



## Intertain Group Limited Announces Third Quarter 2015 Financial Results

*\$41.5 million in operating cash flows generated in Q3*

TORONTO, October 29, 2015 - **The Intertain Group Limited** (“Intertain” or the “Company”) (TSX:IT) today announced its financial results for the three months ended September 30, 2015. All amounts are stated in Canadian dollars unless otherwise noted.

### Financial Highlights:

|                                       | <b>3 month<br/>period ended<br/>September 30, 2015<br/>\$000</b> | 3 month<br>period ended<br>September 30, 2014<br>\$000 |
|---------------------------------------|--|--|
| Revenue                               | <b>119,481</b>   | 13,697   |
| Operating cash flows                  | <b>41,536</b>  | 8,396  |
| Adjusted EBITDA (1)                   | <b>43,703</b>  | 6,445  |
| Adjusted net income (2)               | <b>35,066</b>  | 5,511  |
| Basic adjusted net income per share   | <b>\$0.48</b>  | \$0.31   |
| Diluted adjusted net income per share | <b>\$0.46</b>  | \$0.26   |

(1) Adjusted EBITDA as defined by the Company is income before interest expense (net of interest income), income taxes, amortization, share-based compensation, fair value adjustments on contingent consideration acquisition related costs, and foreign exchange. Adjusted EBITDA is a non-IFRS measure. Reconciliation to Net Loss is included in this release.

(2) Adjusted net income as defined by the Company means income before share-based compensation, amortization on acquisition related purchase price intangibles, acquisition related costs, interest accretion, foreign exchange, and fair value adjustments on contingent consideration. Adjusted net income is a non-IFRS measure. Reconciliation to Net Loss is included in this release.

### Q3 and Subsequent Highlights:

- **Q3 Net Gaming Revenue Increases Year Over Year Across All Businesses**
  - Jackpotjoy generated revenues of £40.7 million for the quarter compared with £33.6 million in Q3 2014, representing 21% growth.
  - Vera&John generated revenues of €12.2 million for the quarter compared with €10.1 million in Q3 2014, representing 21% growth.
  - Mandalay generated revenues of £5.4 million for the quarter compared with £4.7 million in Q3 2014, representing 15% growth.
  - InterCasino generated revenues of \$6.2 million USD for the quarter compared with \$5.7 million USD in Q3 2014, representing 9% growth inclusive of the revenue guarantee.

- **Generated \$41.5 Million in Operating Cash Flows Used to Pay Down Debt and Fund Earn-outs**
  - For the Q3 period the Company generated \$41.5 million of operating cash flow representing an adjusted EBITDA conversion rate of 94%.
  - As well as for general corporate purposes, the Company used operating cash flow generated during Q3 and cash on hand to:
    - Repay \$10.6 million in senior term debt;
    - Purchase for cancellation 972,712 shares for \$11.4 million under its NCIB (as further described below); and
    - Set aside \$18.2 million to fund the earn-out associated with the Jackpotjoy business.
  
- **Implemented a Normal Course Issued Bid (“NCIB”)**
  - The Toronto Stock Exchange (the “TSX”) approved Intertain’s notice of intention to purchase and cancel up to 3,617,740 common shares of Intertain (“Common Shares”) over a one-year period, representing up to approximately 5% of Intertain’s Common Shares issued and outstanding on the TSX as of September 4, 2015.
  - During Q3, the Company repurchased 979,712 of Common Shares at a weighted average cost of \$11.64.
  - Subsequent to Q3 up to the period ending October 27, 2015, the Company purchased a further 1,493,522 of Common Shares, representing a total 2,473,234 of Common Shares purchased and cancelled under the NCIB at a total weighted average cost base of \$12.30. As of October 27, 2015, the total amount of capital returned to shareholders in the form of the NCIB represented \$30.4 million.
  
- **Approved the Adoption of a New Shareholder Rights Plan (the “Rights Plan”)**
  - The purpose of the Rights Plan is to provide shareholders and the board of directors with adequate time to consider and evaluate any unsolicited take-over bid made for the Company's common shares.
  - The Rights Plan is intended to prevent any person from acquiring beneficial ownership of more than 20% of the outstanding common shares of Intertain while the board of directors' process is ongoing, or from entering into arrangements or relationships that have a similar effect.
  - The Rights Plan is subject to ratification by the Company's shareholders at a meeting of shareholders, which will be held on or before March 22, 2016.

“Q3 was the first full quarter of operations for Intertain with all four of our business segments working together to demonstrate the cash flow power of our combined company.” said John Kennedy FitzGerald, President and CEO of Intertain. “We generated \$41.5 million of cash from operations and used our cash to pay down debt, repurchase our stock at accretive prices and fund the ultimate earn-out on the Jackpotjoy business. We continue to see substantial organic growth as we leverage our corporate and operating level management teams’ expertise to optimize the performance of our business.”

## Adjusted EBITDA & Adjusted Net Income for Three Months Ended September 30, 2015

|  | <b>3 month<br/>period ended<br/>September 30, 2015<br/>\$000</b> | 3 month<br>period ended<br>September 30, 2014<br>\$000 |
|--|--|--|
| <b>Net income (loss) for the period</b>                        | <b>(17,498)</b>  | <b>(11,759)</b>  |
| Interest expense, net  | 15,169   | 1,502  |
| Taxes  | 107  | (65)   |
| Amortization   | 32,238   | 9,023  |
| <b>EBITDA</b>  | <b>30,016</b>  | <b>(1,299)</b>   |
| Share-based compensation                                       | 1,200  | 289  |
| Fair value adjustments for contingent consideration            | 6,244  | -  |
| Acquisition related costs (3)                                  | 2,590  | 6,564  |
| Foreign exchange   | 3,653  | 891  |
| <b>Adjusted EBITDA</b>   | <b>43,703</b>  | <b>6,445</b>   |
| <br>   |  |  |
| <b>Net income (loss) for the period</b>                        | <b>(17,498)</b>  | <b>(11,759)</b>  |
| <br>   |  |  |
| Share-based compensation                                       | 1,200  | 289  |
| Amortization of acquisition related purchase price intangibles | 32,178   | 9,015  |
| Acquisition related costs (3)                                  | 2,590  | 6,564  |
| Foreign exchange   | 3,653  | 891  |
| Interest accretion   | 6,699  | 511  |
| Fair value adjustments for contingent consideration            | 6,244  | -  |
| <b>Adjusted Net Income</b>                                     | <b>35,066</b>  | <b>5,511</b>   |
| <br>   |  |  |
| <b>Basic Adjusted Net Income per share</b>                     | <b>\$0.48</b>  | <b>\$0.31</b>  |
| <b>Diluted Adjusted Net Income per share</b>                   | <b>\$0.46</b>  | <b>\$0.26</b>  |

<sup>(3)</sup> Acquisition related costs consist of legal, professional, bonuses paid to management, underwriting, due diligence, and other direct costs/fees associated with transactions contemplated or completed by Intertain. The 3 month period ending September 30<sup>th</sup> 2015 does not contain any management bonuses under the Management Incentive Plan. The decrease in acquisition related costs in comparison with the same period in 2014 relates to the fact that the Company did not complete a transaction in the third quarter of 2015.

### 2015 Full Year Financial Guidance

Intertain is confirming its previously announced 2015 full year financial guidance provided in its earnings release on May 13, 2015 for the quarter ended September 30, 2015 with no changes to the ranges provided nor any material changes to the assumptions used to determine the guidance.

### 2015 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 months ended September 30, 2015 will be available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **2015 Third Quarter Conference Call**

A conference call to discuss Intertain's third quarter 2015 results will be held on October 29, 2015 at 5:00pm ET. John Kennedy FitzGerald, President and CEO of Intertain, and Keith Laslop, CFO, will host the call. A question-and-answer session will follow the presentation.

To participate, interested parties are asked to dial (647) 788-4919 or (877) 291-4570 10 minutes prior to the scheduled start of the call. A replay of the conference call will be available until November 12, 2015 by dialing (800) 585-8367 or (416) 621-4642 and using reference number 66883577. A transcript will also be made available on Intertain's website.

## **Jackpotjoy Acquisition BAR Report**

Intertain re-filed its business acquisition report in connection with the Jackpotjoy Acquisition of Fifty States Limited, completed on April 8, 2015 to include a pro forma consolidated financial statement for the annual period ended December 31, 2014 which was unintentionally omitted when the report was filed on September 4, 2015. The re-filing is a result of review by staff of the Ontario Securities Commission. The Company has also filed its auditor's report dated March 9, 2015 together with the amended annual financial statements filed on March 11, 2015. Other than the addition of the auditor's report, there are no changes to the financial statements.

## **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 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), and Botemania [www.botemania.es](http://www.botemania.es) brands. For more information about Intertain, please visit [www.intertain.com](http://www.intertain.com).

## **Disclaimer in Regards to Forward-Looking Statements and Non-IFRS Financial Measures**

Certain statements included herein, including those that express management's expectations or estimates of our future performance constitute "forward-looking statements" within the meaning of applicable securities laws, including, without limitation, our statements as to guidance regarding total revenues, total adjusted net income and total adjusted diluted income. The purpose of the guidance provided herein is to enhance our disclosure and assist in understanding our expected and targeted financial results, and this information may not be appropriate for other purposes. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The additional key assumptions that the Company has made in connection with the forward-looking statements is that the Company will be able to successfully integrate and realize the benefits of its completed acquisitions. Investors are cautioned not to put undue reliance on forward-looking statements. Events or circumstances that could cause the actual results to differ materially from those in the forward-looking statements include general economic, business and market conditions, foreign exchange rates, governmental and regulatory actions, including changes in law or in the interpretation of laws relating to online gaming. Except as required by law, the Company does not intend, and undertakes no obligation, to update any forward-looking statements to reflect, in particular, new information or future events. Additional information identifying risks and uncertainties is contained in Intertain's filings with the Canadian securities regulators, including its annual information form dated March 31, 2015, available at [www.sedar.com](http://www.sedar.com).

This release contains non-IFRS financial measures and are noted where used. These financial measures are commonly used to compare companies and management believes they are important measures in evaluating Intertain. However, they are not recognized measures under IFRS and do not have a

standardized meaning prescribed by IFRS. Therefore, they may not be comparable to similar measures presented by other issuers. Investors are cautioned that such measures should not be construed as alternatives to comparable IFRS measures determined in accordance with IFRS.

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