



## Intertain Announces Third Quarter 2016 Financial Results

*Constant currency growth across all metrics; gaming revenue of \$113.6 million, up 10% year over year (on a constant currency basis)<sup>(1),(2)</sup>*

*Confirms 2016 full year financial guidance*

TORONTO, November 14, 2016 - **The Intertain Group Limited** ("Intertain" or the "Company") (TSX:IT) today announced its financial results for the three and nine months ended September 30, 2016. All amounts are stated in Canadian dollars unless otherwise noted.

### Q3 Financial and Corporate Highlights

- **Constant Currency Growth Across All Metrics Year Over Year**
  - Gaming revenue of \$113.6 million. On a constant currency basis, gaming revenue increased by 10%.<sup>(1),(2)</sup>
  - Net loss of \$31.8 million, as reported under IFRS.
  - Adjusted EBITDA of \$43.8 million. On a constant currency basis, adjusted EBITDA increased by 17%.<sup>(1),(2)</sup>
  - Adjusted net income of \$36.3 million. On a constant currency basis, adjusted net income increased by 25%.<sup>(1),(2)</sup>
- **Confirming Previously Announced Preliminary Results**
  - In addition to gaming revenue, Intertain confirms operating cash flow of \$31.8 million for the three months ended September 30, 2016.
  - Average active customers per month of 231,214, as compared to 207,768 for the quarter ended September 30, 2015, representing an increase of 11%.
- **Announced Shareholder Approval of Plan of Arrangement**
  - On September 23, 2016, Intertain announced that its shareholders approved a Plan of Arrangement (the "Arrangement") which will facilitate the implementation of the Company's comprehensive UK-centered strategic initiatives.
  - The UK-centered strategic initiatives include a proposed London listing of the newly-incorporated London-headquartered UK company named Jackpotjoy plc, which entity is intended to become the parent company for the Intertain group under the Arrangement.
  - As previously announced, the Company intends to publicly announce the deadline (the "Election Deadline") for shareholders to elect to receive exchangeable shares under the Arrangement at least five business days in advance of the Election Deadline.

"Intertain's strong results demonstrate the ongoing popularity of our brands and our continued success in retaining and attracting customers," said Andrew McIver, President and CEO of Intertain. "Higher revenue is driven by a stronger performance in all segments in their functional currencies, contributing to an increase in gaming revenue of 10% on a constant currency basis. Our Q3 financial results point to the continued solid performance of our assets."

- (1) This release contains non-IFRS financial measures, which are noted where used. For additional details, including with respect to the reconciliations from these non-IFRS financial measures, please refer to the information under the heading "Adjusted EBITDA and Adjusted Net Income for the Three Months Ended September 30, 2016" on page 2 of this release.
- (2) Constant currency figures based on Q3 2015 foreign exchange rates of £:\$2.03, €:\$1.46 and US\$:1.31.

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Mr. McIver continued, “We remain very focused on our efforts to implement the UK-centered strategic initiatives and are working hard together with our advisers to complete the listing of Jackpotjoy plc’s ordinary shares on the London Stock Exchange. Discussions with the UK Listing Authority in this regard are continuing and we will update shareholders as soon as possible on our progress.”

As previously announced, the Company continues to assess market conditions and debt financing alternatives available to the Intertain group. In that regard, Intertain has retained Macquarie Capital (USA) Inc. and Macquarie Capital (Europe) Ltd. (together, “Macquarie Capital”) with respect to exploring its debt financing options, including a potential £160 million senior secured second lien term loan facility rather than a bond offering. Based on advice received by Intertain from Macquarie Capital and on feedback from certain debt market participants, the Company has determined that such a term loan better fits the group’s intended capital structure and other business objectives when compared to a bond offering. As previously announced, Intertain intends to complete a debt financing transaction on or before February 28, 2017, and will provide a further update in due course.

### Adjusted EBITDA and Adjusted Net Income for the Three Months Ended September 30, 2016<sup>(3)</sup>

	3 months ended September 30, 2016 (\$000's)	3 months ended September 30, 2015 (\$000's)
<b>Net loss for the period</b>	<b>(31,814)</b>	<b>(17,498)</b>
Interest expense, net	15,600	15,169
Taxes	(395)	107
Amortization	24,750	32,238
<b>EBITDA</b>	<b>8,141</b>	<b>30,016</b>
Share-based compensation	1,639	1,200
Fair value adjustment on contingent consideration <sup>(4)</sup>	24,914	6,244
Gain on cross currency swap	(9,749)	—
Transaction related costs <sup>(5)</sup>	17,833	2,590
Foreign exchange	1,012	3,653
<b>Adjusted EBITDA<sup>(6)</sup></b>	<b>43,790</b>	<b>43,703</b>
<b>Net loss for the period</b>	<b>(31,814)</b>	<b>(17,498)</b>
Share-based compensation	1,639	1,200
Fair value adjustment on contingent consideration <sup>(4)</sup>	24,914	6,244
Gain on cross currency swap	(9,749)	—
Transaction related costs <sup>(5)</sup>	17,833	2,590
Foreign exchange	1,012	3,653
Amortization of acquisition related purchase price intangibles	24,466	32,178
Accretion	7,962	6,699
<b>Adjusted net income<sup>(7)</sup></b>	<b>36,263</b>	<b>35,066</b>
<b>Diluted net loss per share<sup>(8)</sup></b>	<b>\$(0.45)</b>	<b>\$(0.24)</b>
<b>Diluted adjusted net income per share<sup>(8)</sup></b>	<b>\$0.49</b>	<b>\$0.46</b>

(3) This release contains non-IFRS financial measures, which are noted where used. These non-IFRS financial measures are used because management believes that they provide additional useful information regarding ongoing operating and financial performance. Readers are cautioned that the non-IFRS financial measures are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be considered in isolation or construed to be alternatives to revenues and net income (loss) and comprehensive income (loss) for the period determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities. Accordingly, our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

(4) Fair value adjustments on contingent consideration relate to the Jackpotjoy acquisition.

(5) Transaction related costs consist of legal, professional, underwriting, due diligence, special committee fees and other direct costs/fees associated with transactions and acquisitions contemplated or completed, the strategic review undertaken by the Company’s Board of Directors and the UK-centred

strategic initiatives. The increase in transaction related costs in comparison with the same three months in 2015 relates to the Company's UK strategic review and the UK-centred strategic initiatives.

- (6) Adjusted EBITDA, as defined by the Company, is income before interest expense (net of interest income), income taxes, amortization, share-based compensation, gain on cross currency swap, fair value adjustments on contingent consideration, transaction related costs and foreign exchange. Management believes that Adjusted EBITDA is another important indicator of the issuer's ability to generate liquidity through operating cash flow to service outstanding debt and fund acquisition earn-out payments and uses this metric for such purpose. The exclusion of amortization and share-based compensation eliminates the non-cash impact and the exclusion of the gain on cross currency swap, fair value adjustments on contingent consideration, transaction related costs and foreign exchange eliminates items which management believes are non-operational.
- (7) Adjusted Net Income, as defined by the Company, means net income plus or minus items of note that management may reasonably quantify and believes will provide the reader with a better understanding of the Company's underlying business performance. Adjusted Net Income is calculated by adjusting Net Income for accretion, amortization of acquisition related purchase price intangibles, share-based compensation, gain on cross currency swap, fair value adjustments on contingent consideration, transaction related costs, and foreign exchange. The exclusion of interest accretion and share-based compensation eliminates the non-cash impact and the exclusion of the gain on cross currency swap, amortization of acquisition related purchase price intangibles, fair value adjustments on contingent consideration, transaction related costs and foreign exchange eliminates items which management believes are non-operational. Management believes that Adjusted Net Income is an important indicator of the issuer's ability to generate liquidity through operating cash flow to service outstanding debt and fund acquisition earn-out payments and uses this metric for such purpose. Adjusted Net Income is also considered by some investors and analysts for the purpose of assisting in valuing a company.
- (8) Per share figures are calculated on a diluted weighted average basis using the IFRS treasury method.

## 2016 Full Year Financial Guidance

Intertain confirms its 2016 full year financial guidance on:

- Total revenue of \$460 million to \$500 million;
- Total adjusted EBITDA of \$175 million to \$195 million;<sup>(1)</sup>
- Total adjusted net income of \$140 million to \$160 million;<sup>(1)</sup> and
- Diluted adjusted net income per share of \$1.87 to \$2.13.<sup>(1),(2)</sup>

(together, the "Guidance") for the quarter ended September 30, 2016, with no changes to the ranges provided nor any material changes to the business performance assumptions used to determine the Guidance. The Guidance was initially provided in Intertain's earnings release on March 9, 2016.

Intertain notes that the Guidance was expressed in Canadian dollars and prepared based on a USD/CAD exchange rate of 1.33, a GBP/CAD exchange rate of 1.90, and a EUR/CAD exchange rate of 1.46, each as of March 7, 2016. As at the close of trading on November 11, 2016, the USD/CAD exchange rate was 1.35, the GBP/CAD exchange rate was 1.69, and the EUR/CAD exchange rate was 1.47. As such, Intertain expects that its annual financial results (reported in Canadian dollars) will trend towards the lower end of the range provided in the Guidance. The Guidance represents forward-looking information and users are cautioned that actual results may vary.

## 2016 Third Quarter Financial Statements and Management's Discussion and Analysis

The financial statements, notes to the financial statements and Management's Discussion and Analysis for the three and nine months ended September 30, 2016 are available on SEDAR at [www.sedar.com](http://www.sedar.com) as well as Intertain's website at [www.intertain.com](http://www.intertain.com).

## 2016 Third Quarter Conference Call

Intertain will host the related earnings conference call with members of the investment community to discuss its third quarter 2016 financial results on November 15, 2016 at 8:00 a.m. (Toronto time). A question-and-answer session will follow the presentation.

To participate, interested parties are asked to dial (647) 427-7450, 1 (888) 231-8191 (North America) or 0 800 051 7107 (UK), 10 minutes prior to the scheduled start of the call. A replay of the conference call

will be available until November 29, 2016 by dialing 1 (855) 859-2056 or (416) 849-0833 and using the password 10096468. A transcript will also be made available on Intertain's website.

## **Defined Operating Measures**

Intertain defines "gaming revenue" as net revenue plus affiliate revenue, each as detailed in Intertain's audited consolidated financial statements for the year ended December 31, 2015. "Average active customers per month" is defined by Intertain as being the active users per month, averaged over a three-month quarterly period.

## **About The Intertain Group Limited**

Intertain is an online gaming company that provides entertainment to a global consumer base. Intertain currently offers bingo and casino games to its customers using the InterCasino ([www.intercasino.com](http://www.intercasino.com)), Costa ([www.costabingo.com](http://www.costabingo.com)), Vera&John ([www.verajohn.com](http://www.verajohn.com)), Jackpotjoy ([www.jackpotjoy.com](http://www.jackpotjoy.com)), Starspins ([www.starspins.com](http://www.starspins.com)) and Botemania ([www.botemania.es](http://www.botemania.es)) brands. For more information about Intertain, please visit [www.intertain.com](http://www.intertain.com).

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## **Cautionary Note Regarding Forward-Looking Information**

*This release contains certain information and statements that may constitute "forward-looking information" within the meaning of Canadian securities laws. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "estimates", "projects", "predicts", "targets", "seeks", "intends", "anticipates", or "believes" or the negative of such words or other variations of or synonyms for such words, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance, achievements or developments to be materially different from those anticipated by the Company and expressed or implied by the forward-looking statements. Forward-looking information contained in this release includes, but is not limited to, statements with respect to the Company's future financial performance (including Guidance), the future prospects of the Company's business and operations, the Company's growth opportunities and the execution of its growth strategies, the UK-centered strategic initiatives, the nature and ability of Intertain to effect the London listing, and the use of the Arrangement to facilitate the UK-centered strategic initiatives if Intertain proceeds with the UK-centered strategic initiatives. These statements reflect the Company's current expectations related to future events or its future results, performance, achievements or developments, and future trends affecting the Company. All such statements, other than statements of historical fact, are forward-looking information. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, the ability of the Company to secure, maintain and comply with all required licenses, permits and certifications to carry out business in the jurisdictions in which it currently operates or intends to operate; governmental and regulatory actions, including the introduction of new laws or changes in laws (or the interpretation thereof) related to online gaming; general business, economic and market conditions; the competitive environment; the expected growth of the online gaming market and potential new market opportunities; anticipated and unanticipated costs; the protection of the Company's intellectual property rights; the Company's ability to successfully integrate and realize the benefits of its completed acquisitions; and the ability of the Company to obtain additional financing, if, as and when required. Such statements could also be materially affected by risks relating to the lack of available and qualified personnel or management; stock market volatility; taxation policies; competition; foreign operations; the Company's limited operating history; the Company's ability to access sufficient capital from internal or external sources; that the UK Listing Authority and other regulatory approvals may not be obtained on the terms anticipated by Intertain or at all; that the costs of management time and money may adversely affect Intertain's business; and that market volatility or changes in the share price of Intertain do not adversely affect Intertain's ability to implement the UK-centered strategic initiatives. The foregoing risk factors are not intended to represent a complete list of factors that could affect the Company. Additional risk factors are discussed in the Company's annual information form dated March 30, 2016 and the Company's management information circular dated August 19, 2016, in each case, under the heading "Risk Factors". Although the Company has attempted to identify important factors that could cause actual results, performance, achievements or developments to differ materially from those described in forward-looking*

*statements, there may be other factors that cause actual results, performance, achievements or developments not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance, achievement or developments are likely to differ, and may differ materially, from those expressed in or implied by the forward-looking information contained in this release. Accordingly, readers should not place undue reliance on forward-looking information. While subsequent events and developments may cause the Company's expectations, estimates and views to change, the Company does not undertake or assume any obligation to update or revise any forward-looking information, except as required by applicable securities laws. The forward-looking information contained in this release should not be relied upon as representing the Company's expectations, estimates and views as of any date subsequent to the date of this release. The forward-looking information contained in this release is expressly qualified by this cautionary statement.*