



Play with the Playmakers

SNAI Group – 1Q 2016 Results | 13 May 2016

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Speakers



Fabio Schiavolin
CEO



Chiaffredo Rinaudo
CFO

Agenda

1Q 2016 Results

Q & A

1Q 2016 Highlights

Business Trends

- ❑ Good performance on **total wagers: +8,4% growth** yoy on pro-forma basis to **2,77 Bln €**
- ❑ Growth of **Gaming Machines** wagers still on track (+6,8%) despite higher taxation and AWP payout reduction
- ❑ Significant growth of **Online Sport Betting** segment: **+ 53% yoy** thanks to **new website released in January**
- ❑ Relevant contribution on 1Q wagers from **SIS PoS: 50 mln €**
- ❑ Resilient **Virtual Events** recovered from 2015 weakness: wagers up by **9,1%** in 1Q 2016

Cost reduction program

- ❑ Cogemat integration under way with **18 mln € expected synergies** by 1Q 17, of which:
 - **1,2 mln €** cost saving already achieved in 1Q 16
 - Renegotiated contracts with key service suppliers by leveraging new economies of scale (telecommunications, logistics, site rentals): **9 mln €** cost reduction to be rolled-out within 1Q 17
 - 7,8 mln € of additional synergies already identified

1Q results

- ❑ Robust growth on **EBITDA** in 1Q 16: **38,7 mln €** vs 29,6 mln €, **+ 9,1 mln € yoy**
- ❑ **Positive Net Result: 1,6 mln €**, without one-off items contribution
- ❑ **15,4 mln € cash generation yoy** despite M&A and 110 mln € bond costs

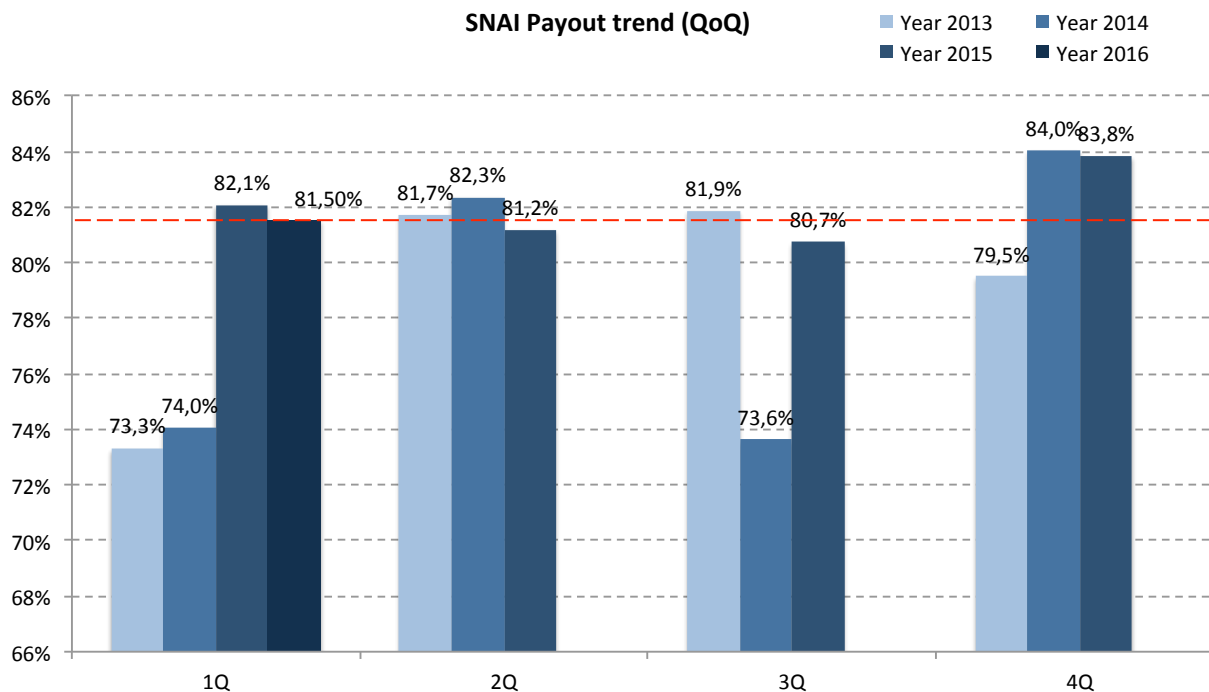
1Q 2016 KPIs

<i>Euro million</i>	<i>proforma</i>				<i>proforma</i>
Financial KPI	Q1 2016	Q1 2015	delta	%	LTM
Total Revenues	220,2	267,0	(46,8)	-17,5%	954,1
<i>o/w non recurring revenues</i>	<i>1,3</i>	<i>27,5</i>	<i>(26,1)</i>	<i>-95,1%</i>	<i>4,7</i>
Contribution Margin	74,4	61,8	12,6	20,3%	266,5
EBITDA	38,7	29,6	9,2	31,0%	123,7
Adjusted EBITDA	40,5	31,4	9,1	29,0%	131,4
EBIT ^(*)	21,4	37,2	(15,8)	-42,5%	12,1
Net Income ^(*)	1,6	12,4	(10,8)	-87,0%	(67,4)
<i>(*) Non recurring items included</i>	<i>(0,2)</i>	<i>26,1</i>			
Capex	5,1	4,2	0,8	19,7%	19,3
Net Financial Position	478,5	493,9	(15,4)	-3,1%	478,5
Cash Flow					15,4

- ❑ **Total revenues of 220.2 mln €** decreased vs 1Q15 due to the Barcrest transaction and AWP tax increase
- ❑ **Contribution Margin increased to 74,4 mln €** (+12,6 mln €)
- ❑ **Payout on Sports Betting** (retail and online channels) improved to **81.5%** from 83.8% (4Q15) and 82.1% (1Q15)
- ❑ **Payout risk** on 1Q16 limited to **21% of Contribution Margin** thanks to Cogemat contribution on Gaming Machine business
- ❑ **EBITDA 1Q16 up by 9,1 mln € to 38.7 mln €** due to increased wagers and revenues, initial synergies from Cogemat integration and reopening of SIS PoS
- ❑ **EBITDA LTM 123,7 mln €** (114,6 mln € as of 31 December 2015)
- ❑ 5,1 mln € Capex in Q1, of which 60% related to AWP 70% replacement
- ❑ **NFP improved to 478,5 mln €; 15,4 mln € Cash Flow generation; 3,9x leverage** (4,1x as of December 2015)

Payout Trend

	PAYOUT TREND						
	1Q	2Q	1H	3Q	4Q	2H	Full year
Year 2016	81,5%						
Year 2015	82,1%	81,2%	81,7%	80,7%	83,8%	82,6%	82,2%
Year 2014	74,0%	82,3%	78,0%	73,6%	84,0%	79,6%	78,7%
Year 2013	73,3%	81,7%	77,1%	81,9%	79,5%	80,5%	78,8%



Payout in 1Q (81.5%) more favourable than 4Q15 (83,8%) and 1Q 15 (82,1%)

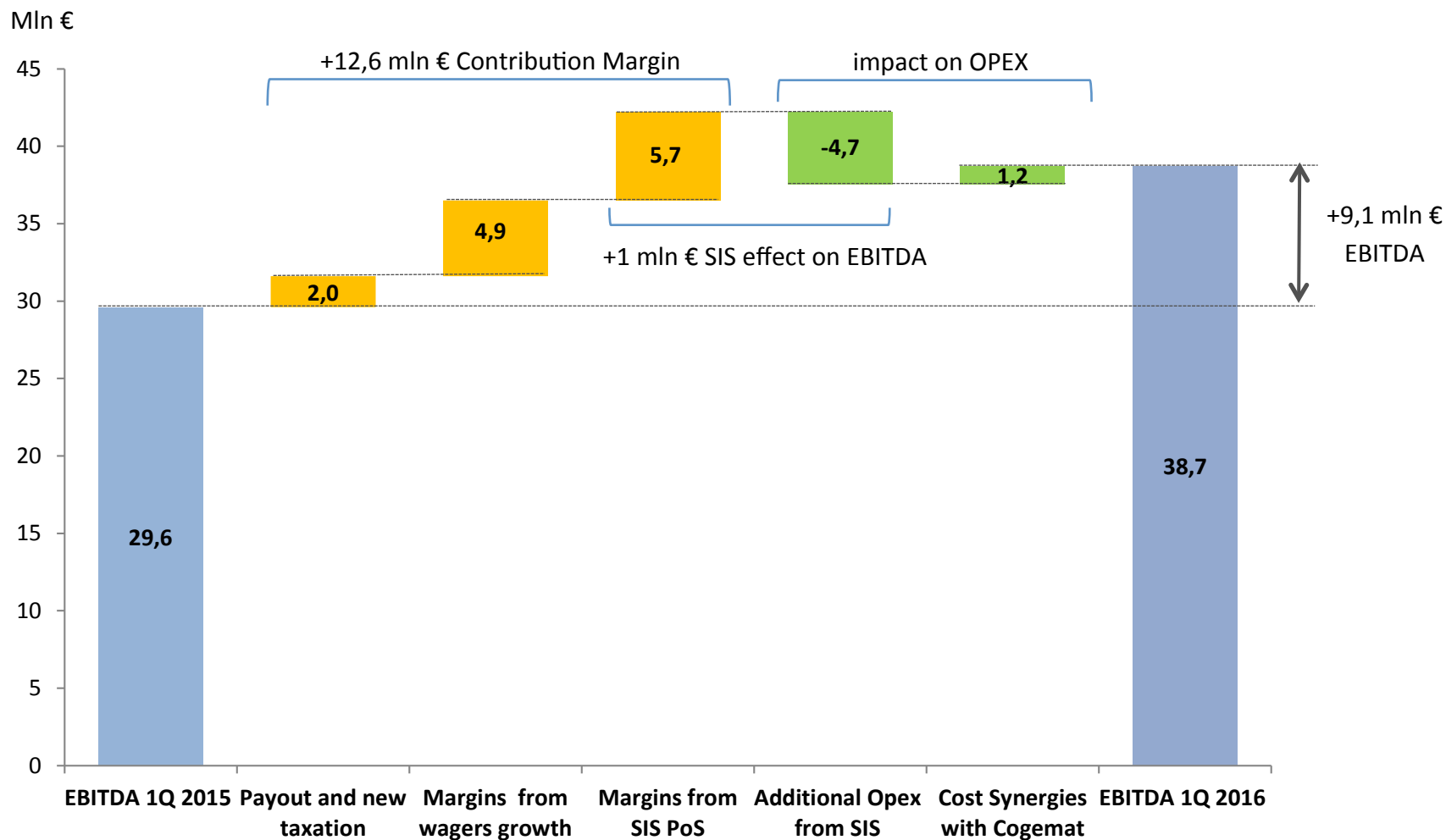
Wagers and Revenues breakdown

Euro million

Business	Wagers			Revenues		
	1Q16	1Q15 PF	%	1Q16	1Q15 PF	%
AWPs	1.046,8	998,2	4,9%	91,4	124,9	-26,8%
VLTs	918,2	841,5	9,1%	56,3	54,8	2,6%
Gaming Machines	1.965,1	1.839,7	6,8%	147,7	179,8	-17,9%
Sports Betting (retail channel)	191,5	167,3	14,5%	31,5	23,8	32,1%
Sports Betting (online channel)	68,4	44,8	52,5%	6,6	5,2	27,2%
Horse Betting	64,3	63,9	0,6%	5,6	6,1	-9,1%
Virtual Events	84,1	77,1	9,1%	11,0	10,2	7,6%
Betting	408,4	353,2	15,6%	54,7	45,4	20,5%
Online Games (Skills, Casinò, Bingo)	233,1	196,5	18,6%	6,1	5,0	22,6%
Betting provider	133,7	140,7	-4,9%	2,1	2,1	0,0%
Financial services (Paymat)	28,7	24,1	19,1%	0,6	0,6	0,0%
Television services and horse race mgmt				4,5	4,0	12,4%
Other revenues				3,2	2,7	16,6%
Non-Recurring Revenues				1,3	27,5	-95,1%
SNAI Group	2.768,9	2.554,1	8,4%	220,2	267,0	-17,5%

- ❑ Total wagers up by +8.4% to 2.769 mln €
- ❑ Notable performance of retail Sport Betting (+14.5%) and Virtual Events (+9.1%) mainly driven by the increased number of events and SIS/Finscom PoS reopening
- ❑ Significant growth of the online Sport Betting business (+53%) thanks to new website released in January
- ❑ Revenues increased in all core business with the exception of AWP's due to tax increase (low impact on marginality). Downward trend for AWP is expected to reduce in 2016 thanks to the current gradual replacement of internal board (70% payout)

1Q 2016 EBITDA Bridge



□ SIS OPEX impact will be reduced starting from 3Q 16 thanks to PoS outsourcing strategy

2016 Outlook

- Current trend on betting and online wagers likely to continue over Q2
- Gaming Machines wagers and margins should stabilise due to gradual replacement of AWP internal board (70% payout)
- Competition on betting retail likely to increase ahead of the betting tender
- Uncertainty **on timing of the betting tender**
- **Integration process** and merger with Cogemat should be completed by year-end
- **Outsourcing of SIS and Finscom** PoS will start gradually in 3Q 2016

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