



Schumann Group 2016 Twelve Months Results

Ended December 31, 2016

May 15th, 2017

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Agenda

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

Speakers



Emilio Petrone
Group CEO



Corrado Orsi
Group CFO

Agenda

1. 2016 Business Update

2. 2016 Financial Results

Key Factors affecting 2016

- **Macroeconomic factors:** The macro environment in 2016 showed positive signs of a trend reversal, fostered by an improving consumer confidence, **with the Italian GDP up approx. +1.0% and lower unemployment (-0.3%)^a** compared to 2015
- **Private consumption** also showed signs of **recovery** and positively affected the **Italian gaming industry turnover** which, based on our estimates, **was up by approx. +8.9%** reaching **€ 95.9 billion^b**
- **The addressable Payment Services market** (net of direct debit) was revised up, in order to include all the available payments tools. Consequently, the **addressable market** reached **€121.6 billion^c, -3.1% compared to 2015** like-for-like

^a Sisal Market Intelligence Estimate based on Istat data

^b ADM data

^c Sisal Market Intelligence Estimate

Sisal Key Achievements – 2016

- Sisal performance during 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 2016 achievements were extremely satisfactory**
 - **Turnover** amounted to **€16.6 billion** in 2016, **up 9.8%** vs 2015, mainly driven by Online Gaming (+25,2%), Lottery (+49,2%), VLTs (+13,5%) and Payments and Services (+7,3%). Payments & Services overcome the Gaming turnover, reaching 52% of total turnover
 - **Revenues** amounted to **€780.8 million**, **down 0.8%** from €787.1 million in 2015, mainly driven by a positive performance of lottery, online gaming and payments and other services revenues, fully offsetting the impact of the Budget Law 2016 on Gaming machines
 - **Adj. Ebitda^b** reached **€187.3 million**, **up 2.7%** vs €182.3 million in 2015
 - **2016 Financials are pro forma** based (including Sisal Group results on full year basis) and comparable data are related to 2015 Sisal Group consolidated results

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

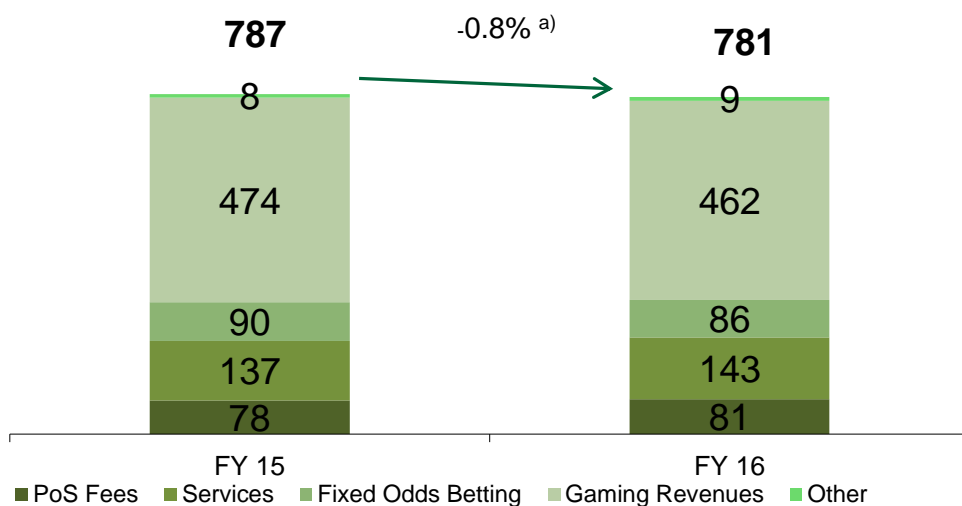
Agenda

1. 2016 Business Update

2. 2016 Financial Results

Sisal Results Highlights –2016

Revenues



Figures in € M

Adj. Ebitda^(b)



Adj. Ebitda Margin %

23.2%

24.0%

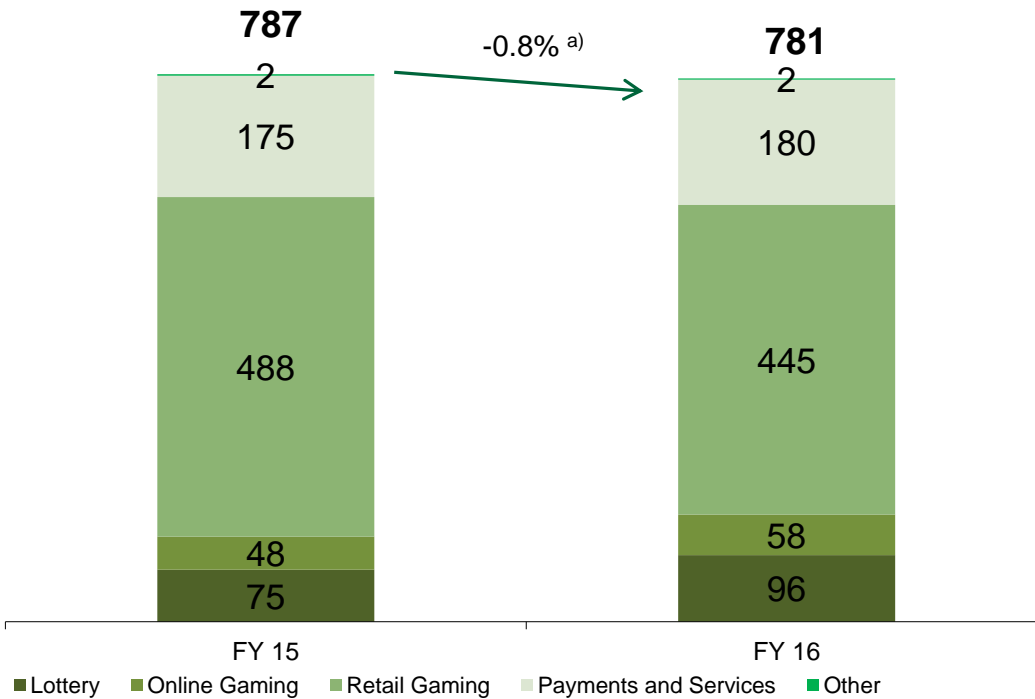
(a) + 3,6% net of Budget Law impact

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

(c) + 8,8% net of Budget Law impact

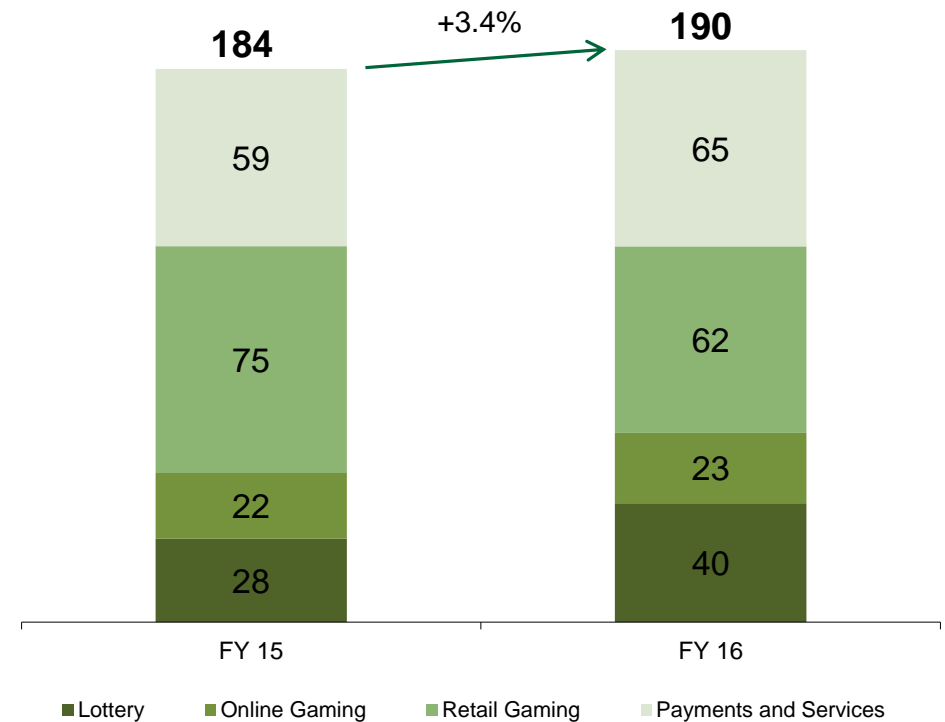
Segments Results Highlights – 2016

Revenues



Figures in € M

Operating Segments Ebitda



Operating Segments Ebitda Margin %

	FY 15	FY 16
Total	23.4%	24.4%
Retail Gaming	15.5%	13.9%
Online Gaming	45.6%	40.3%
Lottery	37.2%	41.3%
Payments & Services	33.8%	36.3%

(a) +3,6% net of Budget Law impact

Sisal Key Figures – 2016 vs 2015

P&L and simplified cash flow

(€m)	FY-16	FY-15	Change
Turnover	16.584	15.098	9,8%
Revenues	780,8	787,1	(0,8)%
<i>Retail Gaming</i>	<i>445,2</i>	<i>487,9</i>	<i>(8,8)%</i>
<i>Online Gaming</i>	<i>58,1</i>	<i>47,8</i>	<i>21,5%</i>
<i>Lottery</i>	<i>95,8</i>	<i>74,5</i>	<i>28,5%</i>
<i>Payments and services</i>	<i>180,1</i>	<i>174,7</i>	<i>3,1%</i>
<i>Other</i>	<i>1,7</i>	<i>2,1</i>	<i>(21,2)%</i>
Operating Segments EBITDA	190,3	184,0	3,4%
Adj. Ebitda	187,3	182,3	2,7%
<i>% margin</i>	<i>24,0%</i>	<i>23,2%</i>	
Ebitda	178,7	182,3	(2,0)%
<i>% margin</i>	<i>22,9%</i>	<i>23,2%</i>	
Cash Flow			
Ebitda	178,7	182,3	
Change in trade W/C	(20,1)	(36,5)	
Change in other assets and liabilities ^(a)	18,7	(0,4)	
Capex	(45,1)	(37,8)	
Other non-Current Assets	0,0	0,0	
Acquisitions	(460,3)	(4,5)	
Cash taxes	(3,9)	(6,3)	
Cash interest	(96,8)	(56,0)	
Total	(428,7)	40,8	
Net Financial Position	699,3^(c)	865,1^(b)	
Leverage Ratio (LTM)^(d)	3,7x	4,7x	

Performance driven by **Budget Law impact** partially offset by **an overall good performance in VLTs**, partially offset by **lower performance in sport betting margin**, due in particular to a weak 2nd half

Performance mainly driven by **Slot games** also related to increasing number of monthly active players

Driven by the **February 1st re-launch of the new SuperEnalotto**

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

Working Capital: strong cash flow performance with no relevant impact from wide working capital

Capex mainly related to AWP's cabinets, games, games and license fees, new products development, sw, licenses and PoS technology, including hw and broadband connectivity

Acquisitions: €459m related to Sisal Group purchase price acquisition

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

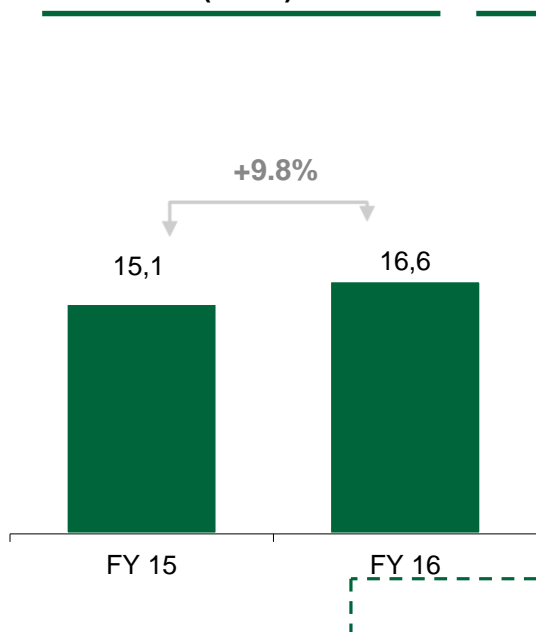
(b) Net Financial Position as Sisal Group net debt plus Gaming Invest (GI) net debt which consists of the principal amount of total debt of the Issuer and its consolidated subsidiaries excluding amounts due under the Shareholder Loans and net of unrestricted cash of the Issuer and its subsidiaries, plus amounts due by GI under the Mezzanine Facilities Agreement and the Second Lien Facilities Agreement net of cash at GI (previous capital structure)

(c) New capital structure

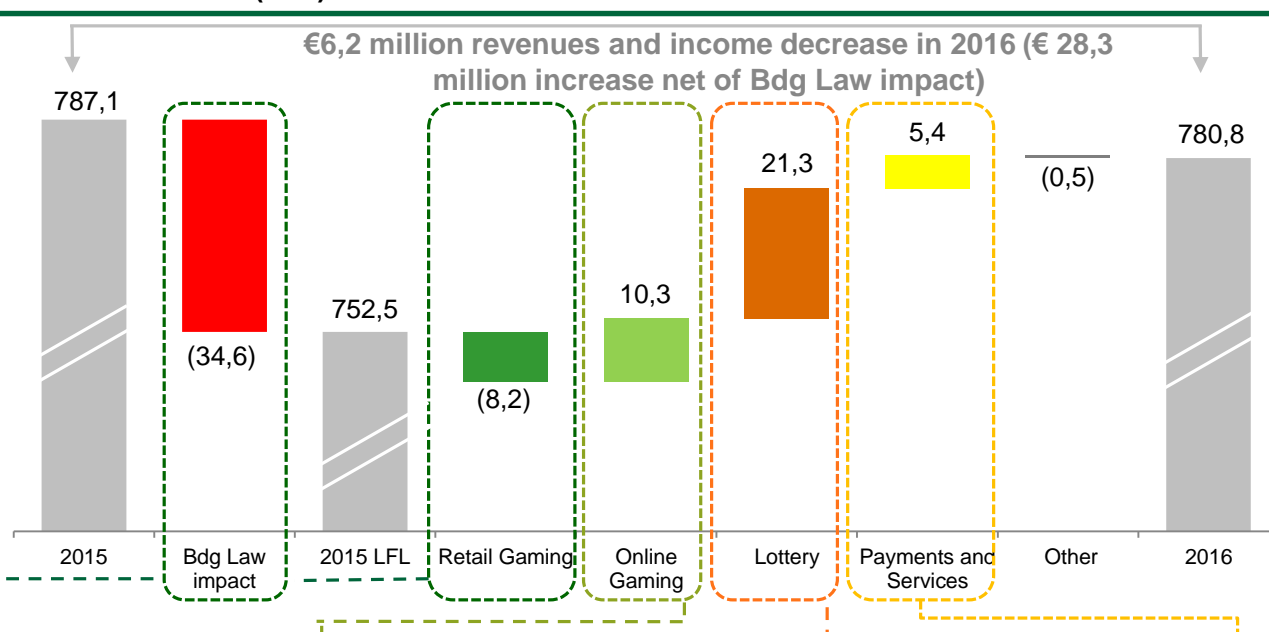
(d) Computed based on Adjusted EBITDA LTM (€187.3M in 2016 and € 182.3M in 2015)

2016 vs 2015 comparison: Revenues

Turnover (€ BN)



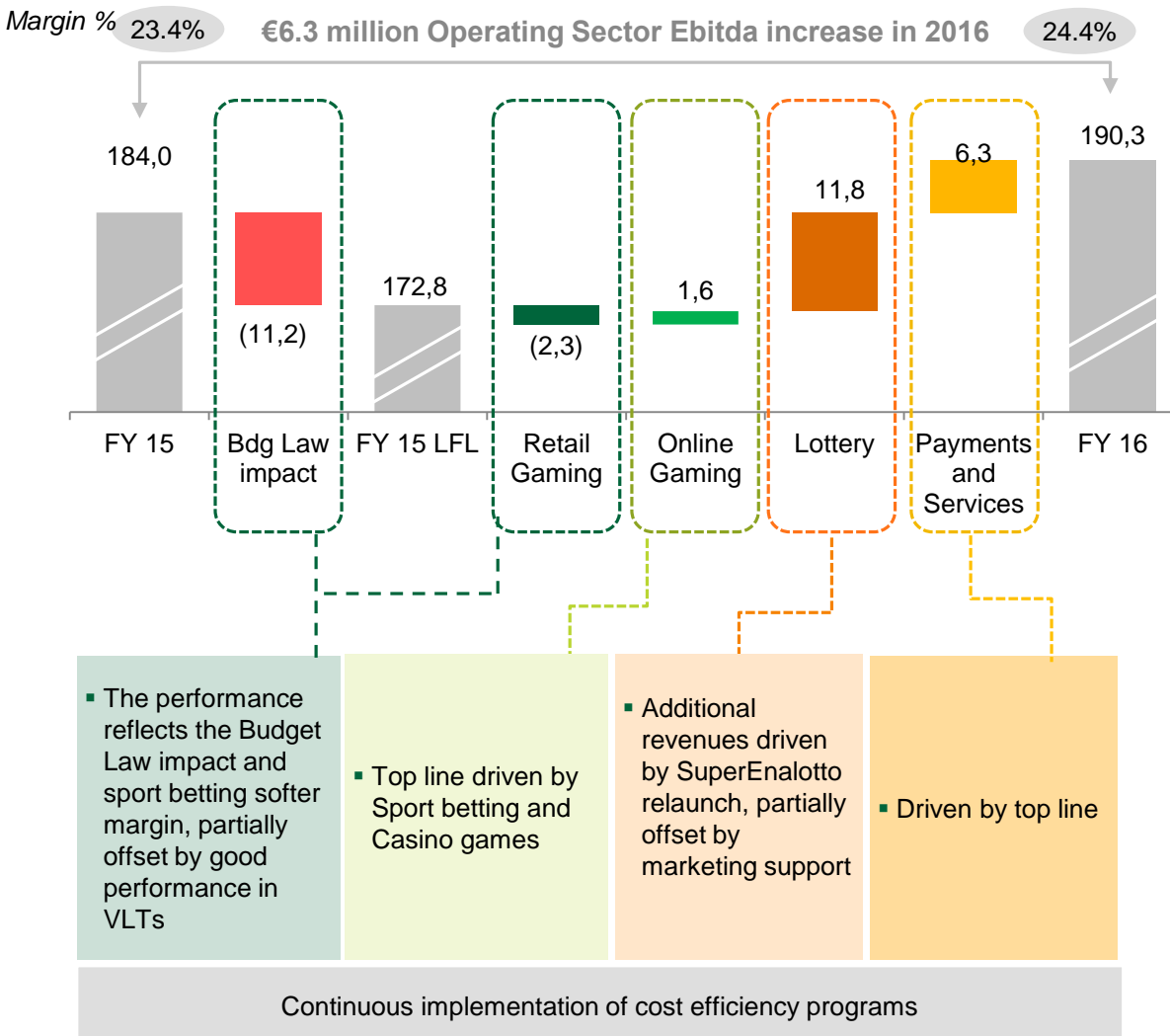
Revenues and income (€ M)



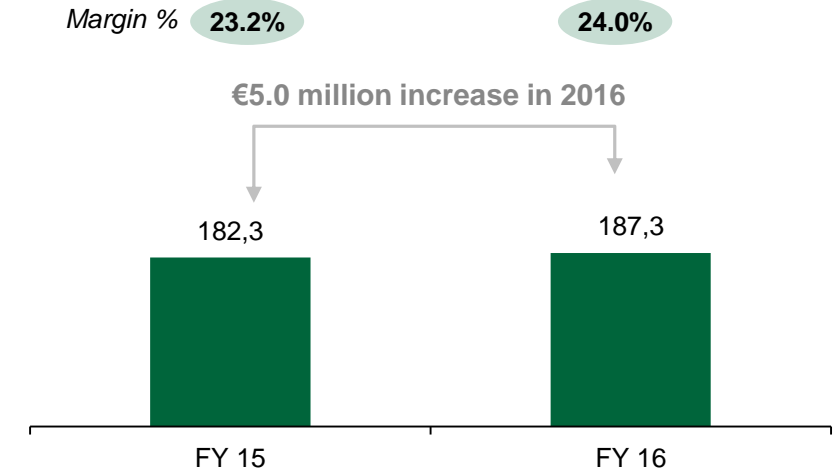
	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers			
Gaming machines	(35.1)	<ul style="list-style-type: none"> €34,6 M Bdg Law impact Overall good performance in VLTs Fast roll out of AWP's pay-out reduction 	Digital games	8.5	<ul style="list-style-type: none"> Strong performance of Casino games also related to increasing number of monthly active players 	Lottery	19.0	<ul style="list-style-type: none"> SuperEnalotto successful relaunch: positive acceptance thanks to a higher frequency of winnings and a higher average jackpot 	Services	5.2	<ul style="list-style-type: none"> Driven by payment and financial services
Sport Betting	(5.3)	<ul style="list-style-type: none"> Turnover growth offset by soft margins 	Betting online	1.5	<ul style="list-style-type: none"> Strong Sport betting turnover growth partially offset by softer margins 	Point of Sale fees	2.3		Point of Sale fees	0.2	
Virtual Races	(2.4)	<ul style="list-style-type: none"> Mainly due to higher competition 	VR online	0.3							
Other	0.1										

2016 vs 2015 comparison: Profitability

Operating Segments Ebitda (€ M)



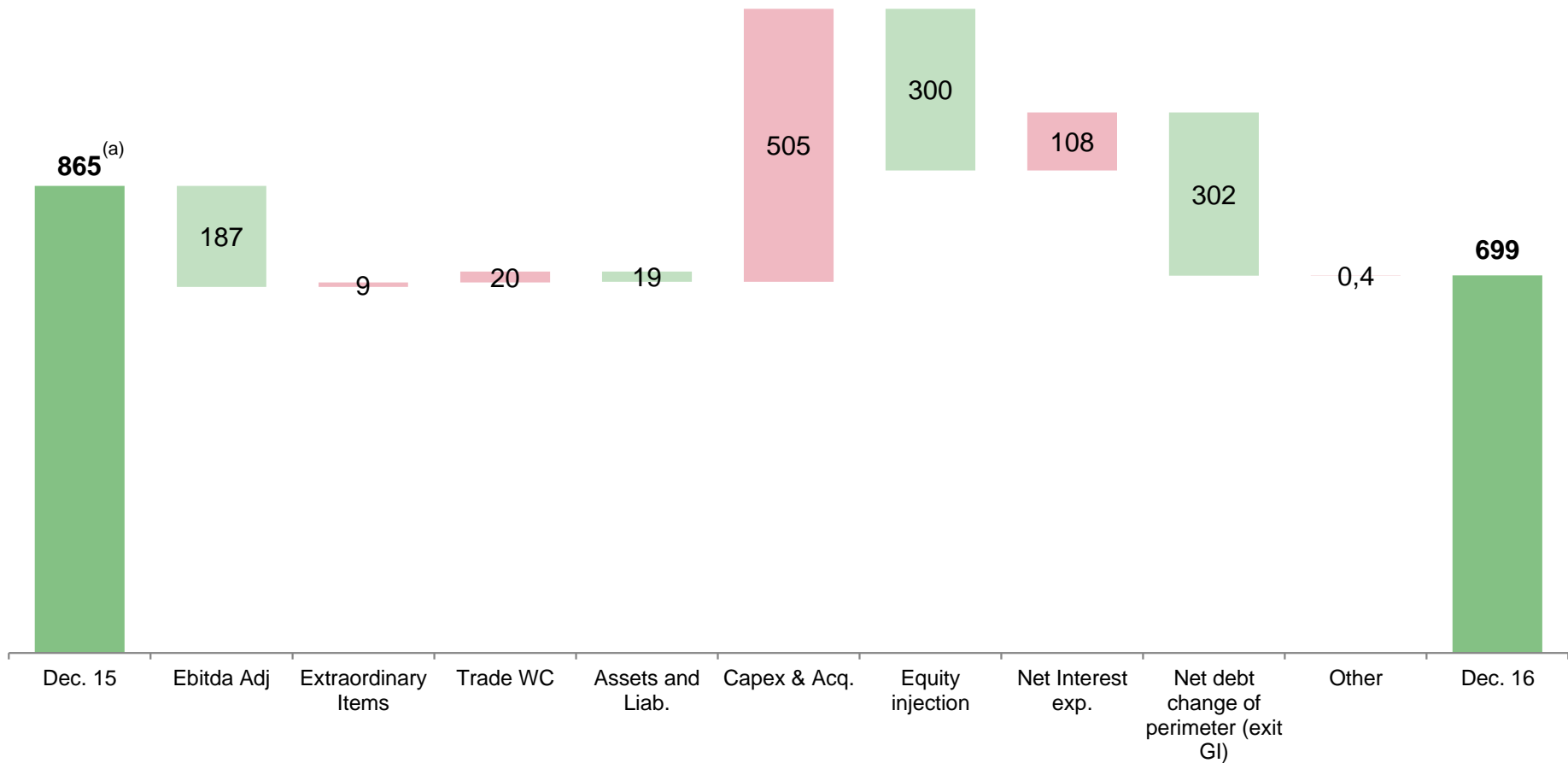
Adj. Ebitda (€ M)



- Adj. Ebitda margin increase mainly driven by:
 - Payments & Services
 - Online Gaming
 - Lottery
 - Cost efficiency programs
 ...allowing to more than offsetting 2016 Budget Law impact

Net Financial Position Bridge – 2016

Figures in € M



(a) 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 (previous capital structure)

Consolidated Income Statement –2016

Figures in € M (except ratios)

Income Statement	FY 16	FY 15	% Change
Revenues	691,3	693,8	(0,4)%
Fixed odd betting income	86,3	89,6	(3,7)%
Other revenues and income	3,2	3,7	(13,5)%
Total revenues and Income	780,8	787,1	(0,8)%
Adj. Ebitda ^(a)	187,3	182,3	2,7%
<i>Margin (%)</i>	24,0%	23,2%	
Ebitda	178,7	182,3	(2,0)%
<i>Margin (%)</i>	22,9%	23,2%	
Ebit	78,1	52,1	49,9%
Net financial expenses and similar	108,9	84,5	28,9%
Income before tax	(30,7)	(32,4)	(5,2)%
Net Income	(37,4)	(39,7)	(5,8)%

(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 Balance Sheet – 2016

Figures in € M

Balance Sheet	FY 16	FY 15
Non-Current Assets	248,4	293,5
Goodwill	895,3	860,9
Net Working Capital/Other ^(a)	(213,1)	(197,0)
Total assets	930,7	957,4
Net Financial Position	666,6 ^(b)	966,0 ^(c)
Total Equity	264,1	(8,5)
Total Liabilities and Equity	930,7	957,4
Payables for unpaid winnings	315,4	105,2
Restricted cash balance	297,6	101,9

(a) Includes Payables for unpaid winnings

(b) Net of transaction fees (new capital structure)

(c) Includes amounts due under the Shareholder Loans net of restricted cash balance (previous capital structure)

THANK YOU!