



Sisal Group 2018 Nine Months Results

Ended September 30, 2018

November 26, 2018

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Agenda

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1. 9M 2018 Business Update
2. 9M 2018 Financial Results
3. Q&A

Speakers



Emilio Petrone
Group CEO



Corrado Orsi
Group CFO

Agenda

1. 9M 2018 Business Update

2. 9M 2018 Financial Results

Key Factors affecting 9M 2018

- **Macroeconomic factors:** the macro environment is confirming a positive trend: in the first nine months 2018 Italian GDP, was up 1.2%^a compared to the same period in 2017. Unemployment was 11.3%, down 0.3pp compared to the first nine months in 2017. Private consumption continues being positive, with a growth of 1.2% in the first 9 months of 2018 compared to the same period in 2017, also fostered by the highest consumers' confidence of the last decade.
- The **Italian gaming industry** showed very positive developments. **Turnover** reached **€78.1 billion**^b, up approx. 4.8% compared to the same period of 2017
- The **Payments and Services** market addressable market was in line with the same period of 2017

^a Sisal Market Intelligence Estimate based on Istat data

^b Sisal Market Intelligence Estimate on ADM data

Sisal Key Achievements – 9M 2018

- In the above-mentioned context, **Sisal 9M 2018** confirmed a **positive and improving performance**
 - **Turnover** reached **€14.0 billion**, up €754 million or **+5.7%**, compared to €13.2 billion in the same period of 2017, mainly driven by Online Gaming (+19.7%), Payments & Services (+5.0%) and Sport Betting (+12.1%)
 - **Revenues** reached **€621.2 million**, up €28.8 million or **+4.9%** compared to €592.4 million, in 9M 2017
 - **Adj. EBITDA^a** reached was **€181.8 million**, up €18.9 million or **+11.6%**, compared to €162.9 million in the same period of 2017, mainly driven by the fast-growing Online Gaming (€26.8 million, up €4.3 million or +19.1%) and Retail Gaming (€64.2 million, up €9.8 million or +18,0%). The cost optimization programs executed in 2016 and 2017 also contributed to achieve these positive results
 - Sisal was able to **offset the higher gaming machine taxation impact** on Retail Gaming revenues, thanks to the positive performance of the business Units

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

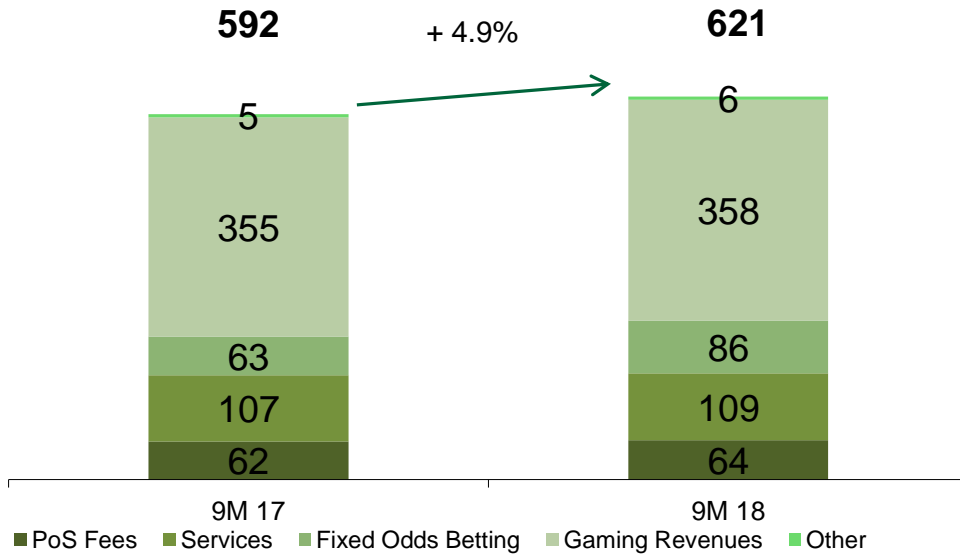
Agenda

1. 9M 2018 Business Update

2. 9M 2018 Financial Results

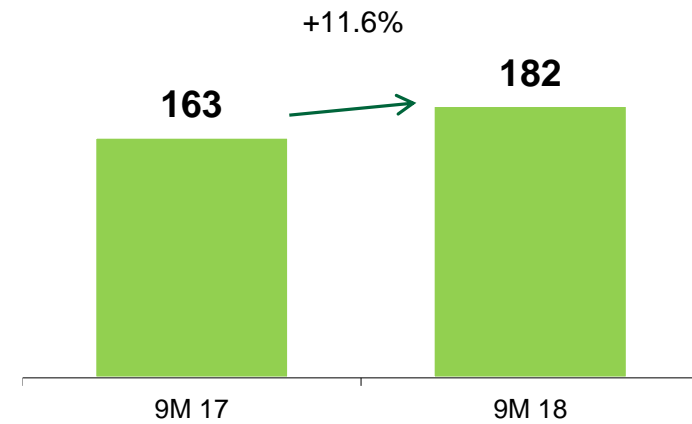
Sisal Results Highlights – 9M 2018

Revenues



Figures in € M

Adj. Ebitda^(a)



Adj. Ebitda Margin %

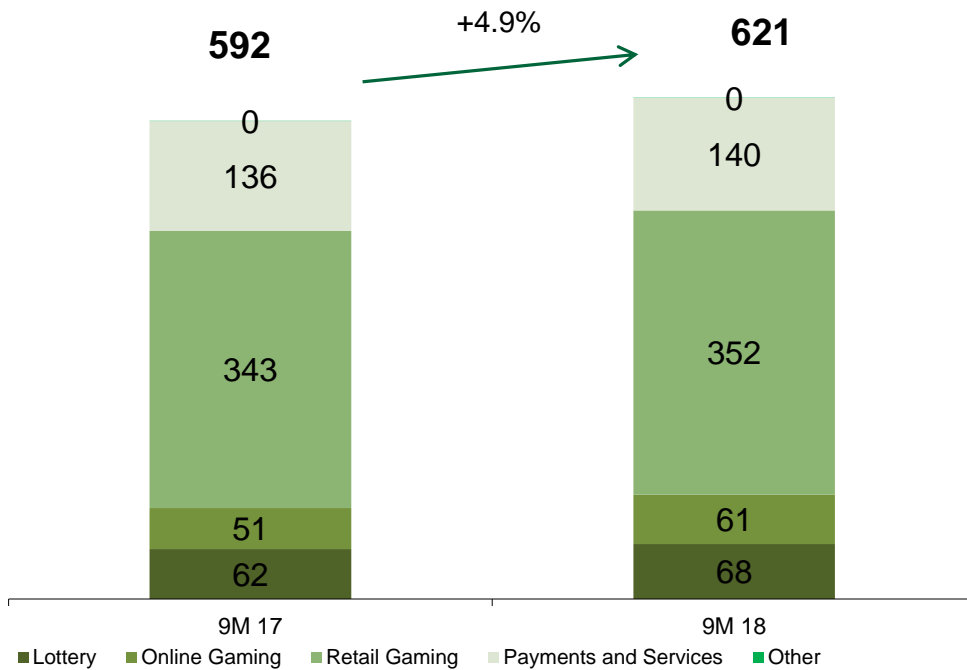
27.5%

29.3%

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

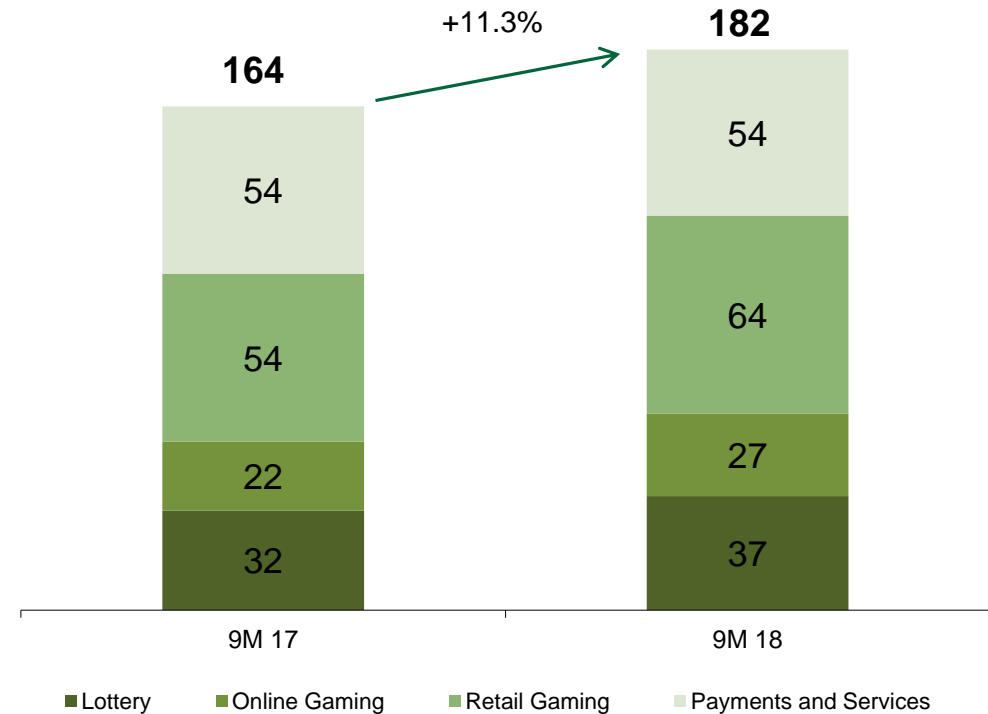
Segments Results Highlights – 9M 2018

Revenues



Figures in € M

Operating Segments Ebitda



Operating Segments Ebitda Margin %

	9M 17	9M 18
Total	27.6%	29.3%
Retail Gaming	15.9%	18.2%
Online Gaming	44.3%	43.8%
Lottery	51.9%	54.1%
Payments & Services	40.0%	38.7%

Sisal Key Figures – 9M 2018 vs 9M 2017

P&L and simplified cash flow

(€m)	9M-18	9M-17	Change
Turnover	13.951	13.197	5,7%
Revenues	621,2	592,4	4,9%
<i>Retail Gaming</i>	351,8	343,1	2,5%
<i>Online Gaming</i>	61,1	50,7	20,4%
<i>Lottery</i>	68,3	62,1	10,0%
<i>Payments and services</i>	139,7	136,2	2,5%
<i>Other</i>	0,3	0,2	34,8%
Operating Segments EBITDA	182,0	163,6	11,3%
Adj. Ebitda	181,8	162,9	11,6%
<i>% margin</i>	29,4%	27,5%	
Ebitda	181,0	161,7	11,9%
<i>% margin</i>	29,2%	27,3%	
Cash Flow			
Ebitda	181,0	161,7	
Change in trade W/C	(89,2)	(26,5)	
Change in other assets and liabilities ^(a)	(57,4)	(22,0)	
Capex	(40,4)	(28,2)	
Other non-Current Assets	2,8	0,0	
Acquisitions	0,0	0,0	
Cash taxes	(13,2)	(3,7)	
Cash interest	(45,7)	(48,8)	
Total	(62,1)	32,6	
Net Financial Position	621,8	658,5	
Leverage Ratio (LTM)^(b)	2,7x	3,2x	

▪ Mainly driven a strong sport betting performance (18.2% margin for 9months 2018 vs 15.9% in the same period of 2017)

▪ Mainly driven by Slot, Quick Games and online sport betting strong performance

▪ Driven by positive turnover performance pushed by a higher average jackpot

▪ Mainly driven by payments and financial services

▪ Working Capital mainly related to a less favorable trade working capital performance with particular regard to accounts payables settlement

▪ Capex mainly related to Retail network development, including TG and datacenter, TG services stand alone and other PoS technology

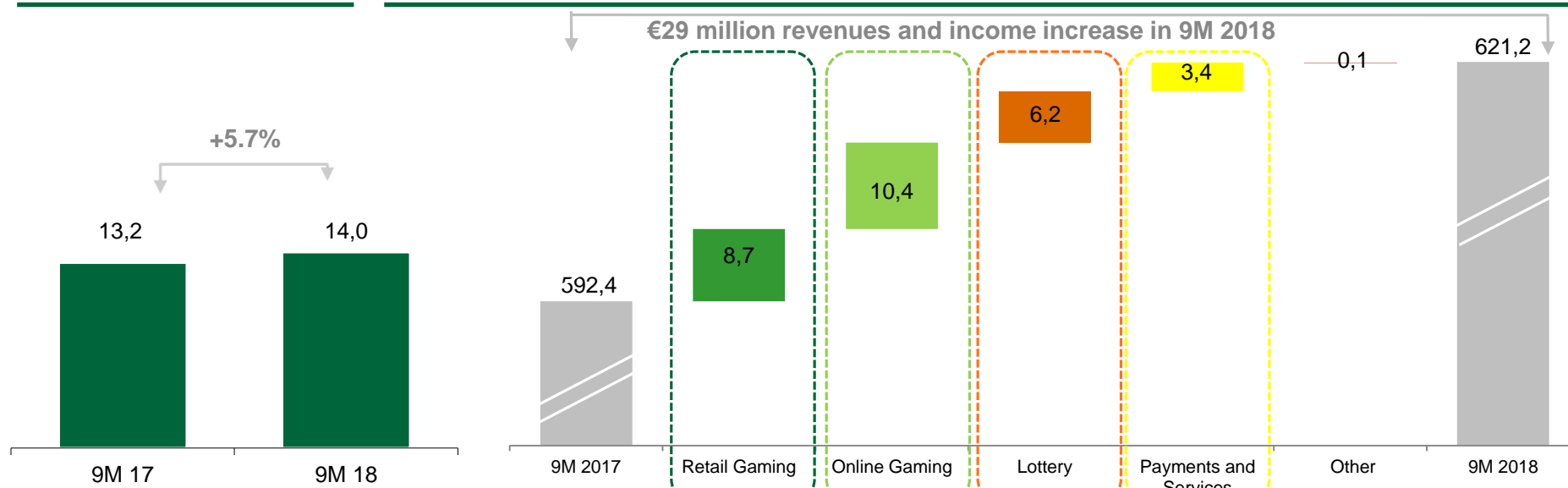
(a) Shows the impact of payables of unpaid winnings net of the restricted cash balance

(b) Computed based on Adjusted EBITDA LTM (€234.1M in 9M 2018 and €205.1M in 9M 2017)

9M 2018 vs 9M 2017 comparison: Revenues

Turnover (€ BN)

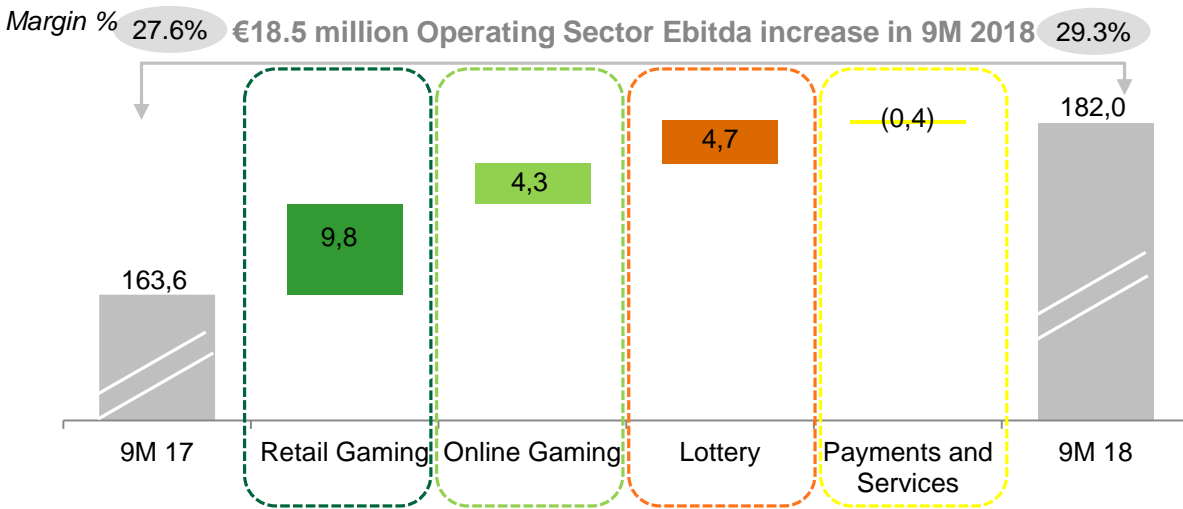
Revenues and income (€ M)



	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers	€ M impact	Primary drivers			
Gaming machines	(4.7)	<ul style="list-style-type: none"> Turnover increase offset by an increase in gaming taxation effective in Q217 	Digital games	4.6	<ul style="list-style-type: none"> Strong turnover performance of Slot games and Quick games and a significant increase in the number of the monthly active players 	Lottery	4.7	<ul style="list-style-type: none"> Driven by positive turnover performance pushed by a higher average jackpot 	Services	1.3	<ul style="list-style-type: none"> Driven by payment and financial services
Sport Betting	16.2	<ul style="list-style-type: none"> Mainly driven by a lower payout and a positive turnover trend 	Betting online	5.8	<ul style="list-style-type: none"> Strong sport betting turnover growth 	Point of Sale fees	1.5		Point of Sale fees	2.2	
Virtual Races	(0.8)	<ul style="list-style-type: none"> Mainly due to higher competition 	VR online	0.0							
Other	(2.0)										

9M 2018 vs 9M 2017 comparison: Profitability

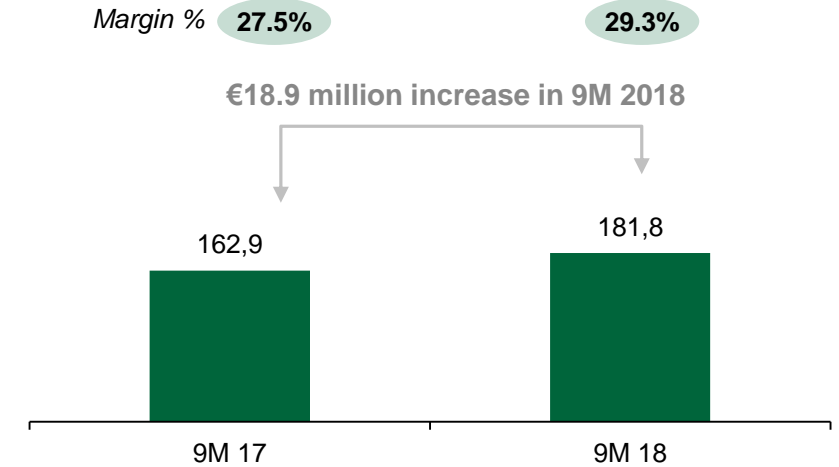
Operating Segments Ebitda (€ M)



- Driven by a strong sport betting performance partially offset by Gaming Machine tax increase
- Mainly driven by a strong turnover fostered by a large consumer base
- Driven by revenues growth
- Driven by top line

Continuous implementation of cost efficiency programs

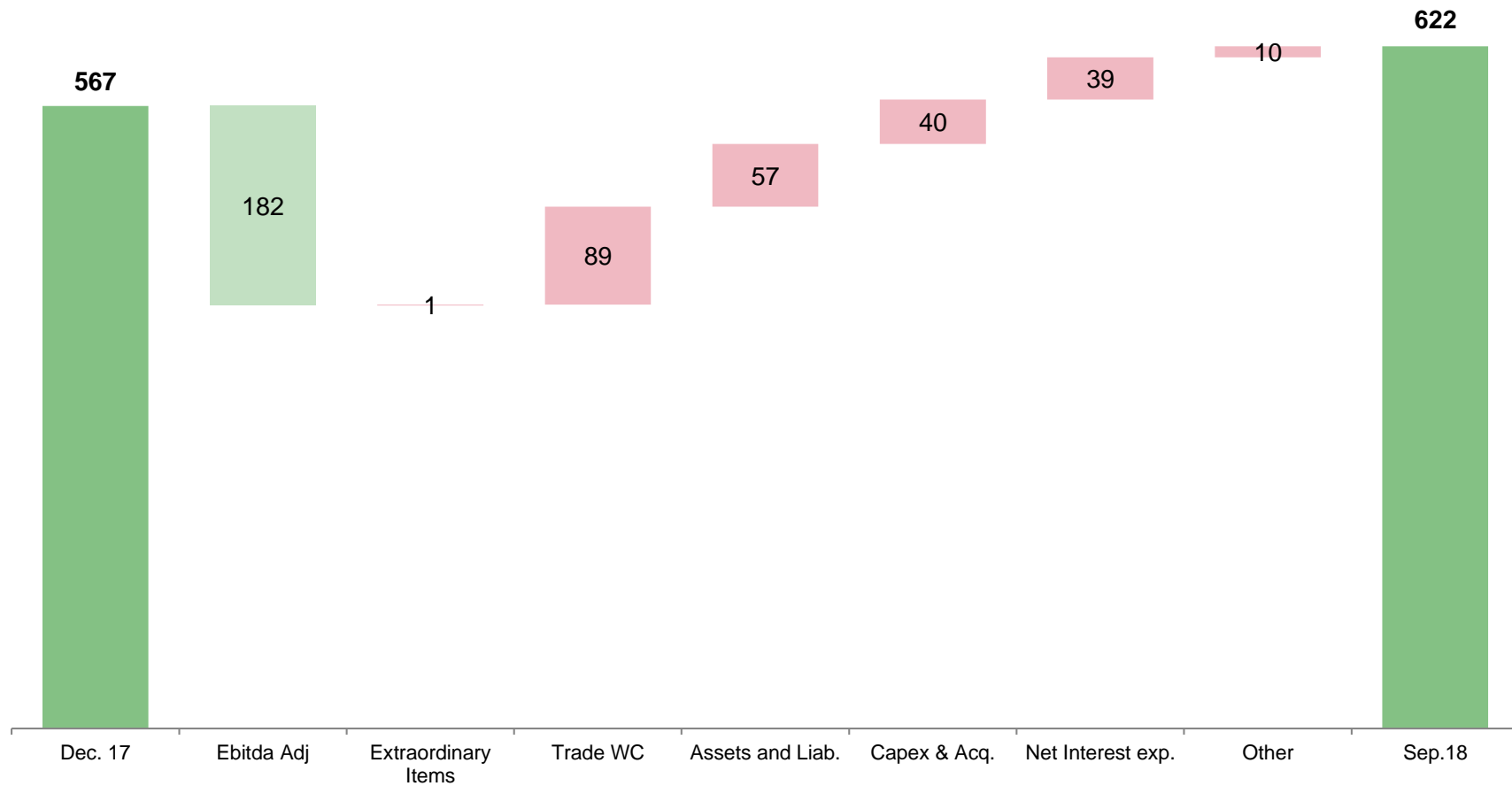
Adj. Ebitda (€ M)



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

Net Financial Position Bridge – 9M 2018

Figures in € M



Consolidated Income Statement – 9M 2018

Figures in € M (except ratios)

Income Statement	9M 18	9M 17	% Change
Revenues	533,2	528,6	0,9%
Fixed odd betting income	85,5	62,8	36,1%
Other revenues and income	2,5	1,0	150,0%
Total revenues and Income	621,2	592,4	4,9%
Adj. Ebitda ^(a)	181,8	162,9	11,6%
<i>Margin (%)</i>	<i>29,3%</i>	<i>27,5%</i>	
Ebitda	181,0	161,7	11,9%
<i>Margin (%)</i>	<i>29,1%</i>	<i>27,3%</i>	
Ebit	94,6	77,5	22,1%
Net financial expenses and similar	42,4	42,4	0,0%
Income before tax	52,2	35,1	48,7%
Net Income	36,0	19,7	82,7%

(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 – 9M 2018

Figures in € M

Balance Sheet	9M 18	FY 17
Non-Current Assets	618,3	654,4
Goodwill	569,4	569,3
Net Working Capital/Other ^(a)	(263,4)	(393,6)
Total assets	924,2	830,1
Net Financial Position	597,2	539,1
Total Equity	327,0	291,0
Total Liabilities and Equity	924,2	830,1
Payables for unpaid winnings	110,1	315,4
Restricted cash balance	98,5	155,5

(a) Includes Payables for unpaid winnings