



Snai Group 1H 2016 Results

ended 30 June 2016

5 August 2016

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Speakers



Fabio Schiavolin
CEO



Chiaffredo Rinaudo
CFO

1 Half 2016 Highlights

Business trends

- Good performance on **total wagers: +7.1% growth** on pro-forma basis **to 5.36 Bln €**:
 - Growth of **Gaming Machines** wagers still on track **(+4.1%)** despite higher taxation and AWP payout reduction
 - Strong growth of **Sport Betting retail (+22.6%)**, positive impact from European Championship (partially posted in 3Q16)
 - Significant growth of Sport **Betting online (+53.3%)**, increasing customer cross acquisition from retail channel
- 63,5K AWP and 10K VLTs managed. 700 betting shops and 900 betting corners (+ 30 POS opened in the period). More than **75% of managed AWP updated to 70% payout** as of end of June
- SIS/Finscom PoS fully reopened and revamped. Outsourcing strategy already started in 3Q 16
- Unfavourable payout in 2Q 16 (85,2%, vs 81,5% in 1Q) raised 1H average payout to **83,3%** (81,7% in 1H15), better than **86,7%** of market performance

Cost reduction program

- Cogemat integration under way with **18 mln € expected synergies of which**:
 - **3.2 mln €** cost saving already achieved in 1H 16
 - **8,0 mln €** savings to be achieved in 2H 16
 - **6,8 mln €** further synergies to be achieved in the first months of 2017
- Main synergies coming from integration of TLC networks and datacenters (4,0 mln €), rationalization of logistic and assistance services to PoS (2,5 mln €) and headquarter consolidation (3,5 mln €)

1H results

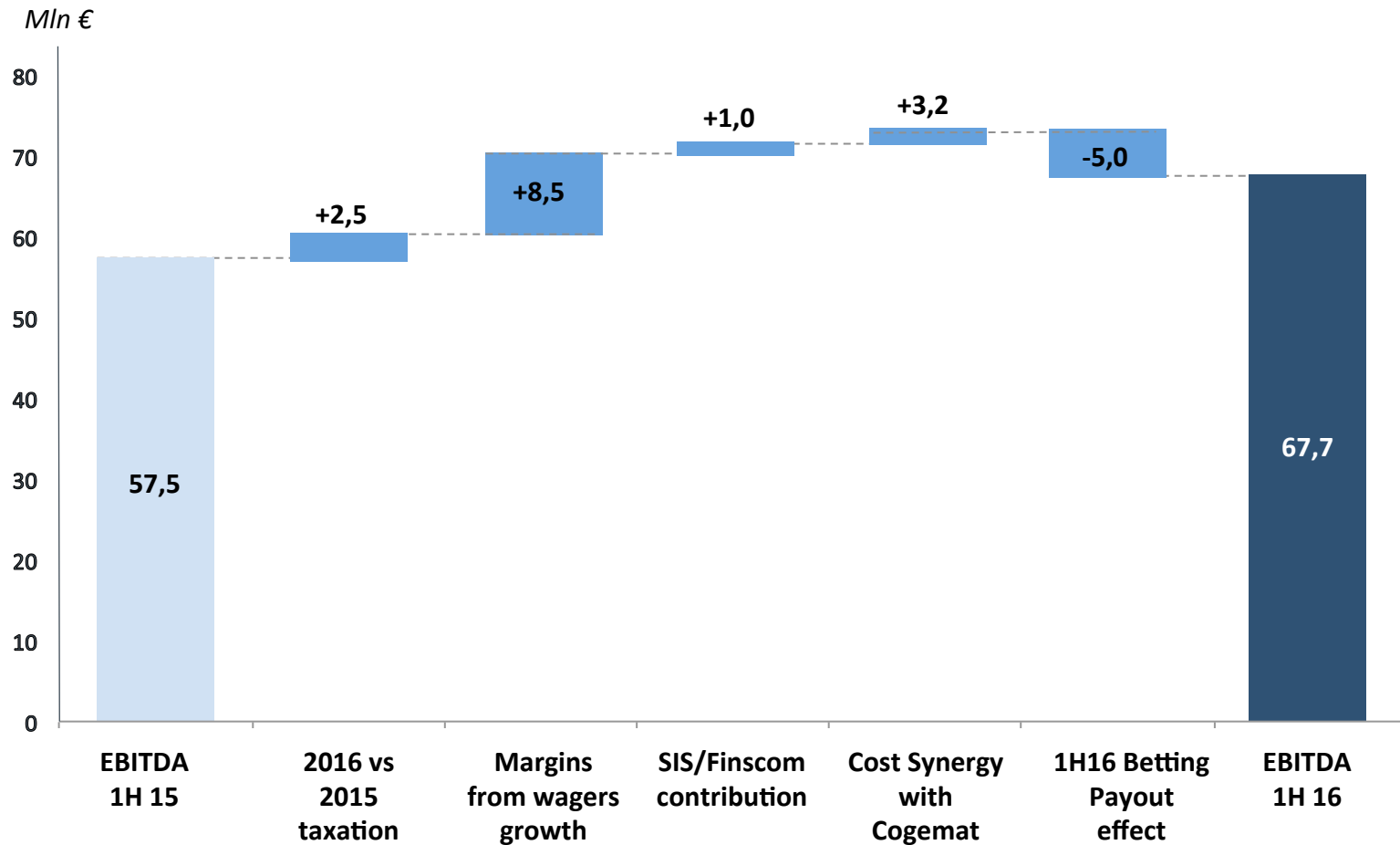
- Robust growth on **EBITDA: 67.7 mln €** vs 57.5 mln € in 1H15 **(+ 10,2 mln €)**.
- **Adjusted EBITDA LTM up to 132,8 mln €**
- **NFP improved to 440.1 mln €**, i.e. 27. mln € cash generation in last twelve months
- **Leverage 3,3x** (NFP/Adj EBITDA LTM)

1 Half 2016 KPIs

<i>Euro million</i>	<i>Proforma</i>				<i>Proforma</i>
Financial KPI	1H 2016	1H 2015	Delta	%	PF LTM
Total Revenues	442,4	504,5	-62,1	-12,3%	938,8
<i>o/w non recurring revenues</i>	<i>3,1</i>	<i>28,5</i>	<i>-25,4</i>	<i>-89,1%</i>	<i>7,0</i>
Contribution Margin	139,9	123,5	16,3	13,2%	268,6
EBITDA	67,7	57,5	10,2	17,8%	124,8
Adjusted EBITDA	70,5	60,0	10,5	17,5%	132,8
EBIT*	39,0	42,8	-3,9	-9,0%	24,0
Net Income*	-0,4	1,3	-1,7		-58,3
<i>*Non recurring items included</i>	<i>-1,4</i>	<i>22,0</i>			<i>-13,0</i>
Capex	13,1	11,2			20,4
Net Financial Position	440,1	467,5			440,1

- Total Revenues of 442.4 mln € decreased vs 1H15 due to Barcrest transaction and AWP tax increase
- Contribution Margin increased to 139.9 mln € (+13%), despite unfavourable payout and thanks to positive performance of wagers
- EBITDA up by 10.2 mln € to 67.7 mln € due to increased wagers/ CM and initial synergies from Cogemat integration
- EBITDA LTM up to 124.8 mln € (114.6 mln € as of 31 December 2015)
- Capex of 13.1 mln € includes 8.4 mln € (64%) related to the replacement of AWP board (payout change at 70%)
- NFP improved to 440.1 mln €

1H EBITDA Bridge



- 1H EBITDA performance mainly driven by wagers growth
- 2,5 mln € positive impact from 2016 Stability Law, mainly due to new betting taxation scheme and fast replacement of 74% payout AWP boards
- 1 mln € positive impact on EBITDA from SIS/Finscom PoS

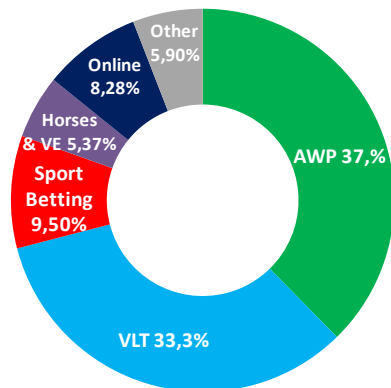
Business performance

Euro million

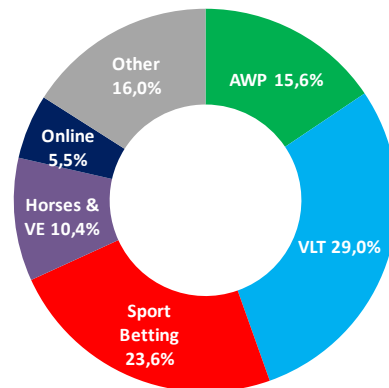
Business	Wagers			Contribution Margin		
	1H16	PF 1H15	%	1H16	PF 1H15	%
AWPs	2.017	1.989	1,4%	21,8	21,1	3,2%
VLTs	1.783	1.660	7,4%	40,5	39,5	2,8%
Gaming Machines	3.800	3.649	4,1%	62,3	60,6	2,9%
Sports Betting (retail channel)	375	306	22,6%	22,9	16,7	37,3%
Sport Betting (online channel)	134	87	53,3%	10,1	7,6	33,3%
Horse Betting	126	125	0,8%	1,8	2,0	-7,4%
Virtual Events	162	150	8,2%	12,7	12,4	2,7%
Betting	796	667	19,3%	47,6	38,6	23,1%
Online Games (Skills, Casinò, Bingo)	443	372	19,2%	7,6	6,2	22,7%
Betting provider	256	261	-1,9%	3,9	4,1	-5,2%
Financial services	60	50	18,9%	0,5	0,4	4,7%
Subsidiaries				18,0	13,6	32,4%
SNAI Group	5.356	5.000	7,1%	140	124	13,2%

- **AWP & VLT positive performance:** increase in wagers outweighed negative effect of higher taxation
- **Sports Betting brilliant performance:** positive growth driven by product & content management, SIS/Finscom PoS reopening along and new tax scheme. Significant results despite the unfavourable payout. Positive contribution also from Euro Football Championship (31 mln € in June)
- **Online Gaming strong performance:** marketing and operational focus drove wagers up with positive effects on CM

Wagers breakdown



CM breakdown

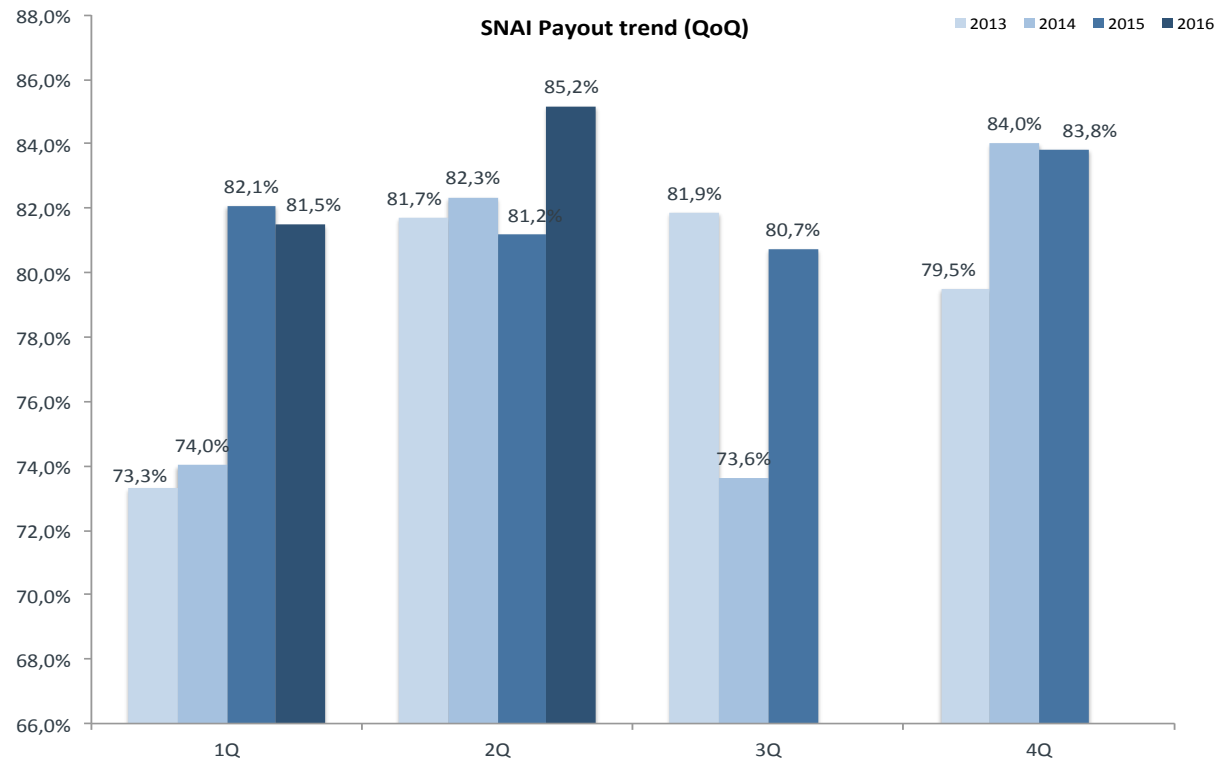


1H 2016 Data

- Contribution Margin breakdown well balanced among different areas
- Cogemat integration significantly increased the Gaming Machine contribution to Group EBITDA and reduced the exposure to betting payout swings
- **Payout risk decreased to 23,6% on CM** (from 27% of 2015 pro-forma data)

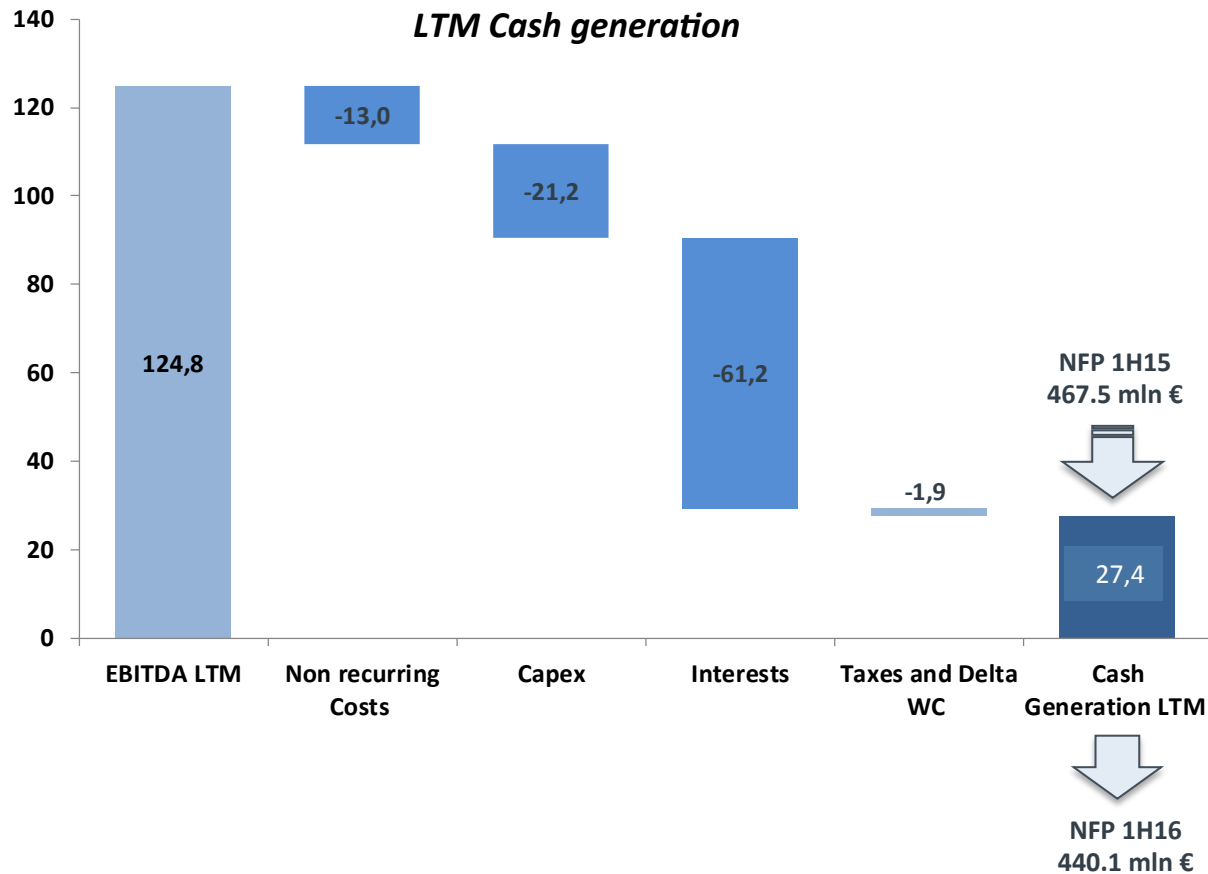
Payout trend

PAYOUT TREND							
	1Q	2Q	1H	3Q	4Q	2H	Full year
2016	81,5%	85,2%	83,3%				
2015	82,1%	81,2%	81,7%	80,7%	83,8%	82,6%	82,2%
2014	74,0%	82,3%	78,0%	73,6%	84,0%	79,6%	78,7%
2013	73,3%	81,7%	77,1%	81,9%	79,5%	80,5%	78,8%



Higher payout in 2Q16 (85.2%) led to 1H16 performance of 83.3% compared to 81.7% in 1H15

Cash Flow and Net Financial Position Evolution



- 27.4 mln € cash generation over last twelve months
- 139 mln € cash available as of end of June
- Non recurring costs mainly related to M&A deals
- Interest costs include former Cogemat bond; total interest costs in 2016 under 60 mln €

2 Half 2016 Outlook

- Current trend on betting and online wagers likely to continue over 2H 2016
- Gaming Machines wagers and margins should stabilise due to achieved replacement of AWP internal board (70% payout)
- **Uncertainty on timing of the betting tender**
- Competition on betting retail likely to increase ahead of the betting tender. SNAI ready to compete with focused acquisition canvass for high performing PoS
- **Cogemat Merger** to be completed by year-end
- Full development and deployment of 5 VLT platforms over SNAI network
- Launch of **new integrated betting platform** and roll out over the extended group network of POS
- **Outsourcing of SIS and Finscom** PoS already started in 3Q 2016. 35% shops to be outsourced in 2016

Agenda



Q & A



Play with the Playmakers

