



**FY13 Results & 2014-2016 Business Plan**

**Investor presentation**

April 8<sup>th</sup>, 2014



# Disclaimer

This presentation includes certain forward looking statements, projections, objectives and estimates reflecting the current views of the management of the Company with respect to future events.

Forward looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words “may”, “will”, “should”, “plan”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “goal” or “target” or the negative of these words or other variations on these words or comparable terminology.

These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation those regarding the Company's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where the Company participates or is seeking to participate.

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All subsequent written and oral forward looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

# Today's Speakers



## **Giorgio Sandi, *CEO and President***

- 2012 – present: President and CEO (since 2013) of SNAI
- 2010 - present: CEO and President of Headbangers Motor Company
- 1991 – 2008: CEO of Sisal



## **Marco Codella, *CFO***

- 2011 – present: CFO of SNAI
- 1999 – 2011: CFO of Sigma Tau, a leading research & pharmaceutical company operating in Europe and the US
- 1994 – 1999: Finance, Operations and IT Director in Crown, Cork & Seal Closures Italia

# Today's Agenda

✓ SNAI: A New Journey

✓ Market Overview

✓ Introduction to SNAI

✓ FY2013 Results

✓ 2014-16 Business Plan

✓ Appendix

# SNAI: A New Journey

## STRENGTHENED COMPETITIVE POSITION

- Full completion of VLTs rights roll-out
- Solid sports betting performance
- Successful launch of virtual games
- 228 sports concessions renewed + 50 newly awarded

## IMPROVED CAPITAL STRUCTURE

- Successful debt refinancing
- Lengthened debt duration
- No refinancing needed for next 4 years

## IMPROVED PROFITABILITY

- Improved business-mix
- Sports betting pay-out back to normalized levels
- Initial benefit from new network incentive scheme

## LEGAL COMPLAINT WITH CdC SETTLED

- Legal complaint with Corte dei Conti on VLTs settled at the end of 2013

## SOLID UNLEVERED OPERATING FREE CASHFLOW

- Strong unlevered operating free cashflow generation
- Limited CAPEX needs
- Limited net working capital requirements

## GOVERNANCE

- Best-in-Class governance following the change in control in 2011

**3 years ahead to exploit SNAI's undisputed leadership in the Italian multi-concession gaming sector in full**

# Today's Agenda

✓ SNAI: A New Journey

✓ **Market Overview**

✓ Introduction to SNAI

✓ FY2013 Results

✓ 2014-16 Business Plan

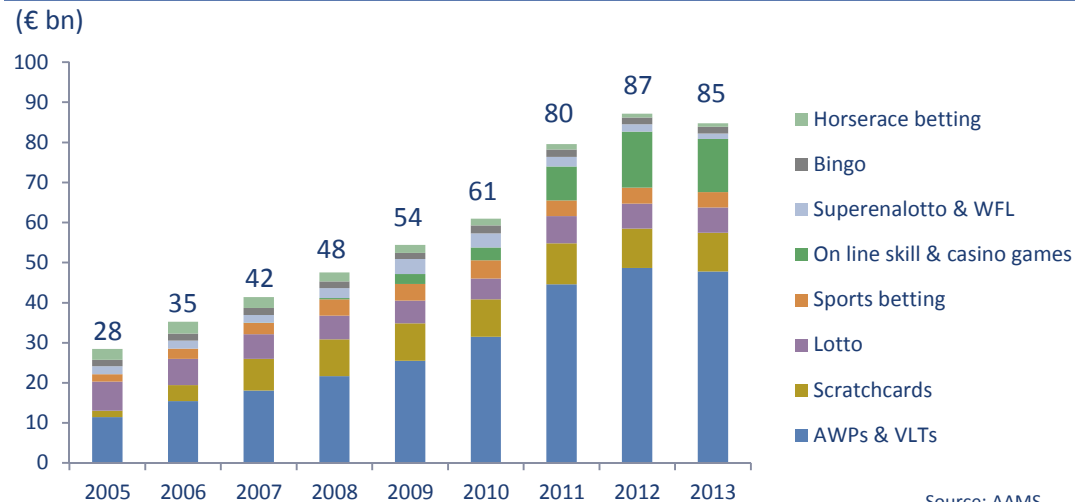
✓ Appendix

# Market Overview

## Biggest and Most Developed European Gaming Market: Italy

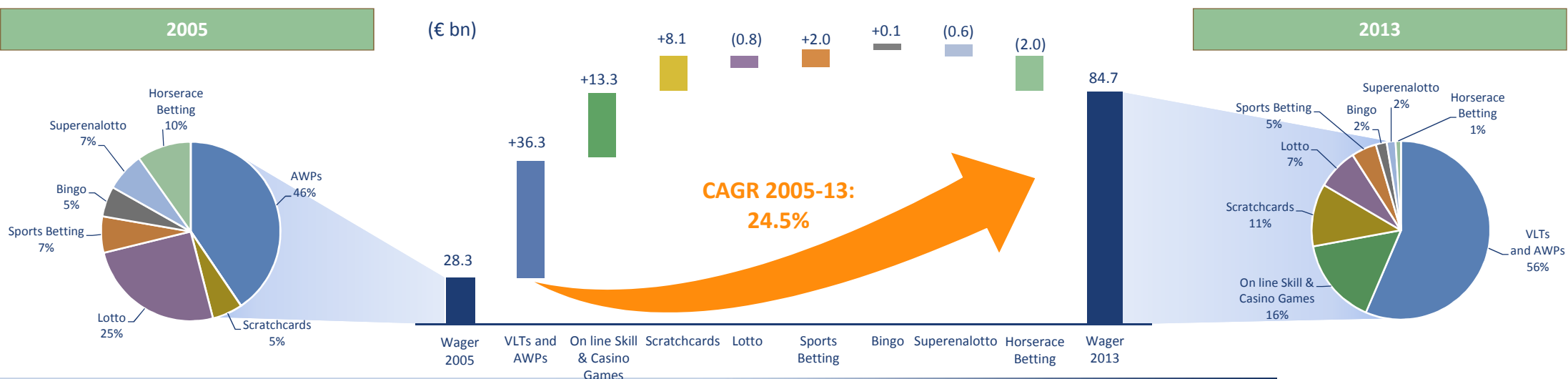
- Strong multi-year growth in wagers driven by product innovation, expansive distribution and more articulated regulatory framework to combat illegal gambling
- Gaming Machines (AWPs and VLTs) and Online Gaming grabbing increasing share of overall market
- Fully centralized regulated gaming market (by AAMS) makes the regulatory context smoother

## Italian Gaming Market: Total Wagers and Growth Trend



Source: AAMS

## Italian Gaming Market: 2005-13 Total Wagers Bridge – New Gaming Segments Gaining Ground\*



Note:  
 (\*) based on total wagers  
 Source: SNAI elaboration of AAMS data  
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Source: Company elaboration of AAMS data

# Market Overview

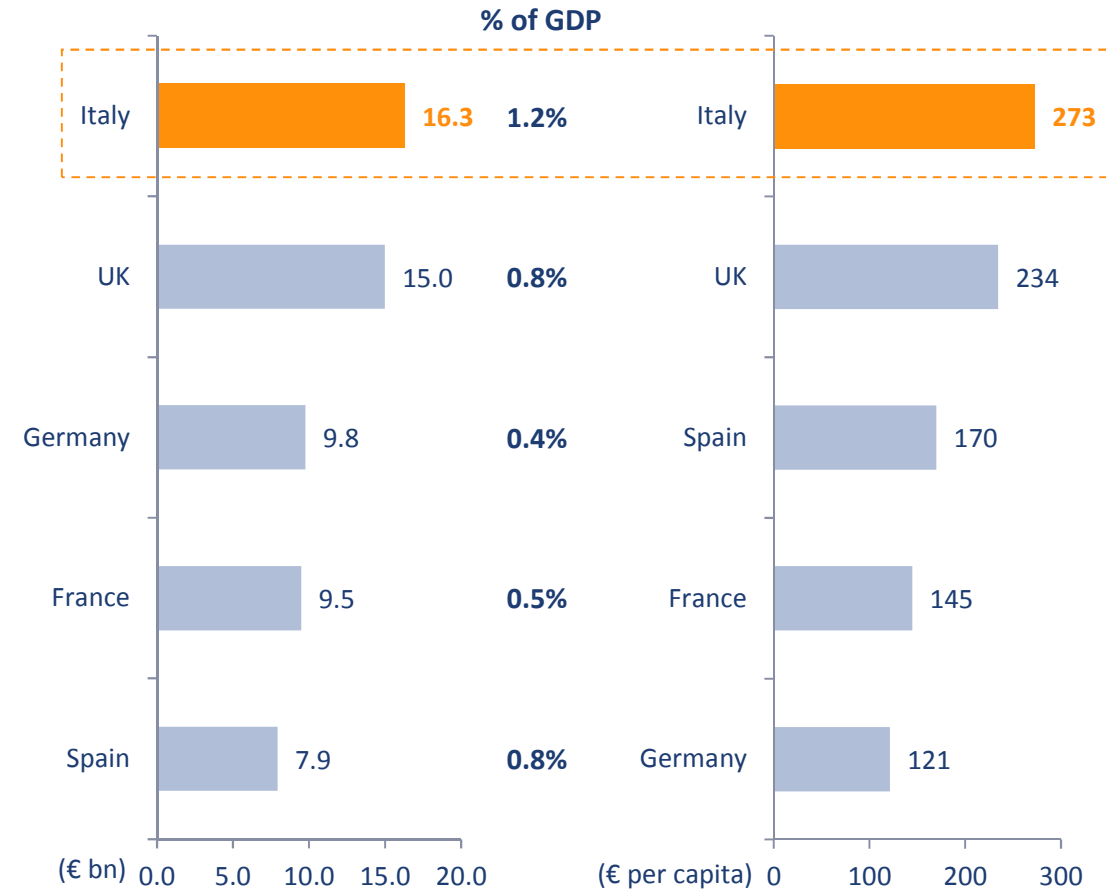
## Key messages

- Market historically driven by product innovation, remains resilient even during harsh economic downturns. Gross Gaming Revenues have stabilized at roughly 1.2% of domestic GDP in recent years
- Regulatory framework largely unchanged in recent past, following market stabilization. Regulation of virtual games, approved in December 2013, has been the only significant recent innovation
- Instant Win Products have been increasingly successful in recent years, driving a significant shift across gaming segments

## ITALY: The Largest Gaming Market in Europe

### 2013E Gross Gaming Revenues

### 2013E Gross Gaming Revenues per capita

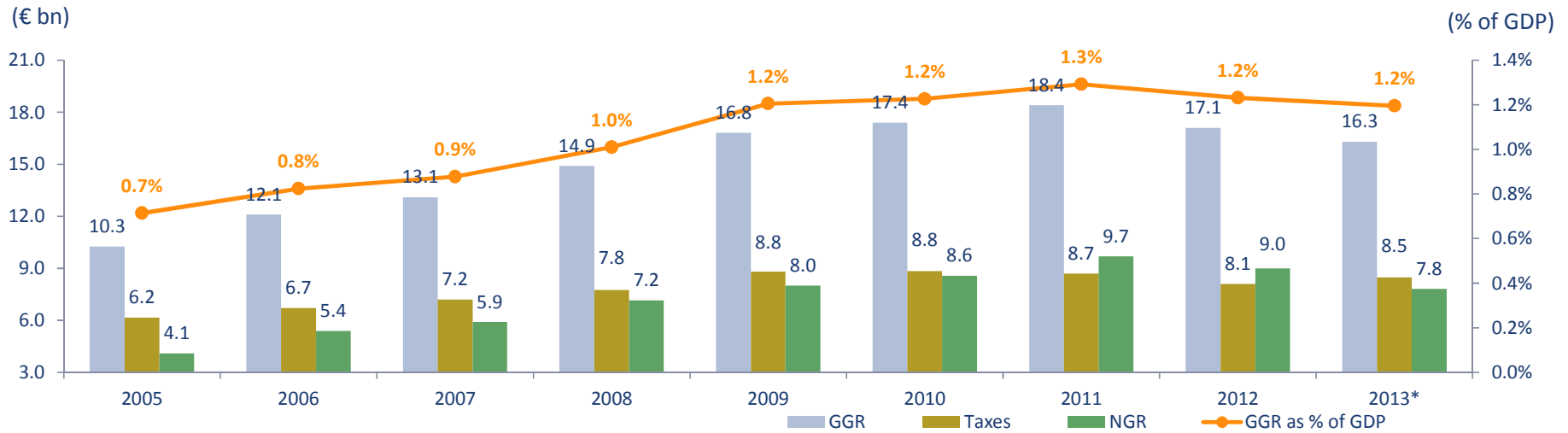


Note: Exchange rate used to convert GBP in EUR: €/GBP 0.83004 – Bloomberg  
 Source: GBGC Key Markets Gambling Data (for all countries excluding Italy);  
 FMI's forecast for GDP values

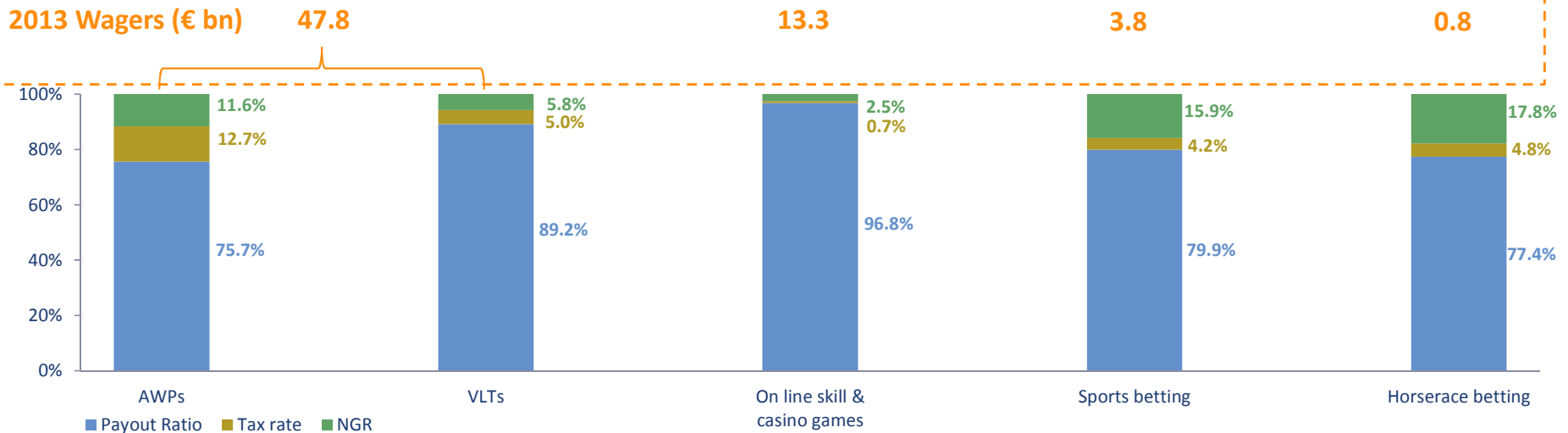


# Market Overview

## 2005-13 Evolution of Gross & Net Gaming Revenues and Taxation



## Gross & Net Gaming Revenues and Payout Ratio in 2013\*



Note:  
 (\*) based on SNAI's estimate of the 2013 payout ratio  
 Source: Company elaboration of AAMS data  
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# Market Overview

## Favourable and Stable Regulatory Environment

### Key messages

- Regulatory framework overseen by AAMS which prescribes:
  - Games to be operated and amounts charged in tax
  - Minimum payout for gaming segments other than fixed-odds betting
  - Number of points of sale and awarding criteria to assign concessions, either new or up to renewal
  - Minimum service levels

### Fully Centralized Regulated Market

Country	Fully Centrally Regulated	Partially Centrally Regulated	Fragmented Regulation
Italy	✓		
Uk & Ireland	✓		
France		✓	
Spain		✓	
Germany			✓

### Overview on Gaming Activities and Concessions

Gaming Activity	Type of Concession	Concessionarie	Expiry Date
AWPs	Multi	Several	March 2022
VLTs	Multi	Several	March 2022
Scratchcards	Mono	GTECH and Partners	September 2019
Lotto	Mono	GTECH	June 2016
Superenalotto	Mono	SISAL	June 2018
Bingo	Multi	Several	Multi date (last on 2020)
On line Skill & Casino Games	Multi	Several	June 2016*
Sports Betting	Multi	Several	June 2016*
Horseshoe Betting	Multi	Several	June 2016*

Note:

(\*) The renewal process will start in mid-2016 and is not expected to be completed by the end of that year. The related cash out is planned for 2017

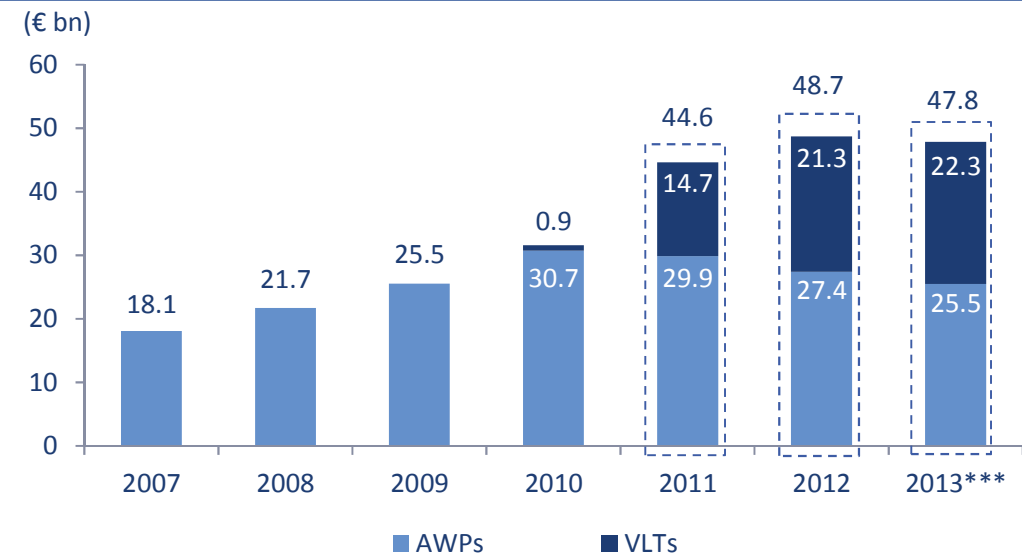
# Market Overview

## Gaming Segments driving most recent trend

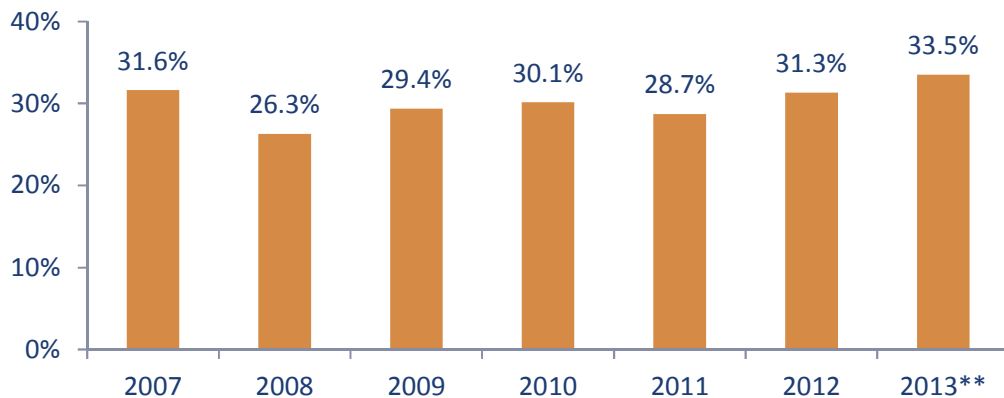
### Key messages

- Videolottery machines have experienced significant growth since AAMS introduced a crystal clear regulatory framework. The granting of VLT rights in 2008 gave the gaming category a further boost driven by a concrete step-up in the technology on offer and a sudden customer shift towards instant win products
- Sports betting enjoyed favourable growth thanks to the development of dedicated online platforms, mobile applications and an extended product offering
- The recent introduction of betting on virtual events has been very encouraging, and this category is likely to foster future growth of sports betting. Italian market size expected to replicate the great success experienced in the UK (market size over GBP1bn\*)

### Gaming Machines – Total Wagers Trend



### Online Sports Betting on Total Sports Betting Wagers



### Virtual Events, an almost unlimited product offering

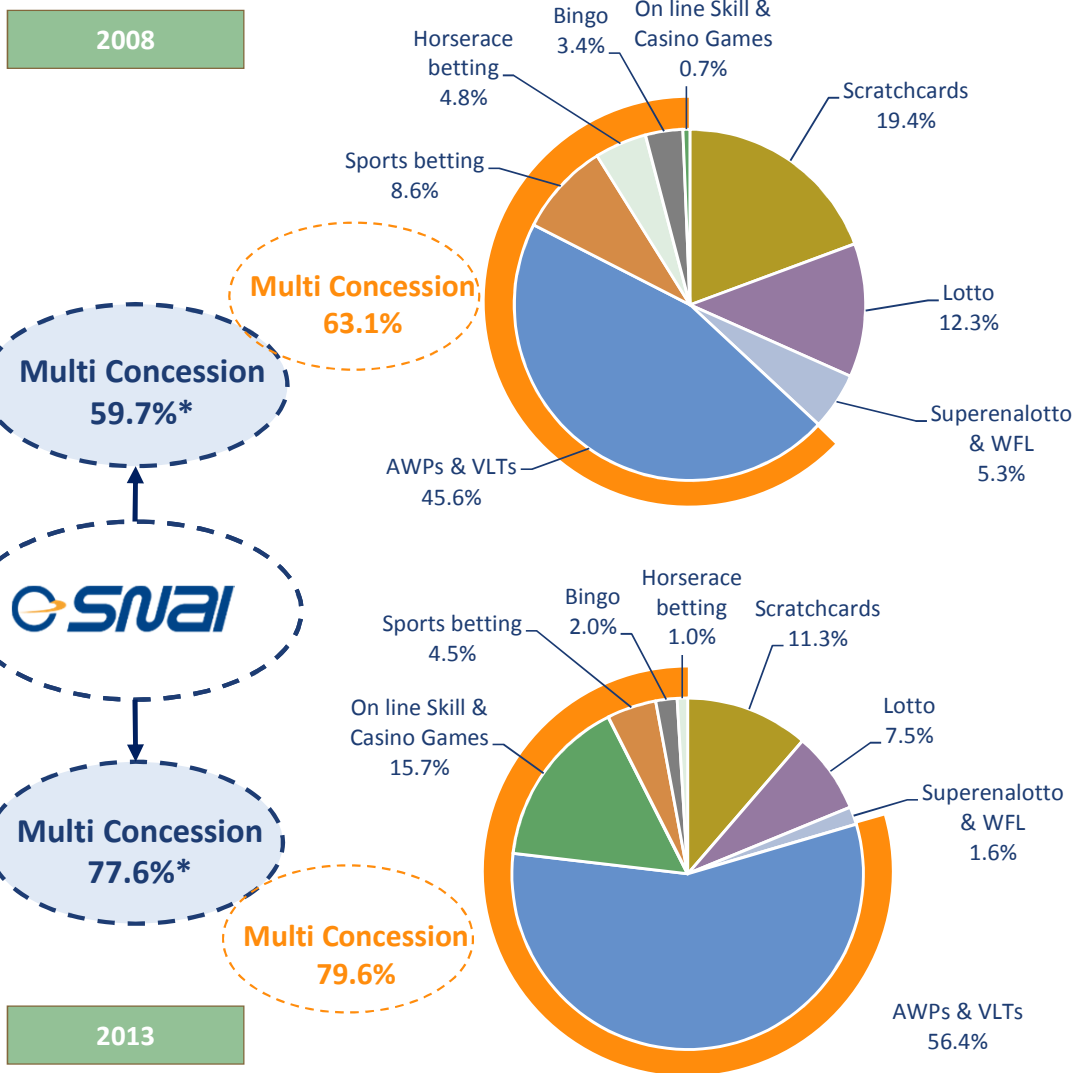
Category	Features	Exp. Mkt Size
Sports Betting	Instant win	Total Wagers expected to be in line with UK experience
Horserace Betting	High and fixed payout	
Greyhound	Multiple events per day	
	Wagers mainly collected in shops	

Note: (\*) Source: UK Gambling Commission (\*\*\*) Source: Company elaboration of AAMS data  
 (\*\*) Based on latest data on Online Sports Betting as % of total wagers, provided by AAMS in March 2013

# Market Overview

## Multi-concession and Instant Win Segments Gaining Ground

### 2008-13 Total Wagers by Gaming Product



### Significantly higher growth in multi-concession and fixed pay-out gaming activities led by:

- AAMS aim to maximize fiscal proceeds
- Much more extensive distribution network
- Customer shift to games with higher payout
- Customers moving to instant-win products

### Major competitive implications:

- Less volatile, more predictable proceeds for Italian Gaming industry
- Reduced renewal risk linked to expiry of individual concessions

Source: Company elaboration of AAMS data  
 \* = Multi-concession businesses excluding Bingo

# Today's Agenda

✓ SNAI: A New Journey

✓ Market Overview

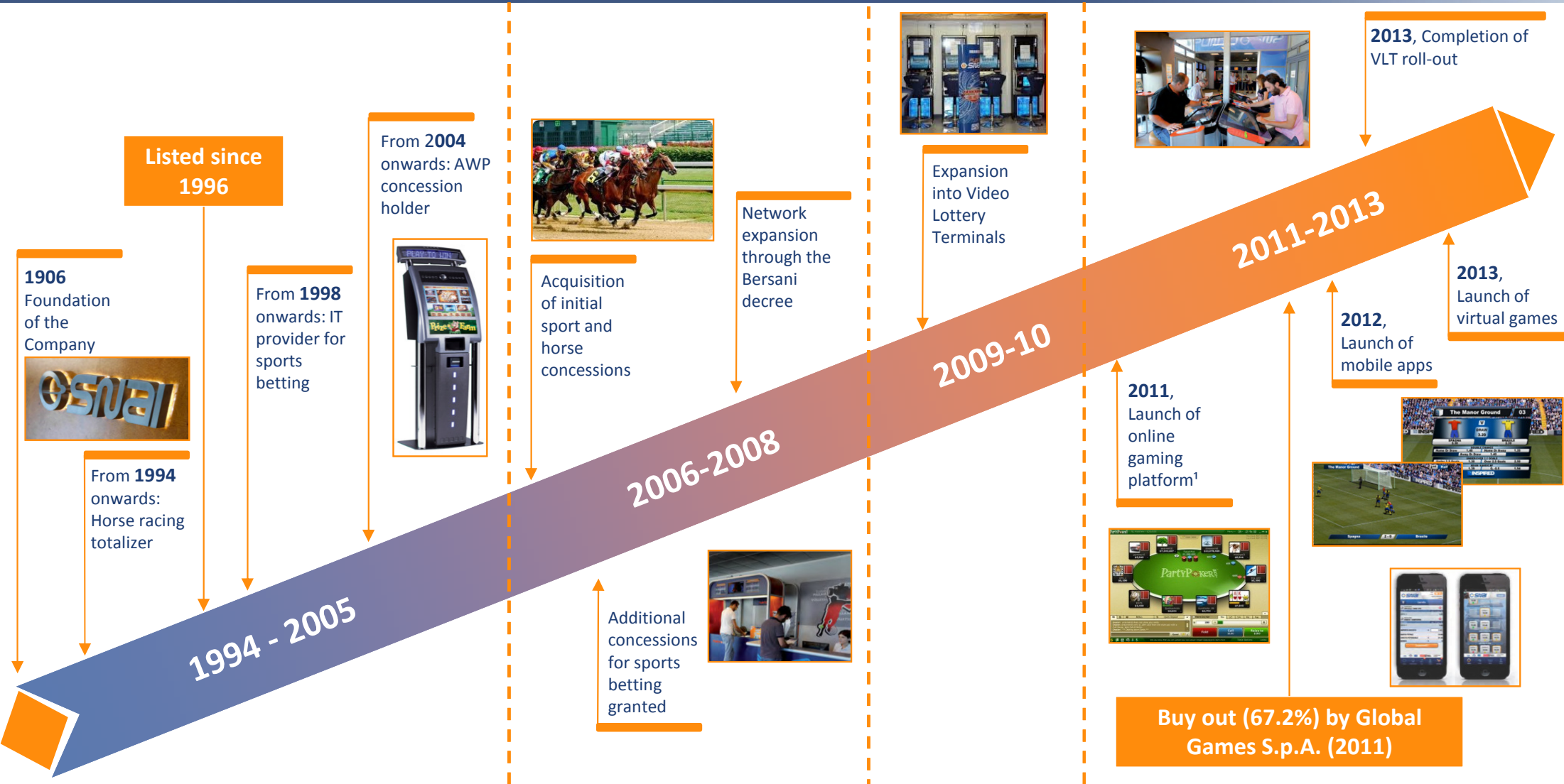
✓ Introduction to SNAI

✓ FY2013 Results

✓ 2014-16 Business Plan

✓ Appendix

# Introduction to SNAI



Evolution from an entrepreneurial company to a publicly listed / sponsor-owned enterprise

Source: Company info  
<sup>1</sup> Online skill and casino games since 2008  
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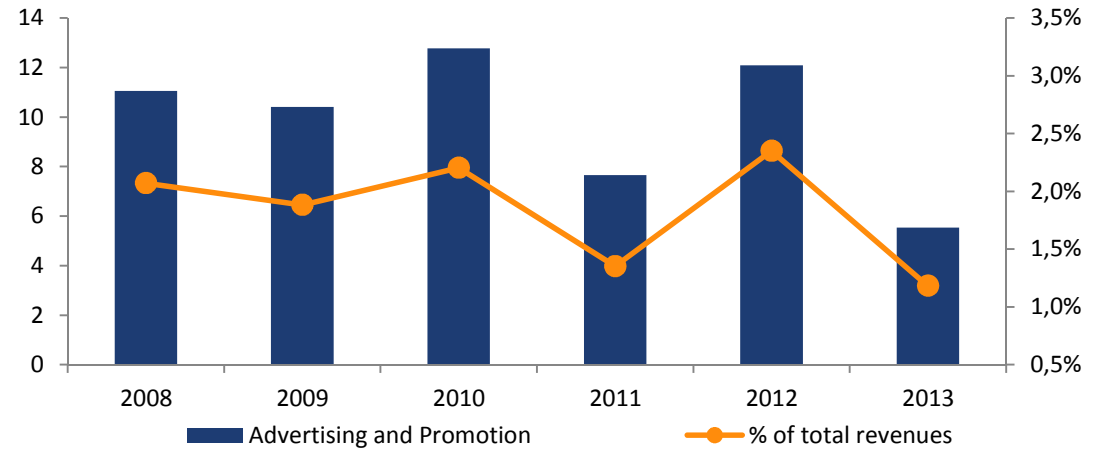


# Introduction to SNAI

A trusted brand with huge prominence and resonance

- **One Company – One Brand: SNAI**
- **Over 20-year heritage** in the Betting and Gaming segments under Company's original trade name: **SNAI**
- **Great Brand's Reliability** offers fertile ground to expand into online successfully
- **Italy's largest high street brick-and-mortar bookmaker**, with some 2,400 points of sale
- **One of the leading online bookmakers** with a cutting-edge online platform and state-of-the art mobile applications

## Top-of-Mind Brand Awareness despite limited A&P spend



**>50% Unsolicited Brand Awareness among Adult Population\***



\* = latest available market research, source: Snai (2008)

# Introduction to SNAI

Market leading “one-stop shop” for betting and gaming in Italy

## Company in a Nutshell

- Listed on the Milan stock exchange since 1996, SNAI is one of the leading betting and gaming companies in Italy with undisputed leadership and brand recognition in sports and horse betting and a growing position in gaming machines and online gaming
- The Group represents a one-stop shop for betting and gaming in Italy, as it operates in all the multi-concession only segments of the industry through an extensive POS network consisting of 2,348 licensed premises
- Generated revenues of €478.8mn, contribution margin of €176.6mn\* and EBITDA of €92.6mm in FY13



Market position

- #1 in sports and horse betting (market shares of 30% and 54% respectively)
- #2 in online sports betting and casino games
- Pioneer of fast growing virtual games

# of sports betting shops (licensed premises)

**613 - # 1 sports betting shop network all across Italy**

Number of slot machines

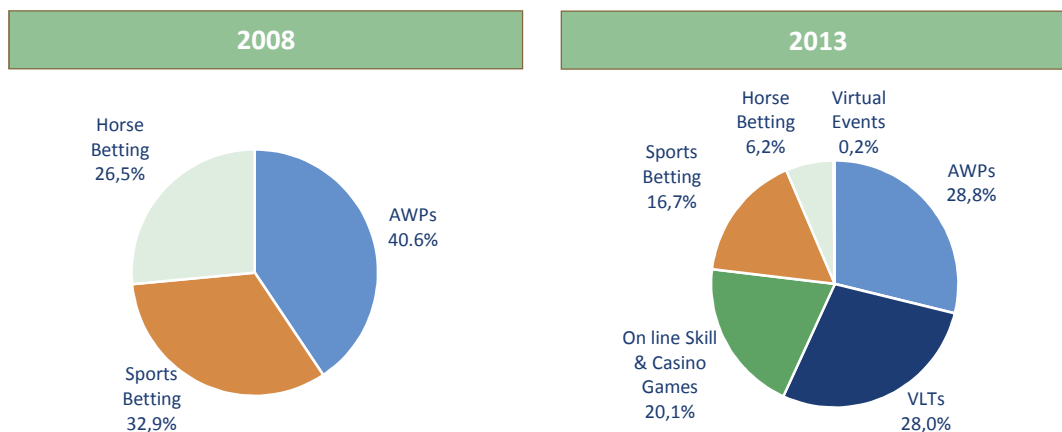
- 5,052 VLTs (total concession rights), with full roll-out already completed
- 25,000 AWP's

Ownership of PoS

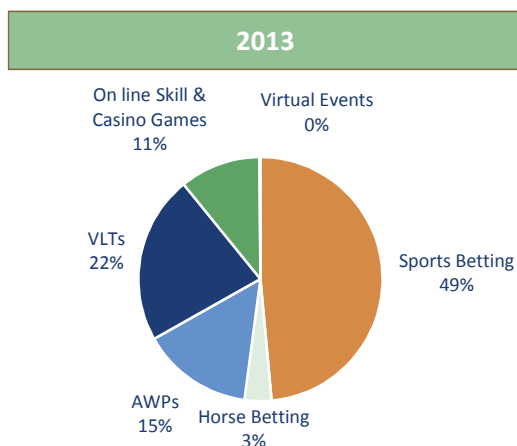
- Asset light** business model with most PoS owned and operated by third-party partners
- Relatively low funding requirement and capital commitment

## Well Diversified Business Mix

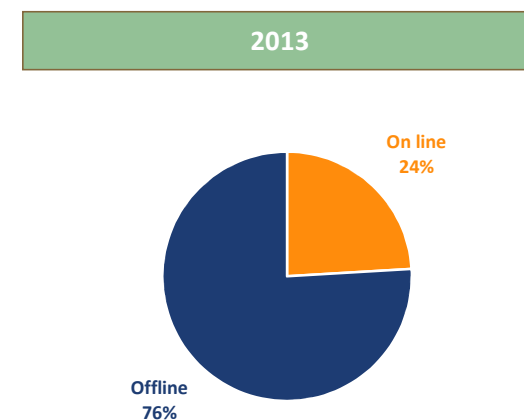
### Total Wagers by Gaming Activity



### Contribution Margin by Activity



### Contribution Margin by Channel





# Introduction to SNAI

One-stop shop for betting and gaming in Italy

## Betting

### Products

Sports betting

Horse betting

### Virtual Events

#### Punto SNAI network

613 betting shops

1,735 betting corners (875 Sport / 860 Horse)



Partnered with



## Gaming machines

### Products

AWP

24,600

VLTs

5,052



Partnered with



## Online skill & casino games

### Products

Broad offering of online games, from Texas Hold'em poker to casino games and classic Italian card games like scopa, briscola and burraco

Online SNAI website

SNAI Mobile Tablet

Over 300,000 unique active online users



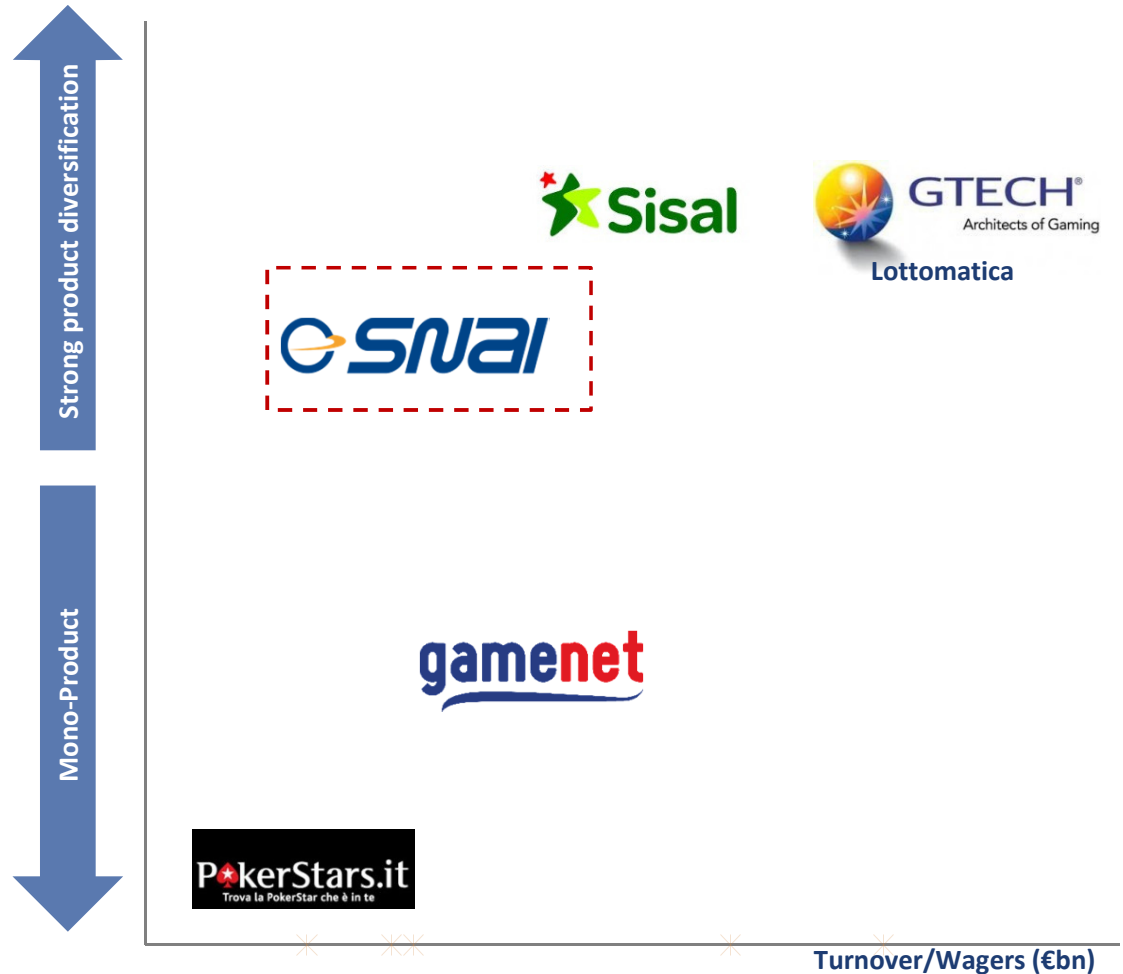
Partnered with



# Introduction to SNAI

One of the leading Italian gaming operators, same business format as UK players

Product diversification



Sports betting	✓	✓	✓
Horse betting	✓	✓	✓
Online skill games	✓	✓	✓
AWPs	✓	✓	✓
VLTs	✓	✓	✓

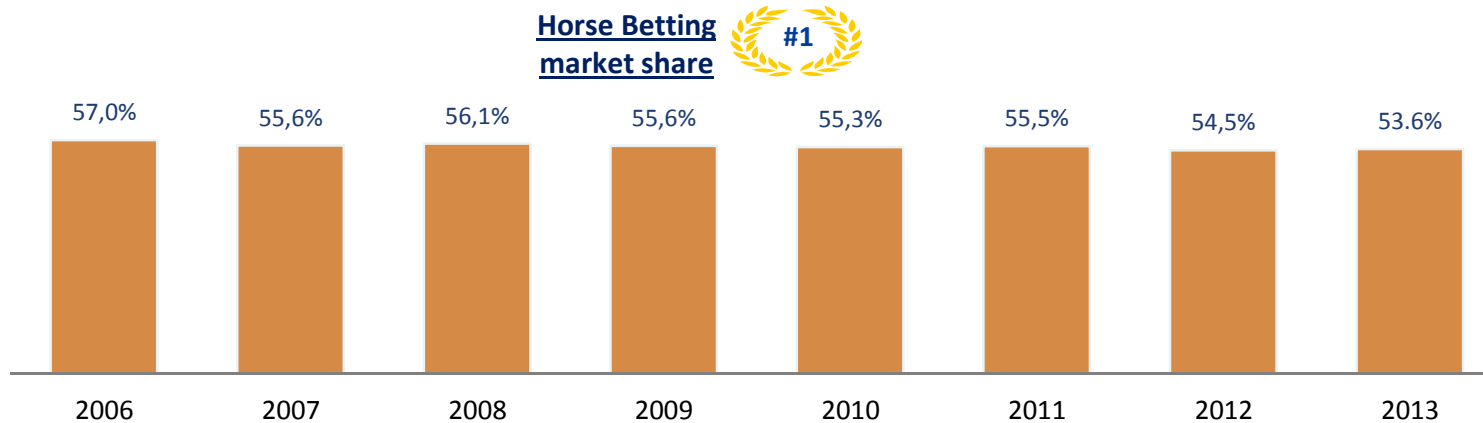
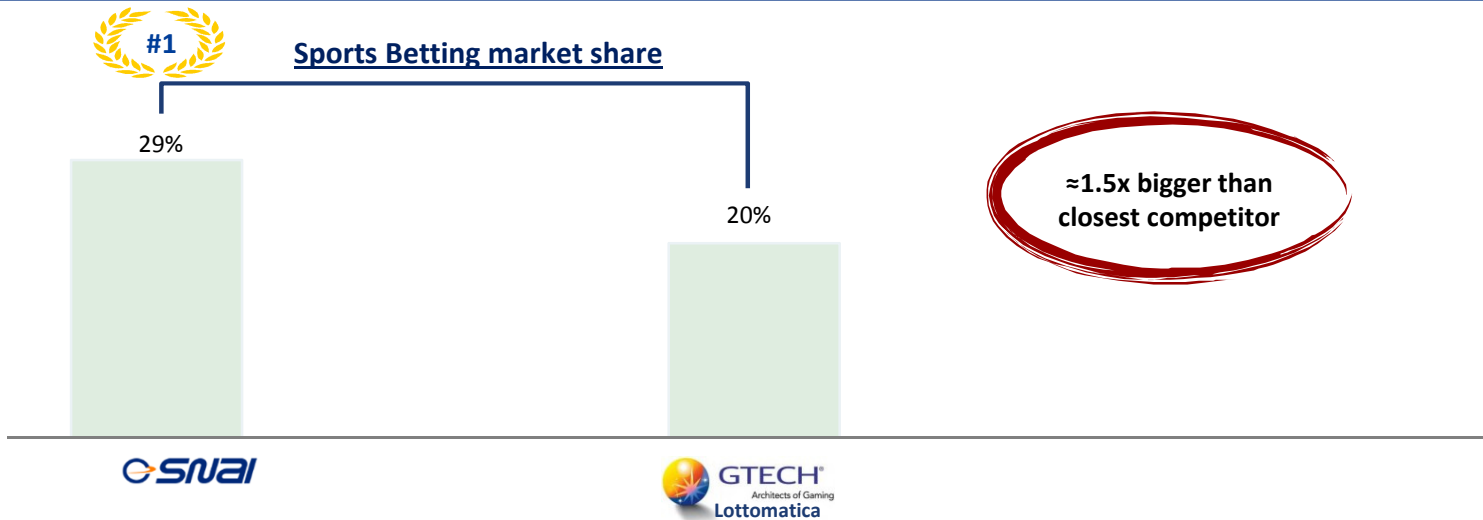
Dedicated one-stop distribution platform leveraging on physical network of betting shops

Note: Source AAMS, Company information, SNAI estimates

# Introduction to SNAI

## Undisputed market leader in sports and horse betting

### Long standing market leader in sports betting (2013)



Long-standing leader in sports and horse betting markets

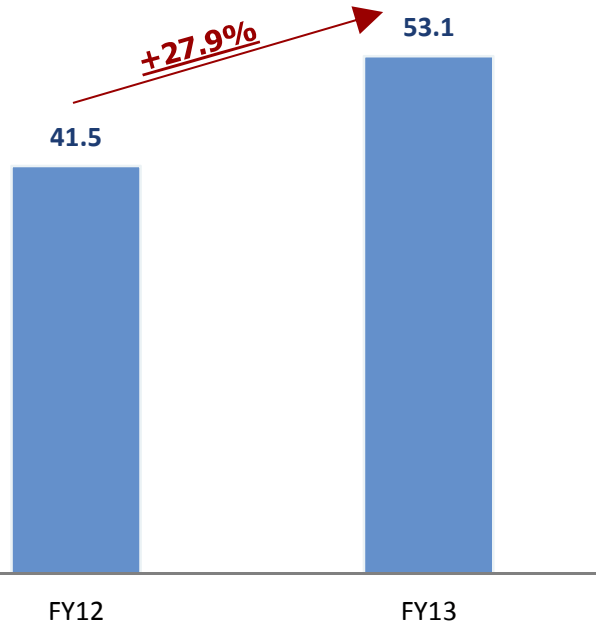
- ✓ Market leadership in attractive sports betting market
- ✓ 613 betting shops and 1,735 corners across Italy, the largest Italian betting shop network
- ✓ Bellwether Italian horse betting operator with market share of over 50%
- ✓ Uses offline brand recognition to attract increasing traffic in the profitable online, mobile and tablet sports betting channels
- ✓ Further leverage to develop recently launched virtual events, delivering ahead of initial expectations

# Introduction to SNAI

## Leadership position across key online segments

### SNAI online gaming platform features and position\*

SNAI Online revenues\*\* (€mm)



Game					Other
Horse betting	1	2	4	-	3
Sports betting	2	4	1	3	5
Pool betting	2	4	1	3	5
Casino	2	3	1	4	5
Cash games	4	5	2	3	1

SNAI is the 2<sup>nd</sup> largest player in key segments of the online market, with a growing market share

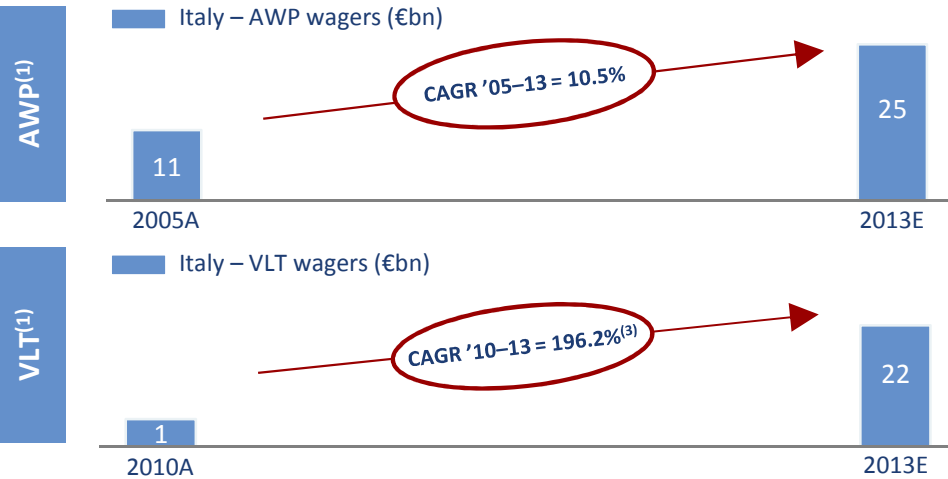
Source: Company information, AAMS

\* = Based on latest available information (2012)\*\* Includes Online Skill games and Casino and Sports betting revenues generated through online channel

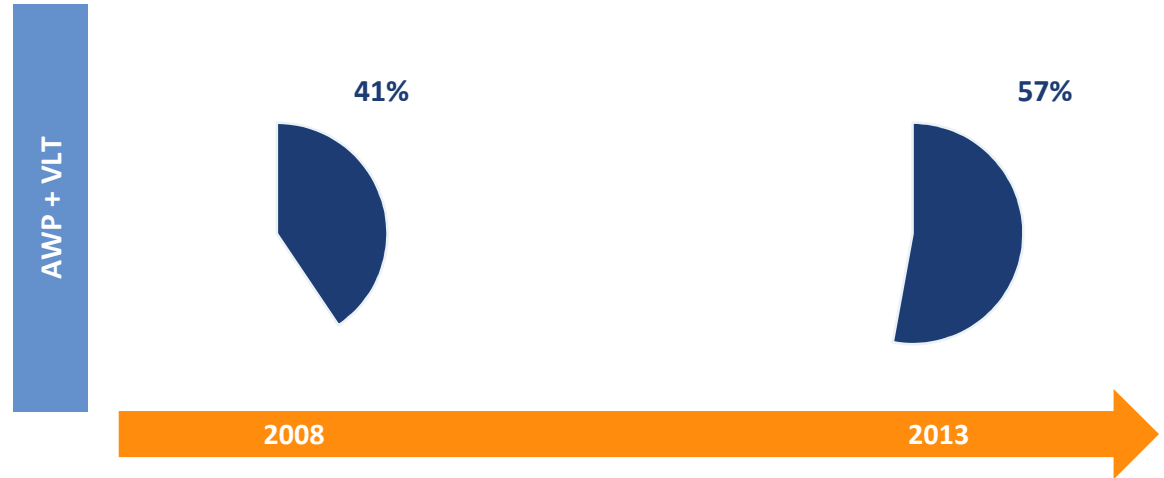
# Introduction to SNAI

Well placed in the attractive AWP/VLT market

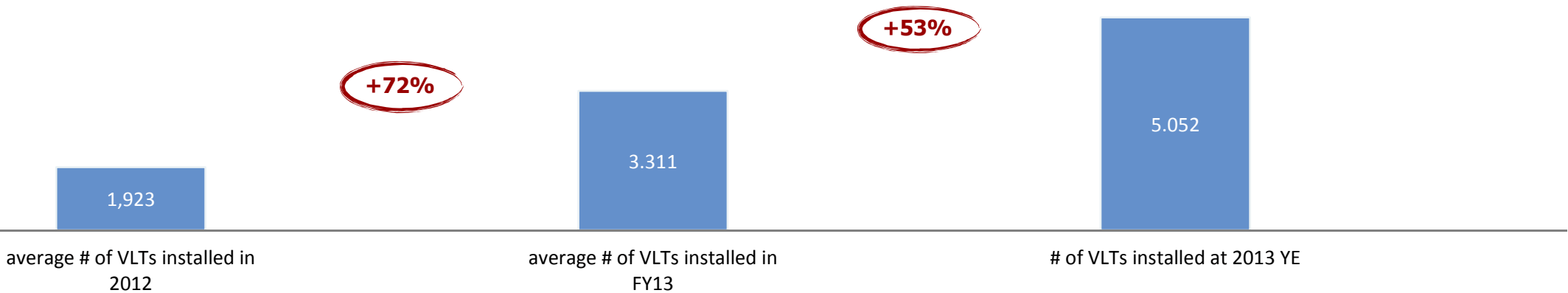
## Market segments with attractive growth dynamics



## Increasing importance of AWP/VLT in SNAI's portfolio (% Wagers)



## Full roll-out of VLTs completed by the end of FY13



Note:

1. Total 2013 wagers for AWP + VLTs CAME to €47.8bn. Source: AAMS
2. Based on total estimated number of AWP machines and available VLT rights as at December 2013
3. 2012-13 actual growth = 4.9%  
Source: company information

# Introduction to SNAI

## Resilient business model with high entry barriers

### Single network across all of Italy...

- A great entry barrier in a mature market
- Betting shops and corners evenly spread across Italy, acting as natural defence against local gaming



... with above average turnover per shop, boding well for successful development of recently launched VIRTUAL GAMES

- Mainly a **'bricks and mortar'** industry, with the offline channel representing 82% of the total market
- **Great retention** based on both contractual clauses and brand heritage
- Very high investments required to set up a proprietary retail network from scratch led to **failure of historical attempts** by foreign players to enter the market
- **Broadest network** provides a competitive advantage, as **betting shops are the only locations where concession-holders can offer a full range of products**
- **Extensive network** represents a key distinguishing feature, making it best placed to develop **fast growing online** (including betting exchange) and **virtual product offering**

### Type of gaming service provided

	Sports betting	Horse betting	AWPs	VLTs	Virtual Events
Betting shops	✓	✓	✓	✓	✓
Betting corners	✓	✓	✓		✓
Bars			✓		
Arcades			✓	✓	

SNAI's presence throughout Italy provides a "natural hedge" for national betting events, contributing to the resilience of the business model

# Introduction to SNAI

Long term concessions in a multi-concession market with low renewal risk

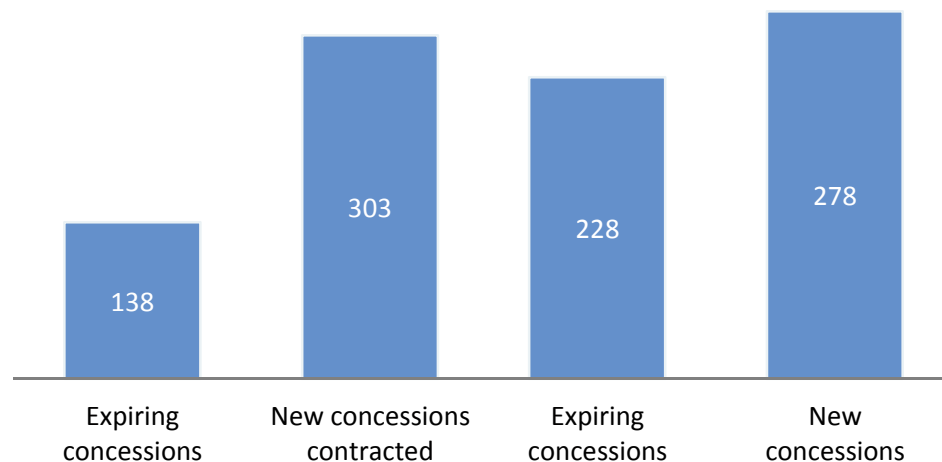
## Overview of concessions held by SNAI

Activity	Overview	No of licences/POS	Expiry date
Sports and horse betting (2013 bid)	Multi-concession 3 year duration	278	6/2016
Sports and horse betting (2006/2008 bid)	Multi-concession 7-9 year duration	2,743	6/2016
AWPs	Multi-concession 9 year duration	>30,000	3/2022
VLTs	Multi-concession 9 year duration	5,052	3/2022
Online games	Multi-concession 9 year duration	1	2020

Source: AAMS

## Successful track record in concession renewal

# Horse betting concessions (2009)      2013 betting concession tender



- In 2009, SNAI acquired 303 horse betting rights in the Giorgetti tender process to replace 138 expiring rights
- In the 2013 tender, SNAI was awarded 278 new concessions to replace the 228 expiring concessions

**Renewal rate exceeds 100%**

Note:  
(\* ) average cost per year of horse and sports betting corners and shops

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# Introduction to SNAI

## Real estate: potential for significant value creation

SNAI owns three horse race tracks, one in Montecatini and two in Milan:

- SNAI's property assets in Milan cover over 1.5 million square meters, conveniently located 6 km from the city centre (Piazza Duomo) but very close to the main arterial road into the city
- Located next to the San Siro Stadium, which can house up to approximately 80,000 spectators for football matches held at least once a week
- Existing buildings cover over 95,000 square meters
- The new underground line (MM5) will add two stations to the existing one
- Historical value at cost is €130mm, net book value is roughly €90mm
- The opportunity to create value for shareholders depends on the company's ability to work out an integrated, sustainable development plan with the local authorities (City, Province, Region)

### Milan San Siro Complex





# Today's Agenda

✓ SNAI: A New Journey

✓ Market Overview

✓ Introduction to SNAI

✓ **FY2013 Results**

✓ Business Plan 2014-2016

✓ Appendix

## Commitments and Achievements

Full completion of roll-out of 5,052 VLTs



Solid sports betting performance



Successful launch of virtual games



Effective debt refinancing



Settlement of legal proceedings with Corte dei Conti



# FY2013 Results

## Income Statement

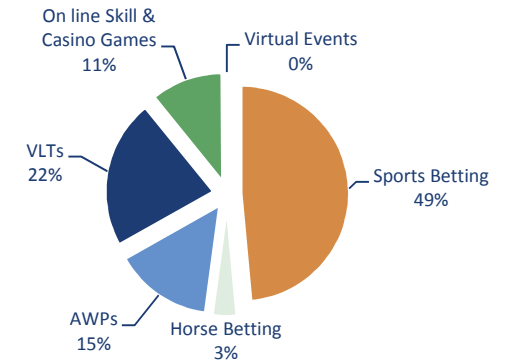
### Income Statement

(€ mn)	FY 2012	FY 2013
Total Revenues	514.4	478.8
<b>Contribution Margin</b>	<b>152.8</b>	<b>176.6</b>
<b>EBITDA</b>	<b>64.5</b>	<b>92.6</b>
EBIT	(13.9)	(41.8)
Pre-tax Profit	(56.5)	(100.9)
Adjusted Pre-tax Profit	(44.9)	(2.4)
Reported net Income (loss)	(42.6)	(94.5)

+16% YoY

+44% YoY

### 2013 Contribution Margin by Gaming Activity



### Strong Increase in EBITDA driven by:

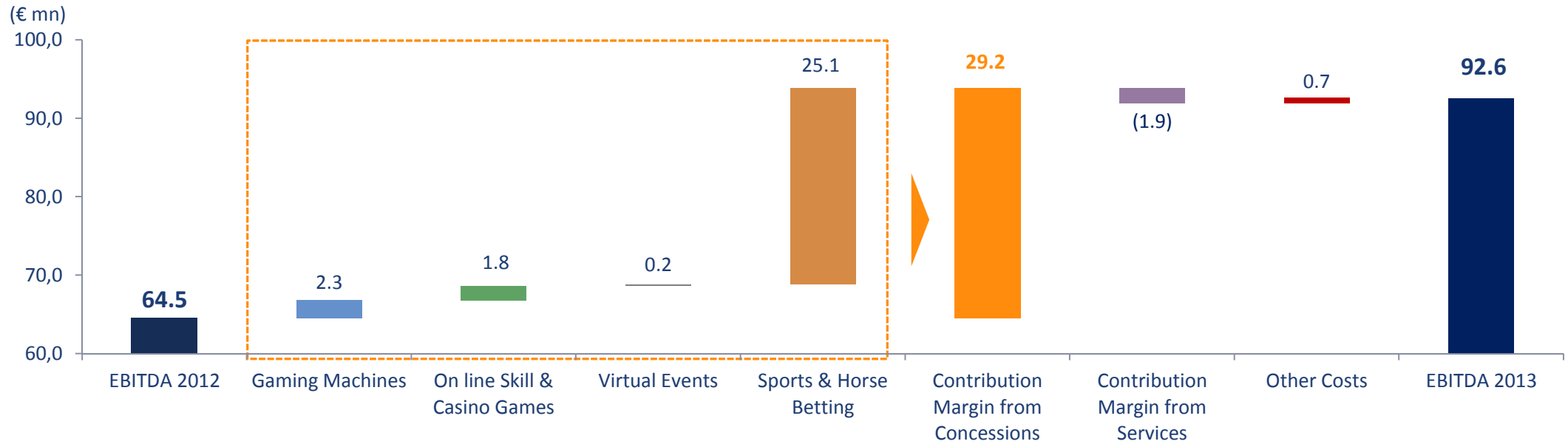
- 1 Betting payout back to historical levels
- 2 Progressive deployment of VLT concessions
- 3 Double-digit growth in online channel

(€ mn)	FY12	FY13
D&A	59.7	54.9
Provisions & Write-Offs	11.5	2.0
<b>Non-recurring items:</b>	<b>7.1</b>	<b>77.5</b>
o/w Corte dei Conti fines	0.0	66.4
o/w other non-recurring	7.1	11.1

(€ mn)	FY12	FY13
<b>Financial charges, net</b>	<b>42.6</b>	<b>59.1</b>
Financial Interest, net	44.2	43.0
Extraordinary costs (income)	(1.6)	16.1

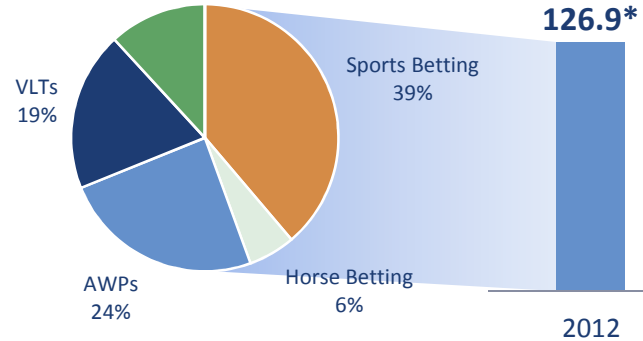
# FY2013 Results

## 2012-2013 EBITDA Bridge and contribution margin



### Contribution Margin 2012-2013

On line Skill & Casino Games  
12%

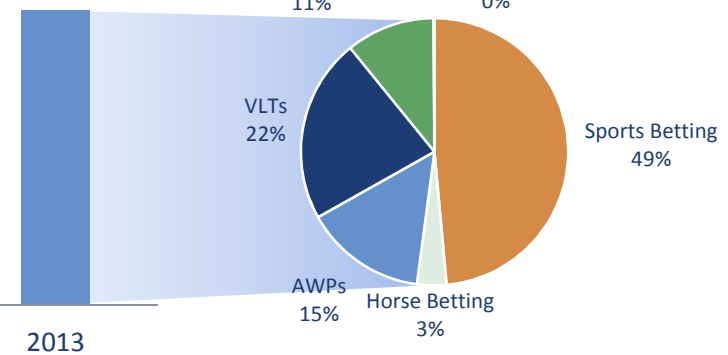


126.9\*

2012

(€ mn)	2012	2013	Δ (%)
Sports Betting	49.2	75.9	54.3%
Horse Betting	7.2	5.6	-22.6%
AWPs	31.0	23.0	-25.8%
VLTs	24.5	34.8	42.0%
On line Skill & Casino Games	15.0	16.8	12.0%
<b>Total</b>	<b>126.9</b>	<b>156.0</b>	<b>23.0%</b>

156.0\*



2013

\* = Concession Contribution Margin only pertaining to the gaming concession businesses

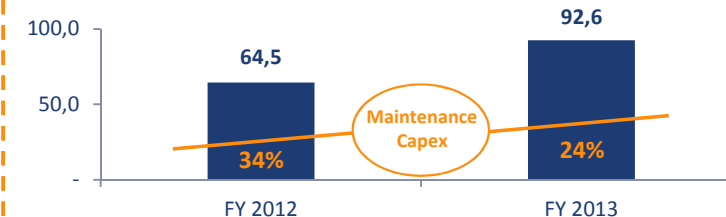
# FY2013 Results

## Cashflow Statement

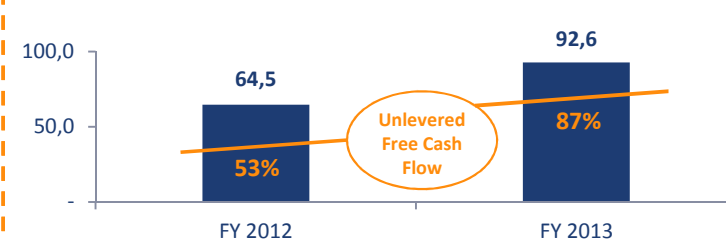
### Cash Flow Statement

(€ mn)	FY 2012	FY 2013
EBITDA	64.5	92.6
Δ Working Capital and Other Assets & Liabilities	(7.1)	14.5
Maintenance Capital Expenditures	(21.8)	(22.2)
Taxes paid	(1.1)	(3.9)
<b>Unlevered Adjusted Free Cash Flow</b>	<b>34.5</b>	<b>81.0</b>
Financial Income (Expenses)	(42.6)	(59.7)
<b>Adjusted Free Cash Flow</b>	<b>(8.1)</b>	<b>21.3</b>
Development Capital Expenditures	-	(17.6)
Fines and Corte dei Conti settlement	-	(66.5)
Other Non-Recurring Items	(7.1)	(11.0)
<b>Total Free Cash Flow</b>	<b>(15.2)</b>	<b>(73.8)</b>
Initial Net Debt	354.4	369.6
Final Net Debt	369.6	443.4
<b>Final Net Debt / EBITDA (x)</b>	<b>5.7x</b>	<b>4.8x</b>

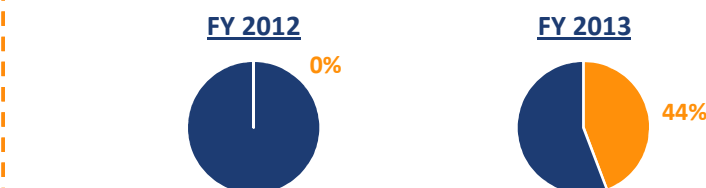
2012-2013 Maintenance CAPEX as % of EBITDA



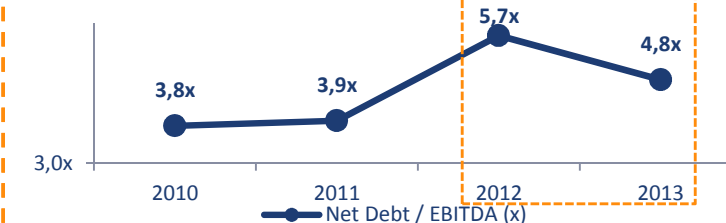
2012-2013 Cash Conversion (UL FCF / EBITDA)



2012-2013 Development CAPEX as % of Total CAPEX



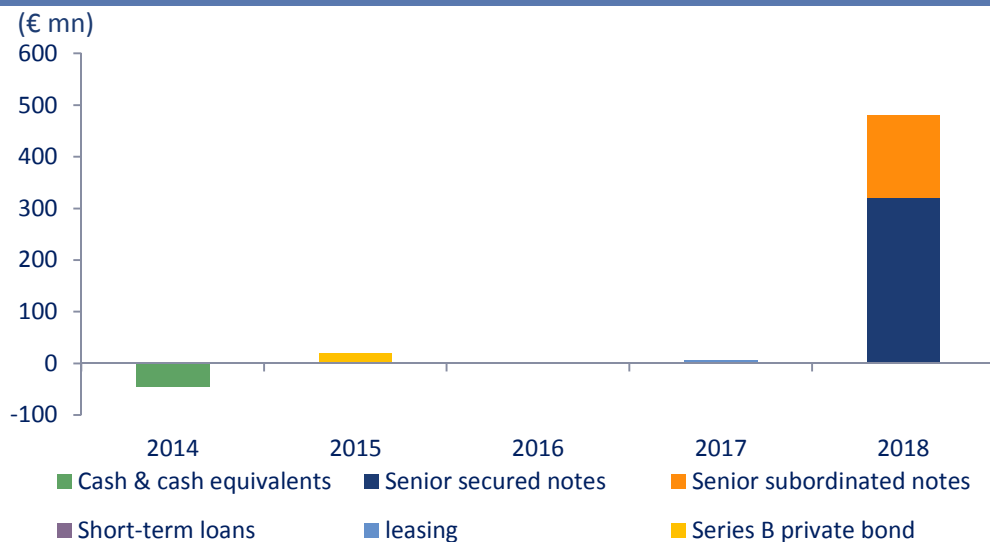
2012-2013 Net Debt / EBITDA trend



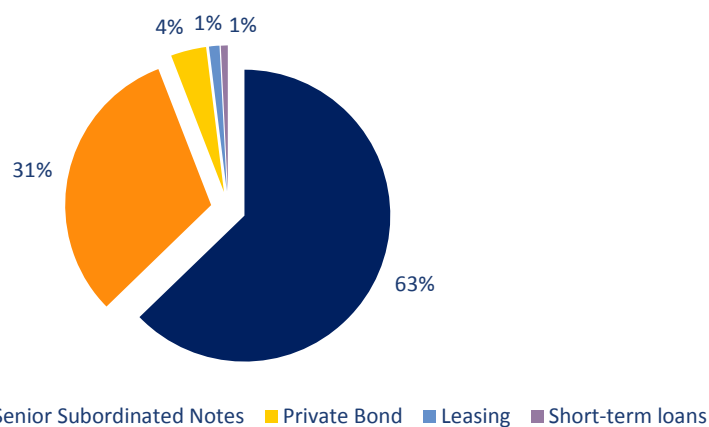
# FY2013 Results

## Debt Maturity and Composition

### Debt Maturity Profile



### Breakdown of Gross Debt



### Details of Secured and Subordinated Notes

	<b>SECURED NOTES</b>	<b>SUBORDINATED NOTES</b>
<b>Issue</b>	Senior Secured Notes	Senior Subordinated Notes
<b>Principal amount</b>	€320mm in aggregate	€160mm in aggregate
<b>Currency</b>	Euros	Euros
<b>Maturity</b>	4.5 years	5 years
<b>Call period</b>	NC 2	NC 2
<b>Coupon</b>	Fixed	Fixed
<b>Interest payment</b>	Semi-annual	Semi-annual
<b>Ranking</b>	The Notes will be senior secured obligations of the Issuer and will rank pari passu with all present and future indebtedness that is not subordinated in right of payment to the Senior Secured Notes, and be junior to the SS RCF, certain hedging obligations and other indebtedness that will receive proceeds of collateral	The Notes will be senior unsecured subordinated obligations of the Company and will be subordinated in right of payment to all existing or future senior indebtedness of the issuer, including the obligations in respect of the Senior Secured Notes and the SS RCF
<b>Security</b>	Secured	Unsecured
<b>Optional redemption</b>	The Notes will be redeemable, at the option of the Issuer under the market standard methodology at the time of pricing  Prior to 2015, the Issuer may redeem up to 10% of the notes in each twelve month period commencing on the Issue Date at a price equal to 103% plus accrued and unpaid interests	The Notes will be redeemable, at the option of the Issuer under the market standard methodology at the time of pricing
<b>Equity claw</b>	Up to 35% of the issue can be repaid at par plus coupons from an equity offering	
<b>Change of Control</b>	Put at 101% of principal plus accrued interest	
<b>Covenants</b>	Standard high yield incurrence covenants <ul style="list-style-type: none"> <li>■ Limitation on additional indebtedness</li> <li>■ Limitation on restricted payments</li> <li>■ Limitation on asset sale</li> </ul>	

# Today's Agenda

✓ SNAI: A New Journey

✓ Market Overview

✓ Introduction to SNAI

✓ FY2013 Results

✓ **2014-16 Business Plan**

✓ Appendix

# 2014-16 Business Plan







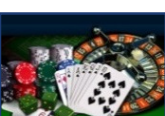
## Main Assumptions about the Italian Gaming Market

- **Gross Gaming Revenues** expected to remain broadly stable, close to peak levels
- **Innovation still a significant market driver**, as recently proved by the successful introduction of virtual events as well as the broadening of the mobile app offering
- **VLTs: first year of stable market after the full roll-out of concession rights (≈55,000)**
- **AWPs: market stabilization** following full deployment of VLT concessions
- **Sports betting: big boost to total wagers expected from the World Cup** in Brazil, great opportunity to attract new customers from among sports fans
- **Online Skill Games & Casino** expected to be “on-the-go” thanks to new generation applications for smartphones and tablets
- **No concession renewal process completed before the end of 2016.** Competitive environment likely to stabilize at current levels as gaming companies focus on generating cash in order to be well prepared once the concession renewal cycle kicks off



# Italian Gaming Market Trends

## Market Assumptions by Gaming Activity

Gaming Activity		2013 Market Size (Wagers € bn)	2014-16 Expected Trend	Product Innovation	Regulatory Framework	Competition	Overall Ranking
Videolotteries	 VLTs	22.3	=	+	-	=	+
	 AWP	25.5	=	=	-	=	=
Sports Betting & Horse Betting	 Sports Betting	2.5	-	=	=	+	=
	 Horse Betting	0.7	--	=	-	-	-
	 Betting on Virtual Events	Just launched	+++	+++	=	=	+++
	 Online Sports and Horse Betting	1.4	+	+	+	=	++
	Online	 Online Skill Games, Mobile Apps	13.3	-	++	=	-

# 2014-16 Business Plan

## SNAI set to capitalize on favourable market opportunities

- **Strong Brand Heritage and Reliability** offers SNAI fertile ground to enlarge its current product offering
- **Virtual events** are broadcast through SNAI's proprietary TV network and operated through terminals located in Betting Shops
- SNAI enjoys a top-of-mind brand in the sports betting business, able to attract potential new gamblers both online and offline
- **One of the leading operators in both VLT and AWP gaming activities**, deployment of VLT concession will only take full effect as of FY14
- **2<sup>nd</sup> largest player in key segments of the online market, with a consistently growing market share**
- **Undisputed market leader in Horse Race Betting** since its foundation

# 2014-16 Business Plan

## SNAI: Main Actions and Goals for 2014-16

1

### Wagers

- Broader diffusion of Virtual Games
- Full effect from the roll-out of VLT concession rights
- Relocation of ~20% of VLTs toward high-performing PoS
- Customers' fidelization programs in high-performing PoS
- Extended opening hours, broader Live Betting offering
- Enhanced product innovation in the online channel toward smartphone and tablet applications

3

### Profitability

- Reduced volatility in sports betting pay-out
- Increased # of directly owned AWP
- Strict grip on labour costs and consulting
- Streamlining of costs in horse race facilities

2

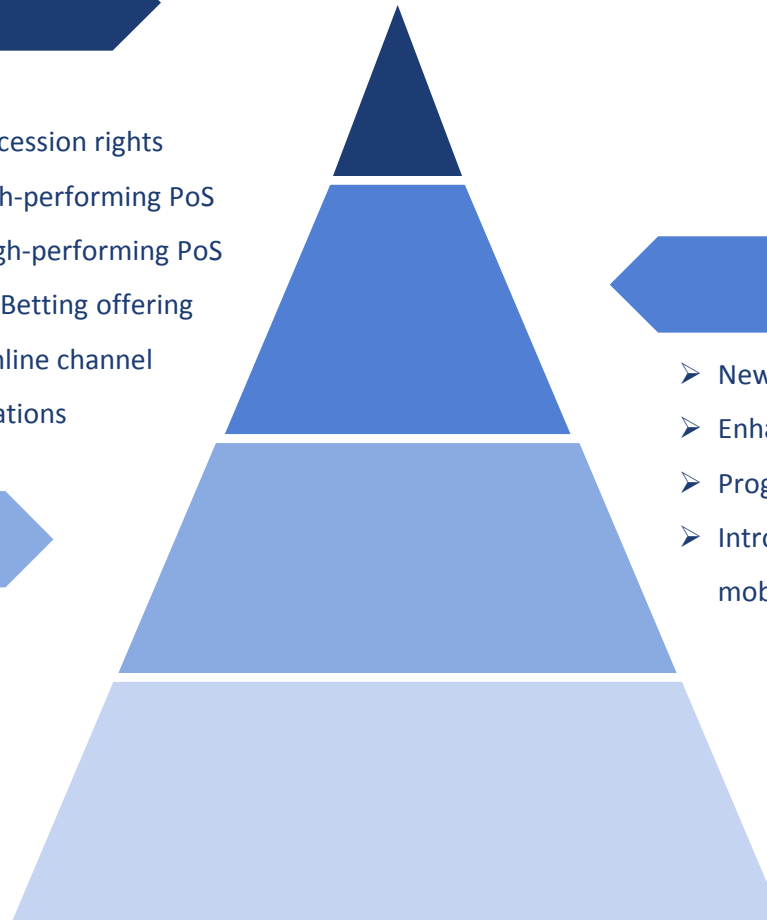
### Revenues

- New contractual incentive scheme for the POS network
- Enhanced IT tools to smoothen volatility of betting pay-out
- Progressive shift towards fixed payout gaming activities
- Introduction of new commercial services (payment services, mobile top-ups, ticketing)

4

### Cashflow Generation

- Improved profitability
- No significant development CAPEX
- Stricter monitoring of trade receivables



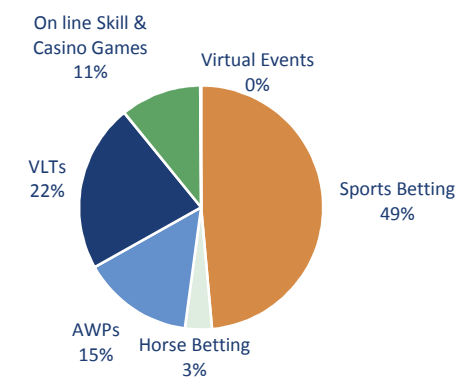
# Business Plan 2014 – 2016

## 2014 – 2016 Target Figures

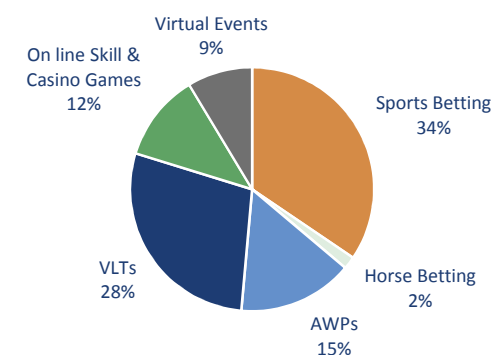
(€ mn)	2013	2014	2016
EBITDA	92.6	~ 102-107	~ 115-120
Reported Pre-Tax Profit (Loss)	(100.1)	Slightly Negative	Positive
Capital Expenditure	39.8	~ 20	~ 17
<i>o/w maintenance CAPEX</i>	22.2	17	17
<i>o/w which development CAPEX</i>	17.6	3	0
Free Cash Flow	(73.8)	~ 20	~ 40
Net Debt (Cash)	443.4	~ 420/425	~ 355/360
Net Debt / EBITDA (x)	4.8	~4.0	~3.0

### Contribution Margin by Activity

2013



2016



# Business Plan 2014 – 2016

## Conclusions

- In 2013 we finally **resolved some important pending issues, restructured our business and completed a series of investments**. From now until 2016 we expect the **business to benefit from greater visibility** due to the stable regulatory picture, no further concession renewals, debt conditions that have already been negotiated in full and limited planned investments.
- Drawing confidence from these factors, today for the first time we have presented a three-year business plan, which indicates significant EBITDA growth, and above all, hefty cash generation.

We have reminded you of the **main levers** we will use to grow our business:

- Extracting the benefits of a highly flexible cost structure
- Exploiting state-of-the-art technology by means of international partnerships
- Leveraging on our strong brand and excellent distribution network

- Finally, we have also mentioned some projects and elements **that are not currently included in our business plan**, but which would be capable of accelerating our growth path :

- **Commercial partnerships in digital gaming**
- **Value enhancing actions on our real estate property in the San Siro area**

From now on, we will give you quarterly updates on our progress in executing the business plan.

**Our aim is to continue to be a byword for entertainment and reliability for all Italians.**

# Glossary

“AAMS”

- The *Agenzie delle Dogane e dei Monopoli*, formerly the *Amministrazione Autonoma dei Monopoli di Stato*, the Italian gaming regulatory authority

“AWP”

- Amusement With Prize

“VLT”

- Video Lottery Terminal

“Gaming”

- Collectively, gaming and betting (and “gaming industry” refers collectively to the gaming and betting industry)

“Wagers”

- Turnover of gaming activities, the total amount of money spent by players and collected by gaming operators

“Payout”

- Winnings paid back to players. The “payout ratio” is the ratio between winnings and wagers

“GGR”

- Gross Gaming Revenue, refers to total turnover (i.e., total wagers) less the amount paid out to players in winnings

“NGR”

- Net Gaming Revenues, refers to Gross Gaming Revenues less taxes paid to the Government

“GDP”

- Gross Domestic Product

“CAGR”

- Compounded Annual Growth Rate

“POS”

- Point of Sale, refers to corners and shops