

Gruppo
Gamenet



9M 2019 Results
Ended September 30, 2019

November 14, 2019

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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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Business Update

Guglielmo Angelozzi, CEO, Gamenet Group

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9M'19 Results

Mario Bruno, CFO, Gamenet Group

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Appendix

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End of 9M'19 Results

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Key takeaways

- **Continued growth in Q3:**

- EBITDA: **€40.1M in Q3'19, +10.8% vs Q3'18 on a PF¹ basis, with LTM PF EBITDA² at €159.8M**

- Net Result: **€5.3M in Q3'19 vs. €0.8M in Q3'18** pre Purchase Price Allocation (PPA for the GoldBet acquisition carried out in the 9M'19), including c. -€4.5M of extraordinary components

- Adjusted at €9.8M in Q3'19 vs €4.2M in Q3'18³**

- NFP: **€412.0M** improving vs €429.3M FY'18⁴

- Cash flow: **€106.1M** (YTD) from operations

- **Business Performance:**

- Retail Sports Betting and Online continuing overperformance vs market
 - Gaming machines showing fatigue on Bet at market level

- **Guidance confirmed** (EBITDA €155-165M and NFP c. €400M)

- **BOD approved a partial early redemption of the €225M Senior Secured Floating Rate Notes due 2023** issued on September 20, 2018. The principal amount of the September 2018 Notes to be redeemed will be equal to €18.5M

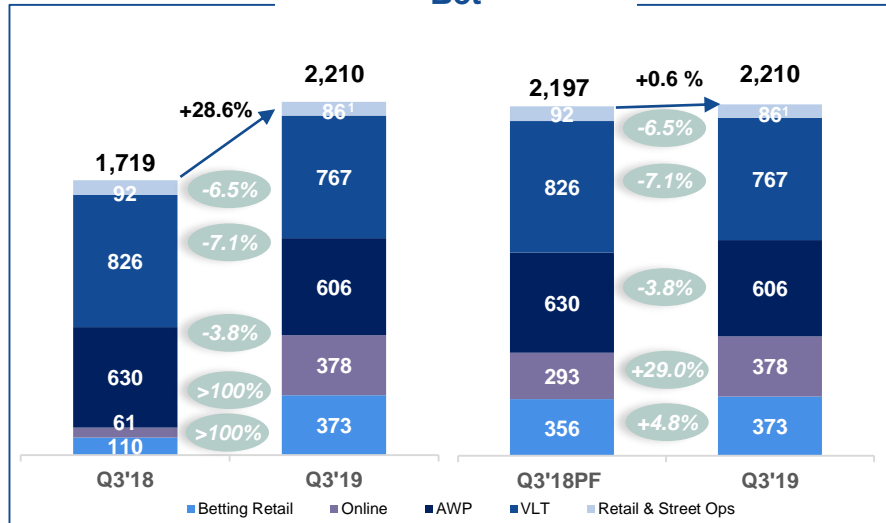
- **Draft DL Fiscale and DL Bilancio impacts on Gaming Machines: c. €15-16M PREU increase impact** (pre any potential payout offset), **win tax increase and next tender rules**

(1) *Unaudited Pro Forma Consolidated Financial Information* for the nine months ended September 30, 2018 and for the twelve months ended September 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 issuance in September 2018 of €225M senior secured floating rate notes due 2023 used, along with cash available, to pay a portion of the Acquisition price and (iii) the issuance in April 2018 of €225M 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 nine months ended September 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 September 30, 2019. 2) LTM PF EBITDA includes an estimate of IFRS 16 in Q4'18. 3) Q3'19 is adjusted both for extraordinary components and PPA (€8.2M) of the period while Q3'18 is adjusted for extraordinary components of the period (€3.4M). 4) Includes negative impact estimated from IFRS 16 on 2018 NFP

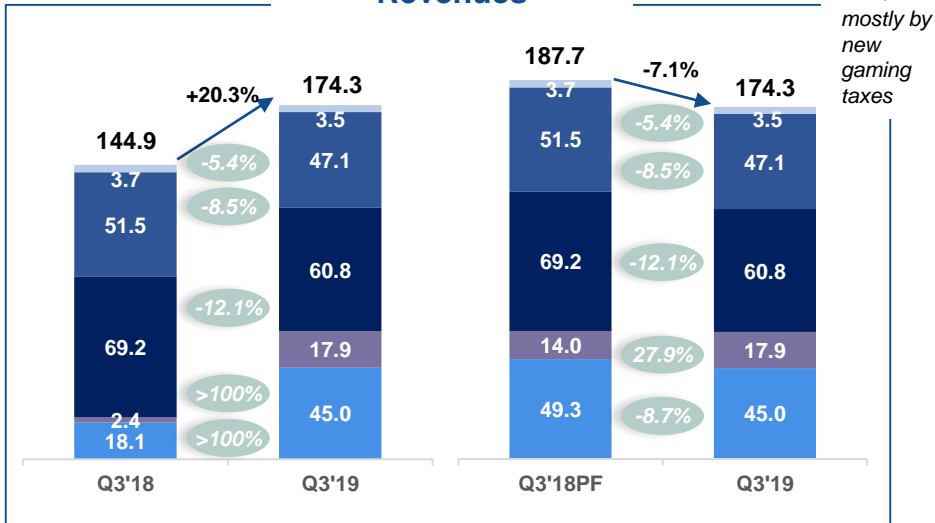
Bet, Revenues and EBITDA Evolution – Q3'19

(€ Million)

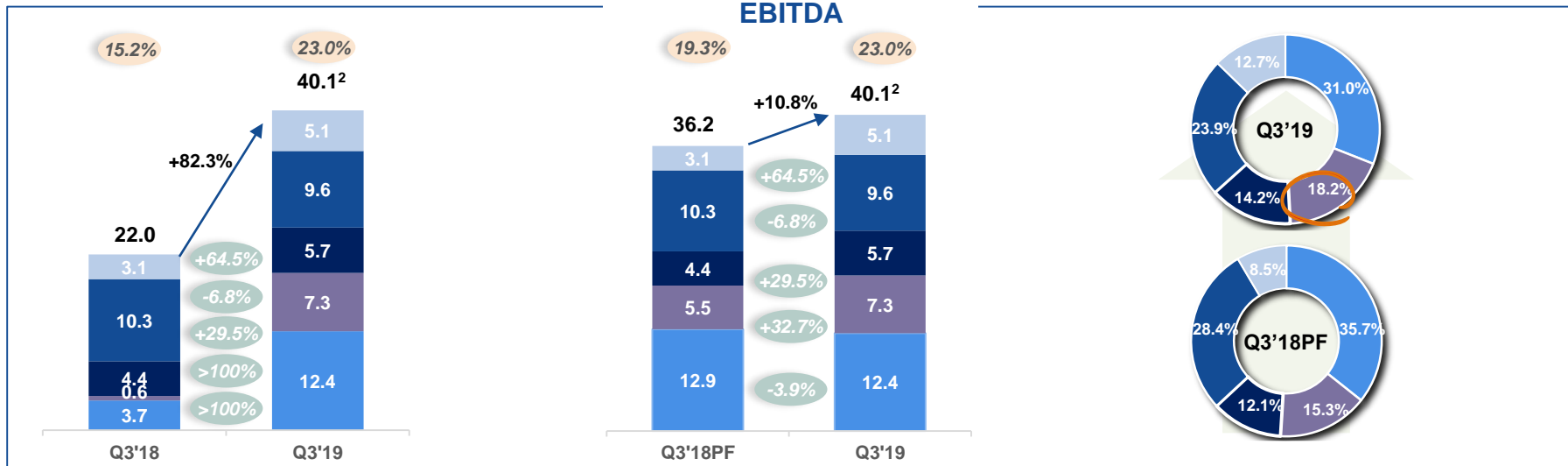
Bet



Revenues



EBITDA



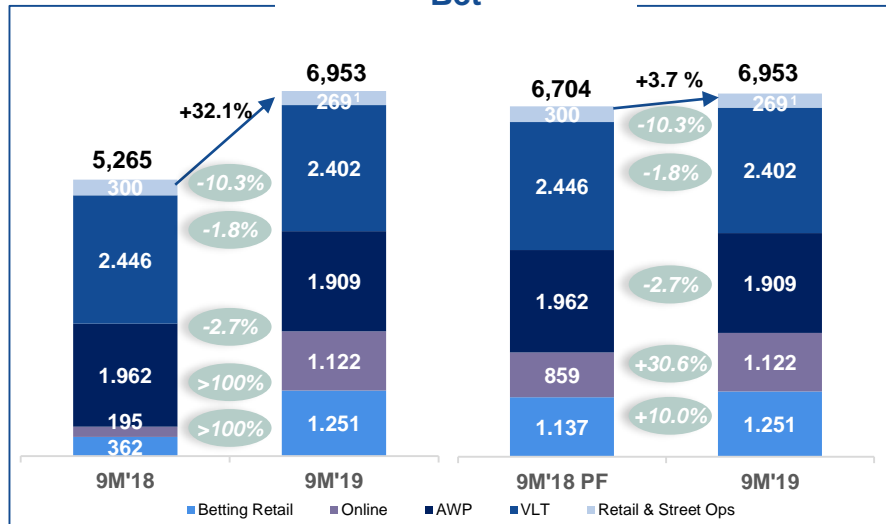
% on Revenues

(1) Does not include bet generated by company owned gaming halls connected to Gamenet Group's concessionaire. After including it, total Q3 bet relating to Retail & Street Operation segment is €262M in 2019 vs €264M in 2018.
 (2) Includes €2.3M relating to IFRS16

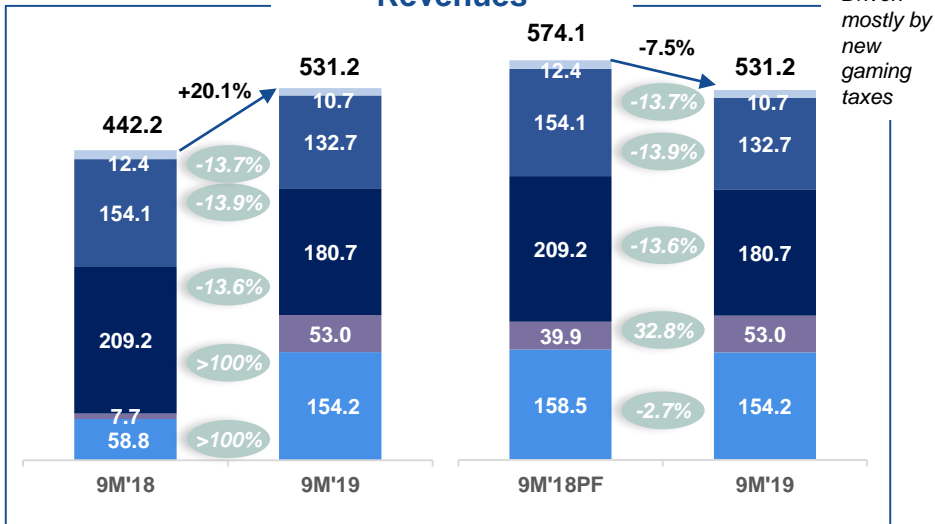
Bet, Revenues and EBITDA Evolution – 9M'19

(€ Million)

Bet

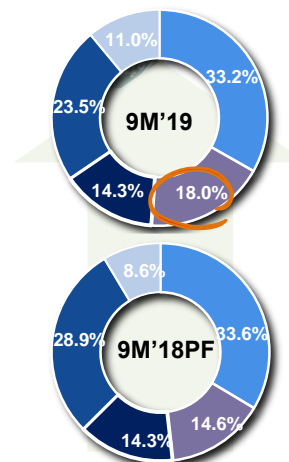
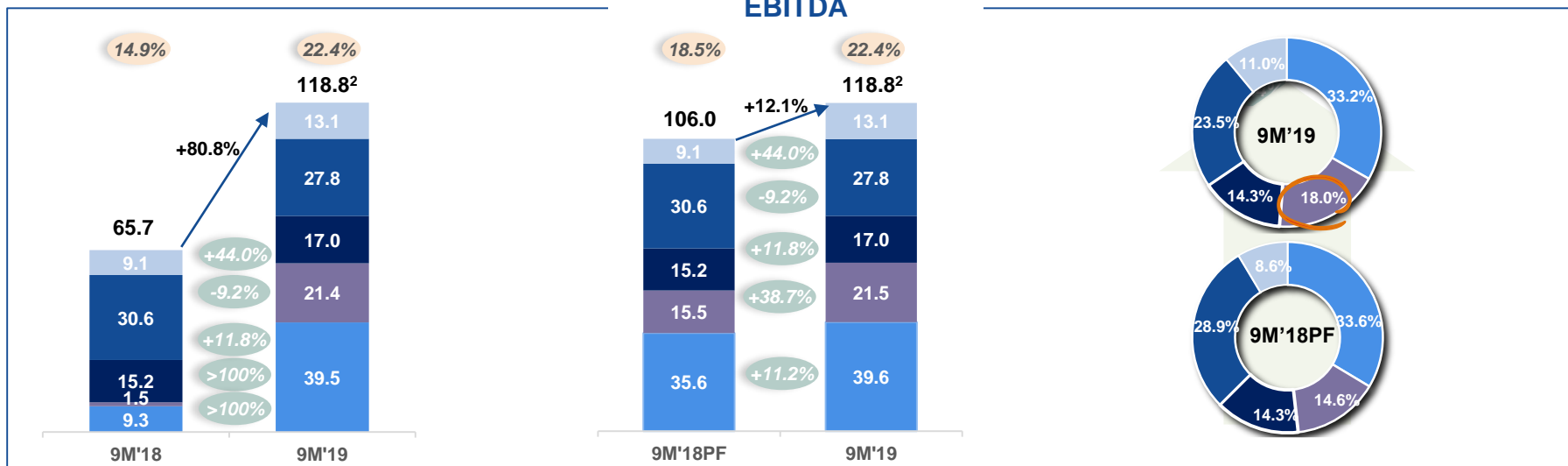


Revenues



Driven mostly by new gaming taxes

EBITDA



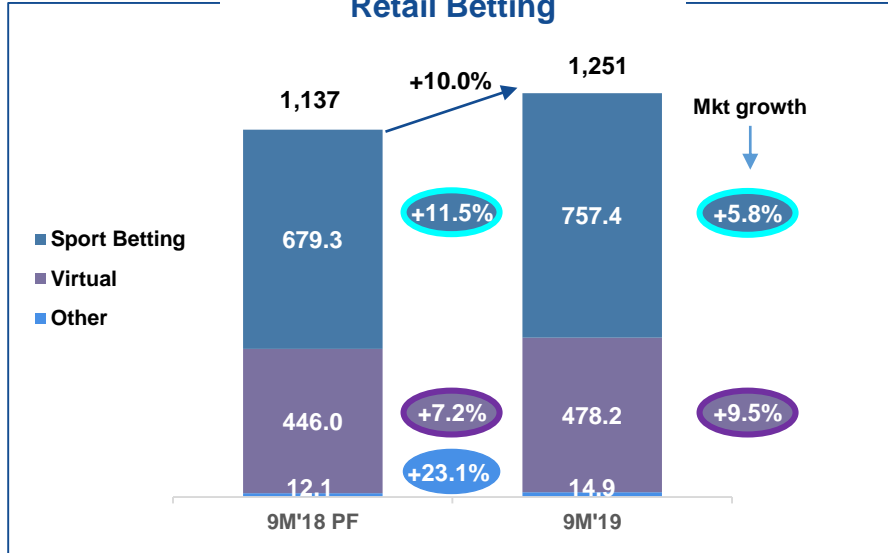
% on Revenues

(1) Does not include bet generated by company owned gaming halls connected to Gamenet Group's concessionaire. After including it, the total 9m bet relating to Retail & Street Operation segment is €810M in 2019 vs €794M in 2018.
 (2) Includes €5.9M relating to IFRS16

Evolution of Bet by business line

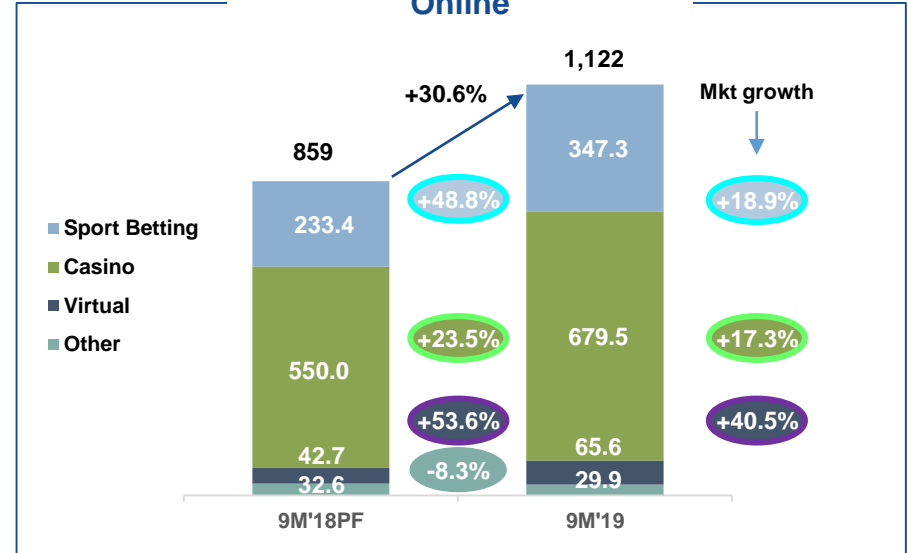
(€ Million)

Retail Betting

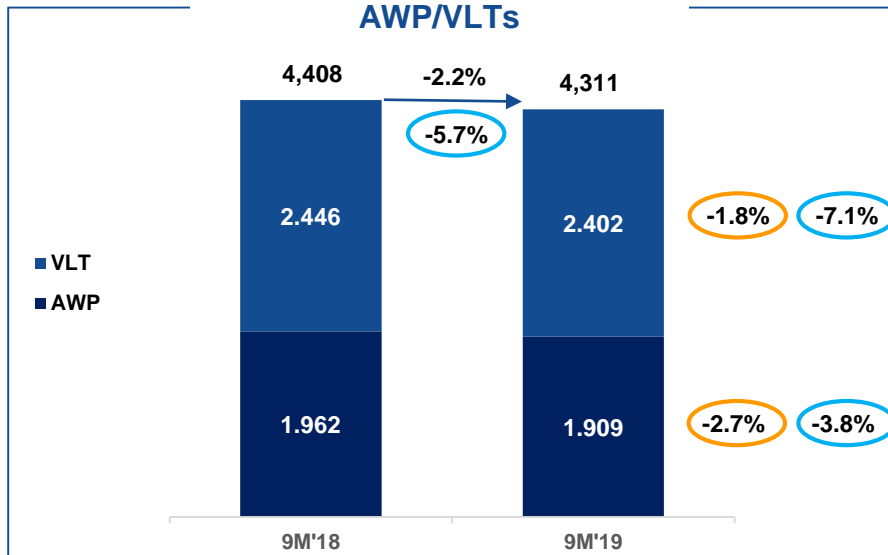


(€ Million)

Online



AWP/VLTs



Retail & Street Ops



(1) Includes bet generated by company owned gaming halls connected to Gamenet Group's concessionaire.

Regulation update

PREU tax increase

- **Increase on PREU** in February 2020:
 - AWP + 1.4% to 23.0% (from 21.6%)
 - VLT +1.1% to 9.0% (from 7.9%)
- **Estimated impact of c. €15-16M vs. 2019 if not compensated** with payout decrease (not possible with current draft on AWP for c. €4M, theoretically possible for VLTs but requires the development of new content at lower payout)

Tax on winning

- **Tax on winnings > €500 from 12% to 15% on VLTs**, Superenalotto and Gratta & Vinci, starting on April 1, 2020
- **Tax on winnings < €500 from 0 to 1.9% on VLTs** (@1.3% from 2021), starting on May 1, 2020

Tender on Gaming Machines

- **Tender to be issued by December 2020:**
 - 250,000 AWP rights (base auction price @ €1,400 each)
 - 58,000 VLT rights (base auction price @ €15,500 each)
 - 35,000 POS rights (base auction price @ €11,000 each)
 - 2,800 Gaming halls rights (base auction price @ €30,000 each)
 - 50 Online rights (base auction price @ €2M each)

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Business Update

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Appendix

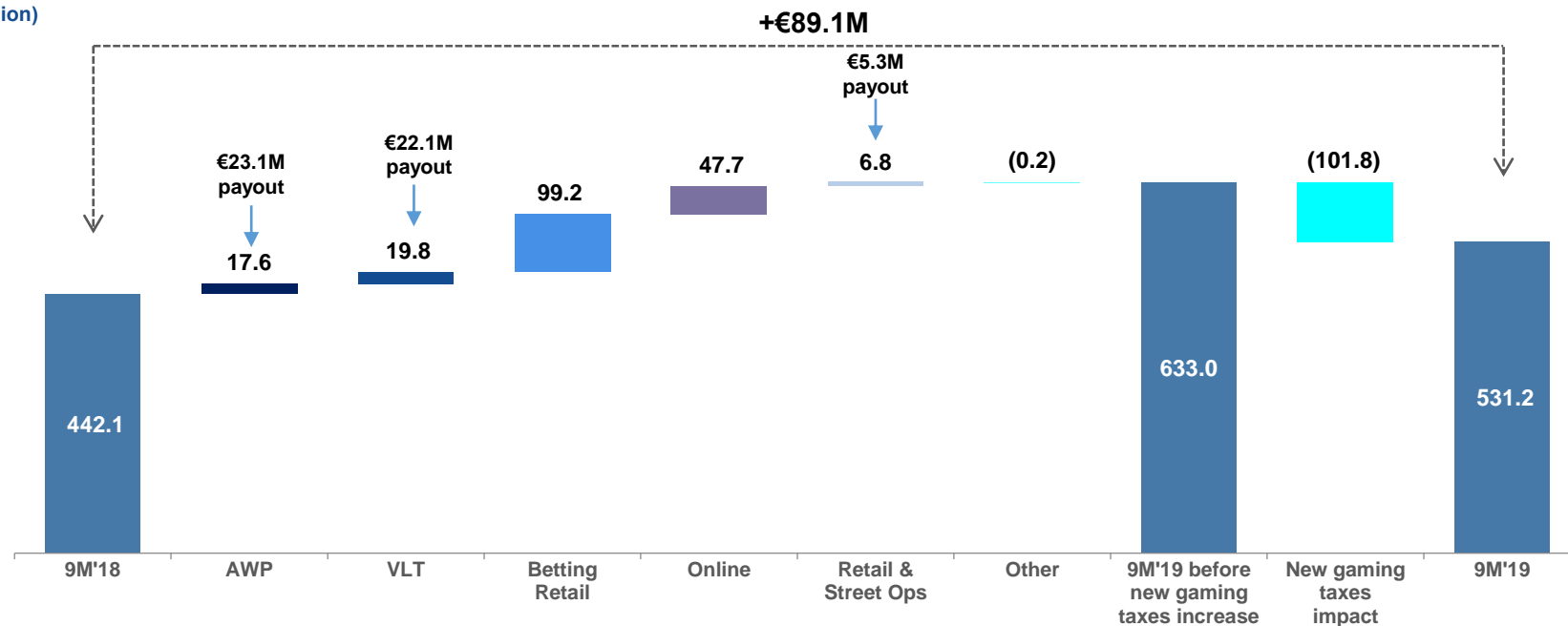
4

End of 9M'19 Results

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Revenues – 9M'18 vs 9M'19 (As Reported)

(€ Million)



AWP

- Increase in AWP revenues mainly driven by positive impact of change in payout (+€23.1M) partially offset by slight decrease in YoY bet (-€5.5M)

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 (+€5.3M)

VLT

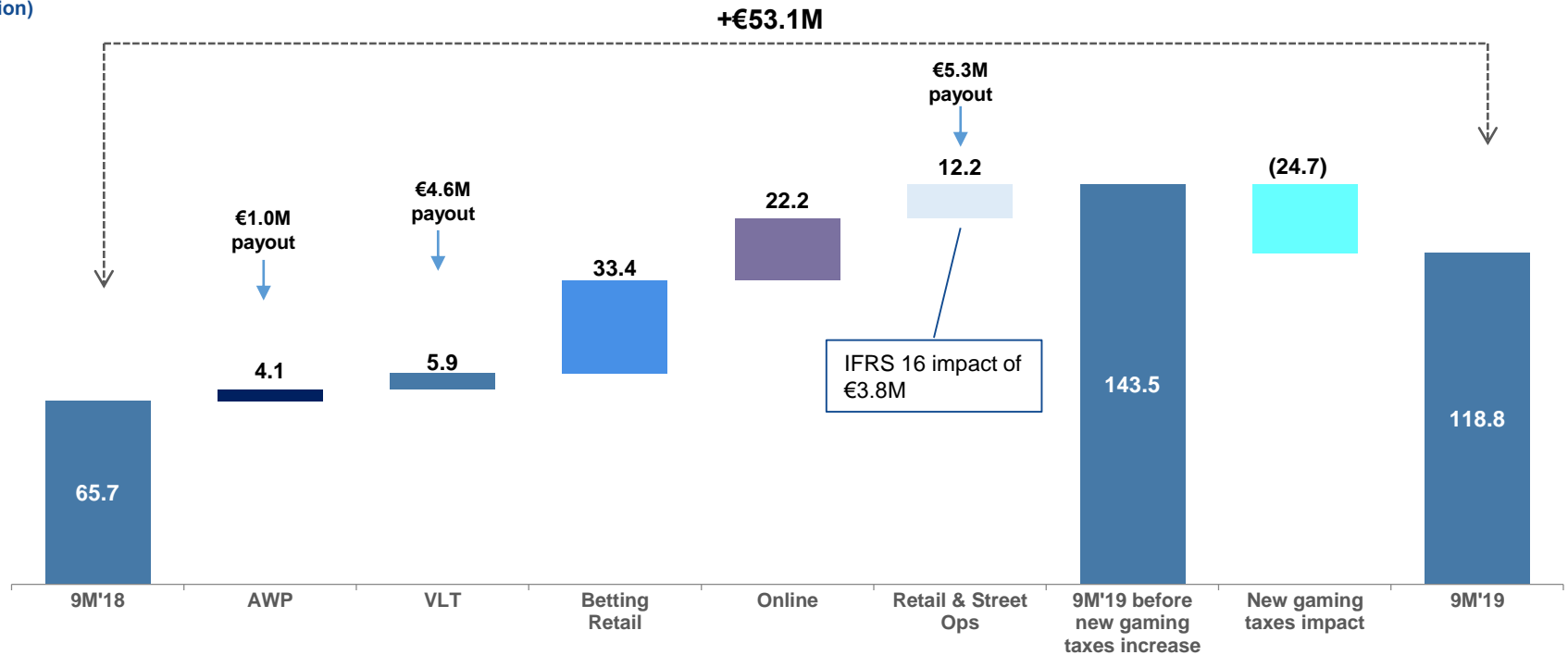
- Increase mainly driven by positive impact of change in payout (+€22.1M) partially offset by slight decrease in YoY bet (-€2.3M)

Online

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

EBITDA - 9M'18 vs 9M'19 (As Reported)

(€ Million)



AWP

- Year on year increase mostly attributable to the profitability improvement driven by the larger average 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

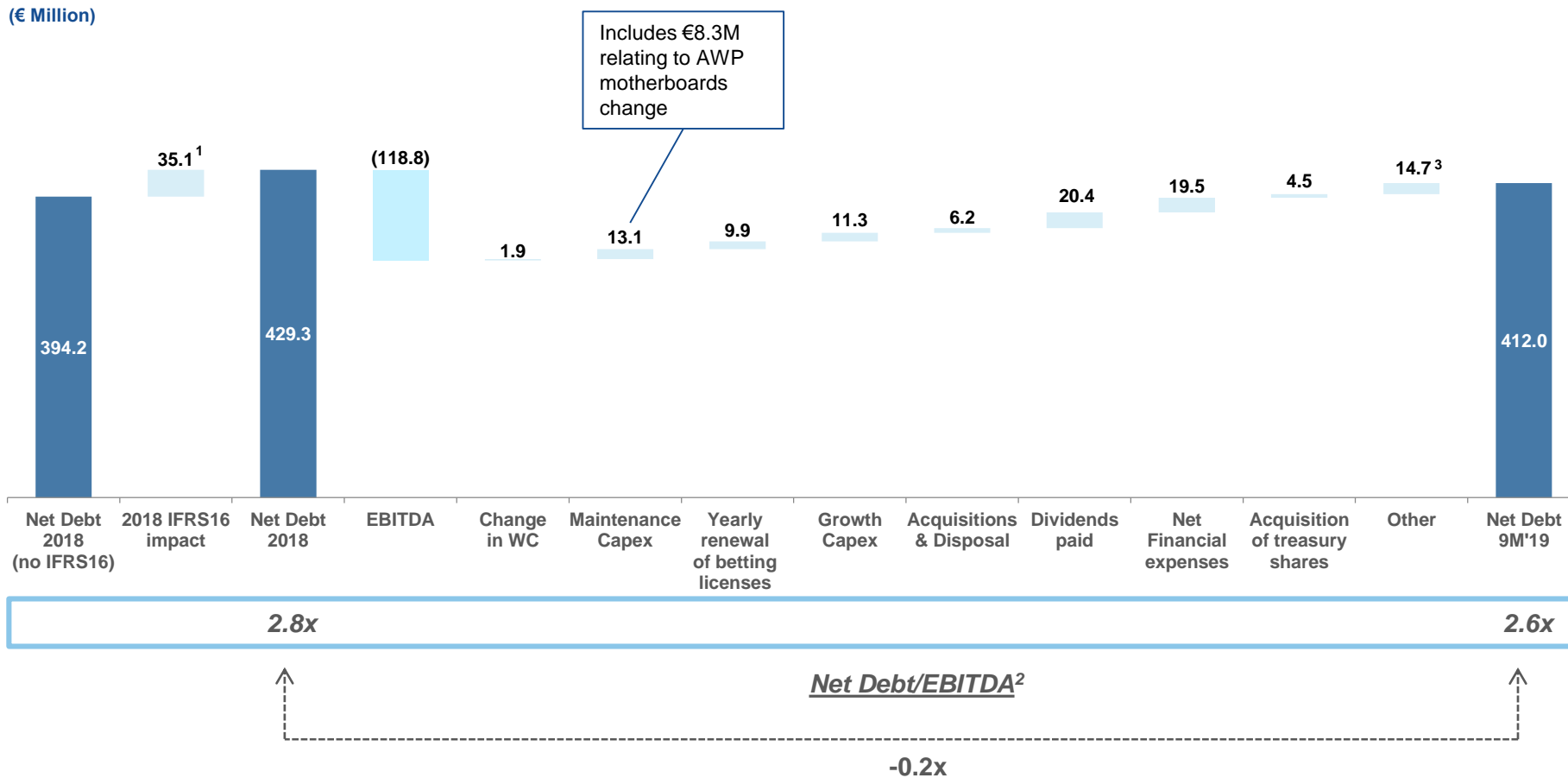
Net Financial Position evolution

(€ Million)

	FY'18	9M'19
Financial Debt	516.8	513.0
Shareholders' loan	3.2	3.3
Bank loans	0.8	1.0
Other financial liabilities (*)	68.5	62.9
Bond	440.0	441.4
Interests	4.3	4.3
Cash	(68.5)	(82.1)
Other financial assets	(19.0)	(18.9)
Other current financial assets	(6.4)	(8.7)
Other non current assets	(4.7)	(2.1)
Non current financial assets	(7.9)	(8.1)
NFP (**)	429.3	412.0

Debt and Leverage Profile

(€ Million)



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KPIs by business line

Retail Betting

<i>(in € thousands, except non-financial information)</i>	9M'19	9M'18PF^(*)
Bet	1,250,562	1,137,475
Revenues	154,191	158,524
EBITDA	39,501	35,600
Number of licenses	1,732	742
Number of Active POS	1,611	672
Average number of POS in ops	1,624	689

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

Online

<i>(in € thousands, except non-financial information)</i>	9M'19	9M'18PF
Bet	1,122,291	858,570
Revenues	52,964	39,896
EBITDA	21,446	15,476
Unique actives ('000)	208,387	130,485

AWPs/VLTs

VLT	9M'19	9M'18
Number of licenses	8,570	8,570
Average number of VLT in ops	8,330	8,353
Average VLT PREU (as % of bet)	7.7%	6.0%
AWP	9M'19	9M'18
Number of licenses	29,954	30,017
Average number of AWP in ops	28,056	33,626
Average AWP PREU (as % of bet)	21.4%	19.0%
R&SO	9M'19	9M'18
Number of gaming halls EoP	68	70
Average number of VLT	1,512	1,471
Average number of AWP	4,611	4,884

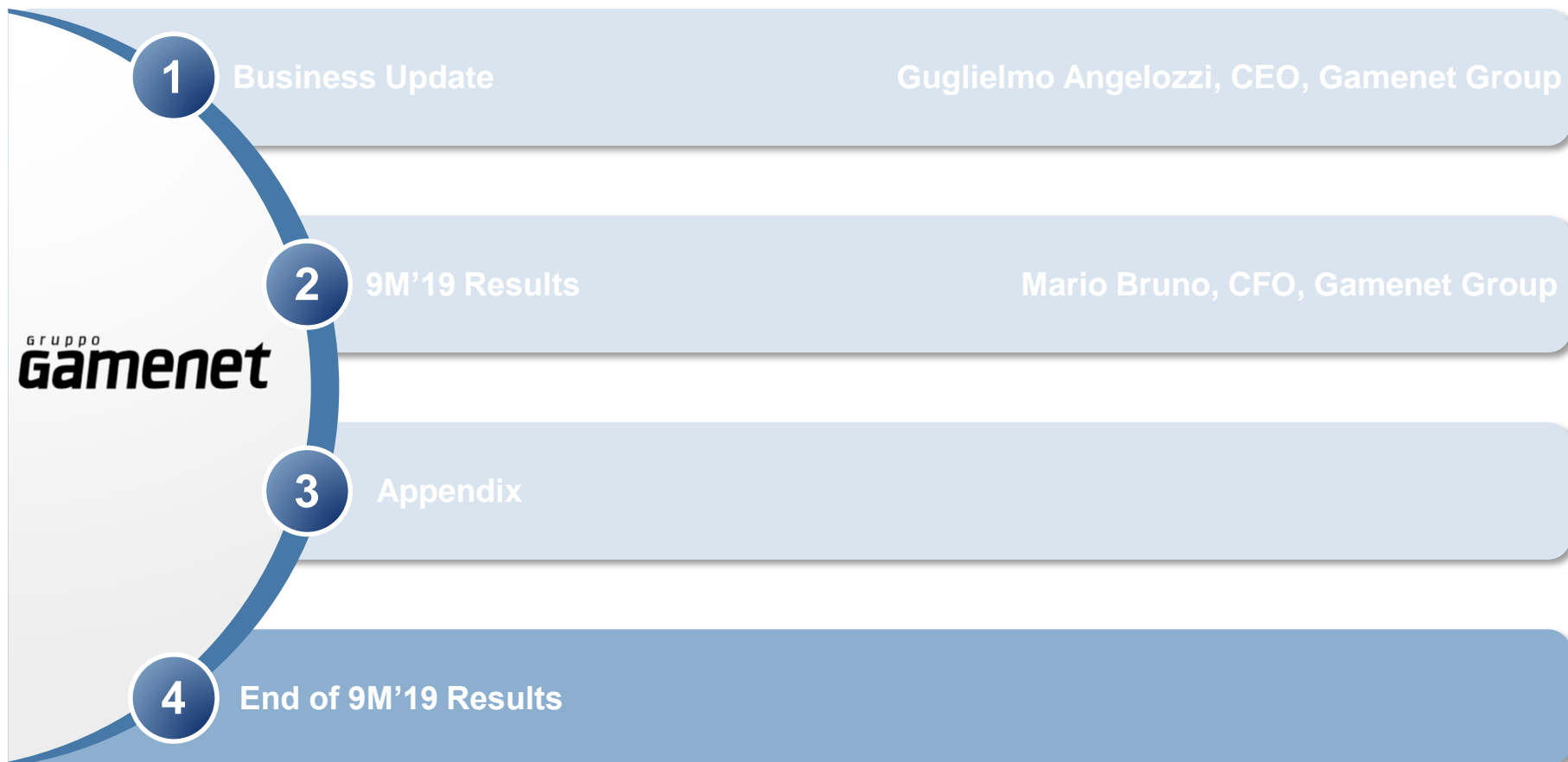
9M'19 Income Statement (As Reported)

(€ Million)

	9M'19	9M'18
Revenues	531.2	442.2
Other Income	3.0	2.5
Total Revenues and Other Income	534.2	444.6
Contribution Margin	166.7	114.1
EBITDA	118.8	65.7
D&A (excl. PPA GoldBet)	-49.8	-34.9
EBIT (excl. PPA GoldBet)	50.8	21.7
Financial Charges, Net	-22.1	-24.0
Income Before Tax (excl. PPA GoldBet)	28.7	-2.2
Income tax expense (excl. PPA GoldBet)	-12.2	-2.6
Net Profit (Loss) for the period (excl. PPA GoldBet)	16.5	-4.8
D&A related to PPA GoldBet*	-15.7	-
Taxes related to PPA GoldBet	4.6	-
Net Profit (Loss) for the period	5.4	-4.8

* 2019 D&A figures include also -€2.8M related to Intralot's acquisition (-€1.7M for 2018).

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Gamenet Group S.p.A.

Via degli Aldobrandeschi, 300
00163 Rome – Italy

Investor Relations Contacts

JOSEF MASTRAGOSTINO
Director

EMANUELA STOLFO
Investor Relations Expert

Tel. +39 06 89865700
ir@gamenetgroup.it