



Sisal 2018 First Quarter Results

Ended March 31, 2018

June 13, 2018

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Agenda

Agenda

- ★ 1. Update on Sisal Group profile
- ★ 2. Update on Q1 2018 results
- ★ 3. Q&A

Speakers



Emilio Petrone
Group CEO



Corrado Orsi
Group CFO



Roberto di Fonzo
Group Strategy

Agenda

1. Update on Sisal Group profile

2. Update on Q1 2018 results

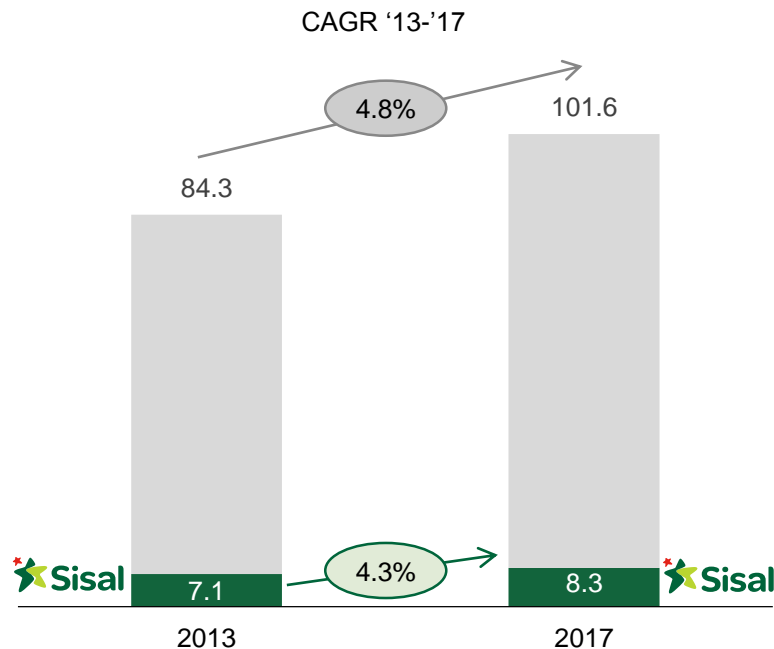
3. Q&A

Appendix I: Additional materials on Q1 2018

Sisal is a leading Gaming and Payment & Services player with balanced exposure to two markets with strong fundamentals...

Gaming

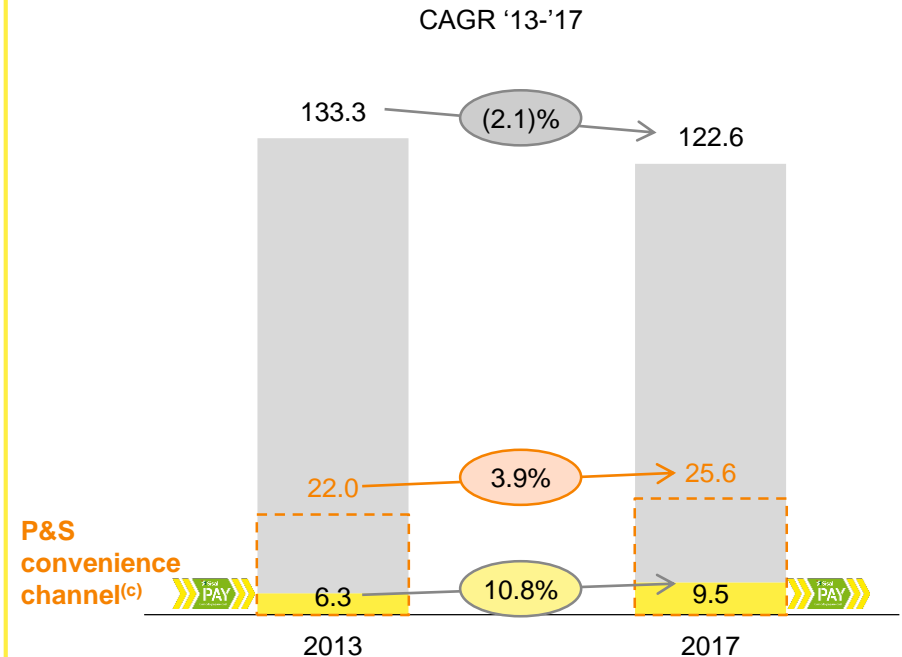
Gaming market turnover (€bn)



- ✓ **Regulated** by Agenzia delle Dogane e dei Monopoli (ADM)
- ✓ **Largest market in Europe**
- ✓ **Fully diversified product offering**
- ✓ **Significant barriers to entry**

Payment & Service ("P&S")

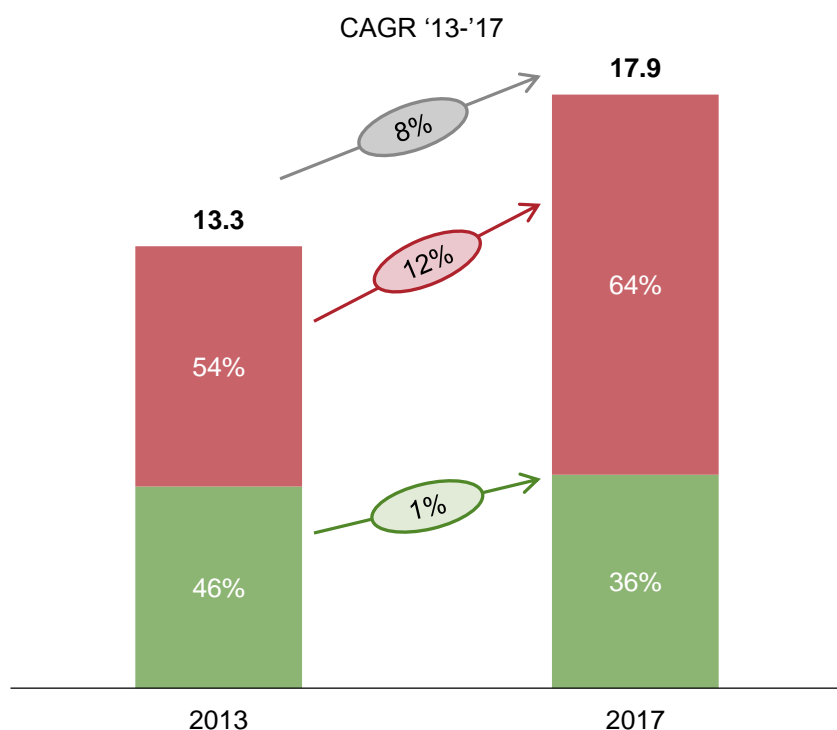
P&S addressable market^(b) turnover (€bn)



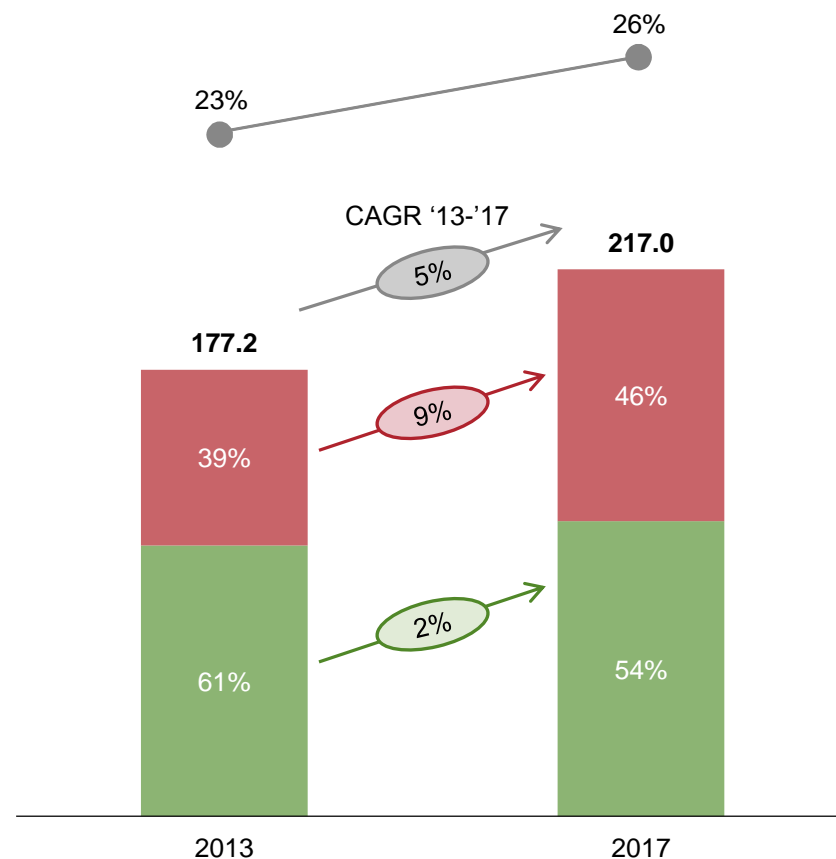
- ✓ **Regulated** by Bank of Italy^(a)
- ✓ **Sizable market**, with trend of **steady growth in convenience channel**
- ✓ **Fully diversified product offering**
- ✓ **Favourable secular trend: consumer preferences shift** from banks/post offices to bars and tobacconists

...enjoying healthy growth and profitability profile thanks to increasing product diversification

Turnover breakdown by Business Unit (€bn)



EBITDA breakdown by Business Unit (€m)



Traditional business
(including Retail Gaming and Lottery)

New business
(including Online gaming and Payments & Services)

EBITDA margin

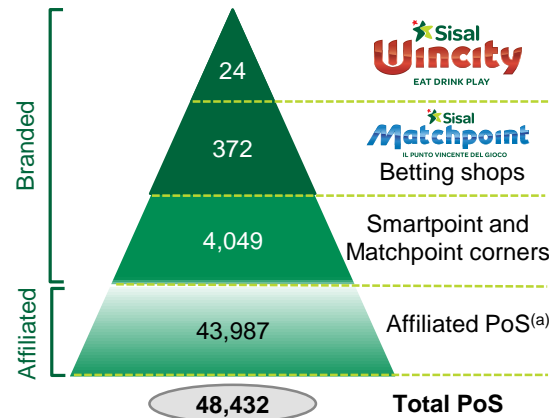
Full spectrum of traditional gaming products, delivering improving performance

Retail gaming

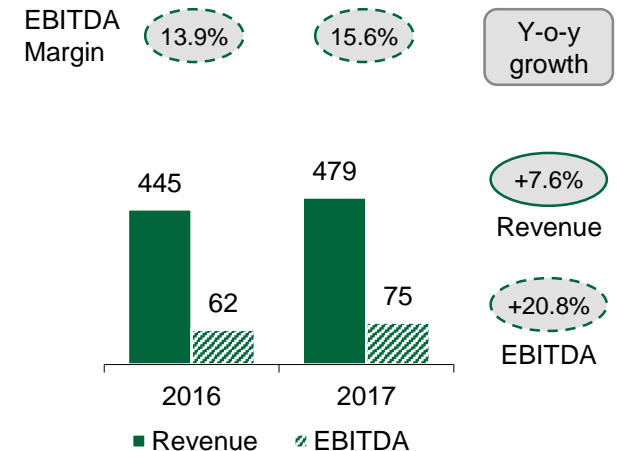
- Highest quality gaming retail network in Italy
- Branded network driving higher profitability (Retail gaming EBITDA margin of 18% in branded network vs 13% of affiliated network in 2017)

Business highlights

Sisal retail network (as of Dec-17)



Key financials



Lottery

- Successfully re-launch of SuperEnalotto
- High quality portfolio of lottery products
- Manage the only international jackpot-based lottery (Eurojackpot)
- Operating through a network of ~45k PoS

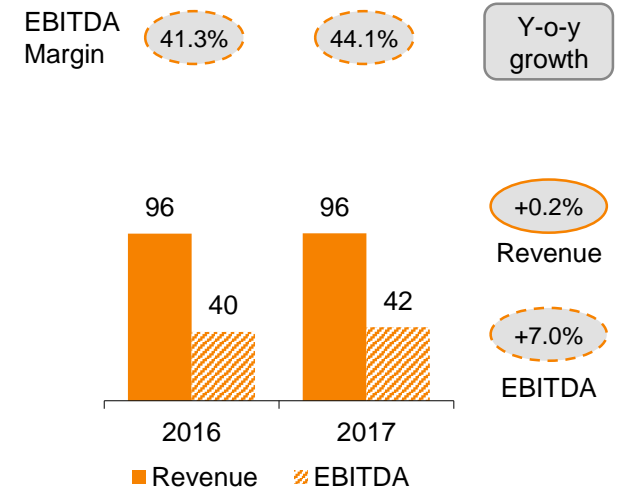
SuperEnalotto

WinforLife!
Spensierati e sistemati.

VinciCasa
WinforLife!

EURO JACKPOT

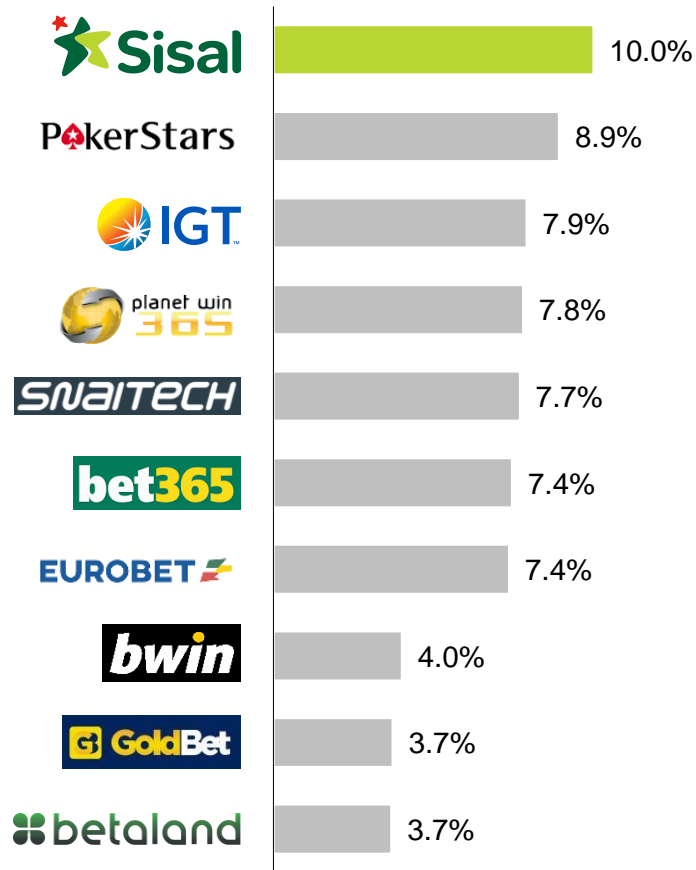
SiVinceTutto
SuperEnalotto



Leader of the Italian Online gaming market

Market share as of April 2018^(a) (%)

Operators' market shares based on total online GGR



Key financials (€m)

EBITDA
Margin

40.3%

43.0%

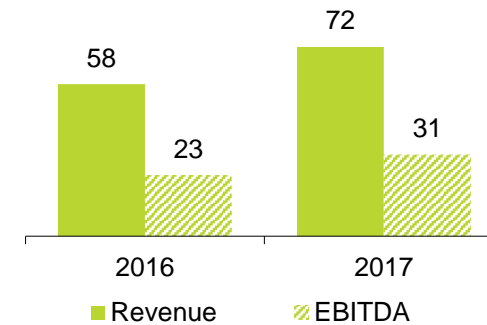
Y-o-y
growth

+24.7%

Revenue

+33.0%

EBITDA



Key strategic objectives

- 1 Consolidate market leader position**
Performing better than market to further acquire market share
- 2 Accelerate digital lotteries**
Increasing online lottery penetration
- 3 Ensure sustainability**
Focusing on long-lasting customer base enlargement
- 4 Ensure distinctive digital competences**
New and reinforced Sisal.it organization

Leading Payment & Services operator

SisalPay is a leading Italian payment operator, offering telco and prepaid cards top-ups, bill payments and money transfer services



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SCARICA SUBITO LA NUOVA APP SISALPAY:
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Sisal PAY

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Sisal PAY

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IL RISULTATO È PIÙ TEMPO PER LA TUA VITA.

Sisal PAY

SCARICA L'APP!

SisalPay at the heart of the Italian payments ecosystem



SisalPay key success factors



1 Leading presence in a growing market



2 Unique omnichannel strategy



3 Unique platform for long-term growth

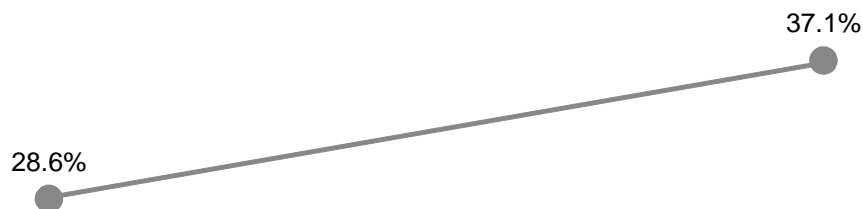


4 Highly attractive financial profile

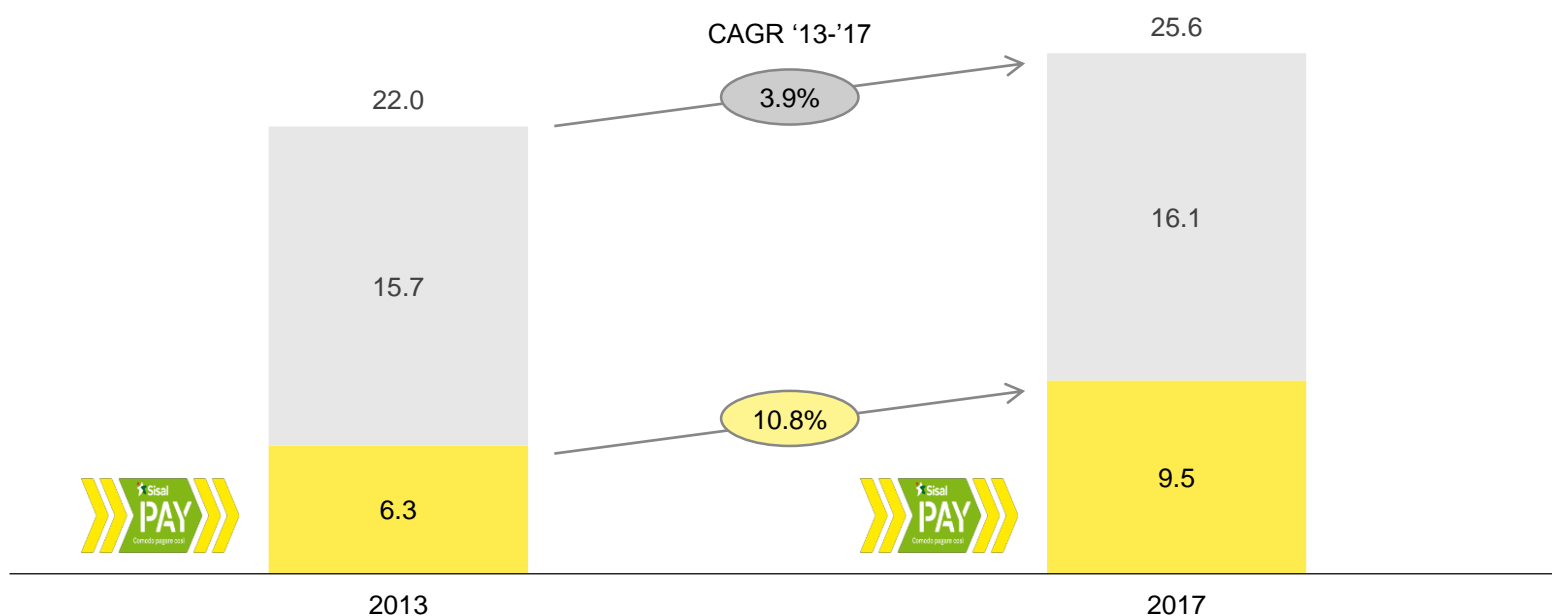


1 Leading presence in the growing convenience channel market...

SisalPay market share (%)



Convenience market turnover (€bn)



1 ...driven by secular trend of consumers shifting towards convenience channel

Channels

Traditional channel (i.e. banks, post offices)



Time consuming



Reduced number of branches



Limited availability

Convenience channel (i.e. bar, tobacconists)



Simplification



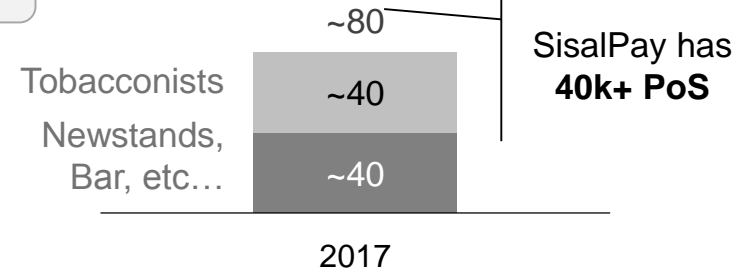
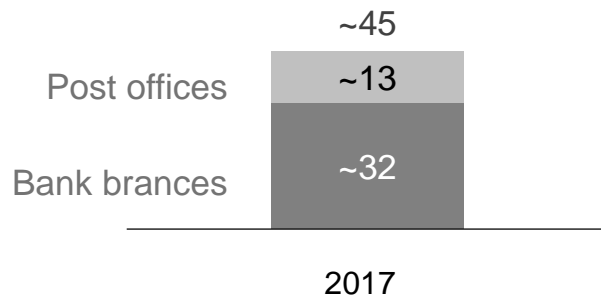
Capillarity



Extended availability

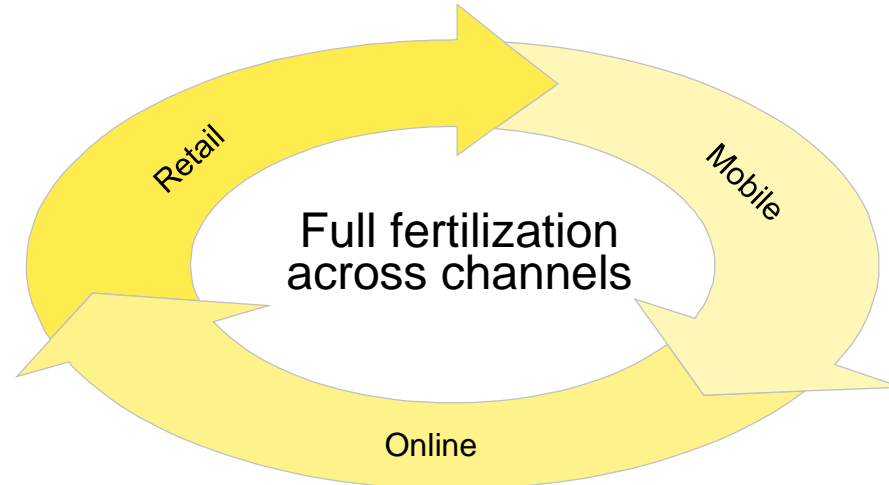
Distribution

Points of Sale
[#]



2

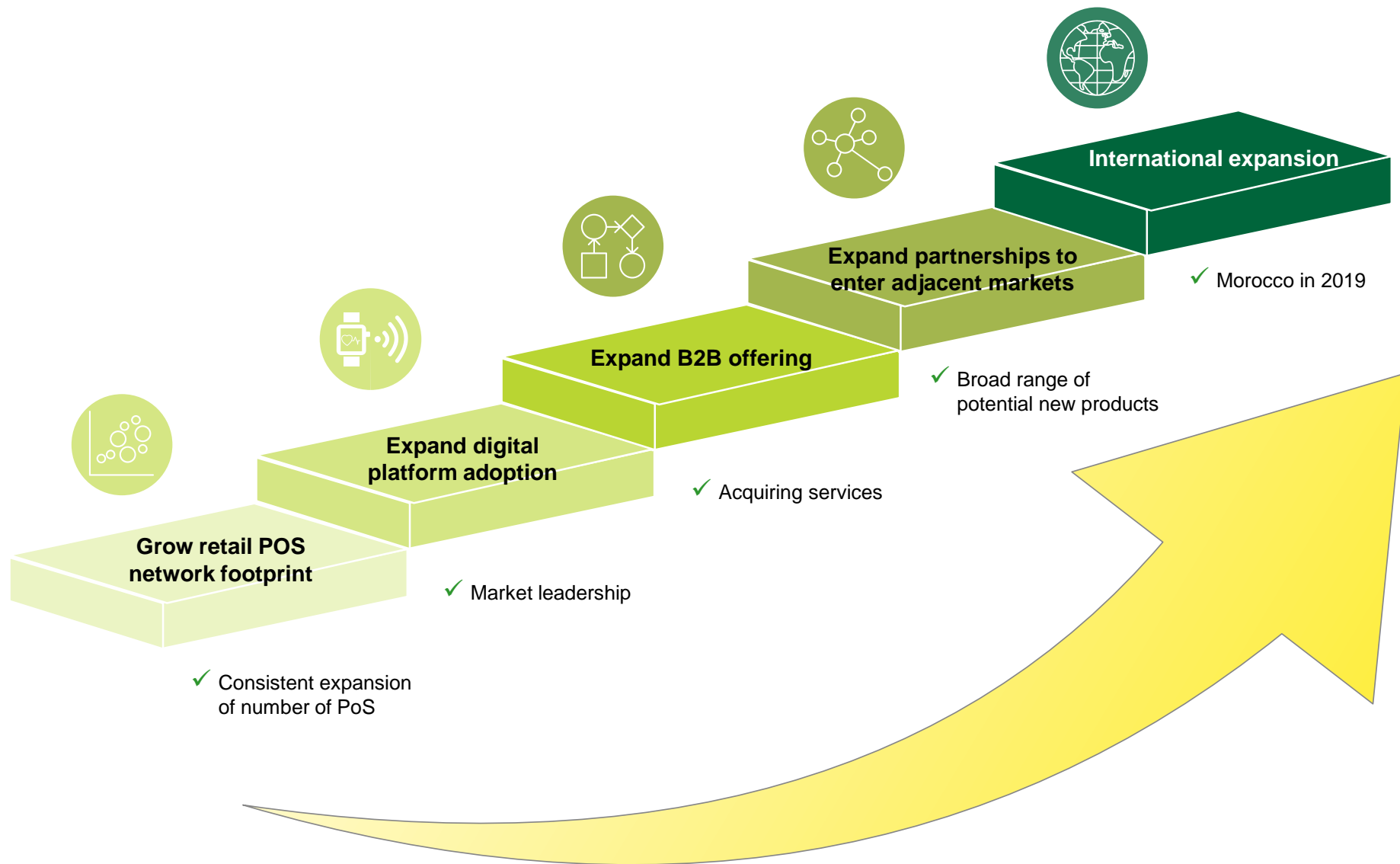
Unique omnichannel strategy



Recent examples:

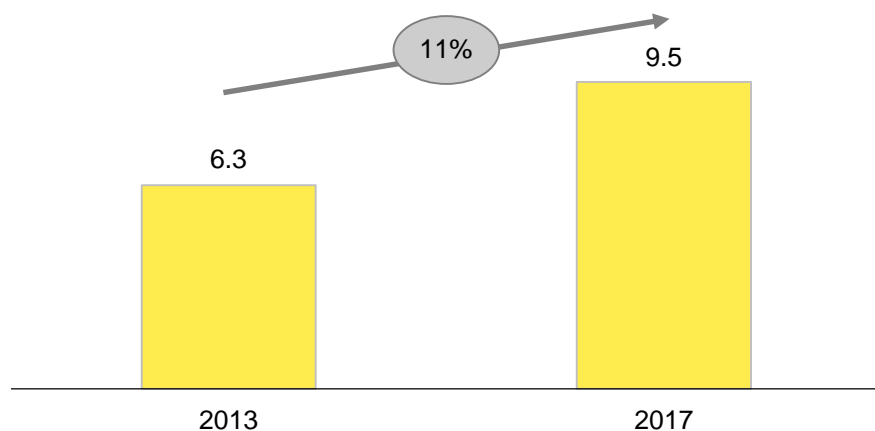
- 1 **From retail to digital:** acquisition of 50k+ online clients YTD^(a) from retail network at lower acquisition cost
- 2 **From digital to retail:** agreement with Amazon to charge account with SisalPay resulting in additional volumes in the PoS

3 Unique platform for long-term growth

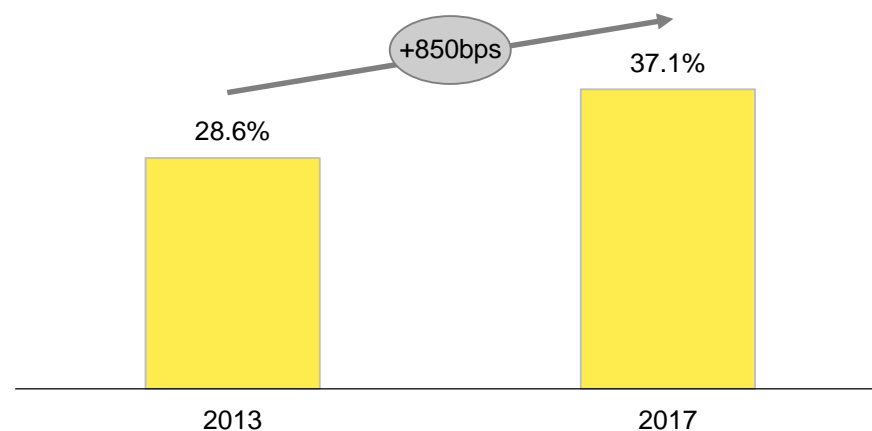


4 Highly attractive financial profile

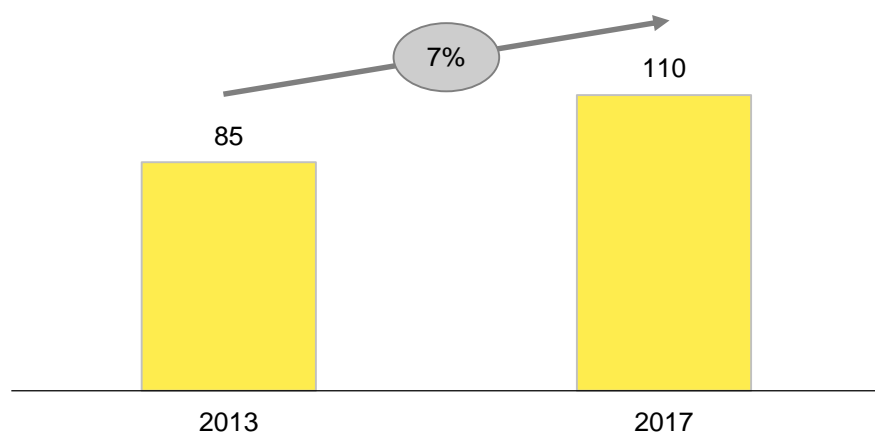
SisalPay turnover (€bn)



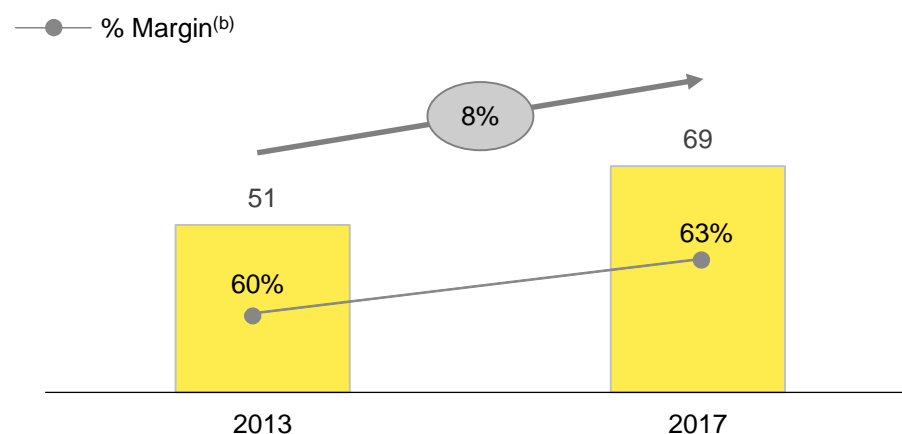
SisalPay market share (%)



SisalPay net revenues^(a) (€m)



SisalPay EBITDA (€m)



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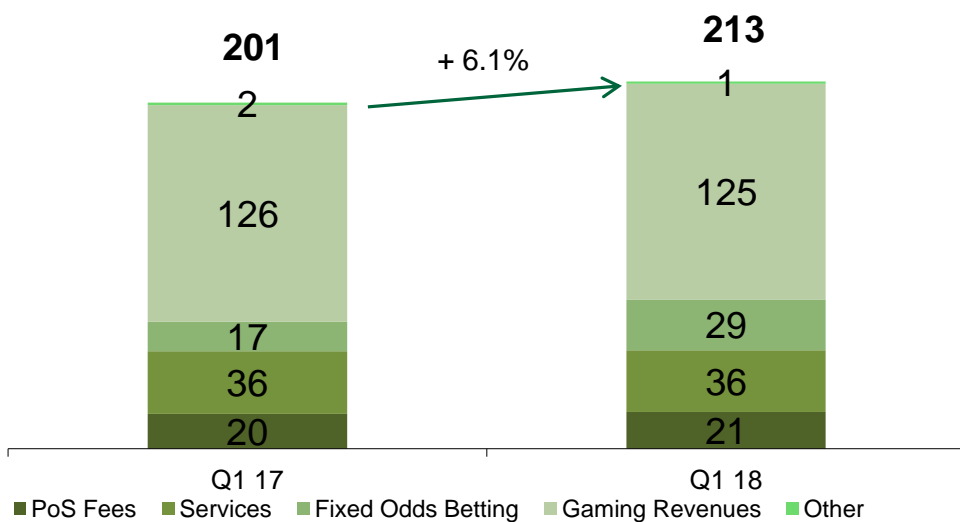
Sisal Key Achievements – Q1 2018

- ✓ **Turnover** reached **€4.7bn**, up €289m or **+6.5%** compared to Q1 2017, mainly driven by Payment Services, Online Gaming and Lottery
- ✓ **Revenues** amounted to **€212.9m**, up €12.2m or **+6.1%** compared to €200.7m in Q1 2017
- ✓ **Adj. EBITDA^(a)** reached **€63.4m**, up €8.8m or **+16.1%** compared to €54.6m in Q1 2017

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

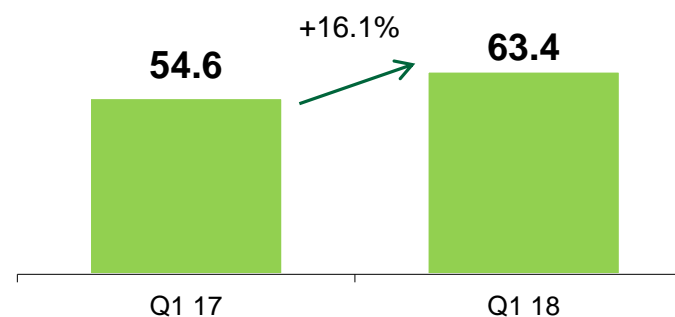
Sisal Results Highlights – Q1 2018

Revenues



Figures in € M

Adj. Ebitda^(a)



Adj. Ebitda Margin %

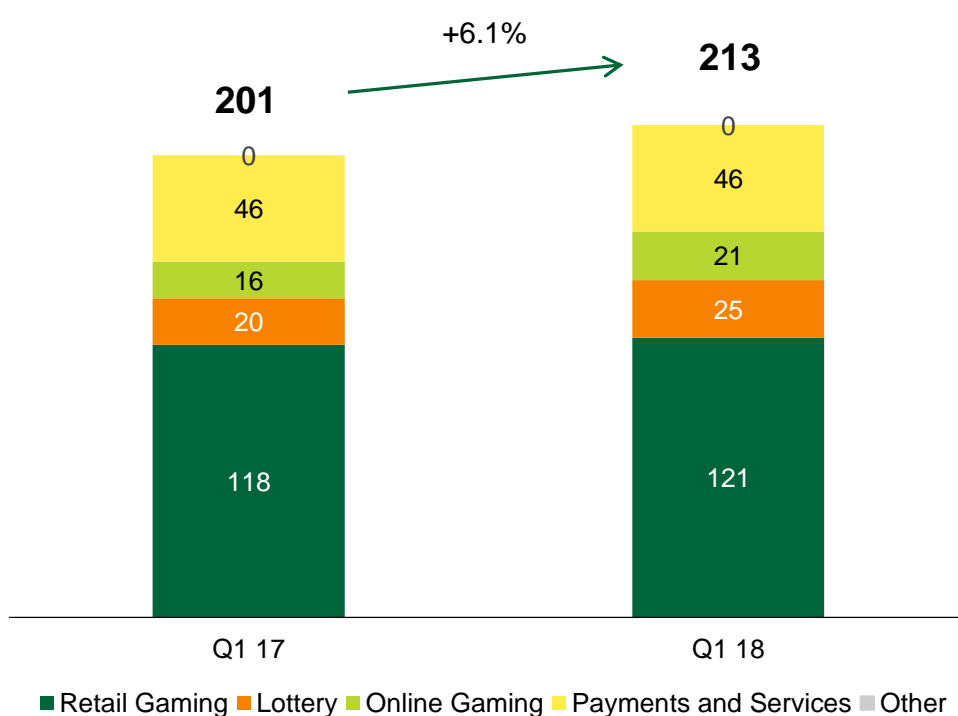
27.2%

29.8%

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

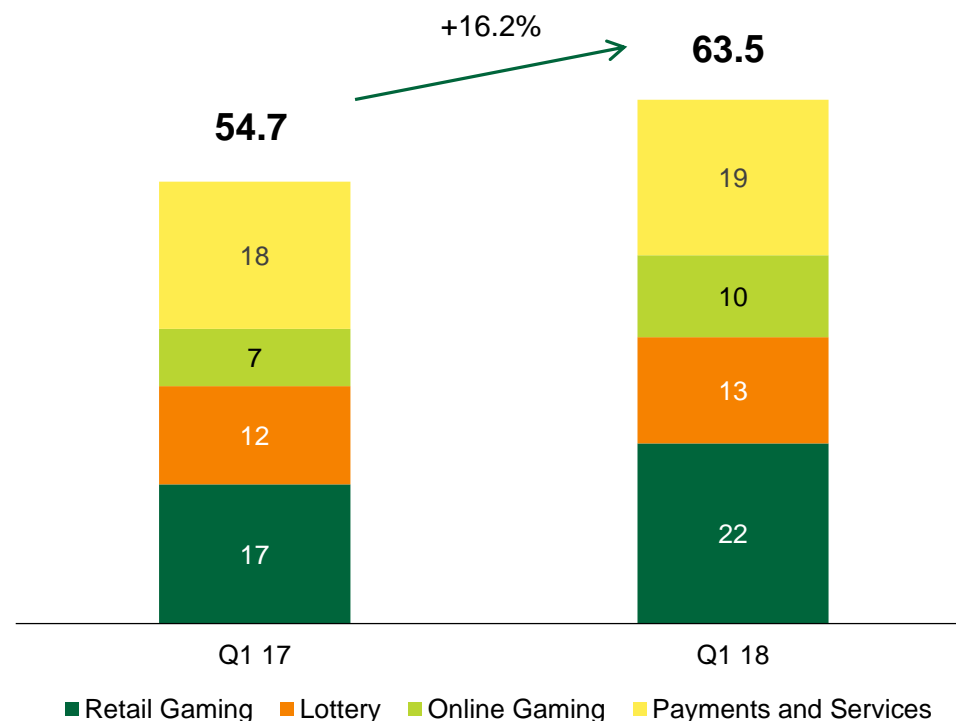
Segments Results Highlights – Q1 2018

Revenues



Figures in € M

Operating Segments Ebitda^(a)



Operating Segments Ebitda Margin %

Total	27.2%	29.8%
Retail Gaming	14.6%	18.2%
Lottery	60.4%	53.0%
Online Gaming	43.3%	45.4%
Payments & Services	39.2%	40.9%

Sisal Key Figures – Q1 2018 vs Q1 2017

P&L and simplified cash flow

(€m)	Q1-18	Q1-17	Change
Turnover	4,731	4,442	6.5%
Revenues	212.9	200.7	6.1%
<i>Retail Gaming</i>	<i>121.2</i>	<i>117.7</i>	<i>3.0%</i>
<i>Lottery</i>	<i>24.8</i>	<i>20.5</i>	<i>21.0%</i>
<i>Online Gaming</i>	<i>21.0</i>	<i>16.2</i>	<i>29.2%</i>
<i>Payments and services</i>	<i>46.0</i>	<i>46.3</i>	<i>(0.6)%</i>
<i>Other</i>	<i>0.1</i>	<i>0.1</i>	<i>(18.4)%</i>
Operating Segments EBITDA	63.5	54.7	16.2%
Adj. Ebitda	63.4	54.6	16.1%
<i>% margin</i>	<i>29.9%</i>	<i>27.2%</i>	
Ebitda	63.4	54.5	16.3%
<i>% margin</i>	<i>29.9%</i>	<i>27.2%</i>	
Cash Flow			
Ebitda	63.4	54.5	
Change in trade W/C	(90.6)	(4.8)	
Change in other assets and liabilities ^(a)	(8.8)	(30.5)	
Capex	(12.5)	(7.1)	
Other non-Current Assets	0.0	0.0	
Acquisitions	0.0	0.0	
Cash taxes	0.0	(0.1)	
Cash interest	(20.2)	(20.5)	
Total	(68.6)	(8.4)	
Net Financial Position	628.2	699.9	
Leverage Ratio (LTM)^(b)	2.8x	3.7x	

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

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

▪ Performance mainly driven by **online slot, casino games and sport betting strong performance**

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

▪ **Trade working Capital:** W/C movements were mainly driven by business seasonality and a negative cut-off both at year-end and Q1-18. All outstanding payments were paid in Q1

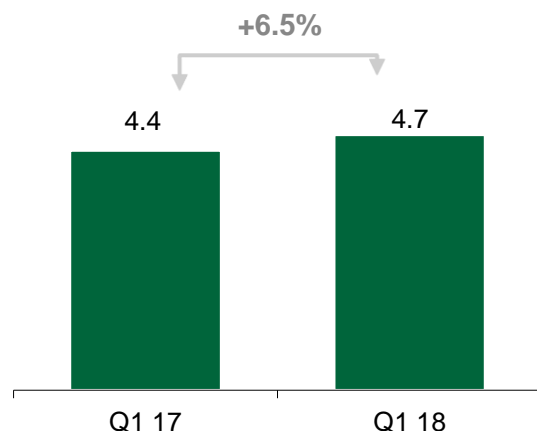
▪ **Other assets and liabilities:** driven by a lower gaming tax cash out and a different timing in restricted cash account funding

▪ **Capex** mainly related to betting rights renewal for 2018, Retail network technology, equipment, lottery POS technology and drawing systems

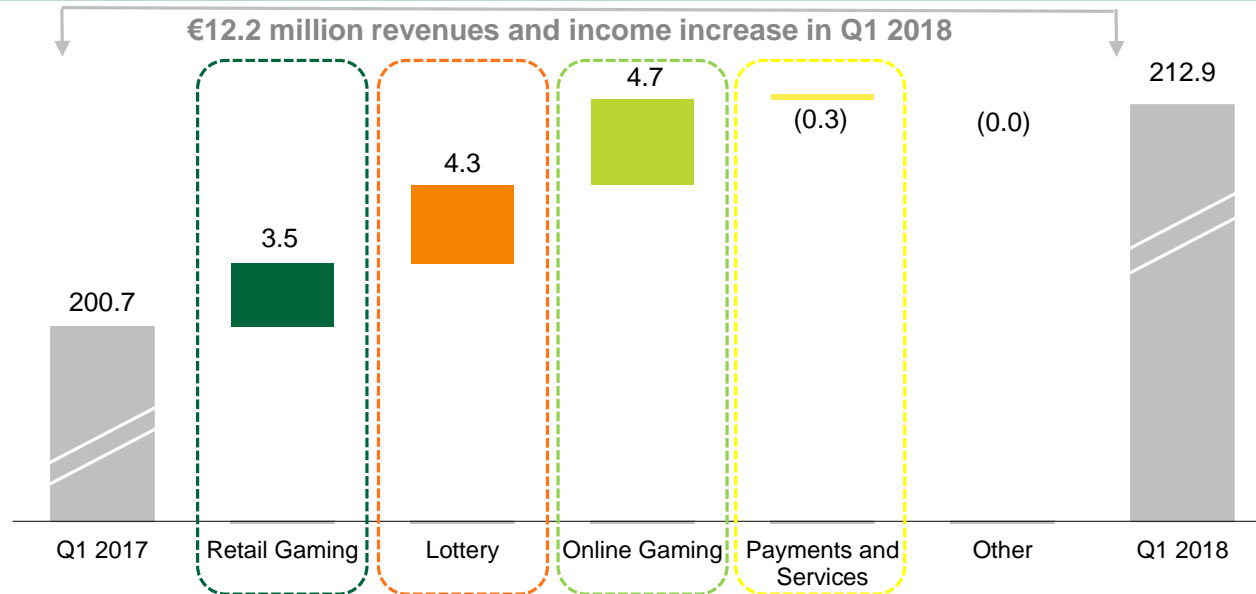
(a) Shows the impact of payables of unpaid winnings net of the restricted cash balance
(b) Computed based on Adjusted EBITDA LTM (€188.6M in Q1 2017 and € 224.0M in Q1 2018)

Q1 2018 vs Q1 2017 comparison: Revenues

Turnover (€ BN)



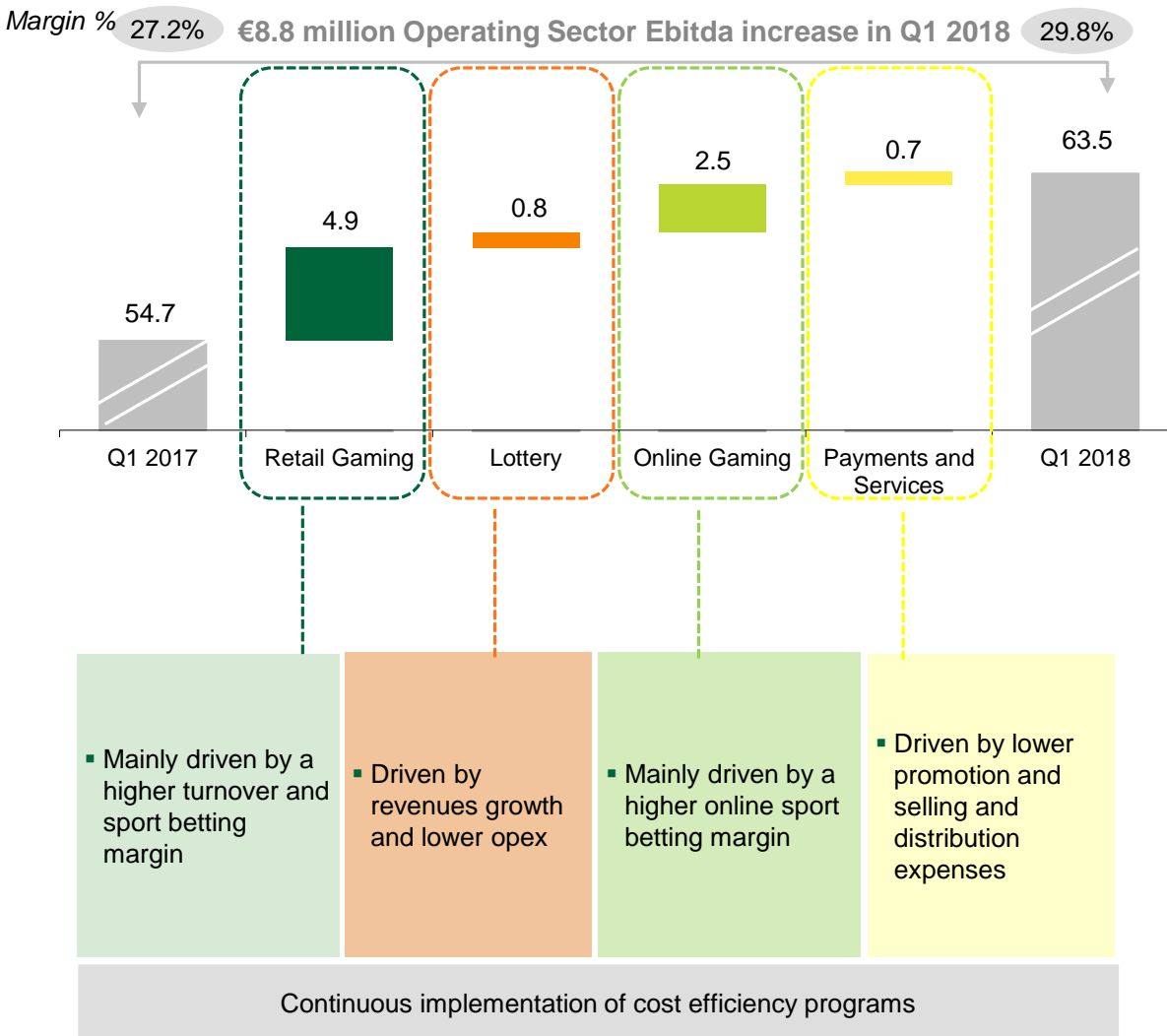
Revenues and income (€ M)



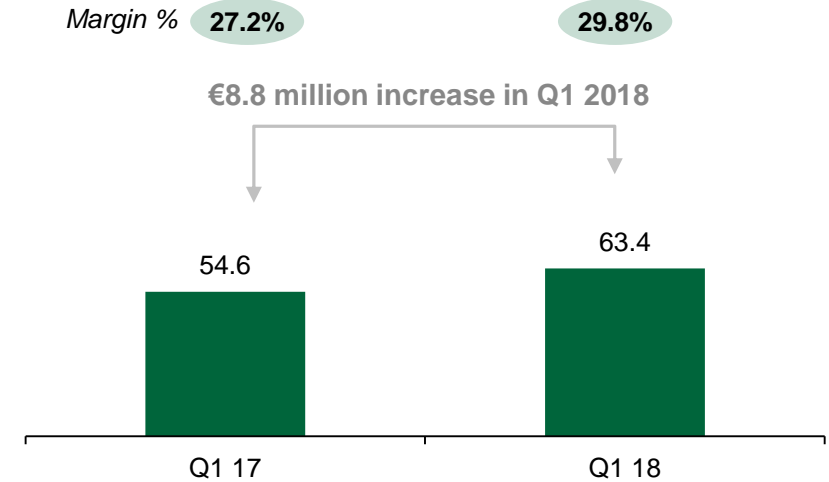
	€ M impact	Primary drivers		€ M impact	Primary drivers		€ M impact	Primary drivers		€ M impact	Primary drivers
Gaming machines	(4.2)	<ul style="list-style-type: none"> Mainly driven by increase in gaming taxation becoming effective in Q2 2017 	Lottery	1.7	<ul style="list-style-type: none"> Positive consumers' acceptance of the new SuperEnalotto 	Digital games	1.4	<ul style="list-style-type: none"> Strong performance of casino games, skill games and online lottery 	Services	(0.7)	<ul style="list-style-type: none"> Soft Top Ups performance, partially offset by an overall positive trend in payment and financial service
Sport Betting	9.0	<ul style="list-style-type: none"> Higher performance in sport betting, mainly driven by turnover and a lower payout 				Betting online	3.3	<ul style="list-style-type: none"> Higher performance in sport betting, mainly driven by a lower payout 			
Virtual Races	(0.6)	<ul style="list-style-type: none"> Mainly due to higher competition 				VR online	0.0				
Other	(0.7)		Point of Sale fees	1.2					Point of Sale fees	0.4	

Q1 2018 vs Q1 2017 comparison: Profitability

Operating Segments Ebitda (€ M)



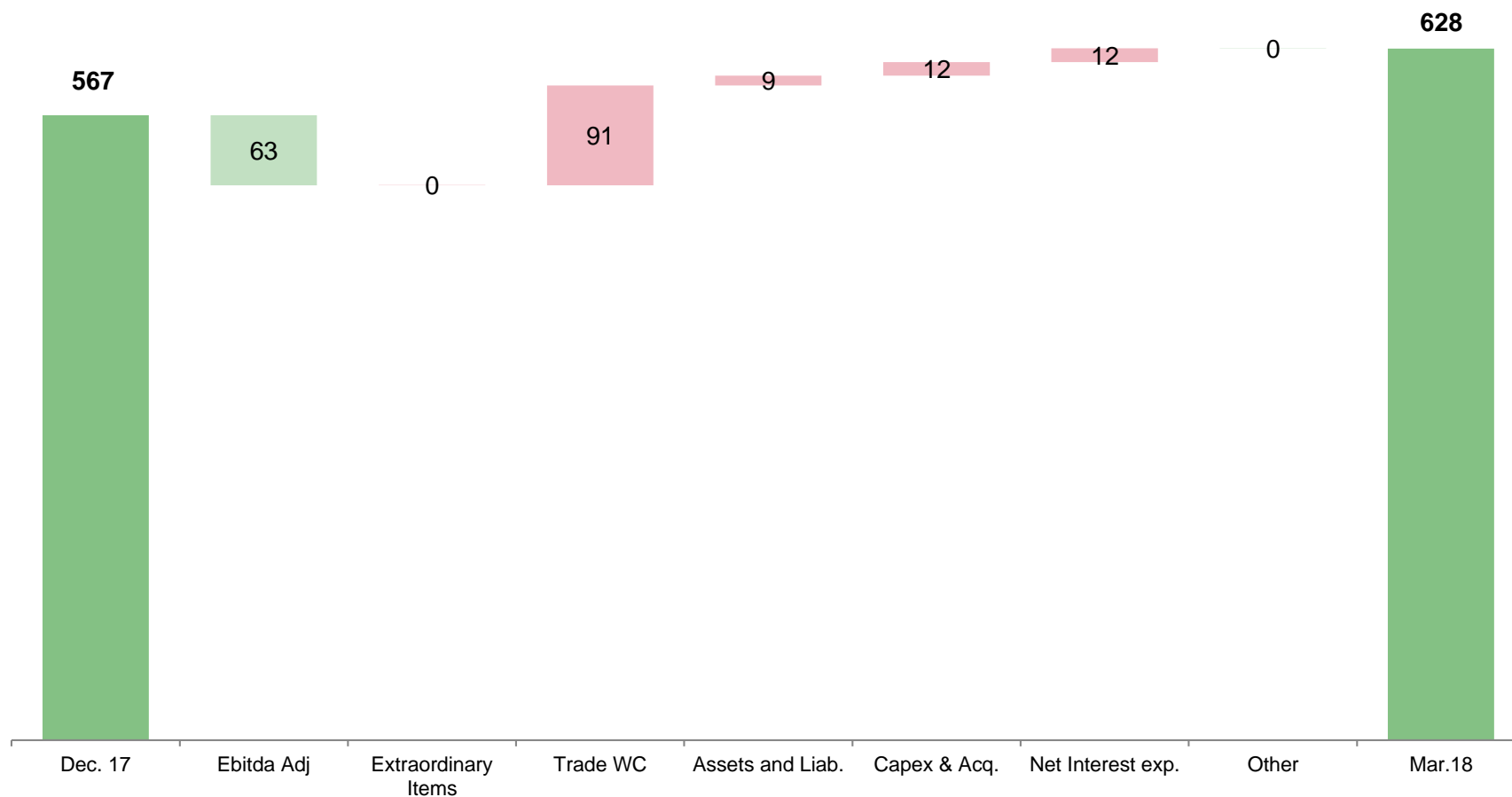
Adj. Ebitda (€ M)



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

Net Financial Position Bridge – Q1 2018

Figures in € M



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3. Q&A

Appendix I: Additional materials on Q1 2018

THANK YOU!

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Key Factors affecting Q1 2018

- **Macroeconomic factors:** the macro environment confirms an improving scenario. In the first quarter of 2018, Italian GDP was up 1.5%^(a) compared to Q1 2017, driven by private consumption, while unemployment was stable at 11%
- The **Italian gaming industry** showed positive developments, also helped by the decision of certain foreign online companies to ensure full compliance with the Italian regulations. **Turnover** reached **€26.8 billion**^(b), up approx. 5.0%, compared to €25.5 in Q1 2017
- **The total Payment Services market** in Q1 2018 reached **€32.4 billion**, (+4.4%)^(c) compared to €30.6 billion in Q1 2017

(a) Sisal Market Intelligence Estimate based on Istat data

(b) B Sisal Market Intelligence Estimate on ADM data

(c) Sisal Market Intelligence Estimate

Consolidated Income Statement – Q1 2018

Figures in € M (except ratios)

Income Statement	Q1 18	Q1 17	% Change
Revenues	183.3	183.6	(0.2)%
Fixed odd betting income	29.4	16.9	74.0%
Other revenues and income	0.2	0.2	0.0%
Total revenues and Income	212.9	200.7	6.0%
Adj. Ebitda^(a)	63.4	54.6	16.1%
<i>Margin (%)</i>	<i>29.8%</i>	<i>27.2%</i>	
Ebitda	63.4	54.5	16.3%
<i>Margin (%)</i>	<i>29.8%</i>	<i>27.2%</i>	
Ebit	36.1	27.6	30.8%
Net financial expenses and similar	13.9	13.8	0.7%
Income before tax	22.2	13.8	60.9%
Net Income	15.4	8.3	85.5%

(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 2018

Figures in € M

Balance Sheet	Q1 18	FY 17
Non-Current Assets	645.2	654.4
Goodwill	569.4	569.3
Net Working Capital/Other ^(a)	(307.0)	(393.6)
Total assets	907.5	830.1
Net Financial Position	601.1	539.1
Total Equity	306.4	291.0
Total Liabilities and Equity	907.5	830.1
Payables for unpaid winnings	231.8	174.5
Restricted cash balance	206.5	155.5

(a) Includes Payables for unpaid winnings