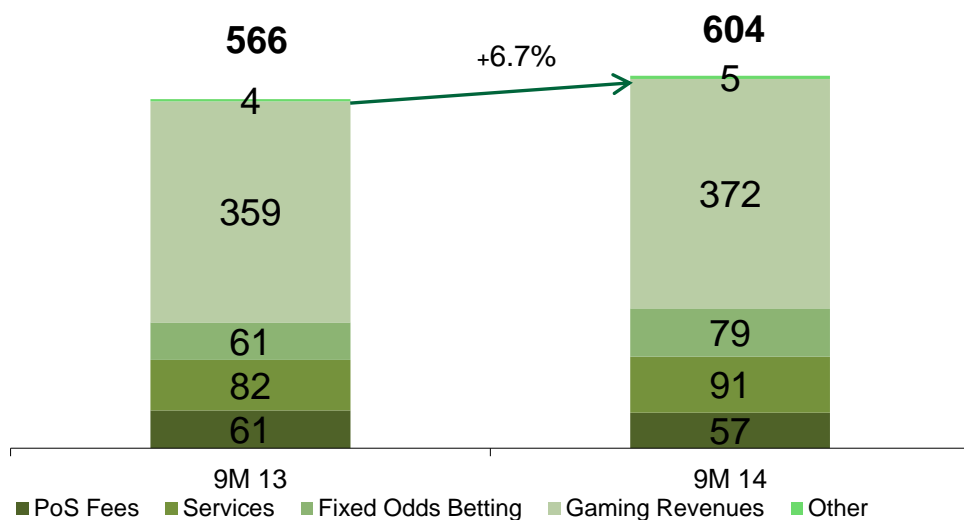
1. 9M 2014 Business Update – Emilio Petrone (Group CEO)

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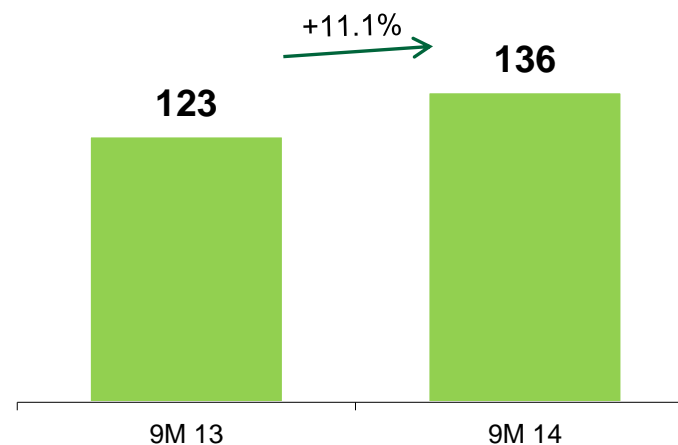
Sisal Results Highlights – 9M 2014

Revenues



Figures in € M

Adj. Ebitda^(a)



Adj. Ebitda Margin %

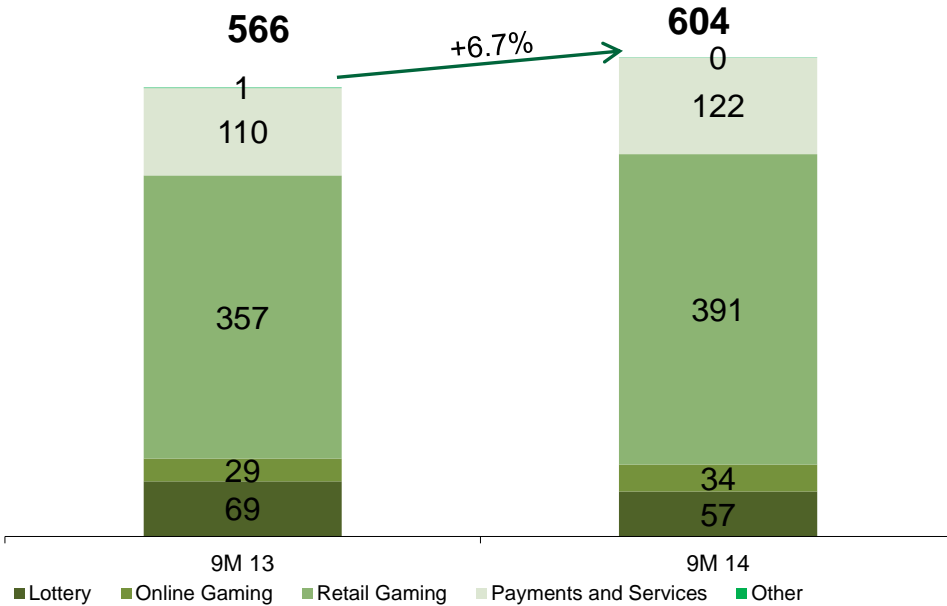
21.7%

22.6%

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

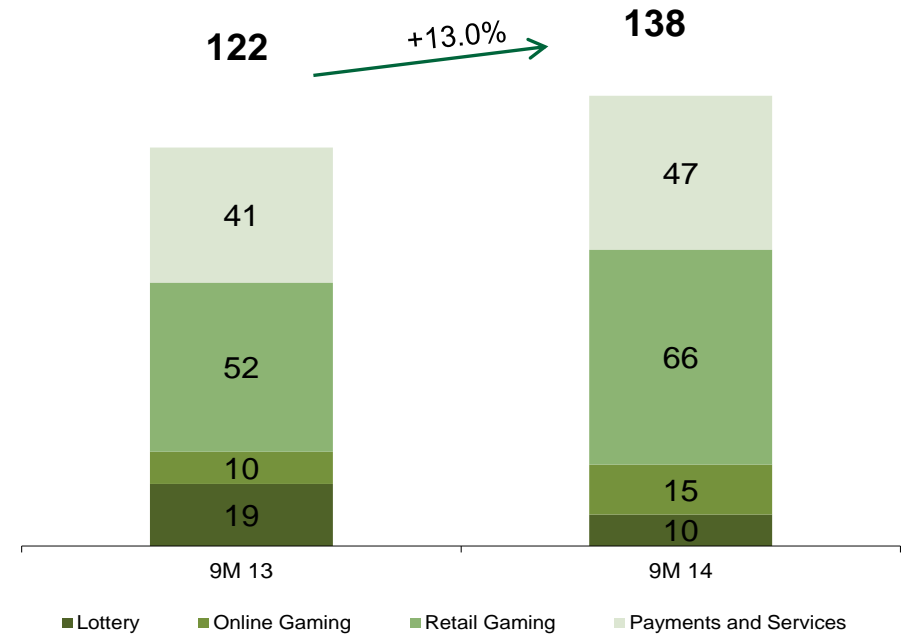
Segments Results Highlights – 9M 2014

Revenues



Figures in € M

Operating Segments Ebitda



Operating Segments Ebitda Margin %

| | 9M 13 | 9M 14 |
|---------------------|--------------|--------------|
| Total | 21.6% | 22.9% |
| Retail Gaming | 14.5% | 16.8% |
| Online Gaming | 34.3% | 45.2% |
| Lottery | 27.4% | 17.0% |
| Payments & Services | 37.5% | 38.8% |

Sisal Key Figures – 9M 2014 vs 9M 2013

P&L and simplified cash flow

| (€m) | 9M-14 | 9M-13 | Change |
|---|---------------|---------------|---------------|
| Turnover | 10.246 | 9.896 | 3,5% |
| Revenues | 603,7 | 565,8 | 6,7% |
| <i>Retail Gaming</i> | 391,1 | 356,5 | 9,7% |
| <i>Online Gaming</i> | 33,9 | 28,7 | 18,1% |
| <i>Lottery</i> | 56,6 | 69,4 | (18,4)% |
| <i>Payments and services</i> | 121,8 | 110,5 | 10,3% |
| <i>Other</i> | 0,3 | 0,7 | (54,2)% |
| Operating Segments EBITDA | 138,1 | 122,2 | 13,0% |
| Adj. Ebitda | 136,3 | 122,7 | 11,2% |
| <i>% margin</i> | 22,6% | 21,7% | |
| Ebitda | 130,6 | 48,3 | 170,7% |
| <i>% margin</i> | 21,6% | 8,5% | |
| Cash Flow | | | |
| Ebitda | 130,6 | 48,3 | |
| Change in trade W/C | (24,7) | (54,8) | |
| Change in other assets and liabilities ^(a) | (11,8) | 53,8 | |
| Capex | (28,2) | (27,8) | |
| Other non-Current Assets | 0,0 | (12,0) | |
| Acquisitions | (15,4) | (3,9) | |
| Cash taxes | (1,8) | (3,1) | |
| Cash interest | (54,3) | (49,5) | |
| Total | (5,5) | (48,9) | |
| Net Financial Position^(b) | 914,1 | 899,1 | |
| Leverage Ratio (LTM)^(c) | 4,8x | 4,8x | |

- **Strong performance in sport betting and Virtual Races**, partially offset by a soft turnover in VLT

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

- **Low average SuperEnalotto jackpot and delay in approving games rejuvenation**

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

- **Working Capital:** higher 9M 2013 cash absorption primarily due to timing in convenience services trade payables, turnover softness and mix and lower cost base in the reference period

- **Capex** mainly related to tangible and intangible assets and in line with 9M 2013

- **Acquisitions** mainly related to the instalment payments (€15M) related to Merkur Win Sport betting business acquisition

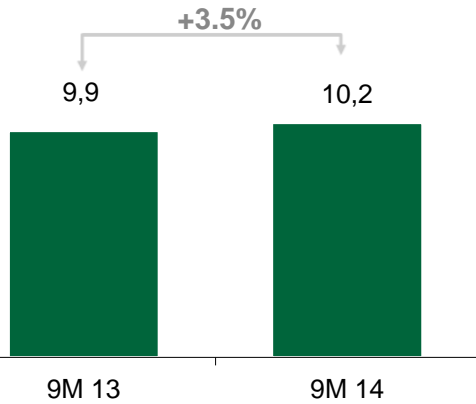
(a) Includes the impact of payables of unpaid winnings net of the restricted cash balance

(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

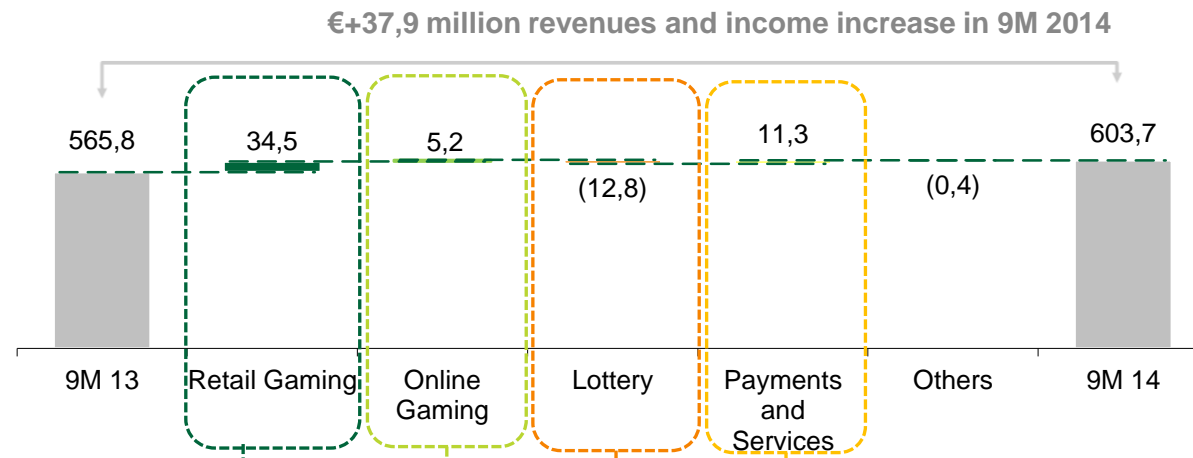
(c) Computed based on Adjusted EBITDA LTM (€189.2M in 9M 2014 and € 188,3M in 9M 2013)

9M 2014 vs 9M 2013 comparison: Revenues

Turnover (€ BN)



Revenues and income (€ M)

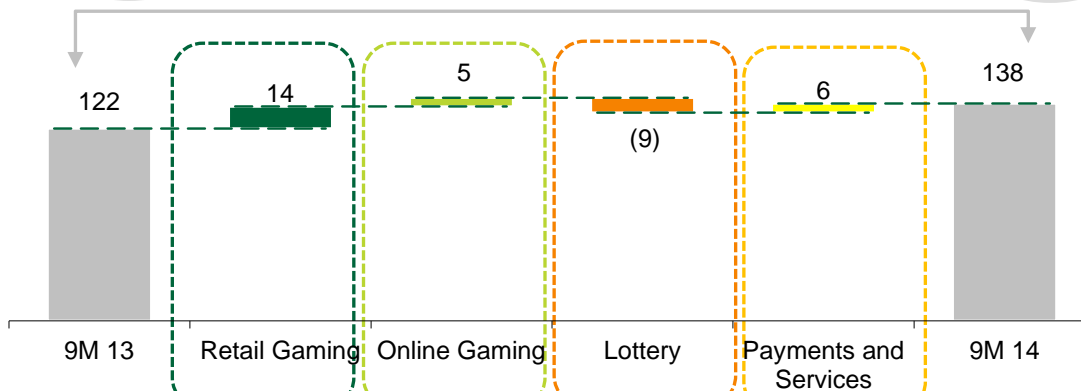


| | € M impact | Primary drivers | | € M impact | Primary drivers | | € M impact | Primary drivers | | € M impact | Primary drivers |
|------------------------|------------|--|-----------------------------|------------|--|---------------------------|------------|---|---------------------------|------------|---|
| Gaming machines | (1.1) | <ul style="list-style-type: none"> Overall in line with prior year reference period | Digital games | 0.1 | <ul style="list-style-type: none"> Strong performance of Slot and Casino games, partially offset by Poker games weak market trend | Lottery | (6.2) | <ul style="list-style-type: none"> Soft turnover driven by both low average jackpot and delays in approving games rejuvenation | Services | 8.7 | <ul style="list-style-type: none"> Mainly driven by payment and financial services |
| Sport Betting | 14.4 | <ul style="list-style-type: none"> Strong performance in sport betting, positively impacted also by the World Cup | Betting online | 3.5 | <ul style="list-style-type: none"> Strong performance in online sport betting, positively impacted also by the World Cup | Point of Sale fees | (6.7) | <ul style="list-style-type: none"> Decrease driven by lottery turnover and retail network optimization program | Point of Sale fees | 2.6 | <ul style="list-style-type: none"> Increase driven by services turnover and roll out of service-only POS |
| Virtual Races | 20.5 | <ul style="list-style-type: none"> Stronger than expected performance | Virtual Races online | 1.6 | <ul style="list-style-type: none"> Stronger than expected performance | | | | | | |
| Other revenues | 0.7 | <ul style="list-style-type: none"> Food&Beverage | | | | | | | | | |

9M 2014 vs 9M 2013 comparison: Profitability

Operating Segments Ebitda (€ M)

Margin % 21.6% €16 million Operating Segments Ebitda increase in 9M 2014 22.9%



- Strong performance of Virtual Races and solid sport betting margin

- Successful performance of sport betting, Slot and Casino games

- Soft turnover and revenues combined with higher marketing expenses related to the new NTNG "Vincicasa" game launch

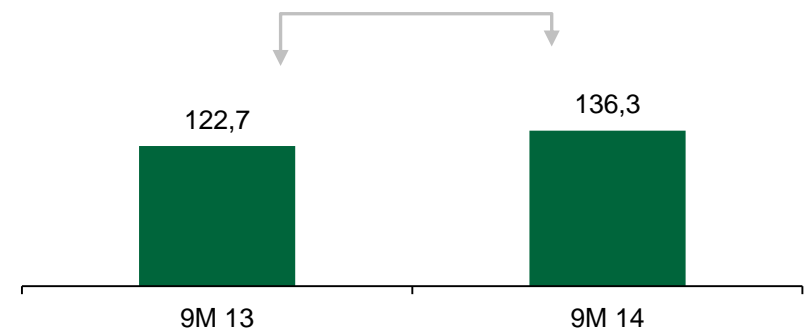
- Driven by top line

9M 2014 Operating Segments Ebitda margin higher than 9M 2013

Adj. Ebitda (€ M)

Margin % 21.7% 22.6%

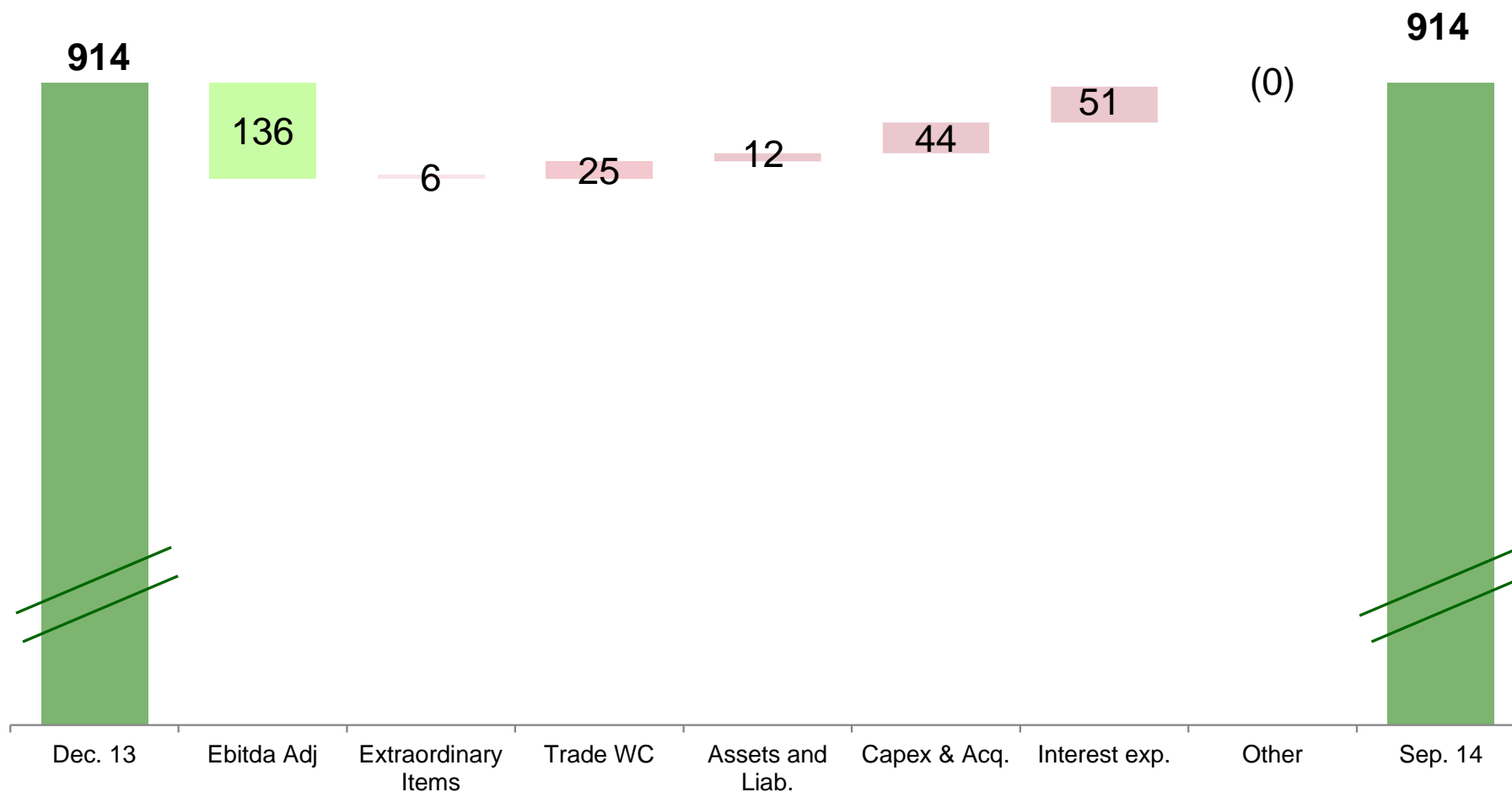
€14 million increase in 9M 2014



- Adj. Ebitda margin strongly improved vs previous year reference period and mainly driven by:
 - strong performance of sport betting and Virtual Races
 - top line growth in the online and payment and services segments
 - retail strategy execution
 - cost efficiency programs

Net Financial Position^(a) Bridge – 9M 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 30 Sept. 2014 equal to € 292,6M and 9M 2014 GI Interest expenses equal to € 20.1M

Consolidated Sisal Group Income Statement – 9M 2014

Figures in € M (except ratios)

| Income Statement | 9M 14 | 9M 13 | % Change |
|------------------------------------|---------------|---------------|-----------------|
| Revenues | 523,8 | 503,3 | 4,1% |
| Fixed odd betting income | 78,5 | 60,6 | 29,5% |
| Other revenues and income | 1,4 | 1,9 | (26,3)% |
| Total revenues and Income | 603,7 | 565,8 | 6,7% |
| Adj. Ebitda ^(a) | 136,3 | 122,7 | 11,2% |
| <i>Margin (%)</i> | <i>22,6%</i> | <i>21,7%</i> | |
| Ebitda | 130,6 | 48,3 | 170,7% |
| <i>Margin (%)</i> | <i>21,6%</i> | <i>8,5%</i> | |
| Ebit | 48,3 | (29,4) | (264,3)% |
| Net financial expenses and similar | 68,1 | 60,8 | 12,0% |
| Income before tax | (19,8) | (90,2) | n.m. |
| Net Income | 0,1 | (91,2) | n.m. |

(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 – 9M 2014

Figures in € M

| Balance Sheet | 9M 14 | FY 13 |
|--|----------------|----------------|
| Non-Current Assets | 377,5 | 401,5 |
| Goodwill | 880,5 | 880,0 |
| Net Working Capital/Other ^(a) | (227,4) | (268,3) |
| Total assets | 1.030,6 | 1.013,2 |
| Net Financial Position ^(b) | 1.082,3 | 1.065,4 |
| Total Equity | (51,7) | (52,2) |
| Total Liabilities and Equity | 1.030,6 | 1.013,2 |
| Payables for unpaid winnings | 66,8 | 81,2 |
| Restricted cash balance | 63,2 | 76,7 |

(a) Includes Payables for unpaid winnings and Restricted Cash

(b) Includes amounts due under the Shareholder Loans

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