



SPAFID CONNECT

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Oggetto : Snaitech results as of 30 June 18, Delisting
and Offer on bonds for Change of Control

Testo del comunicato

Vedi allegato.

Press Release

- SNAITECH S.p.A. interim results as of 30 June 2018**
 - Improved profitability (EBITDA up by 33.4% to a € 74 mln)
 - Net profit of € 15.4 million and reduced leverage ratio (2.4x)
 - Strong growth of Online business (+22.2%)
- Removal of ordinary listed shares of Snaitech S.p.A. from stock exchange following takeover by Playtech PLC**
- Offer for early redemption of the notes “6.375% Senior Secured Notes due 2021” and “Senior Secured Floating Rate Notes due 2021” owing to change of control**

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1. Interim results as of 30 June 2018

Main consolidated economic and financial data

- ❖ Total wagers of € 5.3 billion in the first half of 2018 (+2% compared to 2017)
- ❖ EBITDA of € 74 million, up by € 18.5 million compared to the first half of 2017 (up by € 20.9 million adjusted for PREU tax increase on Gaming Machines)
- ❖ Net Profit of € 15.4 million compared to € 2 million in the first six months of 2017
- ❖ Net Debt of € 366.2 million, improved by € 62.6 million from 31 December 2017
- ❖ Leverage (NFP/EBITDA) down to 2.4x

Milan, 3 August 2018 – The Board of directors of Snaitech S.p.A. (“Snaitech”, “Company” or “Issuer”) duly held today approved the interim financial statements as of 30 June 2018, with revenues of Euro 444.1 million, an EBITDA of Euro 74 million, an EBIT of Euro 43.4 million and Net Profit of Euro 15.4 million.

The following table shows the key performance indicators of the Consolidated Financial Statements:

Key consolidated performance indicators Figures in thousand/Euro	First semester of		Change	
	2018	2017	€	%
Revenues	444,144	437,683	6,461	1,5
EBITDA	74,018	55,504	18,514	33.4
EBIT	43,367	26,949	16,418	60.9
Profit / (Loss) before tax	23,501	6,447	17,054	>100
Net profit (Loss)	15,385	2,034	13,351	>100
Diluted profit / (loss) per share	0.08	0.01	0.07	

The EBITDA corresponds to the “Earnings Before Interest, Tax, Depreciation and Amortisation” indicated in the comprehensive income statement, adjusted for non-recurring costs and revenues and costs related to any bank guarantees and cost of personnel related to share-based remuneration (IRFS 2 charges). The EBIT refers to “Earnings before interest and taxes” indicated in the statement of comprehensive income. EBITDA and EBIT are considered alternative performance indicators, but are not measures defined on the basis of International Financial Reporting Standards (“IFRS”). Therefore, they must not be considered separately or as a replacement of other items of financial statement drafted according to the IFRS standards. These indicators must rather be used to supplement the results calculated according to IFRS in order to allow a better understanding of the operating performance of the Group. We believe that EBITDA and EBIT may be helpful indicators to explain changes in operating performance and may provide useful information on the company’s ability to manage indebtedness. They are also widely used by analysts and investors in the gaming sector as performance indicators. EBITDA and EBIT must not be considered as an alternative to cash flows to measure liquidity. As defined, EBITDA and EBIT may not be comparable with the same indicators used by other companies. Please see pag. 5 for detailed reconciliation.

The business performance of the Snaitech Group in the first semester of 2018 was driven by the following key events:

- Total wagers of Euro 5,323 million with strong performance of the Online business both in the Betting segment (+23%) and Online Games segment (+21.8%);
- Progression of the rejuvenation program of SNAI points of sales through the implementation of Smart Technology®;
- Achievement of the AWP's regulatory reduction (approximately 21,000 machines removed by Snaitech).

Wagers breakdown by business

Table below shows wagers for the first semester of 2018 compared to the same period last year.

Figures in million/Euro

SNAITECH	First semester of 2018	2017	Changes %
Sports Betting	376	386	-2.5%
Horse Betting	89	98	-8.9%
Virtual Events	134	128	4.5%
Retail Betting	599	612	-2.1%
AWPs	1,807	1,825	-1.0%
VLTs	1,736	1,752	-0.9%
Gaming Machines	3,544	3,577	-0.9%
Online Betting	255	207	23.0%
Games	674	553	21.8%
Online	929	760	22.2%
TOTAL CONCESSIONS	5,072	4,949	2.5%
Betting provider and Paymat	217 35	225 47	-3.6% -26.6%
SNAITECH GROUP	5,323	5,222	1.9%

Wagers from gambling activities under concessions settled at Euro 5.1 billion, up by 2.5% compared to the same semester last year.

In the first six months of 2018, the Group wagers settled at Euro 5.3 billion, up by 1.9% from the first half last year.

The following section provides with comments on the performance of each business unit.

Market shares of Snaitech are based on publicly available industry data.

Retail Betting business

Snaitech retail network for Sports Betting is widespread across the entire country and, as of June 30, 2018 accounts for 1,622 points of sales (700 shops and 922 corners). Snaitech consolidates its market leadership in the Retail Betting segment with a market share on Gross Gaming Revenues (GGR) of 19.2% in the first semester, and more specifically in the three following segments: 16.4% share in Sports Betting, 38.3% in Horserace Betting and 18.7% in Virtual Events.

In the retail segment of Sports Betting, Snaitech wagers decreased by 2.5%, owing to the lower payout level and just partially offset by additional wagers collected during the world cup. In the first semester of 2018, fixed odds Sports Betting recorded a payout of 81.3% versus 85.2% in the same period last year.

Horserace Betting collected wagers for Euro 89 million (down by 8.9% versus same period last year) while wagers from Virtual Events confirmed the upward trend started in the second half of 2017 and settled at Euro 134 million (up by 4.5% from the same period last year).

Gaming Machines business

In the Gaming Machines segment, Snaitech is the second largest player with a market share on GGR of 14.9%. At the end of June 2018, the Group had 38,534 AWP rights deployed in approximately 11,700 points of sales spread across the country as well as 10,378 rights for VLT, of which 10,067 are currently installed in 1,226 points of sales.

Wagers of the whole business decreased by 0.9% compared to the same period last year, moving from Euro 3,577 million to Euro 3,544 million. This result was mainly due to tighter local regulations on distance from sensible premises and opening hours, reduction of VLTs payout as well as AWP regulatory reduction. In more details, during the first quarter of 2018, VLTs collected wagers for Euro 1,736 million (down by 0.9% compared to 2017) and AWP collected wagers for Euro 1,807 million (down by 1% compared to 2017).

Online business

In the first semester of 2018, the Group continued to successfully develop its online platforms: in the Online business, which includes Online Betting and Online Games (Bingo, Cash and Tournament Skill Games, Casino Games and Slot), the Group saw an increase of wagers by 22.2% (vs 17,1% of Italian market), up to Euro 929 million compared to Euro 760 million collected in 2017. Drivers, both in the Online Sports Betting (+23%) and Online Games (+21.8%), were mainly identified by the augmentation of products offering and the cross-selling initiatives implemented on retail channel. World cup in June positively contributed to the Online Sports Betting results as well.

Notwithstanding the growing competitive pressure, the market share on GGR settled at 7.9%.

In the first six months of 2018, the payout level of the Online Sports Betting was on average equal to 86.4% compared to 88.5% in 2017.

Snaitech results from 2018 FIFA World Cup

FIFA World Cup delivered very good results for Snaitech betting business:

- More than euro 80 million wagers (retail + online), vs 42 million in former 2014 World Cup.
- 82,1% total payout
- Euro 11,6 million revenues

Part of this result will be posted in Q3.

Revenues

Total Group revenues increased by 1.5%, up to Euro 444.1 million from Euro 437.7 million in the first half of 2017, owing to the increase of wagers from Online Betting and Online Games, lower Sports Betting payout and the positive impact on revenues from lower VLT payout, which is partially offset by the increase of PREU tax rate on AWP and VLTs (effective from April 2017) as well as the decrease of wagers from Gaming Machines.

The following table presents a breakdown of revenues by business unit, in order to provide a better comprehension of the business dynamics occurred in the first semester of 2018.

Figures in million/Euro

SNAITECH	First semester of 2018	2017	Changes %
Retail Betting	88.0	79.5	10.7%
Gaming Machines	305.4	320.4	-4.7%
Online	38.1	29.0	31.6%
Horse tracks management	4.0	4.5	-11.8%
Others	12.4	11.0	13.3%
Intercompany eliminations	(3.8)	(6.7)	-43.1%
SNAITECH GROUP	444.1	437.7	1.5%

Margins, results and NFP

Notwithstanding the higher tax rate on Gaming Machines, the Group EBITDA grew by 33.4%, totalling Euro 74 million in the first semester of 2018 compared to Euro 55.5 million in 2017. This achievement was mainly due to the lower payout on Sports Betting, solid performance of the Online business, outsourcing of points of sales owned by SNAI Rete Italia and the accounting of the final portion of synergies arising from the merger with the Cogemat group.

The following tables show comparisons of key items of the Income statements and calculation of EBITDA.

Figures in million/Euro

SNAITECH – Consolidated Statement of Comprehensive Income	1H 2018	1H 2017	Changes %
Total Revenues	444.1	437.7	1.5%
Operating Costs	(375.3)	(385.8)	-2.7%
Earnings before interest, tax, depreciation and amortisation (Gross EBITDA)	68.8	51.8	32.7%
Amortisation and depreciation	(25.4)	(24.9)	2.1%
Earning before interest and tax (EBIT)	43.4	26.9	60.9%
Financial income and costs	(19.9)	(20.5)	-3.1%
Profit (loss) before taxes	23.5	6.4	>100%
Taxes	(8.1)	(4.4)	83.9%
Profit (loss) for the period	15.4	2.0	>100%

Figures in thousand/Euro

SNAITECH Group - EBITDA bridge	1H 2018	1H 2017	Changes %
Earnings before interest and tax (EBIT)	43.4	26.9	60.9%
+ Amortisation and depreciation	25.4	24.9	2.1%
Gross EBITDA	68.8	51.8	32.7%
+ Commissions on bank guarantees	3.3	3.2	3.3%
+ Share-based remuneration (IFRS 2 charges)	0.6	0.1	>100%
+ Non recurring costs (revenues)	1.3	0.4	>100%
EBITDA	74.0	55.5	33.4%

Net of PREU tax increase affecting both AWP's and VLT's, the EBITDA in the first semester of 2018 would have grown by Euro 20.9 million (+37.7%) compared to the same period last year.

Group EBIT in the first semester 2018 grew by 60.9%, up to Euro 43.4 million from to Euro 26.9 million accounted in the same period last year, owing to the improved business performance and lower depreciations and amortizations.

Profit before taxes was Euro 23.5 million with a positive difference of Euro 17.1 million compared to 2017. Net Consolidated Profit was Euro 15.4 million and improved by Euro 13.4 million compared to 2017. As of June 30, 2018 the Net Financial Position of the Snaitech Group improved by Euro 62.6 million compared to year-end 2017 and totalled Euro 366.2 million. Cash and cash equivalents totalled Euro 200.9 million, up by Euro 63.3 million compared to December 31, 2017. First half results of 2018 are in line with the Business Plan targets and confirm the effectiveness of the key drivers aforementioned. Finally, the potential integration with Playtech group may determine a revision of the guidelines and economic-financial targets of the Business Plan to reflect industrial and financial synergies arising from the new group.

2. Removal of ordinary listed shares of Snaitech S.p.A. from stock exchange

Following the disclosure of Playtech PLC during the Mandatory Tender Offering on Snaitech share capital, it shall be reminded that Borsa Italiana S.p.A., with order no. 8476 of 26 July 2018, has imposed the delisting of Snaitech ordinary shares.

As a consequence of this, the aforementioned shares (ISIN Code: IT0000074903) are removed from the stock exchange with effective date 3 August 2018 (included).

3. Offer for early redemption of the notes “6.375% Senior Secured Notes due 2021” and “Senior Secured Floating Rate Notes due 2021” owing to change of control

Following the acquisition executed by Pluto on 5 June 2018 of no. 132,956,595 ordinary shares, equal to 70.561% of the Company share capital, from Global Games and OI Games S.A., and the subsequent change of control of the Company and given current documentation related to non-convertible notes issued by Snaitech “6.375% Senior Secured Notes due 2021” and “Senior Secured Floating Rate Notes due 2021”, it is therefore required to apply the mandatory early redemption offer for a total value of Euro 575.7 million.

The early redemption procedure shall be applied in accordance with the “change of control offer”, where Snaitech will publicly tender exiting notes at a bid price of 101% of the notional amount. Terms and conditions shall be made available on the company website at <http://snaitech.it/it/investitori/prestiti-obbligazionari>.

On this purpose, the Issuer has entered into an intragroup financing agreement with Playtech, which is available to fund Snaitech for any notes tendered under the redemption procedure.

For further information

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All press releases are available on the company’s website www.snaitech.it and on storage system through website www.emarketstorage.com.

Annex

Snaitech Group

Condensed Consolidated Statement of Comprehensive Income in the first semester of 2018

Condensed Consolidated Statement Consolidated of Financial Position as of 30 June 2018

Condensed Consolidated Cash Flow Statement as of 30 June 2018

Condensed Consolidated Statement of Comprehensive Income in the first semester 2018

<i>Figures in thousand/Euro</i>	First semester	
	2018	2017
Revenues from sales and services	441,579	436,066
Other revenues and income	2,565	1,617
Change in inventory of finished and semi-finished products	0	0
Raw materials and consumables	(1,185)	(388)
Cost of services and third party assets	(326,232)	(333,441)
Costs of personnel	(24,241)	(26,693)
Other operating costs	(24,008)	(25,904)
Capitalised costs	321	592
Earnings before interest, tax, depreciation and amortisation	68,799	51,849
Amortisation and depreciation	(25,432)	(24,900)
Earnings before interest and taxes	43,367	26,949
Gains and expenses from shareholdings	(12)	(541)
Financial income	208	390
Financial costs	(20,062)	(20,351)
Total financial income and expenses	(19,866)	(20,502)
Profit / (Loss) before taxes	23,501	6,447
Income taxes	(8,116)	(4,413)
Profit/(Loss) for the period	15,385	2,034
(Loss)/profit from re-measurement on defined benefit plans after taxes	52	185
Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes	52	185
Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes	0	0
Total profit/(loss) in comprehensive income statement, after taxes	52	185
Comprehensive profit (loss) for the period	15,437	2,219
<i>Attributable to:</i>		
Profit (loss) for the period pertaining to the Group	15,385	2,034
Profit (loss) for the period pertaining to Third parties	0	0
Total profit (loss) for the period pertaining to the Group	15,437	2,219
Total profit (loss) for the period pertaining to Third Parties	0	0
Basic earnings (loss) per share in Euro	0.08	0.01
Diluted earnings (loss) per share in Euro	0.08	0.01

Condensed Consolidated Statement Consolidated of Financial Position as of 30 June 2018

<i>Figures in thousand/Euro</i>	30.06.2018	31.12.2017
ASSETS		
Non-current assets		
Property, plant and equipment	129,214	132,086
Assets held under financial leases	210	281
Total property, plant and equipment	129,424	132,367
Goodwill	310,027	310,027
Other intangible assets	112,634	116,592
Total intangible assets	422,661	426,619
Investments measured using the equity method	1,465	1,477
Investments in other companies	443	443
Total investments	1,908	1,920
Deferred tax assets	33,206	39,251
Non-current trade receivables	6,241	8,622
Other non-financial assets	1,232	1,473
Non-current financial assets	3,381	3,386
Total non-current assets	598,053	613,638
Current assets		
Inventories	670	205
Trade receivables	95,622	113,297
Other assets	37,205	52,965
Current financial assets	17,044	16,970
Cash and cash equivalents	200,860	137,591
Total current assets	351,401	321,028
TOTAL ASSETS	949,454	934,666
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity attributable to equity holders of the Parent Company		
Share capital	97,982	97,982
Reserves	47,659	20,597
Profit (loss) for the period	15,385	27,010
Total shareholders' equity attributable to equity holders of the Parent Company	161,026	145,589
Shareholders' equity attributable to non-controlling interests		
Total shareholders' equity	161,026	145,589
Non-current liabilities		
Employee termination indemnities	6,489	6,762
Non-current financial liabilities	561,052	560,244
Provisions for risks and charges	13,110	13,711
Other non-current liabilities	3,648	4,023
Total non-current liabilities	584,299	584,740
Current liabilities		
Trade payables	37,885	39,155
Other liabilities	160,171	159,036
Current financial liabilities	5,589	5,667
Current portion of long-term loans	484	479
Total current financial liabilities	6,073	6,146
Total current liabilities	204,129	204,337
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	949,454	934,666

Condensed Consolidated Cash Flow Statement as of 30 June 2018

<i>Figures in thousand/Euro</i>	30.06.2018	30.06.2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) for the period attributable to equity holders of the Parent Company	15,385	2,034
Financial expenses	20,062	20,351
Amortisation and depreciation	25,432	24,900
Net change in deferred tax assets and liabilities	6,029	3,876
Change in provision for risks and charges	(601)	(12,432)
(Gains)/loss on disposal of non-current assets (including shareholdings)	(20)	(349)
Share of profit/(losses) of associates measured using the equity method	12	541
Net change in employee termination indemnities	(205)	(535)
Net change in non-current trade assets and liabilities and other changes	2,247	(3,053)
Net change in current trade assets and liabilities and other changes	32,297	45,495
Cash and cash equivalents generated by operations	100,638	80,828
Taxes paid	0	(916)
Interest paid	(17,802)	(17,807)
CASH FLOW FROM OPERATING ACTIVITIES (A)	82,836	62,105
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment	(5,677)	(6,318)
Investments in intangible assets	(12,427)	(3,755)
Acquisition of business units	0	(240)
Proceeds from the sale of property, plant and equipment, intangible and other non-current assets	131	353
CASH FLOW USED IN INVESTING ACTIVITIES (B)	(17,973)	(9,960)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Change in financial receivables and other financial assets	(69)	(149)
Change in financial liabilities	(1,286)	(1,719)
Proceeds from bank loans	0	1,450
Repayment of bank loans	(239)	(39)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C)	(1,594)	(457)
D. CASH FLOWS FROM DISCONTINUED ASSETS/ASSETS HELD FOR SALE (D)		
E. TOTAL CASH FLOW (A+B+C+D)	63,269	51,688
F. INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)	137,591	82,337
G. NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON LIQUIDITY		
H. FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G)	200,860	134,025

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