

## Press Release

(Pursuant to Art. 114 par. 5 of Legislative Decree 58/1998)

**Snaitech FY 2017 results: back in profit (€ 27 million) with increased profitability  
(EBITDA of € 135.9 million) and strong cash generation (€ +56 mln)  
Steady growth of the Online wagers (+29.9%)**

### Main consolidated economic and financial data

- ❖ Total wagers of € 10.5 billion in 2017
- ❖ EBITDA of € 135.9 million, up by 5.9% compared to 2016 (increase of € 13.9 million net of PREU tax rate increase on Gaming Machines)
- ❖ 4Q EBITDA of € 50 million, up by € 19.3 million compared to the 4Q 2016
- ❖ Net Profit of € 27 million compared to a loss of € 17 million in 2016
- ❖ Net Financial Position of € 428.8 million, improved by more than € 52 million from 31 December 2016
- ❖ Leverage ratio (NFP/EBITDA) of 3.16x

Milan, 16 March 2018 – Snaitech S.p.A.'s Board of directors duly held today in Milan approved the draft of the financial statements and the consolidated report as of 31 December 2017, with revenues of Euro 889.6 million, an EBITDA of Euro 135.9 million, an EBIT of Euro 82.1 million and Net Consolidated Profit of Euro 27 million.

<<2017 represented a significant period for Snaitech>> stated Mr. Fabio Schiavolin, CEO, when commenting the approval of the draft of the financial statement. <<The Group has successfully finalized the merger with Cogetech by achieving synergies, ahead of schedule, for approximately Euro 20 million and, more importantly, establishing a unique and invaluable wealth of resources, know-how and technologies, which led to a Net Profit of Euro 27 million. I would remark how such performance, along with the strong cash generation of Euro 55 million and the increase of EBITDA to Euro 136 million, was achieved in an unfavourable regulatory framework for concessioners, owing to taxation increase on Gaming Machines, introduced last April, and more generally to the absence of homogeneous rules on Gambling applied by local authorities.

Snaitech's growth strategy in such a competitive arena is mainly focused on the following two drivers, well represented in 2017 annual reports: the growth of the Online business, which recorded an increase of wagers by 30% owing to a valuable brand and a unique services portfolio in Italy; the development of the proprietary platform Smart Technology® to rejuvenate our betting distribution network, with a total capex plan of more than Euro 20 million for the two-year period 2017-18>>.

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The following table shows the key performance indicators of the Consolidated Financial Statements:

Key consolidated performance indicators <i>Figures in million/Euro</i>	Year		Change		Fourth quarter		Change	
	2017	2016	€	%	2017	2016	€	%
Revenues	889,608	898,497	(8,889)	(1.0)	250,322	236,406	13,916	5.9
EBITDA	135,865	128,302	7,563	5.9	49,934	30,675	19,259	62.8
EBIT	82,094	50,724	31,370	61.8	39,816	1,481	38,335	>100
Profit/(loss) before tax	41,576	(35,643)	77,219	>100	30,113	(42,216)	72,329	>100
Net profit (loss)	27,010	(16,954)	43,964	>100	22,180	(9,417)	31,597	>100
Diluted profit/(loss) per share	0.14	(0.09)	0.23		0.12	(0.05)	0.17	

The EBITDA corresponds to the "Earnings Before Interest, Tax, Depreciation and Amortisation" indicated in the comprehensive income statement, adjusted for non-recurring costs and revenues and costs related to any bank guarantees and cost of personnel related to share-based remuneration (IRFS 2 charges). The EBIT refers to "Earnings before interest and taxes" indicated in the statement of comprehensive income. EBITDA and EBIT are considered alternative performance indicators, but are not measures defined on the basis of International Financial Reporting Standards ("IFRS"). Therefore, they must not be considered separately or as a replacement of other items of financial statement drafted according to the IFRS standards. These indicators must rather be used to supplement the results calculated according to IFRS in order to allow a better understanding of the operating performance of the Group. We believe that EBITDA and EBIT may be helpful indicators to explain changes in operating performance and may provide useful information on the company's ability to manage indebtedness. They are also widely used by analysts and investors in the gaming sector as performance indicators. EBITDA and EBIT must not be considered as an alternative to cash flows to measure liquidity. As defined, EBITDA and EBIT may not be comparable with the same indicators used by other companies. Please refer to pag. 5 for a detailed reconciliation.

The business performance of the Snaitech Group was characterized by the following key events:

- ❖ Total wagers of Euro 10,479 million driven by strong performance of the Online business both in the Sports Betting segment (+34.3%) and Online Games segment (+28.3%);
- ❖ Integration with Cogemat Group successfully completed with the achievement of significant efficiencies at operational level for the whole Snaitech Group;
- ❖ Progression with the plan to outsource the point of sales owned by SNAI Rete Italia ("SRI");
- ❖ Beginning of rejuvenation program of SNAI points of sales through the implementation of Smart Technology®.

## Wagers breakdown by business

Table below shows wagers for 2017 compared to the last year.

<i>Figures in million/Euro</i>			
SNAITECH	2017	2016	Change %
Sports Betting	746	732	1.9%
Horse Betting	184	213	-13.7%
Virtual Events	258	277	-6.6%
<b>Retail Betting</b>	1,189	1,222	-2.7%
AWPs	3,700	3,916	-5.5%
VLTs	3,447	3,560	-3.2%
<b>Gaming Machines</b>	7,148	7,476	-4.4%
Online Betting	434	323	34.3%
Games	1,180	920	28.3%
<b>Online</b>	1,614	1,243	29.9%
<b>TOTAL CONCESSIONS</b>	9,950	9,941	0.1%
Betting provider	448	477	-6.2%
Paymat	81	116	-30.2%
<b>SNAITECH GROUP</b>	10,479	10,534	-0.5%

Driven by the Online segment, Group wagers related to concessions in 2017 settled at Euro 10 billion, up by 0.1% compared to 2016.

Total wagers for the Group grew by Euro 10.5 billion, down by 0.5% compared to last year.

The following section provides with comments on the performance of each business unit. Market shares of Snaitech are based on publicly available industry data.

## **Retail Betting business**

Snaitech retail network for Sports Betting is widespread across the entire country and, as of December 31, 2017 it accounts for 1,638 points of sales (715 shops and 923 corners). Snaitech consolidates its market leadership in the Retail Betting with a market share of 19% and more specifically in the three following segments: 17.3% share in Sports Betting, 38.4% in Horserace Betting and 17.9% in Virtual Events.

In the Sports Betting segment, Snaitech wagers grew by 1.9% up to Euro 746 million from Euro 732 million in 2016, owing to the improvement of products offering and the rationalization of distribution network.

In 2017, fixed odds Sports Betting recorded a payout of 81.5% versus 83.5% in 2016.

Horserace Betting and Virtual Events collected lower wagers compared to 2016 and were respectively Euro 184 million (down by 13.7%) and Euro 258 million (down by 6.6%). It must be highlighted the trend reversal for the Virtual Events in the third and fourth quarters, when cumulative growth for the period was 5% compared 2016.

## **Gaming Machines business**

In the Gaming Machines segment, Snaitech is the second largest player with a market share of 14.5%. At the end of December 2017, the Group has 54,132 AWP rights deployed in 13,949 points of sales spread across the country as well as 10,378 rights for VLT, of which 9,929 are currently installed in 1,202 points of sales.

Wagers of the whole business decreased by 4.4%, compared to 2016, moving from Euro 7,476 million to Euro 7,148 million. This result was mainly due to tighter local regulations on distance from sensible premises and opening hours as well as to the lower AWP payout occurred in 2016 (from 74% to 70%). VLTs collected wagers for Euro 3,447 million (down by 3.2% compared to 2016) and AWP collected wagers for Euro 3,700 million (down by 5.5% compared to 2016).

The second half of the year saw the stabilization of AWP wagers, which were almost in line with 2016 level.

Furthermore, in the fourth quarter 2017 it was completed the reduction of VLTs payout, needed to offset the relevant tax rate increase, with important positive effects on revenues.

## **Online business**

In 2017 there was a progression in the development process of digital platforms: the Online business, which includes Online Betting and Online Games (Bingo, Cash and Tournament Skill Games, Casino Games and Slot), collected wagers for the Group of Euro 1,614 million compared to Euro 1,243 million (up by 29.9%).

The drivers of such growth, both in the Online Sports Betting (+34.3%) and the Online Games (+28.3%), were mainly related to the augmentation of products offering and the cross-selling initiatives implemented on retail channel. Notwithstanding a growing competitive pressure, the market share settled at 6.3%.

The payout level of the Online Sports Betting for 2017 was on average equal to 86.5% compared to 87.1% in 2016.

## **Revenues**

Total Group revenues decreased by 1%, down to Euro 889.6 million from Euro 898.5 million recorded in 2016. The causes of such decrease may be identified in the increase of PREU tax rate on Gaming Machines (effective from April 2017) and the lower wagers collected on Gaming Machines, partially offset by the increase of wagers collected on Online Betting and Online Games, a lower Sport Betting payout as well as by the positive impact of lower AWP and VLT payout on revenues.

The following table presents a breakdown of revenues by business unit, in order to provide a better comprehension of the business dynamics occurred in 2017.

*Figures in million/Euro*

SNAITECH	Year		Changes %
	2017	2016	
Retail Betting	176.5	173.4	1,8%
Gaming Machines	628.3	657.0	-4,4%
Online	65.2	50.4	29,6%
Horse tracks management	8.0	9.9	-19,7%
Others	21.9	24.1	-9,0%
ICE (Intercompany eliminations)	(10.3)	(16.3)	-36,4%
<b>SNAITECH GROUP</b>	<b>889.6</b>	<b>898.5</b>	<b>-1,0%</b>

## Margins, results and NFP

Notwithstanding the increase of tax rates on Gaming Machines, the Group EBITDA in 2017 grew by 5.9%, up to Euro 135.9 million compared to Euro 128.3 million in 2016. Such result was mainly due to the lower Sports Betting payout, the good performance of the Online business, the outsourcing of points of sales directly owned by SNAI Rete Italia and the achievement of relevant operational synergies in the Cogemat Group integration. The following tables set forth a comparison of key items of the Income statements and the calculation of EBITDA.

*Figures in million/Euro*

SNAITECH Consolidated Statement of Comprehensive Income	2017	2016	Changes %
Total Revenues	889.6	898.5	-1.0%
Operating Costs	(756.9)	(779.3)	-2.9%
<b>Earnings before interest, tax, depreciation and amortisation (Gross EBITDA)</b>	<b>132.7</b>	<b>119.2</b>	<b>11.3%</b>
Amortisation and depreciation	(50.5)	(57.4)	-12.0%
Other expenses related to provisions	(0.0)	(11.0)	>100%
<b>Earning before interest and tax (EBIT)</b>	<b>82.1</b>	<b>50.7</b>	<b>61.8%</b>
Financial income and costs	(40.5)	(86.4)	-53.1%
<b>Profit (loss) before tax</b>	<b>41.6</b>	<b>(35.6)</b>	<b>&gt;100%</b>
Tax	(14.6)	18.7	<100%
<b>Profit (loss) for the period</b>	<b>27.0</b>	<b>(17.0)</b>	<b>&gt;100%</b>

*Figures in thousand/Euro*

SNAITECH Group - EBITDA bridge	2017	2016	Changes %
<b>Earnings before interest and tax</b>	<b>82.1</b>	<b>50.7</b>	<b>61.8%</b>
+ Amortisation and depreciation	50.5	57.4	-12.0%
+ Other expenses related to provisions	0.0	11.0	>100%
<b>Gross EBITDA</b>	<b>132.7</b>	<b>119.2</b>	<b>11.3%</b>
+ Commissions on bank guarantees	6.5	6.1	6.4%
+ Share-based remuneration (IFRS 2 charges)	0.1	0.0	>100%
+ Non recurring costs (revenues)	(3.4)	3.1	<100%
<b>EBITDA</b>	<b>135.9</b>	<b>128.3</b>	<b>5.9%</b>

Net of the increase of PREU tax rates for AWP's and VLT's, the EBITDA in 2017 would have grown additionally by Euro 13.9 million (+11%) compared to 2016.

Group EBIT for 2017 was equal to Euro 82.1 million compared to Euro 50.7 million accounted in 2016.

Profit before taxes in 2017 was equal to Euro 41.6 million with a positive difference of Euro 77.2 million compared to 2016, due to a higher operational margin, lower level of depreciations and a significant reduction of financial interest costs, as the result of the bonds refinancing executed last November 2016.

Net Consolidated Profit was equal to Euro 27 million and improved by Euro 44 million compared the loss of Euro 17 million recorded in 2016.

The net financial indebtedness, as of 31 December 2017, totalled Euro 428.8 million and improved by Euro 52.1 million from year-end 2016.

Cash and cash equivalent were Euro 137.6 million, up by Euro 55.3 million compared to December 2016.

If net financial indebtedness included also the receivable from ADM related to security deposit paid in cash (Euro 35.7 million) and soon to be paid back to Snaitech, then the net financial indebtedness level would be approximately Euro 393 million (vs. Euro 443.5 million in 2016) with a subsequent reduction of leverage ratio below 2.9x.

## **Business Plan**

On March 9, 2018, Snaitech's Board of directors has approved the update of the Business Plan 2017-2019 by extending the maturity to year 2020, to reflect the new regulations introduced in the past few months affecting the gambling sector: increased tax rates on Gaming Machines, AWP's reduction by 35% in 2018 and a further postponement by one year of the betting tender.

In line with Business Plan 2017-2019, the guidelines of new Business Plan 2018-2020 still uphold the following drivers:

- ❖ Online business development by introducing new products, improving services and strengthening cross-selling activities performed on the retail channel;
- ❖ Renewal of betting licences for the retail network as well as technological rejuvenation of the points of sales, by the introduction of new self-service betting terminals;
- ❖ Evolution of the VLT platforms currently provided to the distribution network in the Gaming Machines segment as well as a more focused selection of gaming contents and local partners for AWP's;
- ❖ Finalization by the first half 2018 of the cost synergies plan implemented after the merger with Cogemat

With reference to the additional drivers provided in the Business Plan 2017-2019, it is confirmed that:

- ❖ The outsourcing of the points of sales owned by SNAI Rete Italia (SRI) is now completed;
- ❖ Based on 2017 results, the break-even on Net Profit is now achieved.

The Business Plan 2018-2020 still confirms the ca. 3% annual growth of wagers and the Leverage ratio reduction (Net Financial Position/EBITDA) down to 2.4x by 2019, and furthermore includes a target EBITDA above Euro 160 million in year 2020. The annual average level of capital expenditures (without the renewal of the betting licences) is forecasted in the range of Euro 25 – 30 million.

## **Snaitech S.p.A. results for 2017**

The parent company Snaitech S.p.A. generated revenues of Euro 879.9 million (inclusive of the effect of the merger with the Società Trenno S.r.l.), down by 0.15% compared to Euro 881.2 million in 2016. The EBITDA is equal to Euro 136.1 million (Euro 132.4 million in 2016), while the EBIT is positive by Euro 83 million (Euro 58.7 million in 2016).

The result for the year is positive and equal to Euro 21.7 million (Euro -18.5 million in 2016). The net financial indebtedness of Snaitech S.p.A. as of December 31, 2017 was equal to Euro 437.7 million compared to Euro 488.8 million at the end of 2016.

As a general reminder on the comparability of 2017 income statement with the previous year statement and the influence produced by the merger of Società Trenno S.r.l., effective from January 1, 2017: income statement for 2016 does not include the balances of the absorbed undertaking differently from 2017 statement, which includes balances for the whole year.

## **Other resolutions of the Board of directors**

The Board of directors has approved, pursuant to D.Lgs. no. 254/2016, the consolidated non-financial statement for the period ended on December 31, 2017, the report on corporate governance and the report on remuneration.

Furthermore, the Board of directors approved to call, in a single session, the general shareholders' meeting on April 23, 2018, and to propose and allocation of the profit of Euro 21,731,160.42 as follows:

- ❖ Euro 1,086,558.02 to the legal reserve;
- ❖ Euro 20,644,602.40 as profits carried forward.

The annual report, the independent auditor report and the statutory auditor report as well as the consolidated non-financial statement and associated auditing report, the corporate governance report and the remuneration report shall be made all available to the public, according to the provisions set forth by the relevant regulation.

## **Current Trading**

In the first two months of 2018, the Group collected wagers from activities under concession by Euro 1,657.1 million, almost in line with the same period of 2016.

The following wagers were collected from different business segments: Retail Sports Betting for Euro 189.9 million (-8.8%), Gaming Machines for Euro 1,166.1 million (-2.6%) and Online for Euro 301.3 million (+17.7%).

Wagers collected from Retail Sports Betting and Gaming Machines were mainly driven by the favourable payout level (for bookmakers) recorded over the last few months and the reduction of AWP's by 35%.

Such effects were almost offset by the growth of Online wagers.

The Sports Betting payout was 80.7% in the first two months, up by 5.2% compared to the same period in 2017.

*Pursuant to par. 2 of art. 154-bis of the Finance Act, the director in charge of the accounting reports, Mr. Chiaffredo Rinaudo, states that the accounting information disclosed in the press release matches with the accounting records and bookkeeping.*

## **For further information**

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**All press releases issued by Snaitech S.p.A. pursuant to article 114 of D. Lgs. no. 58 of 24 February 1998 and the related implementation regulations are also available on the company's website [www.snaitech.it](http://www.snaitech.it) and on storage system through website [www.emarketstorage.com](http://www.emarketstorage.com).**

Pursuant to the requirements of Consob communication ref. 10084105 of 13 October 2010, we report below the information concerning the Company and Snaitech Group.

## a) Net financial position of the Company and Snaitech Group

	Snaitech Group		Snaitech S.p.A.	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
a) Liquidity	137,592	82,338	136,364	77,398
b) Current financial receivables	0	0	7,932	9,592
c) Current bank debts	(136)	(141)	(136)	(136)
d) Current portion of long-term indebtedness	(479)	0	(479)	0
e) Current financial payables	(5,531)	(5,693)	(21,154)	(18,227)
<b>Net current financial indebtedness</b>	<b>131,446</b>	<b>76,504</b>	<b>122,527</b>	<b>68,627</b>
f) Non-current bank debts	(696)	0	(696)	0
g) Bonds issued	(559,385)	(557,115)	(559,385)	(557,115)
f) Other non-current financial receivables/payables	(163)	(299)	(163)	(299)
<b>Total net financial indebtedness</b>	<b>(428,798)</b>	<b>(480,910)</b>	<b>(437,717)</b>	<b>(488,787)</b>

*Figures in thousands of Euro*

Net financial position does not include restricted bank accounts and deposits of Euro 16,838 thousand (included in the item "Current financial assets"), the dedicated bank account of Euro 131 thousand (excluded for the Snaitech Group only) and other non-current financial assets of Euro 3,386 thousand.

## b) Overdue accounts payable of the Snaitech Group

Current liabilities	Balance as of 31.12.2017	o/w due on 31.12.2017
Financial payables	6,146	-
Trade payables	39,155	9,492
Tax payables	10,390	-
Payables to social security institutions	3,846	-
Other payables	143,371	-
	<b>202,908</b>	<b>9,462</b>

*Figures in thousand/Euro*

As of December 31, 2017 the amounts past due are Euro 9,492 thousand and relate to trade payables to suppliers of products and services; such amounts were mainly repaid after December 31, 2017. In certain cases, new payment dates have been agreed. To the present date, there is no claim raised by suppliers.

## c) Related Parties

Consob note n. 6064293 dated 28 July 2006 requires, in addition to the provisions of the international accounting standard "Related Party Disclosures" (IAS 24), to disclose information on any transaction or position held with related parties, following IAS 24 classification, which may affect income and financial position.

The table hereinafter shows a summary of such transactions and positions. The impact of any transaction on the income and cash flows of the Company and/or the Group must be read bearing in mind that any dealing with related parties is similar to other dealing currently in place with third parties.

Certain undertakings of Snaitech Group have relationships with Banca Monte dei Paschi di Siena S.p.A., Intesa San Paolo S.p.A., Poste Italiane, Banca, Unicredit S.p.A. and Banco BPM S.p.A, all of them potentially classifiable as related parties. However, such transactions were executed in the course of regular business, in the only interest of the Group and settled at market conditions.

Senior Secured Notes and Senior Revolving Facility are also backed by a pledge on Snaitech S.p.A. shares, issued by the majority shareholder of the Company. The pledge between Snaitech S.p.A. and the shareholder was approved with the favourable binding opinion of the Snaitech S.p.A. Related Party Committee.

The following table sets forth a summary of dealings between Snaitech group and related parties.

<i>Figures in thousand/Euro</i>	<b>31.12.2017</b>	<b>% Impact</b>	<b>31.12.2016</b>	<b>% Impact</b>
<b>Trade Receivables</b>				
- From companies related to directors of Snaitech S.p.A.	-	0.00%	1	0.00%
- From Global Games S.p.A.	32	0.03%	4	0.00%
	<b>32</b>	<b>0.03%</b>	<b>5</b>	<b>0.00%</b>
<b>Other Current Assets</b>				
- From Teseo S.r.l. in liquidation	-	0.00%	170	0.32%
	-	0.00%	<b>170</b>	<b>0.32%</b>
<b>Total Assets</b>	<b>32</b>	<b>0.03%</b>	<b>175</b>	<b>0.32%</b>
<b>Trade Payables</b>				
- To undertakings related to directors of Snaitech S.p.A.	2	0.01%	323	0.94%
- To undertakings related to statutory auditors of Snaitech S.p.A.	30	0.08%	-	0.00%
- To undertakings related to shareholders of Snaitech S.p.A.	-	0.00%	(1)	0.00%
	<b>32</b>	<b>0.09%</b>	<b>322</b>	<b>0.94%</b>
<b>Other Current Liabilities</b>				
- To undertakings related to directors of Snaitech S.p.A.	-	0.00%	4	0.00%
- To Global Games S.p.A.	16	0.01%	-	0.00%
- to Hippogroup Roma Capannelle S.p.A.	7	0.00%	-	0.00%
- To Teseo S.r.l. in liquidation	-	0.00%	383	0.25%
	<b>23</b>	<b>0.01%</b>	<b>387</b>	<b>0.25%</b>
<b>Total Liabilities</b>	<b>55</b>	<b>0.01%</b>	<b>709</b>	<b>0.09%</b>



The following table shows the impact of related party transactions on the statement of comprehensive income:

<i>Figures in thousand/Euro</i>	<b>2017</b>	<b>% Impact</b>	<b>2016</b>	<b>% Impact</b>
<b>Revenues from Services and Chargebacks</b>				
- From undertakings related to directors of Snaitech S.p.A.	57	0.01%	93	0.01%
	<b>57</b>	<b>0.01%</b>	<b>93</b>	<b>0.01%</b>
<b>Other Revenues</b>				
- From Global Games S.p.A.	13	0.24%	4	0.04%
	<b>13</b>	<b>0.24%</b>	<b>4</b>	<b>0.04%</b>
<b>Total Revenues</b>	<b>70</b>	<b>0.01%</b>	<b>97</b>	<b>0.01%</b>
<b>Costs for Services and Chargebacks</b>				
- From undertakings related to directors of Snaitech S.p.A.	6	0.00%	6	0.00%
- From undertakings related to statutory auditors of companies incorporated into Snaitech S.p.A.	-	0.00%	27	0.00%
- From undertakings related to shareholders of Snaitech S.p.A.	3	0.00%	-	0.00%
- From undertakings related to statutory auditors of Snaitech S.p.A.	84	0.01%	1	0.00%
- From directors of Teleippica S.r.l.	-	0.00%	27	0.00%
- From directors and undertakings related to Finscom S.r.l. (now SNAI Rete Italia S.r.l)	-	0.00%	45	0.01%
	<b>93</b>	<b>0.01%</b>	<b>106</b>	<b>0.01%</b>
<b>Costs of Seconded Personnel</b>				
- From undertakings related to directors of Snaitech S.p.A.	7	0.01%	-	0.00%
	<b>7</b>	<b>0.01%</b>	<b>-</b>	<b>0.00%</b>
<b>Other Operating Costs</b>				
- From undertakings related to directors of Snaitech S.p.A.	12	0.02%	14	0.03%
- From undertakings related to statutory auditors of companies incorporated into Snaitech S.p.A.	-	0.00%	2	0.00%
	<b>12</b>	<b>0.02%</b>	<b>16</b>	<b>0.03%</b>
<b>Total Costs</b>	<b>112</b>	<b>0.01%</b>	<b>122</b>	<b>0.02%</b>

Revenues from services and chargebacks and other income impacted the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) by 0.05% in 2017 (vs. 0.08% in 2016) while total revenues weighted on Profit (Loss) for 2017 by 0.26% (vs. 0.57% in 2016).

Cost of raw materials and consumables, services and charge backs and other operating costs affected the EBITDA by 0.08% in 2017 (vs. 0.10% in 2016) while total costs weighted on Profit (loss) by 0.41% (vs. 0.72% in 2016).

As of December 31, 2017 remuneration to executives with strategic roles was Euro 1,620 thousands, of which Euro 660 thousand related to base salary, Euro 220 thousand to the Chief Executive Officer and Euro 100 thousand related to extraordinary bonus and Euro 660 thousand related to variable compensation.

## Parent company Snaitech S.p.A.

The following tables contain a summary of transactions between the parent company Snaitech S.p.A. and related parties:

<i>Figures in thousand/Euro</i>	<b>31.12.2017</b>	<b>% Impact</b>	<b>31.12.2016</b>	<b>% Impact</b>
<b>Trade Receivables</b>				
- From Global Games S.p.A.	32	0.03%	4	0,00%
- From Società Trenno S.r.l.	-	0.00%	207	0,19%
- From Teleippica S.r.l.	43	0.04%	65	0,06%
<b>Total Trade Receivables</b>	<b>75</b>	<b>0.07%</b>	<b>276</b>	<b>0,25%</b>
<b>Other Current Assets</b>				
- From Teleippica S.r.l.	2,602	4.80%	2,380	4,39%
- From SNAI Rete Italia S.r.l.	19	0.04%	18	0,03%
- From Teseo S.r.l. in liquidation	-	0.00%	170	0,31%
<b>Total Other Current Assets</b>	<b>2,621</b>	<b>4.84%</b>	<b>2,568</b>	<b>4,73%</b>
<b>Current Financial Receivables</b>				
- From Società Trenno S.r.l.	-	0.00%	5,859	22,21%
- From SNAI Rete Italia S.r.l.	7,876	31.80%	3,733	14,15%
- From Snaitech Smart Technologies S.r.l.	56	0.23%	-	0,00%
<b>Total Current Financial receivables</b>	<b>7,932</b>	<b>32.03%</b>	<b>9,592</b>	<b>36,36%</b>
<b>Total Assets</b>	<b>10,628</b>	<b>1.12%</b>	<b>12,436</b>	<b>1,35%</b>
<b>Trade Payables</b>				
- To undertakings related to directors	2	0.01%	323	1,04%
- To Società Trenno S.r.l.	-	0.00%	134	0,43%
- To SNAI Rete Italia S.r.l.	44	0.12%	97	0,31%
- To Teleippica S.r.l.	306	0.82%	212	0,68%
- To undertakings related to statutory auditors	30	0.08%	-	0,00%
- To undertakings related to shareholders	-	0.00%	(1)	0,00%
<b>Total Trade Payables</b>	<b>382</b>	<b>1.03%</b>	<b>765</b>	<b>2,46%</b>
<b>Other Current Liabilities</b>				
- To Global Games S.p.A.	16	0.01%	-	0,00%
- To Società Trenno S.r.l.	-	0.00%	7,256	4,60%
- To SNAI Rete Italia S.r.l.	4,716	2.90%	3,350	2,12%
- To Teleippica S.r.l.	24	0.01%	23	0,01%
- To Hippogroup Roma Capannelle S.r.l.	7	0.00%	-	0,00%
- To Teseo S.r.l. in liquidation	-	0.00%	383	0,24%
- To undertakings related to shareholders	-	0.00%	4	0,00%
<b>Total Other Current Liabilities</b>	<b>4,763</b>	<b>2.92%</b>	<b>11,016</b>	<b>6,97%</b>
<b>Current Financial Payables</b>				
- To Teleippica S.r.l.	15,623	71.76%	12,533	68,26%
<b>Total Current Financial Payables</b>	<b>15,623</b>	<b>71.76%</b>	<b>12,533</b>	<b>68,26%</b>
<b>Total Liabilities</b>	<b>20,768</b>	<b>2.58%</b>	<b>24,314</b>	<b>3,04%</b>

The following table shows the items vis-à-vis related parties having an impact on the Income Statement:

<i>Figures in thousand/Euro</i>	<b>31.12.2017</b>	<b>% Impact</b>	<b>31.12.2016</b>	<b>% Impact</b>
<b>Revenues from Services and Chargebacks</b>				
- From undertakings related to directors	57	0.01%	93	0.01%
- From Società Trenno S.r.l.	-	0.00%	267	0.03%
- From SNAI Rete Italia S.r.l.	66	0.01%	131	0.02%
<b>Total Revenues from Services and Chargebacks</b>	<b>123</b>	<b>0.02%</b>	<b>491</b>	<b>0.06%</b>
<b>Other Revenues</b>				
- From Global Games S.p.A.	13	0.26%	4	0.04%
- From Società Trenno S.r.l.	-	0.00%	547	5.89%
- From SNAI Rete Italia S.r.l.	274	5.54%	50	0.54%
- From Teleippica S.r.l.	422	8.53%	533	5.74%
<b>Total Other Revenues</b>	<b>709</b>	<b>14.33%</b>	<b>1,134</b>	<b>12.21%</b>
<b>Interest Income</b>				
- From Società Trenno S.r.l.	-	0.00%	589	40.73%
- From SNAI Rete Italia S.r.l.	315	28.90%	186	12.86%
<b>Total Interest Income</b>	<b>315</b>	<b>28.90%</b>	<b>775</b>	<b>53.59%</b>
<b>Total Revenues</b>	<b>1,147</b>	<b>0.13%</b>	<b>2,400</b>	<b>0.27%</b>
<b>Costs for Services and Chargebacks</b>				
- From undertakings related to directors	6	0.00%	6	0.00%
- From Società Trenno S.r.l.	-	0.00%	366	0.06%
- From SNAI Rete Italia S.r.l.	7,036	1.08%	11,310	1.70%
- From Teleippica S.r.l.	2,525	0.39%	3,051	0.46%
- From undertakings related to statutory auditors of companies incorporated into Snaitech S.p.A.	-	0.00%	27	0.00%
- From undertakings related to statutory auditors	82	0.01%	1	0.00%
- From undertakings related to shareholders	1	0.00%	-	0.00%
<b>Total Costs for Services and Chargebacks</b>	<b>9,650</b>	<b>1.48%</b>	<b>14,761</b>	<b>2.22%</b>
<b>Costs of Seconded Personnel</b>				
- From undertakings related to directors	7	0.02%	-	0.00%
- From SNAI Rete Italia S.r.l.	13	0.03%	-	0.00%
<b>Total Costs of Seconded Personnel</b>	<b>20</b>	<b>0.05%</b>	<b>-</b>	<b>0.00%</b>
<b>Other Operating Costs</b>				
- From undertakings related to directors	12	0.02%	14	0.03%
- From undertakings related to statutory auditors of companies incorporated into Snaitech S.p.A.	-		2	0.00%
- From iZilove Foundation	30	0.06%	-	0.00%
- From Società Trenno S.r.l.	-	0.00%	2	0.00%
<b>Total Other Operating Costs</b>	<b>42</b>	<b>0.08%</b>	<b>18</b>	<b>0.03%</b>
<b>Interest Costs and Fees</b>				
- Interest costs to SNAI Rete Italia S.r.l.	-	0.00%	14	0.02%
- Interest costs to Teleippica S.r.l.	812	1.96%	879	1.00%
<b>Total Costs and Fees</b>	<b>812</b>	<b>1.96%</b>	<b>893</b>	<b>1.02%</b>
<b>Total Costs</b>	<b>10,524</b>	<b>1.33%</b>	<b>15,672</b>	<b>1.85%</b>

Revenues from services and chargebacks and other income impacted the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) by 0.63% in 2017 (vs. 1.31% in 2016) while total revenues weighted on Profit (Loss) for 2017 by 5.28% (vs. -13% in 2016).

Cost of raw materials and consumables, services and charge backs and other operating costs affected the EBITDA by 7.34% in 2017 (vs. 11.87% in 2016) while total costs weighted on Profit (loss) by 48.43% (vs. -84.86% in 2016).

As of December 31, 2017 remuneration to executives with strategic roles was Euro 1,620 thousands, of which Euro 660 thousand related to base salary, Euro 220 thousand to the Chief Executive Officer and Euro 100 thousand related to extraordinary bonus and Euro 660 thousand related to variable compensation.

## d) Progress of the debt restructuring plan and of Group development plans

The economical and financial health of the Snaitech Group has been historically affected by: (i) negative results, partially due to exogenous events and to a significant amount of depreciations and financial costs (ii) valuable intangible assets against a low equity amount affected by cumulated losses (iii) a significant indebtedness level and limited room to repay it further due to the cash-flow absorption from operating and financing activities.

Directors highlight that the great achievement of Group's net profit of Euro 27 million in 2017 is in line with the forecast of the business plan and is due to several factors, briefly mentioned hereinafter, which contributed to structurally improve the business performance.

In relation to the integration with the Cogemat Group, directors notice the benefits rising from such transaction: (i) share capital increase by Euro 37.2 million and more generally an increase of the equity level by Euro 140 million; (ii) improvement of financial ratios; (iii) consolidation of the leadership in the Retail Sports Betting and Gaming Machines market segments; (iv) rationalization of the corporate structure and the improvement of operational effectiveness; (v) synergies plan on operating, corporate and concession expenses, which produced a positive impact of approximately Euro 18 million at year-end.

As per the uncertainties reported in previous years and related to the ability of the Group to repay financial debts at maturity, or to refinance current debts, directors already highlighted, in the Annual Report for 2016, the benefits of the refinancing transaction executed on November 7, 2016, through the issuance of Euro 570 million bonds, with a fixed rate tranche of Euro 320 million (6.375% coupon, maturity 2021) and a floating rate tranche of Euro 250 million (three months Euribor floored at 0% plus a spread of 6%, maturity 2021): (i) significantly reduction of the financial costs born by Snaitech, with an annual savings (for 2017) of approximately Euro 17 million and (ii) reprofiling the debt maturity from 2018 to November 2021.

As per the risks associated with the renewal of Betting concessions expired on June 30, 2016, the uncertainty for the Group may arise from: (i) non-renewal of licenses with negative impact on lower cash inflows and margins as well as the inability to deal with financial indebtedness (ii) high amount required in the bidding process affecting the sustainability of Group indebtedness.

However, the aforementioned risks are mitigated by the bidding scheme, which allows bids for single right with different prices, thus removing entirely any risk of digital outcome typical of other tenders.

Furthermore, with reference to the betting tender, it is important to highlight that, according to the public data available from the market, the number of rights to be allotted with the tender is higher than the point of sales currently operating across the entire country: the distribution network, as per the latest ADM revelation on December 2017, has 4,197 corners and 5,533 shops (including 2,450 CTD "grey" operators now fully licensed) against respectively 5,000 and 10,000 rights available with the tender. In addition to the point of sales licensed by ADM, it must also be taken into account those agencies acting as data centre for transmission only (CTD), which collect bets on behalf of foreign bookmakers without any licence. These operators account for approximately 4,800 units, with more than 2,500 now fully authorised by ADM as of December 31, 2017. Even in the possible scenario where all the CTD are authorised and join the tender, the number of rights offered is likely to be higher than the potential demand. Even in such unlikely scenario, given the current level of requests to regularize, the possible amount to pay for the renewal should not negatively affect the sustainability of Group indebtedness.

The Group is able to fund with its own cash (more than Euro 137 million at year-end) the whole expenditure related to the betting tender renewal, without drawing the undrawn Euro 85 million RCF.

Finally, according to the Dpef for 2018, the tender is currently postponed to the last quarter of 2018 and, for the whole year 2018, it has been introduced a fee to renew the expired licences at a price of Euro 6,000 for shops and Euro 3,500 for corners.

On this basis, directors deem any risk of non-renewal to be minimal with limited, if none, impact on the company's ability to produce sufficient cash flows to run its business.

Given the refinancing transaction executed, the financial results achieved and the aforementioned considerations as well as the Business Plan indications for 2018-2020, directors do not foresee any uncertainty on going concern, notwithstanding the uncertainty related to future events and specific features of the industry.

## **e) Financial covenants**

As with other similar loans, the outstanding loan agreements (revolving credit line and bonds) envisage a number of obligations for the Snaitech Group.

More specifically, the Company is required to undertake commitments aimed at safeguarding the credit position of the financing entities, such as: restrictions on dividends distribution until expiration of bonds, restrictions on the early repayment of bonds, restrictions on new financial indebtedness, new specific investments and disposal of corporate assets and properties. Some events of default are also specified, upon which lenders may request early repayment in whole or in part of the loans.

According to the Senior Revolving loan facility, Snaitech S.p.A. agreed to send, on a quarterly basis, a Compliance Certificate stating the absence of any event of default in the relevant period. The Compliance Certificate for the annual report, in addition to the above statements, includes also the Guarantor Coverage Test to reinsure that the total EBITDA of all the guarantor companies is equal or above the 80% of the consolidated EBITDA. As of 31 December 2017, such Guarantor Coverage Test is matched. As of 31 December 2017, the Compliance Certificate includes also the Total Net Leverage indicator representing the ratio needed to fix the margin of the facility. Financial documentation does not envisage Maintenance Covenants, which would require the Company and the Group to comply constantly with certain financial parameters in order not to early repay the loans.

Finally, according to the Senior Revolving credit facility and bonds, the Group is obliged to provide periodically its lenders with financial and income statements.

## **f) Progress of the business plan**

On March 9, 2018, Snaitech's Board of directors approved the update of the Business Plan 2017-2019 by extending the maturity to year 2020, to reflect the new regulations introduced in the past few months affecting the gambling sector: increased tax rates on Gaming Machines, AWP's reduction by 35% in 2018 and a further postponement by one year of the betting tender.

The strategic goal of the Group is to consolidate its market leadership in the Retail Betting segment and to improve market share in the Online segment. Following the merger with Cogemat Group and the relevant synergies achieved, the Group may now rely on a product portfolio, technological platforms and relevant skills needed to cover a leading position also in the Gaming Machines business.

In line with Business Plan 2017-2019, the guidelines of new Business Plan 2018-2020 still uphold the following drivers:

- ❖ Online business development by introducing new products, improving services and strengthening cross-selling activities performed on the retail channel;
- ❖ Renewal of betting licences for the retail network as well as technological rejuvenation of the points of sales, by the introduction of new self-service betting terminals;
- ❖ Evolution of the VLT platforms currently provided to the distribution network in the Gaming Machines segment as well as a more focused selection of gaming contents and local partners for AWP's;
- ❖ Finalization by the first half 2018 of the cost synergies plan implemented after the merger with Cogemat.

With reference to the additional drivers provided in the Business Plan 2017-2019, it is confirmed that:

- ❖ The outsourcing of the points of sales owned by SNAI Rete Italia (SRI) is now completed;
- Based on 2017 results, the break-even on Net Profit is now achieved.

Among the new regulations included in the Business Plan 2018-20, it is worth mentioning the following:

- ❖ The corrective measure on public account contained on D.L. of 24 April 2017 and subsequently converted into Law no. 96 of 21 June 2017, envisaged the increase of PREU tax rates for AWP (from 17.5% to 19%) and VLTs (from 5.5% to 6%);
- ❖ Law no. 96 of 21 June 2017 restated all the measures of D.L. of 24 April 2017 and set additional provisions on timing of the AWP reduction by 35%, as already enforced by the Stability Law 2016. Specifically, by 31 December 2017 the numbers of paper-based licenses should be lower than 345 thousand and by 30 April 2018 they should be lower than 265 thousand;
- ❖ The agreement reached at the Joint-Congress between central and local government (Conferenza Unificata) set several guidelines to promote a single national legal framework to rule points of sales. However, several regional laws approved thereafter (Piedmont region was the first one) threatened the agreement signed as they effectively took an opposite direction. Directors will constantly monitor the evolution of the regional regulations to assess any impact on the assumptions of the plan;
- ❖ According to the Economic and Financial Document of 2018, the tender is currently postponed to the last quarter of 2018 and, for the whole year 2018, it has been introduced a fee to renew the expired licences at a price of Euro 6,000 for shops and Euro 3,500 for corners.

The Business Plan 2018-2020 still confirms the ca. 3% annual growth of wagers and the Leverage ratio reduction (Net Financial Position/EBITDA) down to 2.4x by 2019, and furthermore includes a target EBITDA above Euro 160 million in year 2020. The annual average level of capital expenditures (without the renewal of the betting licences) is forecasted in the range of Euro 25 – 30 million.

## **Annex**

### **Snaitech Group**

Consolidated Statement of Comprehensive Income as of 31 December 2017

Consolidated Statement of Financial Position as of 31 December 2017

Consolidated Cash Flow Statement as of 31 December 2017

### **Snaitech S.p.A.**

Statement of Comprehensive Income as of 31 December 2017

Statement of Financial Position as of 31 December 2017

Cash Flow Statement as of 31 December 2017

## Snaitech Group - Consolidated Statement of Comprehensive Income as of 31 December 2017

<i>Figures in thousand/Euro</i>	Full year	
	2017	2016
Revenues from sales and services	884,213	889,064
Other revenues and income	5,395	9,433
Change in inventory of finished and semi-finished products	0	1
Raw materials and consumables	(761)	(683)
Cost of services and third party assets	(654,911)	(666,390)
Costs of personnel	(51,311)	(59,311)
Other operating costs	(50,719)	(54,779)
Capitalised costs	765	1,825
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>132,671</b>	<b>119,160</b>
Amortisation and depreciation	(50,533)	(57,400)
Other expenses related to provisions	(44)	(11,036)
<b>Earnings before interest and taxes</b>	<b>82,094</b>	<b>50,724</b>
Gains and expenses from shareholdings	(586)	4
Financial income	784	686
Financial costs	(40,716)	(87,057)
<b>Total financial income and expenses</b>	<b>(40,518)</b>	<b>(86,367)</b>
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>41,576</b>	<b>(35,643)</b>
Income tax	(14,566)	18,689
<b>Profit/(Loss) for the period</b>	<b>27,010</b>	<b>(16,954)</b>
(Loss)/profit from re-measurement on defined benefit plans after taxes	69	(178)
<b>Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes</b>	<b>69</b>	<b>(178)</b>
Profit/(Loss) from available-for-sale financial assets	0	17
<b>Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes</b>	<b>0</b>	<b>17</b>
<b>Total profit/(loss) in comprehensive income statement, after taxes</b>	<b>69</b>	<b>(161)</b>
<b>Comprehensive profit (loss) for the period</b>	<b>27,079</b>	<b>(17,115)</b>
<i>Attributable to:</i>		
Profit (loss) for the period pertaining to the Group	27,010	(16,954)
Profit (loss) for the period pertaining to Third parties	0	0
Total profit (loss) for the period pertaining to the Group	27,079	(17,115)
Total profit (loss) for the period pertaining to Third Parties	0	0
Basic earnings (loss) per share in Euro	0.14	(0.09)
Diluted earnings (loss) per share in Euro	0.14	(0.09)



## Snaitech Group - Consolidated Statement of Financial Position as of 31 December 2017

<i>Figures in thousand/Euro</i>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	132,086	135,273
Assets held under financial leases	281	420
<b>Total property, plant and equipment</b>	<b>132,367</b>	<b>135,693</b>
Goodwill	310,027	306,472
Other intangible assets	116,592	140,920
<b>Total intangible assets</b>	<b>426,619</b>	<b>447,392</b>
Investments measured using the equity method	1,477	2,515
Investments in other companies	443	46
<b>Total investments</b>	<b>1,920</b>	<b>2,561</b>
Deferred tax assets	39,251	51,288
Non-current trade receivables	8,622	2,314
Other non-financial assets	1,473	1,216
Financial assets	3,386	2,009
<b>Total non-current assets</b>	<b>613,638</b>	<b>642,473</b>
<b>Current assets</b>		
Inventories	205	199
Trade receivables	113,297	114,548
Other assets	52,965	53,326
Current financial assets	16,970	16,858
Cash and cash equivalents	137,591	82,337
<b>Total current assets</b>	<b>321,028</b>	<b>267,268</b>
<b>TOTAL ASSETS</b>	<b>934,666</b>	<b>909,741</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity attributable to equity holders of the Parent Company</b>		
Share capital	97,982	97,982
Reserves	20,597	37,482
Loss for the period	27,010	(16,954)
<b>Total shareholders' equity attributable to equity holders of the Parent Company</b>	<b>145,589</b>	<b>118,510</b>
Shareholders' equity attributable to non-controlling interests		
<b>Total shareholders' equity</b>	<b>145,589</b>	<b>118,510</b>
<b>Non-current liabilities</b>		
Employee termination indemnities	6,762	8,089
Non-current financial liabilities	560,244	557,414
Provisions for risks and charges	13,711	30,171
Other non-current liabilities	4,023	4,291
<b>Total non-current liabilities</b>	<b>584,740</b>	<b>599,965</b>
<b>Current liabilities</b>		
Trade payables	39,155	34,276
Other liabilities	159,036	151,156
Current financial liabilities	5,667	5,834
Current portion of long-term loans	479	0
<b>Total current financial liabilities</b>	<b>6,146</b>	<b>5,834</b>
<b>Total current liabilities</b>	<b>204,337</b>	<b>191,266</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>934,666</b>	<b>909,741</b>

## Snaitech Group - Consolidated Cash Flow Statement as of 31 December 2017

<i>Figures in thousand/Euro</i>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (loss) for the period attributable to equity holders of the Parent Company	27,010	(16,954)
Financial expenses	40,716	87,057
Amortisation and depreciation	50,533	57,400
Net change in deferred tax assets and liabilities	12,015	(21,896)
Change in provision for risks and charges	(16,460)	3,054
(Gains)/loss on disposal of non-current assets (including shareholdings)	(680)	560
Share of profit/(losses) of associates measured using the equity method	641	(4)
Net change in employee termination indemnities	(1,236)	(797)
Net change in non-current assets and liabilities	(6,453)	(2,199)
Net change in current trade assets and liabilities and other changes	16,357	(12,005)
<b>Cash and cash equivalents generated by operations</b>	<b>122,443</b>	<b>94,216</b>
Taxes paid	(2,831)	(1,946)
Interest paid	(35,658)	(51,275)
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>83,954</b>	<b>40,995</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in property, plant and equipment	(15,856)	(11,400)
Investments in intangible assets	(5,848)	(10,452)
Acquisition of business units	(4,228)	0
Proceeds from the sale of property, plant and equipment, intangible and other non-current assets	637	450
<b>CASH FLOW USED IN INVESTING ACTIVITIES (B)</b>	<b>(25,295)</b>	<b>(21,402)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Change in financial receivables and other financial assets	(1,489)	4,355
Change in financial liabilities	(3,091)	(16,314)
Repayment of bonds	0	(590,000)
Issuance of bonds	0	557,115
Proceeds from bank loans	1,450	0
Repayment of bank loans	(275)	0
<b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C)</b>	<b>(3,405)</b>	<b>(44,844)</b>
<b>D. CASH FLOWS FROM DISCONTINUED ASSETS/ASSETS HELD FOR SALE (D)</b>		
<b>E. TOTAL CASH FLOW (A+B+C+D)</b>	<b>55,254</b>	<b>(25,251)</b>
<b>F. INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)</b>	<b>82,337</b>	<b>107,588</b>
<b>G. NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON LIQUIDITY</b>		
<b>H. FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G)</b>	<b>137,591</b>	<b>82,337</b>

## Snaitech S.p.A. - Statement of Comprehensive Income as of 31 December 2017

<i>Figures in thousand/Euro</i>	<b>Full year 2017</b>	<b>Full year 2016</b>
Revenues from sales and services	874,901	871,932
Other revenues and income	4,949	9,292
Change in inventory of finished and semi-finished products	0	1
Raw materials and consumables	(737)	(489)
Cost of services and third party assets	(654,355)	(663,674)
Costs of personnel	(43,286)	(41,221)
Other operating costs	(49,882)	(53,148)
Capitalised costs	765	1,825
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>132,355</b>	<b>124,518</b>
Amortisation and depreciation	(49,058)	(55,566)
Other expenses related to provisions	(276)	(10,277)
<b>Earnings before interest and taxes</b>	<b>83,021</b>	<b>58,675</b>
Gains and expenses from shareholdings	(6,242)	(7,077)
Financial income	1,090	1,446
Financial costs	(41,450)	(87,802)
<b>Total financial income and expenses</b>	<b>(46,602)</b>	<b>(93,433)</b>
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>36,419</b>	<b>(34,758)</b>
Income tax	(14,688)	16,290
<b>Profit/(Loss) for the period</b>	<b>21,731</b>	<b>(18,468)</b>
(Loss)/profit from re-measurement on defined benefit plans after taxes	65	(180)
<b>Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes</b>	<b>65</b>	<b>(180)</b>
Profit/(Loss) from cash flow hedges	0	0
Profit/(Loss) from available-for-sale financial assets	0	0
<b>Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes</b>	<b>0</b>	<b>0</b>
<b>Total profit/(loss) in comprehensive income statement, after taxes</b>	<b>65</b>	<b>(180)</b>
<b>Comprehensive profit (loss) for the period</b>	<b>21,796</b>	<b>(18,648)</b>

## Snaitech S.p.A. - Statement of Financial Position as of 31 December 2017

<i>Figures in thousand/Euro</i>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	129,472	130,537
Assets held under financial leases	281	420
<b>Total property, plant and equipment</b>	<b>129,753</b>	<b>130,957</b>
Goodwill	306,365	302,809
Other intangible assets	116,566	140,846
<b>Total intangible assets</b>	<b>422,931</b>	<b>443,655</b>
Investments measured using the equity method	13,208	20,072
Investments in other companies	695	46
<b>Total investments</b>	<b>13,903</b>	<b>20,118</b>
Deferred tax assets	38,887	49,660
Non-current trade receivables	8,622	2,314
Other non-financial assets	549	624
Financial assets	3,386	2,009
<b>Total non-current assets</b>	<b>618,031</b>	<b>649,337</b>
<b>Current assets</b>		
Inventories	205	170
Trade receivables	111,676	111,450
Other assets	54,166	54,189
Current financial assets	24,771	26,378
Cash and cash equivalents	136,363	77,397
<b>Total current assets</b>	<b>327,181</b>	<b>269,584</b>
<b>TOTAL ASSETS</b>	<b>945,212</b>	<b>918,921</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity attributable to equity holders of the Parent Company</b>		
Share capital	97,982	97,982
Reserves	21,604	40,190
Loss for the period	21,731	(18,468)
<b>Total shareholders' equity attributable to equity holders of the Parent Company</b>	<b>141,317</b>	<b>119,704</b>
<b>Non-current liabilities</b>		
Employee termination indemnities	5,717	4,831
Non-current financial liabilities	560,244	557,414
Provisions for risks and charges	12,211	26,177
Other non-current liabilities	4,023	3,577
<b>Total non-current liabilities</b>	<b>582,195</b>	<b>591,999</b>
<b>Current liabilities</b>		
Trade payables	37,448	31,061
Other liabilities	162,483	157,795
Current financial liabilities	21,290	18,362
Current portion of long-term loans	479	0
<b>Total current financial liabilities</b>	<b>21,769</b>	<b>18,362</b>
<b>Total current liabilities</b>	<b>221,700</b>	<b>207,218</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>945,212</b>	<b>918,921</b>

## Snaitech S.p.A. - Cash Flow Statement as of 31 December 2017

<i>Figures in thousand/Euro</i>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (loss) for the period attributable to equity holders of the Parent Company	21,731	(18,468)
Financial expenses	41,450	87,802
Amortisation and depreciation	49,058	55,566
Impairments and losses on shareholdings	6,242	13,815
Net change in deferred tax assets and liabilities	11,487	(21,581)
Change in provision for risks and charges	(14,192)	(4,109)
(Gains)/loss on disposal of non-current assets (including shareholdings)	184	513
Net change in employee termination indemnities	(595)	(216)
Net change in non-current assets and liabilities	(5,777)	(1,813)
Net change in current trade assets and liabilities and other changes	18,473	(2,414)
<b>Cash and cash equivalents generated by operations</b>	<b>128,061</b>	<b>109,095</b>
Taxes paid	(2,787)	(1,944)
Interest paid	(36,470)	(52,168)
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>88,804</b>	<b>54,983</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in property, plant and equipment	(15,172)	(9,641)
Investments in intangible assets	(5,848)	(10,452)
Acquisition of business units	(4,228)	0
Payments to cover losses incurred on shareholdings	(2,135)	(14,481)
Purchase of shareholdings	(10)	0
Proceeds from the sale of property, plant and equipment, intangible and other non-current assets	316	323
<b>CASH FLOW USED IN INVESTING ACTIVITIES (B)</b>	<b>(27,077)</b>	<b>(34,251)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Change in financial receivables and other financial assets	(6,804)	3,707
Change in financial liabilities	1,257	(14,137)
Repayment of bonds	0	(590,000)
Issuance of bonds	0	557,115
Proceeds from bank loans	1,450	0
Repayment of bank loans	(275)	0
Cash and cash equivalents from merger	1,611	46,002
<b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C)</b>	<b>(2,761)</b>	<b>2,687</b>
<b>D. CASH FLOWS FROM DISCONTINUED ASSETS/ASSETS HELD FOR SALE (D)</b>		
	<b>0</b>	<b>0</b>
<b>E. TOTAL CASH FLOW (A+B+C+D)</b>	<b>58,966</b>	<b>23,419</b>
<b>F. INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)</b>	<b>77,397</b>	<b>53,978</b>
<b>G. NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON LIQUIDITY</b>	<b>0</b>	<b>0</b>
<b>H. FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G)</b>	<b>136,363</b>	<b>77,397</b>