



SPAFID CONNECT

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Diffusione presunta
Oggetto : RNS on behalf of Playtech - Majority
shareholding transfer

Testo del comunicato

Vedi allegato.

Si acclude alla presente il comunicato stampa relativo alla compravendita di una partecipazione al capitale di Snaitech S.p.A. pari al 70,561%, effettuato per conto del soggetto compratore Playtech

It is hereinafter enclosed the press release regarding the transfer of 70.561% shareholding of Snaitech S.p.A. on behalf of the buyer Playtech

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

12 April 2018

Proposed acquisition of Snaitech S.p.A by Playtech plc for €846m funded by cash and new debt

Creating the first vertically integrated gaming operator with material earnings accretion

The Board of Playtech plc ("Playtech" or the "Company") is pleased to announce that Playtech has reached an agreement with certain shareholders of Snaitech S.p.A ("Snaitech") to acquire an approximately 70.6 per cent. of the issued share capital of Snaitech (the "Initial Acquisition").

Upon completion of the Initial Acquisition, Playtech will be required to make a mandatory takeover offer for all the remaining shares in Snaitech (the "Mandatory Takeover Offer" and together with the Initial Acquisition, the "Transaction"). Completion of the Initial Acquisition is subject to certain regulatory and shareholder approvals and is expected to occur in Q3 2018, with the overall Transaction expected to complete in Q4 2018.

Strategic highlights

- Creates leading vertically integrated retail and online Italian gaming business that will control its own technology across all products and verticals from land-based to online;
- In line with Playtech's strategy to invest in profitable, highly cash generative businesses with strong management, similar DNA and attractive financial returns;
- Significantly enhances Playtech's revenue mix towards regulated markets, with 78% of the enlarged group's 2017 pro-forma revenues from regulated markets;
- Establishes strong presence in Italy, Europe's largest and growing gaming market, a fragmented market which is relatively underdeveloped online;
- Builds upon Playtech's historical success of developing online markets through structured agreements;
- Combines two market leading players in the B2B / B2C space with brand strength and scalable offerings and provides Playtech with incremental organic growth potential and greater strategic optionality; and
- Key strengths and competitive advantages of Snaitech include:
 - the leading market position in retail betting, one of the most extensive gaming machine networks and a strong online position in Italy;
 - distinct competitive advantages, underpinned by a strong brand and extensive franchisee based distribution network;
 - proprietary technology that is complementary to Playtech technology platform; and
 - experienced management team with a successful operational and financial track record who will remain with Playtech post acquisition.

Financial highlights

- In 2017, Snaitech generated revenue and EBITDA of €890 million and €136 million respectively;
- Total purchase enterprise value of €846 million¹ with implied EV/EBITDA (pre-synergies) of 6.2x;
- Expected material annual cost synergies of €10 million and revenue synergies;
- Transaction funded by a combination of existing cash resources and new debt facilities;
- Enlarged group net debt leverage of below 1.5x times 2017 EBITDA²; and
- Significant EBITDA enhancement³ and double-digit EPS accretion.

¹ Based on total implied 100 per cent. value for the outstanding ordinary share capital of Snaitech of €413 million and comprising net debt of €429 million, pension liability of €7 million and investment in associates of €(2) million

² Excluding the Playtech convertible bond

³ On a pro-forma 2017 basis

Commenting on the Transaction, Mor Weizer, Chief Executive Officer of Playtech said:

“The acquisition of Snaitech represents the continuation of our strategy to invest in leading retail brands in fast growing, regulated markets. The acquisition delivers the Board’s strategic objective to improve the quality and diversification of Group revenue, whilst delivering exposure to high growth end markets, by utilising the strength of Playtech’s balance sheet.

Playtech has always been at the forefront of its industry and the acquisition offers the opportunity to create a vertically integrated B2B2C operator in Europe’s largest gambling market, delivering significant value to shareholders.”

Commenting on the Transaction, Fabio Schiavolin, Chief Executive Officer of Snaitech said:

“This acquisition reflects Snaitech’s position as one of the leading and best known brands in Italy and delivers meaningful value to our shareholders. The combination of Playtech’s technology and experience in Italy with Snaitech’s powerful brand mean we will be better able to capture the online opportunity in the fast growing and dynamic Italian market. We are pleased to be joining the Playtech team and look to the future with confidence and excitement.”

Presentation, webcast and conference call

Mor Weizer, Chief Executive Officer of Playtech, and Andrew Smith, Chief Financial Officer of Playtech, will host a presentation for analysts and investors today at 9:00am at the offices of UBS, 5 Broadgate, London, EC2M 2QS.

The presentation will be webcast live and on demand at the following website:
<http://www.investis-live.com/playtech/5accbc33b45c1a0c003306e7/yuip>

The presentation will also be accessible via a live conference call:

Dial-in no. (UK): 020 3936 2999
Dial-in no. (other locations): +44 20 3936 2999
Conference ID: 562011

Replay (available for one week)

Dial-in no. (UK): 020 3936 3001
Dial-in no. (U.S): +1 845 709 8569
Dial in no. (other locations): +44 20 3936 3001
Replay conference ID: 617171

The live video webcast will also be available on the Playtech website following the call.

For further information please contact:

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For any information in relation to the proposed Mandatory Takeover Offer, Snaitech shareholders should contact: opa.snaitech@morrrowsodali.com

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Overview of Snaitech

Snaitech is one of the leading operators in the Italian gaming and betting market with a broad portfolio of concessions granted to it by Agenzie delle Dogane e dei Monopoli ("ADM"), the Italian gaming industry regulator. Snaitech offers a wide range of gaming and betting products, including gaming machines, sports and horse race betting and virtual events and online sports betting and skill and casino games. Snaitech is fully regulated in the markets in which it operates.

In particular, Snaitech has one of the largest gaming and betting machine networks in Italy comprising more than 1,600 betting points and approximately 54,000 AWP's and 10,000 VLTs. For the financial year ended 31 December 2017, Snaitech reported total revenues of €890 million, EBITDA of €135.9 million, pre-tax profits of €41.6m and net profit of €27.0 million. As at 31 December 2017, Snaitech reported total gross assets of €934.7 million. At the end of December 2017 Snaitech employed a total of 848 employees across its business.

Overview of Playtech

Founded in 1999 and premium listed on the Main Market of the London Stock Exchange, Playtech is a market leader in the gambling and financial trading industries.

Playtech is the gambling industry's leading software and services supplier to many of the world's leading regulated online, retail and mobile operators, land-based casino groups, government sponsored entities such as lotteries and new entrants opening operations in newly-regulated markets. Its business intelligence-driven gambling software offering includes casino, live casino, bingo, poker and sports betting.

It is the pioneer of omni-channel gambling which, through Playtech ONE, offers operators and their customers a seamless, anytime, anywhere experience across any product, any channel (online, mobile, retail) and any device using a single account and single wallet. It provides marketing expertise, sophisticated CRM solutions and other services for operators seeking a full turnkey solution. Playtech's Financials Division, named TradeTech Group, operates both on a B2C and B2B basis.

Playtech has in total c.5,000 employees across 17 countries.

Strategic and financial rationale for the Transaction

The proposed acquisition of Snaitech is in-line with Playtech's stated strategy to:

- Augment organic growth by utilising its strong balance sheet to further diversify its geographical revenue and continually increase quality of earnings, including from regulated revenue;
- Accelerate EBITDA growth by consolidating its market leading position in the gambling sector organically and through acquiring high quality businesses in regulated, high-growth geographies and industries;
- Invest in brands and businesses that can survive future changes in industry and consumer practices; and
- Provide sufficient levels of free cash flow to continue the Company's track record of delivering strong shareholder returns.

The Transaction represents a unique and compelling opportunity for Playtech and offers a number of benefits to Playtech shareholders including:

- The combination of two market leading players in complementary industry sectors creating the leading vertically integrated Italian business, which will control its own technology across all products and verticals from retail to online;
- Leverage Playtech's experience in the Italian B2B market and combine its expertise with Snaitech's similar DNA to drive an increase in its market share in the region, while taking advantage of the positive growth dynamics;
- Unlock material run-rate cost synergies of c. €10 million per annum and achieve further revenue synergies through further distribution of Playtech products through Snaitech's network, optimising the online offering through Playtech's product, operational and marketing expertise;
- Deliver substantial overall financial returns, including material EBITDA enhancement and double-digit EPS accretion in the first full year post consolidation, as well as a continued strong cash flow and shareholder returns profile for the enlarged group;
- Further diversification of Playtech's revenue mix, with 78% of the enlarged group's 2017 pro-forma revenues from regulated markets and 75% from UK and Europe;
- Combination of two market leading players in the B2B / B2C space with brand strength and scalable offerings and provides Playtech with incremental organic growth potential and greater strategic optionality; and
- Leverage the substantial knowledge and experience of both management teams in order to develop and grow the enlarged group.

Snaitech management team

Snaitech's senior management team comprises individuals with extensive experience in the Italian gaming and betting industry. The CEO, Fabio Schiavolin, was one of the original co-founders of the Cogemat Group, which grew from a small operator into an established player in the Italian gaming market. Following the acquisition of Cogemat by Snaitech in 2015, Snaitech's management team was strengthened by the integration of the Cogemat Group's experienced senior managers into the management team of Snaitech.

The Transaction allows Playtech and Snaitech to leverage the substantial knowledge and experience of both management teams in order to develop and grow further in their respective markets. Both management teams also have successful track records of integrating new businesses post-acquisition.

Fabio Schiavolin and other key members of the Snaitech senior management team will be retained as part of the Transaction and Playtech is delighted to confirm that Mr Schiavolin will continue as CEO of Snaitech. It is not envisaged that any new directors will be proposed to the Playtech Board as a result of the Transaction.

Key terms of the Transaction

Initial Acquisition

For the purpose of the Initial Acquisition, a share purchase agreement (the "SPA") has been entered into between Pluto (Italia) S.p.A (the "Buyer"), an indirect wholly-owned subsidiary of the Company, as the purchaser, the Company, as the guarantor of the Buyer's obligations, and Global Games S.p.A and OI Games S.A. (together, the "Sellers") where the Buyer has agreed to purchase all of the Sellers' respective holdings in Snaitech for a total cash consideration of €291 million, representing €2.19 per share (the "Consideration").

Completion of the Initial Acquisition is conditional upon (i) the approval of the Transaction by the shareholders of Playtech; (ii) receipt of any required approval from any relevant anti-trust authority, if and to the extent required under applicable law; and (iii) the consent of ADM, the Italian gaming regulatory authority, to the Transaction being obtained. If these conditions are not satisfied on or prior to 9 August 2018, which date can be extended by 30 days at the request of the Buyer or Global Games S.p.A, the agreement between the Buyer and the Sellers will terminate.

The SPA also provides a withdrawal right in favour of Playtech in the event that there is a material adverse effect (as contractually defined) of Snaitech before completion of the Initial Acquisition.

Mandatory Takeover Offer

If the Initial Acquisition completes, the Buyer will own 70.561 per cent. of the voting shares in Snaitech and will be required to make the Mandatory Takeover Offer. Playtech expects to notify Consob and announce to the public the occurrence of the obligation to make the Mandatory Takeover Offer immediately following completion of the Initial Acquisition.

The Mandatory Takeover Offer must be made at a price per share not lower than the highest price paid by the Buyer (or persons acting in concert with it) in the 12 months preceding the offer notice to Consob. The Buyer therefore will make the Mandatory Takeover Offer at the Consideration price of the Initial Acquisition, being €2.19 per share in cash.

The Mandatory Takeover Offer is aimed at the delisting of Snaitech. Should the delisting not be achieved at the end and as an effect of the Mandatory Takeover Offer, the delisting may be achieved by means of a merger between Snaitech and the Buyer.

Transaction value

The Consideration payable for 100% of the outstanding share capital of Snaitech represents:

- a premium of approximately 17.0 per cent. based on the Snaitech share price of €1.87 (being the closing price on the last business day prior to this announcement);
- a premium of approximately 27.0 per cent. based on the three month volume weighted average share price of Snaitech;
- a total value for the outstanding ordinary share capital of Snaitech of approximately €413 million;
- a total enterprise value of Snaitech of €846 million⁴; and
- a historical 2017 EV/EBITDA Transaction acquisition multiple of 6.2x⁵.

Funding of the Transaction

Playtech will fund the Transaction, including any potential refinancing of Snaitech's existing debt, through a combination of its own cash resources, and new debt financing totaling approximately €1.0 billion (the "Transaction Financing").

It is expected that the Transaction will leave the enlarged group with pro-forma net debt leverage of below 1.5 times 2017 EBITDA (excluding the Playtech convertible bond), with a strong cash flow profile to pay down debt over the medium term.

Playtech expects to refinance the Transaction Financing by accessing the debt markets in due course, at which time Playtech may also seek a corresponding credit rating, in order to ensure a sustainable long-term capital structure for the enlarged group which utilises the combined strong free cash flow profile of both businesses.

Playtech dividend policy

As a result of the Transaction Playtech expects no change to the progressive dividend policy it adopted in 2016.

Playtech current trading

Playtech's current trading is in-line with the update provided in the full year results announcement on 22 February 2018, and management remain confident of good growth in 2018 with continued improvement in quality of earnings.

Snaitech current trading

Snaitech's current trading is in-line with the update provided at the full year results on 16 March 2018.

⁴ Based on net debt of €429 million, pension liability of €7 million and investment in associates of €(2) million

⁵ Based on a 2017 EBITDA of €135.9 million for Snaitech

Expected Transaction timetable

The parties currently anticipate that, subject to the required approvals, the Initial Acquisition will complete by Q3 2018, and the Mandatory Takeover Offer will complete by Q4 2018.

Recommendations and approvals

The Transaction, because of its size in relation to the Company, is a Class 1 transaction under the UK Listing Rules and is therefore conditional, amongst other things, upon the approval of the Company's shareholders. As a result, Playtech expects to publish a circular in connection with the Transaction and convening a general meeting of the Company (the "General Meeting") in due course.

The directors of Playtech consider the Transaction to be in the best interests of Playtech and its shareholders as a whole and intend to unanimously recommend that Playtech shareholders vote in favour of the Transaction at the General Meeting which will be convened in connection with the Transaction.

– Ends –

IMPORTANT NOTICE:

This announcement contains inside information as defined under the Market Abuse Regulation (EU) No. 596/2014 ("MAR").

This announcement has been issued by, and is the sole responsibility of, Playtech.

The person responsible for making this announcement is James Newman, Head of Investor Relations.

UBS Limited ("UBS") is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. UBS is acting exclusively as Financial adviser, Sponsor and Corporate Broker to Playtech plc and no one else in connection with the Transaction and shall not be responsible to anyone other than Playtech plc for providing the protections afforded to clients of UBS nor for providing advice in relation to such matters.

Goodbody Stockbrokers UC, trading as Goodbody, is regulated by the Central Bank of Ireland. In the UK, Goodbody is authorised and subject to limited regulation by the Financial Conduct Authority. Goodbody is a member of the Irish Stock Exchange and the London Stock Exchange. Goodbody is a member of the FEXCO group of companies. Goodbody Stockbrokers UC is acting as Corporate Broker to the Company and no one else for the purpose of the matters set out herein.

Further information:

This announcement is for information purposes only and is not intended to and does not constitute or form part of any offer or invitation to purchase or subscribe for, or any solicitation to purchase or subscribe for securities in the Company in any jurisdiction.

Overseas jurisdictions:

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable requirements. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdictions. To the fullest extent permitted by law, Playtech disclaims all and any responsibility or liability for the violation of such restrictions by such person.

Cautionary note regarding forward looking statements:

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and businesses of Playtech, the Playtech group and following completion of the Initial Acquisition, the enlarged group, and certain plans and objectives of Playtech. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Forward looking statements are statements of future expectations that are based on management's current expectations and

assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward looking statements include, among other things, statements concerning the potential exposure of Playtech to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including as to future potential cost savings, synergies, earnings, cash flow, return on average capital employed, production and prospects. These forward looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "should", "target", "will" and similar terms and phrases.

Each forward looking statement speaks only as of the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, none of Playtech or the Playtech group undertakes any obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except to the extent legally required. In light of these risks, results could differ materially from those stated, implied or inferred from the forward looking statements contained in this announcement.

Rounding:

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Fine Comunicato n.0242-16

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