

# 2022 NINE MONTHS CONSOLIDATED RESULTS ENDED SEPTEMBER 30, 2022



November 25, 2022

# LOTTOMatica

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# Agenda



## 9M 22 HIGHLIGHTS

GUGLIELMO ANGELOZZI, CEO

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## 9M 22 RESULTS

LAURENCE LEWIS VAN LANCKER, CFO

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## Q&A

# Our path to value creation continued in Q3 22

Further pivoted our business mix towards online

- Sustained organic growth and acquisition of **Betflag**, leading online operator in Italy:
  - **Cash consideration of €310M** plus net debt/cash at closing, corresponding to **8.6x EV/EBITDA LTM** (excluding synergies), plus earn-out of up to €50M subject to 2023 performance
  - **Financed through €350M Bond** issued on September 27, 2022
- **Online represents 49% of EBITDA in Q3'22** (pro forma for the Betflag acquisition)

Delivered strong financial results on the back of a strong business momentum

- **EBITDA +27% in 9M 22 vs PF 9M 19**
  - **Online 9M 22** equal to **3.3x PF 9M 19**
  - **Sports Franchise Ebitda + 22%** in 9M 22 vs PF 9M 19
  - Performance of **Gaming Franchise stabilised**

Delivered synergies above plan

- **Secured €77M synergies, 95% of a total target of €80M**
- **Completed integration:**
  - Successfully migrated Online and Betting to our proprietary Pegasos platform
  - Exited 12/13 TSAs and delivered notice to terminate the last TSA by end of 2022

Strengthened our financial position

- **Cash balance equal to €159M and net leverage decreased to 2.5x<sup>1</sup>** (including payment of €125M in July, last tranche of the deferred consideration for the acquisition of the IGT assets)
- **RCF upsized from €222M to €297M**

# Betflag acquisition – Strong rationale, disciplined transaction

LOTTOMatica



## Overview of Betflag

- **Italian B2C online player**
  - Market share in **Online Casino of c.5%**<sup>1</sup>
  - c.1% in Online Sports<sup>1</sup>
- **LTM EBITDA at 30 September 2022 equal to €36M** (excluding synergies)

## Acquisition rationale

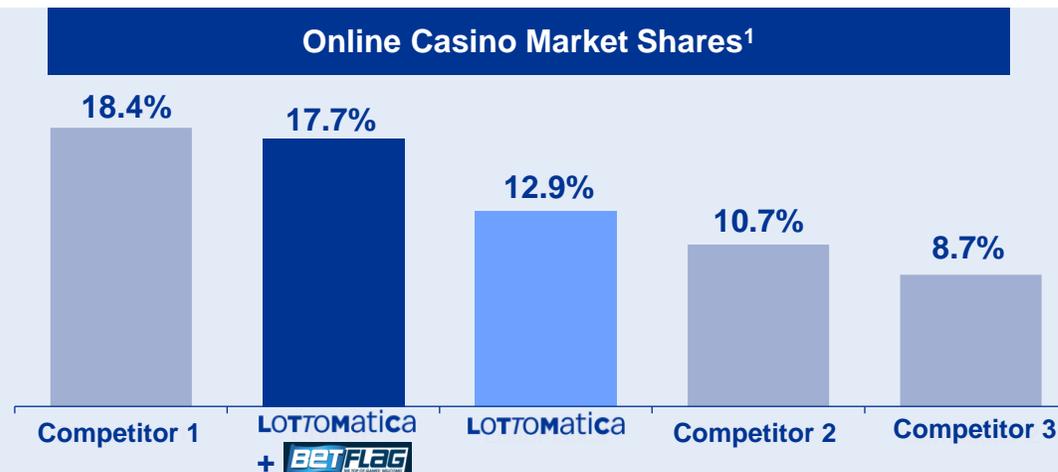
- **Consolidate our leadership in Online**, through an **asset accretive to our growth profile**
- Add a **strong and distinctive brand** to our portfolio
- **Extract cost synergies** (target of c.€6M p.a. in 18-24 months)

## Transaction consideration

- **€310M in cash** (plus net debt/cash at closing)
- **Implied EV/EBITDA LTM of 8.6x** (excluding synergies)
- **Earn-out up to €50M**, subject to financial performance in fiscal year 2023

# Betflag acquisition – Enhance leadership and growth profile

Consolidate leadership in Online

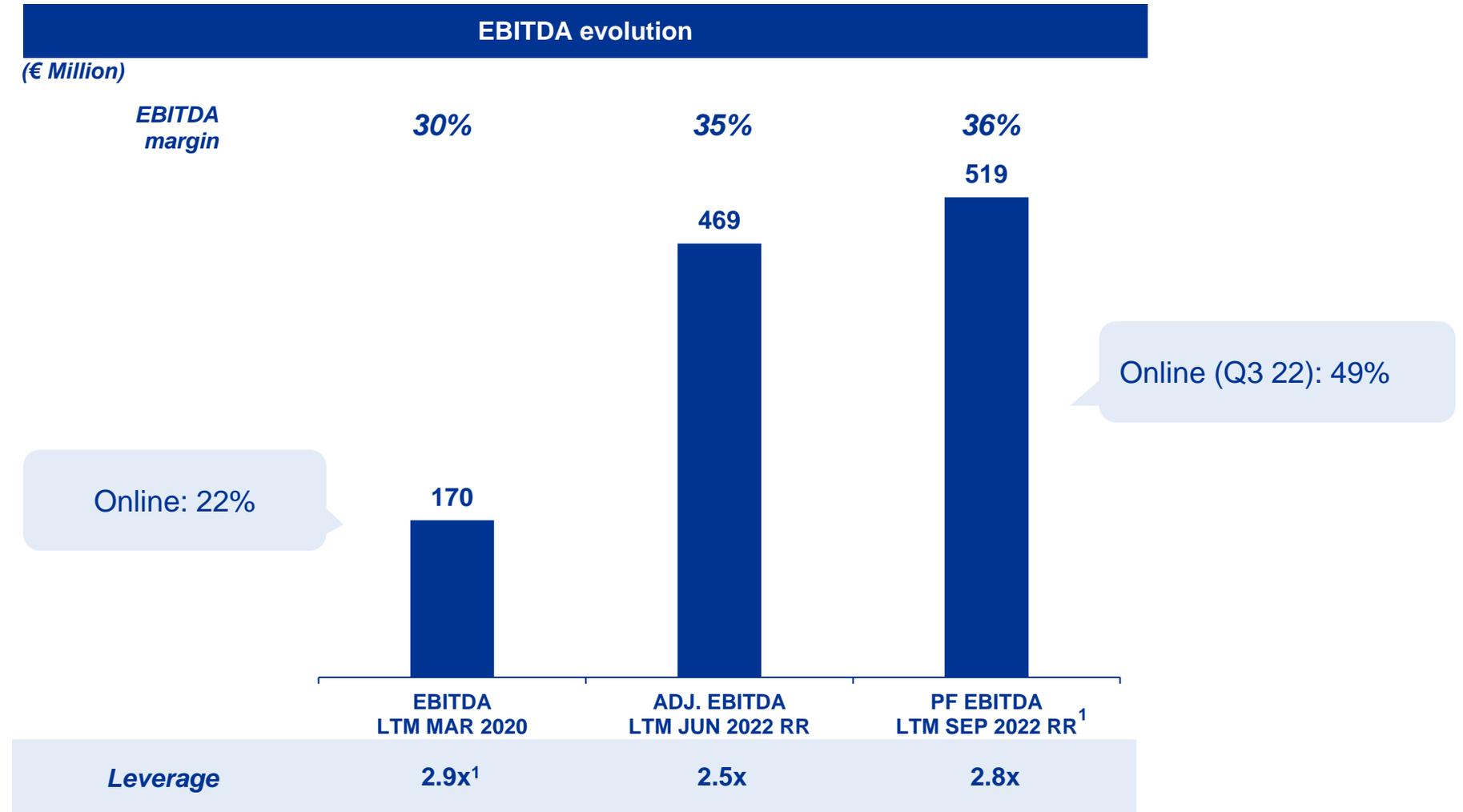


Accretive to Lottomatica's growth profile

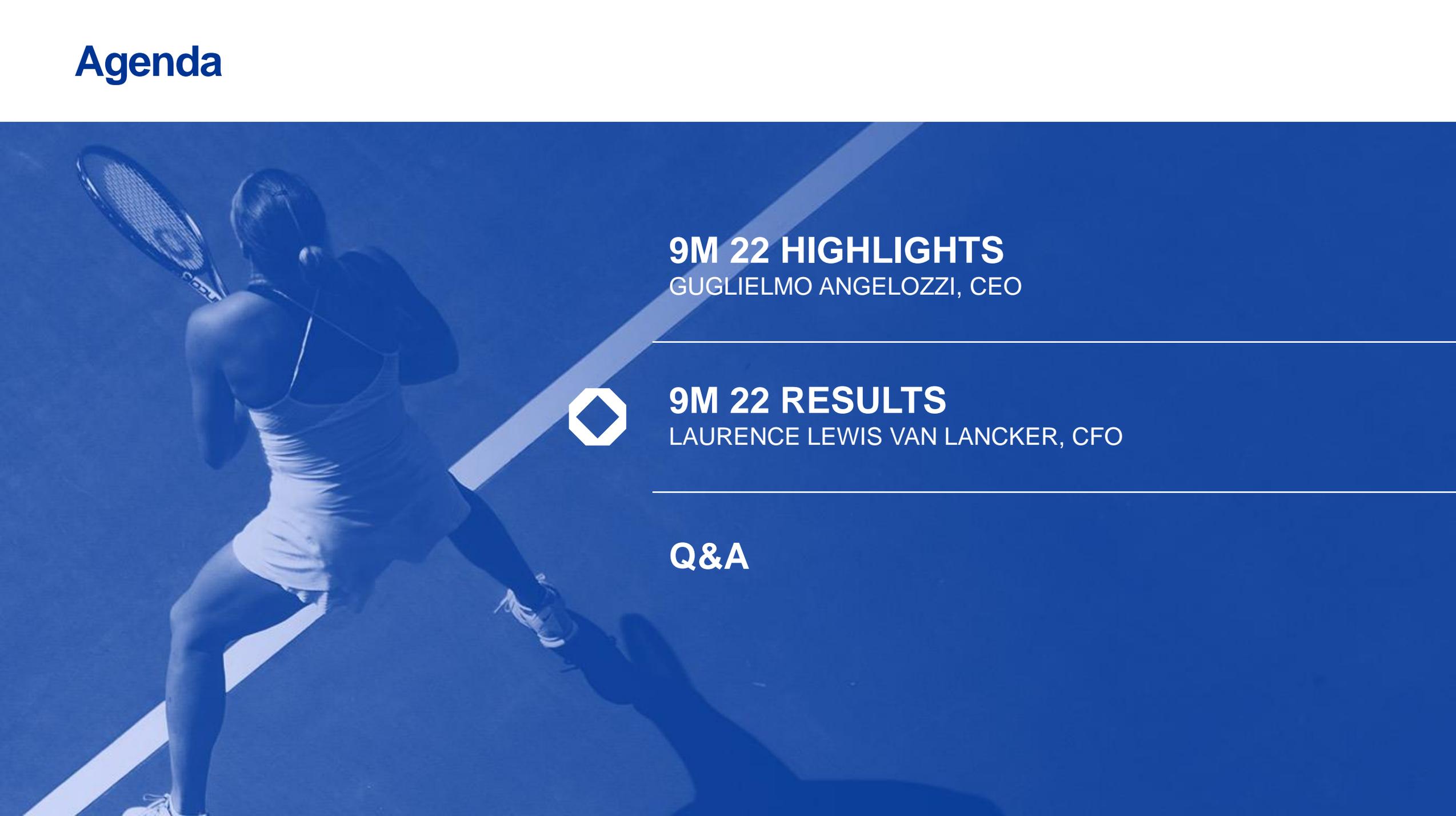


- High growth profile of Betflag
- Market share increase in Online Casino from 3.8% in H2 2021 to 4.8% in October 2022

# Sustained high-quality growth for the Lottomatica Group over the last three years



# Agenda



## 9M 22 HIGHLIGHTS

GUGLIELMO ANGELOZZI, CEO

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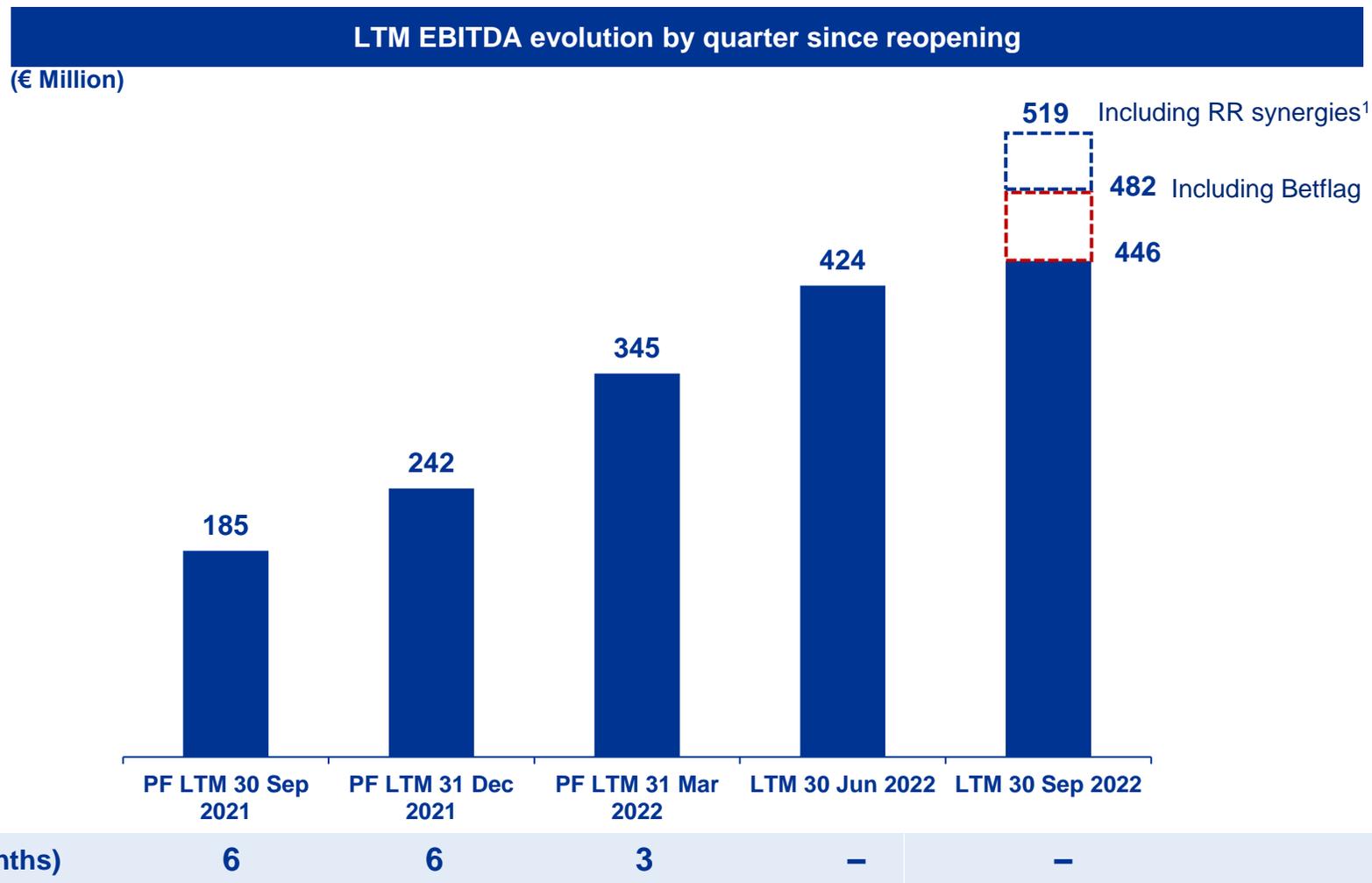
## 9M 22 RESULTS

LAURENCE LEWIS VAN LANCKER, CFO

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Q&A

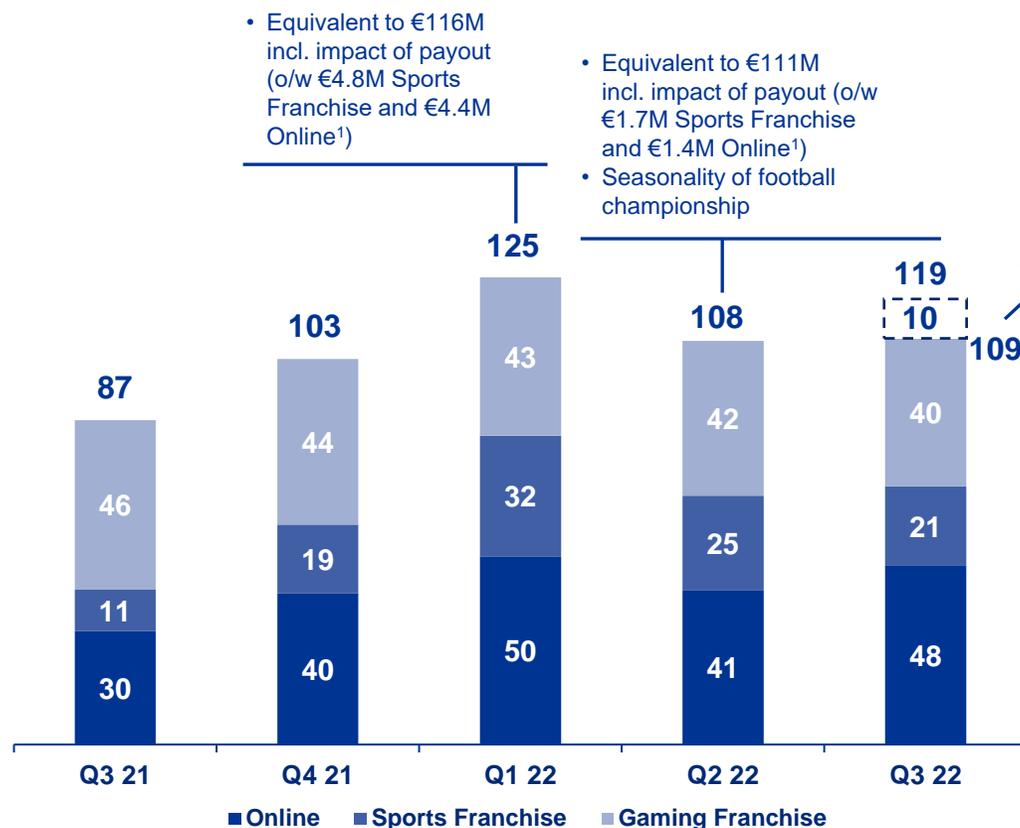
# Continued organic growth reflected in QoQ LTM performance. EBITDA run-rating at €519m proforma for the acquisition of Betflag



# Strong Q3 22, lapping Q3 21

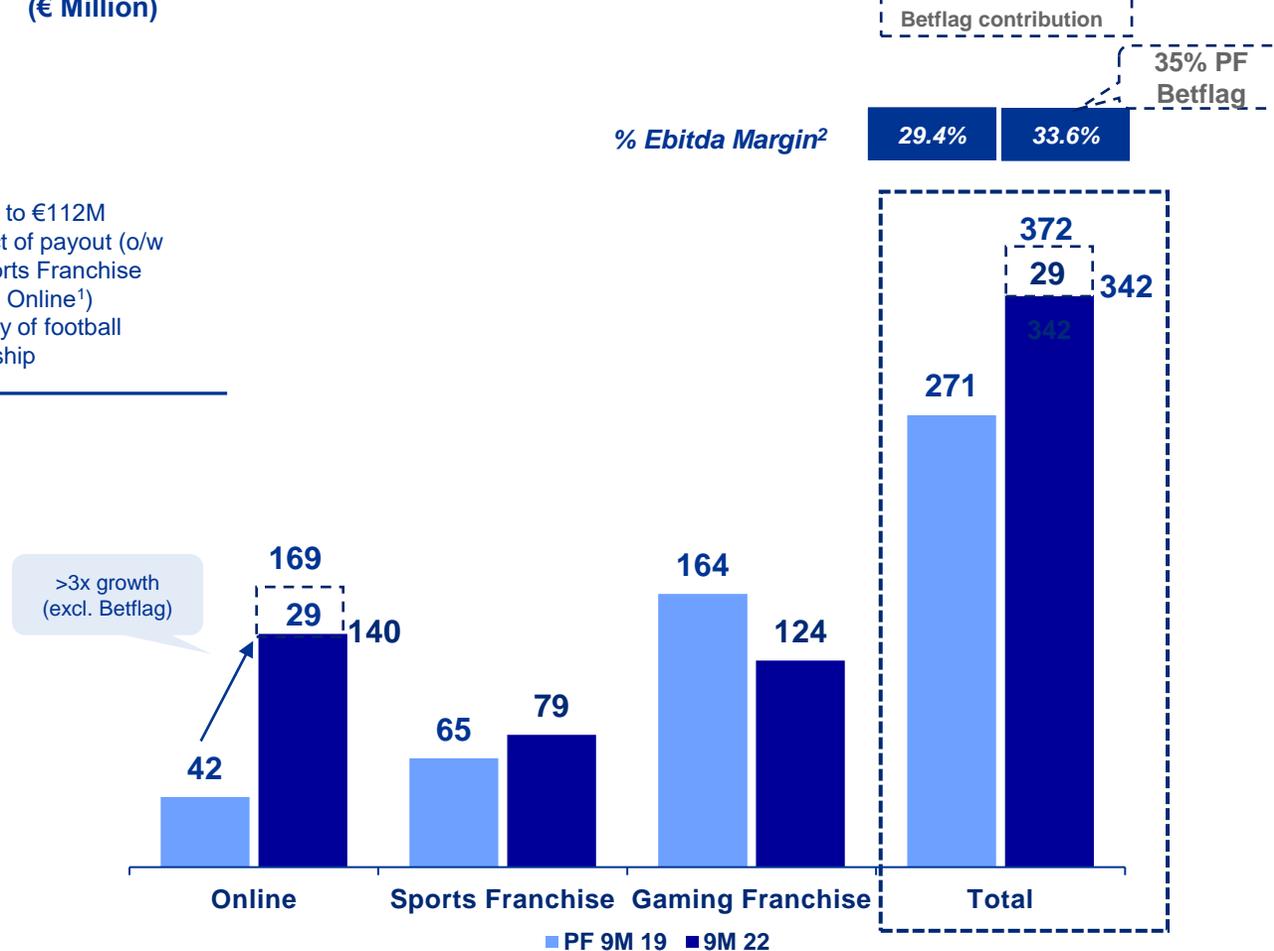
## EBITDA evolution by quarter

(€ Million)

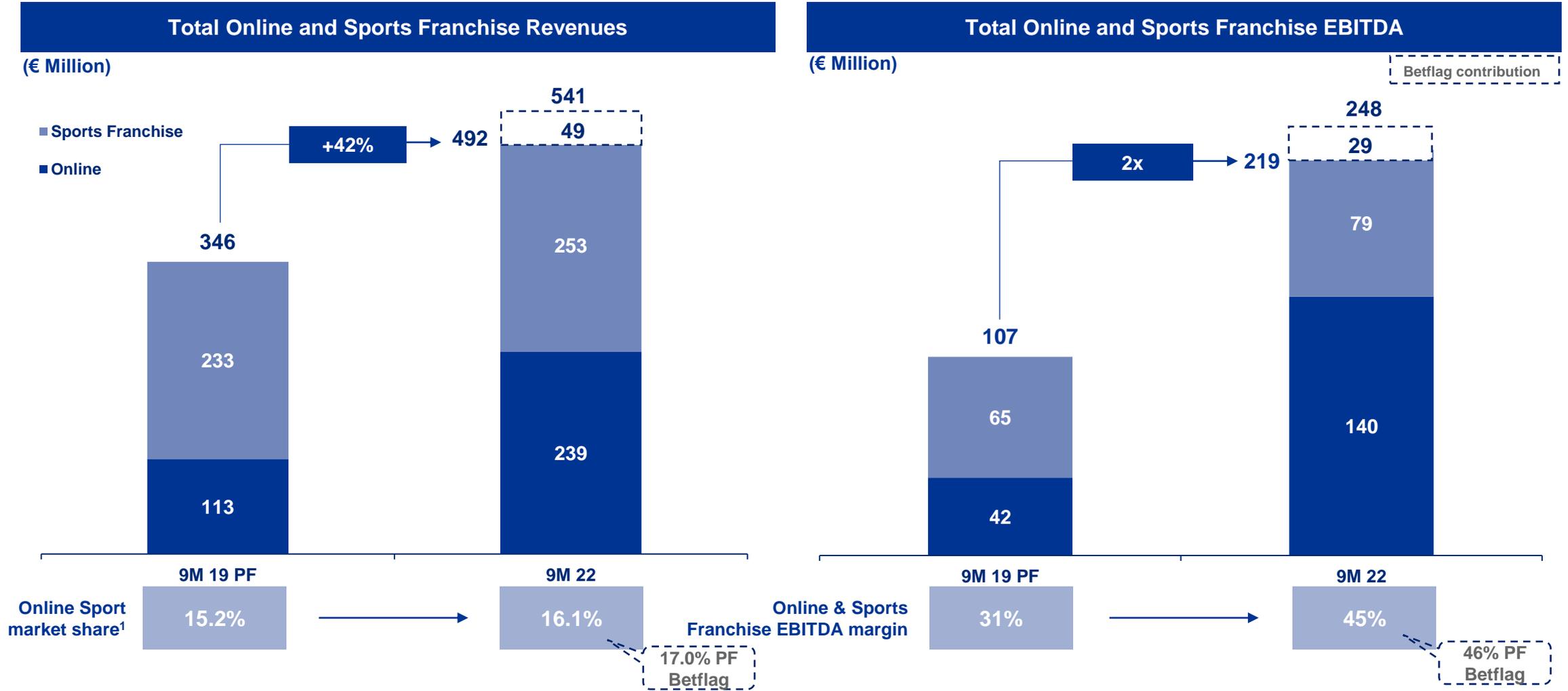


## EBITDA 9M 22 vs PF 9M 19

(€ Million)

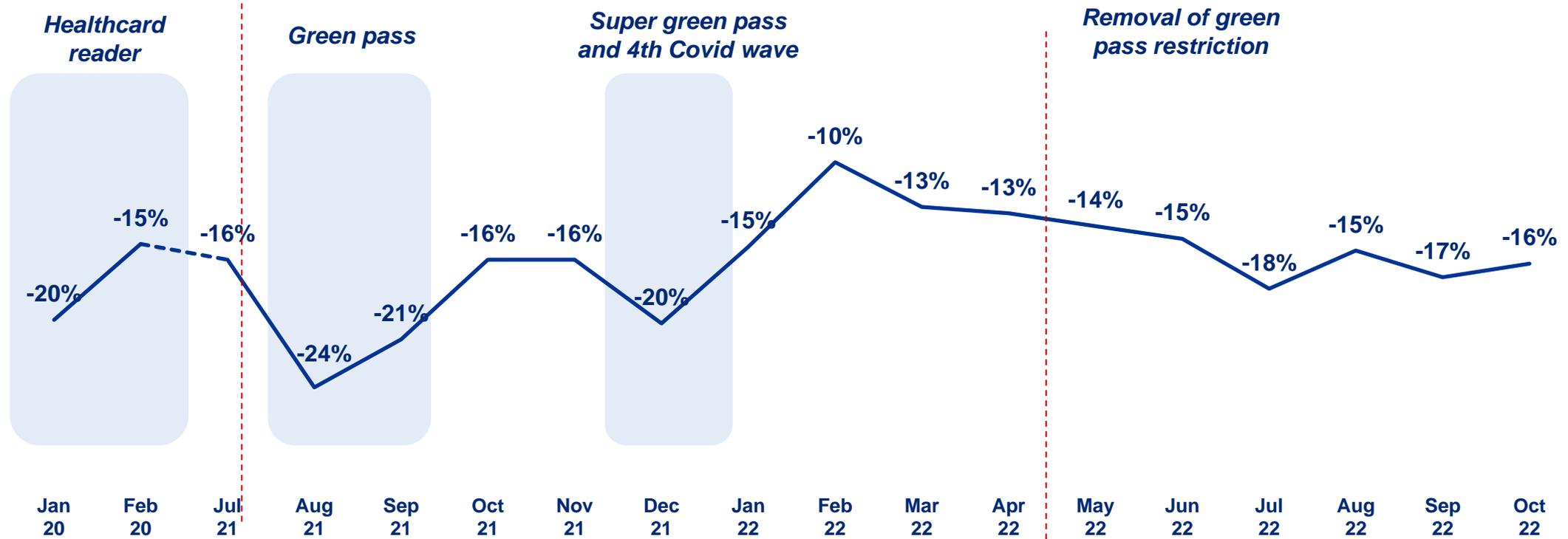


# Online and Sports Franchise doubled EBITDA in 9M 22 vs 9M 19 PF, with Revenues up 42%



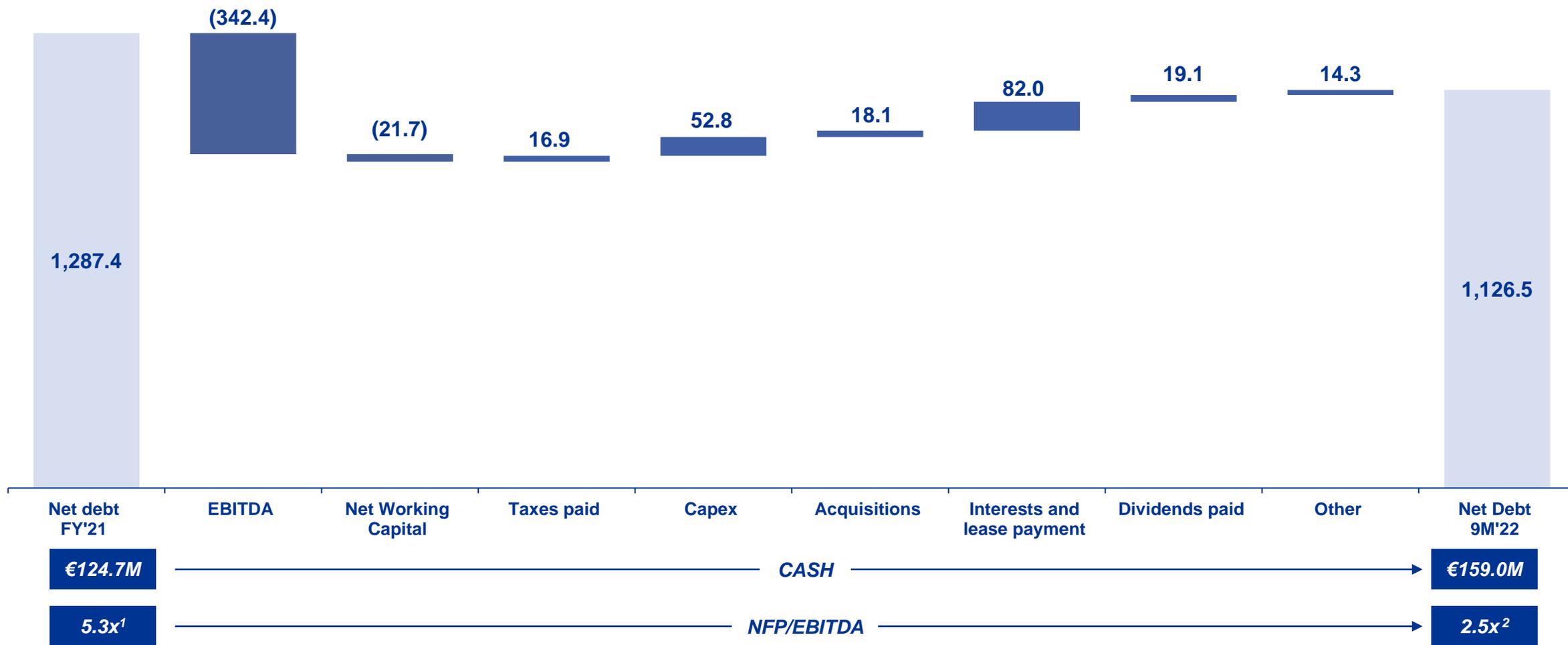
# Gaming Franchise has stabilised

Revenues<sup>1</sup> % vs 2019



# Debt and leverage profile 9M 22

(€ Million)



2.8x EBITDA LTM  
RR PF Betflag

<sup>1</sup> Calculated as NFP/ PF EBITDA. On a reported basis, NFP/ EBITDA is equal to 5.6x. PF EBITDA does not reflect adjustments for synergies or closure of the network due to Covid 19 restrictions.

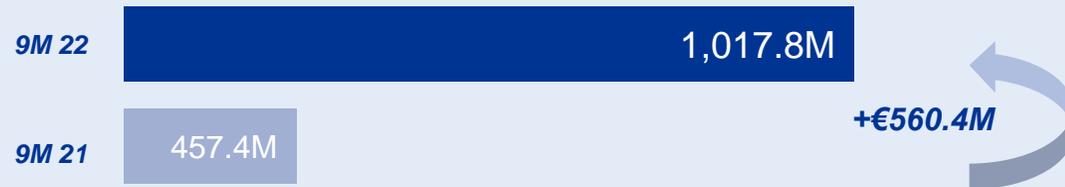
Lottomatica B2C Italian business has been consolidated from April 30, 2021.

<sup>2</sup> Calculated as NFP/ EBITDA for the twelve months ended September 30, 2022.

Note: The second and final instalment for the IGT acquisition of €125M has been paid in advance on July 13, 2022 from available cash.

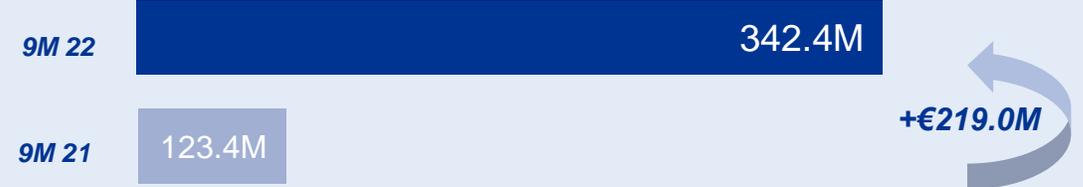
# 9M 22 reported results - key highlights

## Revenues



Driven by network closure in 9M 21 and contribution of LVR and LS

## EBITDA



Driven by the absence of Covid-19 restrictions, LVR and LS contribution. Online reported EBITDA growth +70.4% reaching €139.6M (vs €81.9M of PY)

## Net Financial Debt



The decrease in net financial debt mainly relates to the positive operating cash flows due to strong business performance

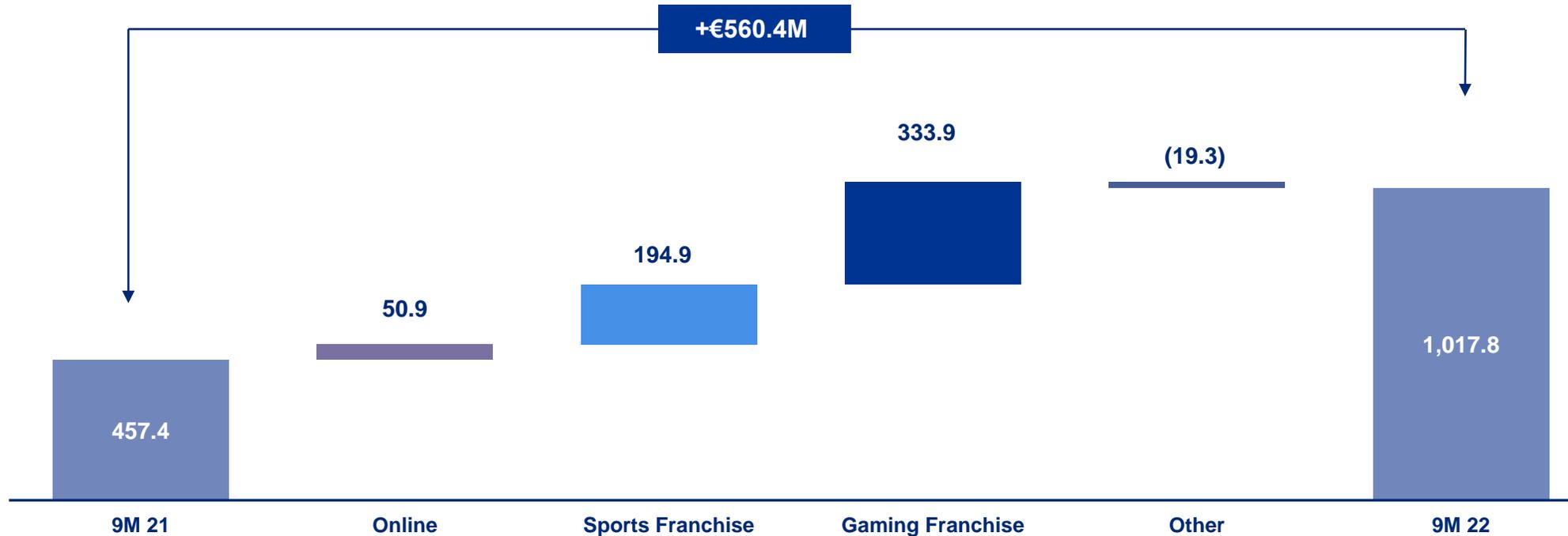
## Operating Cash Flows



9M 22 operating cashflows compared to 9M 21 increased by €190.4M due to the absence of Covid-19 restriction

# Revenues – 9M 22 vs 9M 21 (as reported)

(€ Million)



## Online

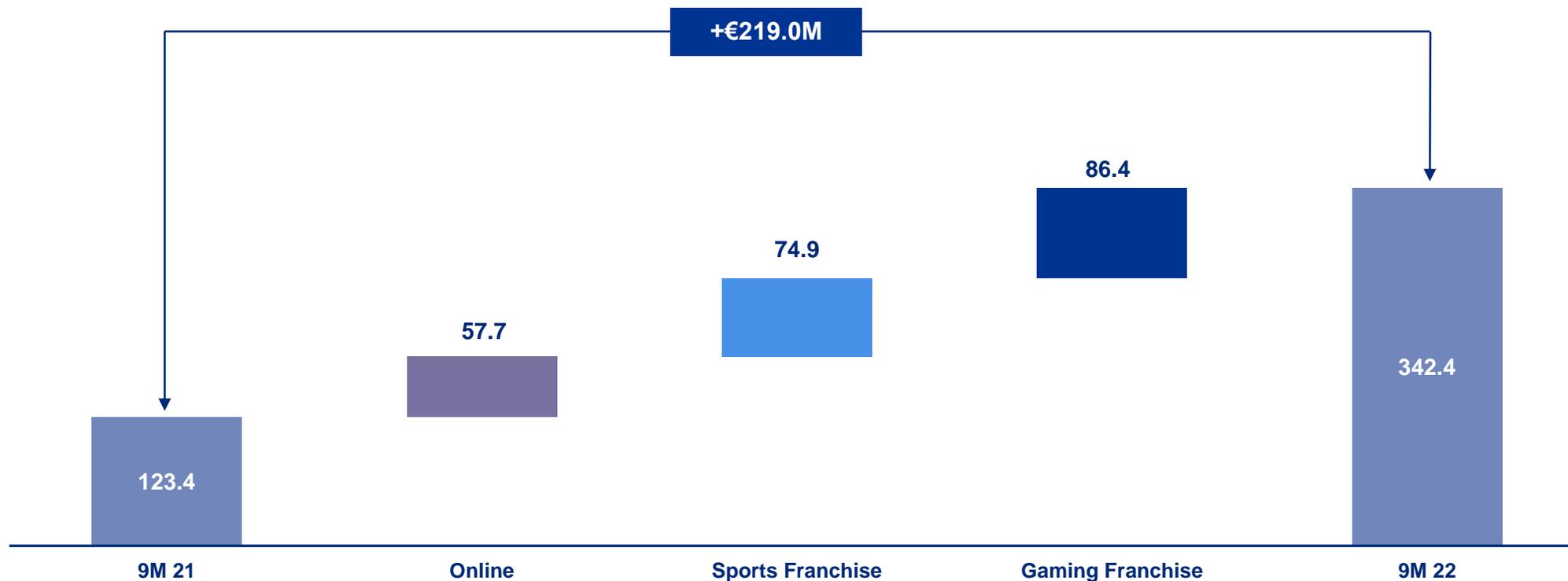
Increase attributable to (i) the strong traction of the business, including the benefit from the shift of consumers spending from retail to online (ii) continuous improvements in the customer portfolio (including promotional activities of retention / reactivation) (iii) the constant improvement of offer and (iv) to the acquired business

## Sports Franchise & Gaming Franchise

Trend due to network closure during 9M 21 and to the acquired business

# EBITDA – 9M 22 vs 9M 21 (as reported)

(€ Million)



## Online / Sports Franchise / Gaming Franchise

Please refer to revenue evolution commented on the previous page

# P&L - 9M 22 vs 9M 21 (as reported)

	9M 21*	9M 22
Revenues	457.4	1,017.8
Other Income	5.1	8.6
<b>Total Revenues and Other Income</b>	<b>462.5</b>	<b>1,026.4</b>
<b>Contribution Margin</b>	<b>198.6</b>	<b>460.4</b>
<b>EBITDA</b>	<b>123.4</b>	<b>342.4</b>
<b>D&amp;A (excl. PPA)</b>	<b>(63.8)</b>	<b>(66.7)</b>
<b>EBIT (excl. PPA)</b>	<b>30.3</b>	<b>241.9</b>
Financial Charges, Net (excl. PPA)	(69.1)	(71.7)
Share or profit/(loss) of equity accounted investments	(0.0)	(0.4)
<b>Income (Loss) Before Tax (excl. PPA)</b>	<b>(38.9)</b>	<b>169.9</b>
Income tax expense (excl. PPA)	(5.8)	(57.3)
<b>Net Profit (Loss) for the period (excl. PPA)</b>	<b>(44.6)</b>	<b>112.6</b>
D&A related to PPA	(32.7)	(40.7)
Taxes related to PPA	9.5	11.9
<b>Net Profit (Loss) for the period</b>	<b>(67.8)</b>	<b>83.7</b>

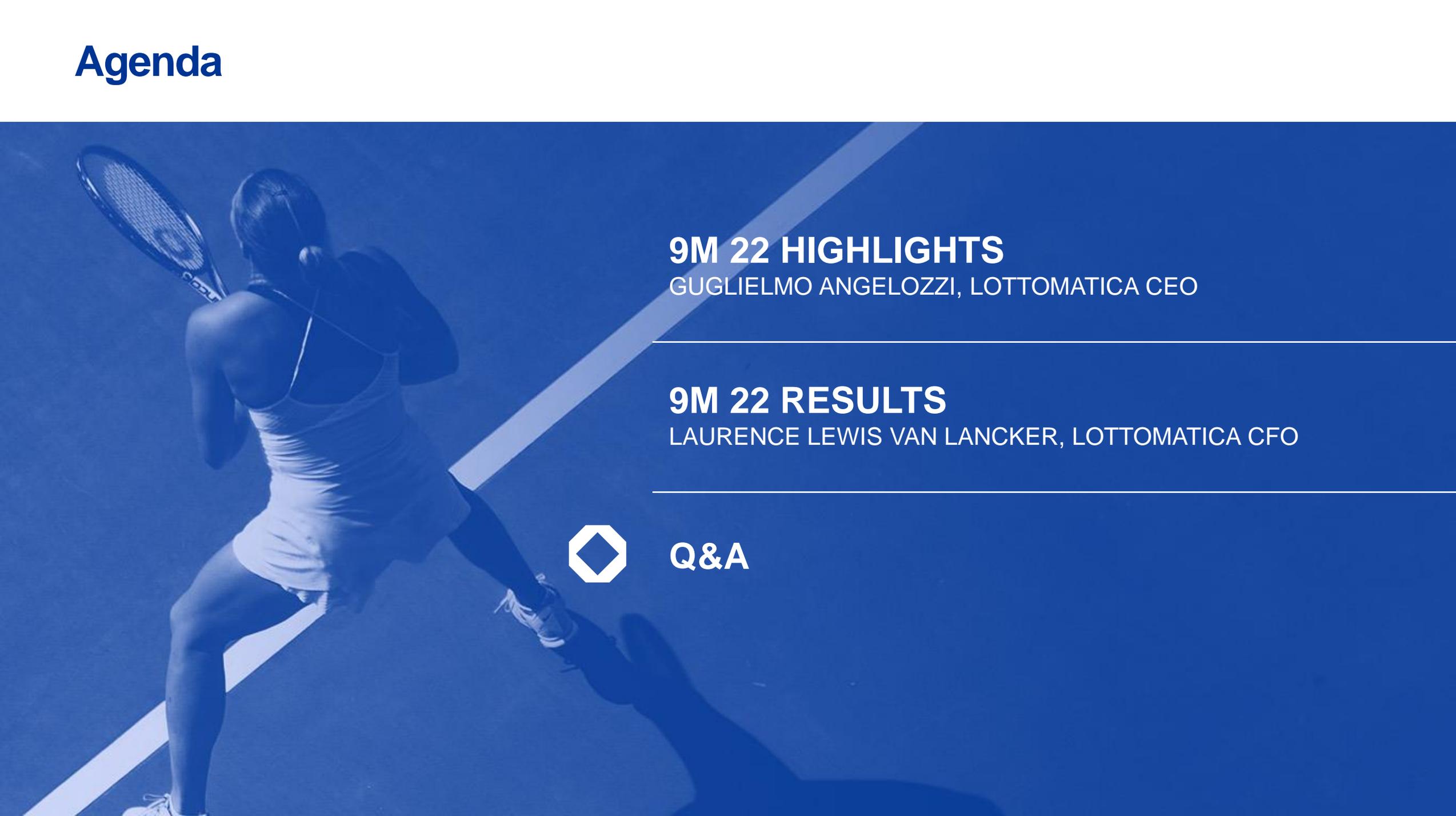
# CASH FLOW (AS REPORTED)

(€ Million)	9M 21*	9M 22
<b>Total EBITDA</b>	<b>123.4</b>	<b>342.4</b>
Other costs not included in EBITDA	(29.3)	(33.7)
Taxes	(5.7)	(16.9)
Delta NWC & Other Assets/ Liabilities	46.8	33.7
<b>Cash flow from operating activities</b>	<b>135.1</b>	<b>325.5</b>
Capex	(28.8)	(52.8)
Escrow account	-	(341.4)
Acquisitions net of cash and cash equivalents	(740.0)	(141.4)
<b>Cash flow from investing activities</b>	<b>(768.8)</b>	<b>(535.6)</b>
<b>Financial income/expenses</b>	<b>(62.1)</b>	<b>(69.3)</b>
<b>Lease payment</b>	<b>(8.7)</b>	<b>(12.7)</b>
<b>Financial assets/liabilities (increase/(decrease))</b>	<b>558.8</b>	<b>345.4</b>
Bank loans	(0.2)	(0.2)
Bond	559.0	345.6
Financial assets & liabilities	-	-
<b>Cash flow from financing</b>	<b>488.1</b>	<b>263.4</b>
<b>FCFE</b>	<b>(145.6)</b>	<b>53.3</b>
Dividends, treasury shares (purchase and assignment) and Shareholders contribution	172.8	(19.1)
<b>Net Cash flow</b>	<b>27.2</b>	<b>34.2</b>

# NET FINANCIAL POSITION EVOLUTION (AS REPORTED)

(€ Million)	9M 21	FY 21	9M 22
<b>Financial Debt</b>	<b>1,427.8</b>	<b>1,449.2</b>	<b>1,684.7</b>
Bank loans	0.6	0.1	1.0
Other financial liabilities	216.0	223.9	126.1
Bond	1,196.8	1,198.0	1,542.9
Interests	14.4	27.1	14.7
<b>Cash</b>	<b>(173.1)</b>	<b>(124.7)</b>	<b>(159.0)</b>
<b>Other financial assets</b>	<b>(31.1)</b>	<b>(37.0)</b>	<b>(399.7)</b>
Other current financial assets	(24.7)	(25.3)	(371.1)
Other non current financial assets	(1.4)	-	-
Non current financial assets	(5.0)	(11.7)	(28.6)
<b>NFP</b>	<b>1,223.6</b>	<b>1,287.4</b>	<b>1,126.1</b>

# Agenda



## 9M 22 HIGHLIGHTS

GUGLIELMO ANGELOZZI, LOTTOMATICA CEO

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## 9M 22 RESULTS

LAURENCE LEWIS VAN LANCKER, LOTTOMATICA CFO

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Q&A

# Appendix – change in revenue accounting for indirect awp (Gaming Franchise)

Previous		
Gross Revenues	Sep YTD	Q3
Online	239.5	76.0
Sports Franchise	252.6	78.5
<b>Gaming Franchise</b>	<b>696.1</b>	<b>232.7</b>
<b>Tot Revenues</b>	<b>1,188.2</b>	<b>387.2</b>
<b>Ebitda</b>	<b>342.4</b>	<b>108.9</b>
<b>Ebitda Margin</b>	<b>28.8%</b>	<b>28.1%</b>

Revenues of Indirect AWP's accounted on a gross basis (Bets – Payout – Gaming Taxes)

Current		
Revenues	Sep YTD	Q3
Online	239.5	76.0
Retail	252.6	78.5
<b>Machines</b>	<b>525.7</b>	<b>181.4</b>
<b>Tot Revenues</b>	<b>1,017.8</b>	<b>335.9</b>
<b>Ebitda</b>	<b>342.4</b>	<b>108.9</b>
<b>Ebitda Margin</b>	<b>33.6%</b>	<b>32.5%</b>

Revenues of Indirect AWP's accounted based on a net basis and equal to the remuneration of the concessionaire for connection services