


Q1-2017 results and strategy update

Group presentation





This presentation includes 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. They appear in a number of places throughout this interim report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

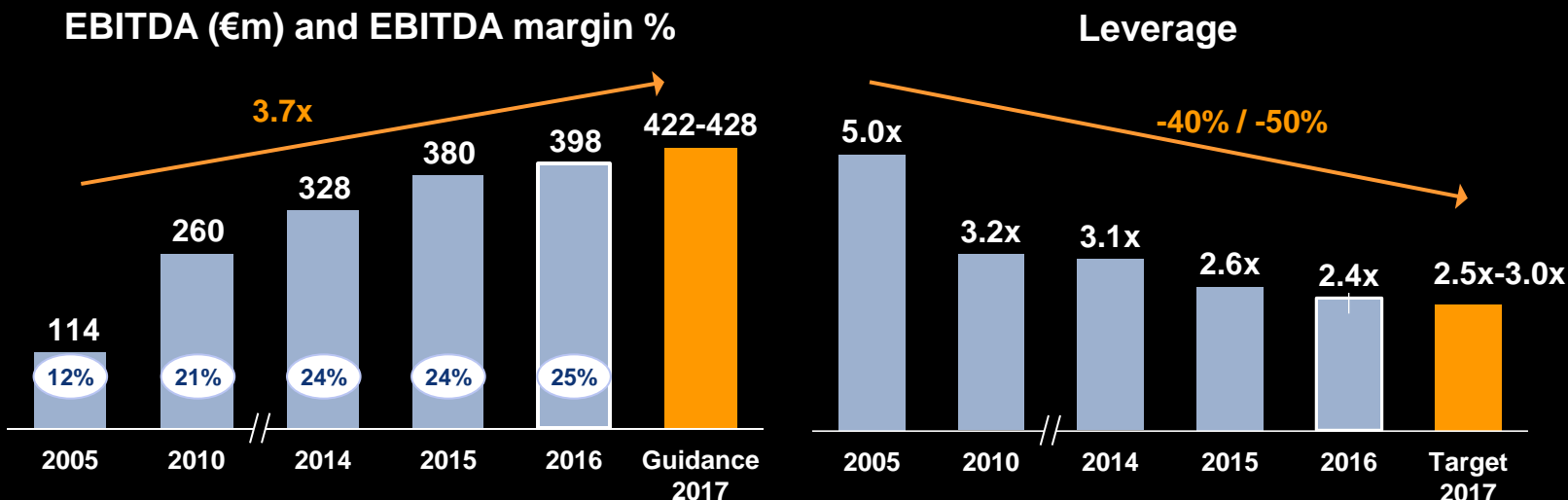
We urge you to read the sections of our 2016 Annual Report dated April 28, 2017 entitled "Risk Factors," "Operating and Financial Review and Prospects" and "Business" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this interim report may not occur.

We undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this interim report and the Annual Report.

Executive summary



- Since Q2'06, 43 consecutive quarters delivering financial commitments
- Strategy delivering positive results regardless of the economic environment:



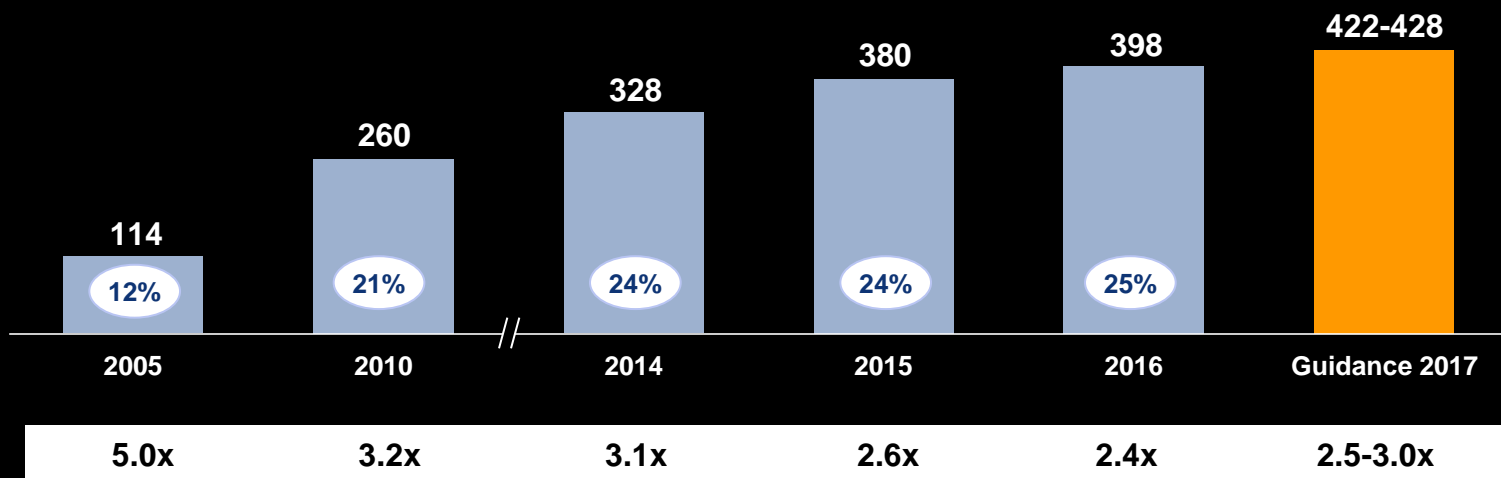
- **Strategy remains valid**
 - Focus on profitable growth and consolidation of existing businesses
 - Strategic plan for 2017-20 developed under four key strategic pillars: (i) continuous EBITDA improvement / leverage reduction, (ii) efficiency & productivity, (iii) investment focus and rigour and (iv) customer value initiatives to grow sales
 - Detailed action plans and roadmaps for 2017 in place
- **2017-20 strategic plan expected to deliver improvement in profitability (12.4% in '05 to 25% in '16) and leverage reduction, from 5.0x (2005) to 2.5x-3x (F2017)**
- **Guidance 2017 of €422M-€428M (+7%); strong start of 2017**

EBITDA CAGR 2005 – 2016 of +12%

Strategy delivering positive results regardless of the economic environment



EBITDA (€ m), EBITDA margin (%) & Leverage evolution

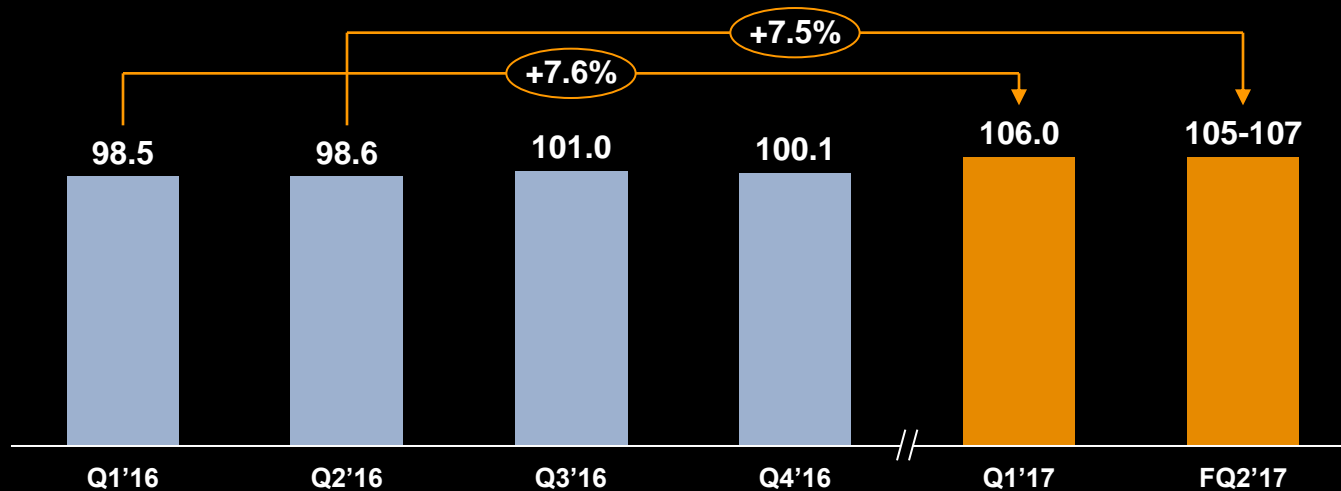


Financial evolution highlights

- Net operating revenues growth 2005-16: +4.9% yoy
- EBITDA CAGR +12%, from €114M (2005) to €398M (2016); 3.5x improvement
- EBITDA margin improved 1,260 bps to 25% in 2015 from 12.4% in 2005, 2x
- Achieved +€18M EBITDA growth in 2016, +4.7% vs 2015
- Leverage improved to current 2.4x in 2016 from 5.0x in December 2005
- EBITDA Q1'17 €106M (+7.6%) and FQ2'17 €105-107M (+6.5% / +8.5%)
- Q1&FQ2'17 confirming guidance 2017: €422-€428M (+6% / +7.5%)

10+ years of consistent business achievements and financial commitments

2016-17 quarterly EBITDA evolution (€ M)



- €106.0M Q1'17: strong growth vs Q1'16 (+7.6%) under unfavourable gaming tax scenario (ARG, COL)
- H1'17 performance confirming reached level in H2'16
- Key growth drivers:
 - Spain: all retail businesses growing
 - Italy: Q1 EBITDA improvement offset in Q2 by new April'17 tax increase
 - Latam: strong organic growth can partially offset strong negative tax impact (ARG, COL)
 - New selective acquisitions made in Spain, Mexico & Colombia will provide growth and stronger diversification in 2017 and onwards
- FQ2'17: €105 – 107M (+7.5%)

H1'17 performance on track to deliver 2017 EBITDA commitment

Cirsa at a glance (as of March 31st)



- **Four main business units: Slots route operations, Casinos, Bingo & Arcade halls and B2B (slots design / manufacturing for Spanish market & interconnectivity systems),**
- **Sound diversification: 4 business units and 10 countries (38 jurisdictions in > 177 locations)**
- **Gaming market leadership: #1 operator in Spain, Panama, Argentina, Colombia, Costa Rica and Dominican Republic, and achieving a leading positioning in Peru, Italy, Mexico & Morocco**
- **Operates approx. 77,500 gaming machines, 353 gaming halls and 1,833 betting locations**



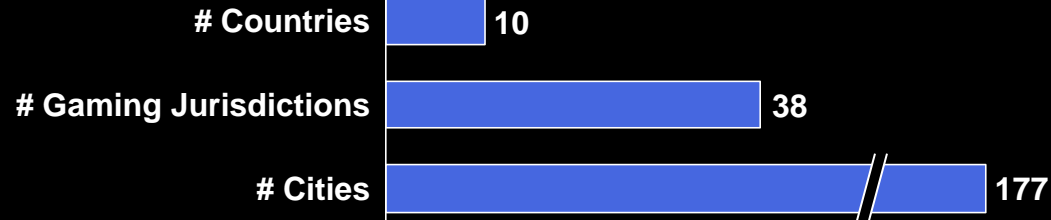
	Spain	Italy	Panama	Colombia	Mexico	Argentina	Others	Total
Slot Machines (1)	35,722	11,644	7,568	6,211	5,555	7,388	3,727	77,815
Casinos	4	-	29	65	-	9	26	133
Bingo Halls	38	11	-	-	19	-	-	68
Betting Locations	1,833	-	-	-	-	-	-	1,833
Arcades	152	-	-	-	-	-	-	152

(1) Includes machines seats from different businesses in each country

Market leadership across core markets and business segments

Diversification summary: Unique diversification profile in the gaming industry

Geographical diversification

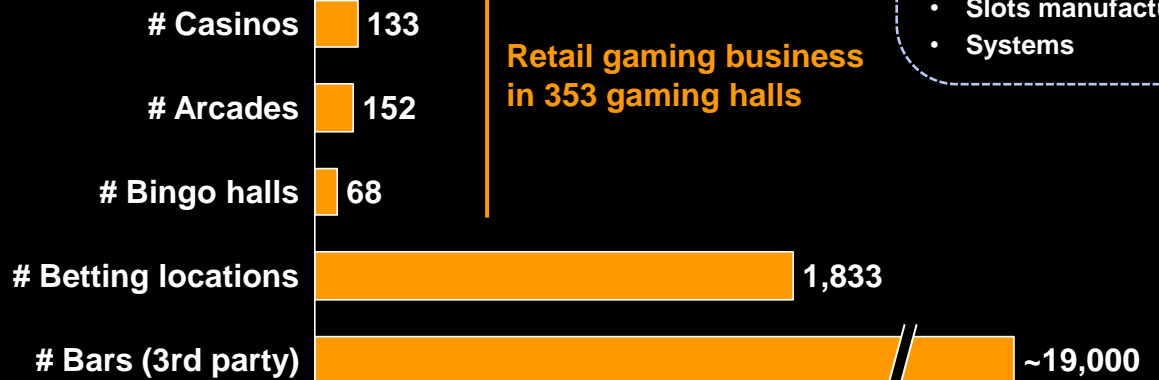


Business diversification



- Slot route operations
- Arcades
- Traditional Casinos
- Electronic Casinos
- Bingos
- Sports betting
- Online gaming
- Slots manufacturing
- Systems

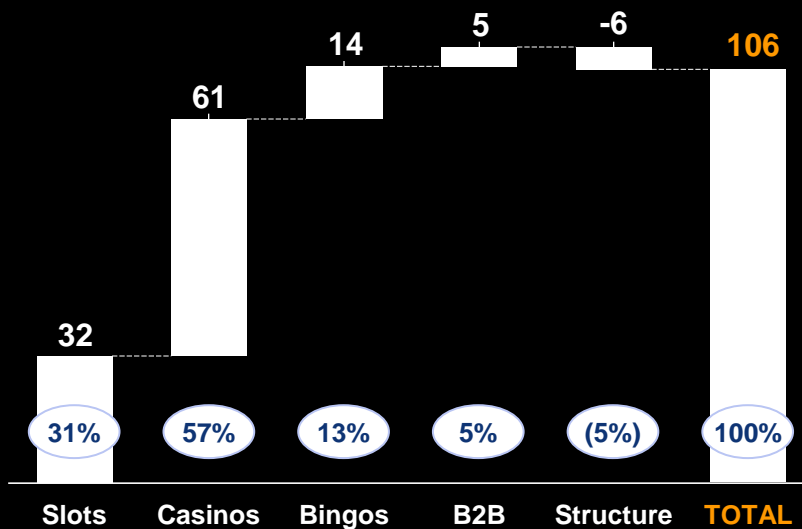
Retail footprint (# Venues)



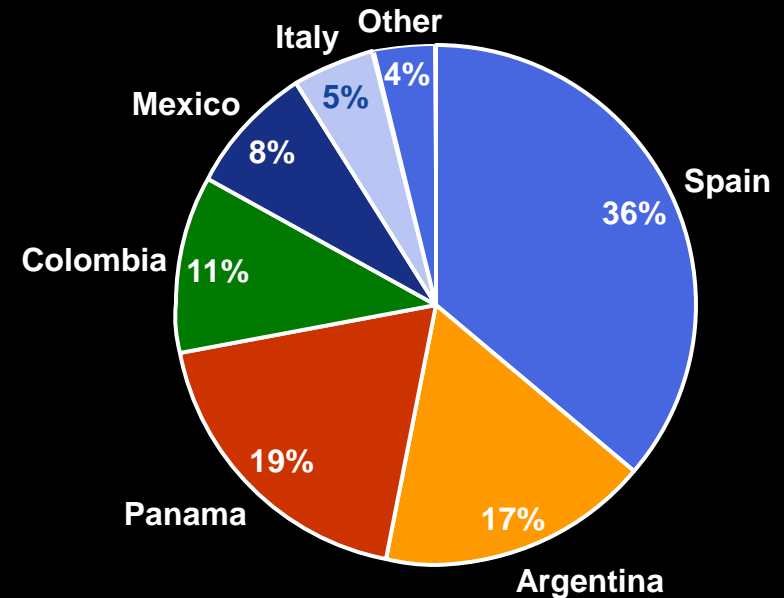
Highly diversified Group from both a geographical and a business perspective, relying on a widespread retail network

Diversification: 1Q 2017 EBITDA mix by business segment & geography

EBITDA by business unit (€ m)



EBITDA by geography



- EBITDA mix showing business segment diversification
- Casino EBITDA highly geo diversified, 133 casinos in 8 geographies, adding quality to overall results

- EBITDA mix shows high geographical diversification
- Europe 41% of EBITDA while Latam 59%, in 2007 Europe 59% and Latam 41%

Highly resilient business model; improving diversification

Strategy 2017-20 ... basics remain the same



Consistent execution of our strategy has delivered significant results in EBITDA growth (+12% yoy since 2005) and leverage reduction (from 5.0x 2005 to 2.4x 2016)

Key strategic levers

- Focus on core businesses and geographies
- Efficiency, organisation & restructuring
- Reduce leverage
- Leverage customer base

Strategic objectives

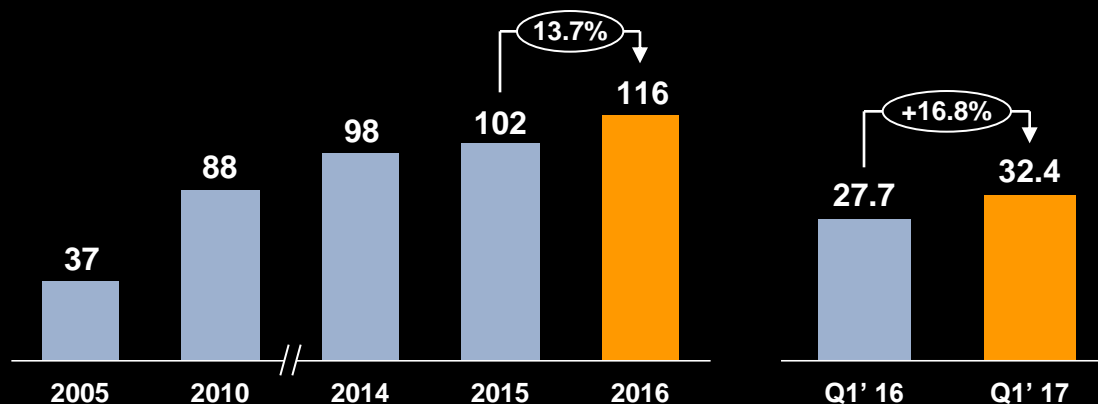
- Continuous EBITDA improvement through revenue mix management and cost optimization
- Productivity programs across businesses and geographies
- Selective acquisitions / investments with focus and rigour
- Proactive sales & marketing to maximize customer value

Comments / Facts

- **EBITDA improvement: quality & growth**
 - Business and geo diversification
 - +12% CAGR since 2005
- **Discontinuation of non-performing segments & geographies**
 - Headcount reduction (excluding growth, > 6,100 since 2Q'06)
- **Selective growth in core businesses & geo's**
 - Organic Expansion: Δ halls 112 & Δ machines 36,400 since 2Q'06
 - Launched new operations in all geo's, and selective M&A (Morocco, Peru, Costa Rica, Mexico, Colombia, Slots Spain and Italy)
- **Customer focus initiatives:**
 - Formal organization and processes in place to track customers' performance and individual action plans per hall and segment

Existing management team proven track record, now ready to deliver 2017-20 commitments

Slots: EBITDA (€m) and key actions



Highlights:

- Strong performance in Q1'17 both in Spain and Italy (not yet impacted by new tax increase April'17)

Spain

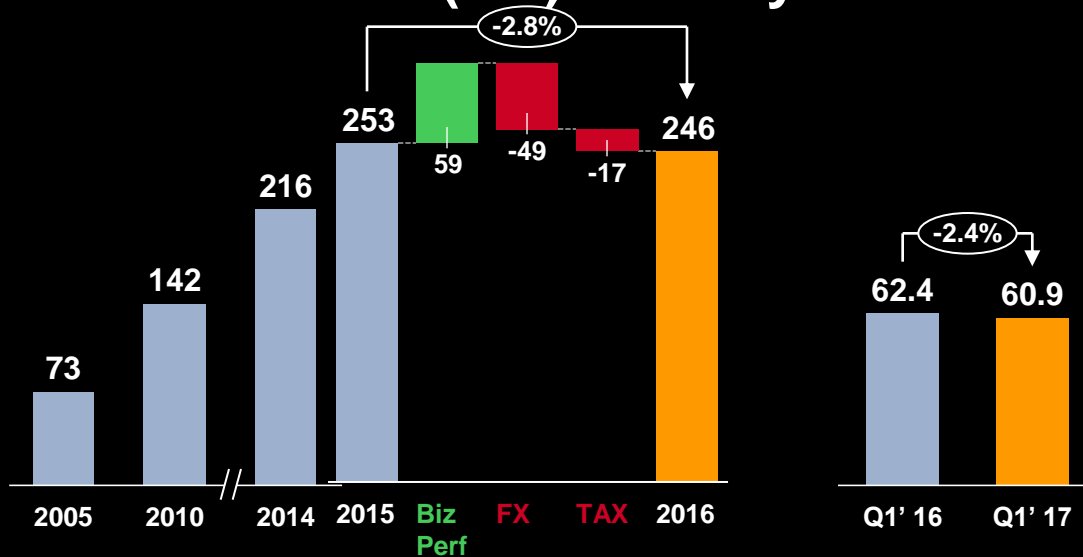
- **2016 & Q1'17 showing revenue & EBITDA improvement, supported by:**
 - Better macroeconomic environment
 - Best in class machines replacement program
- **Concentration opportunities through selective M&A in a highly fragmented market.**
 - Acquisition in May-17 of a large and high performance Slot Route Operation (826 slots & 4 arcades), consolidating leadership position in Catalonia
- **Focus on margin improvement through efficiency programs:**
 - Online customer behavior info integrated in commercial negotiations (up front investment, slot replacement, commercial terms)
 - Discontinuation of underperforming machines and replacement by new signed POS (reopenings & new bars)
 - Optimized Commercial terms: 55% of bars in 55/45% split
- **Arcades segment delivering significant growth due to a wider and renewed product offer**

Italy

- **VLTs : focus on POS and VLT supplier mix, best performance in the market due to Bingo channel penetration**
- **AWP: grow market share through best performing machines / POS strategy. Accelerated roll out plan to adapt to new pay-out regulation (70% vs 74%), 75% replaced by Jul'16 and 100% in May'17**
- **Despite revenue growth in AWP & VLT segments and cost / productivity improvements, achieved lower EBITDA due to new higher taxes (9M€) as of 1/1/2016. New tax increase since April 2017 impacting 4M€ in 2017**

Consolidating market leadership with best-in-class slot machines in optimal POS; implementation of efficiency programs, key to improve margins

Casinos: EBITDA (€m) and key actions



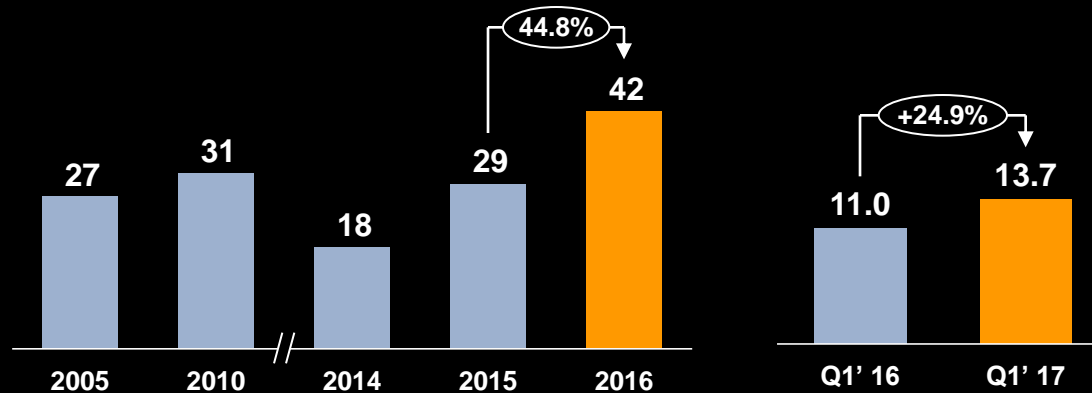
Highlights:

- 2016: Strong business performance +59M with rev's growth in all markets, severely impacted by FX 49M (Arg: 44M & Col: 5M) & tax increases 17M (Arg: 4.8M, Col: 2.7M & Pan: 9.9M)
- 1Q'17: performance impacted by tax increases in Arg (6.5M) and Colombia (2.8M)

- **Retail marketing best practices implemented across geos:**
 - Slot machines lay-out optimization to max rev/machine
 - Systematic halls refurbishment program to expand hall locations life cycle & improve customer's appeal
- **Marketing intelligence to leverage customer's data**
 - New data mining tools & apps to facilitate proactive customer's contact & segmentation to offer best experience
- **Comprehensive entertainment offer**
 - Optimal slot & table product range, shows program & F&B
- **Colombia: leadership consolidation, new flagship casino in Medellin (Q2'16), acquisition of Casino Gran Estación in Bogotá (Q1'17), expansion of two halls and new traditional casino in Sincelejo (Q2'17).**
- **Panamá: two new halls planned for Q2 and Q4 '17 and exploring new potential locations**
- **Argentina: Sales & Cost efficiency programs to reduce inflation and tax impact**
- **Recent M&A activity in Peru (Apr 2014), Costa Rica (Mar 2015) & Morocco (Dec 2015) performing according to plans. All well consolidated**
- **Spain: all four casinos outperforming Plan**

“ Gold Mine” strategy delivering strong market leadership

Bingos: EBITDA (€m) and key actions



Highlights:

- Operating efficiencies, better market conditions and new regulation drive Spain's improvement
- Strong performance in all our Mexican halls

Spain

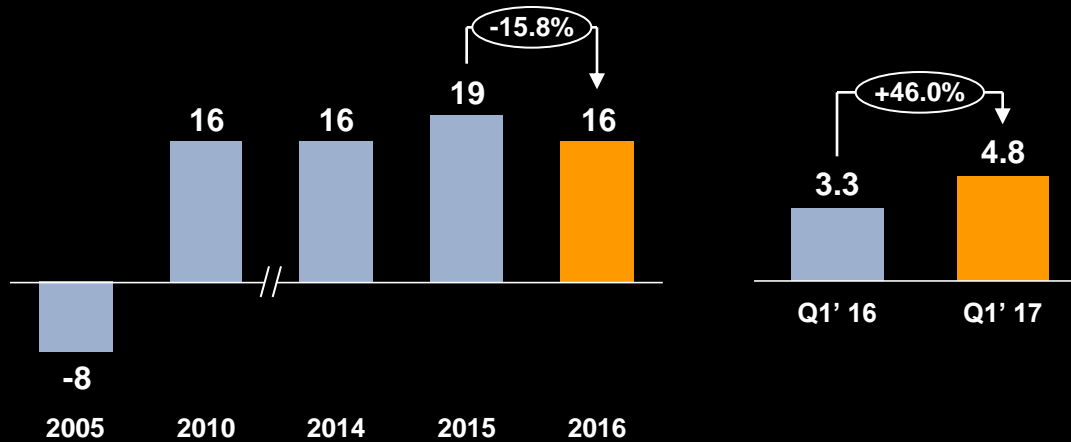
- **More favourable regulation** (allow wider product offer, proactive marketing activities and **tax shifts to prizes**) and **improved macroeconomic environment** has resulted in significant **growth in EBITDA and KPIs** (number of visits and expense/visit)
- Continue **portfolio review** and looking for **consolidation opportunities** (**11 consolidation projects executed since 2013**)
- **Acquisition** in Jan 2017 of a **Bingo Hall** in Tarragona. Synergies plan in place
- **New Bingo game** (more prizes and better margin) extended to new regions (Catalonia, Madrid, Basque Country, Andalucía)

Mexico

- Market positioning through **best-in-class complete offer** and **“proactive” marketing**
 - **Leading table games segment**, key differentiation factor of our gaming offer
 - **Proactive marketing initiatives paying off**
- **Selective investments**: increase gaming positions (>200) in existing halls and location extensions
- **Acquired two new halls**, **Manzanillo** (Feb'17, 377 slots) and **Vallarta** (June'17, 330 slots / 6 tables). Synergies plan in place
- **Becoming a significant EBITDA contributor**, from -€3.5M 2009 to €26.8M 2016 (representing 8% of Group's EBITDA)

Strong growth driven by both our Spanish and Mexican bingos

B2B: EBITDA (€m) and key actions



Highlights:

- Marketing & Sales initiatives during Q4'16 harvested in Q1'17 driven by top performing models, despite of still weak market (AWP & systems)

- **Spain's AWP market leadership through new top-performing models**
 - Since 2008 Cirsa consistently covers market top revenue models
 - High market share “secures” sales in kits and refurbished machines segment in a shrinking market
- **AWP focus: productivity programs driving bottom line results in a weak market**
 - All manufacturing processes over 4 sigmas
 - Poor Quality Cost reduced 85% since 2009
 - New manufacturing processes in place
- **System sales to improve gaming productivity**
 - Casino systems improved with new functionalities: TiTO, player tracking, cash-less and WAP technologies
 - Interconnectivity projects to allow higher jackpots and full transparency with Gaming authorities
 - Lottery solutions with regular games portfolio update
- **R&D focus in profitable segments, key to sustain future market leadership and profitability**
 - AWP R&D funnel designed to provide 2-4 new hits per year in Spain
 - Retain and update interconnectivity technologies (jackpots, hall to hall, lotteries, etc.)
 - All R&D programs selected to impact P&L

B2B profitability driven by Spanish market leadership and interconnectivity technologies

Summary

- **Commitment and credibility**

- Since 2006 management team consistently delivered, quarter after quarter (43), business and financial commitments
- 2017 Guidance on track (€422M-€428M): Q1'17 (€106M) and FQ2'17 (€105M-€107M)
- 2017 leverage target maintained at 2.5x ~ 3.0x

- **Current strategy, based on profitable growth, business consolidation & selective acquisitions, delivering excellent results in a unique diversified company**

- Strategy resulted in a significant EBITDA improvement (€114M '05 to €398M '16, 3.5x)
- EBITDA margin on revenues doubled: 12.4% in '05 to 25% in '16, +1,260 bps
- Leverage ratio reduction from 5.0x (Dec'05) to 2.4x (Dec'16)

- **2017-20 strategic plan to remain focused on core business segments and geographies to continue improving profitability**

- Improve EBITDA / reduce leverage
- Cost management through efficiency and productivity programs; systems investment rigour
- Keep B2B focus on AWP Spanish market & gaming productivity
- Proactive sales & marketing programs across all businesses

Management team ready to execute solid plans to keep delivering stakeholder commitments