

## Press Release

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

# SNAI Group – Results as at 30 June 2015

## Main consolidated economic and financial data

- **Net profit 0,3 million vs a net loss of 7,0 million in the first half of 2014**
- **Total revenues, in the amount of Euro 282.8 million, compared to Euro 263.7 million in the first half of 2014**
- **EBITDA, in the amount of Euro 39.6 million compared to Euro 54.8 million in the first half of 2014**
- **Net financial position of Euro -392.6 million**

Milan, 30 July 2015 – The Board of Directors of SNAI S.p.A., in its meeting which took place in Milan, under the chairmanship of Gabriele Del Torchio, approved the SNAI Group half-yearly financial report as at 30 June 2015, which reports revenues of Euro 282.8 million and EBITDA of Euro 39.6 million.

Main consolidated economic data	Half-year I 2015	Half-year I 2014	Diff. %
<b>Revenues</b>	282.8	263.7	7.3
<b>EBITDA</b>	39.6	54.8	(27.8)
<b>EBITDA Adj</b>	40.4	56.8	(28.9)
<b>EBIT</b>	33.5	23.3	43.5
<b>Profit/(loss) before taxes</b>	6.0	(7.3)	>100
<b>Result pertaining to the Group</b>	0.3	(7.0)	>100
<b>Basic/diluted earnings per share</b>	0.00	(0.06)	(100.0)

the figures are expressed in millions of Euro

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 determined for operational purposes. The EBITDA Adj corresponds to the Current portion of the provision for 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") and may, therefore, fail to take into account the requisites imposed under IFRS in terms of determination, valuation and presentation. We are of the view that EBITDA, EBITDA Adj and EBIT are helpful to explain changes in operating performance and provide useful information on the capacity to manage indebtedness and are commonly used by analysts and investors in the gaming sector as performance indicators. EBITDA, EBITDA Adj and EBIT must not be considered alternative to cash flows as a measure of liquidity. As defined, EBITDA, EBITDA Adj and EBIT may not be comparable with the same indicators used by other companies.

Total revenues for the Group increased by around 7.3%, from Euro 263.7 million in the first half of 2014 to Euro 282.8 million in the first half of 2015. Revenues from sales and services amounted to Euro 254.2 million in the first half of 2015, compared to Euro 263.3 million in the first half of 2014, with a 3.4% decrease to be attributed to the combined effect of the increased revenues from the Gaming Machines segment (AWPs and VLTs) and Società Trenno S.r.l., offset by the decrease in revenues from sports betting, decreased with respect to the first half of the previous year, primarily due to a particularly high payout which stood at 82.2% against 78.3% reported in the first half of 2014. The data reported outline a better result in 2014 compared to the historical average and a particularly unfavourable result in 2015 (albeit in the presence of an estimated better performance with respect to the market average). The above is to be added to lower wagers, also due to some issues, connected with a portion of the distribution network that brought to temporary closure of a number of POS but which is currently underway for a positive solution.

Other revenue and income increased from Euro 0.4 million in the first half of 2014 to Euro 28.6 million in the first half of 2015, up by Euro 27.5 million due to the amicable settlement of the dispute between SNAI S.p.A. on the one side, and



Barcrest Group Limited, The Global Draw Limited and their parent company Scientific Games Corporation on the other side.

Revenues from AWP's increased due to the higher number of operating gaming machines and a higher average coin-in, while for VLT's, the reported increase is mainly due to the reallocation and upgrading of gaming terminals implemented during the year and continued in the half-year, as well as to the decreased payout of games (-0.6% compared to the same period of the previous year).

The betting on virtual events had a significant impact, generating a direct collection of Euro 131.3 million and revenues of Euro 17.6 million against wagers of Euro 182.2 million and revenues of Euro 22.1 million in the same period last year. The Group EBITDA in the first half of 2015 amounted to Euro 39.6 million, compared to Euro 54.8 million in the first half of 2014, with 27.8% decrease mainly related to the payout on sports bets (especially the performance of the first quarter). Q2 Ebitda performance is higher by some 5,4% as compared to Q2 2014 performance.

In the first half of 2015, a positive effect is reported in relation to non-recurring costs and revenues, which amounted to Euro 22.4 million, against costs totalling Euro 1.7 million incurred in the same period of the previous year. It is worth noting that non-recurring revenues, amounting to Euro 27.5 million, were related to the above-mentioned transaction. Group EBIT in the first half of 2015 was Euro 33.5 million as compared to Euro 23.3 million in the first half last year.

The Group's result before taxes for the first half of 2015 was Euro 6 million as compared to a loss of Euro 7.3 million in the first half last year.

The net profit pertaining to the Group for the first half of 2015 was equal to Euro 0.3 million, as compared to a loss of Euro 7 million in the first half of 2014.

The net financial indebtedness of the SNAI Group as of 30 June 2015 was equal to Euro 392.6 million, as compared to Euro 419.1 million at the end of 2014. The Euro 26.5 decrease is also due to the positive contribution from the above-mentioned transaction.

We continued to carry on the actions needed for the integration of Cogemat/Cogetech Group into Snai Group's activities and , at the moment as reported in other press releases , these are in line with planning.

Milan, 30 July 2015

*The director in charge of the preparation of the corporate accounting documents, Mr. Marco Codella, declares, pursuant to paragraph 2 Art. 154-bis of the Finance Act, that the accounting information contained in this press release corresponds to documented results, the bookkeeping and accounting records.*

#### **External relations and press office**

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**All press releases issued by SNAI S.p.A. pursuant to article 114 of Legislative Decree no. 58 of 24 February 1998 and the related implementation regulations are also available on the company's web site [www.snai.it](http://www.snai.it) and on the authorised "NIS-Storage" storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com).**

Pursuant to requirements of CONSOB communication ref. 10084105, dated 13 October 2010, we present below the information concerning the SNAI companies and Group.

**a) Net financial position of the Company and SNAI Group**

	SNAI GROUP		SNAI SPA	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
a) Liquidity	75,972	68,630	73,627	66,922
b) Current financial receivables	0	0	8,031	2,615
c) Current bank debts	(38)	(40)	(38)	(40)
d) Current portion of long-term indebtedness	0	(19,552)	0	(19,552)
e) Current financial payables	(2,686)	(3,331)	(10,051)	(8,263)
<b>Net current financial indebtedness</b>	<b>73,248</b>	<b>45,707</b>	<b>71,569</b>	<b>41,682</b>
f) Non-current bank debts	0	0	0	0
g) Bonds issued	(464,986)	(463,561)	(464,986)	(463,561)
f) Other non-current financial receivables/payables	(856)	(1,208)	(856)	(1,208)
<b>Total net financial indebtedness</b>	<b>(392,594)</b>	<b>(419,062)</b>	<b>(394,273)</b>	<b>(423,087)</b>

the figures are expressed in thousands of Euro

**b) Overdue accounts payable of the SNAI Group**

Current liabilities	Balance as of 30.06.2015	of which due on 30.06.2015
Financial payables	2,724	-
Trade payables	26,140	5,884
Tax payables	22,728	-
Payables to social security institutions	3,345	470
Other payables	91,189	59
	<b>46,126</b>	<b>6,413</b>

The figures are expressed in thousands of Euro

The amounts due as of 30 June 2015, equal to Euro 6,413 thousand, related to:

- trade payables (Euro 5,884 thousand), related to the normal transactions with suppliers of services and materials; these amounts have been mostly paid after 30 June 2015. In certain cases, a new due date has been set;
- payables to social security institutions (Euro 470 thousand), related to the social contributions not paid by the subsidiary Finscom S.r.l..

**c) Related Parties**

The Consob Notice 6064293 of 28 July 2006 requires that, in addition to the disclosures required by IAS (International Accounting Standard) 24: "Related Party Disclosures", disclosures are provided on the impact on the earnings, net worth and financial position of the transactions or positions with related parties as classified by IAS 24.

The following table shows these impacts. The impact that transactions have upon the income statement and cash flows of the Company and/or the Group must be analysed bearing in mind that the principal dealings with related parties are identical to equivalent contracts in place with third parties.

Certain SNAI Group companies have accounts with Banca MPS, Intesa San Paolo, Poste Italiane and Banco Popolare Società Cooperativa, which may be considered related parties in that they are companies in which SNAI S.p.A. shareholders have equity interests.

Such transactions are considered to be in the interest of the Group, are part of the ordinary course of business and are subject to the terms and conditions of the market.

It should be noted that the Senior Secured Notes and the Senior Revolving Facility are also backed by a pledge on SNAI shares, issued by a majority shareholder of the Company. The related security agreement between SNAI S.p.A. and the majority shareholder was submitted to the favourable binding opinion by the SNAI Related Party Committee.

The following table sets forth a summary of dealings between the SNAI group and related parties:

thousands of Euro	30.06.2015	% Impact	31.12.2014	% Impact
<b>Other current assets:</b>				
- from Alfea S.p.A.	-	0.00%	1	0.00%
	-	<b>0.00%</b>	<b>1</b>	<b>0.00%</b>
<b>Total Assets</b>	-	<b>0.00%</b>	<b>1</b>	<b>0.00%</b>
<b>Trade payables:</b>				
- to companies related to directors of SNAI S.p.A.	3	0.01%	15	0.05%
- to Connex S.r.l. in liquidation	-	0.00%	186	0.57%
	<b>3</b>	<b>0.01%</b>	<b>201</b>	<b>0.62%</b>
<b>Other current liabilities:</b>				
- to directors of Teleippica S.r.l.	-	0.00%	1	0.00%
- to Global Games S.p.A.	2	0.00%	-	0.00%
- to Teseo S.r.l. in liquidation	383	0.32%	483	0.53%
	<b>385</b>	<b>0.32%</b>	<b>484</b>	<b>0.53%</b>
<b>Total Liabilities</b>	<b>388</b>	<b>0.06%</b>	<b>685</b>	<b>0.10%</b>

Assets are stated net of the related provision.

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

#### Half-year I 2015

thousands of Euro	Half-year I 2015	% Impact	Half-year I 2014	% Impact
<b>Revenues from services and chargebacks:</b>				
- from Companies related to directors of SNAI S.p.A.	2	0.00%	-	0.00%
	<b>2</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>
<b>Other revenues</b>				
- from Companies related to directors of SNAI S.p.A.	-	0.00%	1	0.25%
- from Global Games S.p.A.	2	0.01%	3	0.76%
	<b>2</b>	<b>0.01%</b>	<b>4</b>	<b>1.01%</b>
<b>Total revenues</b>	<b>4</b>	<b>0.00%</b>	<b>4</b>	<b>1.01%</b>
<b>Costs for services and chargebacks:</b>				
- from Companies related to directors of SNAI S.p.A.	4	0.00%	2	0.00%
- from directors of Teleippica S.r.l.	42	0.02%	41	0.02%

- from directors and Companies related to Finscom S.r.l.	39	0.02%	-	0.00%
- from Connex S.r.l. in liquidation	-	0.00%	300	0.17%
	<b>85</b>	<b>0.04%</b>	<b>343</b>	<b>0.19%</b>

**Other operating costs:**

- from Companies related to directors of SNAI S.p.A.	6	0.03%	6	0.04%
- from Connex S.r.l. in liquidation	-	0.00%	2	0.01%
	<b>6</b>	<b>0.03%</b>	<b>8</b>	<b>0.05%</b>

<b>Total costs</b>	<b>91</b>	<b>0.05%</b>	<b>351</b>	<b>0.18%</b>
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**QII 2015**

thousands of Euro	QII 2015	% Impact	QII 2014	% Impact
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**Revenues from services and chargebacks:**

- to Companies related to directors of SNAI S.p.A.	1	0.00%	-	0.00%
	<b>1</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>

**Other revenues**

- from Companies related to directors of SNAI S.p.A.		0.00%	1	0.48%
- from Global Games S.p.A.	1	0.11%	2	0.95%
	<b>1</b>	<b>0.11%</b>	<b>3</b>	<b>1.43%</b>

<b>Total revenues</b>	<b>2</b>	<b>0.00%</b>	<b>3</b>	<b>1.43%</b>
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**Costs for services and chargebacks:**

- from Companies related to directors of SNAI S.p.A.	2	0.00%	1	0.00%
- from directors of Teleippica S.r.l.	22	0.02%	21	0.02%
- from directors and Companies related to Finscom S.r.l.	39	0.04%	-	0.00%
- from Connex S.r.l. in liquidation	-	0.00%	150	0.17%
	<b>63</b>	<b>0.07%</b>	<b>172</b>	<b>0.19%</b>

**Other operating costs:**

- from Companies related to directors of SNAI S.p.A.	3	0.03%	3	0.03%
- from Connex S.r.l. in liquidation	-	0.00%	1	0.01%
	<b>3</b>	<b>0.03%</b>	<b>4</b>	<b>0.04%</b>

<b>Total costs</b>	<b>66</b>	<b>0.07%</b>	<b>176</b>	<b>0.18%</b>
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Revenues from services and chargebacks and other revenues impact the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) in the amount of 0.01% in the first half of 2015 and 2014, whereas total revenues impact the profit/(loss) for the first half of 2015 in the amount of 1.20% (0.06% in the first half of 2014).

Costs for raw materials and consumables, services and chargebacks and other operating costs affect the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) in the amount of 0.15% in the first half of 2015 (0.66% in the first half of 2014), whereas total costs affect the profit/(loss) for the first half of 2015 in the amount of 27.25% (5.03% in the first half of 2014).

## Parent company SNAI S.p.A.

The following table sets forth a summary of dealings between the parent company SNAI S.p.A. and related parties.

thousands of Euro	30.06.2015	31.12.2014
<b>Trade receivables:</b>		
- from Società Trenno S.r.l.	218	218
- from Finscom S.r.l.	1,099	-
- from Festa S.r.l.	-	2
- from Teleippica S.r.l.	73	70
<b>Total trade receivables</b>	<b>1,390</b>	<b>290</b>
<b>Other current assets:</b>		
- from Società Trenno S.r.l.	-	65
- from Festa S.r.l.	-	1,197
- from Immobiliare Valcarenga S.r.l.	-	86
- from Teleippica S.r.l.	1,659	1,468
- from Alfea S.p.A.	-	1
<b>Total other current assets</b>	<b>1,659</b>	<b>2,817</b>
<b>Financial receivables:</b>		
- from Società Trenno S.r.l.	5,479	2,614
- from Snai Rete Italia S.r.l.	2,553	-
<b>Total financial receivables</b>	<b>8,032</b>	<b>2,614</b>
<b>Total Assets</b>	<b>11,081</b>	<b>5,721</b>
<b>Trade payables:</b>		
- to Companies related to directors	3	15
- to Società Trenno S.r.l.	195	141
- to Festa S.r.l.	-	3
- to Teleippica S.r.l.	330	330
- to Connex S.r.l. in liquidation	-	183
<b>Total trade payables</b>	<b>528</b>	<b>672</b>
<b>Other current liabilities</b>		
- to Global Games S.p.A.	2	-
- to Società Trenno S.r.l.	5,793	5,722
- to Snai Rete Italia S.r.l.	1	-
- to Festa S.r.l.	-	547
- to Teleippica S.r.l.	9	-
- to Teseo S.r.l. in liquidation	383	483
<b>Total other current liabilities</b>	<b>6,188</b>	<b>6,752</b>
<b>Current financial payables:</b>		
- to Festa S.r.l.	-	3,066
- to Immobiliare Valcarenga S.r.l.	-	255
- to Teleippica S.r.l.	7,365	1,612
<b>Total current financial payables</b>	<b>7,365</b>	<b>4,933</b>
<b>Total Liabilities</b>	<b>14,081</b>	<b>12,357</b>

Assets are stated net of the related provision.

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

thousands of Euro	Half-year I 2015    Half-year I 2014	
<b>Revenues from services and chargebacks:</b>		
- from Companies related to directors	2	-
- from Società Trenno S.r.l.	119	114
- from Finscom S.r.l.	4	-
- from Teleippica S.r.l.	34	-
<b>Total revenues from services and chargebacks</b>	<b>159</b>	<b>114</b>
<b>Other revenues</b>		
- from Companies related to directors	-	1
- from Global Games S.p.A.	2	3
- from Società Trenno S.r.l.	243	171
- from Festa S.r.l.	-	62
- from Immobiliare Valcarenga S.r.l.	-	6
- from Teleippica S.r.l.	255	252
<b>Total other revenues</b>	<b>500</b>	<b>495</b>
<b>Interest income:</b>		
- from Società Trenno S.r.l.	118	180
- from Snai Rete Italia S.r.l.	52	-
- from Teleippica S.r.l.	2	140
<b>Total interest income</b>	<b>172</b>	<b>320</b>
<b>Total revenues</b>	<b>831</b>	<b>929</b>
<b>Costs for services and chargebacks:</b>		
- from Companies related to directors	4	2
- from Società Trenno S.r.l.	227	200
- from Finscom S.r.l.	280	-
- from Festa S.r.l.	-	2,847
- from Teleippica S.r.l.	1,505	1,511
<b>Costs of seconded personnel</b>		
- from Festa S.r.l.	-	15
<b>Total costs of seconded personnel</b>	<b>-</b>	<b>15</b>
<b>Other operating costs</b>		
- from Companies related to directors	6	6
- from Finscom S.r.l.	13	-
- from Società Trenno S.r.l.	1	2
<b>Total other operating costs</b>	<b>18</b>	<b>8</b>
<b>Interest expense and fees</b>		
Interest expense to Festa S.r.l.	-	43
Interest expense to Immobiliare Valcarenga S.r.l.	-	8
Interest expense to Teleippica S.r.l.	144	-
<b>Total interest expense and fees</b>	<b>144</b>	<b>51</b>
<b>Total costs</b>	<b>2,178</b>	<b>4,934</b>

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

In the first half of 2015, the Group reported a net profit of Euro 0.3 million and shareholders' equity increased to Euro 49.4 million. Net financial indebtedness, equal to Euro 392.6 million, is mainly composed of bond loans issued and subscribed on 4 December 2013, to be repaid in 2018.

The Directors highlight that the result reported in the first half of 2015 is remarkably lower than the one reported in the first half of the previous year also due to the Barcrest transaction. The forecast business performance resulted slightly lower than expectations due to certain major factors: i) the excellent results of the Gaming Machines (ADI) segment; ii) lower than expected revenues from sports betting, also due to a better payout, which reached 82.2%; the performance of which is within the normal fluctuation of this variable, still better than market average, as well as lower wagers, also due to some critical issues connected with a portion of the distribution network and the shut down of some gaming points, iii) lower revenues and margins generated by bets on virtual events, partly due to the aforesaid critical issues connected with the shut down of some gaming points; iv) the performance of the skill games, which was below expectations in terms of revenues and margins.

The Directors prepared a strategic plan for 2014-2016 fiscal years (the "2014-2016 Plan" or the "Plan"), approved last 14 March 2014, whereby, at the end of the three-year period, revenues and margins will have grown significantly and a positive economic result will be achieved, whilst the consolidated Shareholders' Equity will be substantially unchanged with respect to 2013, there will be adequate operating cash flows to finance the investments necessary for the business development and to cover financial expenses generated by indebtedness. In light of current forecasts, however, the Company is not likely to generate the necessary resources to entirely repay bond loans in 2018.

In the meeting of the BoD held on 12 March 2015, the Plan itself was recently updated to take account of the negative effects resulting from regulations introduced by the Stability Law approved in December 2014, the performance of the distribution network and further actions to support the business. However, the results achieved with the plan updating do not differ significantly from the previously approved plan. Forecasts for 2015 were also supplemented to reflect the equity, economic and financial effects of the Barcrest transaction occurred in the first months of 2015.

Within this framework, with a reduced shareholders' equity, which limits the Company's ability to absorb further losses, and negative effects and uncertainties generated by the new rules set out by the Stability Law, the Company reacted with significant growth expectations in terms of wagers, which will affect revenues and margins, based on a number of initiatives. The latter include a strong increase in the Live and On Line offer, wider offers related to virtual events, as well as the continuation of the reallocation plan of VLT terminals to better performing locations. Moreover, the company's performance should also benefit from the fact that the payout on sports betting was managed more effectively thanks to the combined effects of the new management agreement which better aligns SNAI's interests with those of the Operators, and of the improved automatic controls on the betting acceptance system, which have already helped to generate a better performance with respect to competitors.

The Plan, in its updated version as well, therefore defines a path towards the achievement of an economic and financial balance. Some uncertainties are however still present in relation to: (1) the actual achievement of operating and economic-financial results substantially consistent with expected growth in revenues and margins in the various business segments, necessary to maintain the Company's Shareholders' Equity, (2) the Company's ability to obtain the necessary resources to repay and/or replace the outstanding bond loans upon maturity and, more generally, (3) the uncertainty connected with the occurrence of future events and the characteristics of the reference market, including the rumoured possibility of a significant increase in taxation in the Gaming Machines sector, which could negatively affect the actual implementation of the Plan, and therefore the achievement of results and future cash flows on which the main assessments made to prepare these financial statements are based.

As regards Equity, positive effects will be reported in the near future also due to the finalisation of the Cogemat Group's acquisition, together with a share capital increase, a better Net Debt/EBITDA ratio, as well as an increase in the total ratio of expected EBITDA, which will be possibly further increased thanks to cost synergies and a higher efficiency obtained.

While evaluating the uncertainties identified, Directors also considered that the impact on the Group of possible unfavourable deviations, which should occur in aggregate on the results of 2015 with respect to estimates, will be offset by the positive effects of the Barcrest transaction. On the other hand, the same Directors acknowledged the necessity to carry out a careful and constant monitoring of results, in order to timely assess any possible deviations in performance that might affect future years and, in general, the achievement of an economic, equity and financial balance. To this





purpose, while drawing up these condensed consolidated half-yearly financial statements, the Directors evaluated the causes for the deviations in performance over the half year with respect to estimates, as summarised above, and they came to the conclusion that there are no material elements requiring significant changes of estimates taken as a reference for the preparation of this assessment.

Lastly, Directors believe that, albeit in the presence of the foregoing uncertainties, the targets set out in the Plan are reasonable and the Company has the capacity to continue its business operations in the near future, and therefore have prepared the financial statements based on the going concern assumptions.

#### **e) Financial covenants**

As is customary for loans of this kind, outstanding Loan Agreements (revolving credit line and bond loans) prescribe a number of obligations for the Group.

The above-mentioned agreements provide, in accordance with common practice in similar transactions, that the Company undertakes commitments aimed at safeguarding the credit position of financing entities. Amongst these provisions are the restrictions on the distribution of dividends until expiration of other bond loans, as well as restrictions on the early repayment of bonds, in taking on financial indebtedness and in making specific investments and disposing of corporate assets and properties. Events of default are also specified, which may make it necessary for the lenders to demand early repayment.

SNAI S.p.A. has also undertaken to comply with financial parameters under agreements signed with Unicredit S.p.A., Banca IMI S.p.A and Deutsche Bank S.p.A. relating to a Senior Revolving loan for a total amount of Euro 30 million.

In particular, we refer to the requirement to maintain a given minimum level of "Consolidated Pro-Forma EBITDA". "Consolidated Pro-Forma EBITDA" is defined in the loan agreement and indicates the consolidated earnings before interest, taxation, amortisation, depreciation and all extraordinary and non-recurring items.

SNAI S.p.A. is also obliged to provide its lenders periodic information on its cash flows and income, and key performance indicators, regarding the Group, including EBITDA and net financial indebtedness.

It is noted that, as of 30 June 2015, the Group was compliant with commitments and covenants.

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

The 2014-2016 Business Plan, approved by the Board of Directors in its meeting of 20 March 2014, and subsequently updated in the meeting of 12 March 2015, is based on:

- focus on profit margins through more control over the payouts on sports betting to maximize contractual benefits;
- improved territorial balance of the network, to boost market share in significant areas;
- expansion of the "line" and "on-line" games;
- long-term initiatives promoting loyalty in Betting Shops with a high market share;
- full exploitation of the potential of Virtual Events, to support, inter alia, expansion of the distribution network;
- growth of the Online Skill and Casino Games segment;
- enhancement and requalification of the Gaming Machines area in shops and in arcades;
- development of services dedicated to partners (training, dedicated web site) and actions aimed at loyalisation;
- launch of services to citizens to maximize opportunities for the distribution network.

In its meeting of 20 March 2014, the Board of Directors approved the 2014-2016 Business Plan, which was then updated in the meeting of 12 March 2015. The Plan is focused on development and growth for the Group as listed above and which, once achieved, will contribute to reaching and maintaining economic and financial balance over time and will make available the necessary resources for business development, under the regulatory conditions known at the date of preparation and approval of the aforesaid plan.

In the first half of 2015, EBITDA performance was lower than in the first half of the previous year, and slightly lower than expectations. The differences compared to the forecast business performance stem from certain major factors: i) the excellent results of the Gaming Machines (ADI) segment; ii) lower than expected revenues from sports betting, also due to a better payout, which reached 82.2%; the performance of which is within the normal fluctuation of this variable, still better than market average, as well as lower wagers, also due to some critical issues connected with a portion of the distribution network and the shut down of some gaming points, iii) lower revenues and margins generated by bets on



virtual events, partly due to the aforesaid critical issues connected with the shut down of some gaming points; iv) the performance of the skill games, which was below expectations in terms of revenues.

**Annexes:**

- **SNAI Group:**

- Comprehensive consolidated income statement for the first half of 2015

- Consolidated Balance Sheet as of 30 June 2015

- Consolidated Cash Flow Statement as of 30 June 2015

**SNAI Group - Consolidated Statement of Comprehensive Income**

amounts in thousands of Euro	Half-year I	
	2015	2014
Revenues from sales and services	254,225	263,298
Other revenue and income	28,586	393
Change in inventory of finished and semi-finished products	(16)	0
Raw materials and consumables	(301)	(636)
Costs for services and use of third party assets	(181,702)	(178,589)
Costs of personnel	(19,756)	(18,353)
Other operating costs	(19,475)	(13,486)
Capitalised internal construction costs	450	450
<b>Profit/(loss) before amortisation, depreciation, write-downs, financial income and expenses, taxes</b>	<b>62,011</b>	<b>53,077</b>
Amortisation, depreciation and write-downs	(28,618)	(29,302)
Other provisions	89	(448)
<b>Earnings before interest and taxes</b>	<b>33,482</b>	<b>23,327</b>
Gains and expenses from shareholdings	55	(444)
Financial income	666	758
Financial expenses	(28,246)	(30,937)
<b>Total financial income and expenses</b>	<b>(27,525)</b>	<b>(30,623)</b>
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>5,957</b>	<b>(7,296)</b>
Income tax	(5,623)	324
<b>Profit/(Loss) for the period</b>	<b>334</b>	<b>(6,972)</b>
<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>
Net (loss)/profit from derivatives as cash flow hedges	1,062	1,062
Profit/(Loss) from available-for-sale financial assets	(110)	0
<b>Total other comprehensive income components which will be restated under profit/(loss) for the period after taxes</b>	<b>952</b>	<b>1,062</b>
<b>Total profit/(loss) in comprehensive income statement, after taxes</b>	<b>952</b>	<b>1,062</b>
<b>Comprehensive profit (loss) for the period</b>	<b>1,286</b>	<b>(5,910)</b>
<i>Attributable to:</i>		
Profit (loss) for the period pertaining to the Group	334	(6,972)
Profit (loss) for the period pertaining to Third parties	0	0
Comprehensive profit (loss) for the period pertaining to the Group	1,286	(5,910)
Comprehensive profit (loss) for the period pertaining to Third Parties	0	0
Basic earnings (loss) per share in Euro	0.00	(0.06)
Diluted earnings (loss) per share in Euro	0.00	(0.06)

## SNAI Group - Consolidated balance sheet

amounts in thousands of Euro	30.06.2015	31.12.2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment owned	138,848	140,142
Assets held under financial lease	3,027	3,782
<b>Total property, plant and equipment</b>	<b>141,875</b>	<b>143,924</b>
Goodwill	238,591	231,531
Other intangible assets	84,400	102,857
<b>Total intangible assets</b>	<b>322,991</b>	<b>334,388</b>
Shareholdings measured using the equity method	2,410	2,318
Shareholdings in other companies	46	46
<b>Total shareholdings</b>	<b>2,456</b>	<b>2,364</b>
Deferred tax assets	78,283	80,004
Other non-financial assets	1,708	1,967
Financial Assets	1,773	1,244
<b>Total non-current assets</b>	<b>549,086</b>	<b>563,891</b>
<b>Current assets</b>		
Inventories	343	486
Trade receivables	74,250	58,486
Other assets	23,475	24,509
Current financial assets	19,719	19,663
Cash and cash equivalents	75,971	68,629
<b>Total current assets</b>	<b>193,758</b>	<b>171,773</b>
<b>TOTAL ASSETS</b>	<b>742,844</b>	<b>735,664</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity pertaining to the Group</b>		
Share Capital	60,749	60,749
Reserves	(11,696)	13,434
Profit/(Loss) for the period	334	(26,082)
<b>Total Shareholders' Equity pertaining to the Group</b>	<b>49,387</b>	<b>48,101</b>
Shareholders' Equity pertaining to minority interests		
<b>Total Shareholders' Equity</b>	<b>49,387</b>	<b>48,101</b>
<b>Non-current liabilities</b>		
Post-employment benefits	5,242	4,602
Non-current financial liabilities	465,842	464,769
Deferred tax liabilities	61,116	58,593
Provisions for risks and charges	10,635	10,838
Sundry payables and other non-current liabilities	2,420	2,336
<b>Total non-current liabilities</b>	<b>545,255</b>	<b>541,138</b>
<b>Current liabilities</b>		
Trade payables	26,140	32,385
Other liabilities	119,338	91,117
Current financial liabilities	2,724	3,371
Current portion of long-term borrowings	0	19,552
<b>Total financial liabilities</b>	<b>2,724</b>	<b>22,923</b>
<b>Total current liabilities</b>	<b>148,202</b>	<b>146,425</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>742,844</b>	<b>735,664</b>

## SNAI Group - Consolidated Cash Flow Statement

amounts in thousands of Euro	30.06.2015	30.06.2014
<b>A. CASH FLOW FROM OPERATIONS</b>		
Profit (loss) for the period pertaining to the Group	334	(6,972)
Profit (loss) for the period pertaining to Third parties	0	0
Amortisation, depreciation and write-downs	28,618	29,302
Net change in assets (liabilities) for deferred tax assets (deferred tax liabilities)	3,842	(1,578)
Change in provision for risks	(240)	(3,852)
(Capital gains) capital losses from non-current assets (including shareholdings)	9	909
Portion of earnings pertaining to shareholdings measured using the equity method (-)	(55)	444
Net change in sundry non-current trade assets and liabilities and other changes	343	(644)
Net change in current trade assets and liabilities and other changes	7,389	7,812
Net change in post-employment benefits	640	(87)
<b>CASH FLOW FROM (USED IN) OPERATIONS (A)</b>	<b>40,880</b>	<b>25,334</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in property, plant and equipment (-)	(6,603)	(4,059)
Investments in intangible assets (-)	(8,578)	(2,212)
Acquisition of shareholdings in subsidiaries, less cash acquired	(84)	0
Proceeds from the sale of tangible, intangible and other non-current assets	84	34
<b>CASH FLOW FROM (USED IN) INVESTING ACTIVITIES (B)</b>	<b>(15,181)</b>	<b>(6,237)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Change in financial receivables and other financial assets	(695)	(515)
Change in financial liabilities	2,338	(509)
Repayment of financing	(20,000)	0
<b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C)</b>	<b>(18,357)</b>	<b>(1,024)</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>7,342</b>	<b>18,073</b>
<b>F. INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)</b>	<b>68,629</b>	<b>45,499</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>75,971</b>	<b>63,572</b>

### RECONCILIATION OF FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS):

CASH AND CASH EQUIVALENTS AFTER DEDUCTING SHORT-TERM FINANCIAL PAYABLES  
AT THE END OF THE PERIOD, ANALYSED AS FOLLOWS:

Cash and cash equivalents	68,629	45,499
Bank overdrafts		
Discontinued operations		
	<b>68,629</b>	<b>45,499</b>

CASH AND CASH EQUIVALENTS LESS SHORT-TERM FINANCIAL PAYABLES  
AT THE END OF THE PERIOD, ANALYSED AS FOLLOWS:

Cash and cash equivalents	75,971	63,572
Bank overdrafts		
Discontinued operations		
	<b>75,971</b>	<b>63,572</b>