



# 2016 First Half Results

Ended June 30, 2016

September 13<sup>th</sup>, 2016

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# Agenda

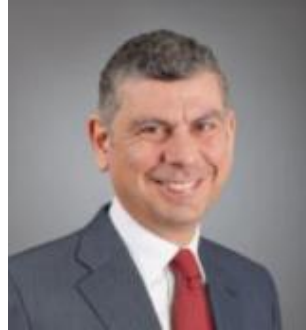
## Agenda

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1. H1 2016 Business Update
2. H1 2016 Financial Results
3. Q&A

## Speakers

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**Emilio Petrone**  
Group CEO



**Corrado Orsi**  
Group CFO

# Agenda

**1. H1 2016 Business Update – Emilio Petrone (Group CEO)**

**2. H1 2016 Financial Results – Corrado Orsi (Group CFO)**

**3. Q & A**

# Key Factors affecting H1 2016

- **Macroeconomic factors:** In the first half 2016, the Italian GDP was slightly up 0.9%<sup>a</sup> compared to the same period of last year
- The **Italian gaming market** showed positive developments. The Italian gaming market turnover confirmed the 2015 trend, growing by 9.2%, to approximately €47.2 billion<sup>b</sup>
- **Total Payments & Services addressable market**, compared to the same period of 2015, slightly increased at €40.6 billion<sup>c</sup> (+1.6%), 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 Gaming Administration (ADM) data

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

# Sisal Key Achievements – H1 2016

- Sisal performance during H1 2016 was affected by the 2016 Budget Law impact
  - 2016 Budget Law envisaged:
    - The cancellation of the 2015 Budget law
    - The introduction of a taxation increase on gaming machines (AWPs from 13% in 2015 to 17,5% from January 1st in 2016; VLTs from 5% in 2015 to 5,5% from January 1st in 2016)
    - The reduction of AWP's minimum payout from 74% in 2015 to 70%, with effect from Jan. 1 2016 to be rolled-out over the next few quarters
- In the above mentioned context, **Sisal H1 2016 achievements were extremely satisfactory**
  - **Turnover** amounted to **€8.1 billion** in H1 2016, **up 7.6%** vs H1 2015, mainly driven by Lottery (+29%) and Online Gaming (+25%)
  - **Revenues** amounted to **€379.0 million**, **up 1.2%** from €374.6 million in H1 2015, mainly driven by a strong performance of Lottery, Online Gaming, fixed odds sport betting, and Payments and services, fully offsetting the impact of the Budget Law 2016 on Gaming machines
  - **Adj. Ebitda<sup>b</sup>** reached **€95.5 million**, **up 11.2%** vs €85.9 million in H1 2015

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

# Agenda

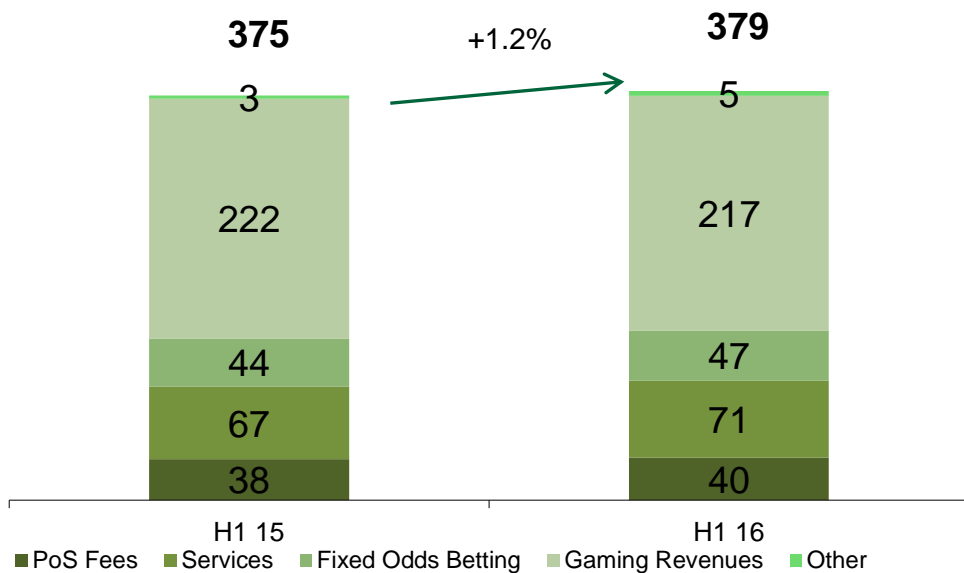
1. H1 2016 Business Update – Emilio Petrone (Group CEO)

2. H1 2016 Financial Results – Corrado Orsi (Group CFO)

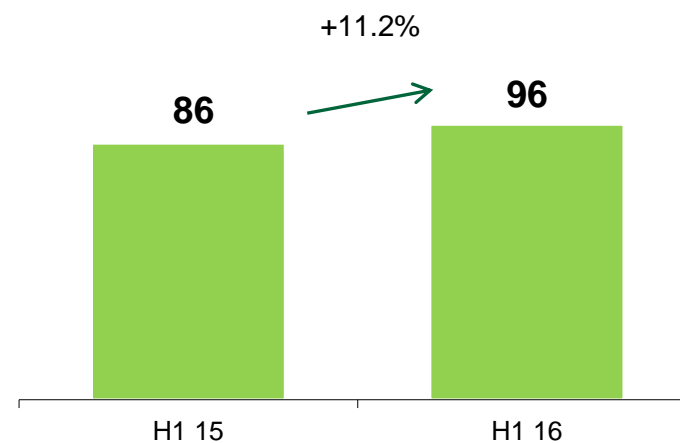
3. Q & A

# Sisal Results Highlights – H1 2016

## Revenues



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



## Adj. Ebitda Margin %

22.9%

25.2%

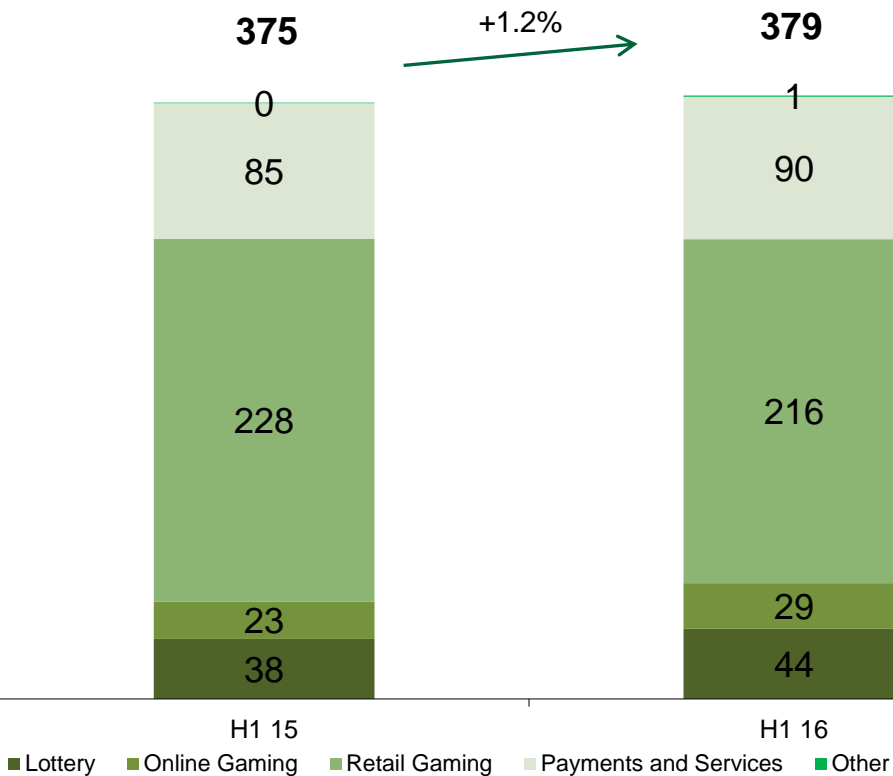
Figures in € M

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

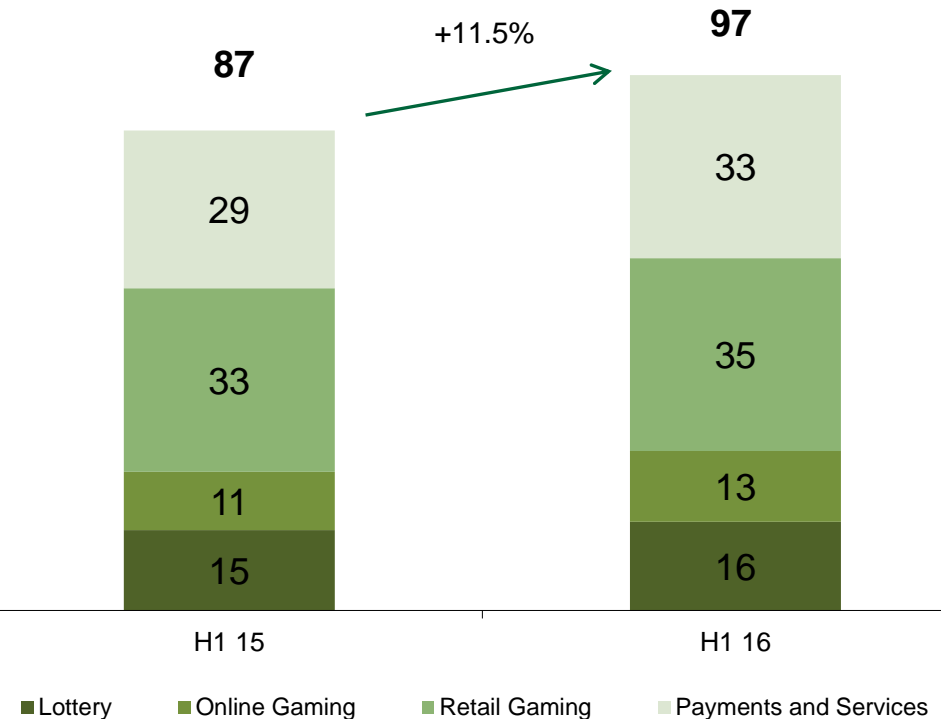


# Segments Results Highlights – H1 2016

## Revenues



## Operating Segments Ebitda



Figures in € M

### Operating Segments Ebitda Margin %

<b>Total</b>	<b>23.2%</b>	<b>25.6%</b>
<b>Retail Gaming</b>	<b>14.6%</b>	<b>16.1%</b>
<b>Online Gaming</b>	<b>45.3%</b>	<b>44.9%</b>
<b>Lottery</b>	<b>38.5%</b>	<b>36.5%</b>
<b>Payments &amp; Services</b>	<b>33.5%</b>	<b>37.1%</b>

# Sisal Key Figures – H1 2016 vs H1 2015

## P&L and simplified cash flow

(€m)	H1-16	H1-15	Change
<b>Turnover</b>	<b>8.075</b>	<b>7.505</b>	<b>7,6%</b>
<b>Revenues</b>	<b>379,0</b>	<b>374,6</b>	<b>1,2%</b>
<i>Retail Gaming</i>	216,2	227,8	(5,1)%
<i>Online Gaming</i>	28,6	23,4	22,2%
<i>Lottery</i>	44,0	37,7	16,7%
<i>Payments and services</i>	89,5	85,3	4,9%
<i>Other</i>	0,7	0,4	81,1%
<b>Operating Segments EBITDA</b>	<b>97,0</b>	<b>87,0</b>	<b>11,5%</b>
<b>Adj. Ebitda</b>	<b>95,5</b>	<b>85,9</b>	<b>11,2%</b>
<i>% margin</i>	25,2%	22,9%	
<b>Ebitda</b>	<b>95,0</b>	<b>84,7</b>	<b>12,2%</b>
<i>% margin</i>	25,1%	22,6%	
<b>Cash Flow</b>			
Ebitda	95,0	84,7	
Change in trade W/C	(15,6)	(23,3)	
Change in other assets and liabilities <sup>(a)</sup>	(14,1)	2,5	
Capex	(12,1)	(16,5)	
Other non-Current Assets	0,0	0,0	
Acquisitions	(0,8)	(1,0)	
Cash taxes	(0,2)	(0,3)	
Cash interest	(29,5)	(27,7)	
<b>Total</b>	<b>22,8</b>	<b>18,4</b>	
<b>Net Financial Position<sup>(b)</sup></b>	<b>847,0</b>	<b>881,4</b>	
<b>Leverage Ratio (LTM)<sup>(c)</sup></b>	<b>4,4x</b>	<b>4,8x</b>	

▪ Performance driven by **Budget Law impact** partially offset by a **strong VLTs performance**, a **fast start of AWP's payout reduction** and **higher Sport betting revenues** despite a softer margin

▪ Performance mainly driven by **Sport betting, Slot games and Casino games**

▪ **Mainly driven by the re-launch of new SuperEnalotto** (launched on February 1st)

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

▪ **Working Capital** movements mainly related to trade receivables and payables

▪ **Other Assets and Liabilities:** mainly related to a delayed collection of the gaming machines security deposit

▪ **Capex** mainly related to AWP's cabinets, games and AWP's rights and refurbishing, accessories and opening of new Pos

▪ **Acquisitions** related to € 0,8M Merkur Win corners acquisitions

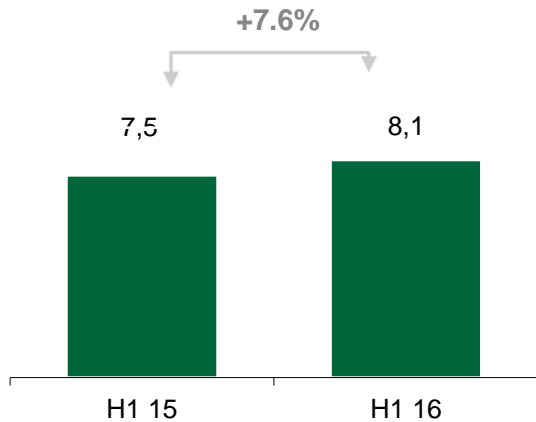
(a) Shows the impact of payables of unpaid winnings net of the restricted cash balance

(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

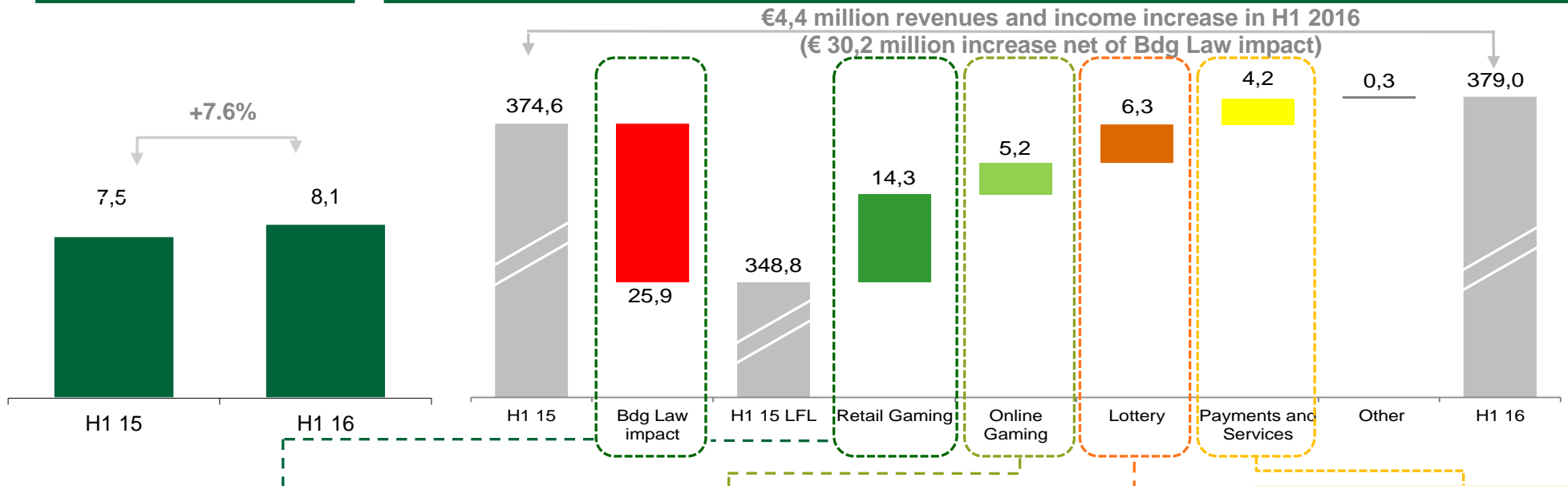
(c) Computed based on Adjusted EBITDA LTM (€191.9M in H1 2016 and € 182.8M in H1 2015)

# H1 2016 vs H1 2016 comparison: Revenues

## Turnover (€ BN)



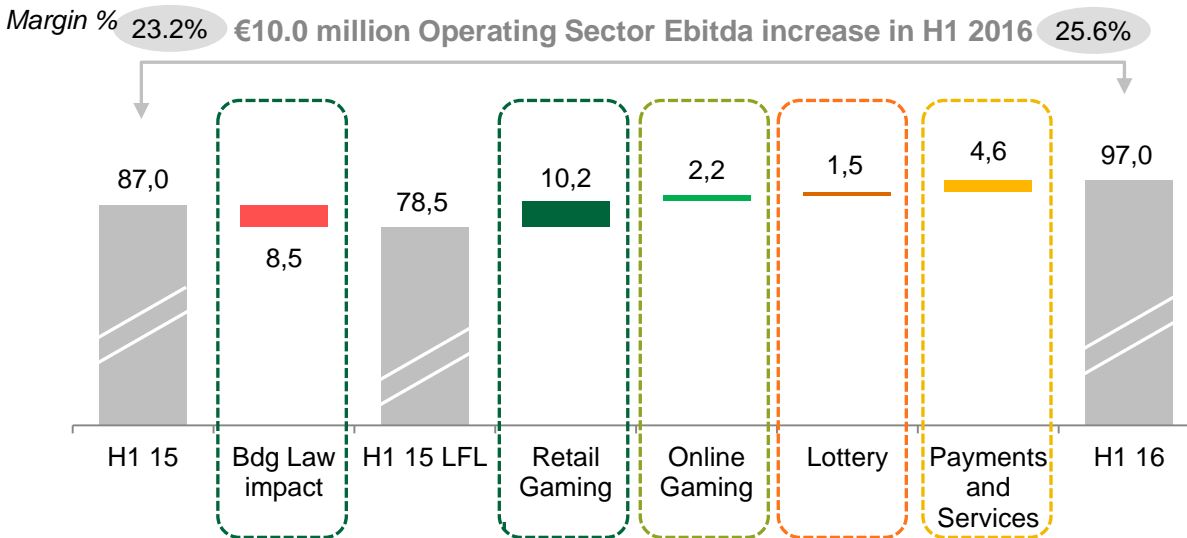
## Revenues and income (€ M)



	€ M impact	Primary drivers		€ M impact	Primary drivers		€ M impact	Primary drivers		€ M impact	Primary drivers
<b>Gaming machines</b>	(11.6)	<ul style="list-style-type: none"> <li>€25,9 M Bdg Law impact</li> <li>Strong performance of VLTs</li> <li>Fast roll out of AWP's payout reduction</li> </ul>	<b>Digital games</b>	3.5	<ul style="list-style-type: none"> <li>Strong performance of slot games</li> </ul>	<b>Lottery</b>	5.7	<ul style="list-style-type: none"> <li>Successful relaunch of SuperEnalotto</li> </ul>	<b>Services</b>	3.6	<ul style="list-style-type: none"> <li>Driven by payment and financial services</li> </ul>
<b>Sport Betting</b>	0.4	<ul style="list-style-type: none"> <li>Higher Sport betting revenues despite a softer margin</li> </ul>	<b>Betting online</b>	1.6	<ul style="list-style-type: none"> <li>Strong Sport betting turnover growth partially by softer margins</li> </ul>	<b>Point of Sale fees</b>	0.6	<ul style="list-style-type: none"> <li>Increase driven by services turnover and roll out of service-only POS</li> </ul>	<b>Point of Sale fees</b>	0.6	
<b>Other revenues</b>	(0.4)		<b>VR online</b>	0.1							

# H1 2016 vs H1 2015 comparison: Profitability

## Operating Segments Ebitda (€ M)



▪ The performance reflect the Budget Law impact offset by strong VLTs, fast start of AWP's payout reduction and higher Sport betting revenues

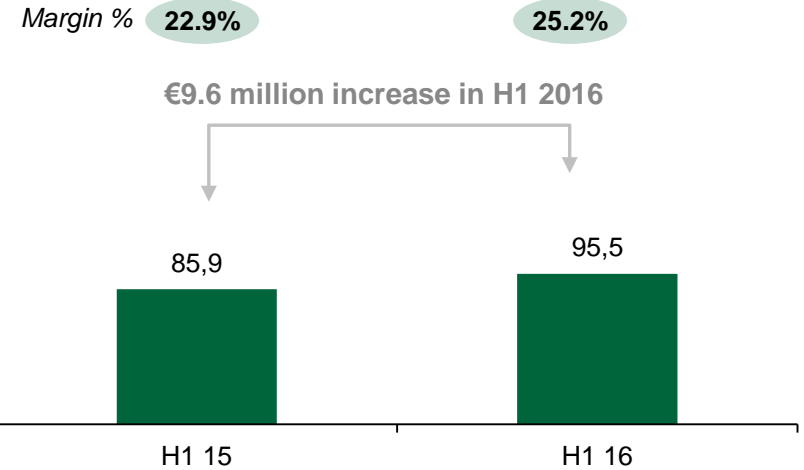
▪ Driven by top line

▪ Additional revenues driven by the SuperEnalotto relaunch offset by marketing support

▪ Driven by top line

Continuous implementation of cost efficiency programs

## Adj. Ebitda (€ M)



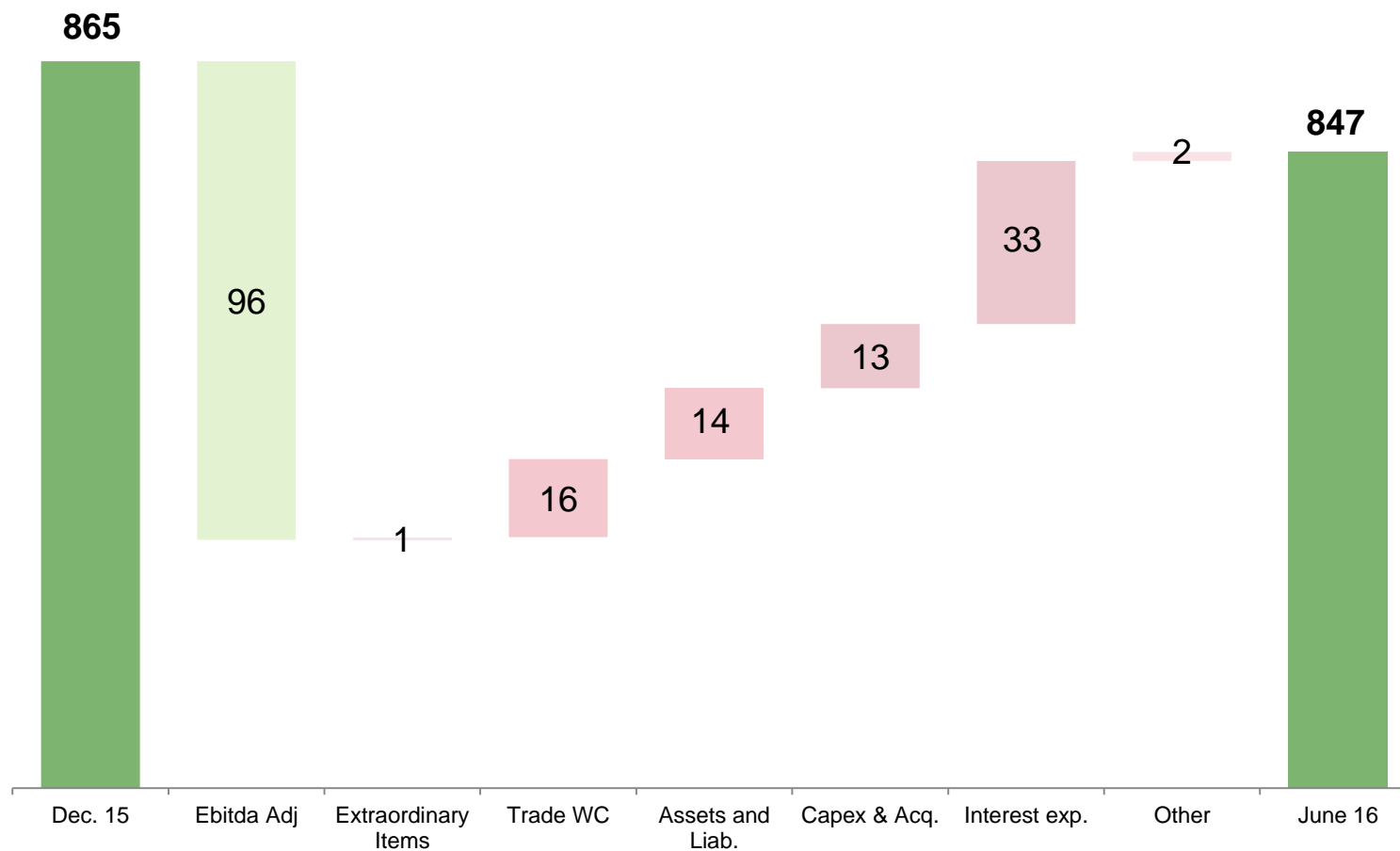
▪ Adj. Ebitda margin increase mainly driven by:

- Payments & Services
- Online Gaming
- Cost efficiency programs

...allowing to more than offsetting 2016 Budget Law impact

# Net Financial Position<sup>(a)</sup> Bridge – H1 2016

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 June 2016 equal to € 319,8 M and H1 2016 GI Interest expenses equal to € 14,0M

# Consolidated Sisal Group Income Statement – H1 2016

Figures in € M (except ratios)

Income Statement	H1 16	H1 15	% Change
Revenues	331,1	329,6	0,5%
Fixed odd betting income	46,6	44,3	5,2%
Other revenues and income	1,3	0,8	62,5%
<b>Total revenues and Income</b>	<b>379,0</b>	<b>374,7</b>	<b>1,2%</b>
<b>Adj. Ebitda</b> <sup>(a)</sup>	<b>95,5</b>	<b>85,9</b>	<b>11,2%</b>
<i>Margin (%)</i>	25,2%	22,9%	
<b>Ebitda</b>	<b>95,0</b>	<b>84,7</b>	<b>12,2%</b>
<i>Margin (%)</i>	25,1%	22,6%	
<b>Ebit</b>	<b>44,3</b>	<b>29,3</b>	<b>51,2%</b>
Net financial expenses and similar	42,6	41,7	2,2%
<b>Income before tax</b>	<b>1,8</b>	<b>(12,4)</b>	<b>(114,5)%</b>
<b>Net Income</b>	<b>(2,5)</b>	<b>(12,2)</b>	<b>(79,5)%</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 – H1 2016

Figures in € M

Balance Sheet	H1 16	FY 15
Non-Current Assets	258,3	293,5
Goodwill	860,9	860,9
Net Working Capital/Other <sup>(a)</sup>	(174,4)	(197,0)
<b>Total assets</b>	<b>944,8</b>	<b>957,4</b>
Net Financial Position <sup>(b)</sup>	955,9	966,0
Total Equity	(11,0)	(8,5)
<b>Total Liabilities and Equity</b>	<b>944,8</b>	<b>957,4</b>
Payables for unpaid winnings	234,7	105,2
Restricted cash balance	221,8	101,9

(a) Includes Payables for unpaid winnings

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

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