

*Play with  
the Playmakers*



**SNAI Group**

Italian High Yield Conference

*Milan, 7 June 2016*



# 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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# Speakers

**CEO**  
**Fabio Schiavolin**



**CFO**  
**Chiaffredo Rinaudo**





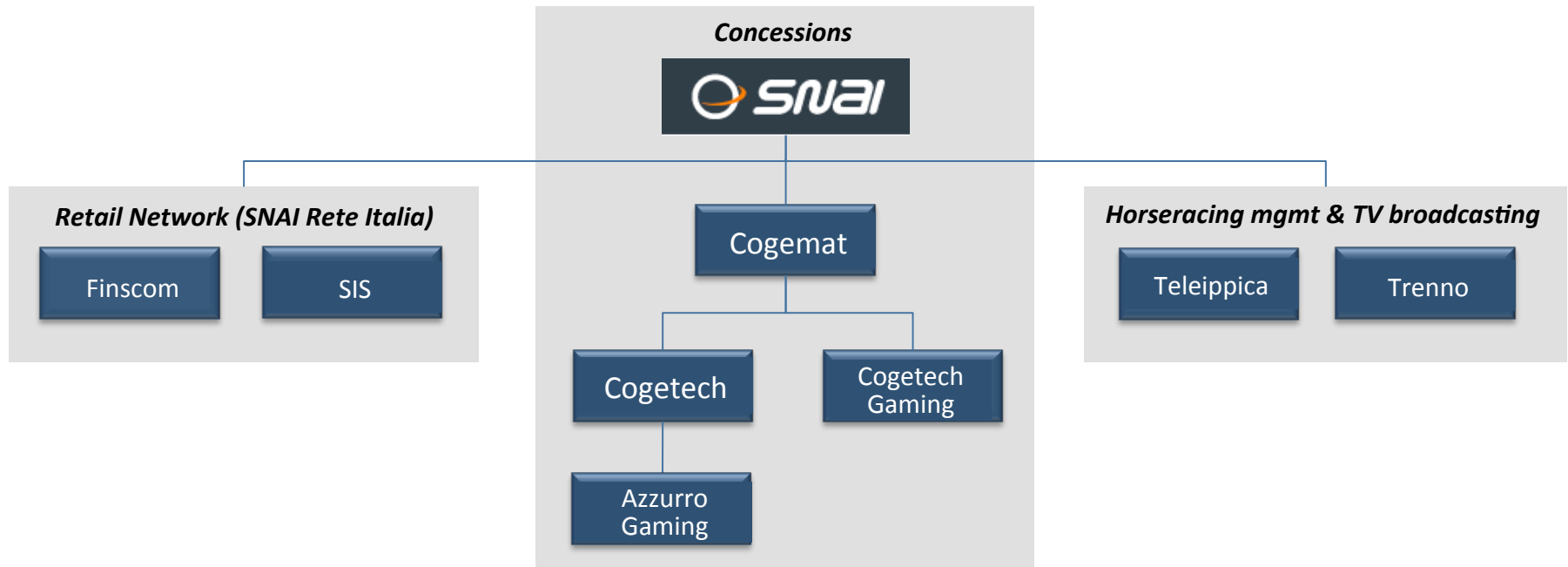
# SNAI – Cogemat Integration and Group Positioning



# Compelling Integration Process

During 2015, SNAI Group deeply changed its profile and positioning:

- On 1<sup>st</sup> April SNAI acquired **Finscom**, a company running 8 points of sale in the North of Italy
- On 22<sup>nd</sup> July 2015 SNAI leased the whole business (55 shops) from **SIS**, one of the main Italian gaming retailer. The definitive acquisition of the shops is expected within 1H-16
- SIS and Finscom points of sale were shut down before SNAI deal and added 180 mln € wagers (on 12 month basis) and 420 employees to the Group. All shops to be fully outsourced before 2017 year-end
- On 19<sup>th</sup> November 2015 **SNAI finalized the acquisition of Cogemat** (434 mln € revenues in 2014, 4<sup>th</sup> Concessionaire in Italy for Gaming Machines) and a leading player in the Italian Gaming industry
- Before 2016 year-end, Cogemat Group will be fully merged in SNAI to become a unique Concessionaire



# Rationale of the Merger with Cogemat

## Market Leadership

The Group is a leading player in the Italian Gaming Machines market with 16% market share in Gaming Machines (ranking #2) and extended leadership in Sports and Horserace Betting (market share over 20%)

## Enlarged Distribution Network

Cogemat's distribution network added 112 shops and 66 corners as well as approximately 37,000 AWP's and 5,000 VLT's. Consolidation with SNAI's distribution network created one of the largest player in Italy with more than 65,000 AWP's, 10,000 VLT's and 1,600 POS

## Augmented Service Portfolio

Cogemat convenience payment service ("Paymat") deployed over SNAI distribution network providing SNAI customers with new payment services such as utility bill payments, mobile phone top-ups and prepaid cards

## Operational Synergies

Operational synergies and efficiencies from the increased size of the business; full benefit initially estimated in the region of € 18mm annually and achieved within 1Q 2017

## EBITDA Stabilization

Cogemat integration increases Gaming Machine contribution to Group EBITDA thus rebalancing the Group exposure to swings in betting payout

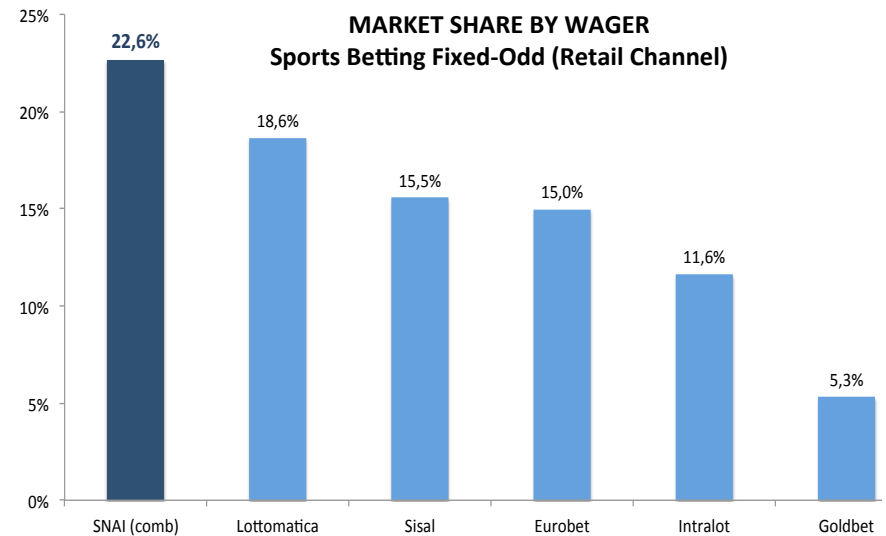
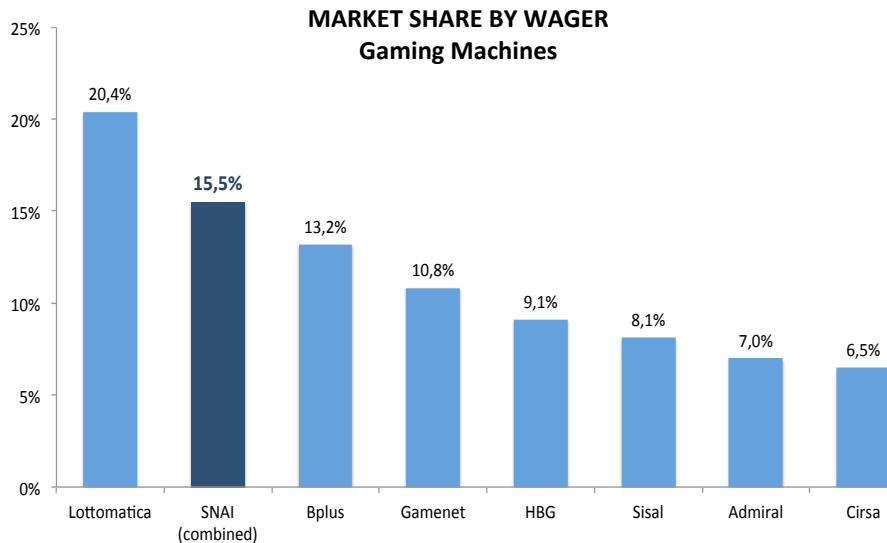
# Market Leadership

SNAI market leadership based on more than **10 Bln € wagers**

Key Business (Euro mln)	Wagers	Market Share
Gaming Machines	7.473	15,4%
Sports Betting (Retail Channel)	886	32,9%
Sports Betting (Online Channel)	192	6,7%
Horserace Betting	319	50,1%
Virtual Events	446	41,8%
Online Games (Skill, Casino and Bingo)	771	5,8%
<b>Total Snaitech Group</b>	<b>10.089</b>	<b>14,6%</b>

include Betting  
Provider wagers  
502 mln €

2015 Annual Proforma Data



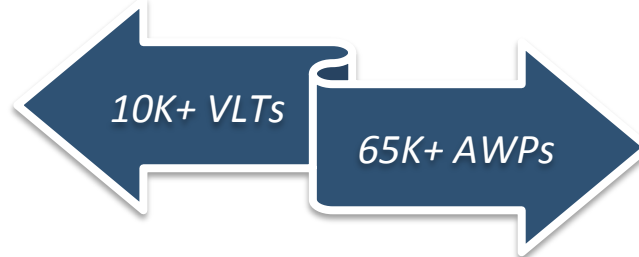
# Enlarged Distribution Network



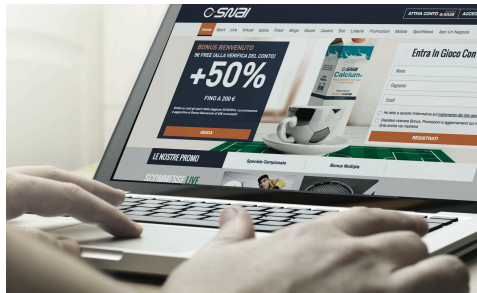
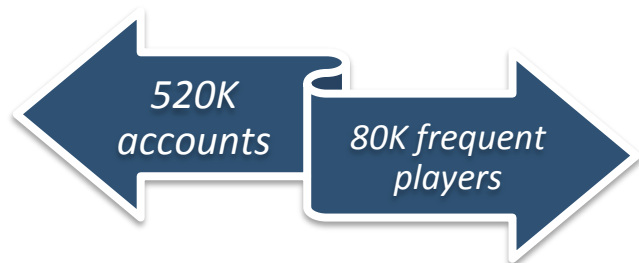
1.621 Point of Sales



Gaming Machines Network









Online Players

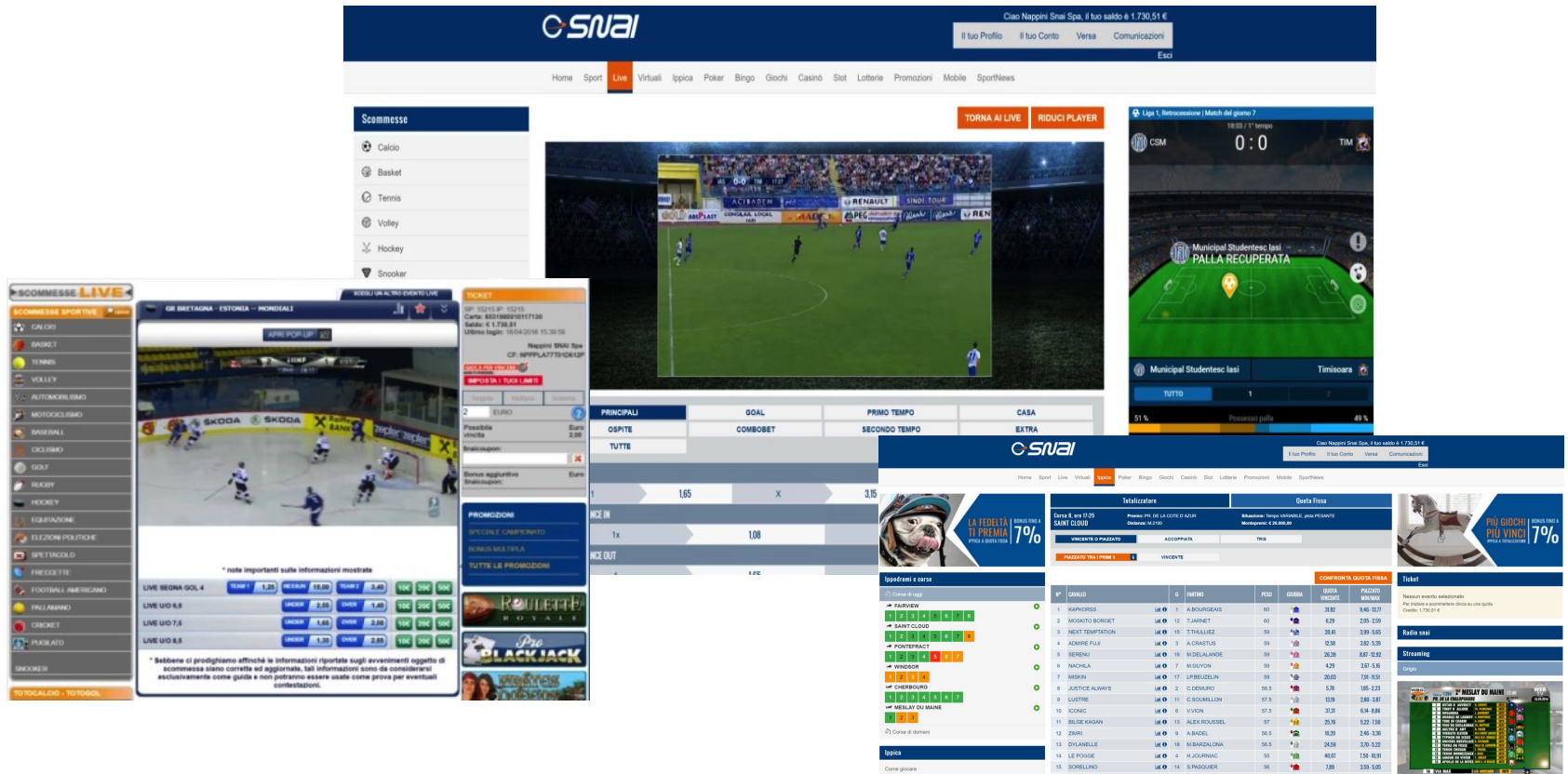




# Augmented and Diversified Service Portfolio

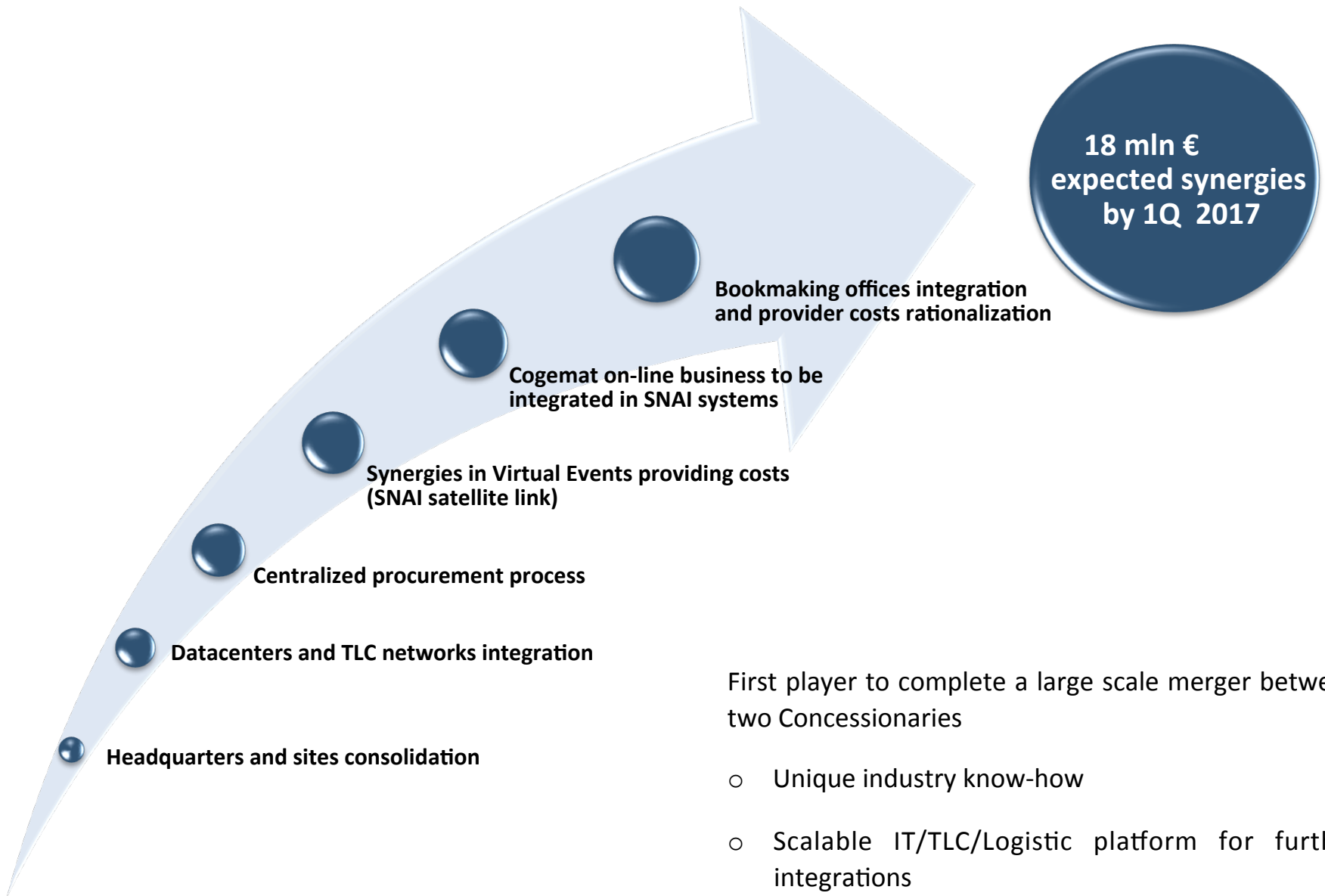
<p>Sports and Horserace Betting</p>		<p style="text-align: center;"><b>Consolidation of SNAI's leading position in this market</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%; text-align: center;">SNAI expertise</th> <th style="width: 33%; text-align: center;">Cogemat expertise</th> <th style="width: 33%; text-align: center;">Retail Network</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>○ Leading network of sports and horse races betting shops and corners</li> <li>○ 3 horse racing tracks</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>○ 186 iZiPlay POS including 112 sports and horse race betting shops and 66 sports betting corners</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>○ 55 SIS shops</li> <li>○ 8 Finscom shops</li> </ul> </td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>○ Overall POS network of 1,621 POS including 667 shop, 63 SIS/Finscom proprietary shops and 891 corners</li> <li>○ New Snai.it full responsive html5 website with major enhancements on Sports pages and In-Play betting</li> </ul>	SNAI expertise	Cogemat expertise	Retail Network	<ul style="list-style-type: none"> <li>○ Leading network of sports and horse races betting shops and corners</li> <li>○ 3 horse racing tracks</li> </ul>	<ul style="list-style-type: none"> <li>○ 186 iZiPlay POS including 112 sports and horse race betting shops and 66 sports betting corners</li> </ul>	<ul style="list-style-type: none"> <li>○ 55 SIS shops</li> <li>○ 8 Finscom shops</li> </ul>
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<p>Online Skill and Casino Games</p>		<p style="text-align: center;"><b>Creation of a major player in the online gaming market in Italy</b></p> <ul style="list-style-type: none"> <li>○ Over 520,000 online accounts with more than 80,000 frequent players on a monthly basis</li> <li>○ Full range of games including E-Sports and Fantasy Games</li> </ul>						
<p>Virtual Events</p>		<ul style="list-style-type: none"> <li>○ Market Leader</li> <li>○ Forefront innovation on new games</li> </ul>						
<p>Financial Services</p>		<ul style="list-style-type: none"> <li>○ Utility bill payment services</li> <li>○ Mobile top-ups, phone cards and gift cards</li> <li>○ Paymat prepaid payment card</li> </ul>						
<p>Betting Provider</p>		<ul style="list-style-type: none"> <li>○ Bookmaking service providing to third-parties Points of Sale</li> </ul>						
<p>Television and Racecourse</p>		<ul style="list-style-type: none"> <li>○ Television operations managed by Teleippica</li> <li>○ Horserace organization and real estate management</li> </ul>						

# Augmented and Diversified Service Portfolio (new online website)



- In January 2016 the new website **snai.it** was released, moving from a classic website to a fully responsive HTML5 portal
- Major enhancements involved the Sports pages and 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 1Q16 (+53% in Betting and +18% in Games)**
- **Launch of E-SPORTS and Fantasy Games in June 2016**

# Operational Synergies



First player to complete a large scale merger between two Concessionaries

- Unique industry know-how
- Scalable IT/TLC/Logistic platform for further integrations

# EBITDA Stabilization

- Cogemat integration significantly increased the Gaming Machine contribution to Group EBITDA and the Group exposure to Betting payout risk in all key metrics

## SNAI w/o Cogemat

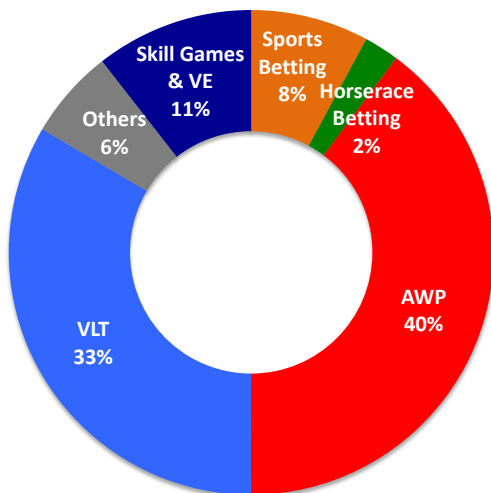
Wagers	15%
Revenues	20%
Contribution Margin	27%



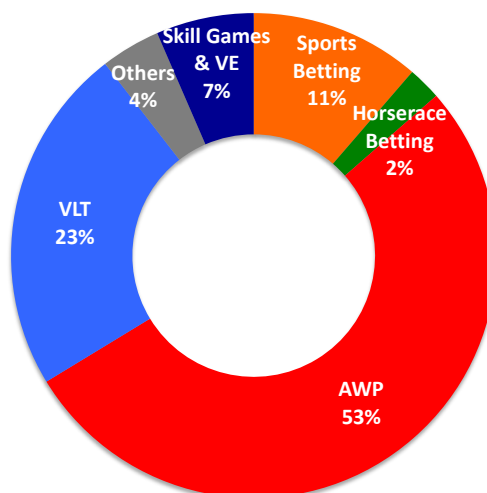
## SNAI with Cogemat

Wagers	8%
Revenues	11%
Contribution Margin	20%

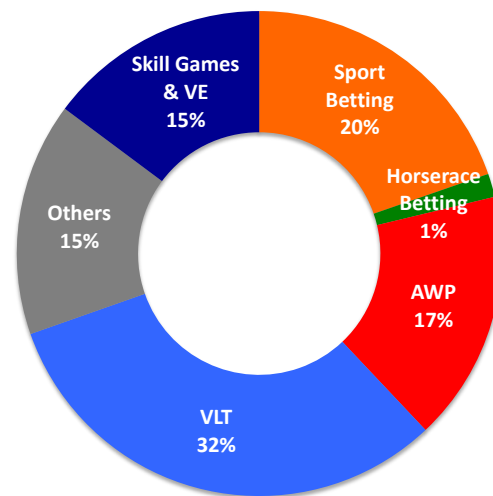
Wagers Breakdown



Revenues Breakdown



Contribution Margin Breakdown



2015 Annual Proforma Data



## Group Financials

# 2016 Regulatory Outlook for SNAI

## ○ **2016 Budget Law effects**

- Betting taxation on net revenues (18% retail and 22% online) while 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 and 5.5% VLTs) and repeal of 2015 Budget Law (500 mln € tax)
- Minimum payout for AWP decreased to 70% AWP with gradual substitution or internal boards: as of 31 march 2016 30% of AWP on SNAI network have been updated with new boards running at 70% payout

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

## ○ **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

- **Concessions integration (Gaming Machines/Betting/Online)** and merger with Cogemat should be completed by year-end

# 1Q 2016 Highlights: first benefits from Group new organisation

## 1Q results

- Robust growth on **EBITDA** in 1Q 16: **38,7 mln €** vs 29,6 mln €, + **9,1 mln € yoy**
- **Positive Net Result: 1,6 mln €**, without one-off items contribution
- **15,4 mln € cash generation yoy** despite M&A and 110 mln € bond costs

## Business Trends

- Good performance on **total wagers: +8,4% growth** yoy on pro-forma basis to **2,77 Bln €**
- Growth of **Gaming Machines** wagers still on track (+6,8%) despite higher taxation and AWP payout reduction
- Significant growth of **Online Sport Betting: + 53% yoy** thanks to **new website released in January**
- Relevant contribution from **SIS/Finscom PoS: 50 mln € wagers**
- **Virtual Events** recovered from 2015 weakness: wagers up by **9,1%** in 1Q 2016

## Cost reduction program

- Cogemat integration under way with **18 mln € expected synergies** by 1Q 17, of which:
  - **1,2 mln €** cost saving already achieved in 1Q 16
  - Renegotiated contracts with key service suppliers by leveraging new economies of scale (telecommunications, logistics, site rentals): **9 mln €** cost reduction to be rolled-out within 1Q 17
  - **7,8 mln €** of additional synergies already identified

## Back on Track with 1Q 2016 Results

*Euro million*

Financial KPI	1Q 2016	PF 1Q 2015	Delta	%	PF LTM
<b>Total Revenues</b>	<b>220,2</b>	<b>267,0</b>	<b>-46,8</b>	<b>-17,5%</b>	<b>954,1</b>
<i>o/w non recurring revenues</i>	<i>1,3</i>	<i>27,5</i>	<i>-26,2</i>	<i>-95,3%</i>	<i>4,7</i>
Contribution Margin	74,4	61,8	12,6	20,4%	266,5
<b>EBITDA</b>	<b>38,7</b>	<b>29,6</b>	<b>9,2</b>	<b>31,1%</b>	<b>123,7</b>
Adjusted EBITDA	40,5	31,4	9,1	29,0%	131,4
EBIT*	21,4	37,2	-15,8	-42,5%	12,1
Net Income*	1,6	12,4	-10,8	-87,1%	-67,4
*Non recurring items included	-0,2	26,1			

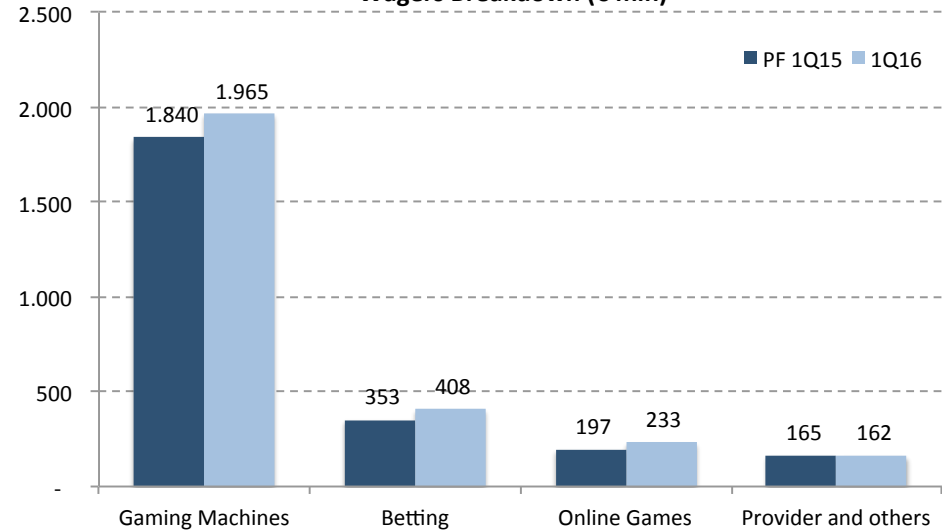
- **Total revenues of 220.2 mln €** decreased vs 1Q15 due to the Barcrest transaction and AWP tax increase
- **Contribution Margin increased to 74,4 mln €** (+12,6 mln €)
- **EBITDA 1Q16 up by 9,1 mln €** due to increased wagers/revenues, initial synergies and reopening of SIS POS
- **EBITDA LTM 123,7 mln €** (114,6 mln € as of 31 December 2015)



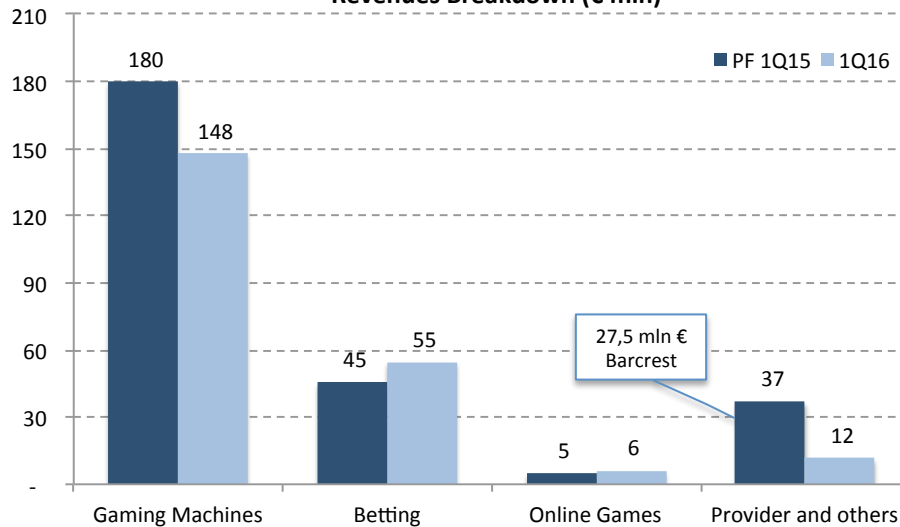
# Resilient Business Performance in 1Q 2016

- **Total wagers up by +8.4%** to 2.769 mln €
- Notable performance of **retail Sport Betting (+14.5%)** and **Virtual Events (+9.1%)** mainly driven by the **increased number of events and SIS/Finscom PoS reopening**
- Significant growth of the **online Sport Betting business (+52.5%)** thanks to **new website released in January**
- Growth of **Gaming Machines wagers** still on track (+6,8%) despite higher taxation and AWP payout reduction

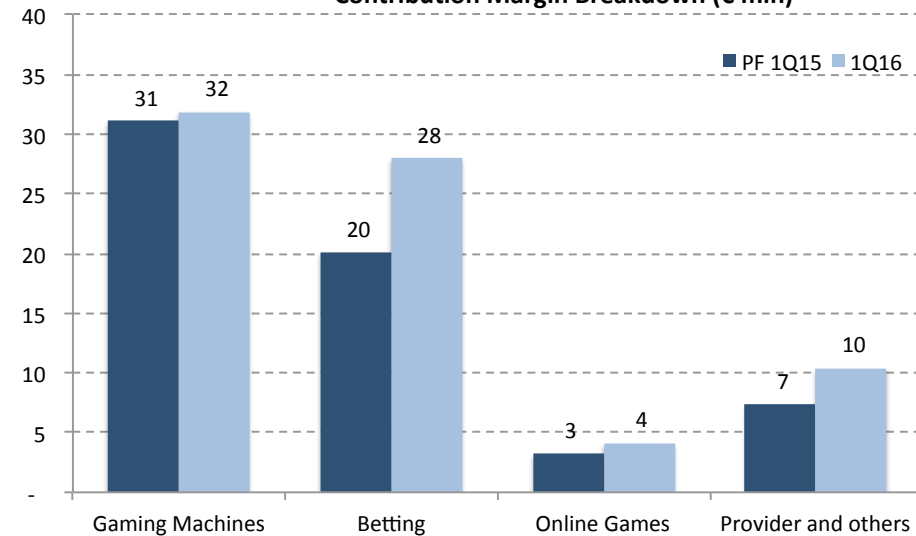
Wagers Breakdown (€ mln)



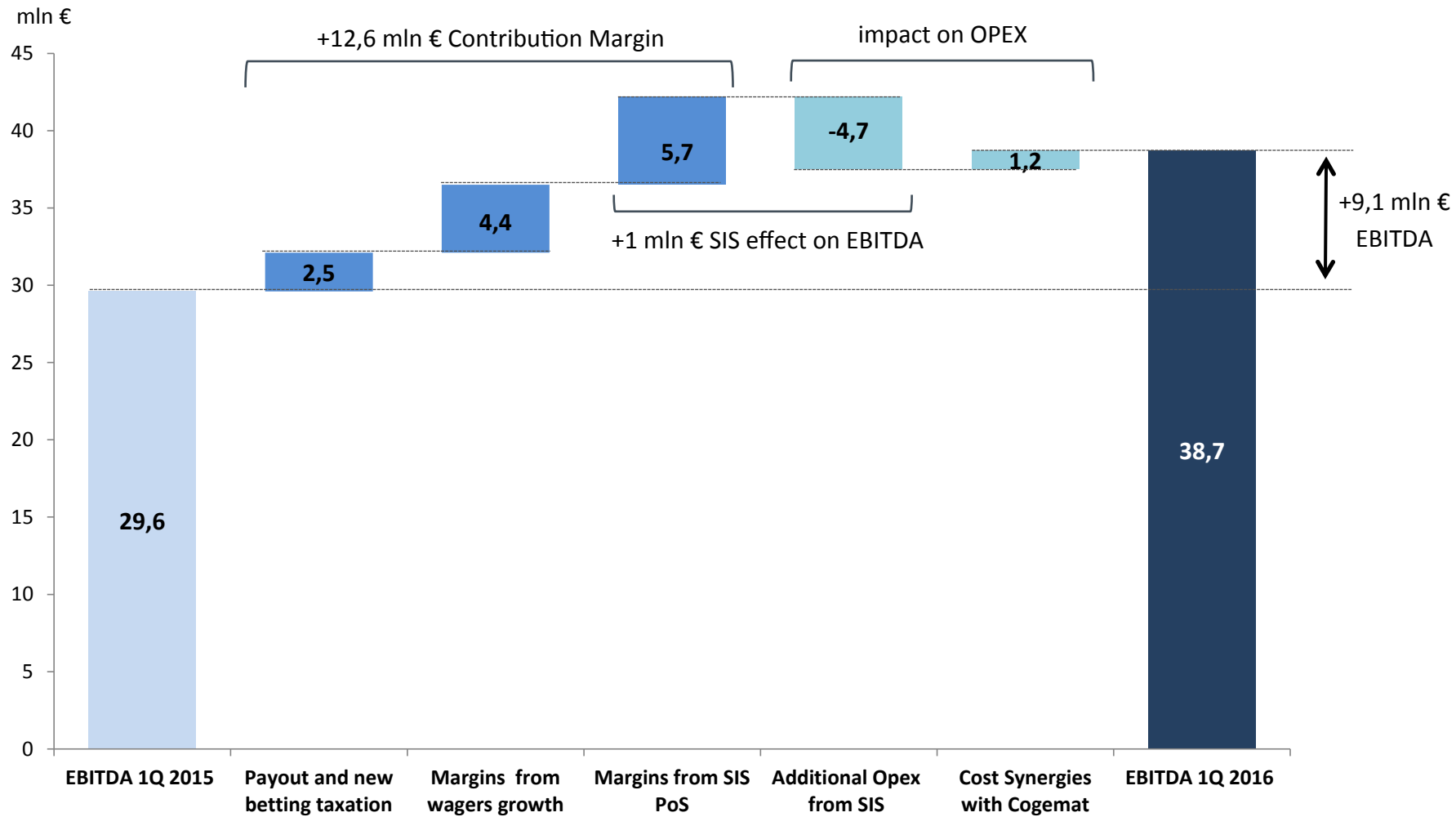
Revenues Breakdown (€ mln)



Contribution Margin Breakdown (€ mln)

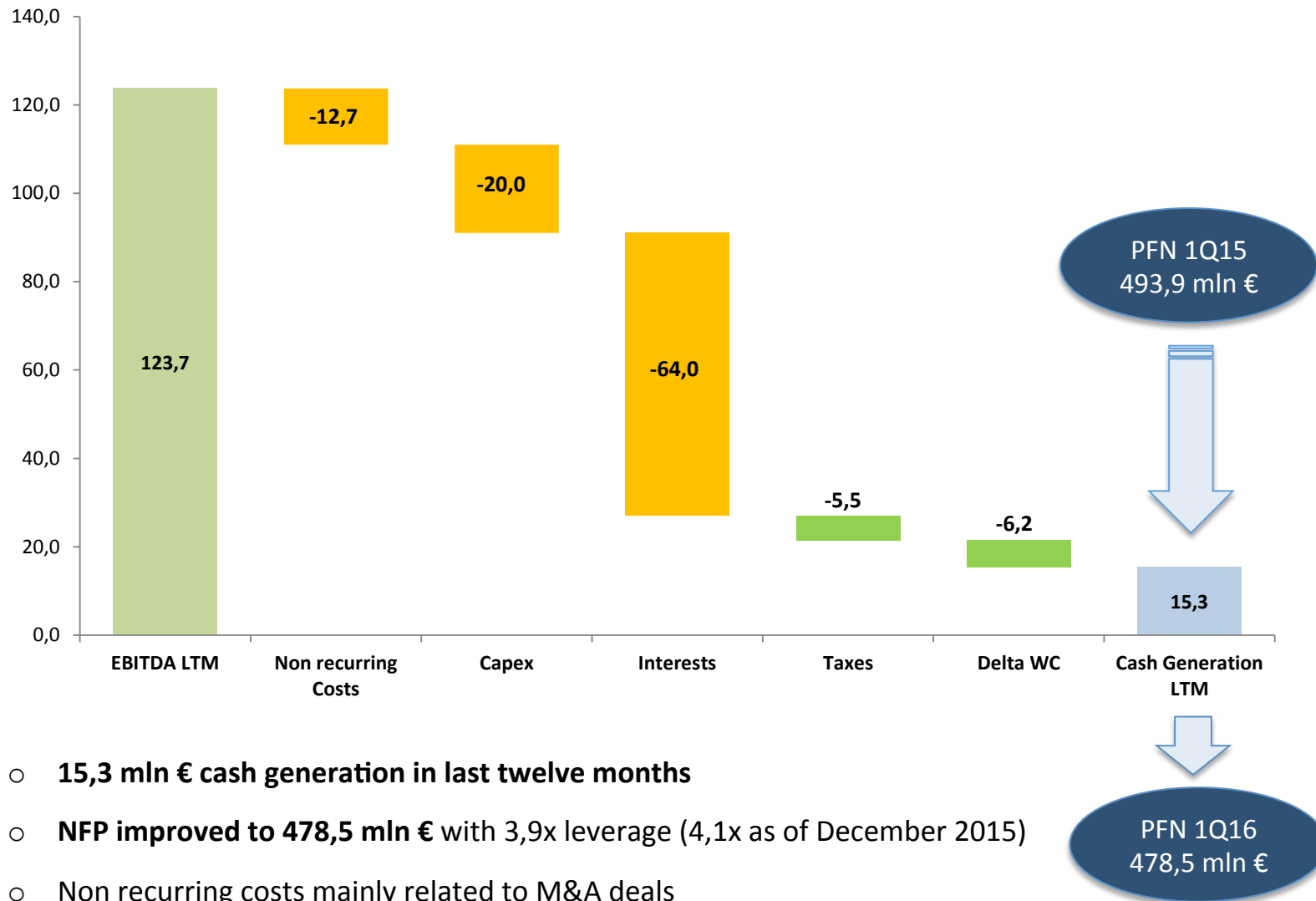


# 1Q 2016 EBITDA Bridge



SIS OPEX impact will be reduced from 3Q 16 due to the implementation of POS outsourcing strategy

# Net Financial Position Evolution: 1Q 2015 – 1Q 2016



- **15,3 mln € cash generation in last twelve months**
- **NFP improved to 478,5 mln €** with 3,9x leverage (4,1x as of December 2015)
- Non recurring costs mainly related to M&A deals
- Interests include former Cogemat bond

# Group Capital Structure

Key Terms	SNAI 110 mln Jun 18		SNAI 320 mln Jun 18		SNAI 160 mln Dec 18	
<b>Issue Date</b>	28 Jul 2015		4 Dec 2013		4 Dec 2013	
<b>Notional Amount</b>	€ 110,000,000		€ 320,000,000		€160,000,000	
<b>Ranking</b>	Senior Secured		Senior Secured		Senior Subordinated	
<b>Coupon</b>	7.625%		7.625%		12.000%	
<b>Interest Payment Date</b>	15 June and 15 December		15 June and 15 December		15 June and 15 December	
<b>Maturity Date</b>	15 June 2018		15 June 2018		15 December 2018	
<b>Redemption Provisions</b>	15 Dec 2015		15 Dec 2015		15 Dec 2015	
	103.813%		103.813%		112.000%	
	15 Dec 2016		15 Dec 2016		15 Jun 2016	
	101.906%		101.906%		106.000%	
	15 Dec 2017		15 Dec 2017		15 Dec 2016	
	100.000%		100.000%		103.000%	
					15 Dec 2017	
					100.000%	
<b>Rating</b>	S&P Moody's	B- B2	S&P Moody's	B- B2	S&P Moody's	CCC Caa2



# Q&A