



# *Play with the Playmakers*

SNAI Group - FY 2015 Results | 27 April 2016

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# Speakers



**Fabio Schiavolin**  
CEO



**Chiaffredo Rinaudo**  
CFO

# Agenda

## FY 2015 Results

Business Update

Q & A

## 2015 Results

- ❑ Cogemat Group consolidated from November 1, 2015
- ❑ 2015 revenues include **27.5 mln €** related to Barcrest transaction
- ❑ EBITDA performance affected by:
  - 2015 Budget Law impact on gaming machines margin (**7 mln €**)
  - Unfavourable payout on sport betting: 82.2% vs 79% in 2014 (more than **20 mln €** impact on EBITDA)
  - SIS and Finscom PoS (63 shops) shut down in the first half of 2015

*Euro million*

Profit and Loss	2015	2014	Diff.	%
<b>Total Revenues</b>	<b>631,8</b>	<b>527,5</b>	<b>104,3</b>	<b>20%</b>
Gross EBITDA	95,1	93,6	1,5	2%
<b>EBITDA</b>	<b>85,5</b>	<b>105,9</b>	<b>-20,4</b>	<b>-19%</b>
Adjusted EBITDA	90,2	111,5	-21,3	-19%
EBIT	13,6	34,9	-21,3	-61%
EBT	-45,9	-24,0	-21,9	-91%
<b>Net Income (Loss)</b>	<b>-54,2</b>	<b>-26,1</b>	<b>-28,1</b>	<b>-108%</b>
<b>Net Financial Position</b>	<b>467,6</b>	<b>419,1</b>	<b>48,5</b>	<b>12%</b>

- ❑ 2015 results are also impacted by one-off items:
  - 11.2 mln € depreciation of SRI/Finscom after Purchase Price Allocation and Impairment Test
  - Non recurring bad debt provisions (7.7 mln mainly connected to former SIS credits)
  - 5.5 mln € DTA write-off because of new tax-rate introduction (24% from 2017)
- ❑ Net Financial Position of 467.6 mln € (includes 110 mln € bond issued in July and 47 mln € liquidity of Cogemat group)

## 2015 Key Highlights: M&A operations

- ❑ Integration with **Cogemat Group** and related companies (November 2015)
  - EBITDA 2015 contribution from Cogemat (proforma): 36.8 Mln €
  - Cogemat PFN as of 31.12.2015: 63.6 mln € (1.73x leverage)
  - Identified € 18 mln of synergies partially achieved in 1Q 16
  - Established new top-management team with balanced expertise and know-how: Betting experience from SNAI and Gaming Machines expertise from Cogemat
  
- ❑ Retail network integration through business combinations with **Finscom** and **SIS**
  - 63 Points of Sale fully re-opened in 4Q 15 (ca. 50 mln € wagers in 1Q 2016)
  - Positive contribution to consolidated EBITDA starting from 4Q 15 (ca. 1 mln €/quarter)
  - Definitive acquisition of SIS business within H1 16
  - Management strategy focused on progressive outsourcing of PoS



- ❑ **2016 results will benefit from business integrations, both in terms of cost synergies and additional margins from PoS**
- ❑ **Cogemat business, mainly driven by Gaming Machines, will lower payout impact (in %) on SNAI Group EBITDA**

## 2015 proforma KPI

*Euro million*

<b>SNAI Group - Proforma Results</b>	<b>2015</b>	<b>2014</b>	<b>Diff.</b>	<b>%</b>
<b>Total Revenues</b>	<b>1.000,9</b>	<b>964,1</b>	<b>36,9</b>	<b>3,8%</b>
Contribution Margin	238,8	271,9	-33,2	-12,2%
<b>EBITDA</b>	<b>114,6</b>	<b>145,8</b>	<b>-31,2</b>	<b>-21,4%</b>
Adjusted EBITDA	122,3	153,7	-31,4	-20,4%
<b>Net Financial Position</b>	<b>467,6</b>	<b>503,3</b>	<b>-35,7</b>	<b>-7,1%</b>

*Management analysis*

- ❑ Payout risk on 2015 Contribution Margin limited to 21% thanks to Cogemat contribution on Gaming Machine business
- ❑ Proforma EBITDA 2015: 114,6 mln €; decrease of 31.2 mln € vs EBITDA 2014 mainly due to payout effect and 2015 Budget Law (12 mln € on aggregate basis)
- ❑ Proforma Net Financial Position improved from 503 mln € to 468 mln €

## 2015 Key Highlights: Wagers and Revenues breakdown

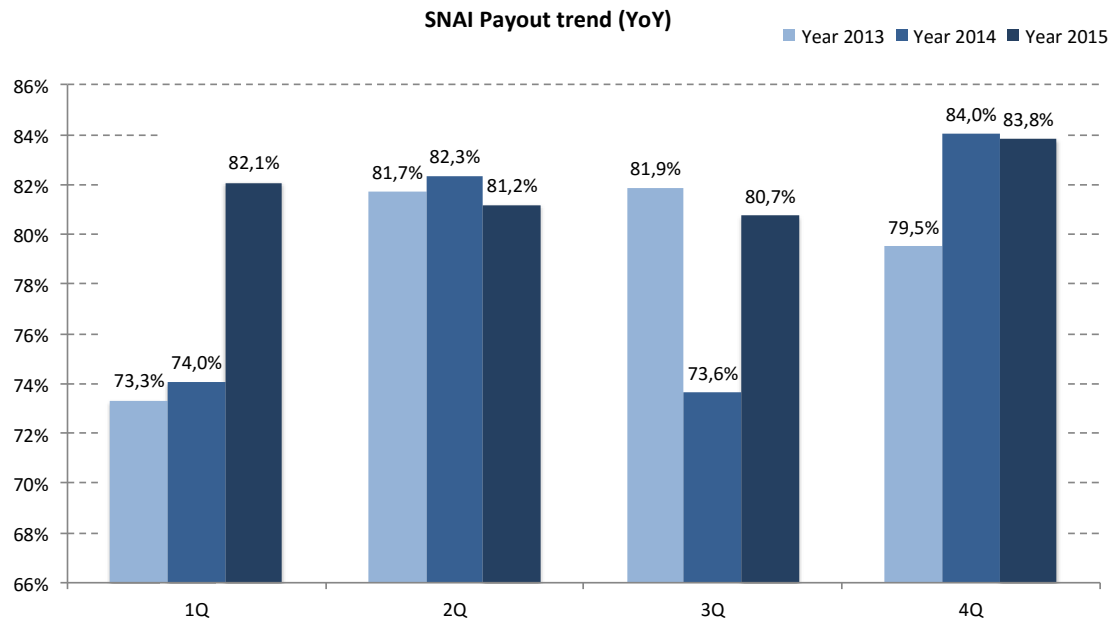
<i>Euro million</i> Business	<i>Wagers Proforma</i>			<i>Revenues Proforma</i>		
	2015	2014	%	2015	2014	%
AWPs	4.060	3.756	8,1%	511	475	7,7%
VLTs	3.412	3.302	3,4%	224	212	5,8%
<b>Gaming Machines</b>	<b>7.473</b>	<b>7.058</b>	<b>5,9%</b>	<b>736</b>	<b>687</b>	<b>7,1%</b>
Sport Betting (Retail)	609	677	-10,1%	91	122	-25,6%
Sport Betting (Online)	192	147	30,6%	19	20	-3,6%
Horse Betting	237	280	-15,2%	22	27	-18,9%
Virtual Events	303	385	-21,2%	40	48	-16,5%
<b>Betting</b>	<b>1.341</b>	<b>1.489</b>	<b>-9,9%</b>	<b>171</b>	<b>216</b>	<b>-20,7%</b>
<b>Online Games (Skills, Casinò, Bingo)</b>	<b>771</b>	<b>781</b>	<b>-1,3%</b>	<b>20</b>	<b>21</b>	<b>-4,5%</b>
<b>Other (Betting provider and financial services)</b>	<b>610</b>	<b>575</b>	<b>6,0%</b>	<b>10</b>	<b>10</b>	<b>-1,0%</b>
<b>SNAI Group</b>	<b>10.195</b>	<b>9.903</b>	<b>2,9%</b>	<b>1.001</b>	<b>964</b>	<b>3,8%</b>

- ❑ +5.9% growth in **Gaming Machines** wagers and +7.1% on revenues due to the increase in bet/coin-in and thanks to machines relocation
- ❑ **Sports betting wagers (-10%) and revenues (-25.6%)** impacted by SIS/Finscom shops inactivity in the first half of the year and higher payout than 2014 (**82.2% vs 79.0%** -> **20 mln € impact on EBITDA**)
- ❑ **Online wagers** for Sport betting significantly growing (+30% YoY proforma wagers), stable revenues due higher payout
- ❑ Competitors pressure and SIS shops temporary inactivity affected the **Virtual Events** wagers (-21.2%) an revenues. Negative impact close to zero in the second half of the year
- ❑ As of 31 December, SNAI distribution network is composed of 1,569 PoS (Shops + Corners), 63,548 AWP e 9,911 VLTs



# Payout Trend

PAYOUT TREND (YoY)							
	1Q	2Q	1H	3Q	4Q	2H	Full year
<b>Year 2015</b>	82,1%	81,2%	81,7%	80,7%	83,8%	82,6%	82,2%
<b>Year 2014</b>	74,0%	82,3%	78,0%	73,6%	84,0%	79,6%	79,0%
<b>Year 2013</b>	73,3%	81,7%	77,1%	81,9%	79,5%	80,5%	78,8%



**Unfavourable payout in 2015 (82.2%), more than 3 points over 2014 and 2013 averages**

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# 2016 Outlook

## ❑ 2016 Budget Law effects:

- Betting taxation on net revenues (18% retail, 22% online), former regime was 4.1% on wagers. New regime will reduce the impact of negative payout for concessionaires
- Increase in gaming machine taxation (17.5% AWP, 5.5% VLTs) and repeal of 2015 Budget Law (500 mln € tax)
- Minimum payout for AWP decreased to 70%
- **AWP @ 70% payout:** as of 31 March 2016, 30% of AWP on SNAI network have been updated with new boards running at 70% payout, without any impact on Q1 wagers



**Limited impact expected from 2016 Budget Law on SNAI EBITDA (approx. -2 mln €)**

- ## ❑ Synergies from Cogemat group integration: 18 mln € expected synergies, of which 40% in 2016 and 100% by 1Q 17.
- Important savings already achieved thanks to new supply agreements signed with telecommunication providers and logistic service suppliers. Cogemat group will be fully merged in SNAI SpA before 2016 yearend.


## ❑ 2016 Betting Tender:

- Uncertainty on tender timing
- Number of rights (10.000 Shops + 5.000 Corners) in line with existing PoS in Italy, including grey market (“ctd”)
- SNAI total capex in the range 45 – 75 mln € depending on bidding strategy and targets
- Current liquidity level > 100 mln €, no need to activate the RCF line

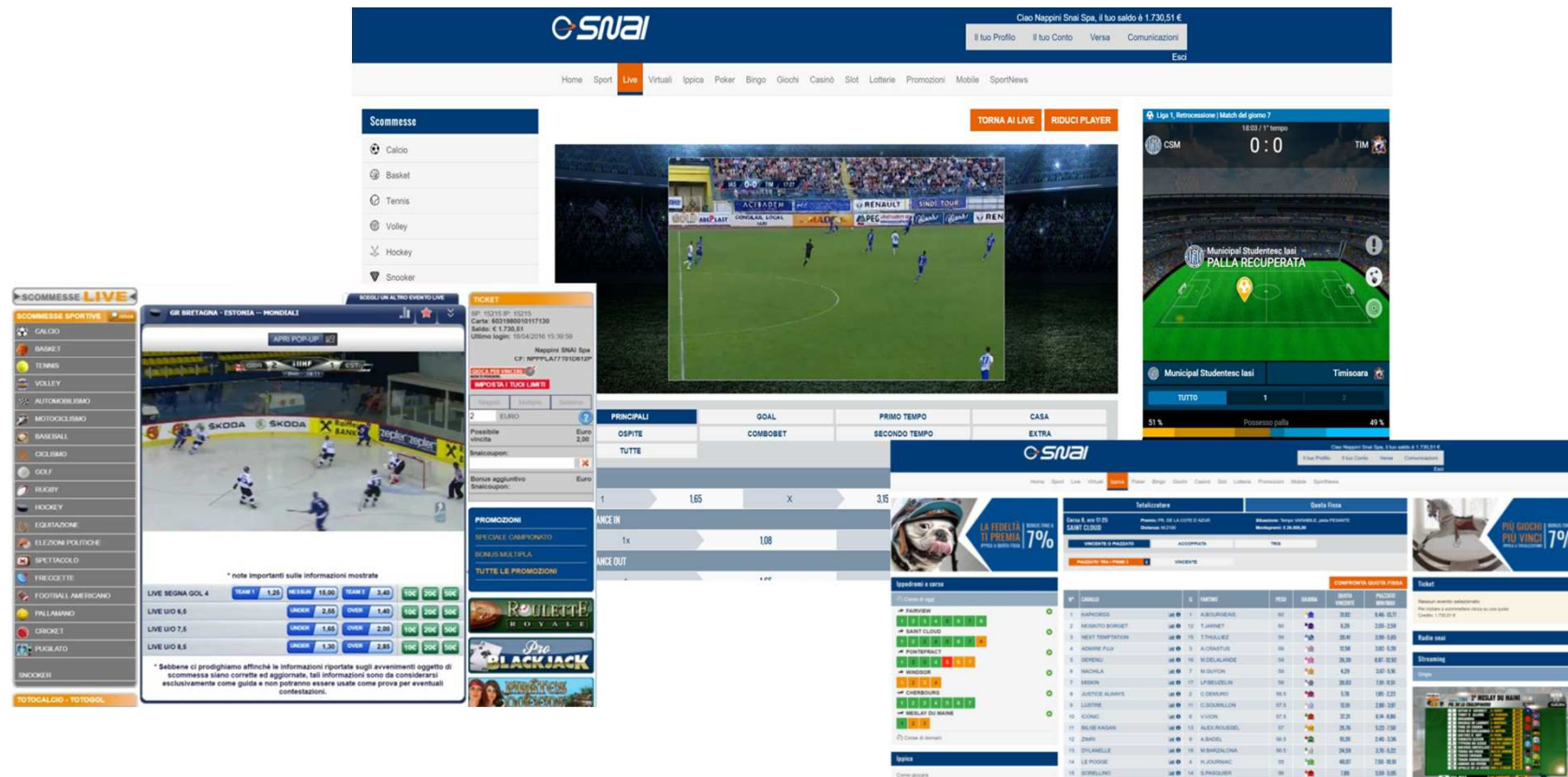
## Current Trading 1Q 16

- ❑ **+8.4% wagers growth in 1Q 16: 2.769 mln €, vs 2,554 mln in 1Q 2015**
- ❑ **Gaming Machines still growing in Q1 (+6.9%)** despite progressive decrease in AWP's payout
- ❑ **+14.5% in retail Sport Betting**
- ❑ **+53% growth in online Sport Betting** thanks to new website launched in January
- ❑ Growth in **Virtual Races (+9.1%)** driven by increased number of events and SIS PoS reopening

<i>Euro million</i>	<i>Wagers Proforma</i>		
Business	1Q 16	1Q 15	%
AWPs	1.047	998	4,9%
VLTs	918	841	9,2%
<b>Gaming Machines</b>	<b>1.965</b>	<b>1.839</b>	<b>6,9%</b>
Sport Betting (Retail)	191	167	14,5%
Sport Betting (Online)	69	45	52,7%
Horse Betting	64	64	0,0%
Virtual Events	84	77	9,1%
<b>Betting</b>	<b>408</b>	<b>353</b>	<b>15,6%</b>
<b>Online Games (Skills, Casinò, Bingo)</b>	<b>233</b>	<b>197</b>	<b>18,3%</b>
<b>Other (Betting provider and financial services)</b>	<b>163</b>	<b>165</b>	<b>-1,2%</b>
<b>SNAI Group</b>	<b>2.769</b>	<b>2.554</b>	<b>8,4%</b>


  
**1Q growth shows the validity of SNAI-Cogemat development strategy  
and the positive contribution from former SIS business**

# New Website Release



- ❑ In January 2016 the new website [Snai.it](http://Snai.it) was launched, moving from a classic website to a fully responsive html5 portal
- ❑ Major enhancements involved the Sports pages, In-Play betting in particular, where customer is addressed with a customizable view of Live Streaming, Scoreboards and odds
- ❑ The website release has driven the performance on online wagers in 1Q-16 (+53% in Betting and +18% in Games)

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