



Sisal 2019 First Quarter Results

Ended March 31, 2019

7 June, 2019

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Agenda

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1. Q1 2019 Business Update
2. Q1 2019 Financial Results
3. Q&A

Speakers



Emilio Petrone
Group CEO



Corrado Orsi
Group CFO

Agenda

1. Q1 2019 Business Update

2. Q1 2019 Financial Results

Key Factors affecting Q1 2019

- **Macroeconomic factors:** the macro economic environment shows a flat scenario. In the first three months 2019, the Italian GDP was estimated up 0.1%^a compared to the same period of last year
- The **Italian gaming market** turnover confirmed the 2018 trend reaching approximately €28.2 billion (+5.0%)^b, mainly driven by Online gaming growth and Betting volume increase, despite the regulatory changes impacting Gaming machines segment.
- Total **Payments & Services addressable market** slightly increased compared to the same period of 2018, amounting to €21.4 billion (+2.4%)^c

^a Sisal Market Intelligence Estimate

^b Sisal Market Intelligence Estimate on ADM data

^c Source: Sisal Market Intelligence based on a Politecnico University of Milan research, excluding direct debit and MAV\RAV

Sisal Key Achievements – Q1 2019

- In the above-mentioned context, **Sisal recorded €4,7billion Turnover**, almost flat compared to Q1 2018 (-0,3%). Gaming Turnover reached €2.4 billion, up approx. €0.1 billion versus Q1 2018 (+5.4%), mainly driven by online gaming and betting. Payments and Services Turnover reached €2.3 billion, down approx. €0.2 billion (-6.1%), mainly driven telephone top-ups declining trend and prepaid cards volume decrease, partially offset by payments volume growth.
- **Revenues** reached **€208.1 million**, down approx. €5 million or **-2.3%** compared to €212.9 million in Q1 2018, mainly driven by the further taxation increase required by the 2019 Budget Law (on Gaming Machine, Online and Betting), partially offset by volume growth in almost all the other product categories.
- **Adj. EBITDA^a** reached **€60.7 million**, down €2.7 million or **-4.3%** compared to €63.4 million in Q1 2018, as result of the further taxation increase, partially offset by volume increase and new accounting standard IFRS 16.

(a) We define Adjusted EBITDA as EBITDA adjusted for the effect of extraordinary items and provisions related to disputes with regulatory bodies. Q1 2019 Adjusted EBITDA reflects the new accounting standard IFRS 16 "leases" application which has modified for most of the operating leases the accounting treatment, moving to the recognition on balance sheet of the right of use of the underlying asset and of the corresponding financial liability

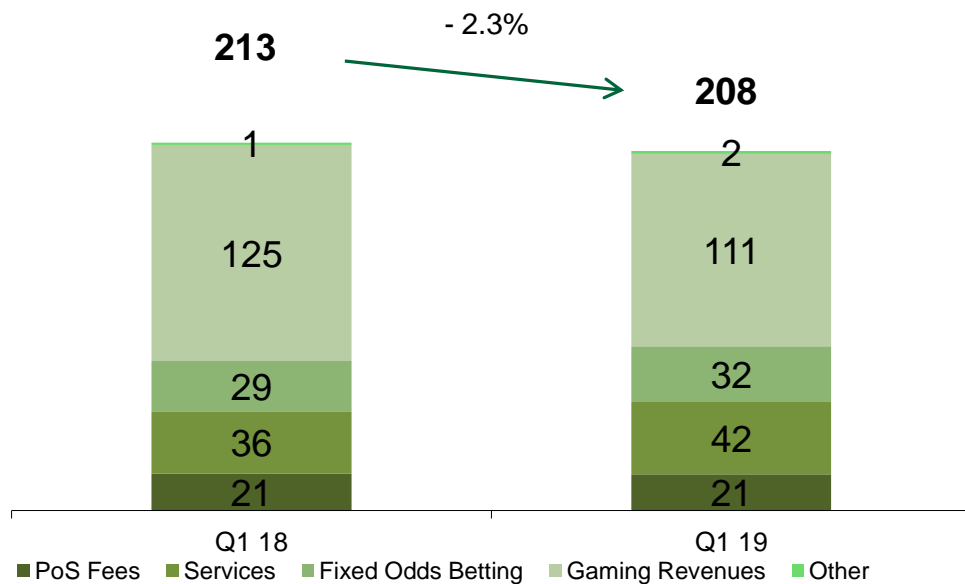
Agenda

1. Q1 2019 Business Update

2. Q1 2019 Financial Results

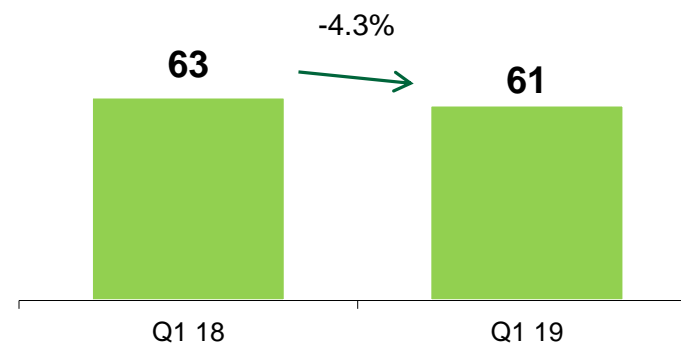
Sisal Results Highlights – Q1 2019

Revenues



Figures in € M

Adj. Ebitda^(a)



Adj. Ebitda Margin %

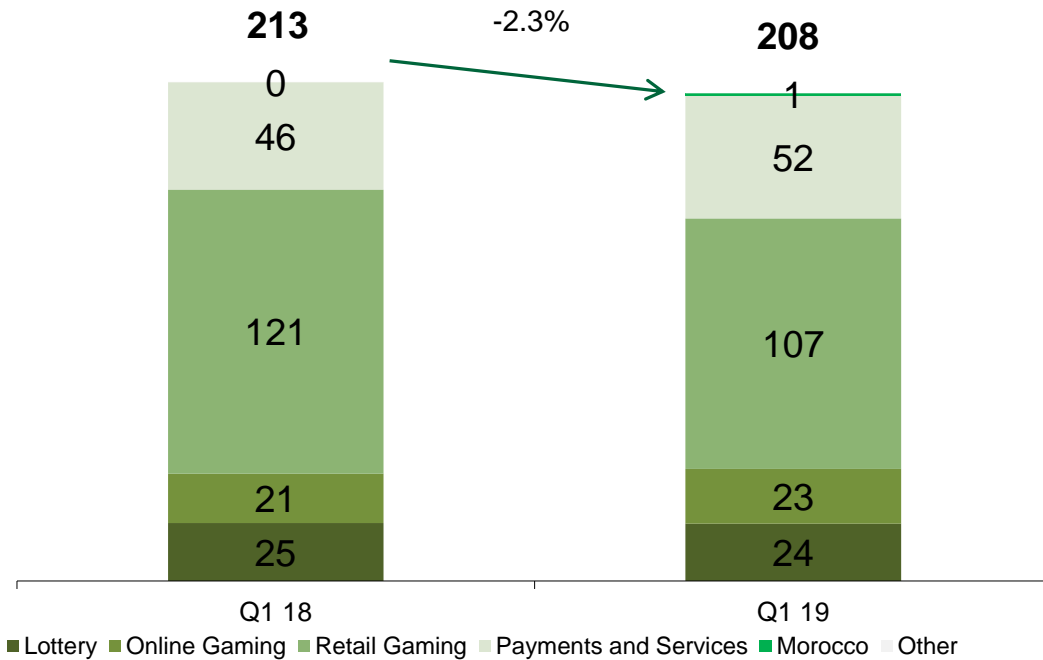
29.8%

29.2%

(a) We define Adjusted EBITDA as EBITDA adjusted for the effect of extraordinary items and provisions related to disputes with regulatory bodies. Q1 2019 Adjusted EBITDA reflects the new accounting standard IFRS 16 "leases" application

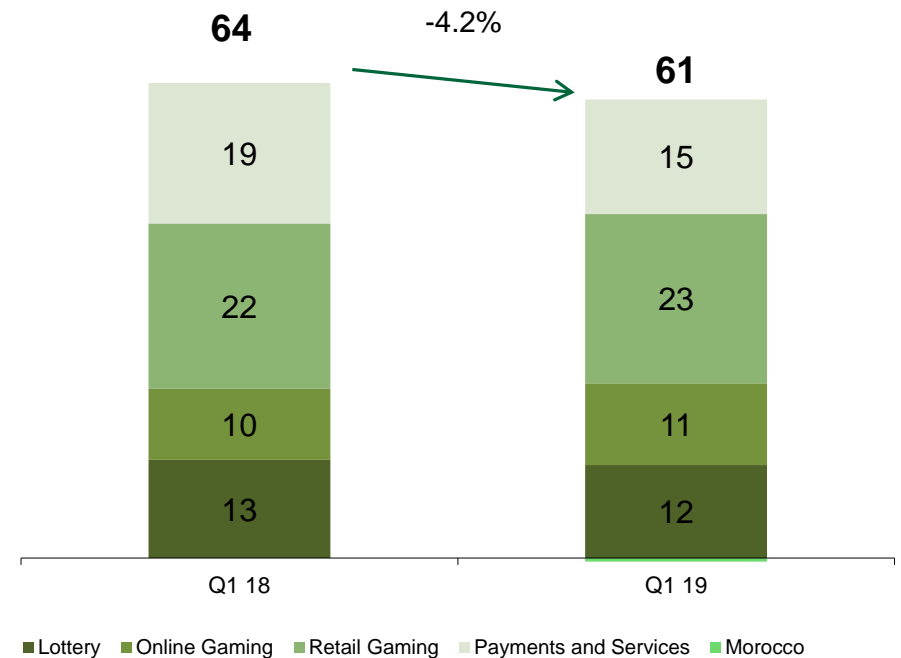
Segments Results Highlights – Q1 2019

Revenues



Figures in € M

Operating Segments Ebitda



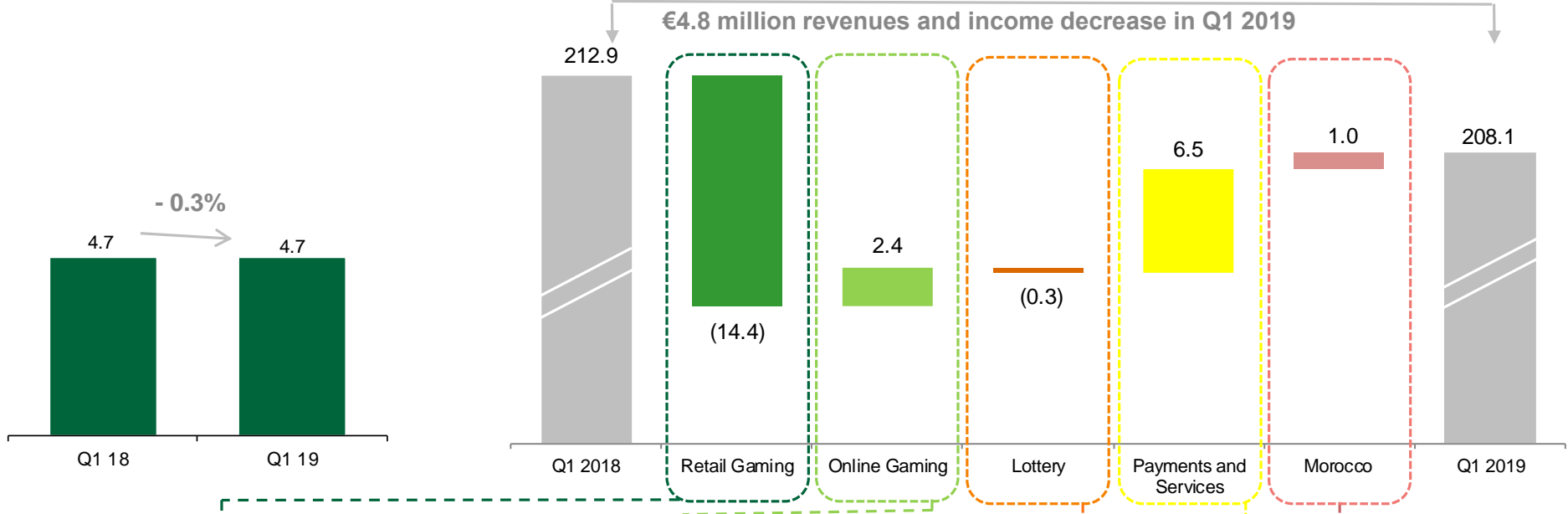
Operating Segments Ebitda Margin %

	Q1 18	Q1 19
Total	29.2%	29.8%
Retail Gaming	18.2%	21.2%
Online Gaming	45.4%	46.8%
Lottery	53.0%	50.8%
Payments & Services	40.9%	29.2%

Q1 2019 vs Q1 2018 comparison: Revenues

Turnover (€ BN)

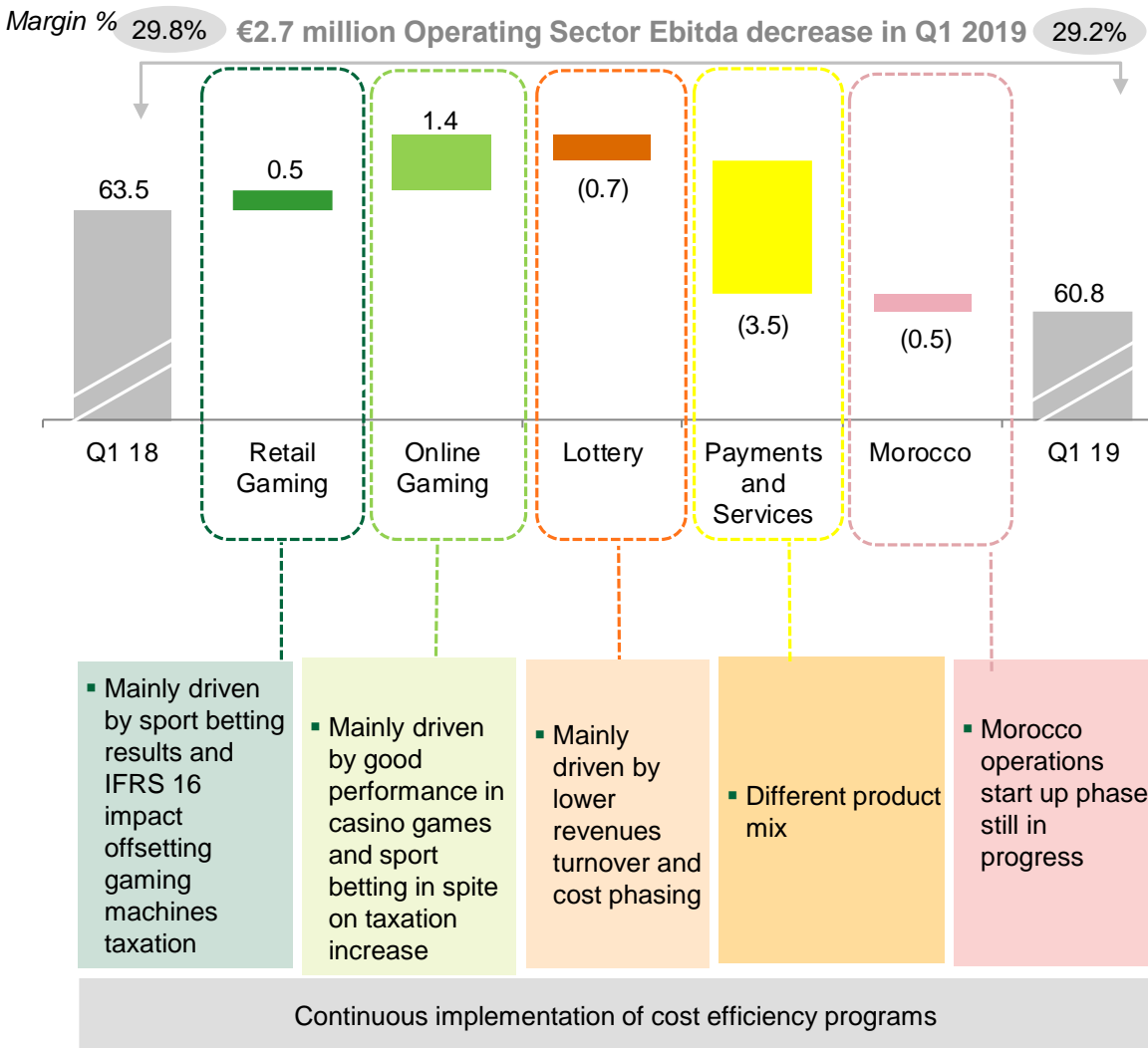
Revenues and income (€ M)



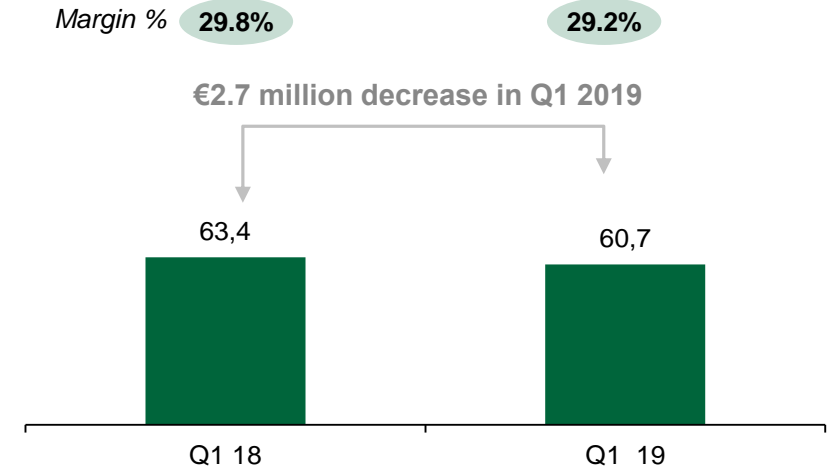
	€ M impact	Primary drivers		€ M impact	Primary drivers		€ M impact	Primary drivers
Gaming machines	(16.4)	<ul style="list-style-type: none"> Mainly driven by increase in gaming taxation partially offset by payout reduction 	Digital games	0.5	<ul style="list-style-type: none"> Good performance of casino games in spite of taxation increase 	Lottery	(0.3)	<ul style="list-style-type: none"> Slight decrease in turnover
Sport Betting	0.8	<ul style="list-style-type: none"> Higher performance in sport betting, mainly driven by turnover in spite of taxation increase 	Betting online	1.9	<ul style="list-style-type: none"> Strong performance in sport betting, driven by turnover in spite of taxation increase 	Services	6.1	<ul style="list-style-type: none"> Mainly driven by payments volume growth and product mix
Virtual Races	1.2	<ul style="list-style-type: none"> Mainly driven by turnover in spite of taxation increase 				Point of Sale fees	0.3	<ul style="list-style-type: none"> Driven by further network expansion
Other	0.1					Other	0.1	

Q1 2019 vs Q1 2018 comparison: Profitability

Operating Segments Ebitda^a (€ M)



Adj. Ebitda^b (€ M)



- Adj. Ebitda margin slight decrease mainly driven by:
 - Different product mix of P&S
 - Lottery Turnover trend
 - Morocco start up

Sisal Key Figures – Q1 2019 vs Q1 2018

P&L and simplified cash flow

(€m)	Q1-19	Q1-18	Change
Turnover	4,717	4,731	(0.3)%
Revenues	208.1	212.9	(2.2)%
Retail Gaming	106.8	121.2	(11.9)%
Online Gaming	23.4	21.0	11.6%
Lottery	24.5	24.8	(1.2)%
Payments and services	52.4	46.0	14.0%
Other	0.1	0.1	67.8%
Marocco	0.9	0.0	n.a.
Operating Segments EBITDA	60.8	63.5	(4.2)%
Adj. Ebitda ^(c)	60.7	63.4	(4.3)%
% margin	29.2%	29.8%	
Ebitda ^(d)	60.3	63.4	(4.9)%
% margin	29.0%	29.8%	
Cash Flow			
Ebitda	60.3	63.4	
Change in trade W/C	(33.5)	(90.6)	
Change in other assets and liabilities ^(a)	(5.7)	(8.8)	
Capex	(19.9)	(12.5)	
Other non-Current Assets	(0.8)	0.0	
Acquisitions	(3.9)	0.0	
Cash taxes	0.0	0.0	
IFRS 16 rental payments	(5.3)	0.0	
Cash interest	(20.8)	(20.2)	
Total	(29.5)	(68.6)	
Net Financial Position	627.8	628.2	
Leverage Ratio (LTM)	2.7x	2.8x	

- Performance mainly impacted by **increasing taxation on gaming machines**, partially offset by a **higher sport betting and VR performance**

- Performance mainly driven by **casino games and sport betting**

- Driven by an **almost flat turnover trend**

- Revenues growth** mainly driven by **payments segment trend**

- Marocco activities started in January 2019**

- Trade working Capital:** lower cash absorption vs prior year due to a more favourable trade working capital performance (lower financial services trade receivables in Q1 2019 due to cut off date and PSD2 reversal impact in first quarter 2019)

- Capex** mainly related to investments in intangible assets (i.e. application SW and betting concession yearly renewal)

- Acquisition** mainly related to investment in 30% of equity of MyCicero Srl

- IFRS 16** rental payments refer to instalments previously accounted in Ebitda

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

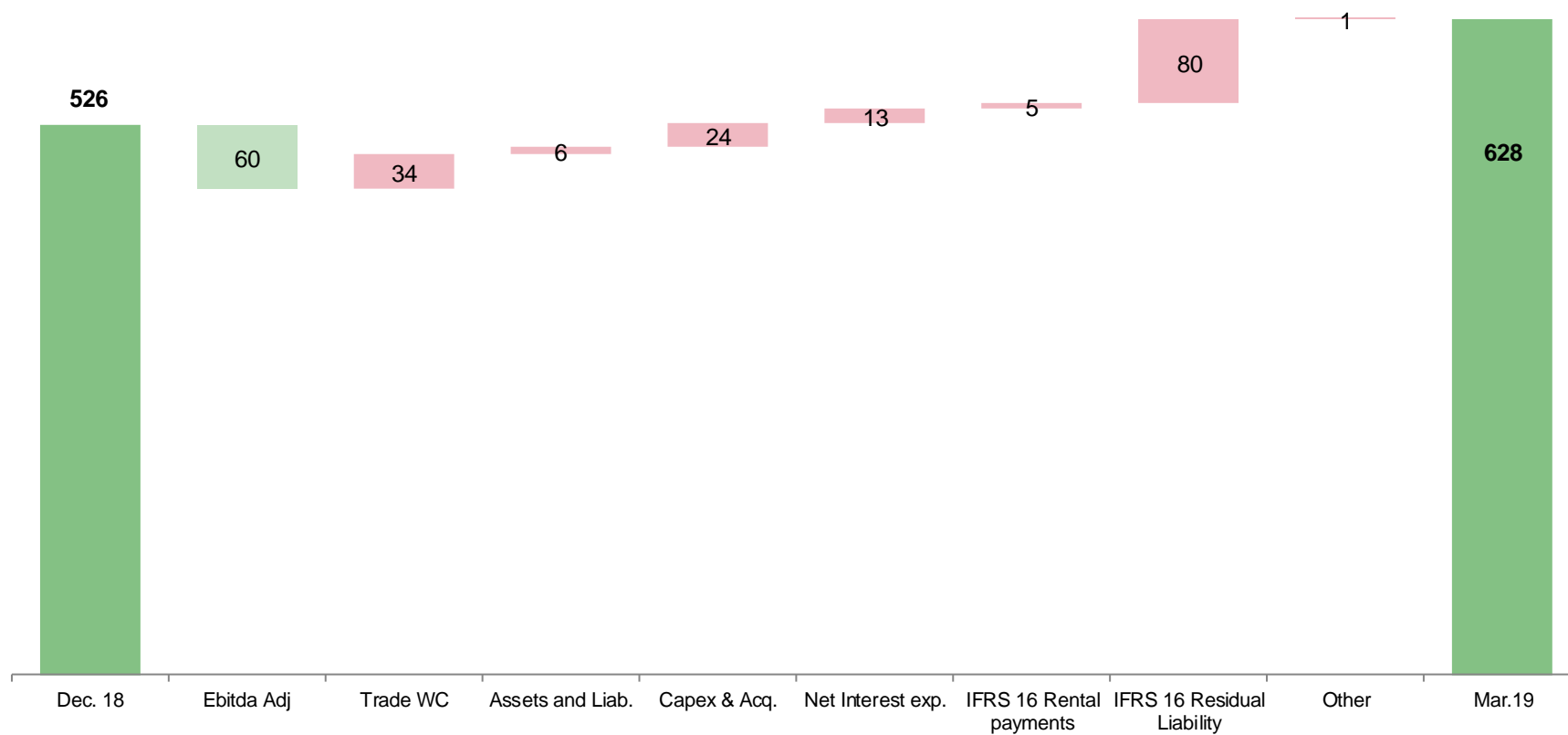
(b) Computed based on Adjusted EBITDA LTM (€230.6M in Q1 2019 and € 224.0M in Q1 2018)

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

(d) 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 – Q1 2019

Figures in € M



Consolidated Income Statement – Q1 2019

Figures in € M (except ratios)

Income Statement	Q1 19	Q1 18	% Change
Revenues	175.7	183.3	(4.1)%
Fixed odd betting income	32.2	29.4	9.5%
Other revenues and income	0.2	0.2	0.0%
Total revenues and Income	208.1	212.9	(2.3)%
Adj. Ebitda^(a)	60.7	63.4	(4.3)%
<i>Margin (%)</i>	29.2%	29.8%	
Ebitda	60.3	63.4	(4.9)%
<i>Margin (%)</i>	29.0%	29.8%	
Ebit	27.2	36.1	(24.7)%
Net financial expenses and similar	14.5	13.9	4.3%
Income before tax	12.7	22.2	(42.8)%
Net Income	8.4	15.4	(45.5)%

(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

- Q1 2019 Ebitda figures reflect new accounting standard IFRS 16 (leases) application

Consolidated Balance Sheet – Q1 2019

Figures in € M

Balance Sheet	Q1 19	FY 18
Non-Current Assets	725.1	644.6
Goodwill	569.7	569.3
Net Working Capital/Other ^(a)	(352.7)	(384.0)
Total assets	942.1	829.9
Net Financial Position ^(b)	605.7	502.5
Total Equity	336.4	327.4
Total Liabilities and Equity	942.1	829.9
Payables for unpaid winnings/P&S PSD2 payables	239.2	218.2
Restricted cash balance	219.7	201.6

(a) Includes Payables for unpaid winnings

(b) Net of upfront fees

IFRS16 Impact – Q1 2019

Figures in € M

Balance Sheet	Q1 19 IFRS 16 EXCLUDED	IFRS 16 IMPACT	Q1 2019 IFRS 16 COMPLIANT
Non-Current Assets	644.5	80.7	725.1
Goodwill	569.7	-	569.7
Net Working Capital/Other	(351.9)	(0.8)	(352.7)
Total assets	862.2	79.9	942.1
Net Financial Position	525.6	80.1	605.7
Total Equity	336.6	(0.2)	336.4
Total Liabilities and Equity	862.2	79.9	942.1

Income Statement	Q1 19 IFRS 16 EXCLUDED	IFRS 16 IMPACT	Q1 2019 IFRS 16 COMPLIANT
Total Revenues and Income	208.1	-	208.1
Ebitda	55.4	4.9	60.3
Amortization, depreciation, provisions and impairment losses and reversals	28.5	4.6	33.2
Ebit	26.9	0.3	27.2
Net financial expenses and similar	14.0	0.5	14.5
Income before taxes	12.9	(0.2)	12.7