



SNAITECH

Snaitech Group

**Financial Results
as of 31 March 2018**

15 May 2018

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Today's Speakers



Fabio Schiavolin
CEO



Chiaffredo Rinaudo
CFO



Antonio Cosentini
IR

Snaitech key trends and results as of 31 March 2018

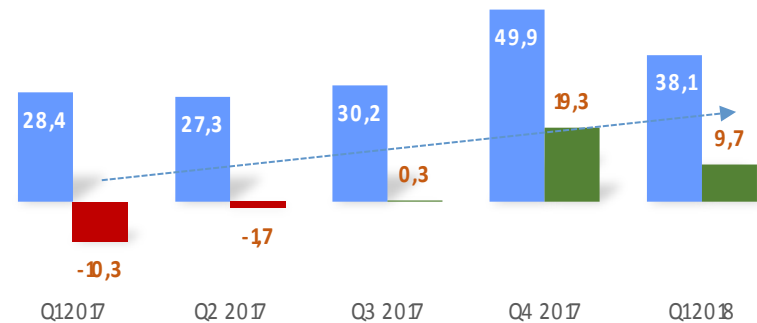
Business and Financial Trends in 1Q 2018:

- Financial KPIs show Snaitech solid growth in marginality:
 - EBITDA up to 38.1 mln € from 28.4 mln € in 1Q 17
 - LTM EBITDA : 145.5 mln € vs. 135.9 mln € in 2017
 - 9.1 mln € Net Result vs. a 2.2 mln € in 1Q 17
 - Ca. 75 mln € net cash generation over LTM
 - Leverage Ratio reduced to 2.9x

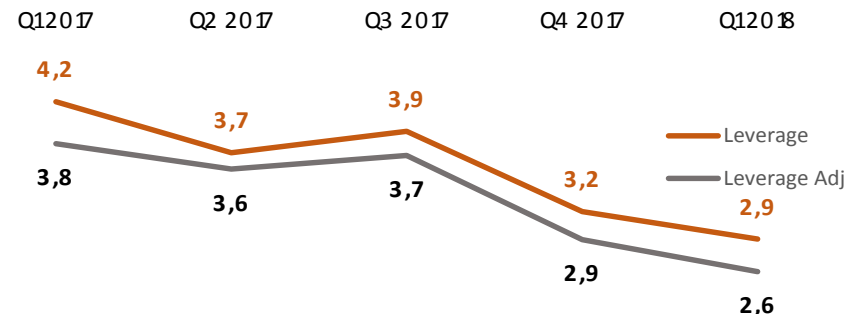
- Positive performance despite some unfavourable industry factors:
 - PREU increase on Gaming Machines [-2.4 mln € qtrly EBITDA impact]
 - Completion of first step of AWP's reduction [-9.5K units for Snaitech]
 - Failure to apply State-Regions agreement and subsequent implementation of restrictive rules in some regions (i.e. Piedmont)

- Business Trends:
 - 82.1% Sport Payout in 1Q 18 (87.6% in 1Q 17)
 - 17.4% Online wagers growth
 - -2.2% Gaming Machine wagers after AWP's cut and VLT payout decrease

EBITDA quarterly



Leverage Ratio



Leverage Adj. including credit deposit vs ADM in NFP calculation

1Q 2018 Financial KPIs

Financial KPIs

Euro million

Snaitech Group - Financial KPIs	Q12018	Q12017	delta	%	LTM
Wagers	2.667	2.680	(12,5)	-0,5%	10.467
- Retail Betting	292	316	- 24	-7,5%	1155
- Gaming Machines	1787	1827	- 41	-2,2%	7.107
- Online	460	392	68	17,4%	1682
- Other Business	128	144	- 17	-11,5%	512
Total Revenues	223,5	227,4	-3,9	-1,7%	885,7
Contribution Margin	70,8	61,0	9,7	15,9%	278,6
EBITDA	38,1	28,4	9,7	34,0%	145,5
EBT	13,6	4,6	9,0	>100%	50,6
Net Income	9,1	2,2	6,8	>100%	33,8
Capex	3,7	4,4	-0,7	-15,2%	25,2
Net Financial Position	421,8	494,5	(72,7)	-14,7%	421,8
Leverage (on LTM EBITDA)	2,9x	4,2x	-1,3x		



- ❖ **EBITDA 38.1 mln €** (vs. 28.4 mln €) despite PREU increase
 - ❖ **Net income 9.1 mln €** (2.2 mln € in 1Q 17)
- ❖ **NFP to 421.8 mln €, ca. 75 mln € net cash generation**
- ❖ **Leverage Ratio reduced to 2.9x (vs 4.2x)**

Business Trends

- ❖ **Retail Betting:** wagers decreasing as a consequence of the bookmakers favourable payout in the last 2 quarters. **Virtual events recovering** owing to enhancement of existing platform
- ❖ **Gaming Machines:** wagers down by 2.2% after AWP cut and VLT payout reduction; limited impact from regional (Piedmont) restrictions on bars and tobacconists.
- ❖ **Online:** steady growth on wagers **(+17.4%)** thanks to sports betting and casino games performance
- ❖ **Current Trading (Apr 2018):**
 - Favorable Sport payout: **81.3%** (vs 81.0% in Apr. 2017)
 - Ca. 900 mln € wagers (-1.7% vs Apr 2017, mainly because of AWP's reduction)

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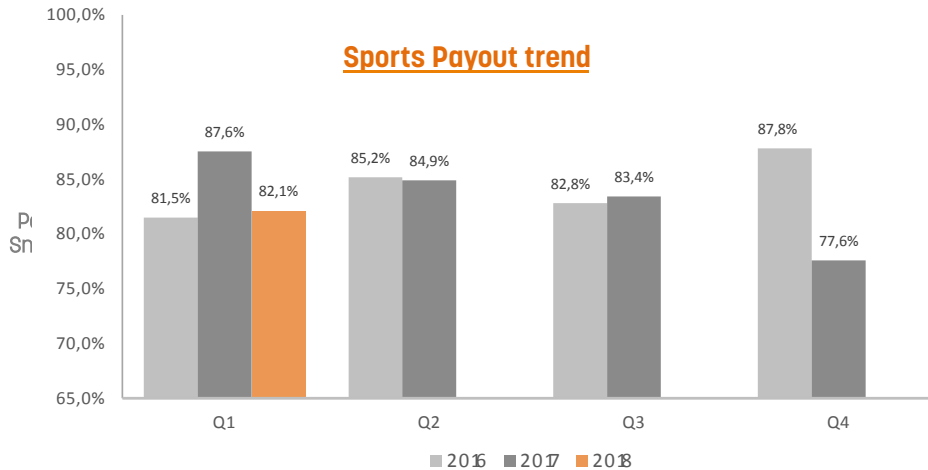
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Sports Payout performance

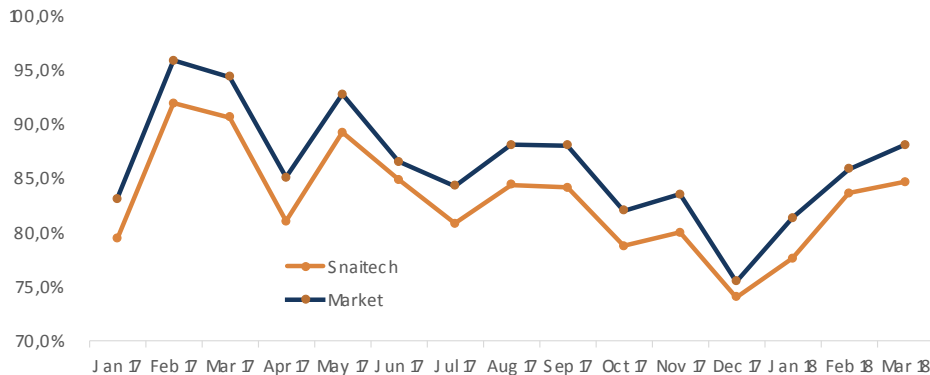


□ Snaitech Sports Payout stably under 83% over last 2 quarters:

- 82.1% in 1Q 2018
- 77.6% in 4Q 2017
- **81.8% over LTM**

Sports Payout performance : Snaitech vs. Market

Snaitech recorded a better payout performance vs. market (> 3%) stably keeping a strong growth rate



Sports Payout Retail	1Q 17	1Q 18	LTM
Snaitech - Retail	86,8%	79,7%	79,6%
Market - Retail	89,5%	79,4%	79,2%
Sports Payout Online	1Q 17	1Q 18	LTM
Snaitech - Online	89,1%	85,9%	85,7%
Market - Online	93,0%	89,4%	89,3%
Sports Payout Total	1Q 17	1Q 18	LTM
Snaitech - Total	87,6%	82,1%	81,8%
Market - Total	91,4%	85,3%	85,1%

Sources: ADM data and company analysis

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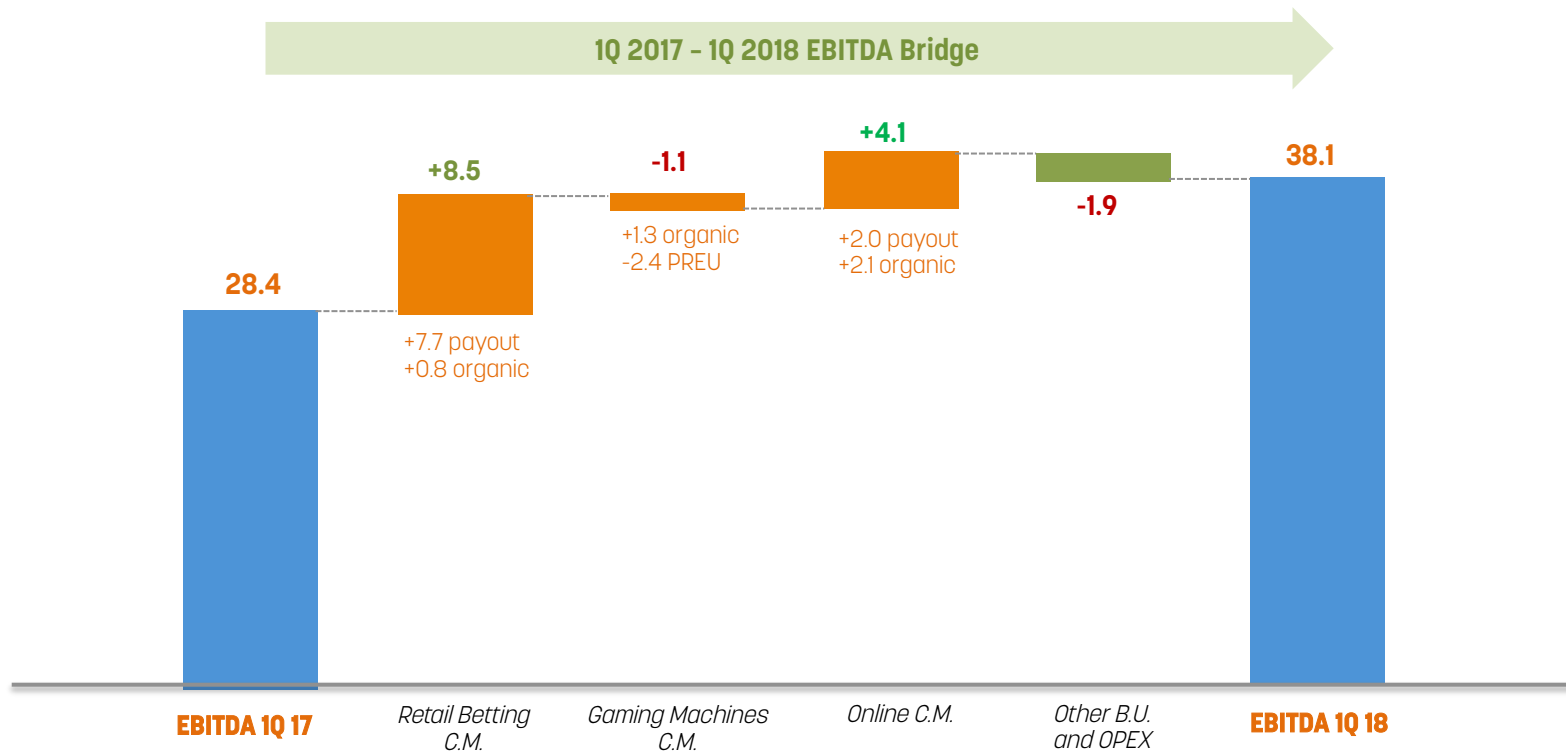
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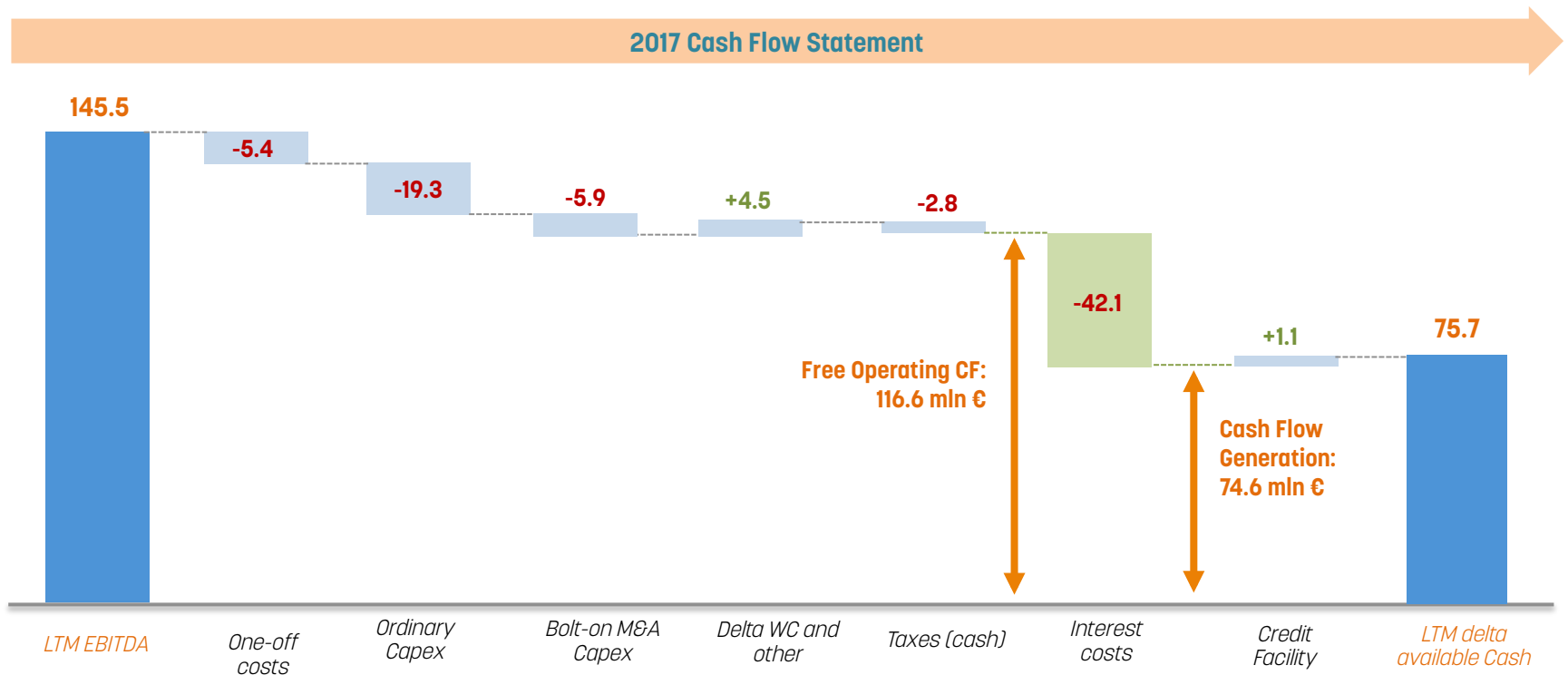
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EBITDA Bridge 1Q 2017 – 1Q 2018



- Sports Payout contributed with positive impact of 9.7 mln € (7.7 mln on Retail, 2.0 mln on Online)
- PREU increase negatively impacted by 2.4 mln €
- Other costs include lower marginality from other businesses (Horse racing track management and Paymat), higher costs for advertising, marketing and match streaming as well as increases and bad debt provision related to AWP's reduction and positive contribution from last tranche of synergy program (ca. 1 mln €)

Cash Flow Waterfall



- ❑ One-off items include costs associated to redundancy program
- ❑ Ordinary capex < 20 mln € (of which 8 mln € for technology update program), 5.9 mln € capex for vertical integration deals (mainly in AWP area)
- ❑ Financial costs down to 42.1 mln €
- ❑ LTM Cash Flow generation to 74.6 mln €

Regulatory framework update

❖ 35% AWP reduction

- Law n. 96 of 21 June 2017 provided guidance on the **reduction by 35% of AWP**s to be applied proportionally to each concessioner: within December 2017 (achieved), the number of AWP must be lower than 345K and, within April 30 2018, lower than 265K
- **First Potential impact (without wagers redistribution) on Snaitech EBITDA lower than 4 mln €**

Before 35% reduction no cap was applied. AWP rights now becoming a valuable asset for Concessionaires

❖ "Conferenza Unificata" outcome

- In September 2017, Central Government and Local Authorities defined a common framework to rule the gaming offering at national level
- Despite and against the spirit of the agreement, in November Piedmont Region issued some restrictive rules against existing AWP located in bars and tobacco shops under 500 mt from sensible places


State-Regions agreement likely to be revised and reinforced to prevent local spread of prohibitionist and restrictive rules

❖ 2018 Budget Law provisions on Gaming

- Betting Tender framework confirmed (15K new rights, minimum bid price 32K for shops e 18K for corners) but timing **postponed to September 2018**
- It is of common understanding that the timing of the Tender remains quite uncertain being subject to the full adoption of homogeneous rules by Local Authorities
- **Fee-based extension of current rights up to 31 December 2018: 3.5K € for corners and 6K € for betting shops**

Ca. 10 mln € capex for Snaitech fully paid in April 2018

Announced deal with Playtech

- ❑ On April 12, Playtech Group announced an agreement with Snaitech's main shareholders holding 70.6% of share capital of Snaitech
- ❑ Following this initial acquisition, Playtech will launch the mandatory tender offer for all the remaining shares in Snaitech
- ❑ **The total value of the transaction will be 846 mln € and the completion should occur between 3Q and 4Q 2018**
- ❑ The deal will create a vertically integrated player, leveraging the B2B leadership of Playtech and the retail know-how of Snaitech
- ❑ The interest of Playtech in Snaitech and the rationale of the deal rely on:
 - the Italian most extensive distribution network owned by Snaitech
 - the leading Sports betting brand in Italy 
 - the potential upside in online development
 - the attractiveness of the Italian Gaming Market
- ❑ Playtech will fully support Snaitech growth with its experience in empowering B2C operators with strong brand recognition. Main areas of synergic cooperation will be:
 - Playtech expertise in online to empower Snaitech platform
 - roll-out of high performing Playtech VLTs
 - potential upside from improvements in SSBTs performance



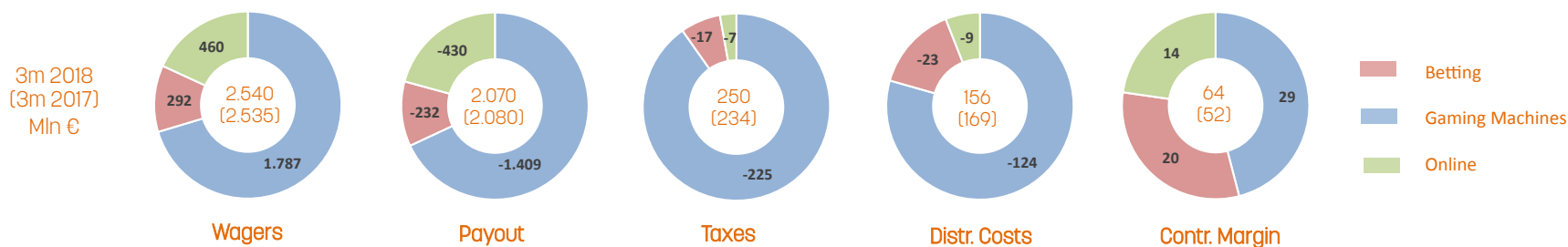
Playtech - Snaitech deal will create a B2B2C player that will drive innovation in B2B business for benefit of all Playtech's licensees and in B2C business leveraging the capability of Snaitech to innovate and compete

Back up - Wagers and Contribution Margin breakdown

Euro million

SNAITECH	Wagers				Revenues				Contribution Margin			
	Q12018	Q12017	delta	%	Q12018	Q12017	delta	%	Q12018	Q12017	delta	%
Sports Betting	177,7	196,7	-19,0	-9,7%	30	22	8,2	37,7%	14,1	5,6	8,5	50,4%
Horse Betting	44,4	49,7	-5,3	-10,7%	4	5	-0,3	-6,1%	11	0,7	0,4	63,1%
Virtual Events	69,9	69,4	0,6	0,8%	10	10	0,2	-17%	4,7	5,1	-0,4	-7,8%
Retail Betting	292,1	315,8	-23,7	-7,5%	44	36	7,8	215%	19,9	11,4	8,5	74,8%
AWPs	907,7	928,7	-211	-2,3%	98	114	-16,7	-13,8%	10,3	11,1	-0,8	-7,2%
VLTs	879,2	898,7	-19,5	-2,2%	55	55	0,1	-0,2%	18,9	19,2	-0,3	-1,4%
Gaming Machines	1786,9	1827,4	-40,5	-2,2%	153	169	-16,8	-9,4%	29,2	30,3	-1,1	-3,5%
Online Betting	125,9	117,0	8,9	7,7%	11	8	3,6	47,8%	8,7	5,5	3,2	58,2%
Games	334,5	285,1	49,4	17,3%	8	7	15	215%	5,7	4,8	0,9	18,3%
Online	460,4	392,1	68,3	17,4%	20	15	5,1	35,2%	14,4	10,3	4,1	39,6%
Total Concession	2.539,3	2.535,3	4,0	0,2%	216,8	219,7	-2,9	-13%	63,5	52,0	11,6	22,2%
Other business	127,7	144,2	-16,5	-11,5%	6,6	6,9	-0,3	-4,7%	7,2	9,1	-1,8	-20,1%
Total Snaitech	2.667,0	2.679,5	-12,5	-0,5%	223,4	226,6	-3,3	-14%	70,8	61,0	9,7	15,9%

1Q 2018 (1Q 2017) Economics for concession scope:



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