



Sisal 2020 Full Year Results

Ended December 31, 2020

May 14, 2021

Disclaimer

This document and any related presentations have been prepared by, and the information contained herein (unless otherwise indicated), has been provided by Sisal Group S.p.A. (previously Sisal Holding Istituto di Pagamento S.p.A.) and its controlled companies ("Sisal"). The purpose of this presentation is solely to draw the recipients' attention to certain information which may be relevant in connection with their evaluation of Sisal and its financial instruments. It should not be used by any recipient for any other purpose. This document should not be construed as legal, tax, investment or other advice.

The information contained in this presentation has not been independently verified and no independent evaluation or appraisal of Sisal has been undertaken. Neither Sisal nor its affiliates, nor its or its affiliates' respective officers, directors, employees, agents or advisers, make any representation or warranty, express or implied, as to (nor accept any liability in relation to) the reasonableness, accuracy, reliability or completeness of this presentation or any statement, information, forecast or projection made herein, or any other written or oral communications transmitted to the recipient in connection herewith. The presentation has been prepared on the basis of the position as at the time of the presentation, and we will not update any of the information provided in the presentation after the date of the presentation.

This document and any related presentations may contain statements that constitute forward looking statements. These statements include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the business, market share, financial results and other aspects of activities of and situations relating to Sisal. Such forward looking statements are not guarantees of future performance and involve risks, uncertainties and other important factors that could cause actual developments or results to differ materially from those expressed in our forward looking statements. The recipient is cautioned not to place undue reliance on forward looking statements, which speak only as of the date of this presentation. Sisal does not make any representation, warranty or prediction that the results anticipated by such forward looking statements will be achieved, and such forward looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

This presentation and its contents are confidential and may not be copied, reproduced, published, distributed or disclosed (in whole or in part) to any other person without our prior written consent.

By accepting a copy of this presentation, the recipient agrees to be bound by the foregoing limitations and conditions.

Agenda

Agenda

1. Group Performance
2. Gaming Business Update
3. Financial Results
4. Q&A

Speakers



Emilio Petrone

Sisal Group CEO \ Mooney Group CEO



Francesco Durante

Sisal CEO



Roberto Di Fonzo

Sisal CFO

Agenda

1. Group Performance

2. Gaming Business update

3. Financial Results

4. Q&A

Key Highlights

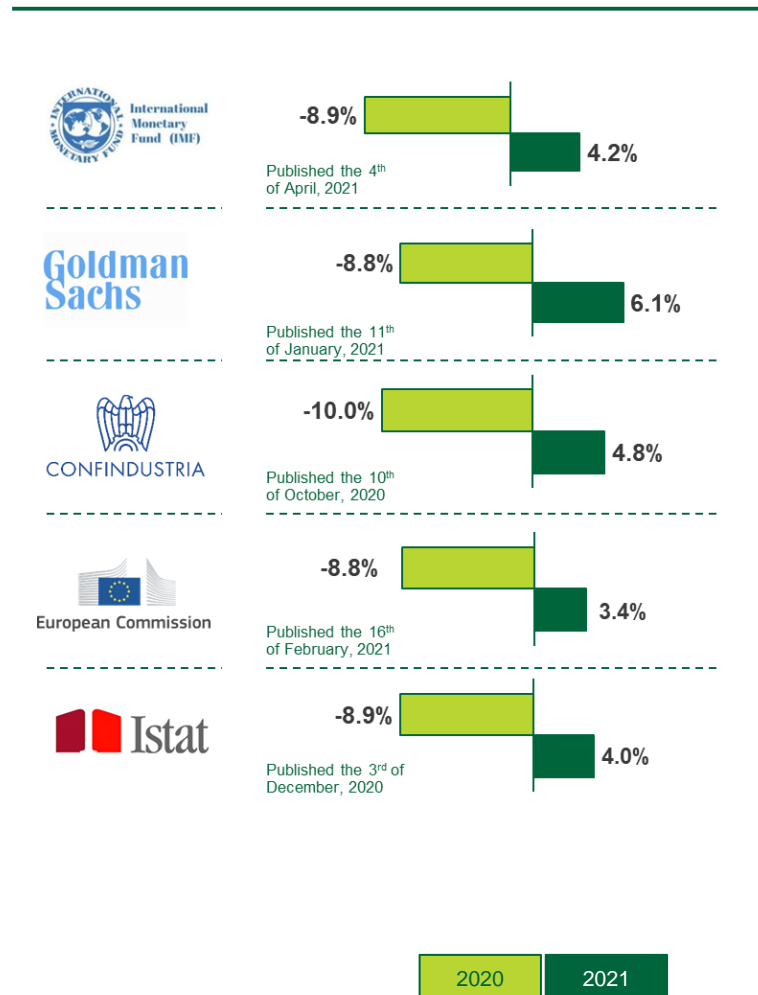
In 2020 some important events have marked Sisal Group performance.

- 1 Proactively reacted to Covid-19**
- 2 Full integration of SisalPay and Banca 5**
- 3 Market leadership in the Online Gaming**
- 4 Renegotiation of existing Lottery concessions**
- 5 Successful start of business in Turkey**

Key Factors affecting the business

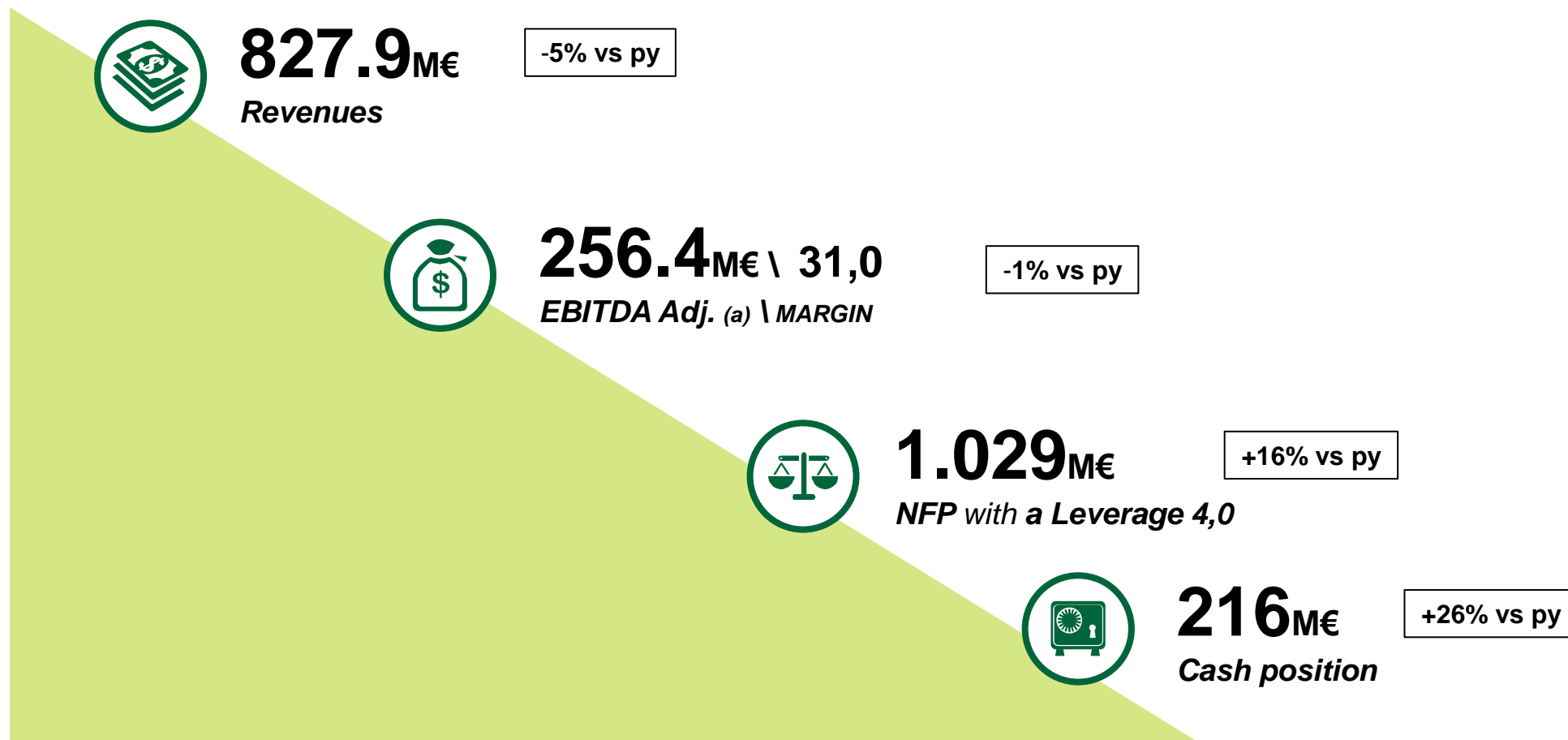
Macroeconomic

Italian GDP 2020 - 2021 [%]



- Covid-19 pandemic strongly impacted global economy, including **Italian economy**, which **has undergone major slowdowns**. After positive signs of recovery during the summer months, the economy slowed down in Q4 2020, suffering for the new wave of the pandemic. **Italian GDP for FY 2020 forecasted significantly down between 9 % to 10.0%**, compared to last year.
- The recovery for the Italian economy is forecasted in the years from 2021-23 and are based on the hypothesis that the **health emergency will gradually fall under control during the first half of 2021 and be entirely resolved by 2022**.
- Based on these assumptions, **Italian GDP should grow significantly during the spring**, currently expected to be around 3,5% in 2021, 3,8% in 2022 and 2,3% in 2023, when a **return to pre-pandemic levels would be seen**.

Sisal Group Key Results



(a) Adjusted EBITDA means EBITDA before charges deriving from corporate reorganisation, before charges not considered as recurring and before "special items"

Agenda

1. Group Performance

2. Gaming Business update

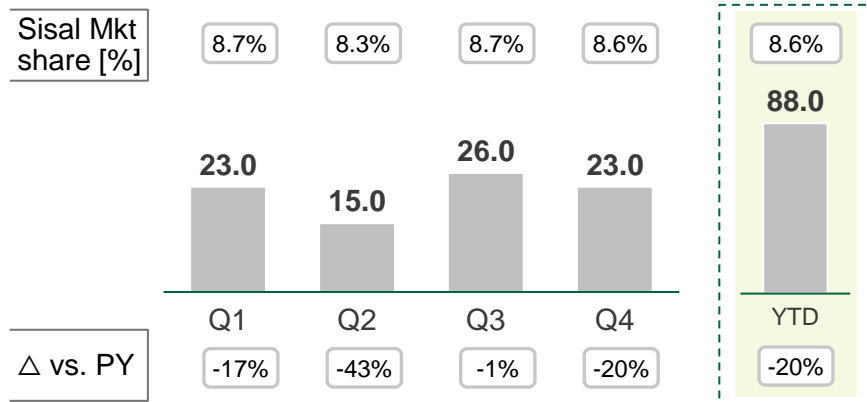
3. Financial Results

4. Q&A

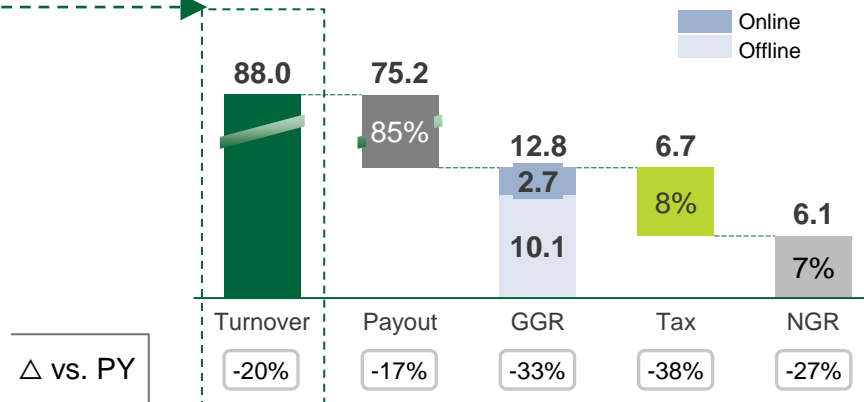
Gaming Market

In 2020 Gaming market turnover suffered a sharp slowdown vs last year due to Covid-19 impact.

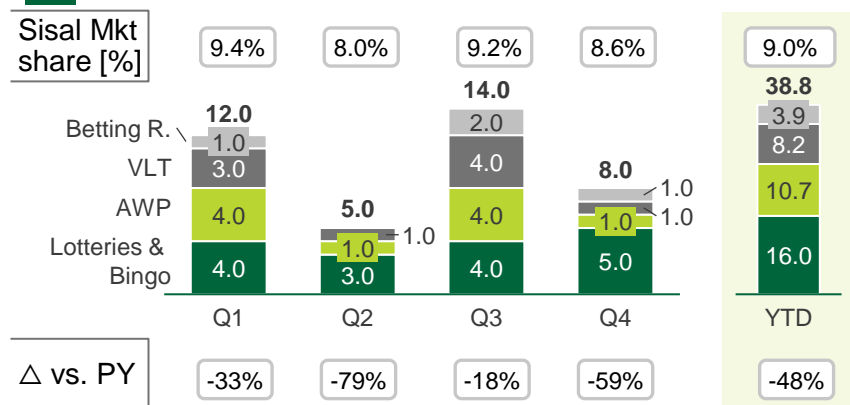
Total market turnover [EUR bn]



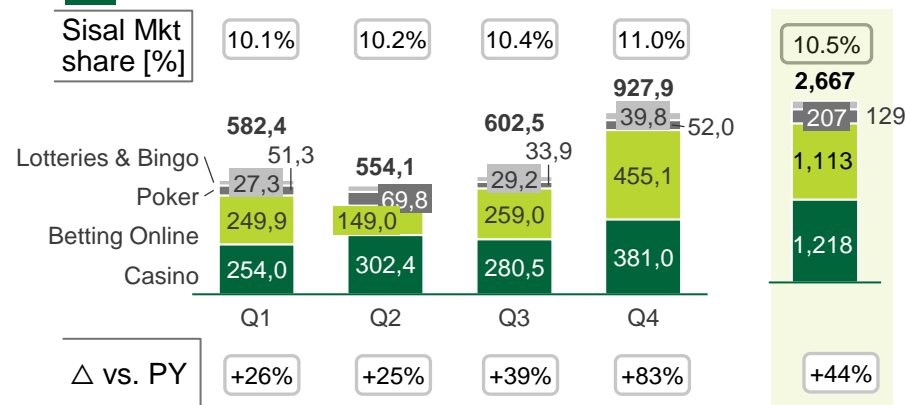
Gaming Value chain [EUR bn]



1 Off-line turnover trend by product [EUR bn]

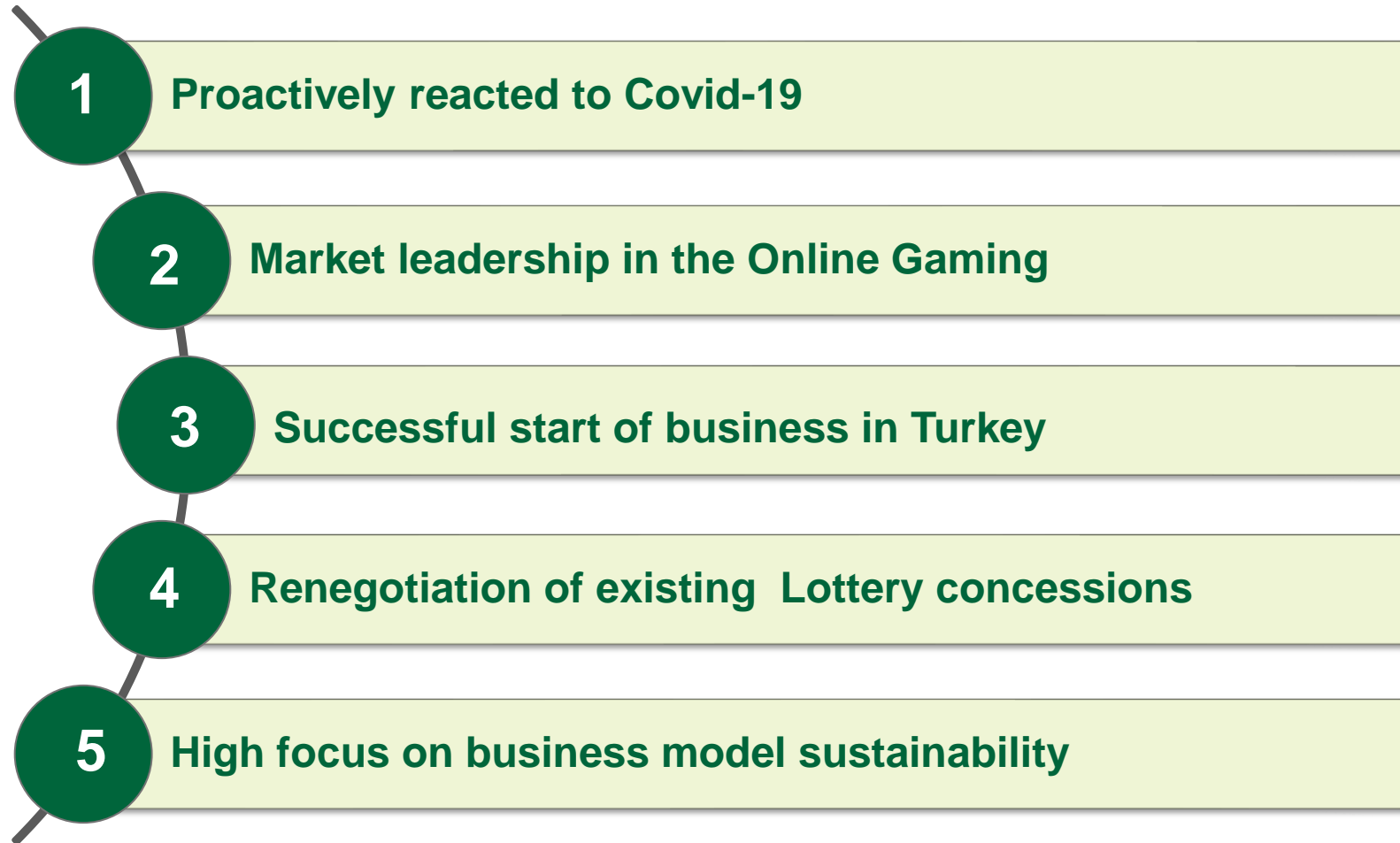


2 Online GGR trend by product [EUR m]



Gaming Business Key Achievements

In 2020 we have successfully mitigated Covid-19 impact and we have executed strategic initiatives that will boost the performance of the company.



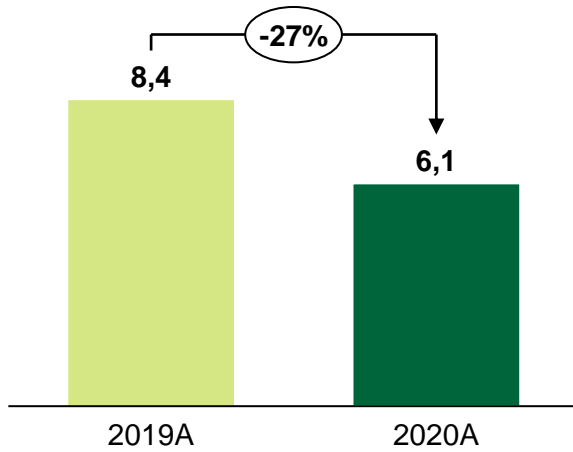
Gaming Business Key Achievements

1. Proactively reacted to Covid-19

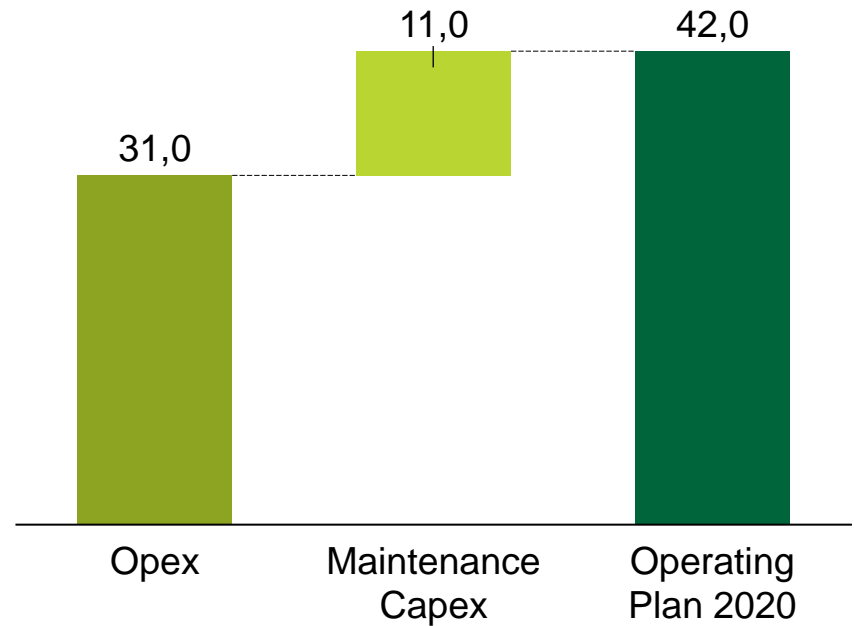
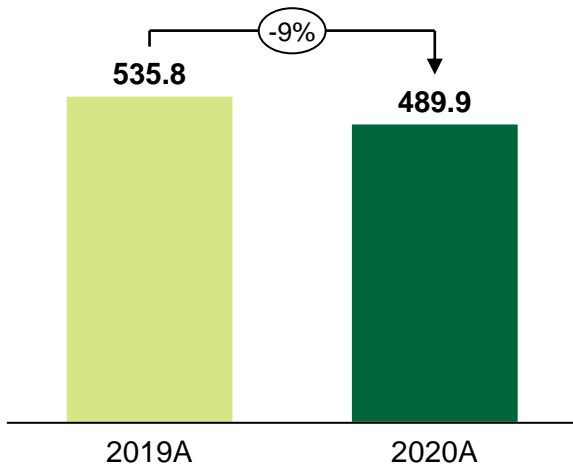
Sisal Performance vs Gaming Market [€bn;%]

Cost efficiency initiatives¹⁾ [€m]

Net gaming revenues (Market)



Management Revenues (Sisal)



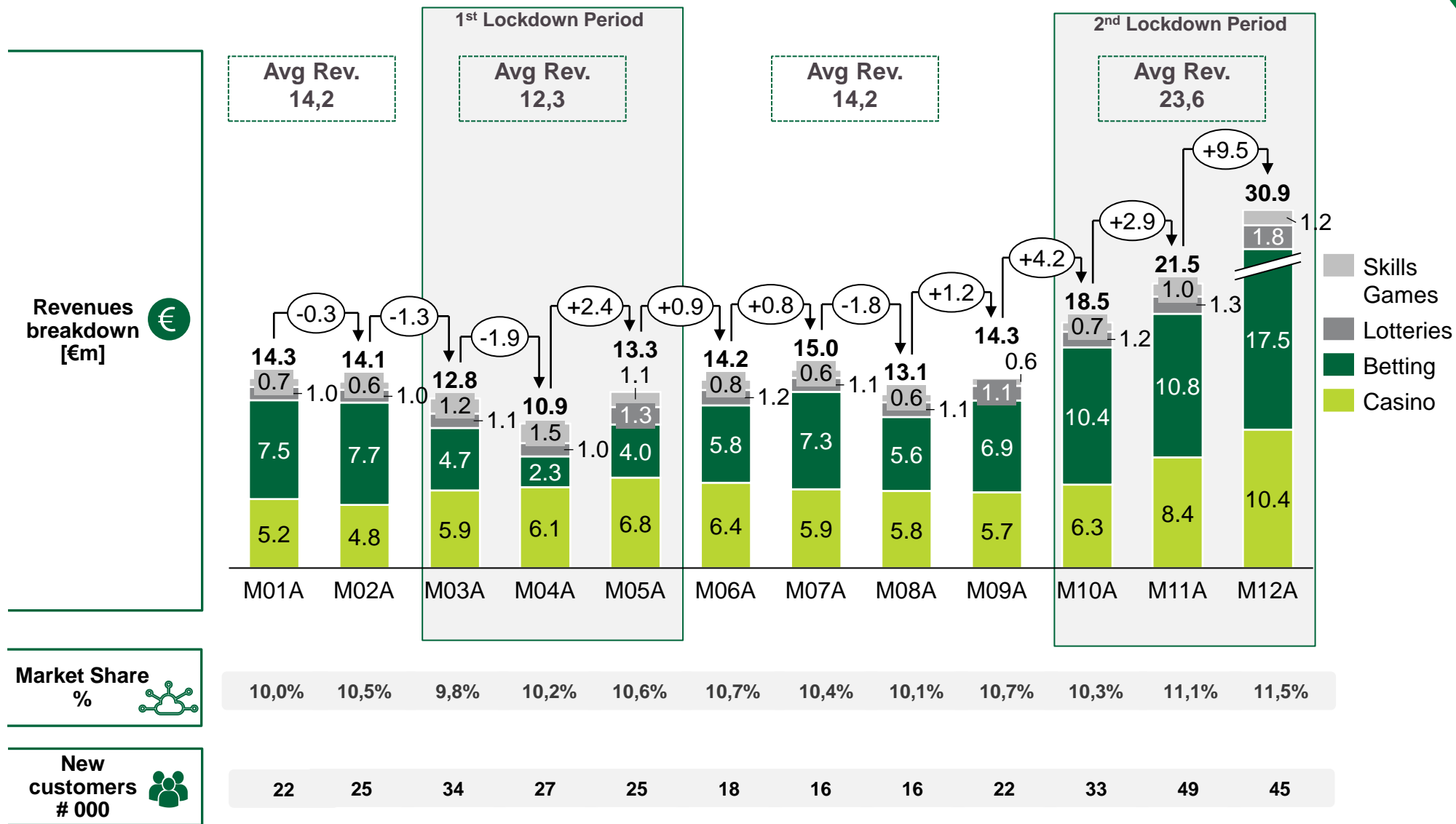
■ Discretionary and structural costs optimization allowed to reduce cost base

■ Capex prioritization allowed to reduce spending level

Gaming Business Key Achievements

2. Market Leadership in the Online Gaming

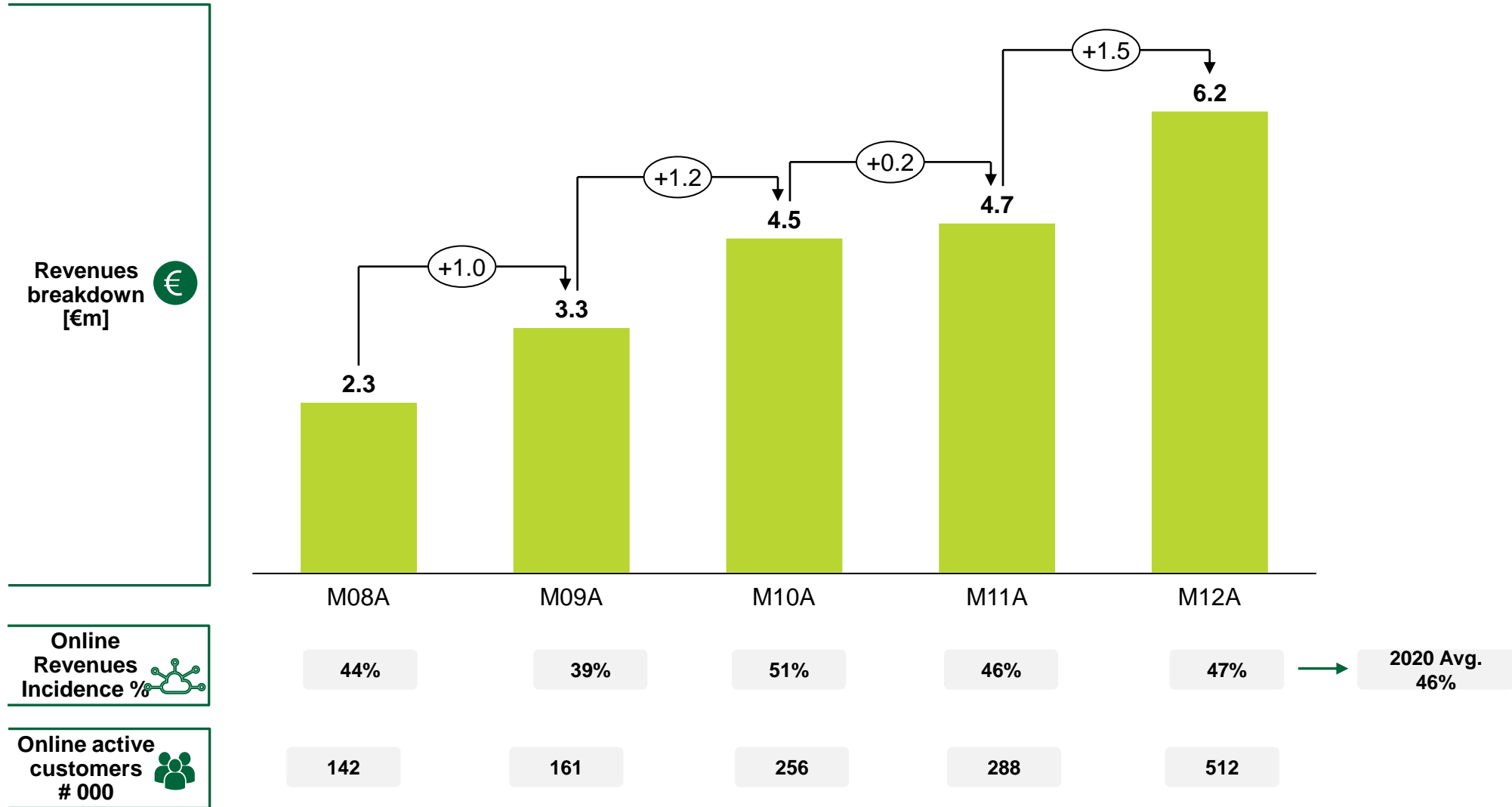
In Q4, we recorded an amazing growth path for most of business KPIs



Gaming Business Key Achievements

3. Successful start of business in Turkey

Turkey Revenues & main KPIs [2020A M1-M12; EUR m; %]



Gaming Business Key Achievements

4. Renegotiation of existing Lottery concessions

Achievement	Description
NTNG (Italy) <i>Existing concession extension</i>	» #18 months extension at the existing terms from June 2020
Morocco <i>Reshape of the concession</i>	» 2 years concession extension » Amendment of key terms

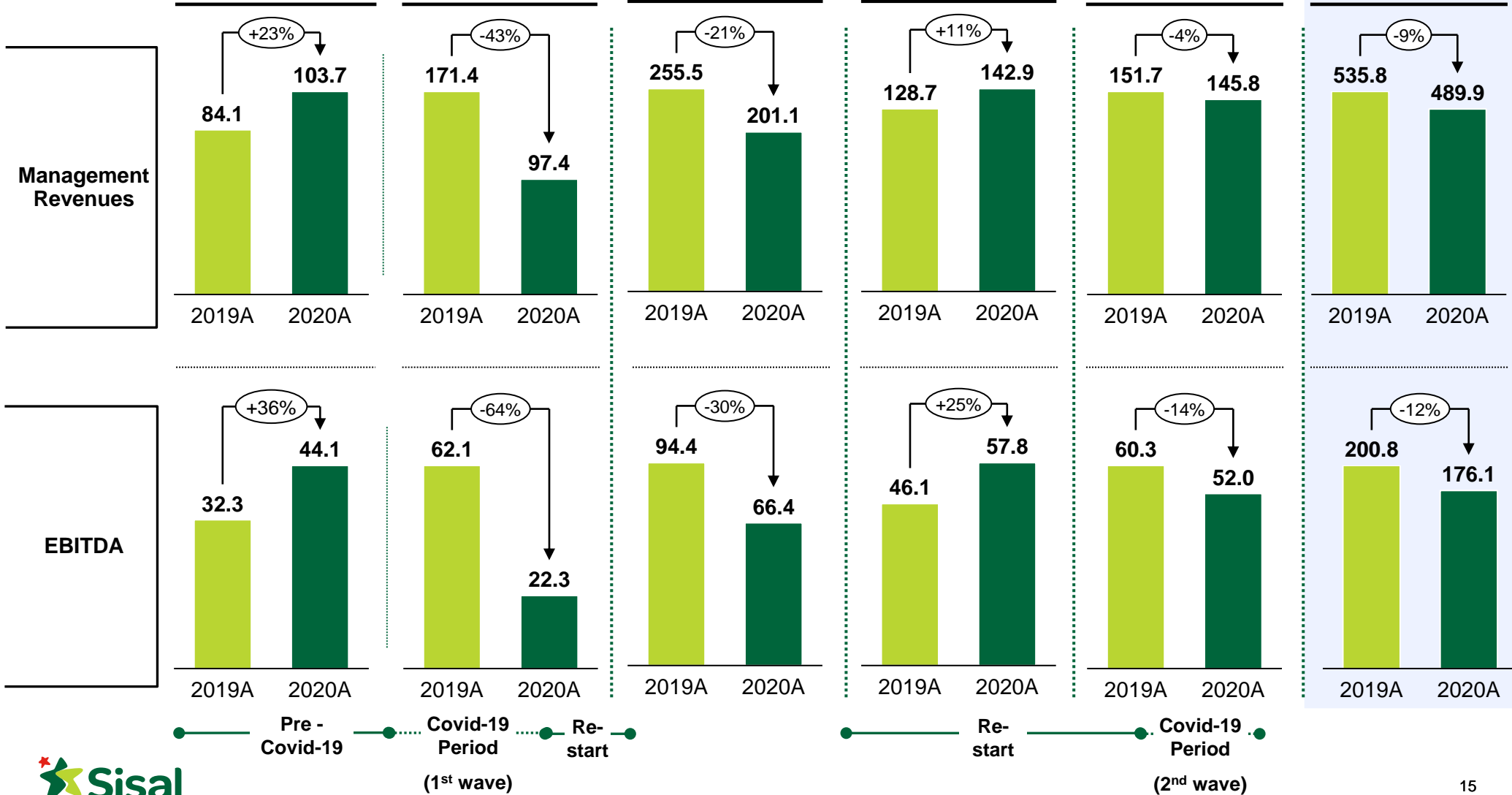
Gaming Business Key Achievements

5. Higher Focus on business model sustainability



Gaming business very resilient during the lockdown caused by Covid-19 pandemic.

EUR m



Strategic Overview

Purpose and Vision



Purpose

“To build a more responsible future”

Vision

“Be the Leading Company at International level in Responsible Gaming, driving the Digital Innovation”

Strategic Overview

Key Strategic Pillars

1

Achieve Leadership in Responsible Gaming



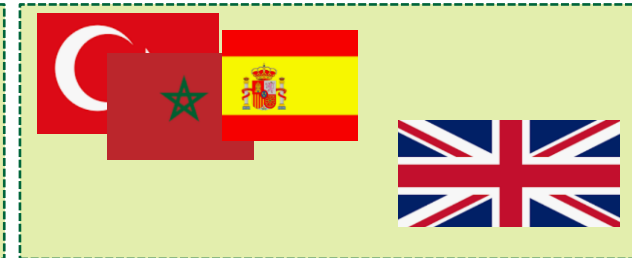
2

Reinforce Leadership in the Digital business leading digital innovation



3

Develop International Footprint



Agenda

1. Group Performance

2. Gaming Business update

3. Financial Results

4. Q&A

Financial Presentation

- Considering that, following the reorganization of the Payment Business occurred at the end 2019, the outstanding portion of Sisal Group's bond will be repaid with the cash flow generated by the Gaming business, **this presentation mainly focuses on the Gaming Business performances and results.**

- Moreover, starting from Q1 2020 and with the exception of the annual financial statements, the Sisal Group's consolidated financial statements only reported the results of the Gaming Business, while the investment in Mooney Group (formerly SisalPay Group) has been accounted for at cost. **This approach allows the Sisal Group's bondholders to get a better and easier understanding of the Gaming Business's performances and results.**

- Therefore, in this presentation:
 - the Consolidated Balance Sheet is only referred to the Gaming Business perimeter for both FY 2020 and FY 2019 (slide 28 in this presentation)
 - the Cash Flow and the Consolidated Income Statement for the year ended on December 31st 2019 are instead related to the Group full consolidated accounts, including the Payment business (slide 24 and 27 in this presentation).

Sisal Gaming Key Results



8.2Bn€
Turnover



523.7M€
Revenues



176.3M€ \ 33,7 %
EBITDA Adj. (a) \ MARGIN



311.2M€
NFP with a Leverage 1,76

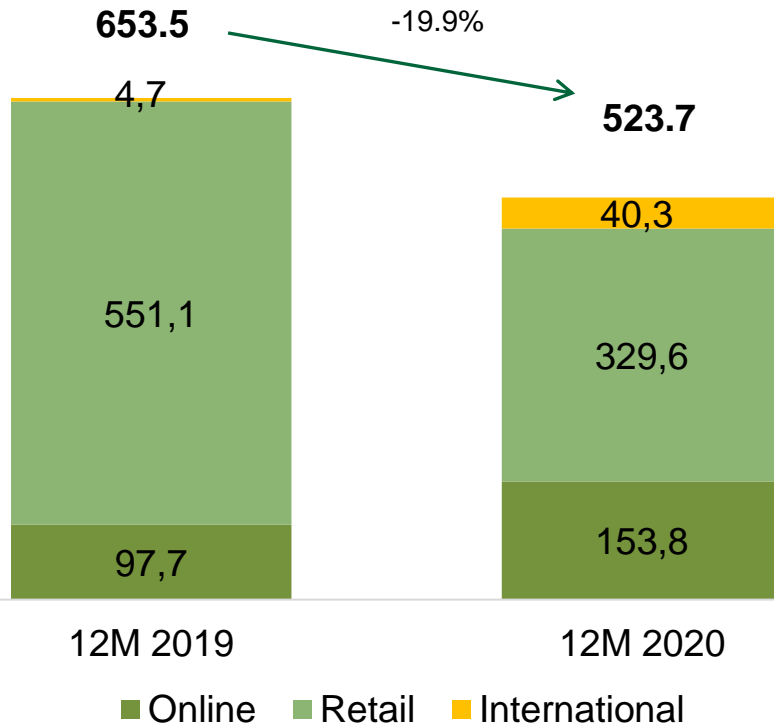


146.6M€
Cash position

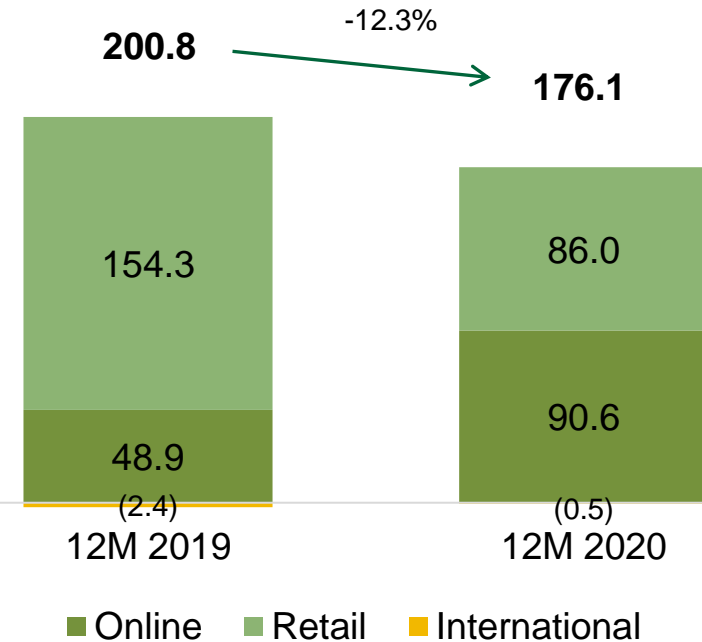
(a) Adjusted EBITDA means EBITDA before charges deriving from corporate reorganisation, before charges not considered as recurring and before "special items"

Gaming Segments Results Highlights – 12M 2020

Revenues



Operating Segments Ebitda



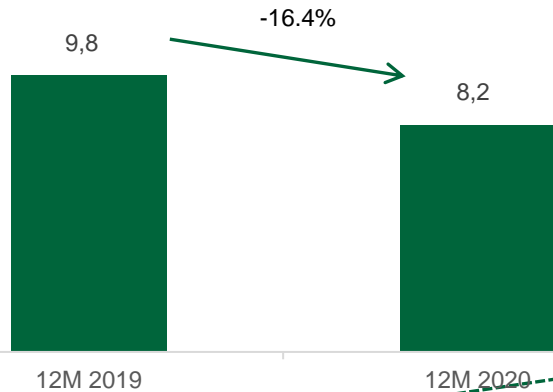
Figures in € M

Operating Segments Ebitda Margin %

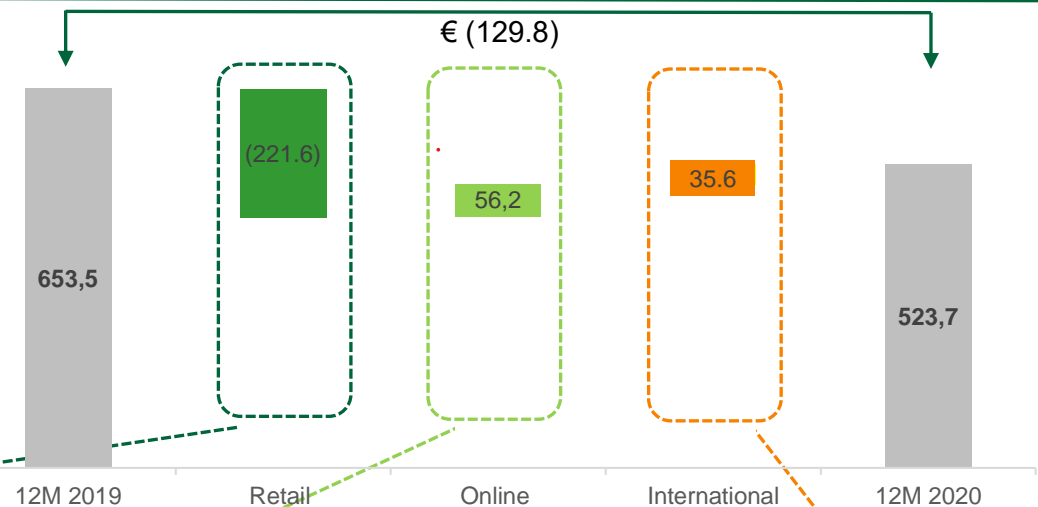
Total	30.7%	33.6%
Retail	28.0%	26.2%
Online	50.0%	58.9%

Gaming Turnover & Revenues: 12M 2020 vs 12M 2019

Gaming Turnover (€ BN)



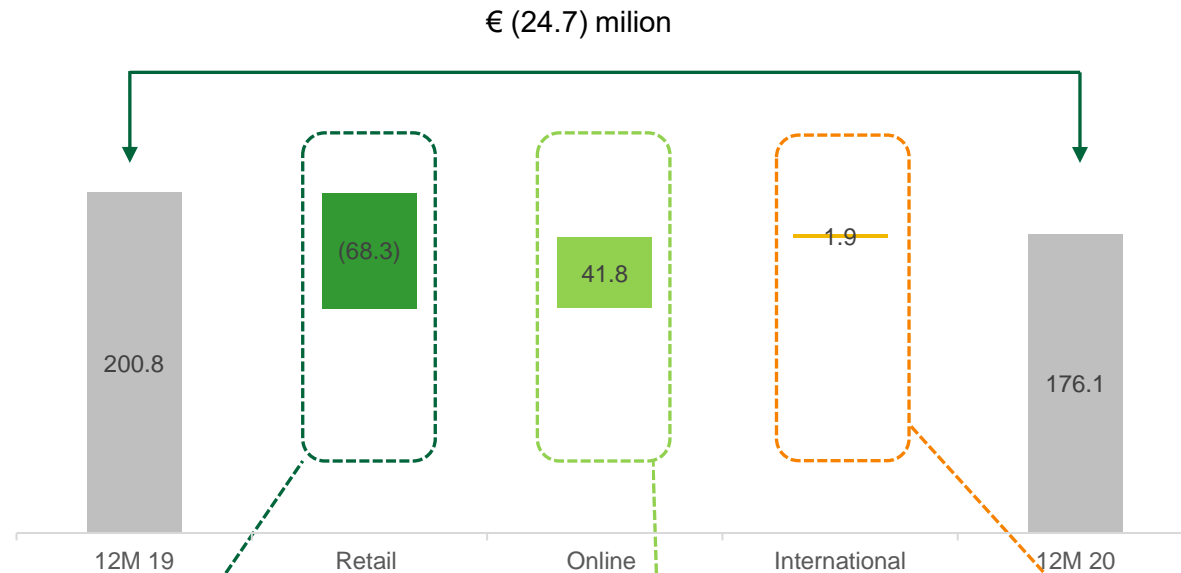
Gaming Revenues (€ M)



€ M	Primary drivers	€ M	Primary drivers	€ M	Primary drivers
Gaming machines (170.7)	<ul style="list-style-type: none"> Drop in volumes due to Covid-19 pandemic, which led to the two lockdowns period for a total of 5,5 months, and to the introduction of VLT's health card. 	Digital games 24.7	<ul style="list-style-type: none"> The growth was driven by the successful customers' acquisition strategy via SEO and to the effective Affiliation activities. 	Turkey 35.8	<ul style="list-style-type: none"> Positive performance in both retail and online channel after the launch of the Lottery business on August 1st.
Lottery (3.6)	<ul style="list-style-type: none"> Performance mainly impacted by PoS shutdown during the first lockdown. Positive restart after the lockdown with higher affiliation fees (MySisal). 	Betting & Virtual races online 31.5	<ul style="list-style-type: none"> Benefitting from the shift of players spending from retail to online, following the closure of the physical channel during the lockdown. 	Spain 0.4	<ul style="list-style-type: none"> Incremental business in Spain
Sport Betting (31.4)	<ul style="list-style-type: none"> Decrease mainly due to the lack of sport events during first lockdown period, sharpened by the introduction of "Salvasport" Tax 			Morocco (0.6)	<ul style="list-style-type: none"> Business shutdown in Morocco from mid-March to the beginning of June due to Covid-19, followed by a gradual recovery of activities to Pre-Covid levels.
Virtual Races and Others (15.8)					

Gaming Profitability: 12M 2020 vs 12M 2019

Gaming Operating Segments Ebitda (€ M)



- Mainly due to volumes drop in first semester due to the first pandemic wave and to the second retail business shutdown from November 6, 2020
- Negative performance also due to the further Gaming machines taxation increase and by the introduction of "health card" on VLT's, starting from January 1st, 2020, only partially offset by Gaming machines payout reduction.

- Mainly driven by top line growth.

- Turkish set up operations led to an outstanding performance after the launch of lottery business on August, 1 supported by a further customer base expansion
- Covid 19 negative impact which led to the Morocco's business shutdown for approx. 2 months.
- In Spain Business started in 2020, fully incremental in comparison with 2019

Gaming Cash Flow – 12M 2020

(€m)	12M-20	12M-19
Ebitda	176.3	259.6
Non-cash items	-	3.2
Non-recurring costs	(12.1)	(19.8)
Change in trade W/C	(30.3)	1.7
Change in other assets and liabilities ^(c)	(39.1)	(119.7)
Capex and acquisition	(123.1)	(109.9)
Net Interest exp.	(20.8)	(80.9)
IFRS 16 rental increase/(decrease of the year)	(22.4)	(22.4)
Cash taxes	-	(39.6)
Proceeds/(repayments) of loans	111.7	46.1
Other	3.9	(1.2)
Total	44.1	(82.9)
Cash at the beginning of the period	102.5	254.9
Cash at the end of the period	146.6	172.0

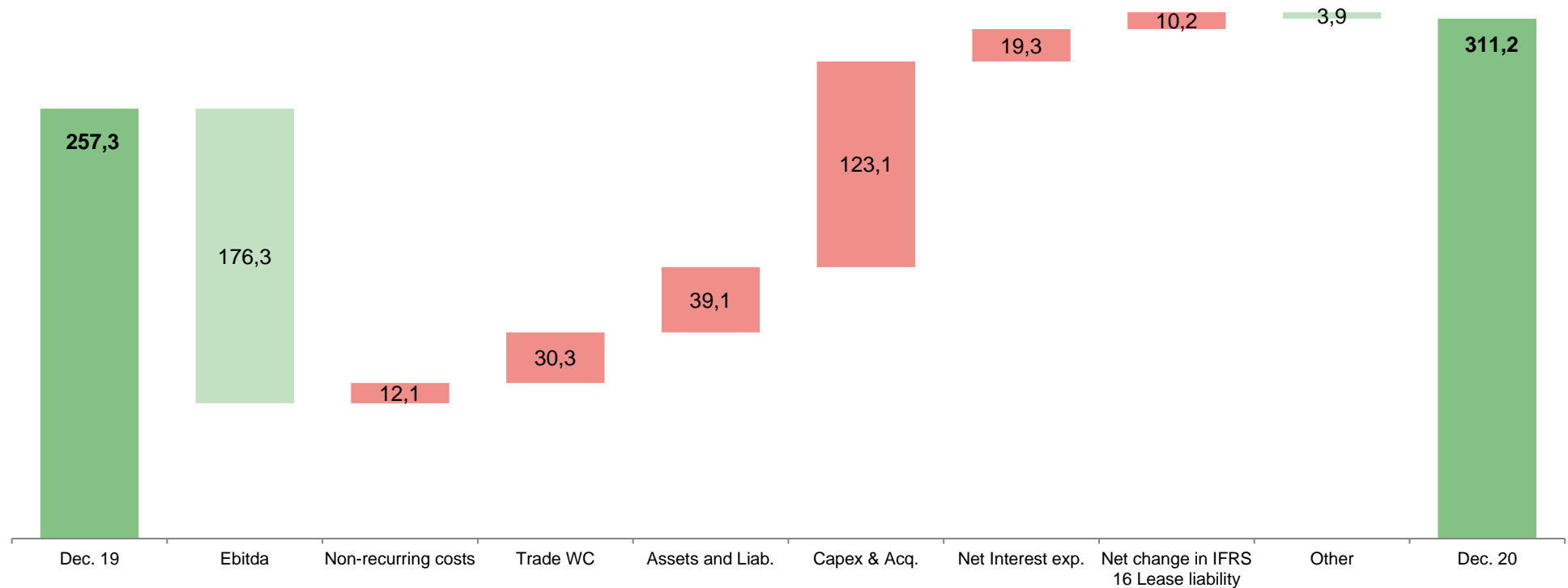
- **Non-recurring costs:** mainly related to International start-up, costs of managing Covid-19 pandemic and reorganization
- **Trade working Capital:** lower payables to suppliers.
- **Other Assets and Liabilities,** second installment of the NTNG down-payment; collection from Sisal Pay Group of the outstanding amount as settlement for the transfer of the Payments business; postponement of Gaming machines taxes of the fifth account period; change on receivables towards ADM for the rebates due to AWP service level.
- **Capex:** mainly related to investments in terminals for the go-live of the Lottery concession in Turkey and the new NTNG concession in Italy, as well as to software developments and the extension of Betting concession in Italy.
- **Net Interest exp:** refers to interest paid in the period mainly related to the Senior Secured Notes of € 275m.
- **IFRS 16:** repayment of financial liabilities accounted in application of the new accounting standard
- **Proceeds/(repayments) of loans:** RCF revolving facility drawdown for Eur 100 million and new loan granted by the minority Turkish shareholder.
- **Other:** mainly related to capital injection from the minority Turkish shareholder

(a) 2020: related to the Gaming business

(b) 2019 : related to the Group full consolidated accounts, including the Payment business

Net Financial Position Bridge (Gaming) – 12M 2020

Figures in € M



Covenant leverage ratio (Gaming) – 12M 2020

(€m)	Sisal Gaming
EBITDA Adjusted Statutory	176.3
NFP COVENANT	311.2
Leverage Ratio	1.76
EBITDA Adjusted Statutory w/o IFRS 16	154.8
NFP COVENANT w/o IFRS 16	248.1
Leverage Ratio w/o IFRS 16	1.60

Group Consolidated Income Statement – 12M 2020

Figures in € M (except ratios)

Income Statement	12M 2020	12M 2019
Revenues	392.5	731.9
Fixed odd betting income	128.4	135.1
Other revenues and income	2.8	2.4
Total revenues and Income	523.7	869.4
Adj. Ebitda	176.3	259.6
<i>Margin (%) ^(a)</i>	33.7%	29.9%
Ebitda	152.7	239.8
<i>Margin (%)</i>	29.2%	27.6%
Ebit	17.7	85.4
Net financial expenses and similar	19.3	74.8
Income before tax	(1.5)	10.6
Net Income	(9.2)	(13.6)

- 12 M 2020: related to the Gaming business
- 12 M 2019 : related to the Group full consolidated accounts, including the Payment business

(a) Adjusted EBITDA means EBITDA before charges and revenues deriving from corporate reorganisation, before charges and revenues not considered as recurring and before "special items".

Note:

-EBITDA means the profit/(loss) for the year before depreciation, amortisation, writedowns, financial expense and income, share of profit/(loss) of equity-accounted companies and before taxes.

Gaming Consolidated Balance Sheet – 12M 2020

Figures in € M

Balance Sheet	12M 2020	12M 2019
Non-Current Assets	891.8	871.2
Goodwill	261.0	261.0
Net Working Capital/Other ^(a)	(112.3)	(140.8)
Total assets	1,040.5	991.4
Net Financial Position ^(b)	305.4	249.5
Total Equity	735.1	741.8
Total Liabilities and Equity	1,040.5	991.4
Payables for unpaid winnings	199.7	149.3
Restricted cash balance	179.4	131.4

(a) Includes Payables for unpaid winnings

(b) Net of upfront fees not included in NFP covenant

Agenda

1. Group Performance

2. Gaming Business update

3. Financial Results

4. Q&A

