

# Gruppo **Gamenet**



## **2020 Full Year Results** **Ended December 31, 2020**

March 15, 2021

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# Year ended with a solid financial situation, notwithstanding extended Covid-19 lockdowns...

- **Strong resiliency of financial performance to Covid-19 and lockdowns thanks to a strong start in Q1, prompt financial mitigation plan and fast rebound of retail business:**

- **EBITDA at 109.7M in FY'20** (-33.3% vs PY, entirely driven by lockdowns);
- Solid cash flow from operations of €152.8M;
- NFP of €547.2M, following the issuance of the SSNs due 2025 (vs FY'19 at €396.8M);
- **Strong liquidity of c. €146M** (FY'20 monthly average >€150M), **plus €90M of fully undrawn RCF**.

- **Substantial improvement to our Online offer and technology** resulted into **material expansion of our performance:**

- **EBITDA reached €46.3M** (vs €31.5M of FY'19), or +46.7% vs PY;
- Achieved **market leadership in Sports Online at the end of 2020** and **#3 position in Online overall** (EBITDA +90.1% in Q4)

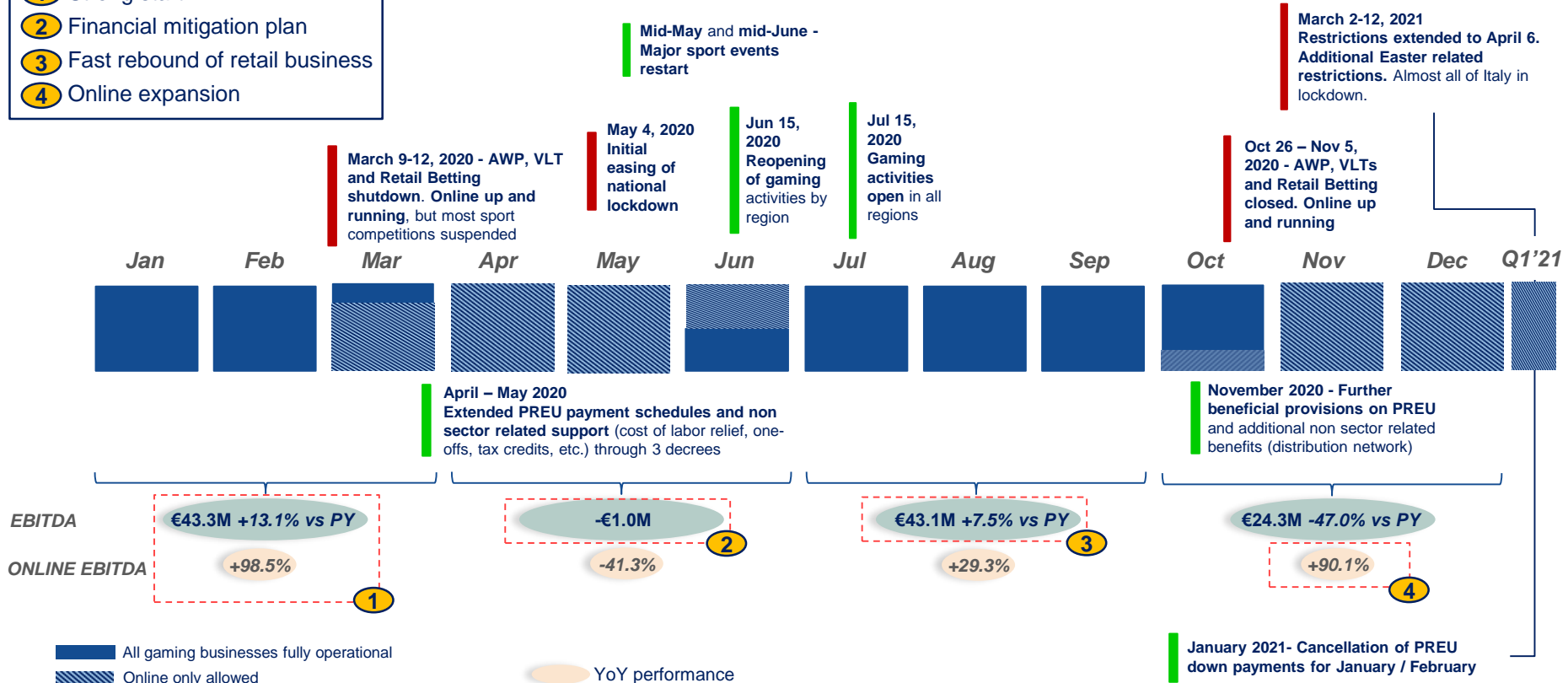
- **Company plans for fast re-opening of retail ready and adapted to allow full flexibility at local level**, depending on the evolution of the pandemic

- **Acquisition** of Italian Online, Sports Betting and Gaming Machines B2C businesses of International Game Technology **on track:**

- **Authorization from ADM** received;
- **Expect closing confirmed in H1 2021** (Antitrust in progress).

# ...thanks to Gamenet/sector resiliency and Government support (general and business specific)

- 1 Strong start
- 2 Financial mitigation plan
- 3 Fast rebound of retail business
- 4 Online expansion



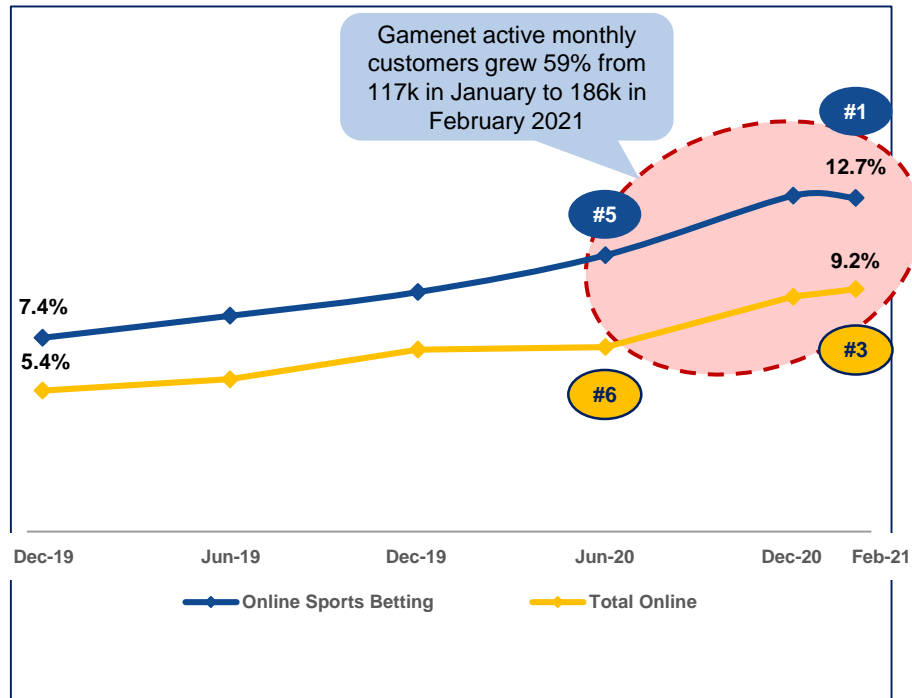
\* From March 12, 2020.  
Data for Q1 and H1 2020 refers to Gamenet Group results.

# The substantial improvements to our offer/technology live in H2 have allowed us to outperform competition and seize leadership...

## Launch of improvements to our offer/technology in H2

- **New online platform Pegasos** (fully in-house)
- **Salesforce CRM**
- **New front-end** (casino, poker, bingo, sport)
- **Internalization and improvement of some mobile Apps**
- **E-lotteries and skill games**
- **Strengthening of casino portfolio**, particularly on live (dedicated Casino Studio )
- Capabilities for **new loyalty/bonus schemes**
- Enhancement of **omnichannel capabilities**

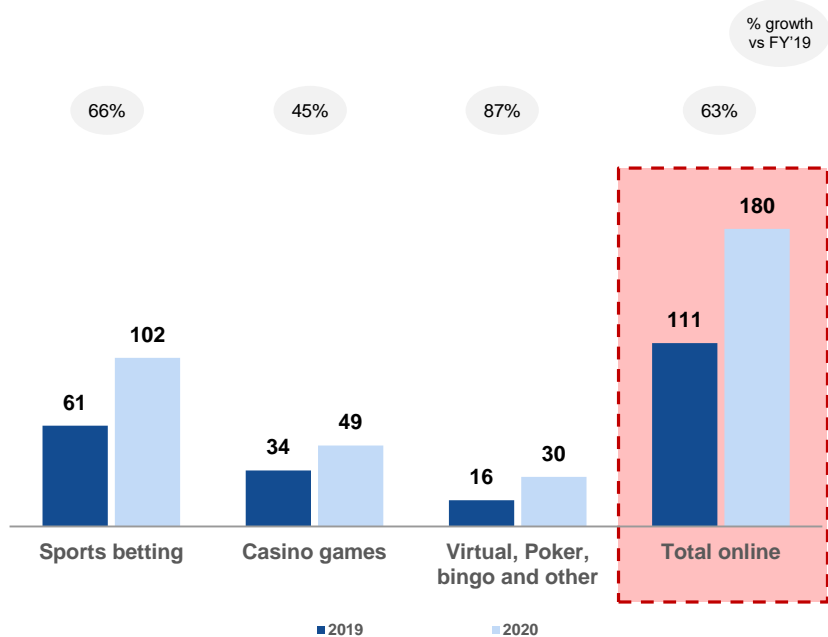
## Online sports betting and total online market shares by GGR (Dec 2018 – Feb 2021)



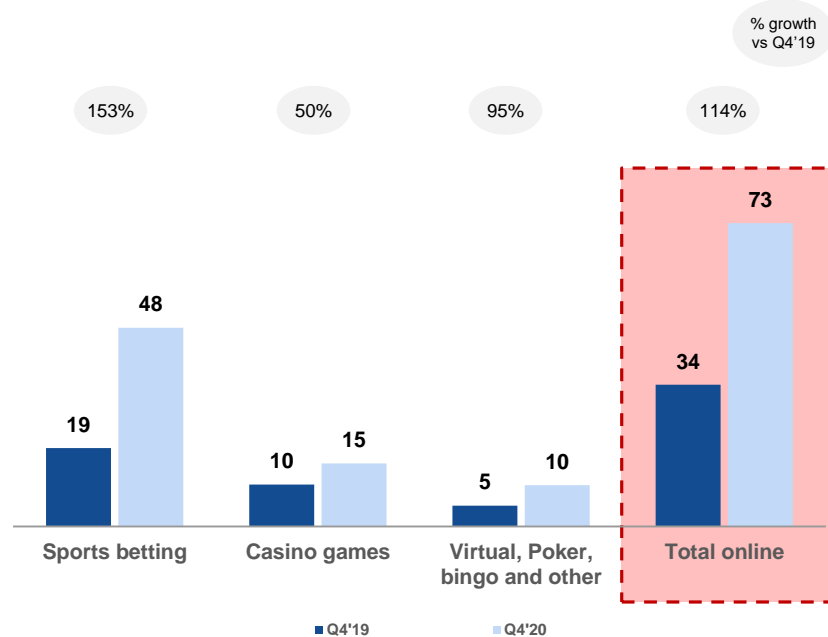
# ...and, also in absolute terms, Gamenet's online performance has been very strong across all product lines and improving throughout the year

(€ Million)

### FY'20 performance: Online gross gaming revenue



### Q4'20 performance: Online gross gaming revenue



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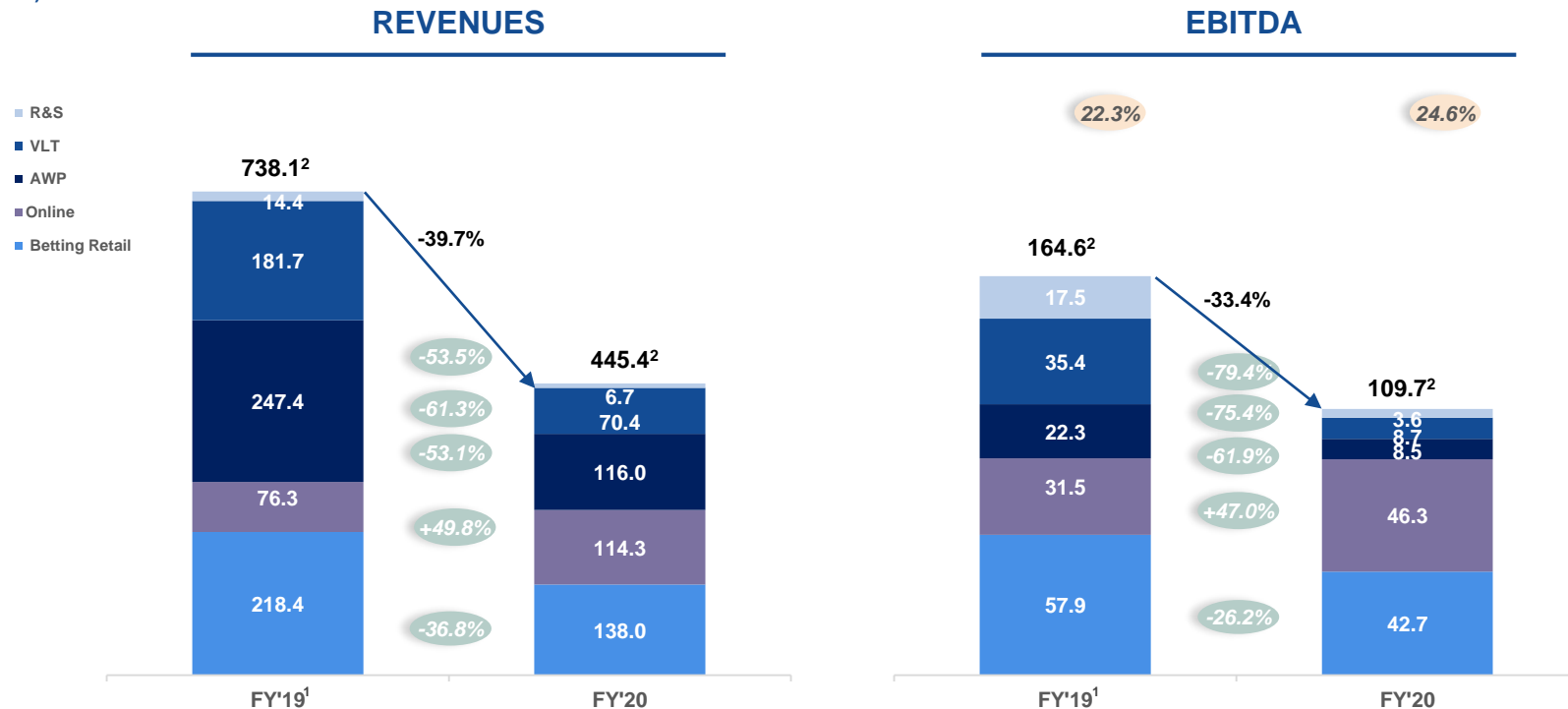
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# Revenues and EBITDA evolution

(€ Million)



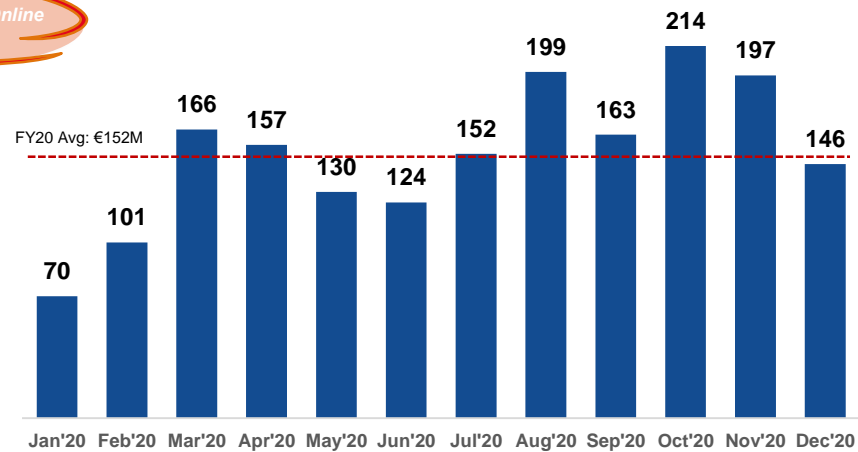
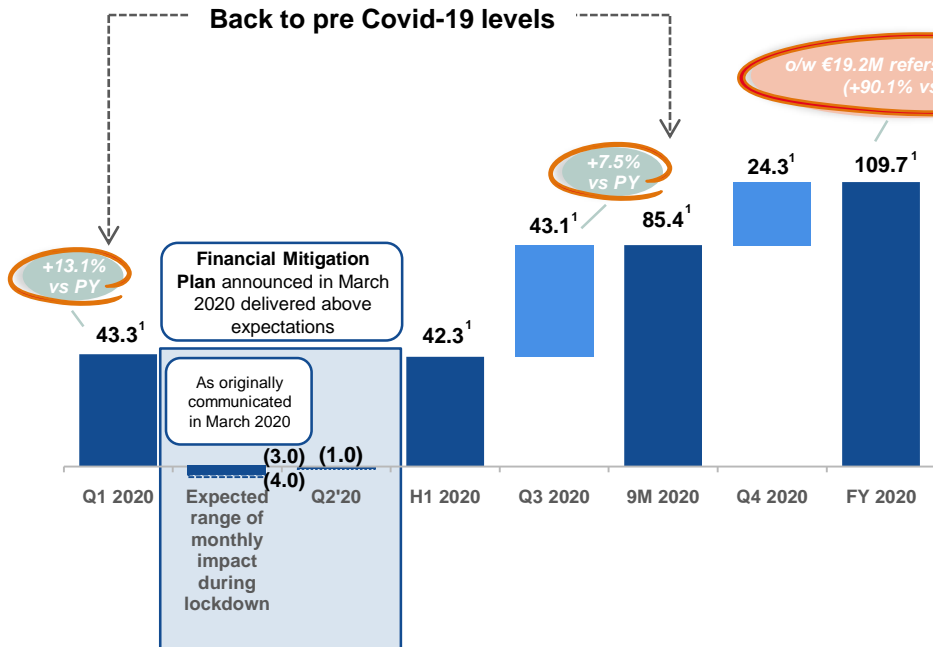
# Mitigated impact on EBITDA and preservation and build-up of cash in FY'20

(€ Million)

## EBITDA

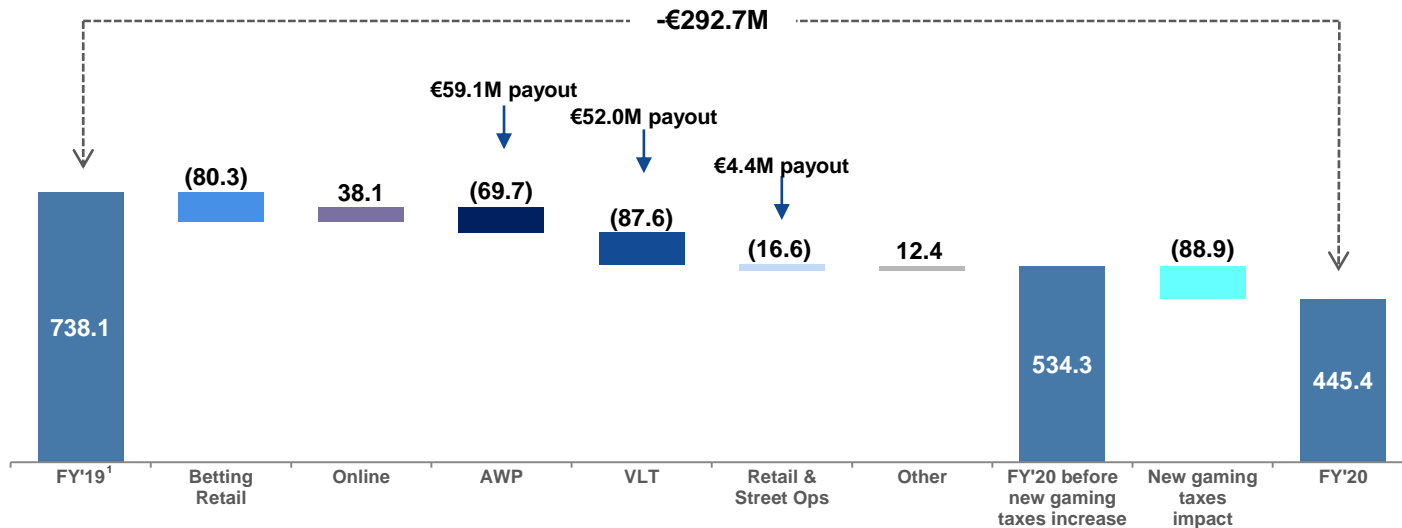
## MONTHLY CASH

Back to pre Covid-19 levels



# Revenues - FY'20 (As Reported) vs FY'19 (Gamenet Group)

(€ Million)



## Betting Retail

Decrease driven by lockdown

## Online

Increase attributable to the strong traction of the business, continuous improvements in the customer portfolio (including promotional activities of retention / reactivation) as well as the constant improvement of offer

## AWP

Decrease in bet (-€128.8M), mainly due to the lockdown in second and fourth quarter of 2020, partially offset by positive impact of change in payout (+€59.1M)

## VLT

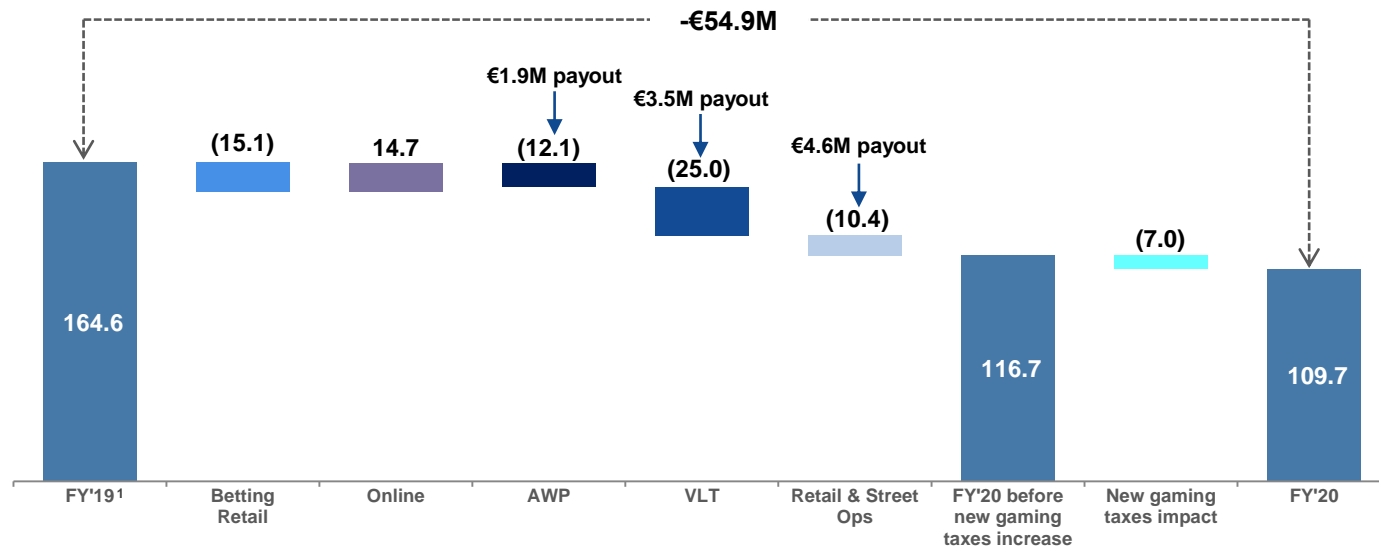
Decrease mainly due to the lockdown in second and fourth quarter 2020 and to the age card reader, which led to a reduction in bet (-€139.6), partially offset by positive impact of change in payout (+€52.0M)

## Retail & Street Operations

Please refer to the AWP and VLT segments

# EBITDA - FY'20 (As Reported) vs FY'19 (Gamenet Group)

(€ Million)



## Betting Retail

Please refer to revenue evolution commented on the previous page

## AWP

Please refer to revenue evolution commented on the previous page

## Online

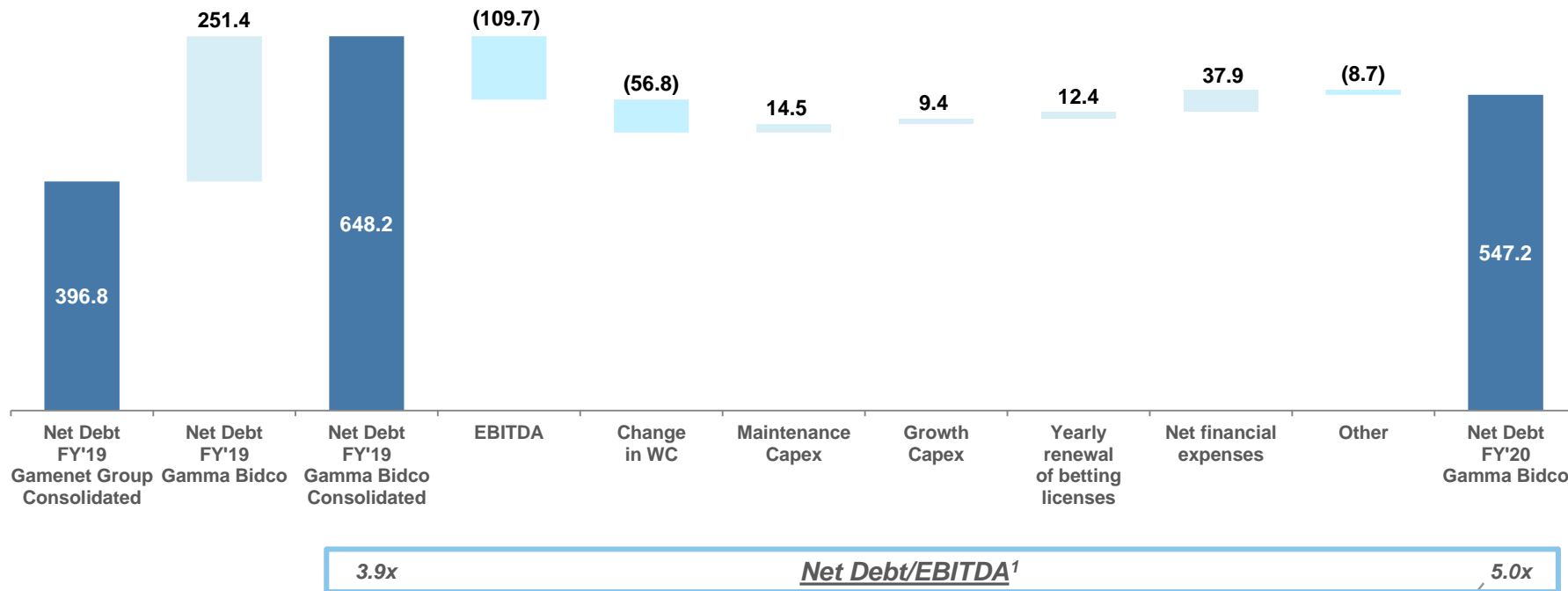
Please refer to revenue evolution commented on the previous page

## VLT

Please refer to revenue evolution commented on the previous page

# Debt and Leverage Profile

(€ Million)



Reflects Q2'20 total lockdown and lack of EBITDA contribution. Q4'20 mostly driven by online contribution

(1) Calculated as NFP/EBITDA. FY'19 EBITDA refers to Gamenet Group FY'19 EBITDA (including Gamma Bidco EBITDA since October 15, 2019).

# Cash flow

(€ Million)

	FY'19	FY'20
<b>Total EBITDA</b>	<b>164.6</b>	<b>109.7</b>
Other costs not included in EBITDA	(10.0)	(12.5)
Taxes	(7.7)	(4.4)
Delta NWC & Other Assets/ Liabilities	(8.9)	59.9
<b>Cash flow from operating activities</b>	<b>138.1</b>	<b>152.8</b>
Capex	(33.0)	(24.1)
Acquisitions net of cash and cash equivalents	(3.5)	(311.1)
<i>o/w GMT Group acquisition net of cash and cash equivalents</i>	-	(308.7)
Betting licenses renewal	(9.9)	(12.4)
<b>Cash flow from investing activities</b>	<b>(46.4)</b>	<b>(347.5)</b>
<b>Financial income/expenses</b>	<b>(26.9)</b>	<b>(37.9)</b>
<b>Lease payment</b>	<b>(6.3)</b>	<b>(6.0)</b>
<b>Financial assets/liabilities (increase/(decrease))</b>	<b>(23.9)</b>	<b>205.4</b>
Bank loans	0.1	(0.1)
Bond	(18.7)	202.5
Financial assets & liabilities	(1.8)	2.9
Shareholders' loan	(3.5)	-
<b>Cash flow from financing</b>	<b>(57.1)</b>	<b>161.5</b>
<b>FCFE</b>	<b>34.6</b>	<b>(33.3)</b>
Dividends, treasury shares (purchase and assignment) and Shareholders contribution	(26.4)	179.1
<b>Net Cash flow</b>	<b>8.2</b>	<b>145.8</b>

# Net Financial Position evolution

(€ Million)

	FY'19 <sup>1</sup>	FY'20
<b>Financial Debt</b>	<b>491.1</b>	<b>707.7</b>
Shareholders' loan	-	-
Bank loans	0.9	0.8
Other financial liabilities	62.3	60.6
Bond	423.9	633.1
Interests	4.1	13.1
<b>Cash</b>	<b>(76.7)</b>	<b>(145.8)</b>
<b>Other financial assets</b>	<b>(17.6)</b>	<b>(14.7)</b>
Other current financial assets	(7.7)	(8.0)
Other non current assets	(1.5)	(1.5)
Non current financial assets	(8.4)	(5.2)
<b>NFP</b>	<b>396.8</b>	<b>547.2</b>

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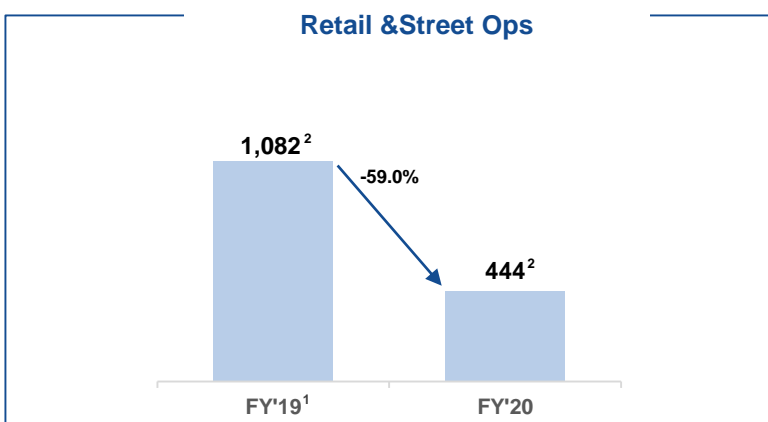
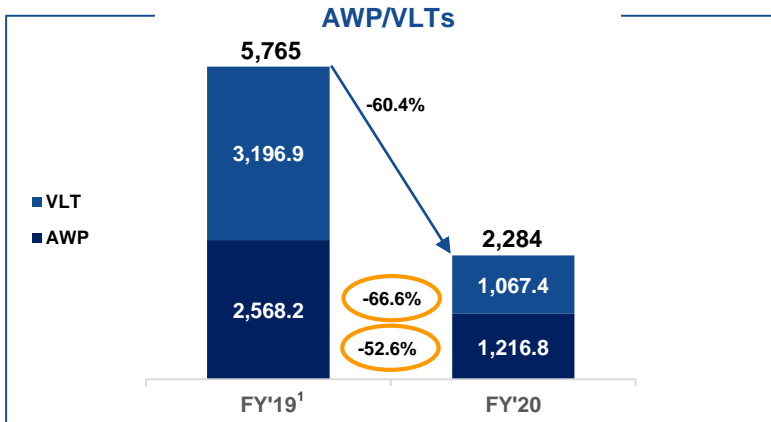
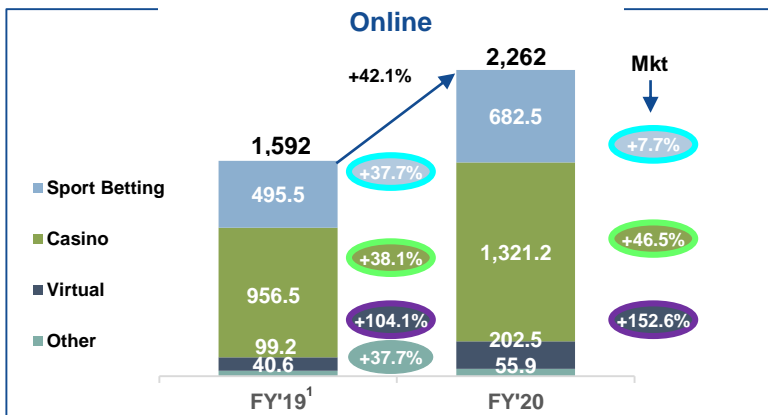
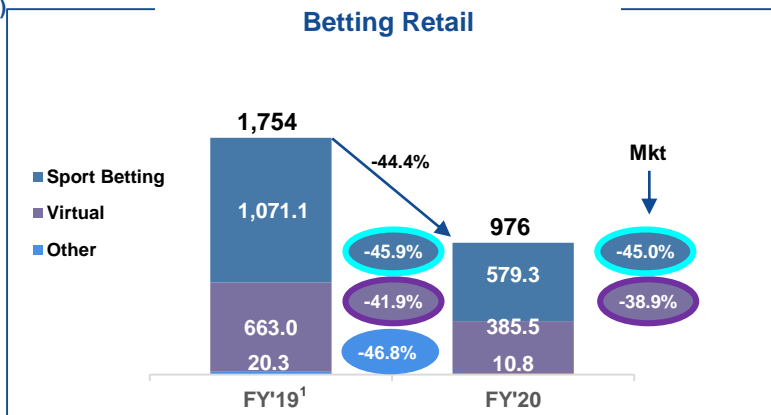
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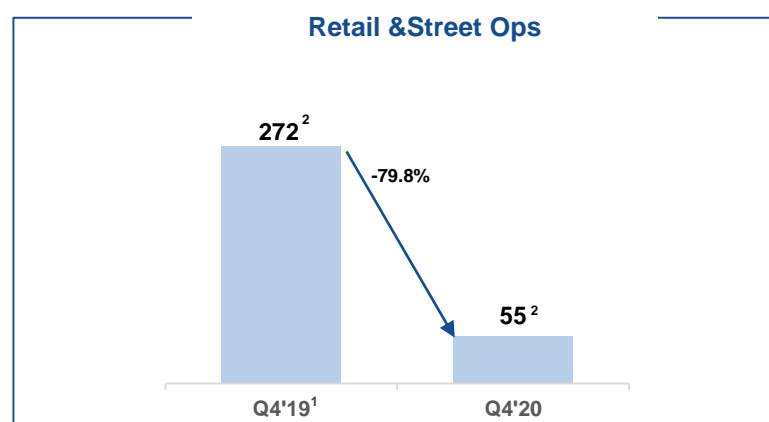
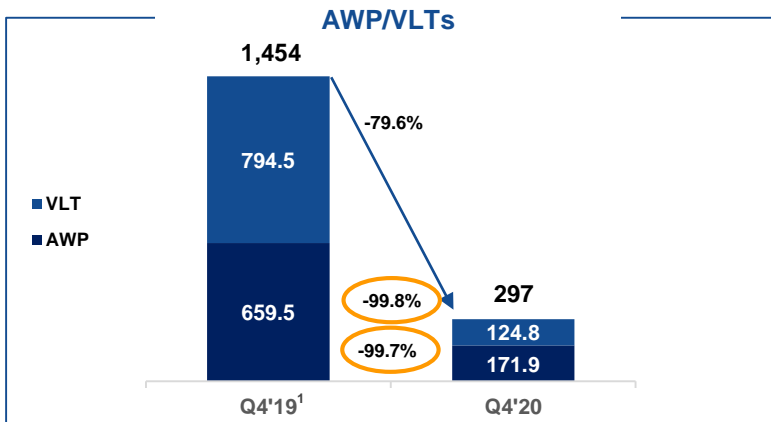
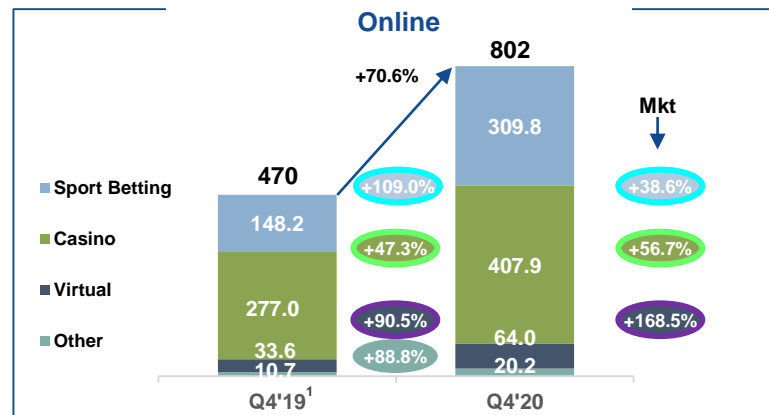
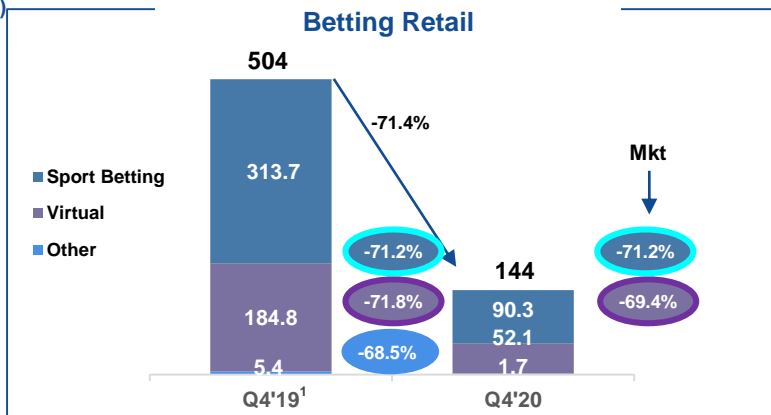
# Bet in FY'20: Online growing strong. Betting Retail and Gaming machines impacted both by anti Covid 19 measures and age card reader (VLTs only)

(€ Million)



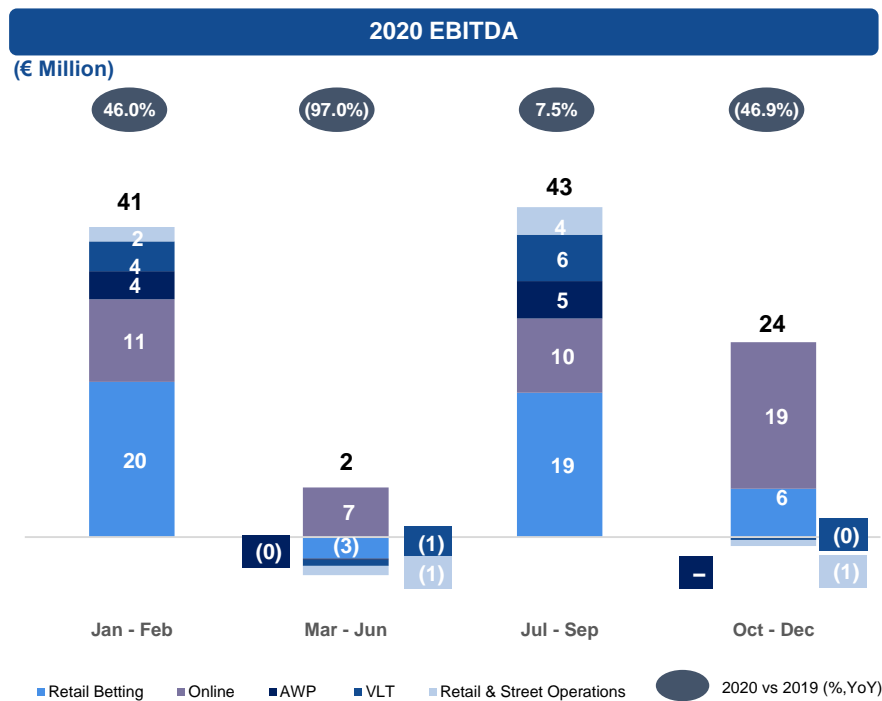
# Bet in Q4'20: Online growing strong. Betting Retail and Gaming machines impacted both by anti Covid 19 measures

(€ Million)



(1) Data for 2019 refers to Gamenet Group results.  
(2) Includes bet generated by owned gaming halls connected to Gamenet Group's concessionaire.

# EBITDA by quarter and by business



# P&L - FY'20 (As Reported) vs FY'19 (Gamenet Group)

(€ Million)

	FY'19 <sup>1</sup>	FY'20
Revenues	738.1	445.4
Other Income	4.4	8.6
<b>Total Revenues and Other Income</b>	<b>742.6</b>	<b>454.0</b>
<b>Contribution Margin</b>	<b>231.5</b>	<b>163.9</b>
<b>EBITDA</b>	<b>164.6</b>	<b>109.7</b>
<b>D&amp;A(excl. PPA)</b>	<b>-62.1</b>	<b>-63.5</b>
<b>EBIT (excl. PPA)</b>	<b>76.8</b>	<b>27.9</b>
Financial Charges, Net (excl. PPA)	-30.6	-57.8
<b>Income (Loss) Before Tax (excl. PPA)</b>	<b>46.2</b>	<b>-30.0</b>
Income tax expense (excl. PPA)	-17.7	-6.6
<b>Net Profit (Loss) for the period (excl. PPA)</b>	<b>28.5</b>	<b>-36.6</b>
D&A related to PPA	-25.8	-30.6
Financial Charges, Net related to PPA	-	10.0
Taxes related to PPA	7.5	6.5
<b>Net Profit (Loss) for the period</b>	<b>10.2</b>	<b>-50.7</b>

# Transaction summary

On December 7th, 2020, Gamma BidCo S.p.A. announced that Gamenet Group S.p.A., a wholly owned subsidiary of Gamma BidCo, had signed an agreement to acquire and integrate the Italian Italian Online, Sports Betting and Gaming Machines B2C Businesses of International Game Technology Plc

The transaction is expected to close in 1H-2021 and would allow Gamenet to further strengthen its business profile, by:

- Creating an undisputed leader with clear #1 position in the Italian market across all verticals – i.e. online, sports betting and gaming machines
- Increasing scale across all segments
- Improving diversification and consolidating its online presence

The purchase price of €950m is an all-cash offer consisting of €725m to be paid at closing, and €225m to be paid in two subsequent tranches on or prior to September 30, 2022

On a pro-forma basis, the combined business generated aggregated revenues and EBITDA of c.€1.6bn and c.€370m, respectively, for the year ending December 31, 2019

Furthermore, Gamenet envisages significant cost synergies from the integration of Lottomatica, with target cost synergies of €50m per year, 24 months after closing. Considering such target synergies, the combined group would have generated up to approximately €420 million of EBITDA on a 2019 aggregated basis

The transaction is subject to customary closing conditions, including the authorization of the Italian Customs and Monopolies Agency and the approval of the relevant competition authority, and is expected to close in the first half of 2021

The transaction will be financed through a mix of debt and equity and it is expected that Gamma Group's pro forma leverage will remain on or below current levels following closing of the transaction