



# Sisal 2018 First Half Results

Ended June 30, 2018

September 19th, 2018

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# Agenda

## Agenda

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1. H1 2018 Business Update
2. H1 2018 Financial Results
2. Q&A

## Speakers

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**Emilio Petrone**  
Group CEO



**Corrado Orsi**  
Group CFO

# Agenda

**1. H1 2018 Business Update**

**2. H1 2018 Financial Results**

# Key Factors affecting H1 2018

- **Macroeconomic factors:** the macro environment confirms an improving scenario. In the first half of 2018, Italian GDP was up 1.1%<sup>a</sup> compared to H1 2017, driven by private consumption, while unemployment was slightly down at 11.2%
- The **Italian gaming industry** showed a very positive development and, based on our estimates, reached approx. €52.8 billion<sup>b</sup>, up 4.9% compared to €50.3 billion in H1 2017
- **The total Payment Services addressable market** reached a total turnover of approx. € 65 billion, up 7.1%<sup>c</sup>, compared to H1 2017

<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 – H1 2018

- In the above-mentioned context, **Sisal results in H1 2018 were very satisfactory**
  - **Turnover** reached **€9.4 billion**, up approx. € 600 million or **+6.8%** compared to H1 2017, mainly driven by Online Gaming (+22.1%), Payments and Services (+6.0%) and Lottery (+7.6%)
  - **Revenues** amounted to **€418.1 million**, **+5.2%** compared to €397.5 million in H1 2017, an increase of €20.6 million
  - **Adj. EBITDA<sup>a</sup>** reached **€118.7 million**, up €12.5 million or **+11.7%** compared to €106.2 million in H1 2017

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

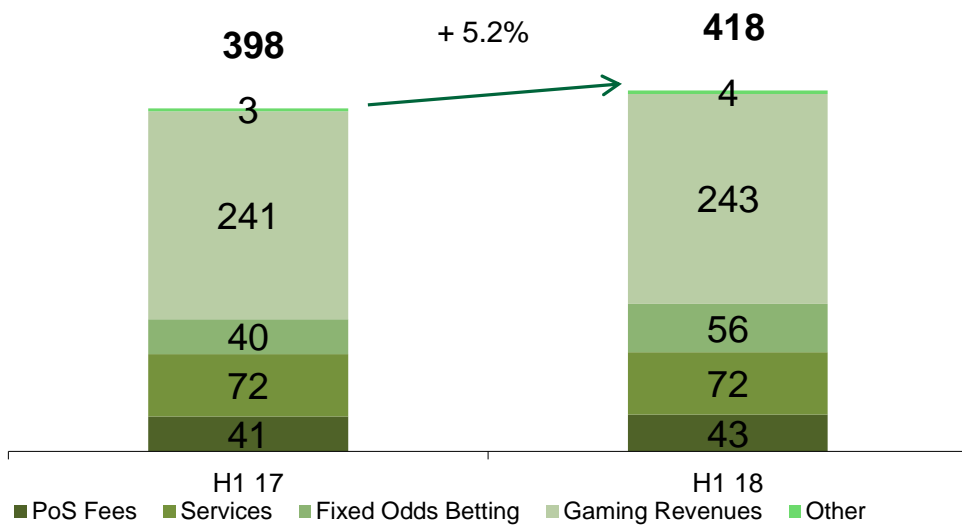
# Agenda

1. H1 2018 Business Update

2. H1 2018 Financial Results

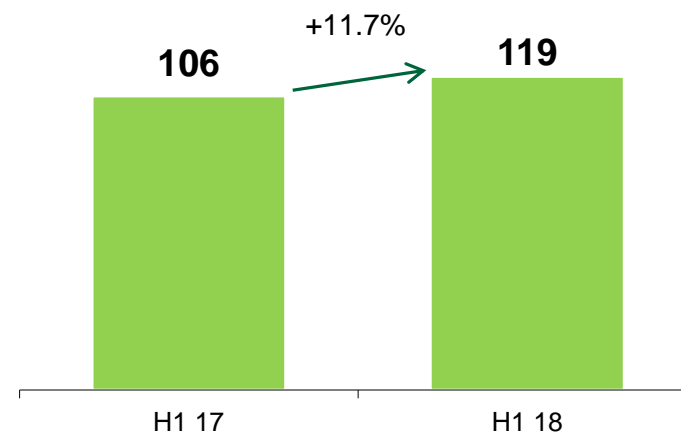
# Sisal Results Highlights – H1 2018

## Revenues



Figures in € M

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



## Adj. Ebitda Margin %

26.7%

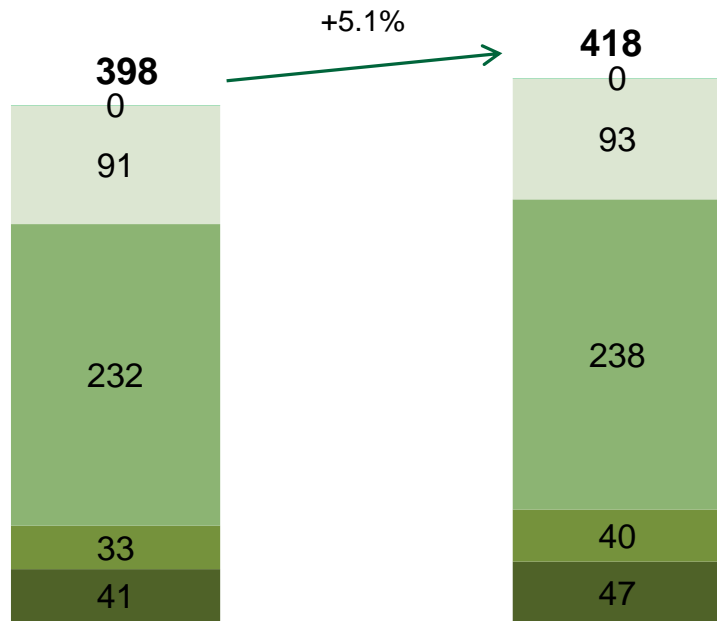
28.4%

(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 2018

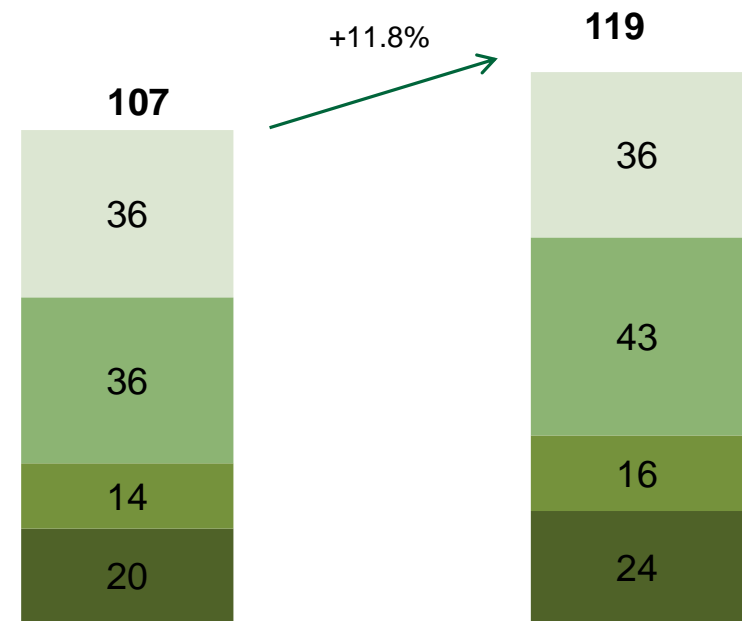
## Revenues



H1 17 H1 18  
 ■ Lottery ■ Online Gaming ■ Retail Gaming ■ Payments and Services ■ Other

Figures in € M

## Operating Segments Ebitda



■ Lottery ■ Online Gaming ■ Retail Gaming ■ Payments and Services

### Operating Segments Ebitda Margin %

	H1 17	H1 18
<b>Total</b>	<b>26.8%</b>	<b>28.5%</b>
<b>Retail Gaming</b>	<b>15.5%</b>	<b>17.9%</b>
<b>Online Gaming</b>	<b>42.3%</b>	<b>40.9%</b>
<b>Lottery</b>	<b>49.4%</b>	<b>51.4%</b>
<b>Payments &amp; Services</b>	<b>39.7%</b>	<b>38.5%</b>

# Sisal Key Figures – H1 2018 vs H1 2017

## P&L and simplified cash flow

(€m)	H1-18	H1-17	Change
<b>Turnover</b>	<b>9.447</b>	<b>8.848</b>	<b>6,8%</b>
<b>Revenues</b>	<b>418,1</b>	<b>397,5</b>	<b>5,2%</b>
<i>Retail Gaming</i>	238,0	231,6	2,8%
<i>Online Gaming</i>	40,0	33,3	20,0%
<i>Lottery</i>	47,0	41,2	14,1%
<i>Payments and services</i>	92,9	91,1	1,9%
<i>Other</i>	0,2	0,2	(25,8)%
<b>Operating Segments EBITDA</b>	<b>119,0</b>	<b>106,5</b>	<b>11,8%</b>
<b>Adj. Ebitda</b>	<b>118,7</b>	<b>106,2</b>	<b>11,7%</b>
<i>% margin</i>	28,5%	26,7%	
<b>Ebitda</b>	<b>118,3</b>	<b>105,6</b>	<b>12,0%</b>
<i>% margin</i>	28,4%	26,6%	
<b>Cash Flow</b>			
Ebitda	118,3	105,6	
Change in trade W/C	(79,5)	(15,2)	
Change in other assets and liabilities <sup>(a)</sup>	(39,6)	(18,7)	
Capex	(23,1)	(16,2)	
Other non-Current Assets	0,0	0,0	
Acquisitions	0,0	0,0	
Cash taxes	0,0	(1,3)	
Cash interest	(25,8)	(28,7)	
<b>Total</b>	<b>(49,7)</b>	<b>25,5</b>	
<b>Net Financial Position</b>	<b>616,2</b>	<b>672,9</b>	
<b>Leverage Ratio (LTM)<sup>(b)</sup></b>	<b>2,7x</b>	<b>3,4x</b>	

▪ Performance mainly driven by a **strong performance in sport betting**

▪ Performance mainly driven by a **strong performance in Slot and Quick Games** supported by a strong gaming promotional activity

▪ Driven by a positive turnover performance due to a **higher average jackpot**

▪ **Revenues growth** mainly driven by **payments and financial services** thanks to a higher number of transactions

▪ **Trade working Capital:** driven by year end cut-off, mainly related to P&S working capital

▪ **Other assets and liabilities:** driven by a higher gaming tax cash out and a postponed 2017 gaming machines security deposit collection from ADM

▪ **Capex** mainly related to betting rights renewal for 2018, new products developments, SW and licences

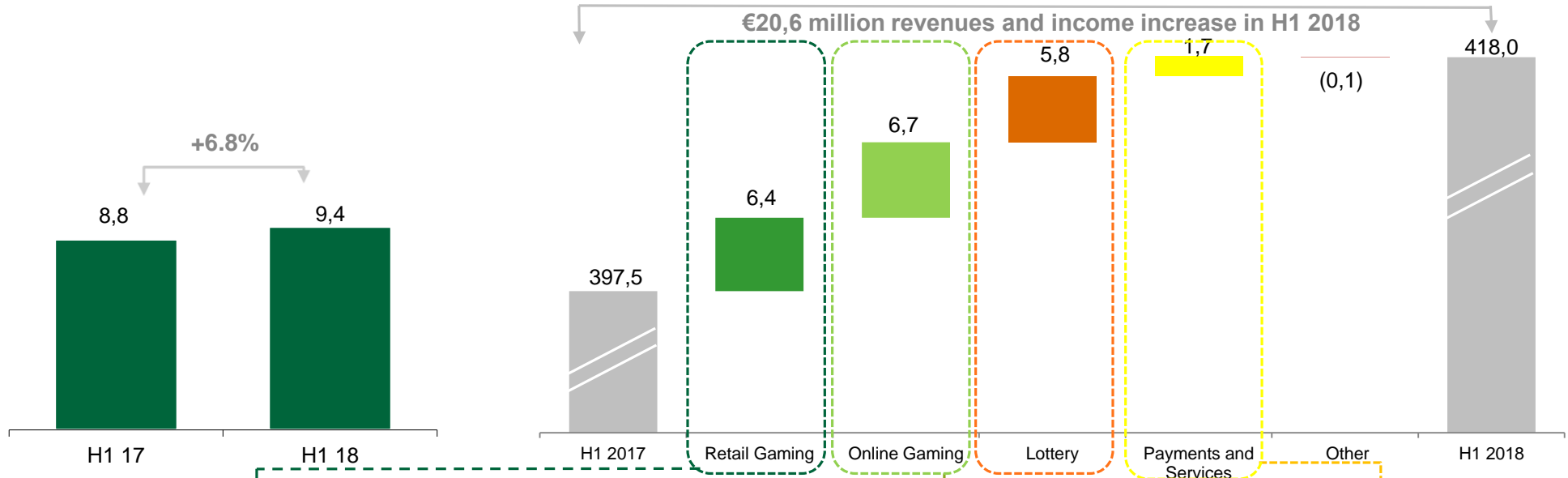
(a) Shows the impact of payables of unpaid winnings net of the restricted cash balance

(b) Computed based on Adjusted EBITDA LTM (€198.0M in H1 2017 and €227.7M in H1 2018)

# H1 2018 vs H1 2017 comparison: Revenues

Turnover (€ BN)

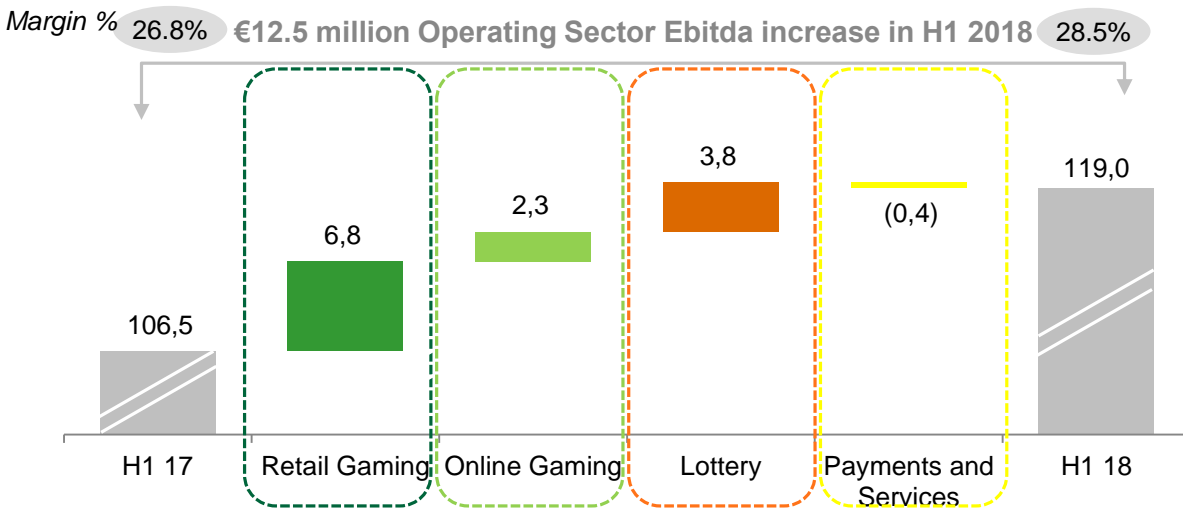
Revenues and income (€ M)



	€ M impact	Primary drivers		€ M impact	Primary drivers		€ M impact	Primary drivers
<b>Gaming machines</b>	(3.2)	<ul style="list-style-type: none"> <li>Mainly driven by increase in gaming taxation becoming effect in Q2 2017</li> </ul>	<b>Digital games</b>	3.0	<ul style="list-style-type: none"> <li>Strong performance of Slot and Quick games supported by a strong gaming promotional activity</li> </ul>	<b>Lottery</b>	4.4	<ul style="list-style-type: none"> <li>Positive consumers' acceptance of the new SuperEnalotto supported by a higher average jackpot</li> </ul>
<b>Sport Betting</b>	11.3	<ul style="list-style-type: none"> <li>Higher performance in sport betting, mainly driven by a positive turnover trend and a lower payout</li> </ul>	<b>Betting online</b>	3.7	<ul style="list-style-type: none"> <li>Higher performance in sport betting, mainly driven by a positive turnover trend and a lower payout</li> </ul>	<b>Point of Sale fees</b>	1.4	
<b>Virtual Races</b>	(0.9)	<ul style="list-style-type: none"> <li>Mainly due to higher competition</li> </ul>	<b>VR online</b>	0.0		<b>Services</b>	(0.1)	<ul style="list-style-type: none"> <li>Soft Top Ups performance, partially offset by an overall positive trend in payment and financial services</li> </ul>
<b>Other</b>	(0.8)					<b>Point of Sale fees</b>	1.8	

# H1 2018 vs H1 2017 comparison: Profitability

## Operating Segments Ebitda (€ M)



- Mainly driven by a higher turnover and sport betting margin

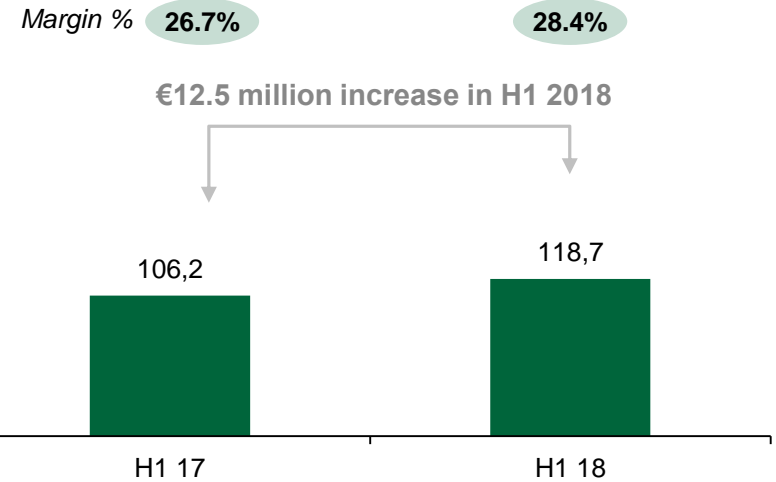
- Mainly driven by a higher online sport betting margin

- Driven by revenues growth and cost containment

- Driven by higher promotion and distribution expenses

Continuous implementation of cost efficiency programs

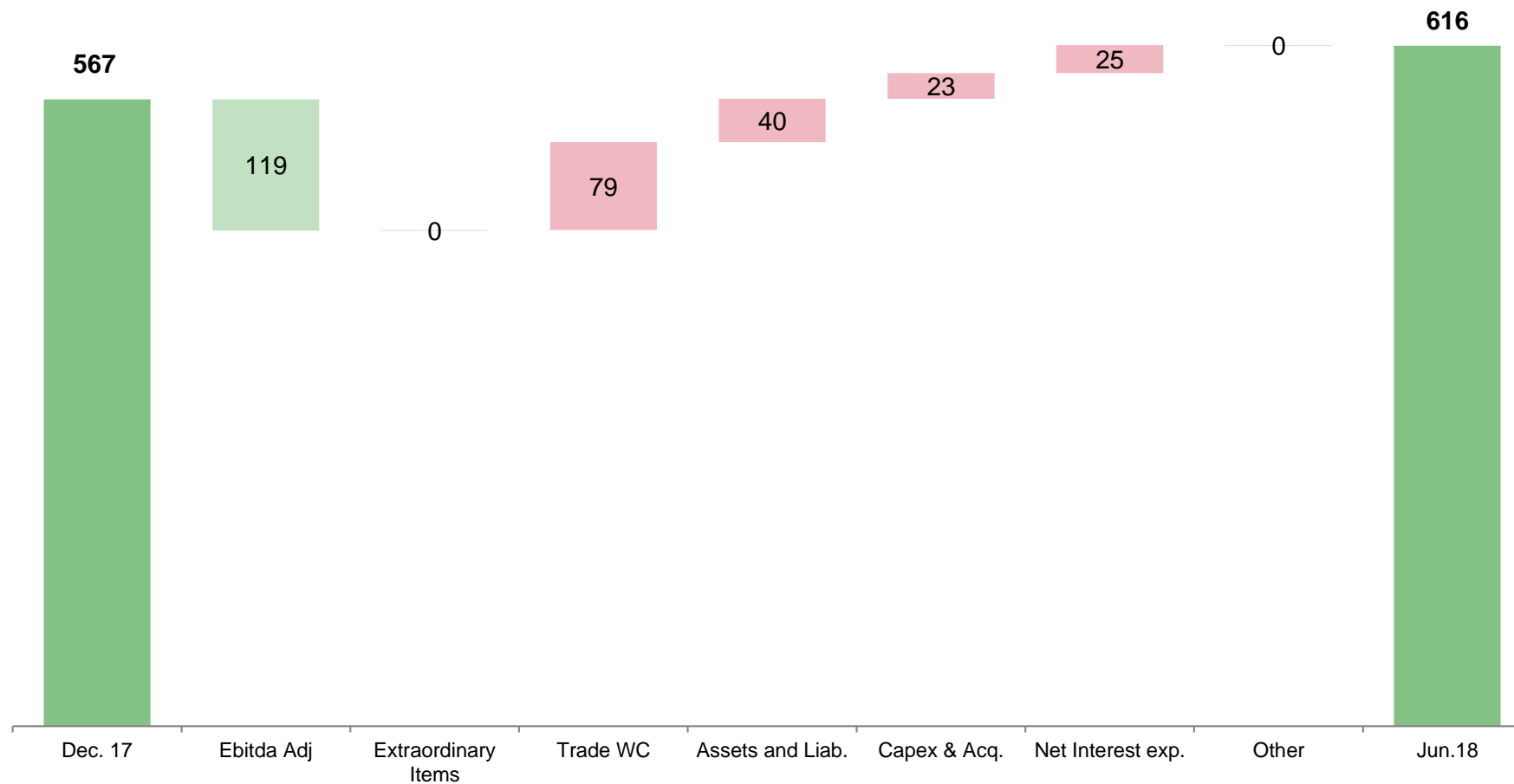
## Adj. Ebitda (€ M)



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

# Net Financial Position Bridge – H1 2018

Figures in € M



# Consolidated Income Statement – H1 2018

Figures in € M (except ratios)

Income Statement	H1 18	H1 17	% Change
Revenues	360,2	356,3	1,1%
Fixed odd betting income	55,9	40,4	38,4%
Other revenues and income	1,9	0,7	171,4%
<b>Total revenues and Income</b>	<b>418,1</b>	<b>397,5</b>	<b>5,1%</b>
<b>Adj. Ebitda</b> <sup>(a)</sup>	<b>118,7</b>	<b>106,2</b>	<b>11,7%</b>
<i>Margin (%)</i>	28,4%	26,7%	
<b>Ebitda</b>	<b>118,3</b>	<b>105,6</b>	<b>12,0%</b>
<i>Margin (%)</i>	28,3%	26,6%	
<b>Ebit</b>	<b>60,6</b>	<b>49,5</b>	<b>22,4%</b>
Net financial expenses and similar	27,9	27,9	0,0%
<b>Income before tax</b>	<b>32,7</b>	<b>21,6</b>	<b>51,4%</b>
<b>Net Income</b>	<b>22,6</b>	<b>13,0</b>	<b>73,8%</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 – H1 2018

Figures in € M

Balance Sheet	H1 18	FY 17
Non-Current Assets	631,4	654,4
Goodwill	569,4	569,3
Net Working Capital/Other <sup>(a)</sup>	(297,0)	(393,6)
<b>Total assets</b>	<b>903,7</b>	<b>830,1</b>
Net Financial Position	590,1	539,1
Total Equity	313,6	291,0
<b>Total Liabilities and Equity</b>	<b>903,7</b>	<b>830,1</b>
Payables for unpaid winnings	245,3	315,4
Restricted cash balance	230,3	155,5

(a) Includes Payables for unpaid winnings

**THANK YOU!**