



Schumann Group 2017 First Half Results

Ended June 30, 2017

September 15th, 2017

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Agenda

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1. H1 2017 Business Update
2. H1 2017 Financial Results
2. Q&A

Speakers



Emilio Petrone
Group CEO



Corrado Orsi
Group CFO

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1. H1 2017 Business Update

2. H1 2017 Financial Results

Key Factors affecting H1 2017

- **Macroeconomic factors:** the macro environment in H1 2017 confirms a positive trend. The Italian GDP was up 1.4%^a compared to H1 2016, while unemployment was 11.1%, down 0.6% compared to H1 2016
- The **Italian gaming industry** showed very positive developments. **Turnover** and **Gross Gaming Revenues** reached respectively **€50.3 billion^b**, up approx. 6.5% compared to H1 2016 and **€ 9.2 billion^b**, slightly down (-1.5%) compared to H1 2016, as a consequence of the increased taxation on Gaming Machines
- **The addressable Payment Services market** (net of direct debit) was revised up, in order to include all the available payments tools. The reference market in H1 2017 reached **€60.8 billion^c**, slightly down to -2,4% compared to H1 2016 like-for-like

^a Sisal Market Intelligence Estimate based on Istat data

^b Sisal Market Intelligence Estimate on ADM data

^c Sisal Market Intelligence Estimate

Sisal Key Achievements – H1 2017

- In the above-mentioned context, **Sisal H1 2017 achievements were very satisfactory**
 - **Turnover** reached **€8.8 billion**, up approx. € 770 million or **+9.6%** compared to H1 2016, mainly driven by Payments and Services (+11,6%), Online Gaming (+22.9%) and Lottery (+8.9%)
 - **Revenues** amounted to **€403.4 million**, **+6.4%** compared to €379.0 million in H1 2016
 - **Adj. EBITDA^a** reached **€106.2 million**, up €10.7 million or **+11.2%** compared to €95.5 million in H1 2016

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

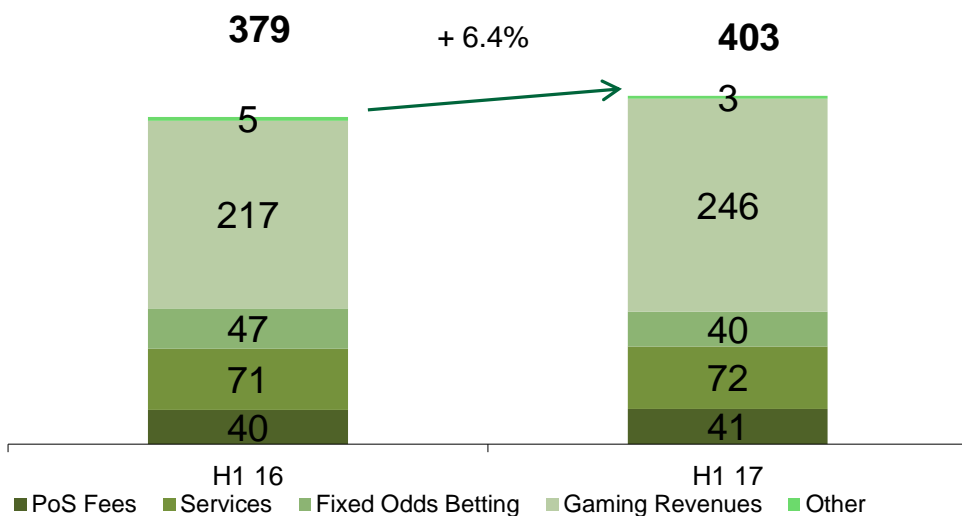
Agenda

1. H1 2017 Business Update

2. H1 2017 Financial Results

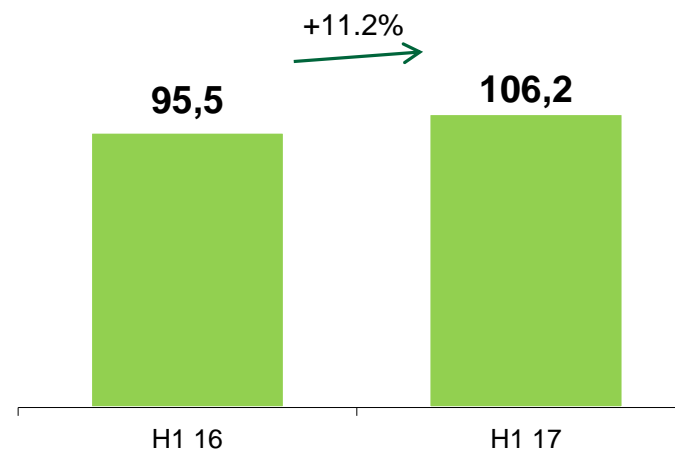
Sisal Results Highlights – H1 2017

Revenues



Figures in € M

Adj. Ebitda^(a)



Adj. Ebitda Margin %

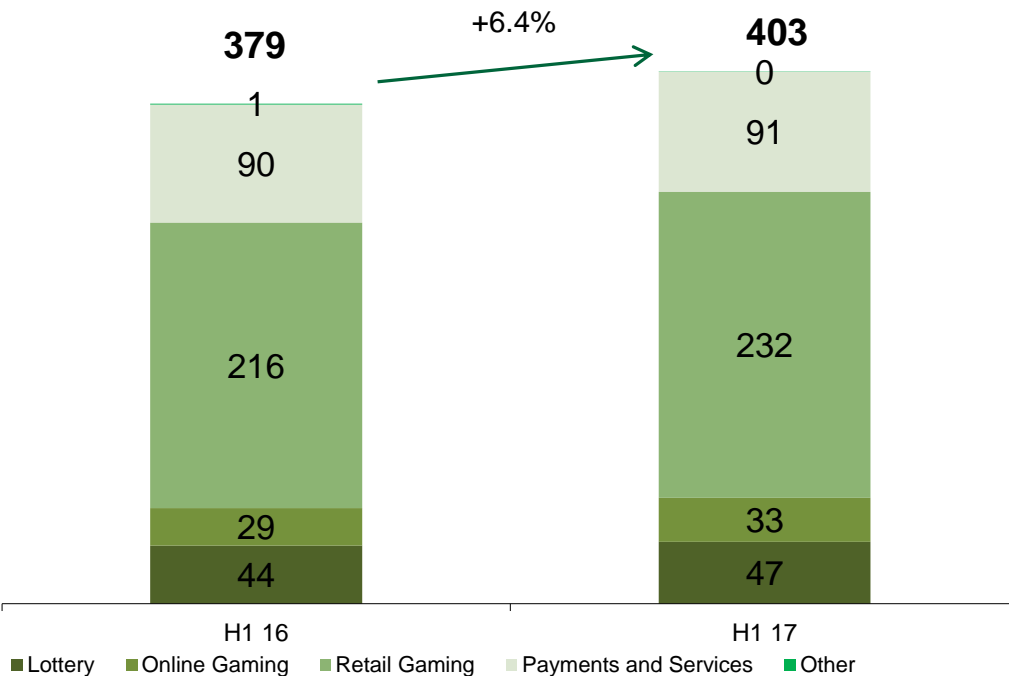
25.2%

26.3%

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

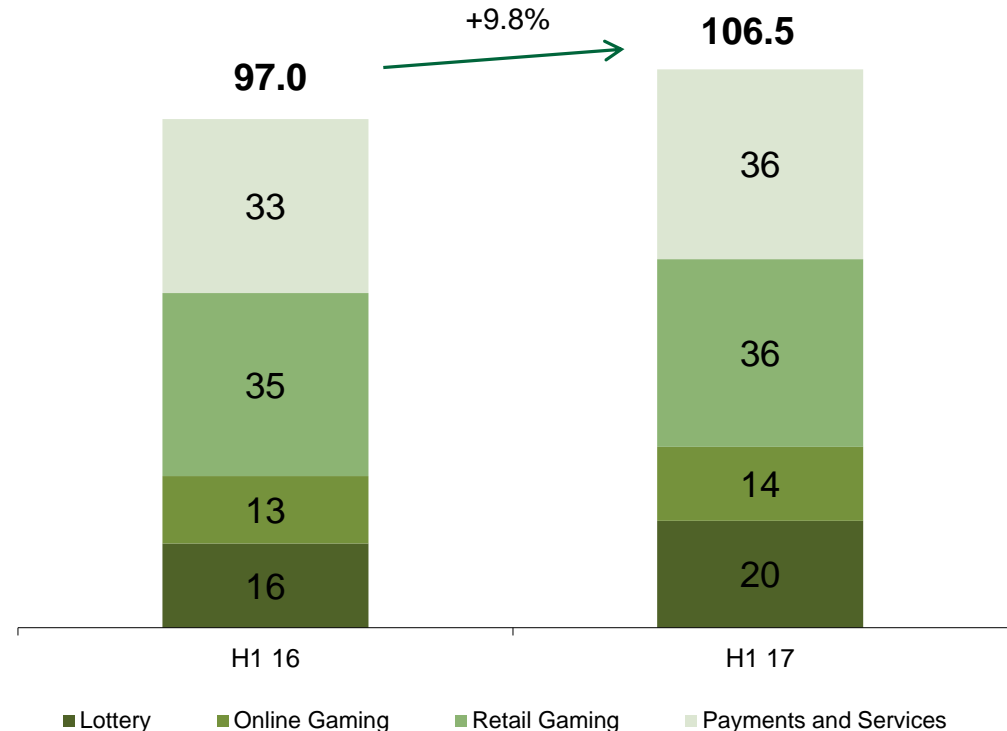
Segments Results Highlights – H1 2017

Revenues



Figures in € M

Operating Segments Ebitda



Operating Segments Ebitda Margin %

	H1 16	H1 17
Total	25.6%	26.4%
Retail Gaming	16.1%	15.5%
Online Gaming	44.9%	42.3%
Lottery	36.5%	43.4%
Payments & Services	37.1%	39.7%

Sisal Key Figures – H1 2017 vs H1 2016

P&L and simplified cash flow

(€m)	H1-17	H1-16	Change
Turnover	8.848	8.075	9,6%
Revenues	403,4	379,0	6,4%
<i>Retail Gaming</i>	231,9	216,2	7,3%
<i>Online Gaming</i>	33,3	28,6	16,6%
<i>Lottery</i>	46,9	44,0	6,5%
<i>Payments and services</i>	91,1	89,5	1,8%
<i>Other</i>	0,2	0,7	(70,8)%
Operating Segments EBITDA	106,5	97,0	9,8%
Adj. Ebitda	106,2	95,5	11,2%
<i>% margin</i>	26,3%	25,2%	
Ebitda	105,6	95,0	11,2%
<i>% margin</i>	26,2%	25,1%	
Cash Flow			
Ebitda	105,6	95,0	
Change in trade W/C	(15,2)	(15,6)	
Change in other assets and liabilities ^(a)	(18,7)	(14,1)	
Capex	(16,2)	(12,1)	
Other non-Current Assets	0,0	0,0	
Acquisitions	0,0	(0,8)	
Cash taxes	(1,3)	(0,2)	
Cash interest	(28,7)	(29,5)	
Total	25,5	22,8	
Net Financial Position	672,9^(c)	847,0^(b)	
Leverage Ratio (LTM)^(d)	3,4x	4,4x	

▪ Mainly driven by VLTs strong performance and slot machines payout reduction impact, partially offset by lower performance in sport betting margin

▪ Mainly driven by Slot and Quick games strong performance

▪ Driven by the positive consumers' acceptance of the new SuperEnalotto

▪ Mainly driven by payments and financial services

▪ **Other Assets and liabilities:** mainly related to the timing of cash collection and turnover performance

▪ **Capex** mainly related to AWP's new cabinets, retail network technology and SW licenses

(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)

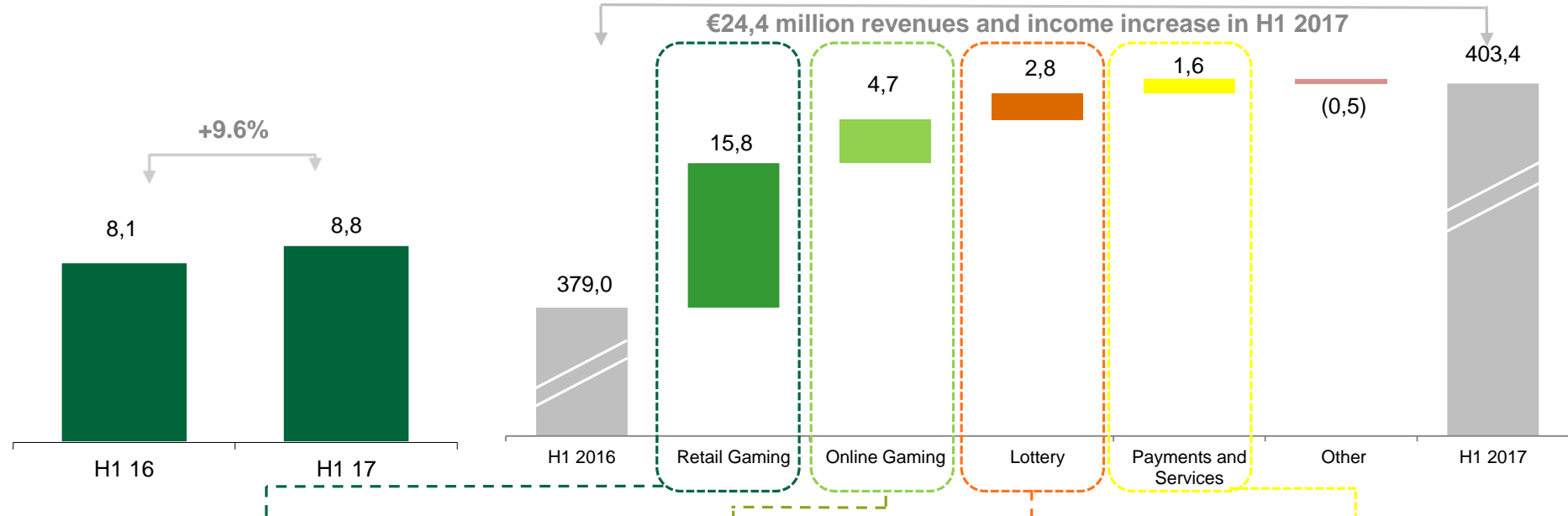
(c) New capital structure after CVC acquisition

(d) Computed based on Adjusted EBITDA LTM (€191.9M in H1 2016 and €198.0M in H1 2017)

H1 2017 vs H1 2016 comparison: Revenues

Turnover (€ BN)

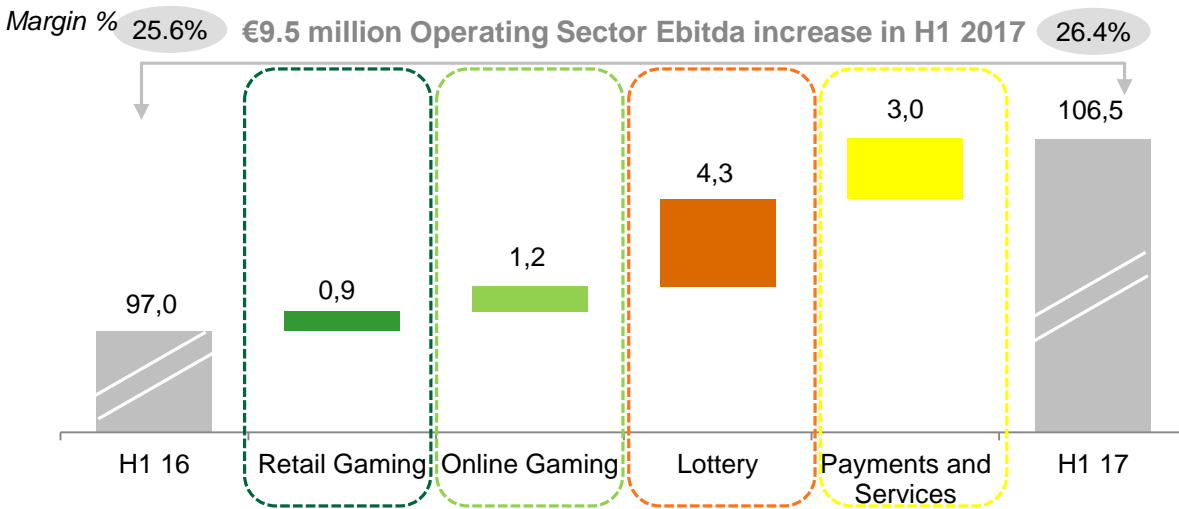
Revenues and income (€ M)



	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers			
Gaming machines	23.0	<ul style="list-style-type: none"> Strong VLTs turnover performance, together with a fast rollout of AWP's payout reduction 	Digital games	4.5	<ul style="list-style-type: none"> Strong turnover performance of Slot games and Casino games driven by a large consumer base 	Lottery	2.1	<ul style="list-style-type: none"> Positive consumers' acceptance of the new SuperEnalotto 	Services	1.4	<ul style="list-style-type: none"> Driven by payment and financial services
Sport Betting	(6.3)	<ul style="list-style-type: none"> Turnover growth offset by soft margins 	Betting online	0.1	<ul style="list-style-type: none"> Strong sport betting turnover growth offset by soft margins 	Point of Sale fees	0.7		Point of Sale fees	0.2	
Virtual Races	(0.8)	<ul style="list-style-type: none"> Mainly due to higher competition 	VR online	0.2							
Other	(0.1)										

H1 2017 vs H1 2016 comparison: Profitability

Operating Segments Ebitda (€ M)



- Driven by a positive VLTs turnover performance and a fast rollout of AWP's payout reduction executed in 2016

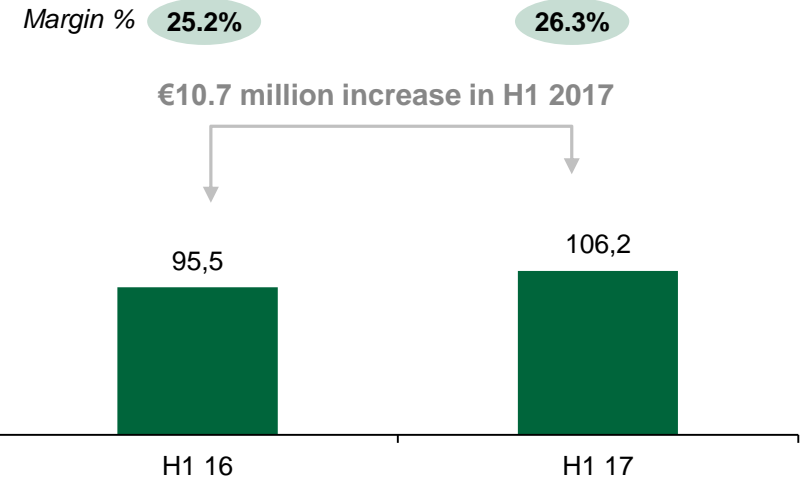
- Mainly driven by a strong turnover driven by a large consumer base

- Driven by revenues growth and lower opex

- Driven by top line

Continuous implementation of cost efficiency programs

Adj. Ebitda (€ M)

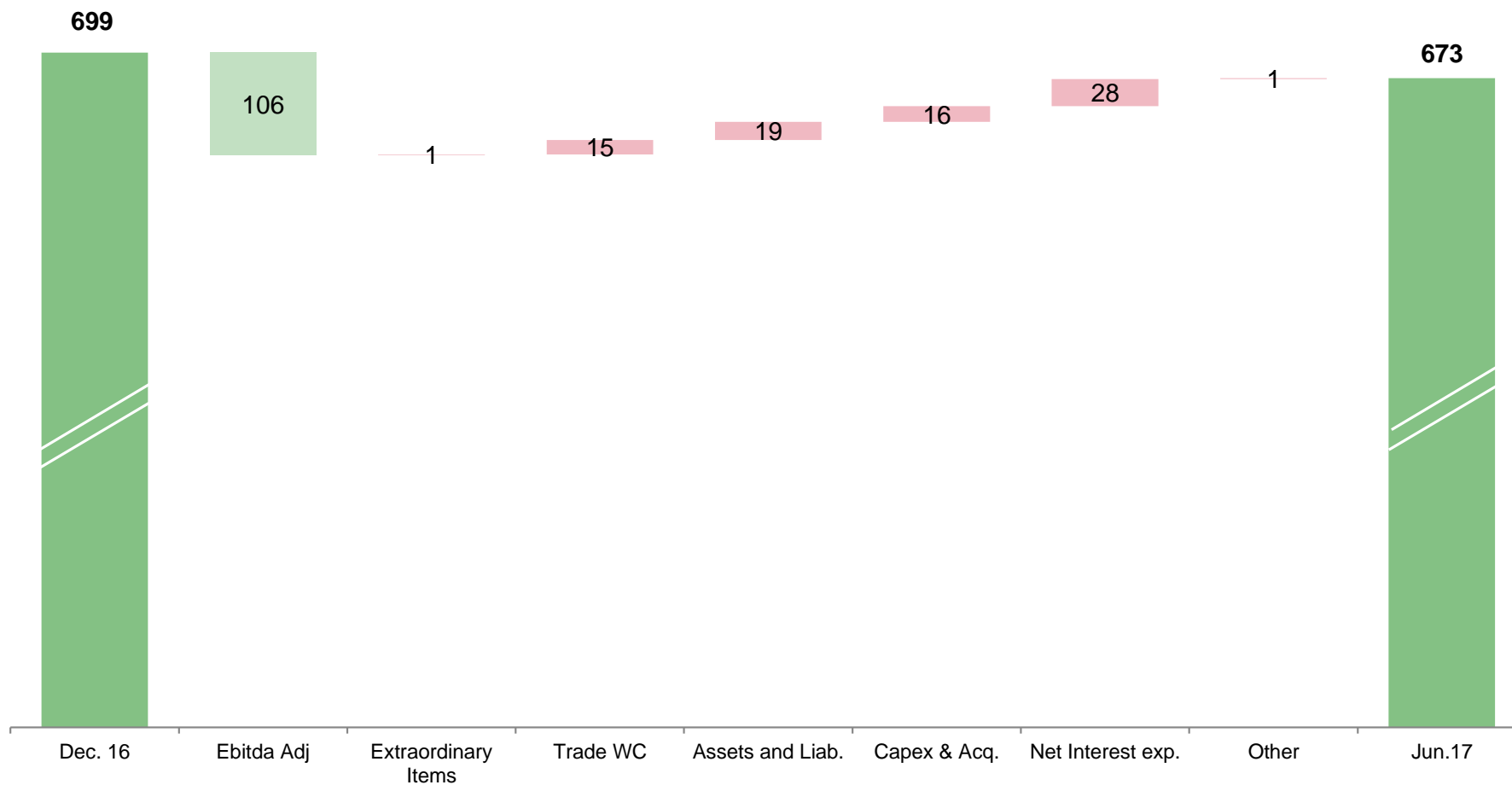


- Adj. Ebitda margin increase mainly driven by:

- Top line growth
- Cost optimization programs delivered approx. €5M in H1 2017

Net Financial Position Bridge – H1 2017

Figures in € M



Consolidated Income Statement – H1 2017

Figures in € M (except ratios)

Income Statement	H1 17	H1 16	% Change
Revenues	362,3	331,1	9,4%
Fixed odd betting income	40,4	46,6	(13,3)%
Other revenues and income	0,7	1,3	(46,2)%
Total revenues and Income	403,4	379,0	6,4%
Adj. Ebitda ^(a)	106,2	95,5	11,2%
<i>Margin (%)</i>	26,3%	25,2%	
Ebitda	105,6	95,0	11,2%
<i>Margin (%)</i>	26,2%	25,1%	
Ebit	57,2	44,3	29,1%
Net financial expenses and similar	27,9	42,6	(34,5)%
Income before tax	29,4	1,7	1.629,4%
Net Income	18,6	(2,5)	844,0%

(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 – H1 2017

Figures in € M

Balance Sheet	H1 17	FY 16
Non-Current Assets	215,6	248,4
Goodwill	895,3	895,3
Net Working Capital/Other ^(a)	(186,0)	(213,1)
Total assets	924,9	930,7
Net Financial Position	642,2	666,6
Total Equity	282,7	264,1
Total Liabilities and Equity	924,9	930,7
Payables for unpaid winnings	140,3	315,4
Restricted cash balance	135,3	297,6

(a) Includes Payables for unpaid winnings

THANK YOU!