



# 2017 Twelve Months Results

Ended December 31, 2017

May 14, 2018

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# Agenda

## Agenda

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

## Speakers

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**Emilio Petrone**  
Group CEO



**Corrado Orsi**  
Group CFO

# Agenda

**1. 2017 Business Update**

**2. 2017 Financial Results**

# Key Factors affecting 2017

- **Macroeconomic factors:** the macro environment in 2017 confirmed the positive signs of a trend reversal, fostered by an improving consumer confidence, **with Italian GDP up approx. +1.5% and a lower inflation rate (1.2%)<sup>a</sup>**
- **Private consumption** also showed **recovery** signs and positively affected the **Italian gaming industry turnover** also helped by the decision of certain foreign online companies to fully comply with the Italian regulations
- The **Italian gaming market turnover** confirmed the 2016 trend reaching approximately **€101.6b (+6.1%)<sup>b</sup>**
- The addressable Payment Services market (net of direct debit) was slightly down, while the **proximity market, in which Sisal operates, confirms a growth trend. The addressable Payment Services market reached €122.2b<sup>c</sup> (-1.6%)** compared to the same period of 2016

<sup>a</sup> Source: Ocse – Bloomberg – Ansa – IISole24Ore

<sup>b</sup> Source: ADM Data

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

# Sisal Key Achievements – 2017

- In the above-mentioned context, **Sisal 2017 was a very positive year** driven by a solid strategy and a flawless execution, which delivered extraordinary results compared to 2016: **Turnover +7.8%, Revenues +6.5% and Adj.Ebitda<sup>a</sup> +14.9%**
  - **Turnover** reached an **all-time record of €17.9b (+7.8% vs. 2016)**, of which €9.5b from Payments Services (+9.7% vs. 2016). Payments Services overcame the Gaming turnover, reaching 53,4% of total turnover
  - **Revenues** reached **€832m, +6,5% vs. €781m in 2016**
  - **Adjusted EBITDA** reached **€215.1m, +14.9%** or +€27,8m compared to €187.3m in 2016
- In 2017 Sisal executed **several actions to keep on driving business growth:**
  - **Online Gaming material acceleration of turnover growth**
  - **Payment Services turnover growth**
  - **Supported SuperEnalotto turnover**, also benefitting from its improved gaming formula
  - **Procurement savings** (suppliers' contracts and conditions review)
  - **Service-only PoS network further expansion**
  - **Limited capex spending** to short-term return projects and **tightened working capital management**

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

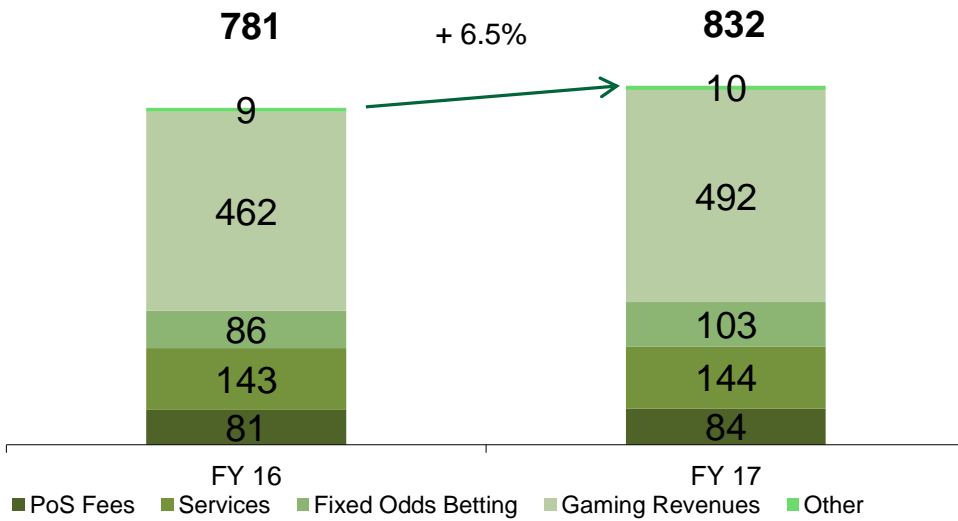
# Agenda

1. 2017 Business Update

2. 2017 Financial Results

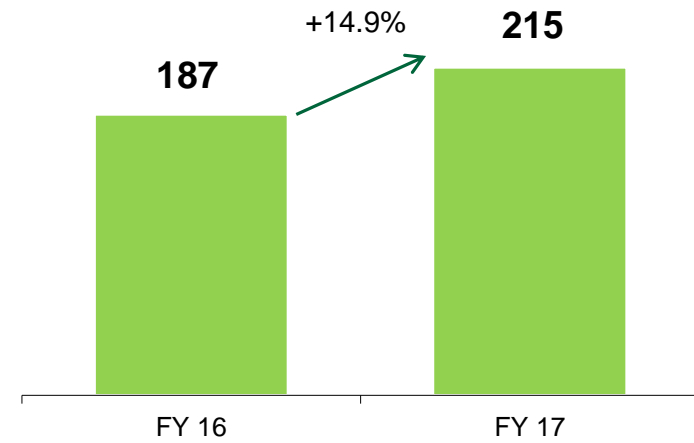
# Sisal Results Highlights – 2017

## Revenues



Figures in € M

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



## Adj. Ebitda Margin %

24.0%

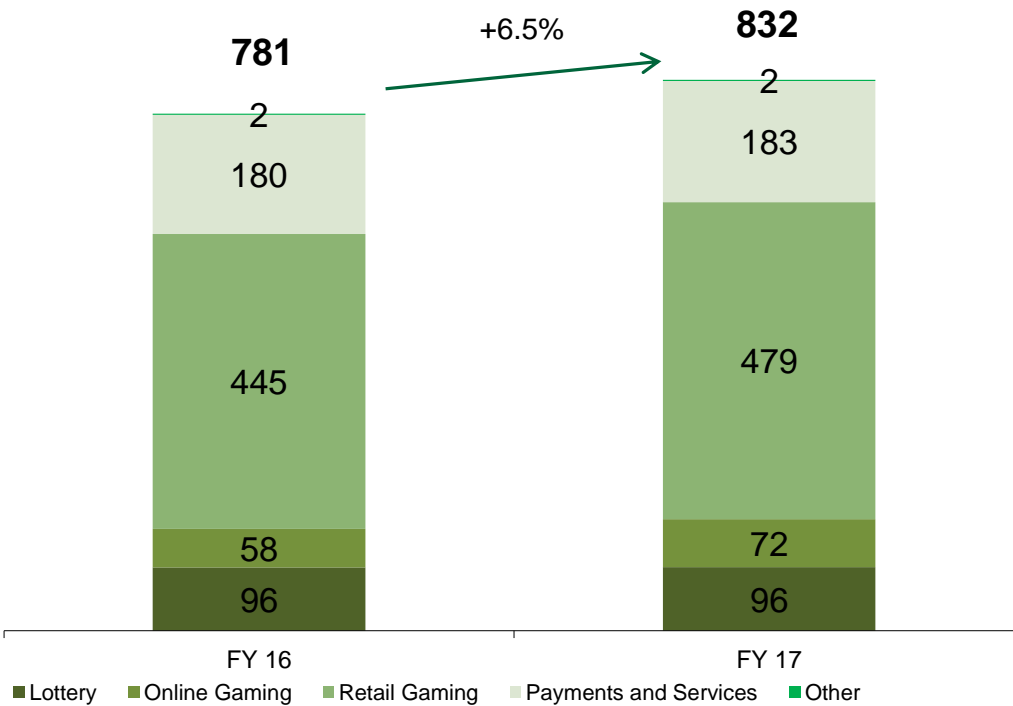
25.8%

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

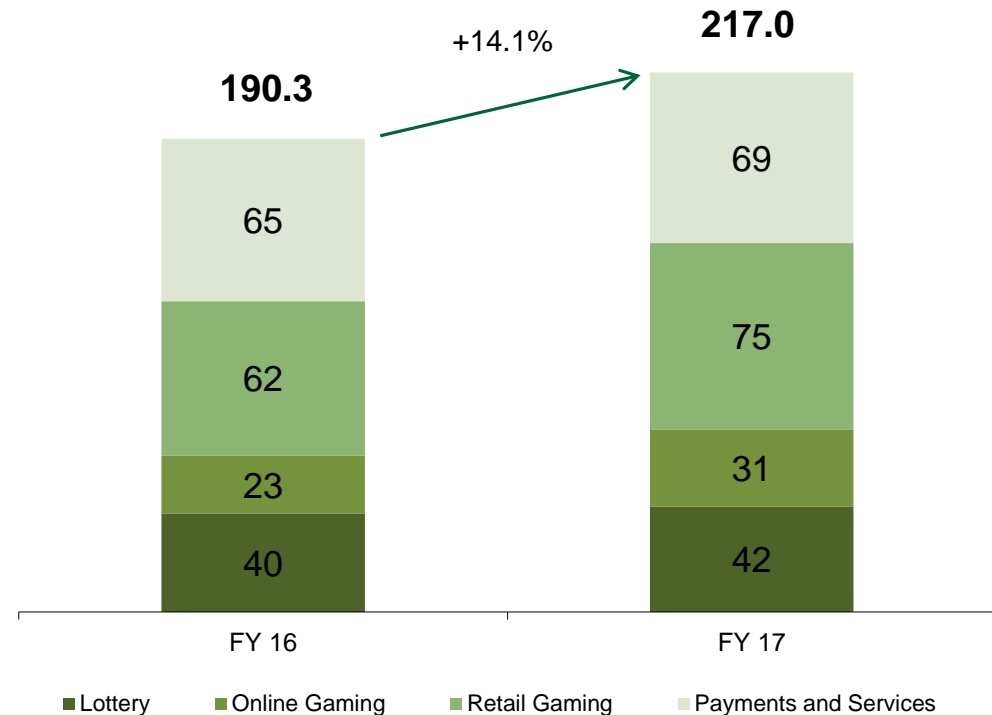


# Segments Results Highlights – 2017

## Revenues



## Operating Segments Ebitda



Figures in € M

### Operating Segments Ebitda Margin %

	FY 16	FY 17
<b>Total</b>	<b>24.4%</b>	<b>26.1%</b>
<b>Retail Gaming</b>	<b>13.9%</b>	<b>15.6%</b>
<b>Online Gaming</b>	<b>40.3%</b>	<b>43.0%</b>
<b>Lottery</b>	<b>41.3%</b>	<b>44.1%</b>
<b>Payments &amp; Services</b>	<b>36.3%</b>	<b>37.6%</b>

# Sisal Key Figures – 2017 vs 2016

## P&L and simplified cash flow

(€m)	FY-17	FY-16	Change
<b>Turnover</b>	<b>17.881</b>	<b>16.584</b>	<b>7,8%</b>
<b>Revenues</b>	<b>832,0</b>	<b>780,8</b>	<b>6,5%</b>
<i>Retail Gaming</i>	478,8	445,2	7,6%
<i>Online Gaming</i>	72,4	58,1	24,7%
<i>Lottery</i>	96,0	95,8	0,2%
<i>Payments and services</i>	183,1	180,1	1,7%
<i>Other</i>	1,7	1,7	(0,9)%
<b>Operating Segments EBITDA</b>	<b>217,0</b>	<b>190,3</b>	<b>14,1%</b>
<b>Adj. Ebitda</b>	<b>215,1</b>	<b>187,3</b>	<b>14,9%</b>
<i>% margin</i>	25,9%	24,0%	
<b>Ebitda</b>	<b>213,3</b>	<b>178,7</b>	<b>19,4%</b>
<i>% margin</i>	25,6%	22,9%	
<b>Cash Flow</b>			
Ebitda	213,3	178,7	
Change in trade W/C	32,2	(20,1)	
Change in other assets and liabilities <sup>(a)</sup>	5,2	18,7	
Capex	(59,7)	(45,1)	
Other non-Current Assets	0,0	0,0	
Acquisitions	0,0	(460,3)	
Cash taxes	(6,7)	(3,9)	
Cash interest	(54,8)	(96,8)	
<b>Total</b>	<b>129,6</b>	<b>(428,7)</b>	
<b>Net Financial Position</b>	<b>567,4</b>	<b>699,3</b>	
<b>Leverage Ratio (LTM)<sup>(b)</sup></b>	<b>2,6x</b>	<b>3,7x</b>	

▪ Mainly driven by VLTs strong performance and slot machines payout reduction impact, together with a strong sport betting margin

▪ Mainly driven by Slot and Quick games strong performance and by the strong sport betting margin

▪ Driven by a turnover substantially in line with 2016, despite a lower average jackpot

▪ Mainly driven by payments and financial services

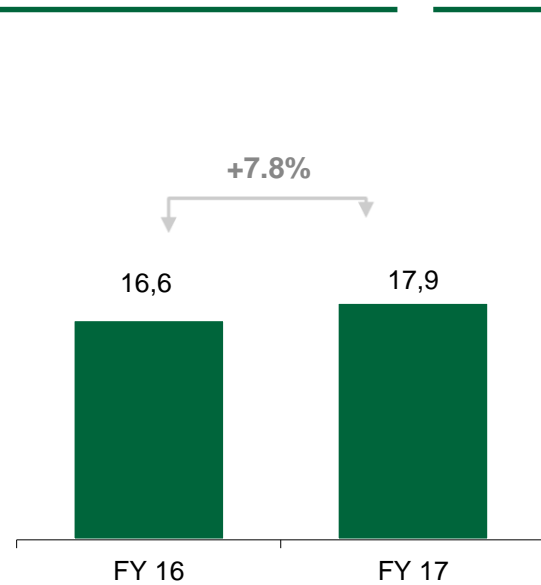
▪ Working Capital movements mainly driven by a favourable trade working capital performance with a particular regard to receivables collection, gaming taxation liabilities and payables settlement

▪ Capex mainly related to gaming machine cabinets and games, new product development, SW and licenses and POS technology

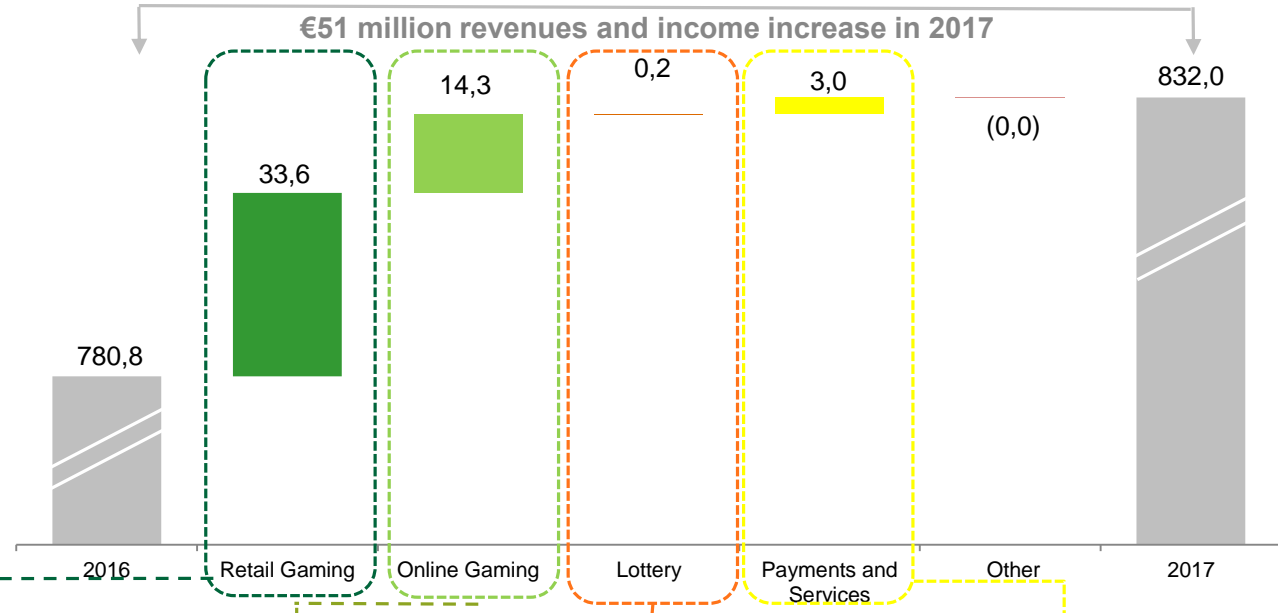
(a) Shows the impact of payables of unpaid winnings net of the restricted cash balance  
 (b) Computed based on Adjusted EBITDA LTM (€215.1M in 2016 and €187.3M in 2017)

# 2017 vs 2016 comparison: Revenues

## Turnover (€ BN)



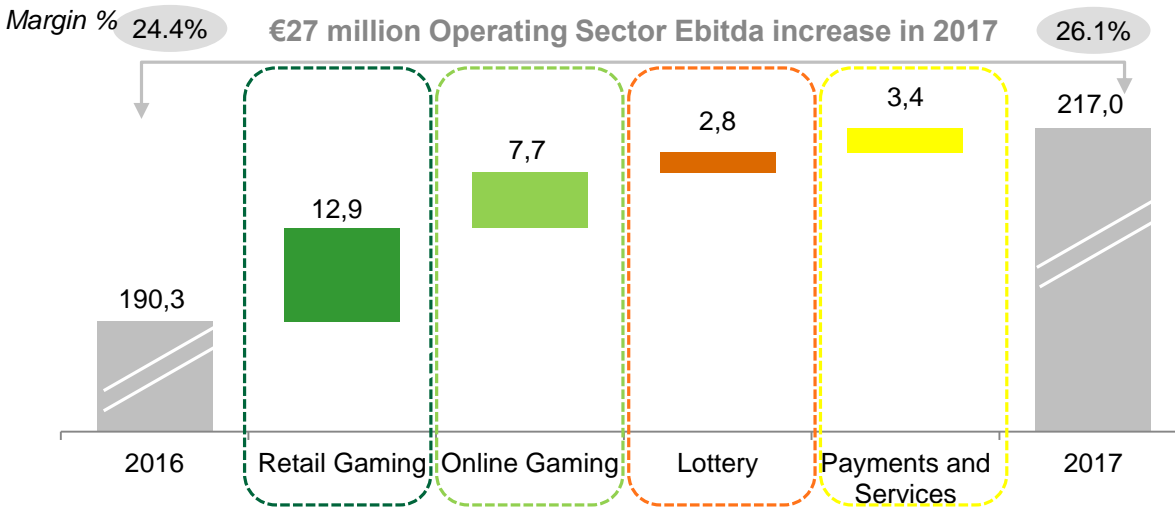
## Revenues and income (€ M)



	€ M impact	Primary drivers		€ M impact	Primary drivers		€ M impact	Primary drivers
<b>Gaming machines</b>	26.1	<ul style="list-style-type: none"> <li>Strong VLTs turnover performance, together with a fast rollout of AWP's payout reduction</li> </ul>	<b>Online gaming</b>	7.9	<ul style="list-style-type: none"> <li>Strong turnover performance of Slot games and Casino games driven by a large consumer base</li> </ul>	<b>Lottery</b>	(2.0)	<ul style="list-style-type: none"> <li>Turnover substantially in line with 2016 despite a lower average jackpot, affecting revenues</li> </ul>
<b>Sport Betting</b>	10.0	<ul style="list-style-type: none"> <li>Strong margins</li> </ul>	<b>Betting online</b>	6.2	<ul style="list-style-type: none"> <li>Strong sport betting margins</li> </ul>	<b>Point of Sale fees</b>	2.2	
<b>Virtual Races</b>	(1.3)	<ul style="list-style-type: none"> <li>Mainly due to higher competition</li> </ul>	<b>VR online</b>	0.3				
<b>Other</b>	(1.2)							
								<b>Services</b>
								1.0
								2.0
								1.0
								Driven by payment and financial services

# 2017 vs 2016 comparison: Profitability

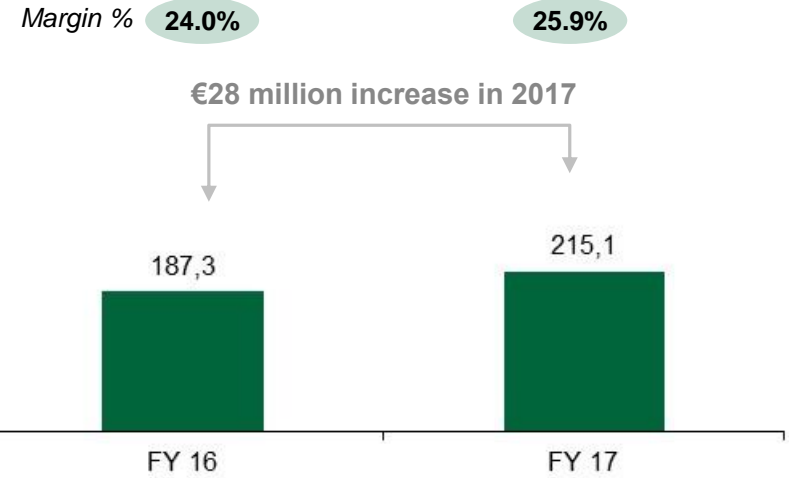
## Operating Segments Ebitda (€ M)



- Driven by a positive VLTs turnover, a fast rollout of AWP's payout reduction executed in 2016 and a strong sport betting margin
- Mainly driven by a strong turnover fostered by a large consumer base and a strong sport betting margin
- Driven by revenues growth and lower opex
- Driven by top line

Continuous implementation of cost efficiency programs

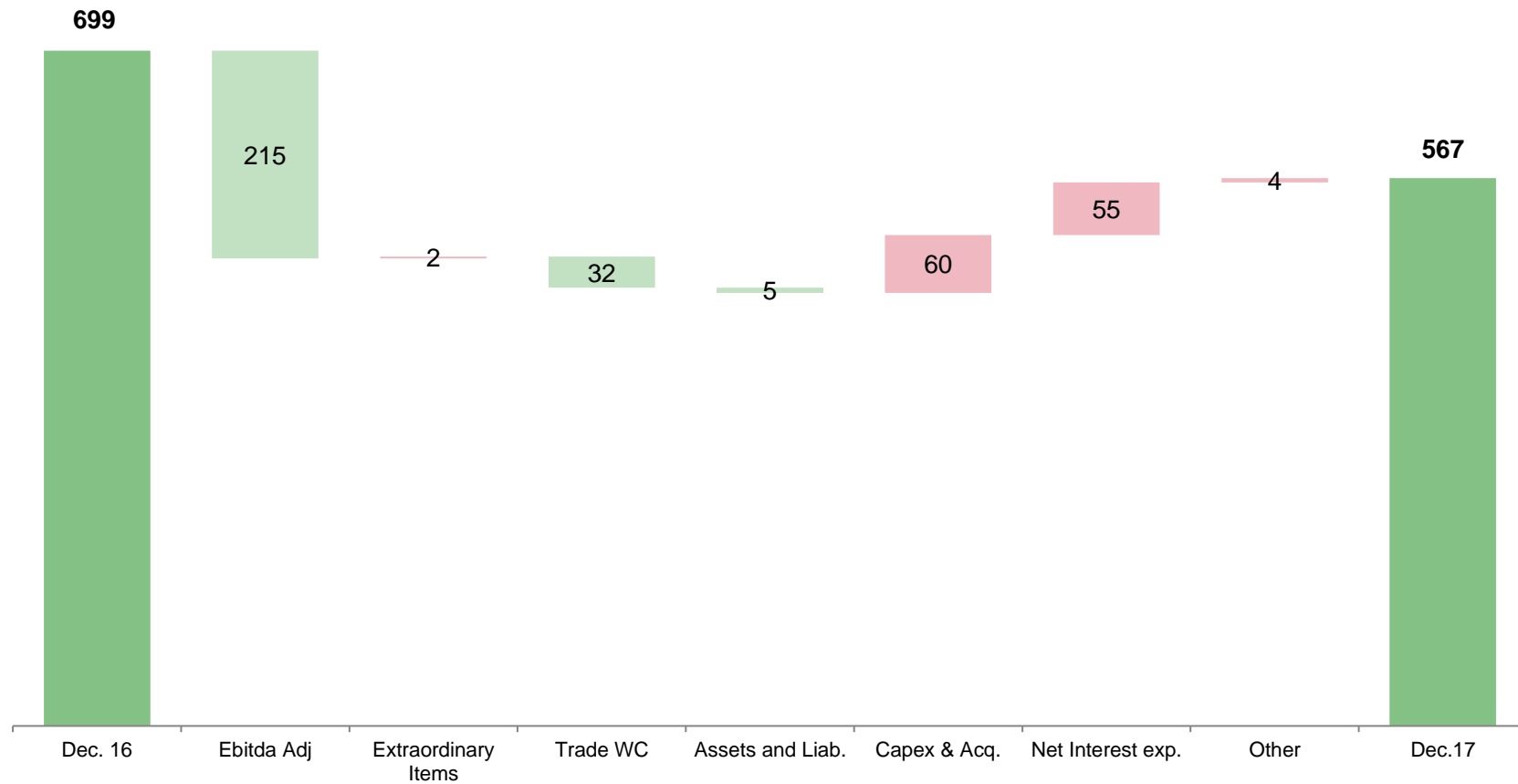
## Adj. Ebitda (€ M)



- Adj. Ebitda margin increase mainly driven by:
  - Top line growth
  - Cost optimization programs

# Net Financial Position Bridge –2017

Figures in € M



# Consolidated Income Statement –2017

Figures in € M (except ratios)

Income Statement	FY 17	FY 16	% Change
Revenues	724,6	691,3	4,8%
Fixed odd betting income	103,0	86,3	19,4%
Other revenues and income	4,4	3,2	37,5%
<b>Total revenues and Income</b>	<b>832,0</b>	<b>780,8</b>	<b>6,6%</b>
<b>Adj. Ebitda</b> <sup>(a)</sup>	<b>215,1</b>	<b>187,3</b>	<b>14,9%</b>
<i>Margin (%)</i>	<i>25,9%</i>	<i>24,0%</i>	
<b>Ebitda</b>	<b>213,3</b>	<b>178,7</b>	<b>19,4%</b>
<i>Margin (%)</i>	<i>25,6%</i>	<i>22,9%</i>	
<b>Ebit</b>	<b>100,4</b>	<b>76,8</b>	<b>30,7%</b>
Net financial expenses and similar	57,0	108,9	(47,7)%
<b>Income before tax</b>	<b>43,4</b>	<b>(32,2)</b>	<b>(234,8)%</b>
<b>Net Income</b>	<b>27,3</b>	<b>(38,4)</b>	<b>(171,1)%</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 – 2017

Figures in € M

Balance Sheet	FY 17	FY 16
Non-Current Assets	654,4	703,6
Goodwill	569,3	569,3
Net Working Capital/Other <sup>(a)</sup>	(393,6)	(342,5)
<b>Total assets</b>	<b>830,1</b>	<b>930,4</b>
Net Financial Position	539,1	666,6
Total Equity	291,0	263,8
<b>Total Liabilities and Equity</b>	<b>830,1</b>	<b>930,4</b>
Payables for unpaid winnings	174,5	315,4
Restricted cash balance	155,5	297,6

(a) Includes Payables for unpaid winnings