



Cirsa Announces Certain Recent Developments

May 7, 2019. Cirsa Finance International S.à r.l. (the “*Issuer*”), a leading gaming company in Spain, Italy and a number of countries in Latin America, today announced certain recent developments, as set out below.

Notes offering

Contemporaneously with the release of this report, the Issuer announced an offering of senior secured notes due 2025 in an aggregate principal amount of €390 million (the “*Notes*”). If completed, the proceeds from the offering of the Notes are expected to be used to finance the acquisition (the “*New Acquisition*”) of Giga Game System Operation S.L.U. and certain of its subsidiaries (the “*New Target Group*”) by Cirsa Enterprises, S.L.U. (“*Cirsa*”), as well as for general corporate purposes and to pay fees and expenses in connection with the offering of the Notes and the foregoing transactions.

Current Trading

On a preliminary basis, for the three months ended March 31, 2019, we expect that our EBITDA will increase within a range of approximately 7.3% to 9.7% compared to our EBITDA of €84.8 million for the three months ended March 31, 2018. The increase was primarily due to generally positive performance across our geographies and to a lesser extent the acquisition of one casino in the Dominican Republic (November 2018) and one bingo hall in Mexico (June 2018), as well as improvement in our Spanish slots, bingo and casino operations. This estimate does not reflect the impact of IFRS 16, which became effective on January 1, 2019 and will apply to our results of operations for the three months ended March 31, 2019.

This information is based solely on preliminary internal information used by management. Our actual and consolidated financial results for the three months ended March 31, 2019 may differ from our preliminary estimated results and remain subject to our normal end of period closing procedures and review process. Those procedures have not been completed. Accordingly, these results may change and those changes may be material, particularly due to the impact of IFRS 16. We caution that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by us or any other person regarding or financial performance for the three months ended March 31, 2019, the six months ending June 30, 2019, the nine months ending September 30, 2019 or the full year ending December 31, 2019.

New Acquisition

On April 29, 2019, Cirsa entered into a share purchase agreement with, among others, Giga Game System S.L.U., pursuant to which Cirsa agreed to acquire the shares of the New Target Group (the “*New Acquisition Agreement*”). Completion of the New Acquisition will be subject to customary closing conditions, including the receipt of certain antitrust approvals.

The New Target Group is one of the largest gaming groups in Spain, which operates in all of our gaming segments and has operations in the Catalonia and Levante regions of Spain. The New Target Group’s current business predominantly comes from operations formerly owned by Cirsa and its subsidiaries. For the year ended December 31, 2018, the New Target Group’s estimated consolidated net revenues were €124 million and EBITDA was approximately €45.7 million, representing an EBITDA margin of approximately 37%. In its slots segment, the New Target Group generated 66% of its EBITDA for the year ended December 31, 2018 and operated approximately 6,200 slots located in 4,100 bars. In its arcades segment, the New Target Group generated 24% of its EBITDA for the year ended December 31, 2018 and operated 51 arcades. In its bingo segment, the New Target Group generated 5% of its EBITDA for the year ended December 31, 2018 and operated eight bingo halls. In its casino segment, the New Target Group generated 3% of its EBITDA for the year ended December 31, 2018 and operated one casino.

Pro Forma Adjusted EBITDA for the year ended December 31, 2018 was €430.3 million.

“**Pro Forma Adjusted EBITDA**” means Adjusted EBITDA adjusted to give pro forma effect to:

- (i) an estimated €6 million operating cost and efficiency opportunities that we implemented after completion of the acquisition of Cirsa Gaming Corporation, S.A. and certain of its subsidiaries by Cirsa, which was completed on July 3, 2018 (the “*Original Acquisition*”), which primarily relate to (a) certain wages and salaries, (b) security and other related services, (c) representation costs and allowances, (d) advertising and sponsorship costs, (e) expenses related to the Argentina Business and (f) rentals;
- (ii) an estimated €4.1 million of run-rate adjustments for certain acquisitions completed in the year ended December 31, 2018 including the full year impact of the EBITDA of a bingo hall we acquired in Mexico in June 2018 and a casino that we acquired in the Dominican Republic in November 2018; and
- (iii) an estimated €51.4 million of EBITDA of the New Target Group (including the impact of expected synergies) as though the New Acquisition had occurred on January 1, 2018, representing the New Target Group’s EBITDA of approximately €45.7 million for the year ended December 31, 2018 and estimated synergies of €5.7 million in relation to the New Acquisition. We have estimated the New Target Group’s EBITDA based on information received from the New Target. Estimated synergies represent increased revenue and certain costs savings that we expect to realize, including (i) in the New Target Group’s slots

operations, primarily as a result of a slot machines replacement program, logistics, optimization of slot operations (cash collection and technical services) and acquisition of small third party partners, (ii) in the New Target Group's arcades operations, primarily as a result of product mix improvement and update, the renewal and extension of arcades and the implementation of Cirsa's customer relationship management program and (iii) in the New Target Group's bingos and casinos operations, as a result of a slot machines replacement program, extended opening times and product offer optimization. We expect to incur costs of approximately €12.3 million to realize these EBITDA synergies.

EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA are not measurements of operating performance under IFRS, and should not be considered substitutes for operating income, net income, cash flows from operating activities or other profit and loss account information, or as measures of profitability or liquidity, and EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA do not necessarily indicate whether cash flow will be sufficient or available for cash requirements. EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA may not be indicative of our historical operating results nor are they meant to be predictive of potential future results. Because all companies do not calculate EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA identically, the presentation may not be comparable to similarly entitled measures of other companies. Pro Forma Adjusted EBITDA has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act or any generally accepted accounting standards.

“Adjusted EBITDA” means EBITDA for the year ended December 31, 2018 of €328.3 million adjusted for one-time expenses incurred in relation to the Original Acquisition of €40.5 million.

Cautionary Statement

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

The Notes will be offered only to qualified institutional buyers pursuant to Rule 144A and to non- U.S. persons outside the United States pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”), subject to prevailing market and other conditions. There is no assurance that the offering will be completed or, if completed, as to the terms on which it is completed. This press release is not an offer to sell the Notes in the United States. The Notes to be offered have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, directly or indirectly, in the United States or to or for the account or benefit of U.S. persons, as such term is defined in Regulation S of the Securities Act, absent registration or unless pursuant to an applicable exemption from the registration requirements of the Securities Act and any other applicable securities laws. If any public offering of the Notes is made in the United States, it will be by means of a prospectus that may be obtained from the Issuer that will contain detailed information about the Issuer, Cirsa and management, as well as financial statements. No public offering of the Notes will be made in the United States in connection with the above-mentioned transaction.

Forward-Looking Statements

This press release may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding Cirsa's or its affiliates' intentions, beliefs or current expectations concerning, among other things, Cirsa's or its affiliates' results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that Cirsa's or its

affiliates' actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if Cirsa's or its affiliates' results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

- Ends -