



# Schumann Group 2017 First Quarter Results

Ended March 31, 2017

May 31<sup>st</sup>, 2017

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# Agenda

## Agenda

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1. Q1 2017 Business Update
2. Q1 2017 Financial Results
2. Q&A

## Speakers

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**Emilio Petrone**  
Group CEO



**Corrado Orsi**  
Group CFO

# Agenda

**1. Q1 2017 Business Update**

**2. Q1 2017 Financial Results**

# Key Factors affecting Q1 2017

- **Macroeconomic factors:** the macro environment in Q1 2017 confirms an improving scenario. The Italian GDP was up 0.8%<sup>a</sup> compared to Q1 2016, driven by private consumption, while unemployment was in line with previous quarter
- The **Italian gaming industry** showed positive developments. **Turnover** and **Gross Gaming Revenues** reached respectively **€25.5 billion<sup>b</sup>**, up approx. 6.3% compared to Q1 2016 and **€4.6 billion<sup>b</sup>**, down approx. -1.7% compared to Q1 2016
- **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 Q1 2017 reached **€30.8 billion<sup>c</sup>**, in line with Q1 2016 like-for-like

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

<sup>b</sup> Sisal Market Intelligence Estimate on ADM data

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

# Sisal Key Achievements – Q1 2017

- In the above-mentioned context, **Sisal Q1 2017 achievements were extremely satisfactory**
  - **Turnover** reached **€4.4 billion**, up approx. € 418 million or **+10.4%** compared to Q1 2016, mainly driven by the successful relaunch of SuperEnalotto (+16.5%), the Online Gaming (+25.4%), in particular Casino games and Betting and the Payments and Services (+12.4%), mainly driven by financial services and prepaid cards
  - **Revenues** amounted to **€203.9 million**, **+6.0%** compared to €192.4 million in Q1 2016
  - **Adj. EBITDA<sup>a</sup>** reached **€54.6 million**, up €1.4 million or **+2.6%** compared to €53.2 million in Q1 2016

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

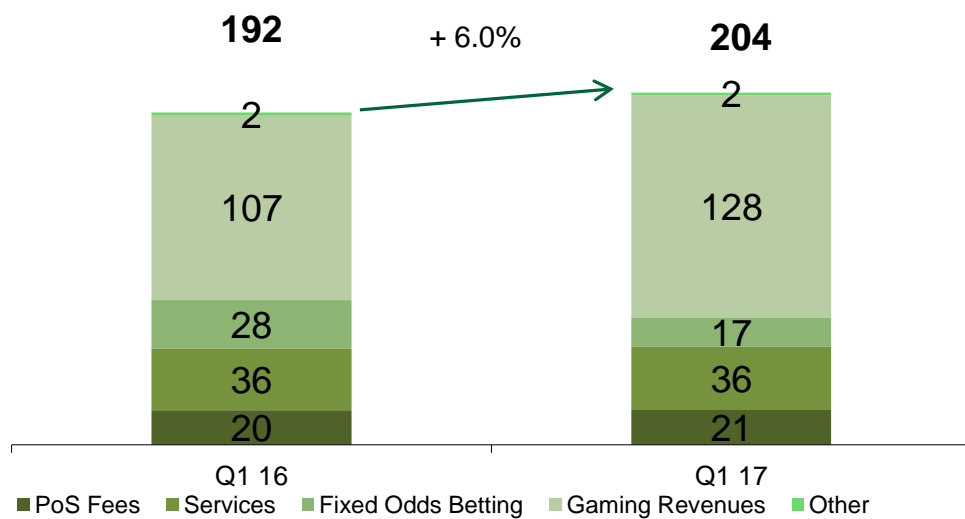
# Agenda

1. Q1 2017 Business Update

2. Q1 2017 Financial Results

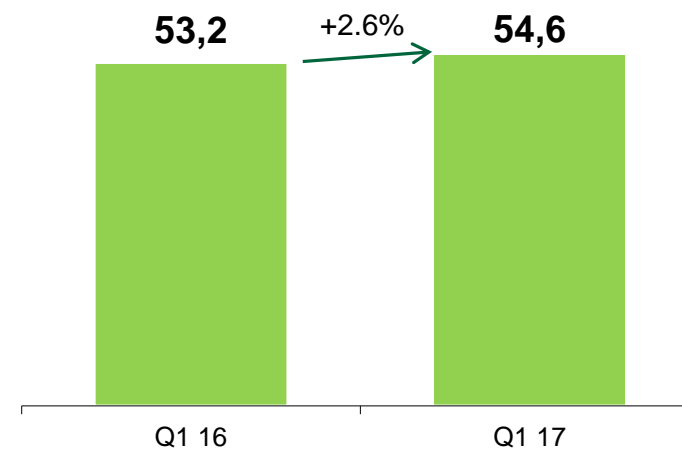
# Sisal Results Highlights – Q1 2017

## Revenues



Figures in € M

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



## Adj. Ebitda Margin %

27.7%

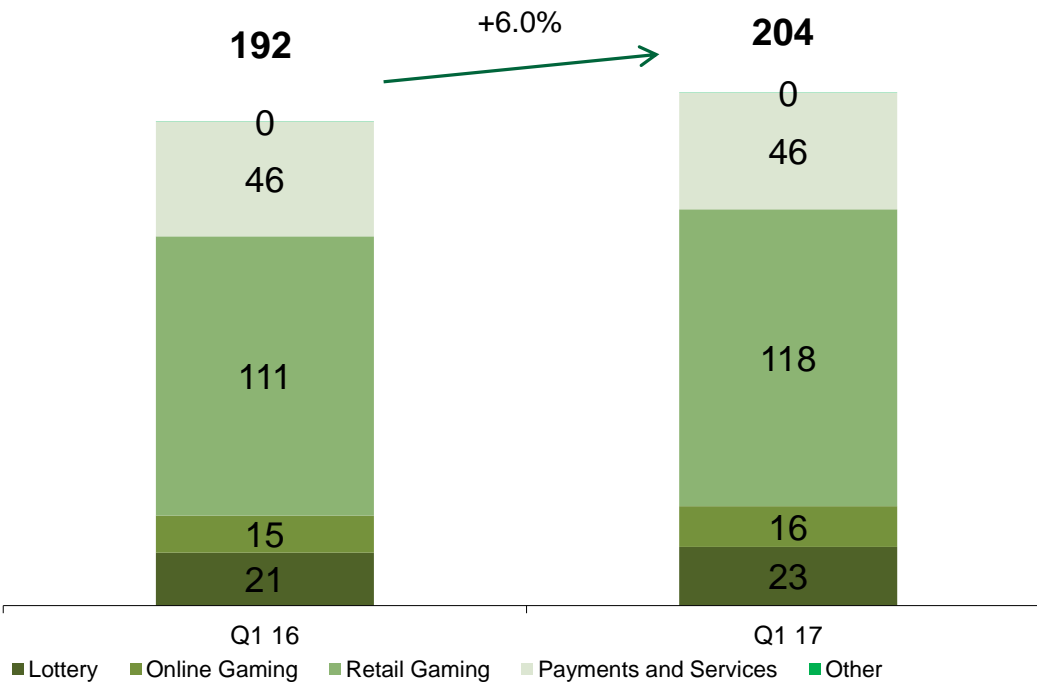
26.8%

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



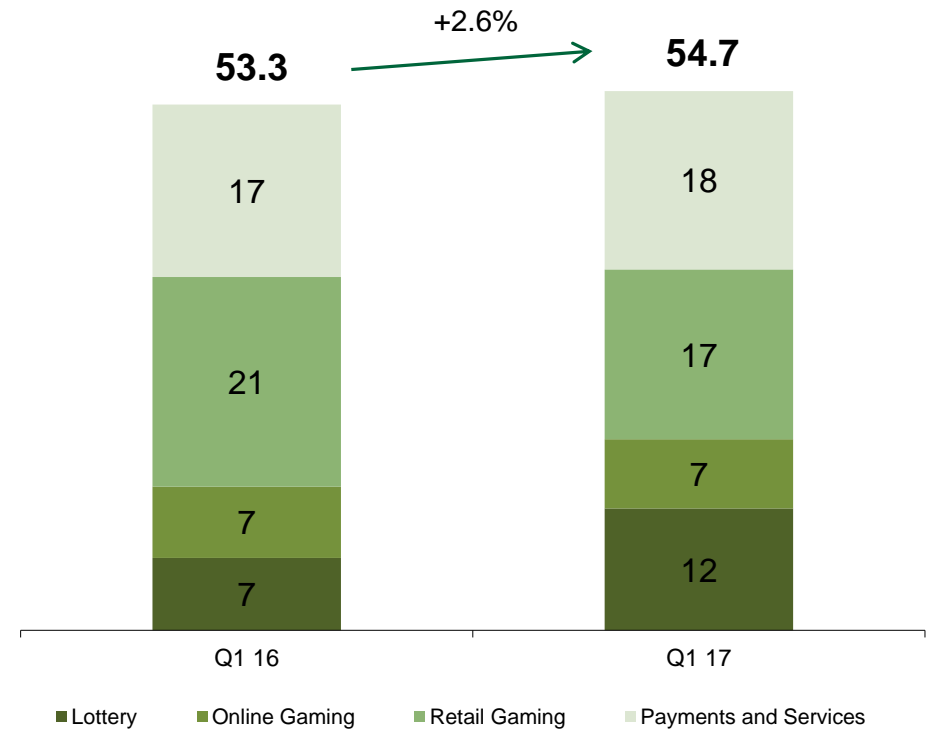
# Segments Results Highlights – Q1 2017

## Revenues



Figures in € M

## Operating Segments Ebitda



### Operating Segments Ebitda Margin %

	Q1 16	Q1 17
<b>Total</b>	<b>27.7%</b>	<b>26.8%</b>
<b>Retail Gaming</b>	<b>19.2%</b>	<b>14.6%</b>
<b>Online Gaming</b>	<b>48.9%</b>	<b>43.3%</b>
<b>Lottery</b>	<b>35.0%</b>	<b>53.1%</b>
<b>Payments &amp; Services</b>	<b>38.4%</b>	<b>39.2%</b>

# Sisal Key Figures – Q1 2017 vs Q1 2016

## P&L and simplified cash flow

(€m)	Q1-17	Q1-16	Change
<b>Turnover</b>	<b>4.442</b>	<b>4.024</b>	<b>10,4%</b>
<b>Revenues</b>	<b>203,9</b>	<b>192,4</b>	<b>6,0%</b>
<i>Retail Gaming</i>	118,0	111,0	6,3%
<i>Online Gaming</i>	16,2	14,8	9,8%
<i>Lottery</i>	23,3	21,0	11,0%
<i>Payments and services</i>	46,3	45,6	1,5%
<i>Other</i>	0,1	0,1	24,2%
<b>Operating Segments EBITDA</b>	<b>54,7</b>	<b>53,3</b>	<b>2,6%</b>
<b>Adj. Ebitda</b>	<b>54,6</b>	<b>53,2</b>	<b>2,6%</b>
<i>% margin</i>	26,8%	27,7%	
<b>Ebitda</b>	<b>54,5</b>	<b>53,2</b>	<b>2,3%</b>
<i>% margin</i>	26,7%	27,7%	
<b>Cash Flow</b>			
Ebitda	54,5	53,2	
Change in trade W/C	(4,8)	(12,0)	
Change in other assets and liabilities <sup>(a)</sup>	(30,5)	4,4	
Capex	(7,1)	(4,4)	
Other non-Current Assets	0,0	0,0	
Acquisitions	0,0	(0,3)	
Cash taxes	(0,1)	0,0	
Cash interest	(20,5)	(19,0)	
<b>Total</b>	<b>(8,5)</b>	<b>21,8</b>	
<b>Net Financial Position</b>	<b>699,9<sup>(c)</sup></b>	<b>842,4<sup>(b)</sup></b>	
<b>Leverage Ratio (LTM)<sup>(d)</sup></b>	<b>3,7x</b>	<b>4,5x</b>	

- Performance mainly driven by VLTs turnover performance and slot machines payout reduction, partially offset by **lower performance in sport betting margin**, due in particular to an unusually high payout, partially offset by a strong betting turnover

- Performance mainly driven by **Slot and Casino games**

- Driven by the positive consumers' acceptance of the **new SuperEnalotto**

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

- Trade working Capital:** reflects negative seasonality in Q1

- Other Assets and liabilities:** mainly related to Gaming payables at 2016 FYE paid in Q1 2017 and payments shifted into April 2016 due to Easter holidays

- 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)

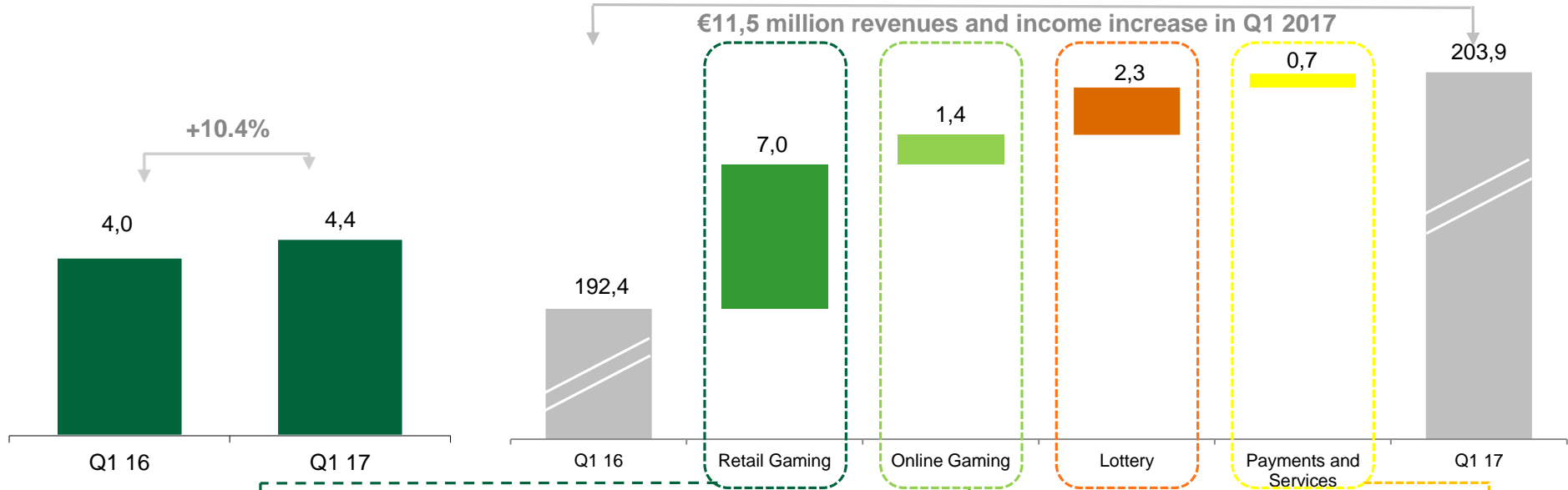
(c) New capital structure after CVC acquisition

(d) Computed based on Adjusted EBITDA LTM (€189.0M in Q1 2016 and € 188.7M in Q1 2017)

# Q1 2017 vs Q1 2016 comparison: Revenues

Turnover (€ BN)

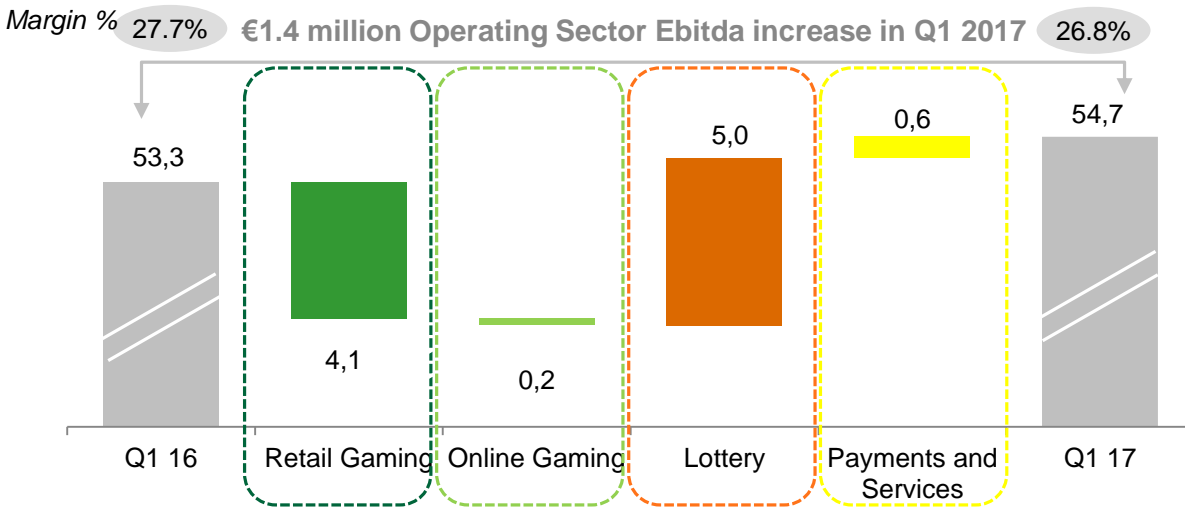
Revenues and income (€ M)



	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers			
<b>Gaming machines</b>	16.0	<ul style="list-style-type: none"> <li>Strong VLTs and AWP's performance</li> </ul>	<b>Digital games</b>	3.8	<ul style="list-style-type: none"> <li>Strong performance of Slot games and Casino games</li> </ul>	<b>Lottery</b>	1.9	<ul style="list-style-type: none"> <li>Positive consumers' acceptance of the new SuperEnalotto</li> </ul>	<b>Services</b>	0.6	<ul style="list-style-type: none"> <li>Driven by payment and financial services</li> </ul>
<b>Sport Betting</b>	(8.7)	<ul style="list-style-type: none"> <li>Turnover growth offset by soft margins</li> </ul>	<b>Betting online</b>	(2.5)	<ul style="list-style-type: none"> <li>Strong Sport betting turnover growth offset by softer margins</li> </ul>	<b>Point of Sale fees</b>	0.4		<b>Point of Sale fees</b>	0.1	
<b>Virtual Races</b>	(0.6)	<ul style="list-style-type: none"> <li>Mainly due to higher competition</li> </ul>	<b>VR online</b>	0.1							
<b>Other</b>	0.3										

# Q1 2017 vs Q1 2016 comparison: Profitability

## Operating Segments Ebitda (€ M)



- Driven by a lower sport betting margin

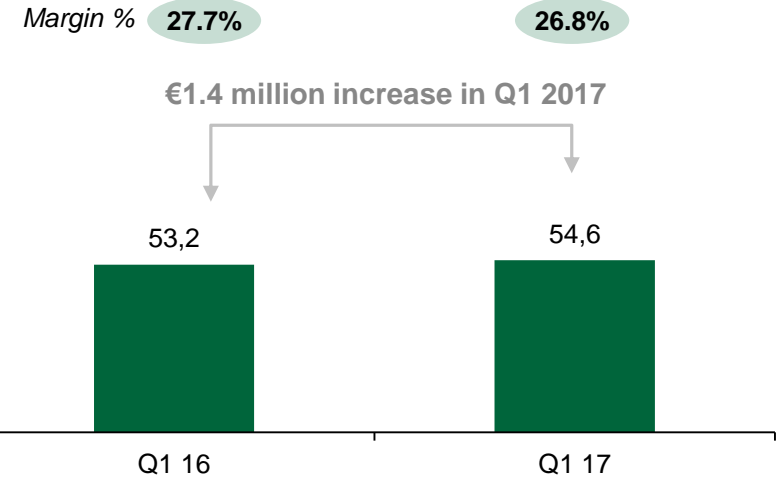
- Mainly driven by a lower online sport betting margin

- Driven by revenues growth and lower opex

- Driven by top line

Continuous implementation of cost efficiency programs

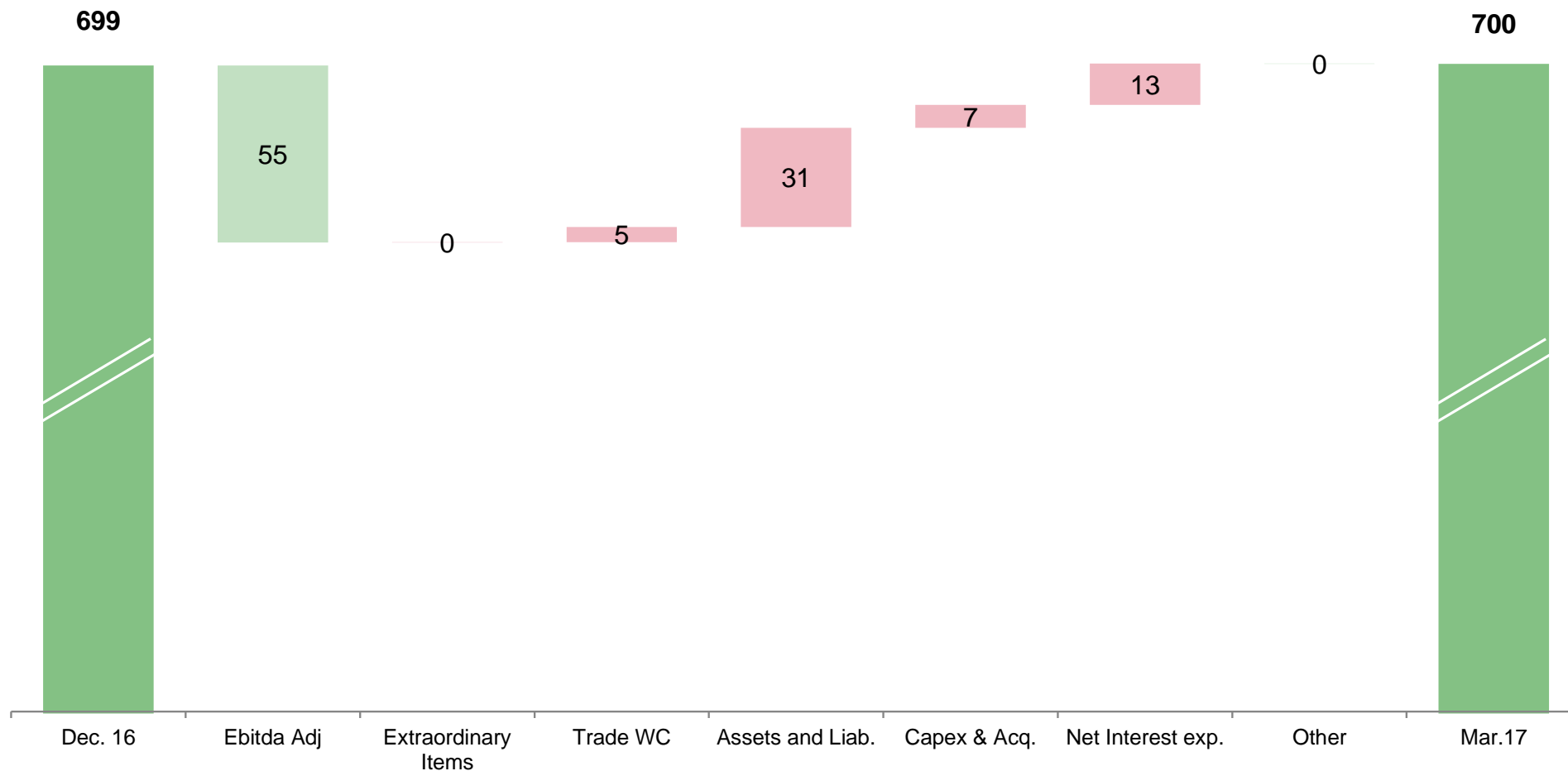
## Adj. Ebitda (€ M)



- Adj. Ebitda increase but margin slightly % decrease due to both retail and online gaming lower sport betting margin

# Net Financial Position Bridge – Q1 2017

Figures in € M



# Consolidated Income Statement – Q1 2017

Figures in € M (except ratios)

Income Statement	Q1 17	Q1 16	% Change
Revenues	186,8	164,2	13,8%
Fixed odd betting income	16,9	28,0	(39,6)%
Other revenues and income	0,2	0,2	0,0%
<b>Total revenues and Income</b>	<b>203,9</b>	<b>192,4</b>	<b>6,0%</b>
<b>Adj. Ebitda<sup>(a)</sup></b>	<b>54,6</b>	<b>53,2</b>	<b>2,6%</b>
<i>Margin (%)</i>	26,8%	27,7%	
<b>Ebitda</b>	<b>54,5</b>	<b>53,2</b>	<b>2,3%</b>
<i>Margin (%)</i>	26,7%	27,7%	
<b>Ebit</b>	<b>31,4</b>	<b>27,3</b>	<b>15,0%</b>
Net financial expenses and similar	13,8	21,4	(35,5)%
<b>Income before tax</b>	<b>17,7</b>	<b>5,9</b>	<b>200,0%</b>
<b>Net Income</b>	<b>11,1</b>	<b>2,1</b>	<b>428,6%</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 Balance Sheet – Q1 2017

Figures in € M

Balance Sheet	Q1 17	FY 16
Non-Current Assets	230,2	248,4
Goodwill	895,3	895,3
Net Working Capital/Other <sup>(a)</sup>	(182,2)	(213,1)
<b>Total assets</b>	<b>943,3</b>	<b>930,7</b>
Net Financial Position	668,2	666,6
Total Equity	275,2	264,1
<b>Total Liabilities and Equity</b>	<b>943,3</b>	<b>930,7</b>
Payables for unpaid winnings	203,9	315,4
Restricted cash balance	198,0	297,6

(a) Includes Payables for unpaid winnings

**THANK YOU!**