



# 2015 Nine Months Results

Ended September 30, 2015

November 30, 2015

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# Agenda

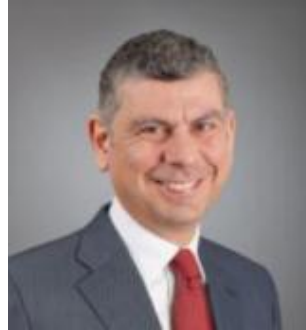
## Agenda

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1. 9M 2015 Business Update
2. 9M 2015 Financial Results
3. Q&A

## Speakers

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**Emilio Petrone**  
Group CEO



**Corrado Orsi**  
Group CFO

# Agenda

**1. 9M 2015 Business Update – Emilio Petrone (Group CEO)**

**2. 9M 2015 Financial Results – Corrado Orsi (Group CFO)**

**3. Q & A**

# Key Factors affecting 9M 2015

- **Macroeconomic factors:** In the first nine months 2015, the Italian GDP was slightly up 0.4%<sup>a</sup> compared to the same period of last year
- The **Italian gaming market** showed positive developments. The turnover inverted the 2014 trend, growing by 2.5% to approximately € 63.5 billion<sup>b</sup>
- Total **Convenience Payments Services market** confirmed the ongoing positive trend. Services turnover grew by 5.1%, reaching €75.7 billion<sup>c</sup>, mainly driven by the expansion of payment and financial services

<sup>a</sup> Sisal Market Intelligence Estimate based on Istat data

<sup>b</sup> Sisal Market Intelligence Estimate based on AAMS, Agicos, Agipro, Agimeg

<sup>c</sup> Sisal Market Intelligence Estimate

# Sisal Key Achievements – 9M 2015

- **Sisal performance during 9M 2015 was affected by the 2015 Budget Law impact**
  - **2015 Budget Law** provided a reduction of gaming machine concessionaires revenues for a total amount of **€500 million**
  - **Sisal share amounts to € 45.8 million**, payable in two installments in April (already paid) and in October 2015 (timely paid)
  - **Sisal renegotiated its agreements** with gaming network retailers and operators, in order to **charge back** to them a fair proportion of revenues reduction (based on Sisal estimates, **approx. 40% of the total amount** should remain payable by Sisal Group)
- In the above mentioned context, **Sisal 9M 2015 achievements were overall positive**
  - **Turnover** amounted to **€11.1 billion** in 9M 2015, **up 8.4%** vs 9M 2014, mainly driven by Payments and Services performance
  - **Revenues** amounted to **€557.3 million**, **down 7.7%** from €603.7 million in 9M 2014 (**down 2.0% net of Budget Law impact**), due in particular to a soft performance of fixed odds sport betting income and the impact of the Budget Law, partially offset by the strong Payments and Services performance
  - **Adj. Ebitda<sup>b</sup>** reached **€132.5 million**, **down 2.8%** vs €136.3 million in 9M 2014 (**up 7.1% net of Budget Law impact**) mostly due to the impact of the Budget Law

(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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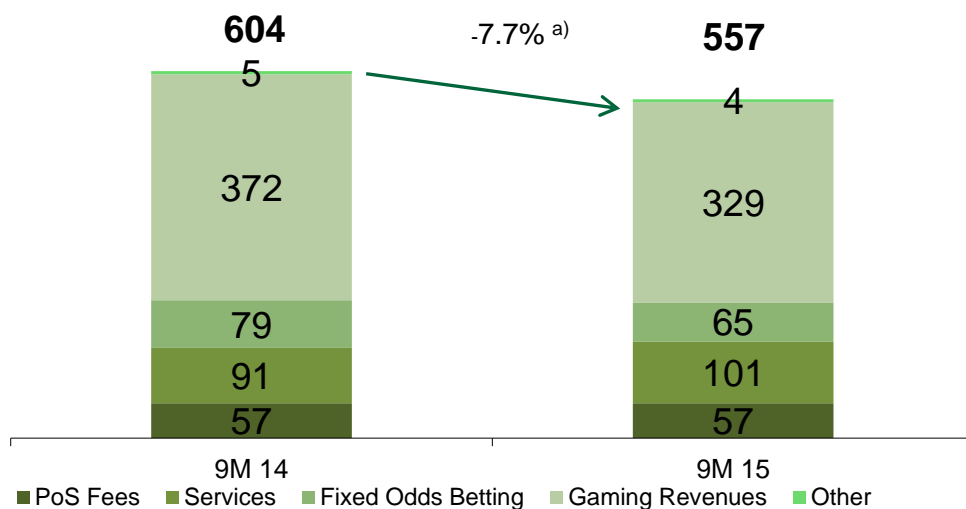
1. 9M 2015 Business Update – Emilio Petrone (Group CEO)

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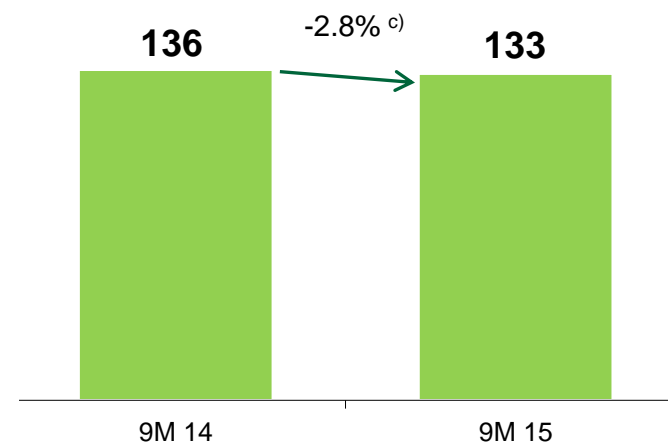
# Sisal Results Highlights – 9M 2015

## Revenues



Figures in € M

## Adj. Ebitda<sup>(b)</sup>



## Adj. Ebitda Margin %

22.6%

23.8%

(a) - 2,0% net of Budget Law impact

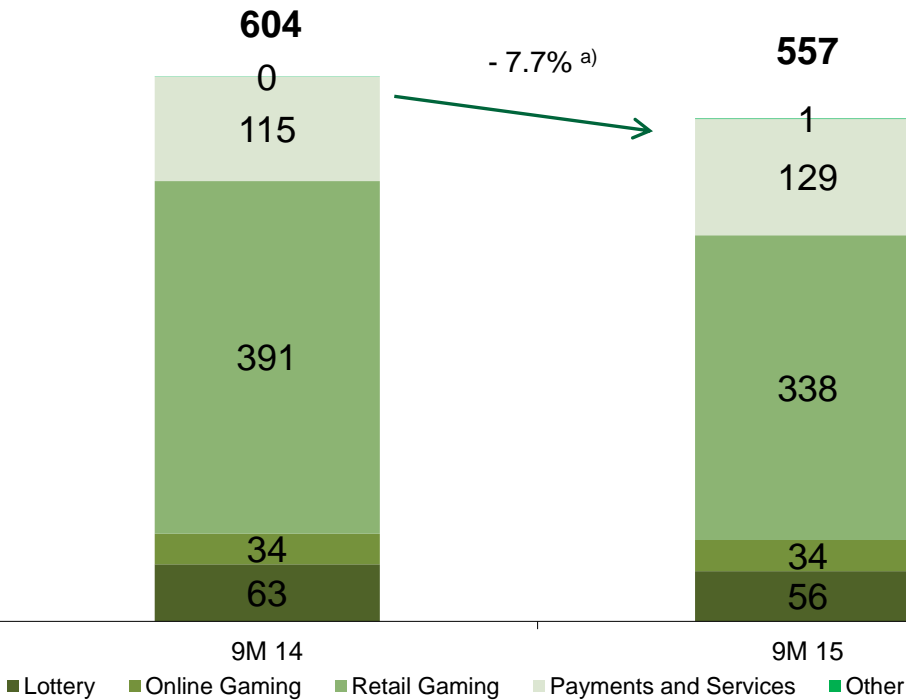
(b) We define Adjusted EBITDA as EBITDA adjusted for the effect of extraordinary items and provisions related to disputes with regulatory bodies.

(c) + 7,1% net of Budget Law impact



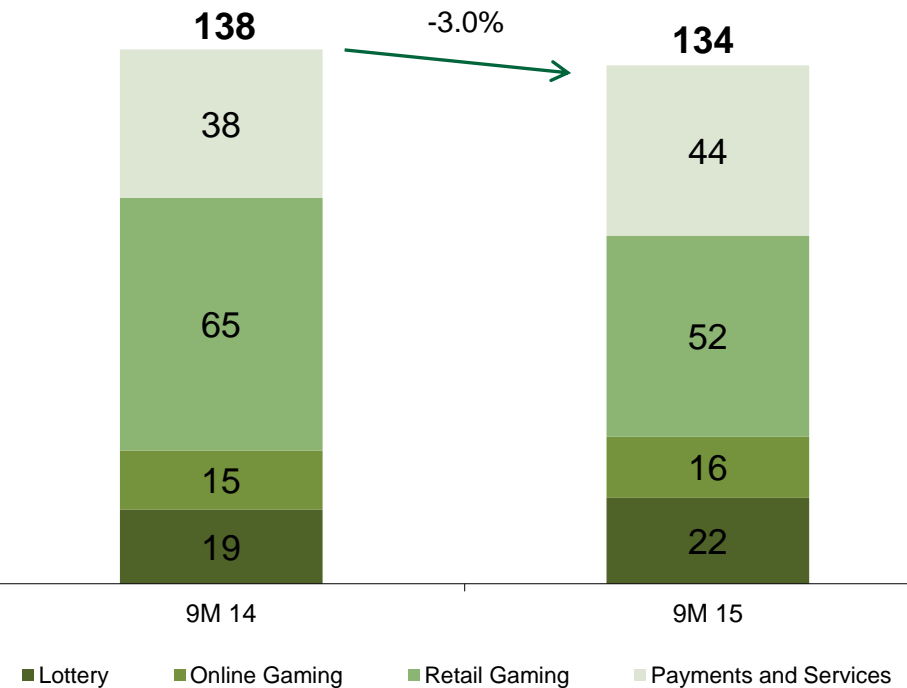
# Segments Results Highlights – 9M 2015

## Revenues



Figures in € M

## Operating Segments Ebitda



### Operating Segments Ebitda Margin %

<b>Total</b>	<b>22.9%</b>	<b>24.0%</b>
<hr style="border-top: 1px dashed #ccc;"/>		
<b>Retail Gaming</b>	<b>16.7%</b>	<b>15.4%</b>
<b>Online Gaming</b>	<b>45.0%</b>	<b>46.1%</b>
<b>Lottery</b>	<b>30.4%</b>	<b>39.8%</b>
<b>Payments &amp; Services</b>	<b>33.3%</b>	<b>34.2%</b>

(a) - 2.0% net of Budget Law impact

# Sisal Key Figures – 9M 2015 vs 9M 2014

## P&L and simplified cash flow

(€m)	9M-15	9M-14	Change
<b>Turnover</b>	<b>11.103</b>	<b>10.246</b>	<b>8,4%</b>
<b>Revenues</b>	<b>557,3</b>	<b>603,7</b>	<b>(7,7)%</b>
<i>Retail Gaming</i>	337,9	391,1	(13,6)%
<i>Online Gaming</i>	34,3	33,9	1,2%
<i>Lottery</i>	55,7	63,1	(11,8)%
<i>Payments and services</i>	128,9	115,3	11,8%
<i>Other</i>	0,6	0,3	81,7%
<b>Operating Segments EBITDA</b>	<b>134,0</b>	<b>138,1</b>	<b>(3,0)%</b>
<b>Adj. Ebitda</b>	<b>132,5</b>	<b>136,3</b>	<b>(2,8)%</b>
<i>% margin</i>	23,8%	22,6%	
<b>Ebitda</b>	<b>131,0</b>	<b>130,6</b>	<b>0,3%</b>
<i>% margin</i>	23,5%	21,6%	
<b>Cash Flow</b>			
Ebitda	131,0	130,6	
Change in trade W/C	(43,5)	(24,7)	
Change in other assets and liabilities <sup>(a)</sup>	12,1	(11,8)	
Capex	(24,8)	(28,2)	
Other non-Current Assets	0,0	0,0	
Acquisitions	(1,2)	(15,4)	
Cash taxes	(4,7)	(1,8)	
Cash interest	(46,5)	(54,3)	
<b>Total</b>	<b>22,5</b>	<b>(5,5)</b>	
<b>Net Financial Position<sup>(b)</sup></b>	<b>874,2</b>	<b>914,1</b>	
<b>Leverage Ratio (LTM)<sup>(c)</sup></b>	<b>4,7x</b>	<b>4,8x</b>	

▪ Performance driven by the **Budget Law impact** and **sport betting soft margin**

▪ Performance mainly driven by **Slot games strong performance**, partially offset by **soft performance in online sport betting** and the **Poker market weak trend**

▪ **Low average jackpots** and **delay in approving new games rejuvenation**

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

▪ **Working Capital** movements mainly driven by the execution of cost optimization programs, which resulted in lower opex payables

▪ **Change in other assets and liabilities:** mainly related to lower VAT receivables and other assets offsetting gaming tax payables

▪ **Capex** mainly related to POS technology, application SW, gaming machines and accessories

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

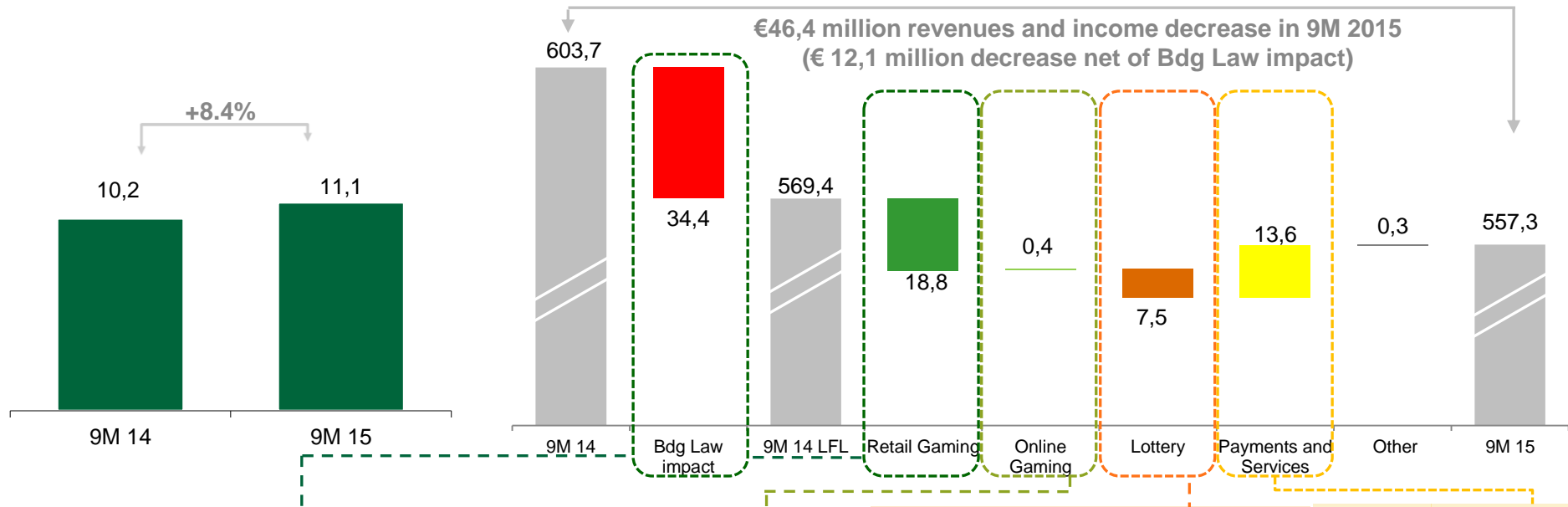
(b) We define Net Financial Position as Sisal Group net debt plus Gaming Invest (GI) net debt which consists of the principal amount of total debt of the Issuer and its consolidated subsidiaries excluding amounts due under the Shareholder Loans and net of unrestricted cash of the Issuer and its subsidiaries, 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 (€185.0M in 9M 2015 and € 189,2M in 9M 2014)

# 9M 2015 vs 9M 2014 comparison: Revenues

Turnover (€ BN)

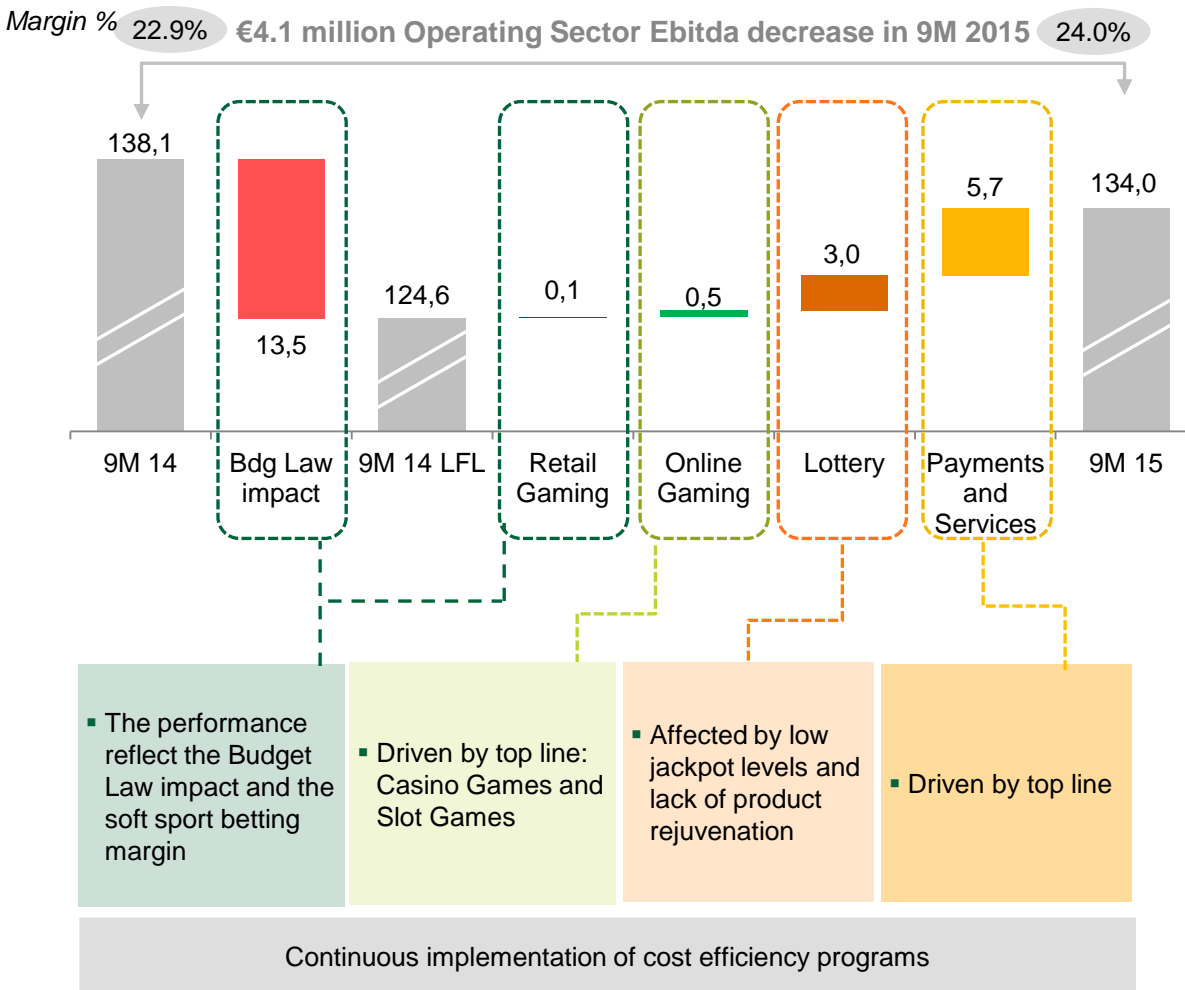
Revenues and income (€ M)



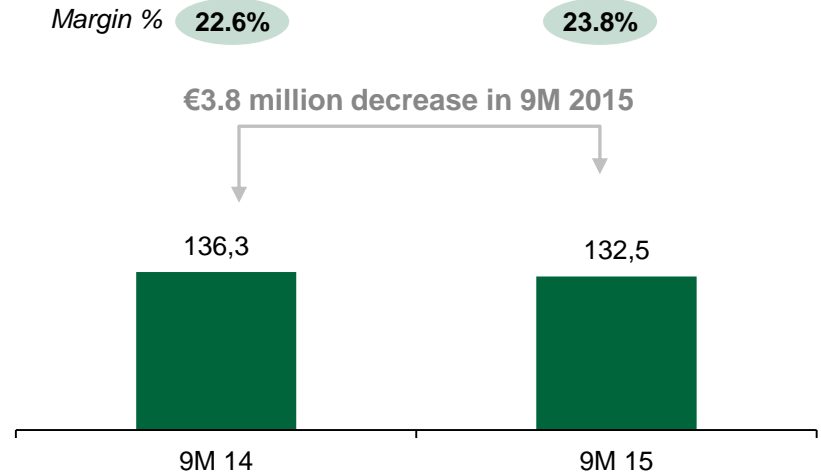
	€ M impact	Primary drivers		€ M impact	Primary drivers		€ M impact	Primary drivers
<b>Gaming machines</b>	(41.0)	<ul style="list-style-type: none"> <li>€34,4 M Bdg Law impact</li> </ul>	<b>Digital games</b>	2.5	<ul style="list-style-type: none"> <li>Strong performance of slot games, Casino and skill games</li> </ul>	<b>Lottery</b>	(3.7)	<ul style="list-style-type: none"> <li>Soft performance driven by a low average jackpot and delay in approving new games rejuvenation</li> </ul>
<b>Sport Betting</b>	(12.0)	<ul style="list-style-type: none"> <li>Weaker profit margin in fixed odds sport betting compared to 9M 2015 performance</li> </ul>	<b>Betting online</b>	(1.7)	<ul style="list-style-type: none"> <li>Weaker profit margin in online betting compared to 9M 2014 performance</li> </ul>	<b>Point of Sale fees</b>	(3.8)	<ul style="list-style-type: none"> <li>Decrease primarily as a result of retail network optimization program</li> </ul>
<b>Other revenues</b>	(0.2)		<b>Virtual Race online</b>	(0.4)				
						<b>Services</b>	10.5	<ul style="list-style-type: none"> <li>Driven by payment and financial services</li> </ul>
						<b>Point of Sale fees</b>	3.1	<ul style="list-style-type: none"> <li>Increase driven by services turnover and roll out of service-only POS</li> </ul>

# 9M 2015 vs 9M 2014 comparison: Profitability

## Operating Segments Ebitda (€ M)



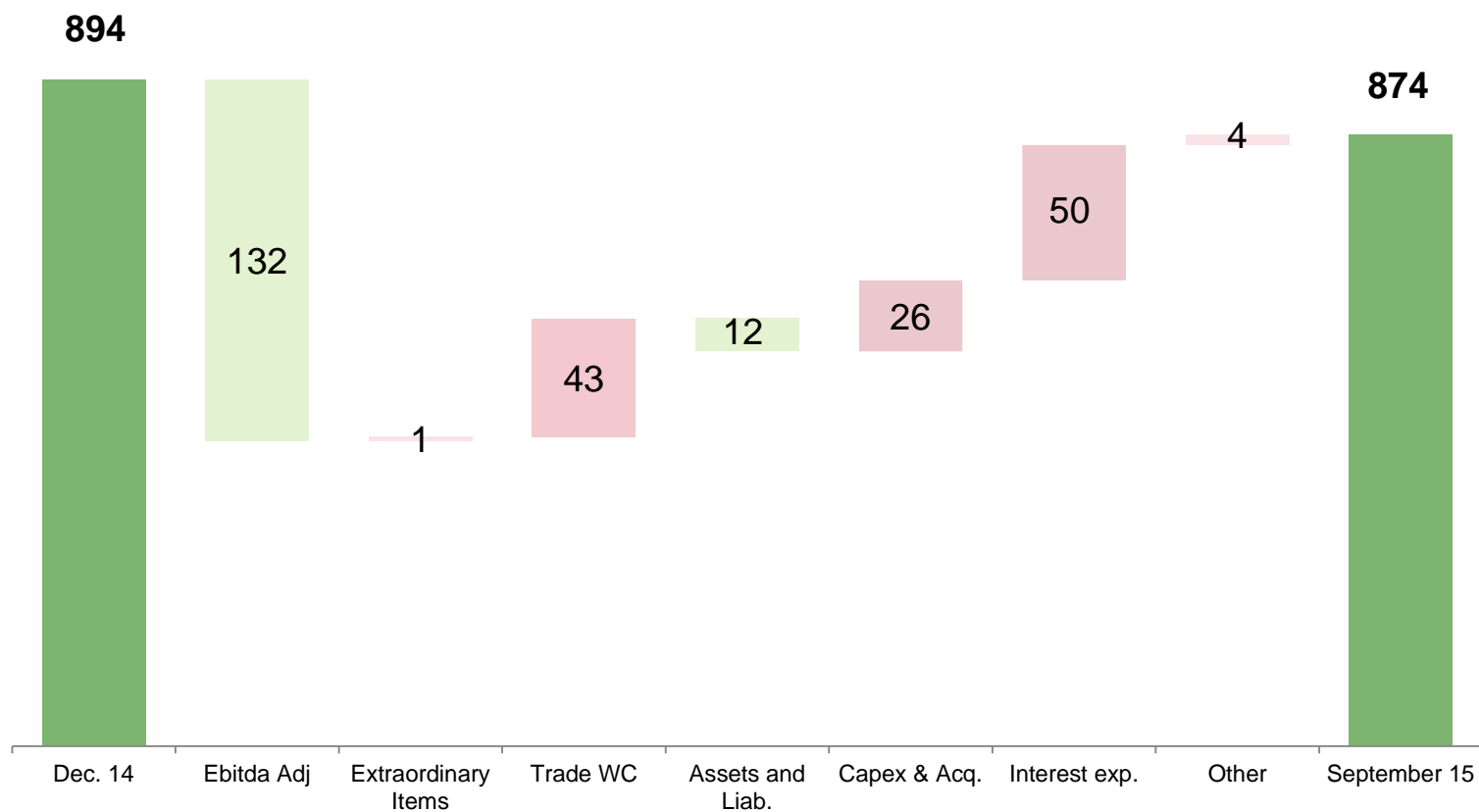
## Adj. Ebitda (€ M)



- Adj. Ebitda margin increase mainly driven by:
  - Payments & Services
  - Online Gaming
  - Cost efficiency programs
 ...allowing to partially offset 2015 Budget Law impact

# Net Financial Position<sup>(a)</sup> Bridge – 9M 2015

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 September 2015 equal to € 308,4 M and 9M 2015 GI Interest expenses equal to € 20,6M

# Consolidated Sisal Group Income Statement – 9M 2015

Figures in € M (except ratios)

Income Statement	9M 15	9M 14	% Change
Revenues	491,4	523,8	(6,2)%
Fixed odd betting income	64,8	78,5	(17,5)%
Other revenues and income	1,1	1,4	(21,4)%
<b>Total revenues and Income</b>	<b>557,3</b>	<b>603,7</b>	<b>(7,7)%</b>
<b>Adj. Ebitda</b> <sup>(a)</sup>	<b>132,5</b>	<b>136,3</b>	<b>(2,8)%</b>
<i>Margin (%)</i>	23,8%	22,6%	
<b>Ebitda</b>	<b>131,0</b>	<b>130,6</b>	<b>0,3%</b>
<i>Margin (%)</i>	23,5%	21,6%	
<b>Ebit</b>	<b>49,2</b>	<b>48,3</b>	<b>n.m.</b>
Net financial expenses and similar	63,2	68,1	(7,2)%
<b>Income before tax</b>	<b>(14,0)</b>	<b>(19,8)</b>	<b>n.m.</b>
<b>Net Income</b>	<b>(14,8)</b>	<b>0,1</b>	<b>n.m.</b>

(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 2015

Figures in € M

Balance Sheet	9M 15	FY 14
Non-Current Assets	311,5	362,9
Goodwill	880,4	880,0
Net Working Capital/Other <sup>(a)</sup>	(205,5)	(233,7)
<b>Total assets</b>	<b>986,5</b>	<b>1.009,3</b>
Net Financial Position <sup>(b)</sup>	970,4	978,4
Total Equity	16,0	30,8
<b>Total Liabilities and Equity</b>	<b>986,5</b>	<b>1.009,3</b>
Payables for unpaid winnings	94,5	95,7
Restricted cash balance	90,3	90,3

(a) Includes Payables for unpaid winnings

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

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