

Press Release

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

Preliminary financial information for fiscal year 2017 Net Profit of 27 mln € and EBITDA of 135.9 mln €

- ❖ The Board of directors has reviewed the key preliminary financial information for fiscal year 2017 and approved the Business Plan update for 2020
- ❖ Preliminary economic data for 2017:
 - EBITDA of Euro 135.9 mln, up by 6% compared to 2016
 - Net Profit of Euro 27.0 mln (vs. a loss of Euro 17.0 mln in 2016)
- ❖ The new Business Plan 2018-2020 forecasts ca. 3% annual growth of wagers and a target EBITDA above Euro 160 mln in 2020

Milan, 9 March 2018 – Snaitech S.p.A.'s Board of directors, duly held today in Milan, has reviewed the preliminary consolidated financial information for fiscal year 2017, still subject to further legal auditing, and has subsequently approved the updated Business Plan now extended to 2020.

The preliminary key consolidated economic data for 2017 shows total wagers in line with 2016 up to Euro 10.5 billion, EBITDA of Euro 135.9 million (vs. Euro 128.3 mln in 2016) and a Net Profit of Euro 27 million compared to a loss of Euro 17 million recorded in 2016. Net Financial position at year-end was equal to Euro 428.8 million, improved by Euro 52 million from 2016.

Snaitech's Board of directors has subsequently 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.

The next Board of directors is scheduled on 16 March to approve the draft Annual Report for 2017, as per the calendar of corporate events previously released.



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 EBITDA Adj corresponds to the EBITDA adjusted to take into account any expense related to bad or doubtful debts. The EBIT refers to "Earnings before interest and taxes" indicated in the statement of comprehensive income. EBITDA, EBITDA Adj 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, EBITDA Adj 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, EBITDA Adj and EBIT must not be considered as an alternative to cash flows to measure liquidity. As defined, EBITDA, EBITDA Adj and EBIT may not be comparable with the same indicators used by other companies.

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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