



# 2018 Twelve Months Results

Ended December 31, 2018

24 May, 2019

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# Agenda

## Agenda

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

## Speakers

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**Emilio Petrone**  
Group CEO



**Corrado Orsi**  
Group CFO

# Agenda

**1. 2018 Business Update**

**2. 2018 Financial Results**

# Key Factors affecting 2018

- **Macroeconomic factors:** the macro environment is positive: in 2018 Italian GDP was up 0.9%<sup>a</sup> compared to 2017
- The **Italian gaming industry** showed very positive developments. **Turnover** reached approx. **€107 billion<sup>b</sup>**, up approx. 5% compared to 2017
- The **Payments and Services** addressable market reached approx. **€84 billion<sup>c</sup>**, up approx. 3% compared to 2017

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

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

<sup>c</sup> Source: Sisal Market Intelligence Estimate: The market value was estimated based on a study carried out by the Politecino University of Milan, excluding direct debit and MAV\RAV previously included in the perimeter

# Sisal Key Achievements – 2018

- In the above-mentioned context, **in 2018 Sisal achieved an outstanding year, showing a significant growth versus 2017, reaching another all-time record in its history.** In particular:
  - **Turnover** reached **€19.0 billion**, up €1,1 billion or **+6.2%** compared to 2017. Gaming Turnover reached €8.8 billion, up approx. €0.4 billion versus 2017 (+4,5%), mainly driven by online gaming and betting. Payments and Services Turnover reached €10.2 billion, up approx. €0.6 billion versus 2017 (+5,9%), mainly driven by payments and financial services
  - **Revenues** reached **€845.4 million**, up €25.4 million or **+3.1%** compared to €820.0 million<sup>a</sup> in 2017
  - **Adj. EBITDA<sup>b</sup>** reached **€233.4 million**, up €18.3 million or **+8.5%**, compared to €215.1 million in 2017, mainly driven by volume growth partially offset by gaming machine taxation increase, mitigated by VLT pay-out reduction and cost saving initiatives.

(a) Restated on proforma basis to consider IFRS 15 impact related to NTNG downpayment amortization, previously reported within the related cost items

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

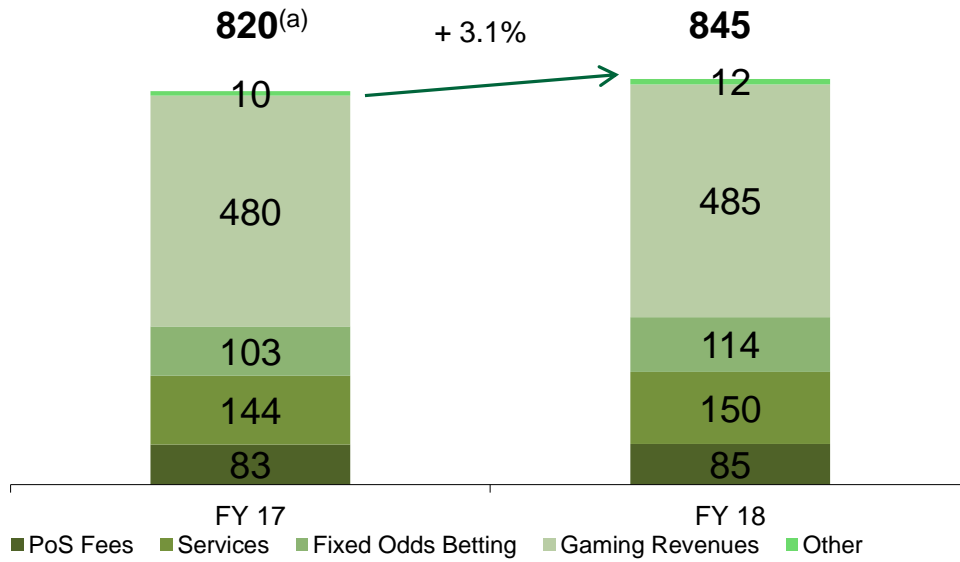
# Agenda

1. 2018 Business Update

2. 2018 Financial Results

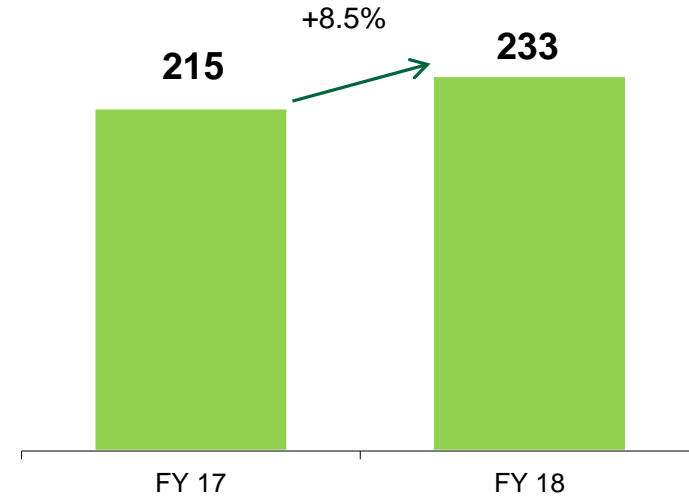
# Sisal Results Highlights – 2018

## Revenues



Figures in € M

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



## Adj. Ebitda Margin %

26.2%

27.6%

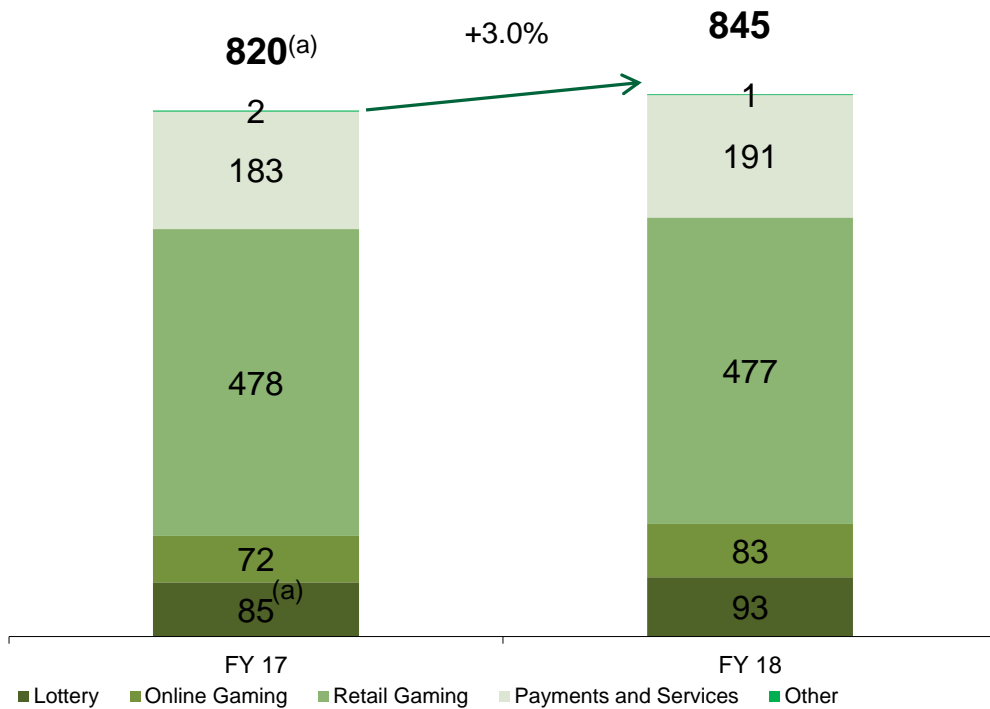
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# Segments Results Highlights – 2018

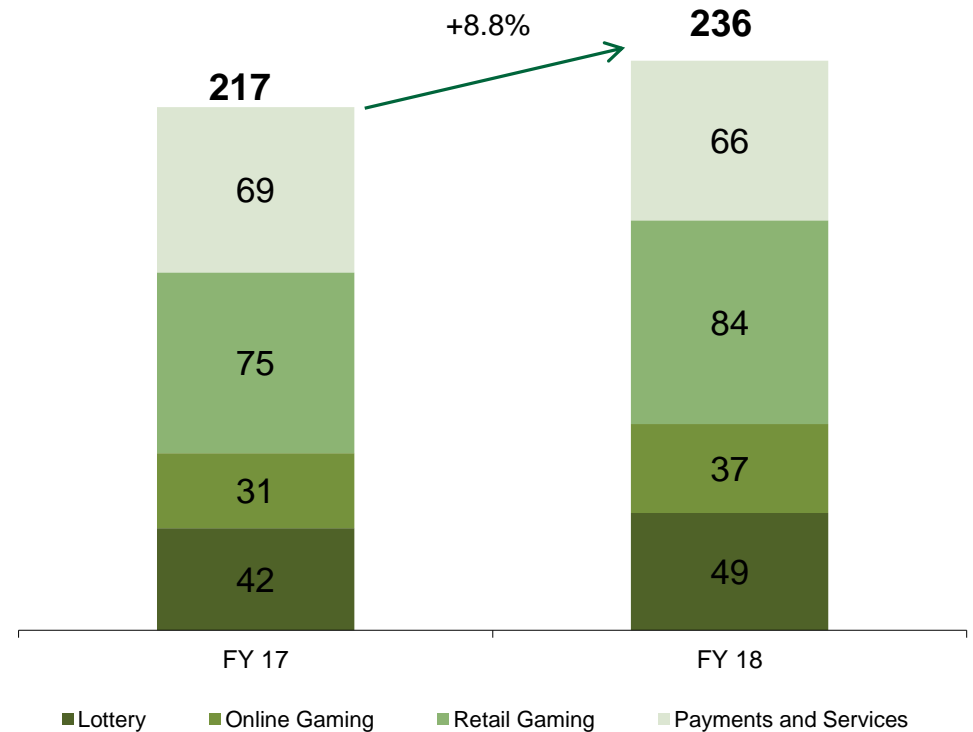
## Revenues



Figures in € M

(a) Restated on proforma basis to consider IFRS 15 impact related to NTNG downpayment amortization, previously reported within the related cost items

## Operating Segments Ebitda



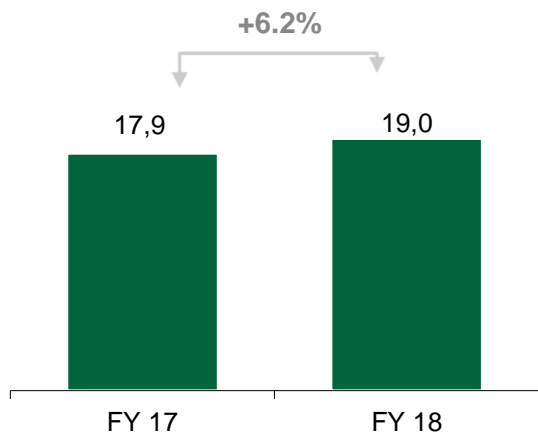
### Operating Segments Ebitda Margin %

	FY 17	FY 18
<b>Total</b>	<b>26.5%</b>	<b>27.9%</b>
<b>Retail Gaming</b>	<b>15.7%</b>	<b>17.7%</b>
<b>Online Gaming</b>	<b>43.0%</b>	<b>44.5%</b>
<b>Lottery</b>	<b>49.9%</b>	<b>52.3%</b>
<b>Payments &amp; Services</b>	<b>37.6%</b>	<b>34.7%<sup>(b)</sup></b>

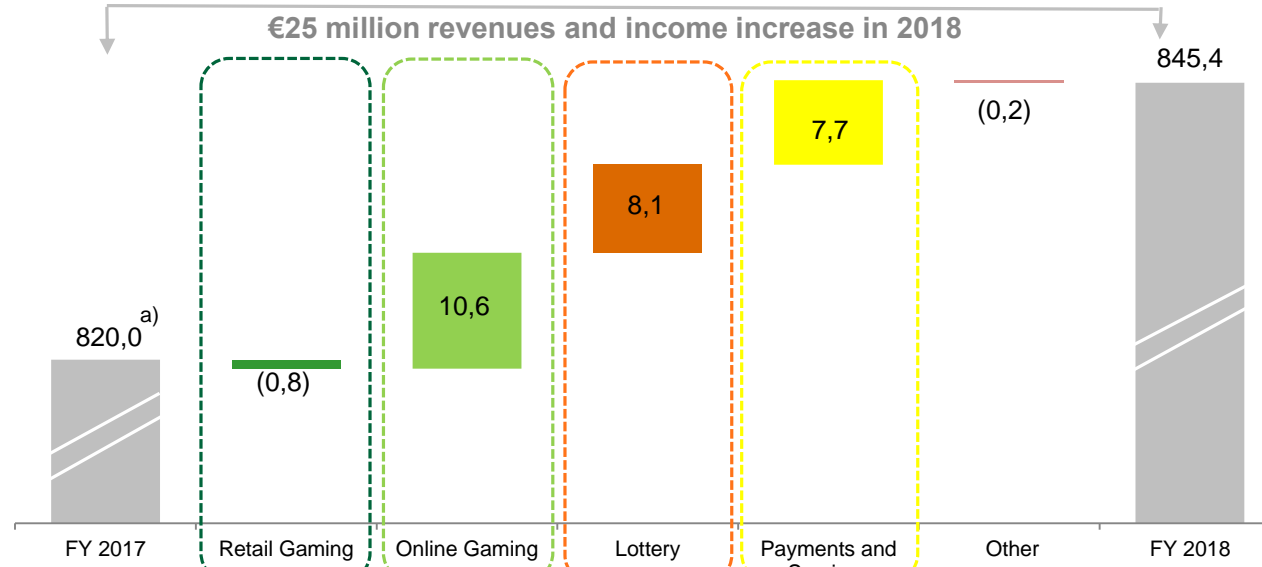
(b) P&S margin like for like versus 2017 (excluding Digital Payment start up costs) equal to 37.1%

# 2018 vs 2017 comparison: Revenues

## Turnover (€ BN)



## Revenues and income (€ M)

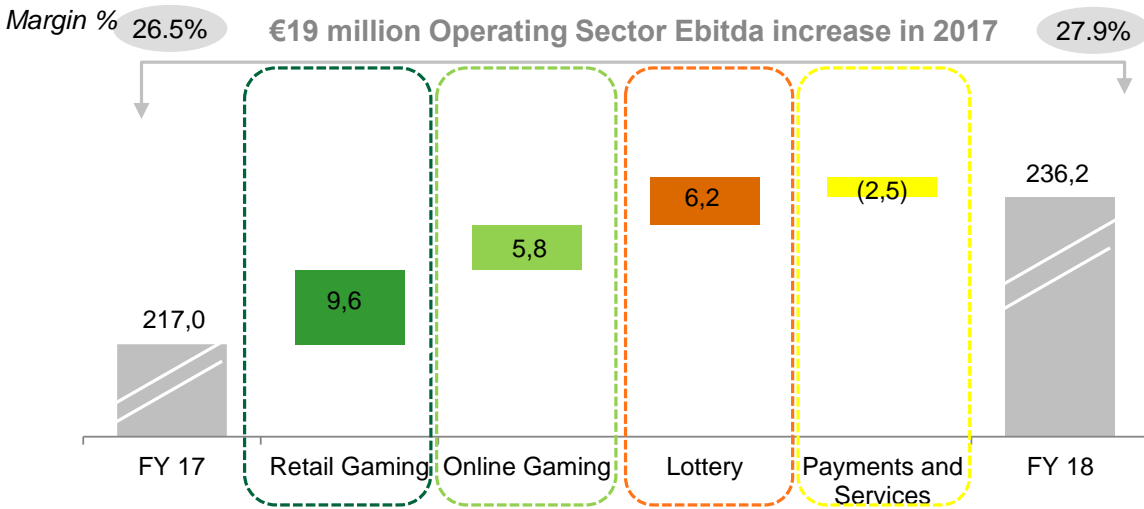


	€ M impact	Primary drivers		€ M impact	Primary drivers		€ M impact	Primary drivers	
<b>Gaming machines</b>	(7.1)	<ul style="list-style-type: none"> <li>increase in gaming taxation effective in Q217 partially offset by VLTs turnover increase and payout reduction</li> </ul>	<b>Digital games</b>	7.3	<ul style="list-style-type: none"> <li>Strong turnover performance of Casino games and a significant increase in the number of the monthly active players</li> </ul>	<b>Lottery</b>	6.1	<ul style="list-style-type: none"> <li>Driven by positive turnover performance pushed by a higher average jackpot and IFRS 15 impact on 2017 figures</li> </ul>	
<b>Sport Betting</b>	7.1	<ul style="list-style-type: none"> <li>Mainly driven by a very positive turnover trend</li> </ul>	<b>Betting online</b>	3.4	<ul style="list-style-type: none"> <li>Strong sport betting turnover growth</li> </ul>	<b>Point of Sale fees</b>	2.0		
<b>Virtual Races</b>	0.1		<b>VR online</b>	(0.1)					
<b>Other</b>	(0.9)								
								<b>Services</b>	
								6.6	<ul style="list-style-type: none"> <li>Driven by payment and financial services</li> </ul>
									<b>Point of Sale fees</b>
									1.1

(a) Restated on proforma basis to consider IFRS 15 impact related to NTNG downpayment amortization, previously reported within the related cost items

# 2018 vs 2017 comparison: Profitability

## Operating Segments Ebitda (€ M)



- Driven by a strong sport betting volumes and Gaming Machine overall performance despite of tax increase

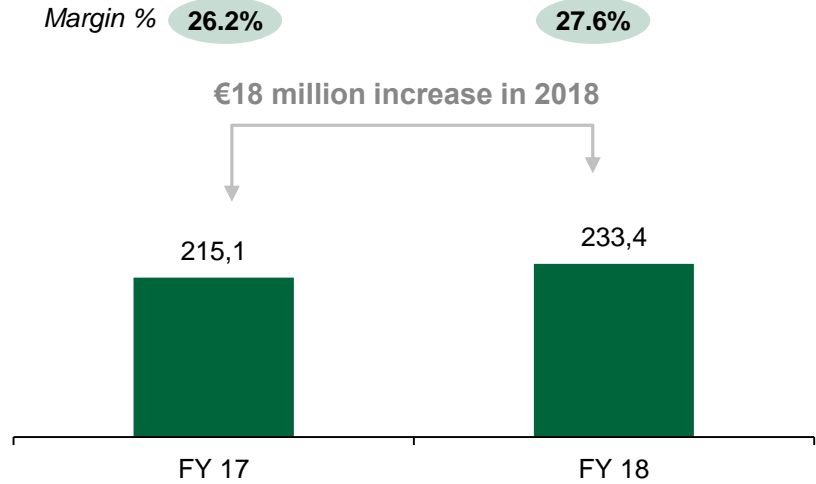
- Mainly driven by a strong turnover fostered by a large consumer base

- Driven by revenues growth and lower media and promotions

- Business growth driven by top line, offset by digital payments start up cost impact (approx. €4,5 million)

Continuous implementation of cost efficiency programs

## Adj. Ebitda (€ M)



- Adj. Ebitda margin increase mainly driven by:

- Top line growth
- Cost optimization programs

# Sisal Key Figures – 2018 vs 2017

## P&L and simplified cash flow

(€m)	FY-18	FY-17	Change
<b>Turnover</b>	<b>18.995</b>	<b>17.881</b>	<b>6,2%</b>
<b>Revenues</b>	<b>845,4</b>	<b>820,0</b>	<b>3,1%</b>
<i>Retail Gaming</i>	477,3	478,1	(0,2)%
<i>Online Gaming</i>	83,1	72,4	14,7%
<i>Lottery</i>	92,8	84,7 <sup>(c)</sup>	9,5%
<i>Payments and services</i>	190,8	183,1	4,2%
<i>Other</i>	1,4	1,7	(14,4)%
<b>Operating Segments EBITDA</b>	<b>236,2</b>	<b>217,0</b>	<b>8,8%</b>
<b>Adj. Ebitda<sup>(d)</sup></b>	<b>233,4</b>	<b>215,1</b>	<b>8,5%</b>
<i>% margin</i>	27,7%	26,2%	
<b>Ebitda<sup>(e)</sup></b>	<b>227,8</b>	<b>213,3</b>	<b>6,8%</b>
<i>% margin</i>	27,1%	26,0%	
<b>Cash Flow</b>			
Ebitda	227,8	213,3	
Change in trade W/C	(9,7)	32,2	
Change in other assets and liabilities <sup>(a)</sup>	(11,3)	5,2	
Capex	(93,4)	(59,7)	
Other non-Current Assets	(0,3)	0,0	
Acquisitions	(0,4)	0,0	
Cash taxes	(21,6)	(6,7)	
Cash interest	(51,6)	(54,8)	
<b>Total</b>	<b>39,5</b>	<b>129,6</b>	
<b>Net Financial Position</b>	<b>526,0</b>	<b>567,4</b>	
<b>Leverage Ratio (LTM)<sup>(b)</sup></b>	<b>2,3x</b>	<b>2,6x</b>	

▪ **Mainly driven by strong sport betting and VLTs strong performance**

▪ **Mainly driven by the strong sport betting margin and Casino games strong performance and**

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

▪ **Mainly driven by payments and financial services**

▪ **Working Capital** mainly related to PSD2 impact in 2018 (liquidity deriving from amounts collected from customers and not paid yet to be accounted as restricted cash) and topups partner volumes reduction

▪ **Other assets and liabilities** mainly driven by gaming taxes payable reduction due to cutoff date and volumes reduction

▪ **Capex** mainly related to the increase of intangible assets and investments made to purchases or technological updates of gaming machines and terminal for gaming and payments, and to refurbish and upgrade directly managed Pos Network

▪ **Cash Taxes:** mainly due to higher taxable income

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

(b) Computed based on Adjusted EBITDA LTM (€233.4M in 2018 and €215,1M in 2017)

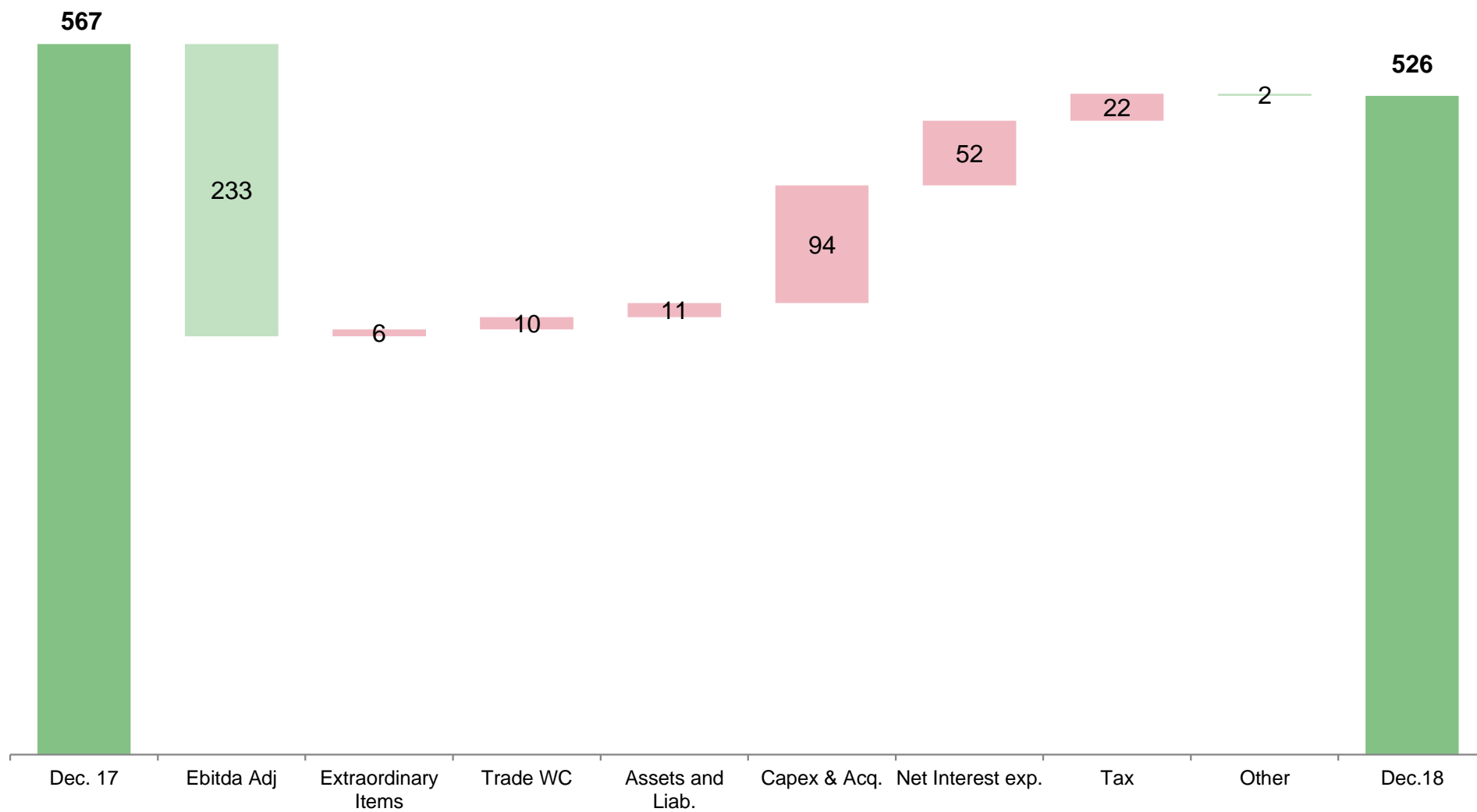
(c) Restated on proforma basis to consider IFRS 15 impact related to NTNG downpayment amortization, previously reported within the related cost items

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

(e) 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

# Net Financial Position Bridge – 2018

Figures in € M



# Consolidated Income Statement – 2018

Figures in € M (except ratios)

Income Statement	FY 18	FY 17	% Change
Revenues	724,2	712,6 <sup>(a)</sup>	1,6%
Fixed odd betting income	114,0	103,0	10,7%
Other revenues and income	7,2	4,4	63,6%
<b>Total revenues and Income</b>	<b>845,4</b>	<b>820,0</b>	<b>3,1%</b>
<b>Adj. Ebitda<sup>(b)</sup></b>	<b>233,4</b>	<b>215,1</b>	<b>8,5%</b>
<i>Margin (%)</i>	<i>27,6%</i>	<i>26,2%</i>	
<b>Ebitda</b>	<b>227,8</b>	<b>213,3</b>	<b>6,8%</b>
<i>Margin (%)</i>	<i>27,0%</i>	<i>26,0%</i>	
<b>Ebit</b>	<b>108,8</b>	<b>100,4</b>	<b>8,4%</b>
Net financial expenses and similar	57,3	57,0	0,5%
<b>Income before tax</b>	<b>51,5</b>	<b>43,4</b>	<b>18,7%</b>
<b>Net Income</b>	<b>36,4</b>	<b>27,3</b>	<b>33,3%</b>

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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 – 2018

Figures in € M

Balance Sheet	FY 18	FY 17
Non-Current Assets	644,6	654,4
Goodwill	569,3	569,3
Net Working Capital/Other <sup>(a)</sup>	(384,0)	(393,6)
<b>Total assets</b>	<b>829,9</b>	<b>830,1</b>
Net Financial Position	502,5 <sup>(b)</sup>	539,1
Total Equity	327,4	291,0
<b>Total Liabilities and Equity</b>	<b>829,9</b>	<b>830,1</b>
Payables for unpaid winnings/P&S PSD2 payables	218,2	174,5
Restricted cash balance	201,6	155,5

(a) Includes Payables for unpaid winnings and related restricted cash

(b) Net of upfront fees