

Gruppo  
**Gamenet**



## H1 2019 Results

Ended June 30, 2019

July 30, 2019

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The unaudited financial information presented in the Presentation has been prepared by the management. The unaudited pro forma financial information was not prepared with a view towards compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of pro forma financial information, GAAP or IFRS. Our independent auditors have not audited, reviewed, compiled or performed any procedures with respect to such unaudited financial information for the purpose of its inclusion herein and accordingly, they have not expressed an opinion or provided any form of assurance with respect thereto for the purpose of this Presentation. Furthermore, the unaudited financial information does not take into account any circumstances or events occurring after the period it refers to. The unaudited pro forma is for information purposes only and does not purport to represent or to be indicative of the consolidated financial position of consolidated results of operations of the Group and is not, and should not be taken as, representative of the Group's future consolidated financial position or results of operations, nor does it purport to project the Group's financial position as or any future date or results of operations for any future period and should be not used for such purpose. The unaudited pro forma financial information is based on a number of assumptions that are subject to inherent uncertainties subject to change. In addition, although we believe the unaudited pro forma financial information to be reasonable, our actual results may vary and such variations could be material. As such, you should not place undue reliance on such unaudited financial information and it should not be regarded as an indication that it will be an accurate prediction of future events.

## Statement

In compliance with Article 154-bis of the "Uniform Financial Services Act" (Italian Legislative Decree n. 58/1998), the Financial Reporting Officer ("*Dirigente Preposto*"), Mario Bruno, declares that the accounting information reported in this presentation corresponds to the underlying documentary reports, books of account and accounting entries.

# Agenda

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1

Business Update

Guglielmo Angelozzi, CEO, Gamenet Group

2

H1'19 Results

Mario Bruno, CFO, Gamenet Group

3

Q&A

4

End of H1'19 Results

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## Key takeaways

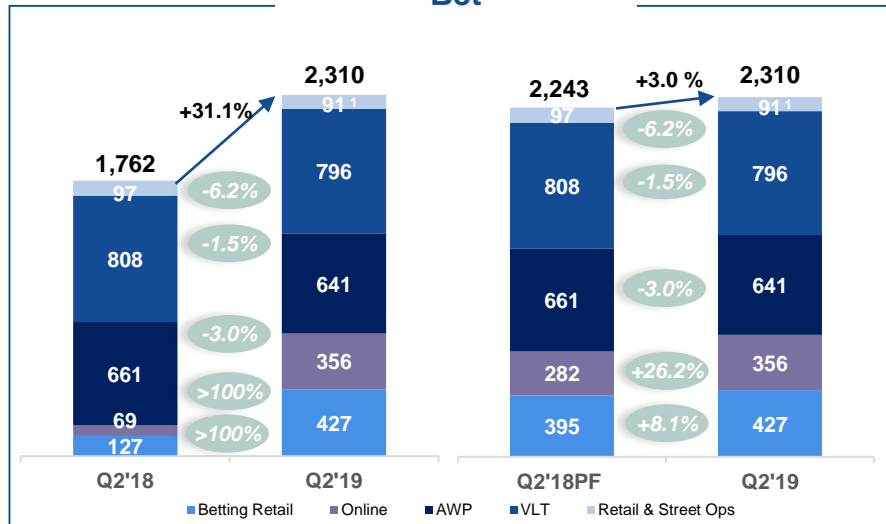
- **Impressive EBITDA growth along with remarkable cash flow generation:**
  - EBITDA: **€40.4M in Q2'19, +21.7% vs Q2'18 on a PF<sup>1</sup> basis**, notwithstanding c. €8M PREU/betting taxes increase and c. €1M unfavourable betting payout comparison  
**LTM PF EBITDA<sup>2</sup> at €157.7M**
  - Net Profit: **€9.9M adjusted in Q2'19 vs -€0.2M in Q2'18**  
€5.2M reported in Q2'19 (including c. -€5M of extraordinary components) vs. -€7.2M in Q2'18
  - NFP: **€397.4M** improving vs €429.3M FY'18
  - Cash flow: **€104.8M** from operations, **€53.0M** net cash flow before dividends/buybacks, €31.2M after dividends/buybacks
- **Solid business performance on all key verticals:**
  - Particularly strong overperformance vs market both in Retail Sports Betting and Online
  - Strong resiliency of gaming machines
  - **Online, is now the 3<sup>rd</sup> business of the Group, representing c. 18% of Group EBITDA** (new segment reporting splits Betting Retail and Online)
- **Synergies increased** by an additional 17% to €27M from previous €23M and +51% vs. original €17.9M communicated at GoldBet closing (original target for 2020 of €17.9M will be substantially achieved in 2019)

(1) Unaudited Pro Forma Consolidated Financial Information for the six months ended June 30, 2018 and for the twelve months ended June 30, 2019 have been prepared in order to reflect retroactively the effects of the following transactions: (i) the acquisition by Gamenet S.p.A. of 100% of the share capital of GoldBet S.r.l., completed on October 9, 2018, (ii) the offering of the Notes by the Company used, along with cash available, to pay a portion of the Acquisition price and (iii) the issuance in April 2018 of €225,000 thousand senior secured floating rate notes due 2023 and the subsequent use of the related proceeds for the early redemption, satisfaction and discharge of €200,000 thousand senior secured notes due 2021. No pro forma consolidated statement of financial position and pro forma consolidated statement of comprehensive income as of and for the six months ended June 30, 2019 have been prepared as the effects of the transactions, as described above, are already reflected in the Company's consolidated financial statements as of June 30, 2019. 2) LTM PF EBITDA includes an estimate of IFRS 16 in 2H'18.

# Bet, Revenues and EBITDA Evolution - Q2'19

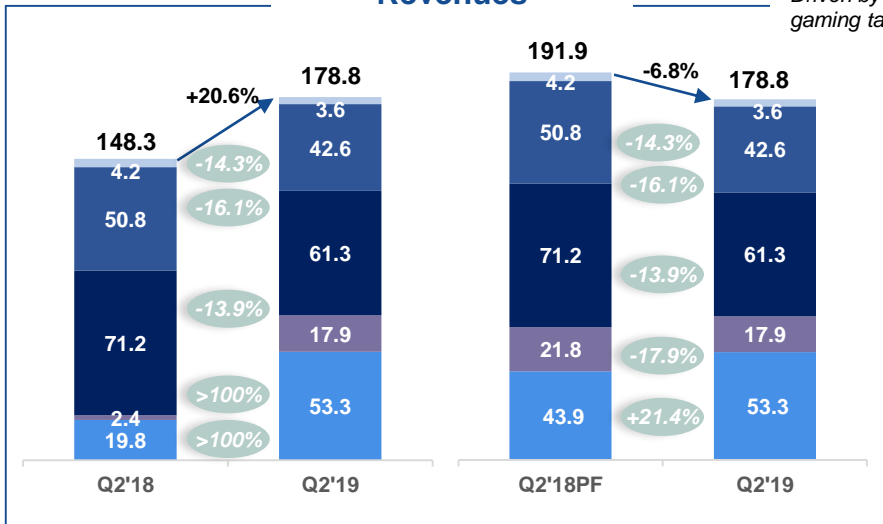
(€ Million)

## Bet

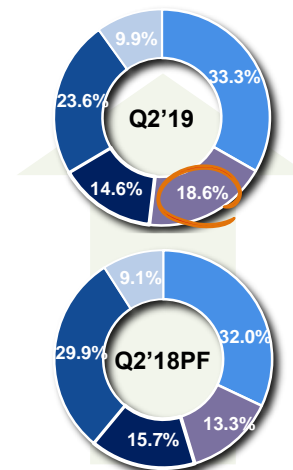
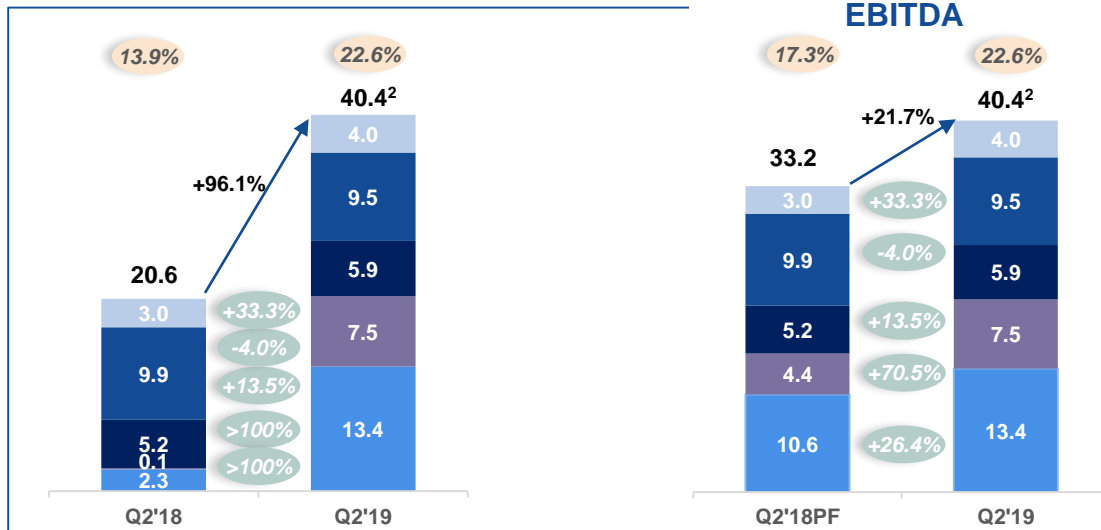


## Revenues

Driven by new gaming taxes



## EBITDA



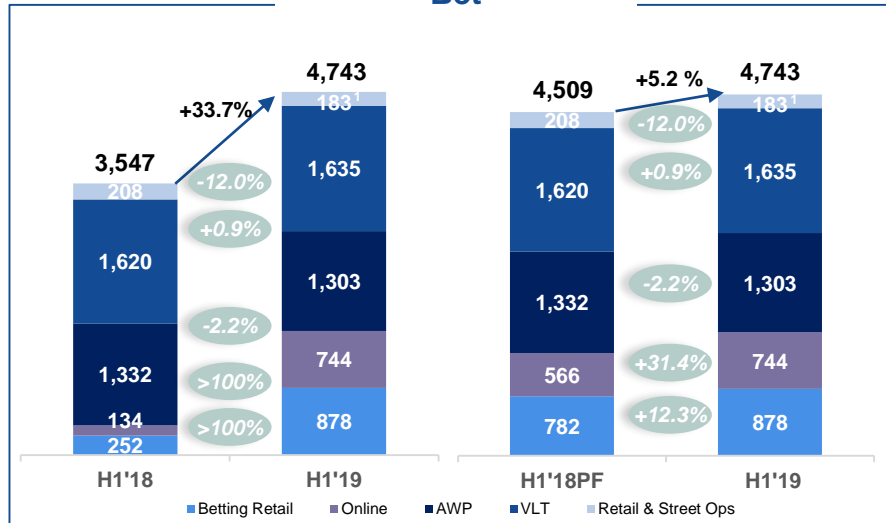
% on Revenues

(1) Does not include bet generated by company owned gaming halls connected to Gamenet Group's concessionaire. After including it, the total Q2 bet relating to Retail & Street Operation segment is €271M in 2019 vs €269M in 2018.  
 (2) Includes €1.8M relating to IFRS16

# Bet, Revenues and EBITDA Evolution - H1'19

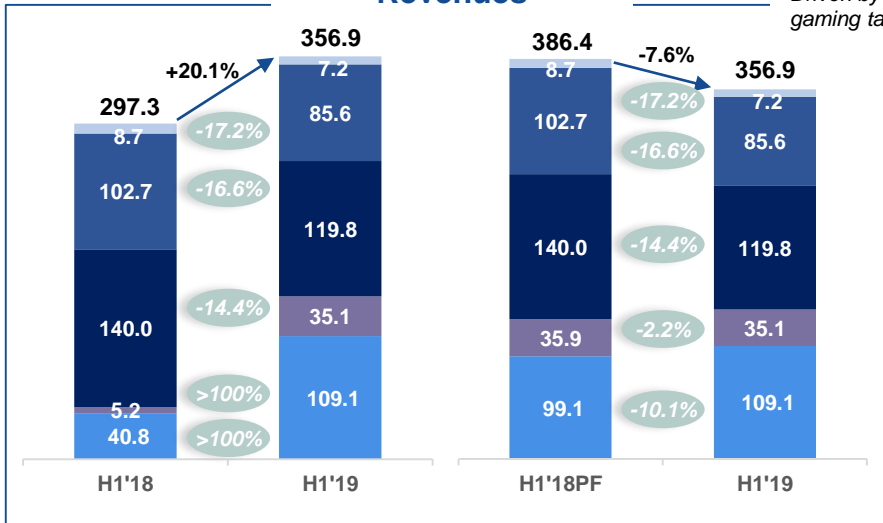
(€ Million)

## Bet

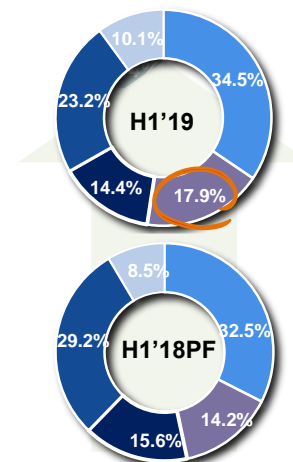
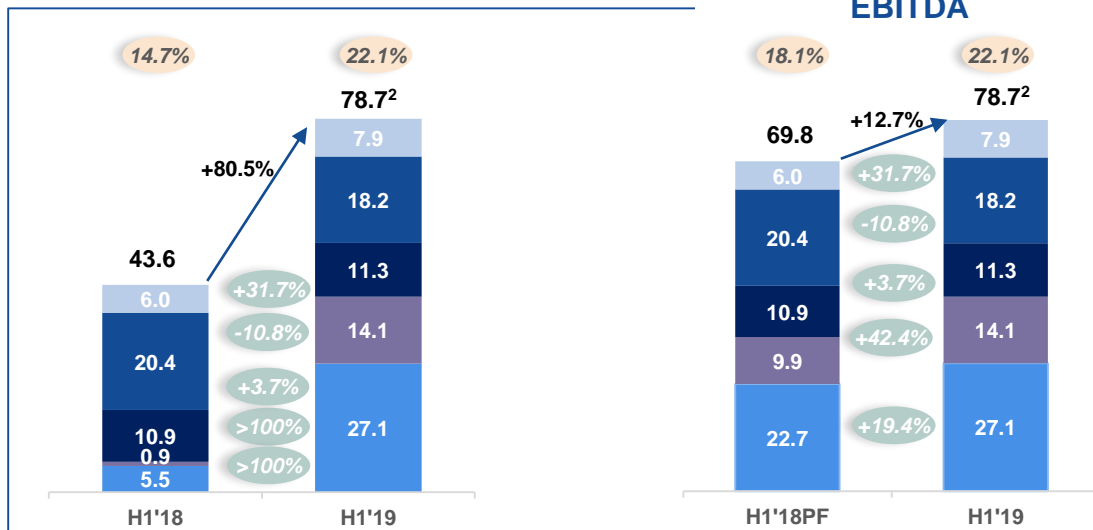


## Revenues

Driven by new gaming taxes



## EBITDA



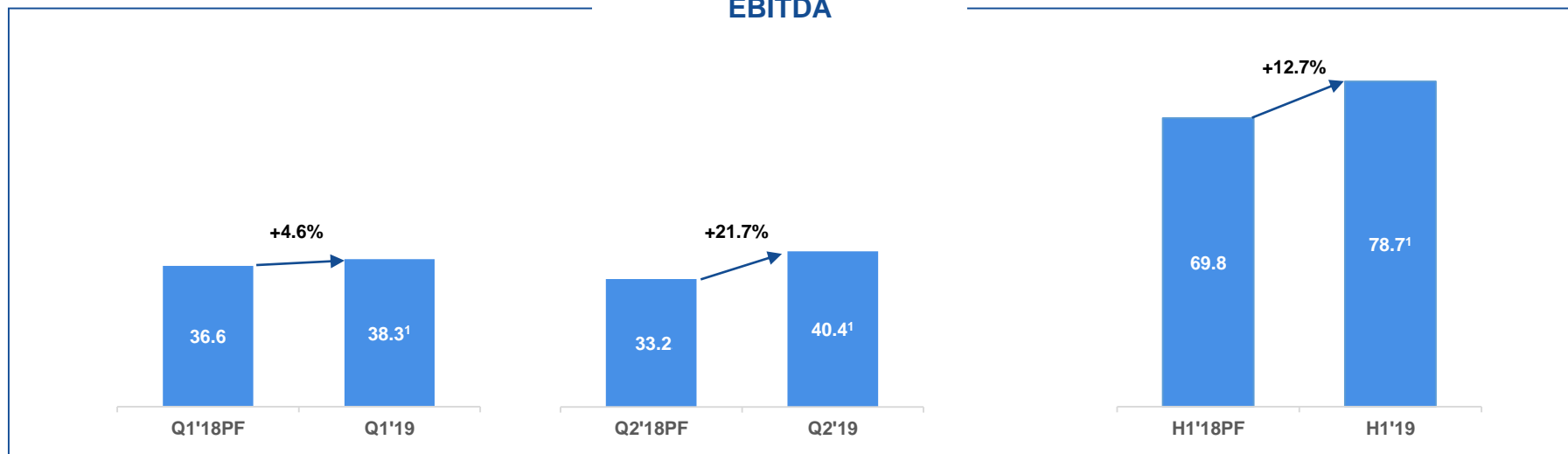
% on Revenues

(1) Does not include bet generated by company owned gaming halls connected to Gamenet Group's concessionaire. After including it, the total H1 bet relating to Retail & Street Operation segment is €549M in 2019 vs €530M in 2018.  
 (2) Includes €3.6M relating to IFRS16

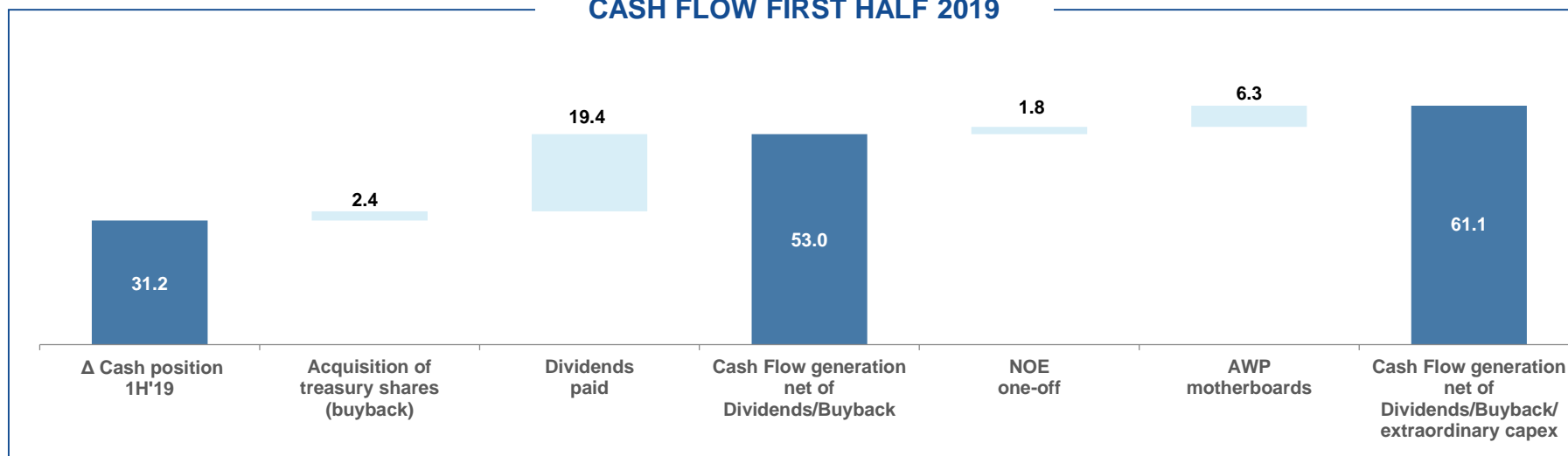
# EBITDA and CASH FLOW

(€ Million)

## EBITDA



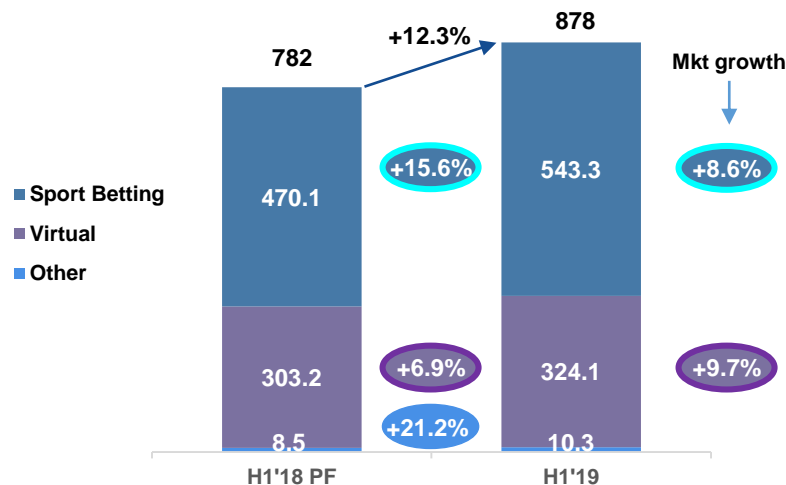
## CASH FLOW FIRST HALF 2019



# Focus on Retail Betting

(€ Million)

## BET



## KPIs

(€ in thousands, except non-financial information)	H1'19	H1'18PF <sup>(*)</sup>
Bet	877,692	781,852
Revenues	109,144	99,149
EBITDA	27,122	22,701
Number of licenses	1,732	742
Number of Active POS	1,613	688
Average number of operating POS	1,636	697

(\*) Non-financial information is on a reported basis

## Key developments

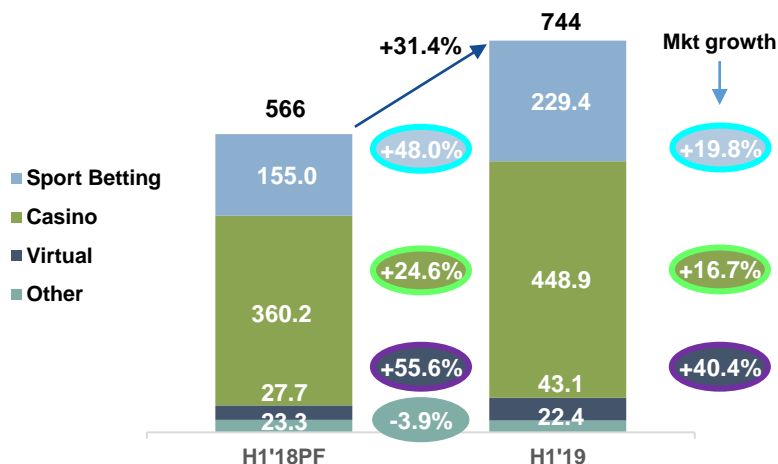
- **Strong growth from Sports Betting Retail** which continues to grow **more than the market** (+15.6% vs 8.6% mkt)
- **Virtual games** performance vs mkt mainly driven by **GoldBet's product offering** introduced on the **Intralot network**
- **The largest sports betting retail network in the country** represents a distinguishing asset in light of the ban on advertising



# Focus on Online

(€ Million)

## BET



## KPIs

(€in thousands, except non-financial information)	H1'19	H1'18PF
Bet	743,896	566,310
Revenues	35,093	35,948
EBITDA	14,058	9,939
Unique actives ('000)	179,400	153,461

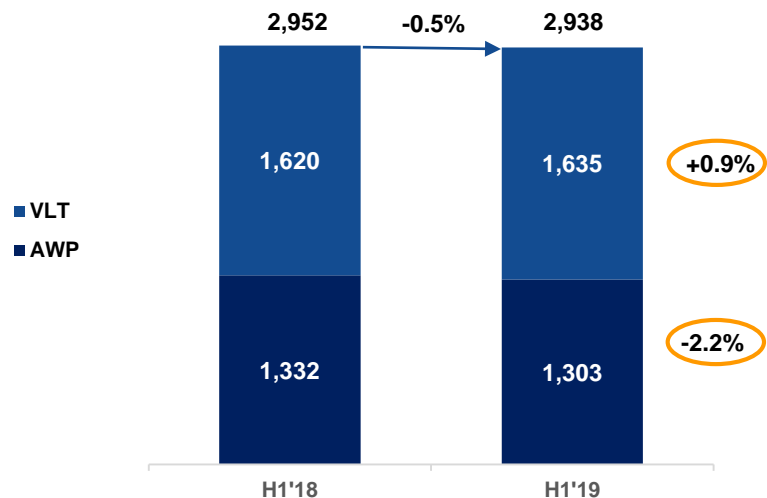
## Key developments

- The **Online** segment **continues to over deliver the market on all verticals**
- **Online Sports Betting** growth driven by **product improvement** and increasing market penetration **following GoldBet's migration**
- **Casino online** growing strong on increased number of games offered
- **Virtual, benefitting from Goldbet's product** offered to all client base, including gaming accounts switched from Intralot.it

# AWP, VLT, R&SO KPIs

(€ Million)

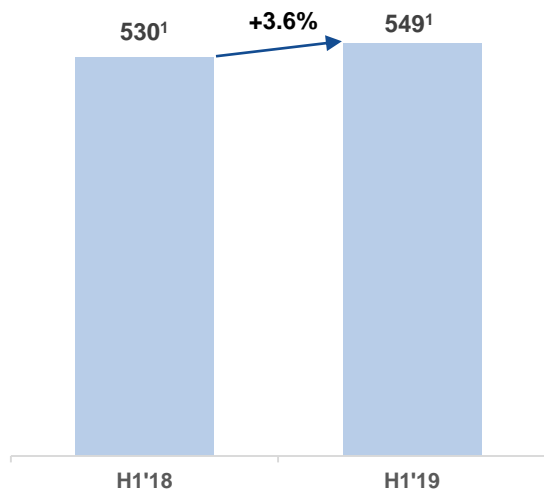
## AWP/VLTs: BET



## KPIs

VLT	H1'19	H1'18
Number of licenses	8,570	8,570
Average number of VLT in ops	8,331	8,337
Average VLT PREU (as % of bet)	7.6%	6.0%
AWP	H1'19	H1'18
Number of licenses	27,669	29,505
Average number of VLT in ops	28,066	35,760
Average VLT PREU (as % of bet)	21.3%	19.0%
R&SO	H1'19	H1'18
Number of gaming halls EoP	69	69
Average number of VLT	1,482	1,465
Average number of AWP	4,706	4,963

## Retail & Street Ops: BET

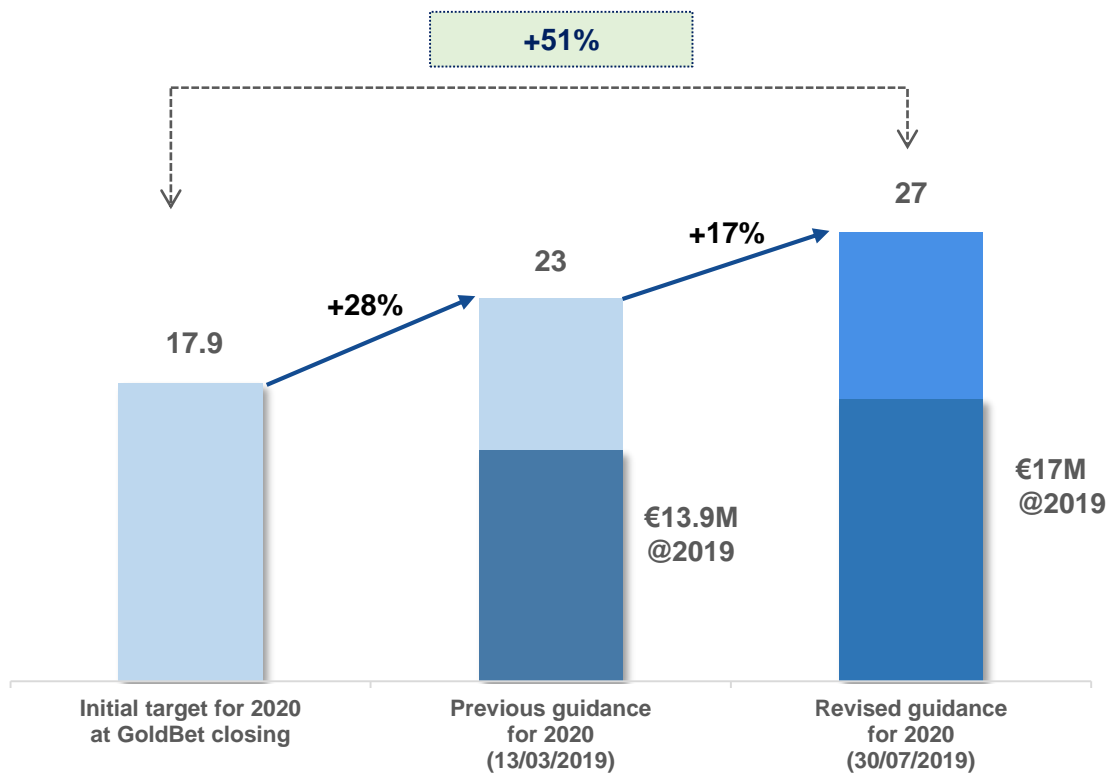


## Key developments

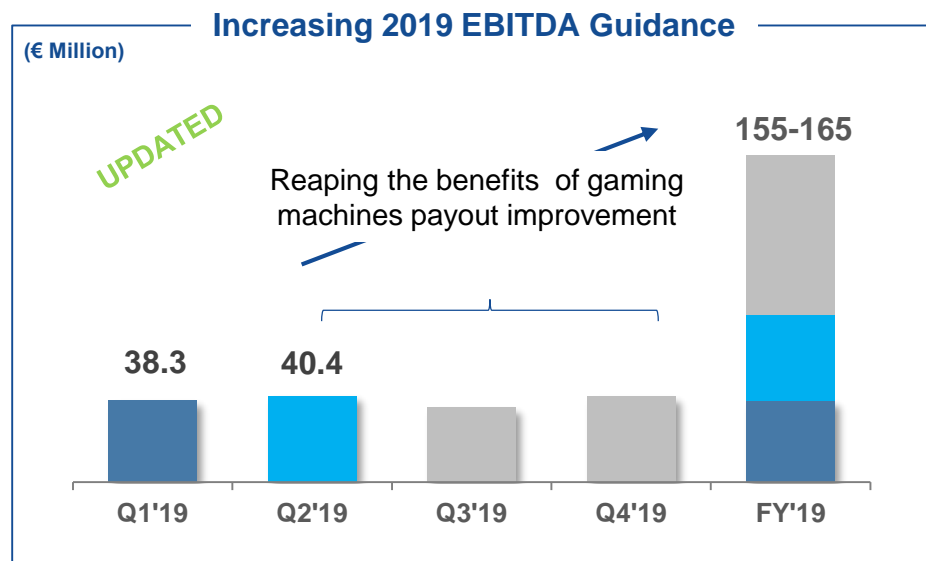
- **AWP motherboards update completed on 2/3 of directly managed machines**
- **Completed the installation of new games from Inspired with lower payout in May**
- **VLT blockbuster title "Book of Ra™" introduced end of Q2'19**

# GoldBet synergies update

(€ Million)



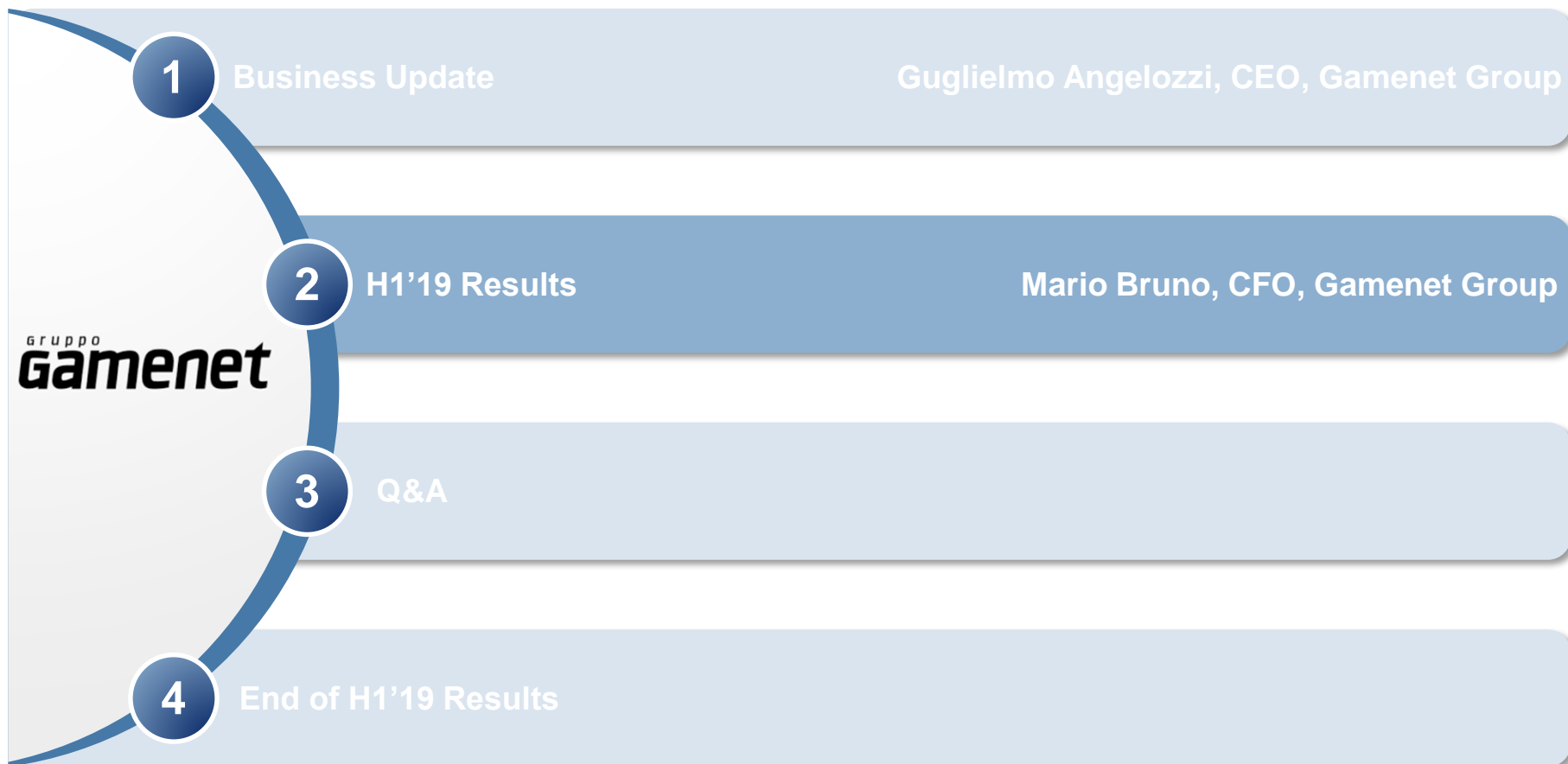
## 2019 guidance further improved



- After a robust Q1'19, **Q2'19 performance continues to show strong growth and resiliency** in the business model
- **EBITDA guidance further increased to €155-165M** from €142-152M
- **NFP estimated at c. €400M** vs prior guidance of c. €430M
- BoD approved a change in dividend policy: **2020 dividend** (based on FY'19 accounts) **is increased to €0.85 per share** (from previous €0.70 per share)

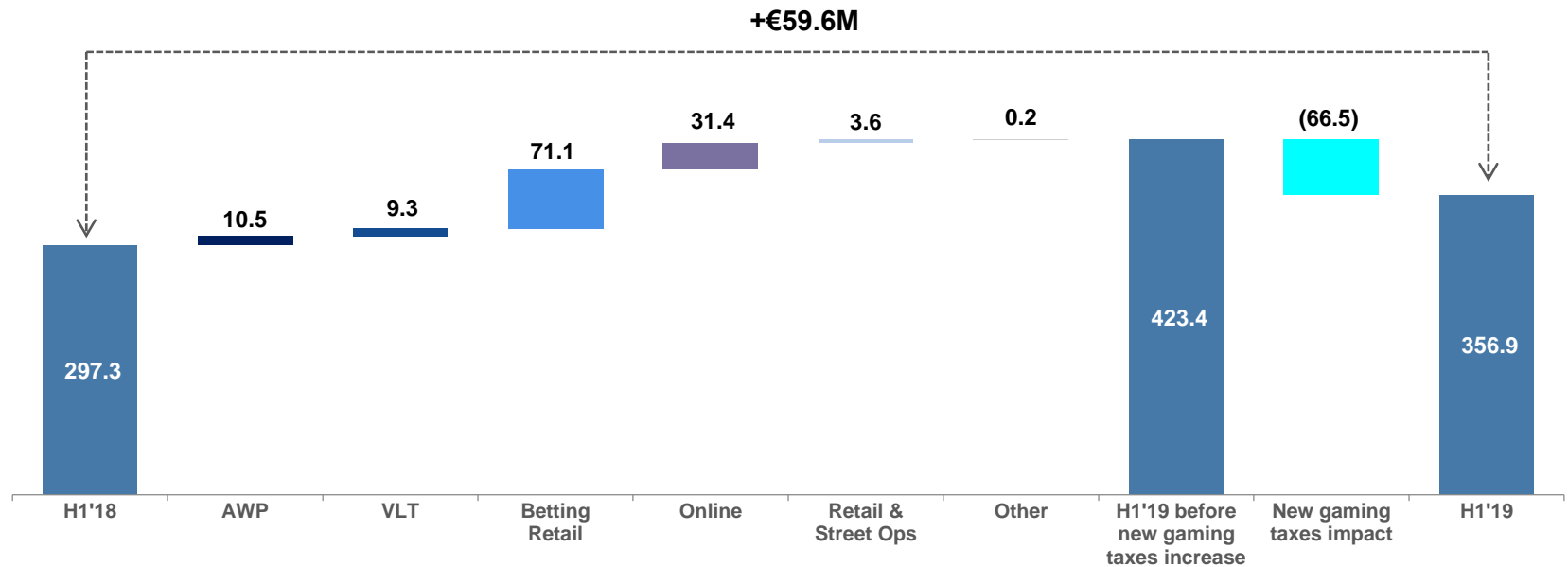
# Agenda

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# Revenues – H1'18 vs H1'19 (As Reported)

(€ Million)



## AWP

- Increase in the AWP revenues mainly driven by positive impact of change in payout (+€13.4M) partially offset by slight decrease in YoY bet (-€2.9M)

## Betting Retail

- Increase mainly due to GoldBet's acquisition and to the initiatives to further improve the retail network

## Retail & Street Operations

- Mainly driven by the payout (€2.7M)

## VLT

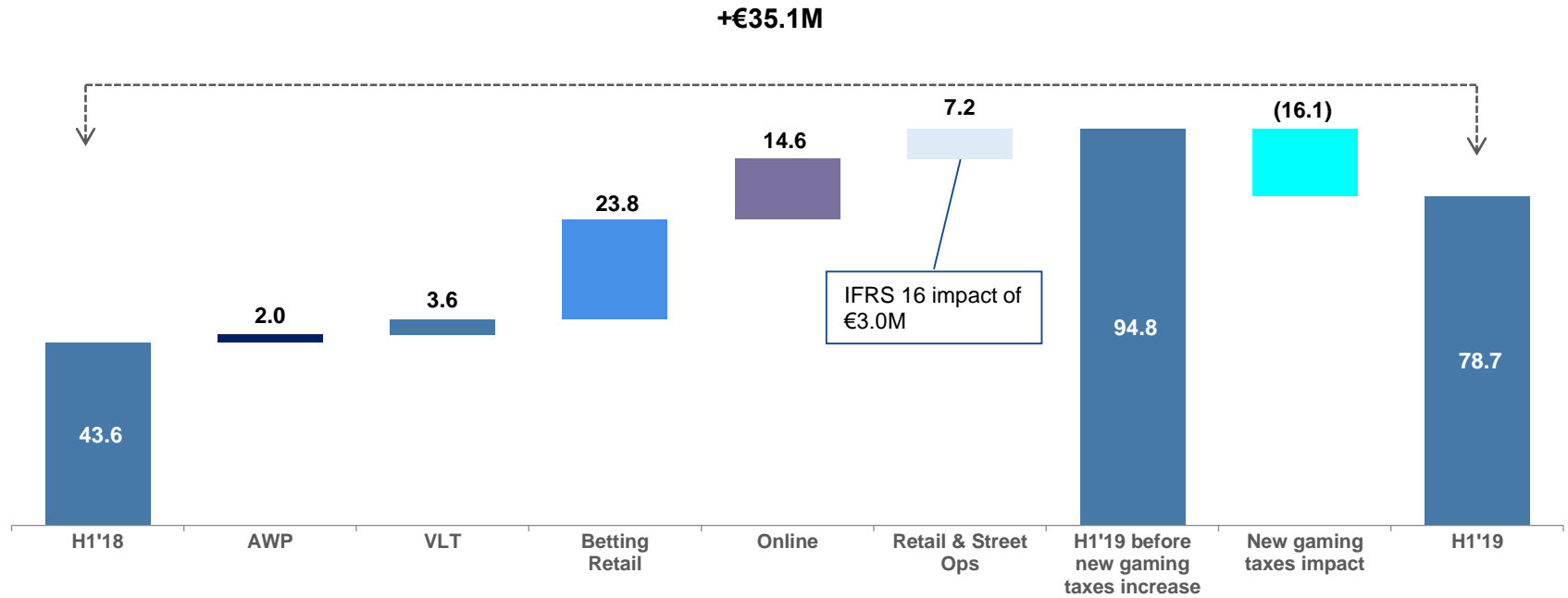
- Increase mainly driven by year on year bet growth (+€0.2M) and payout effect (+€9.1M)

## Online

- Increase attributable to the GoldBet's acquisition, as well as to initiatives to improve the efficiency of the online customer portfolio from Intralot Italia

# EBITDA - H1'18 vs H1'19 (As Reported)

(€ Million)



## AWP

- Year on year increase mostly attributable to the profitability improvement driven by the larger number of company owned machines – *distribution insourcing*
- Rest of AWP Revenues pass through due to contractual structure on third parties machines

## Betting Retail

- Please refer to revenue evolution commented on the previous page

## VLT

- Please refer to revenue evolution commented on the previous page

## Online

- Please refer to revenue evolution commented on the previous page

# Net Financial Position evolution

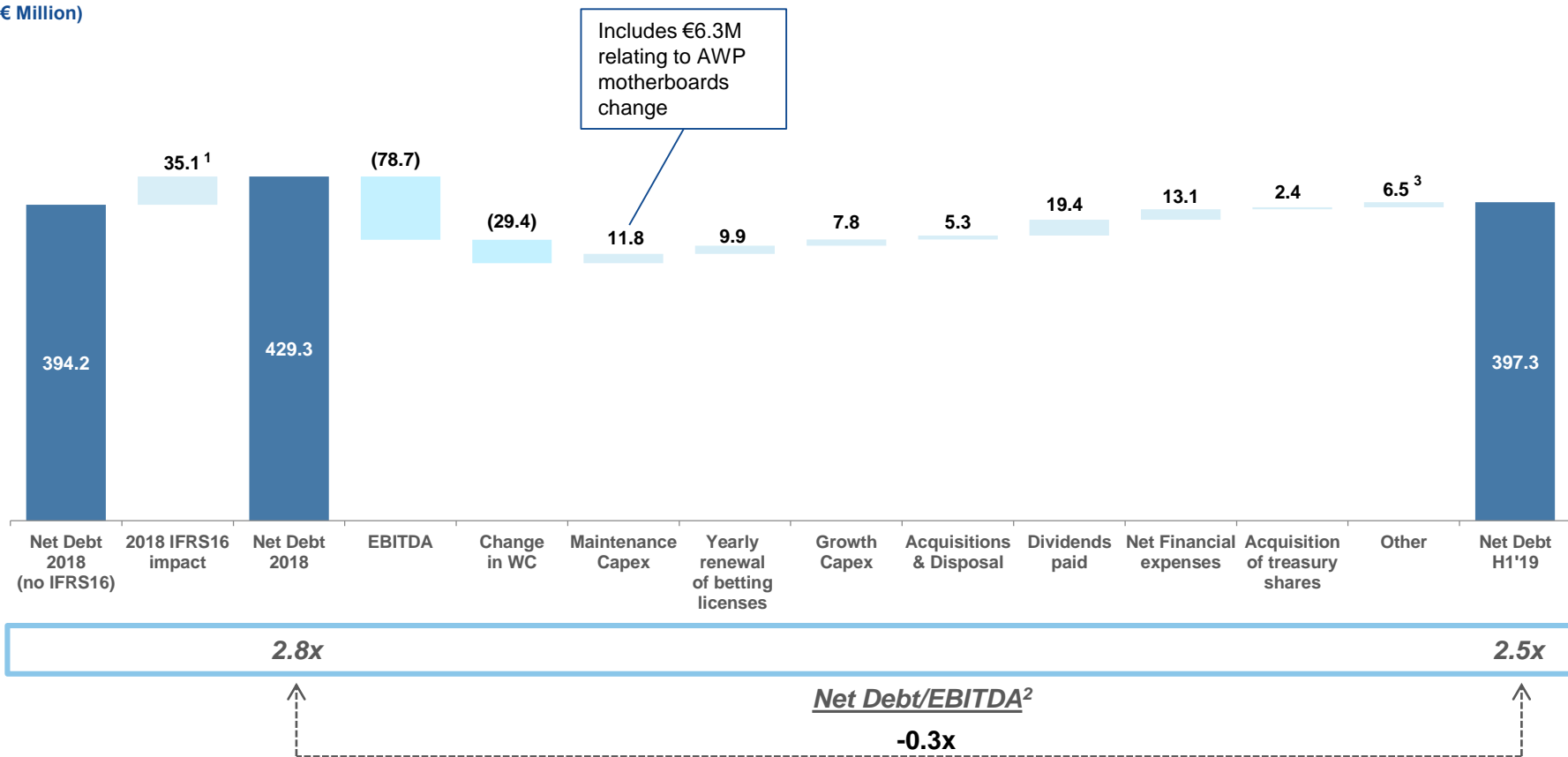
(€ Million)

	FY'18	H1'19
<b>Financial Debt</b>	<b>448.3</b>	<b>513.8</b>
Shareholders' loan	3.2	3.3
Bank loans	0.8	0.9
Other financial liabilities	68.5 <sup>(*)</sup>	64.6
Bond	440.0	440.9
Interests	4.3	4.2
<b>Cash</b>	<b>(68.5)</b>	<b>(99.7)</b>
<b>Other financial assets</b>	<b>(19.0)</b>	<b>(16.7)</b>
Other current financial assets	(6.4)	(6.5)
Other non current assets	(4.7)	(2.1)
Non current financial assets	(7.9)	(8.1)
<b>NFP</b>	<b>429.3<sup>(**)</sup></b>	<b>397.4</b>



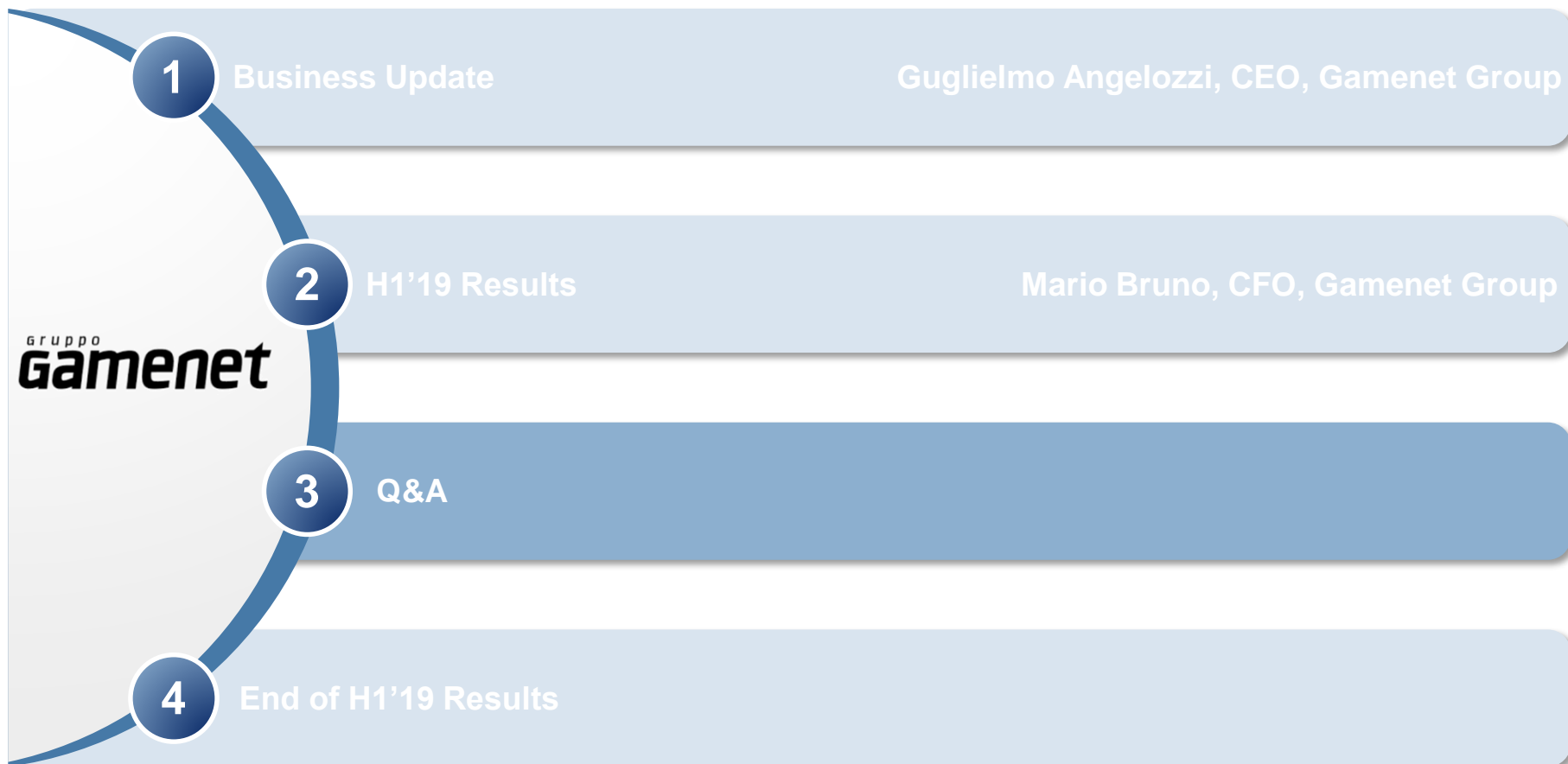
# Debt and Leverage Profile

(€ Million)



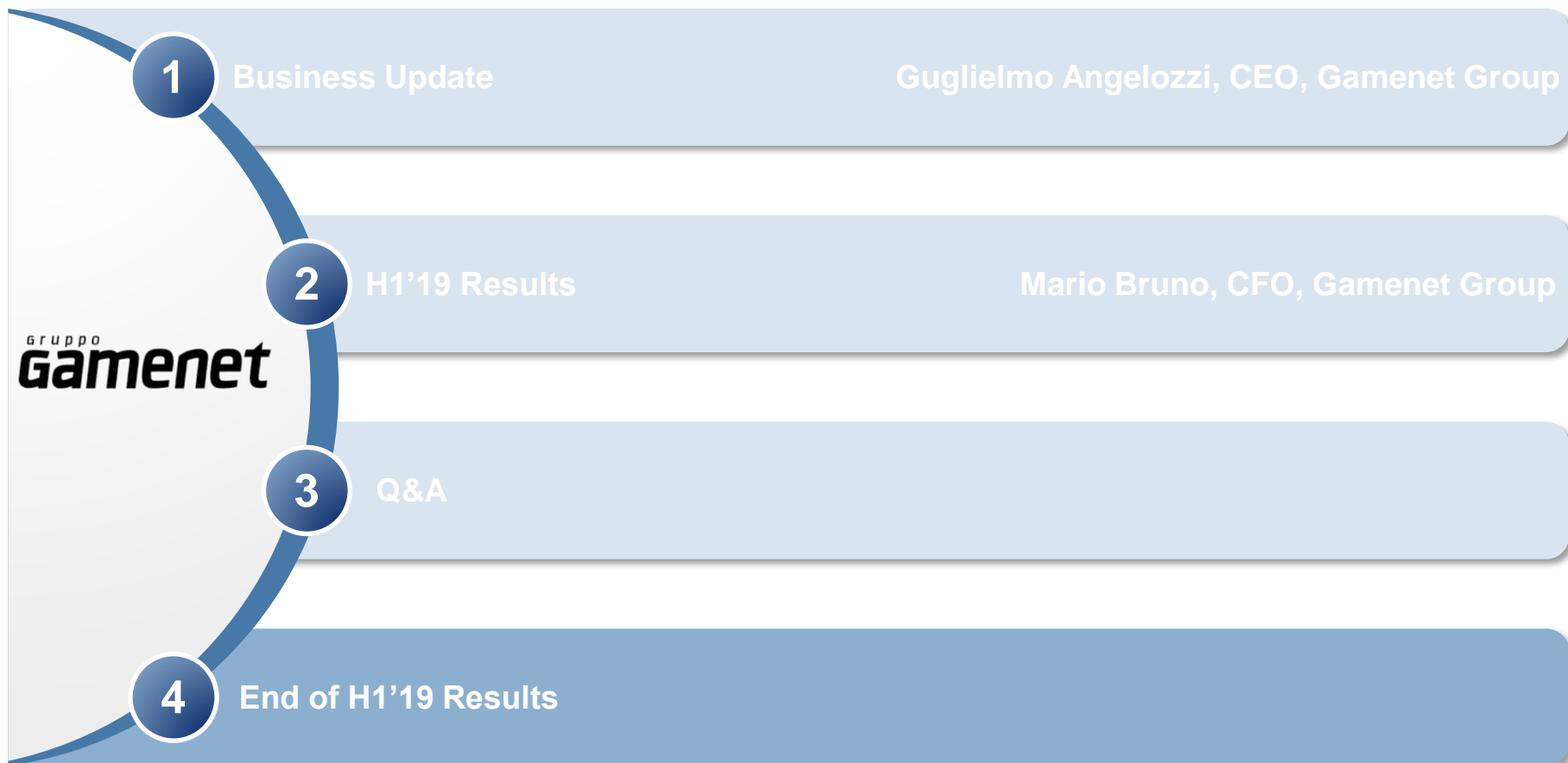
# Agenda

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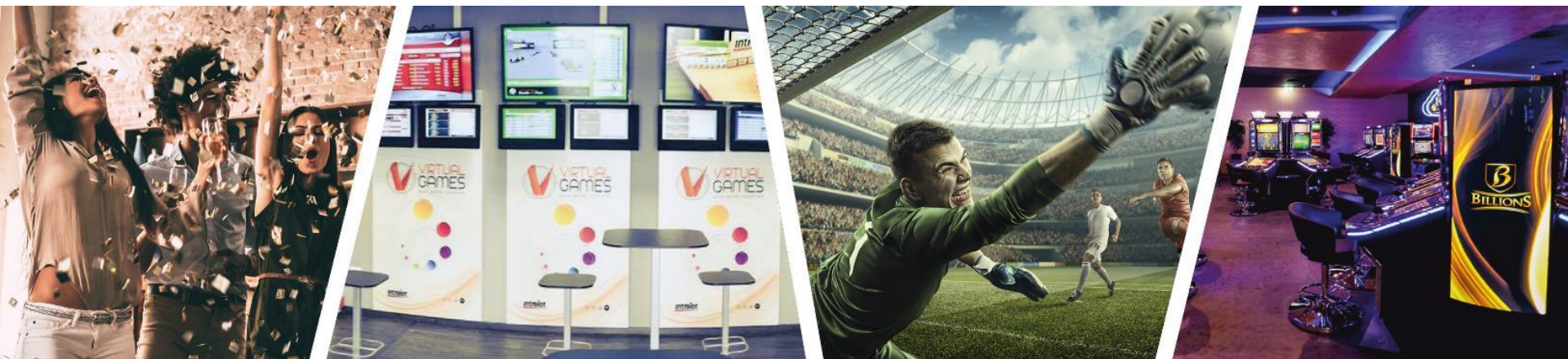
# Agenda

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# Gruppo **Gamenet**



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