



2017 Q3 Investor Update

FORWARD-LOOKING STATEMENTS

Certain statements in this presentation may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this presentation, such statements include such words as “may”, “will”, “expect”, “believe”, “plan”, and other similar terminology. This presentation reflects management’s current expectations regarding future events and operating performance and speaks only as of the date of this presentation. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

USE OF NON-GAAP FINANCIAL MEASURES

Reference to “Adjusted EBITDA” is to earnings before interest, income taxes, depreciation and amortization, unrealized foreign exchange gains and losses, gains on sales of fixed assets, and certain non-recurring items including severance and acquisition costs. Adjusted EBITDA is a metric used by many investors to compare issuers on the basis of the ability to generate cash from operations. Management believes that, in addition to Net Income, Adjusted EBITDA is a useful supplementary measures.

Adjusted EBITDA, is a measure not recognized under GAAP and does not have standardized meanings prescribed by GAAP. Therefore, this measure may not be comparable to similar measures presented by other entities. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to Net Income determined in accordance with GAAP as an indicator of Pollard Banknote Limited’s performance or to cash flows from operating, investing, and financing activities as measures of liquidity and cash flows.



Today's Agenda

- Company Vision and Strategy
- State of the Industry
- Business Highlights
- INNOVA Gaming Group Inc.
- Financial Update



Capitalization & Financial Summary

Capitalization

(C\$ millions, except per share)

Share Price (Nov. 10, 2017)	\$15.50
F.D. Common Shares Outstanding	23.6
Market Capitalization	\$364.9
Cash & Equivalents	(4.8)
Long Term Debt	85.6
Subordinated Debt	17.6
Enterprise Value	\$463.3

Financial Summary

(C\$ Millions)	2013	2014	2015	2016	TTM Sept 2017
SALES	\$184.9	\$194.5	\$221.0	\$246.4	\$272.0
Earnings Before Tax	\$9.4	\$12.5	\$12.2	\$17.1	\$23.5
NET INCOME	\$5.4	\$8.7	\$7.5	\$12.3	\$16.2
Adj. EBITDA	\$22.7	\$25.6	\$26.8	\$29.7	\$40.1
CFO Before Δ in WC	\$16.4	\$19.5	\$22.5	\$28.6	\$33.4

Source: public disclosure, balance sheet metrics as at Sept 30, 2017





COMPANY VISION AND STRATEGY

Company Vision

“We will be the partner of choice in the lottery market by offering digital and retail games and solutions that attract and engage players.”



Strategic Success

STRATEGY	2017 RESULTS
Expand capacity	\$25 million investment in new press complete. Adds 35% to net capacity. Producing higher volumes with cost structure improving
Win new contracts	Won Kansas loyalty contract, Missouri Diamond Game contract, a number of contracts available to bid in the near future
Renew existing contracts	Take advantage of all existing contract renewal opportunities including recent renewals of Ontario and France
Innovation focus	Print and non-print innovations have gained significant traction (eg. Scratch F/X, Playbooks, Web games)
Increase ancillary products/services	Growing iLottery business; increasing use of digital apps and web play; first sale of loyalty solutions; expanding Lottery Management Systems (LMS) including multiple sales of Suretrack information systems
Acquisition strategy	Actionable opportunities identified. Added dedicated M&A resources to our team, expanding focus on ancillary and technological prospects, closed the acquisition of INNOVA Gaming Group Inc.





STATE OF THE INDUSTRY

Robust Industry

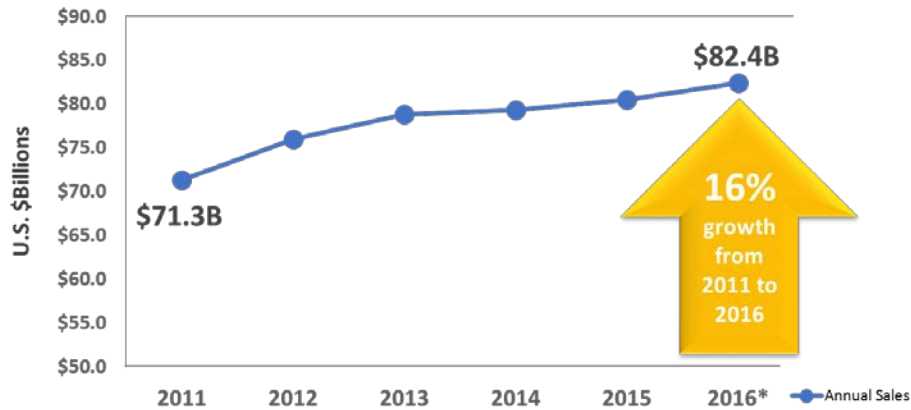


- Approximately 200 lotteries operate in the world
- Two main products: Instant Win Scratch tickets and Draw Based Games (649, Powerball, etc.)
- Instant ticket revenue have grown dramatically over the past decade, now generating 55% of lottery revenue
- Draw based games have remained relatively flat over this same time frame
- Instant tickets are very strong in North America, Europe and parts of Asia
- Increasing appetite for ancillary products including digital, loyalty clubs, better CRM tools, iLottery, etc.



Market Overview

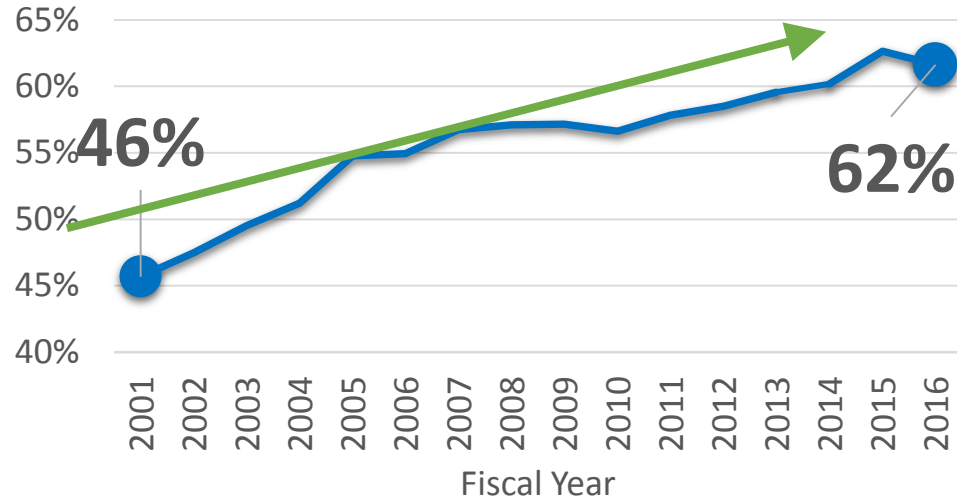
Worldwide Instant Sales Calendar Year 2011 to 2016



*Forecasted assuming NA instant sales growth of 4.3% (U.S. instant sales growth of 4.5%, CA instant sales growth of 1.2%), and International instant sales remain the same as 2015.
 Notes (1) Instant sales include Pull Tabs (2) International sales are not available for 2016 (3) CY2011 to CY2016 instant sales growth: U.S. = 31.4%, CA = 8.6%, International = -0.5%
 Source: La Fleur's World Lottery Almanac and NASPL Matrix



Instant Sales as % of Total Lottery Sales U.S. Lotteries



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banknote limited



BUSINESS HIGHLIGHTS

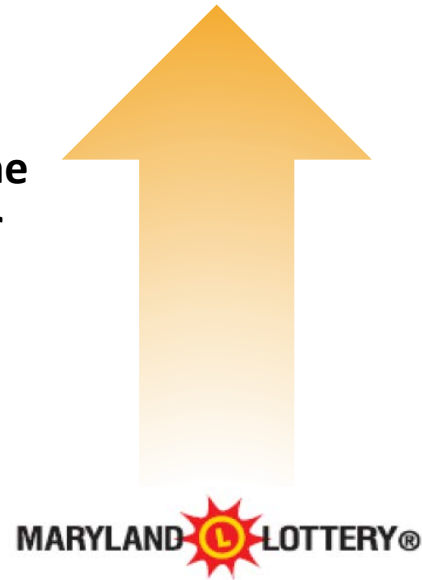
Pollard Primary Contract Growth

+17%

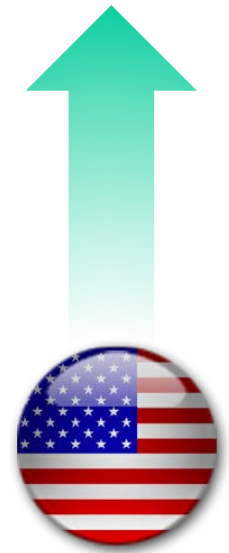


Two of the **FASTEST**
Growing lotteries in the
US use Pollard as their
Primary supplier!!

+11%



+6%



Average annual
Retail sales growth
In the US 2015 - 2017

Note: based on FY 2017 instant ticket sales growth versus 2016





Improved manufacturing efficiencies



Note: not to scale



iLottery Sales

MILLIONS

\$147



\$19



FY2015

\$395



\$48

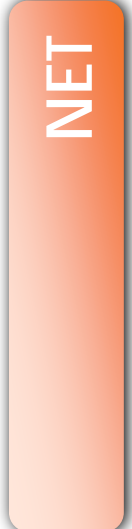


FY2016

\$611



\$81



FY2017



Charitable Games

- Approximately 11% of our revenue
- Overall industry is steady but showing some signs of small growth
- Our business generates solid profits/cashflow
- Diamond Game (INNOVA) products also address charitable game sector
- Opportunity for industry consolidation



Acquisition Strategy

- Key component of our overall strategy for profitable growth
- Dedicated senior resources are focused on our acquisition strategy
- Areas of interest include ancillary products, digital, charitable games and other services to the lottery market
- INNOVA acquisition closed August 2017, integration is underway and proceeding well
- Several actionable opportunities have been identified





Diamond Game (INNOVA)

Strategic Benefits

- I Unique assets that have a strong strategic fit with Pollard's expanding product portfolio for both lotteries and charities
- II Opportunity to grow partnerships with lotteries seeking to expand their products and services
- III Identifiable cost synergies relating to public company costs, SG&A as well as manufacturing procurement strategies
- IV Significant opportunity for meaningful revenue enhancement based on Pollard's strong lottery relationships
- V Well positioned to expand our involvement in digital gaming with greater game content and additional dedicated, experienced resources



PRODUCT PORTFOLIO



The LT-3 ITVM:
There's so much
more to earn.



NexPlay™



WHERE IS DIAMOND GAME?



NexPlay™, Diamond Game's new Self-Service Terminal (SST) offers customizable features including:



Draw and Keno game sales



Instant ticket sales with result display



Animated ticket checking



Robust responsible gaming options



Status Update

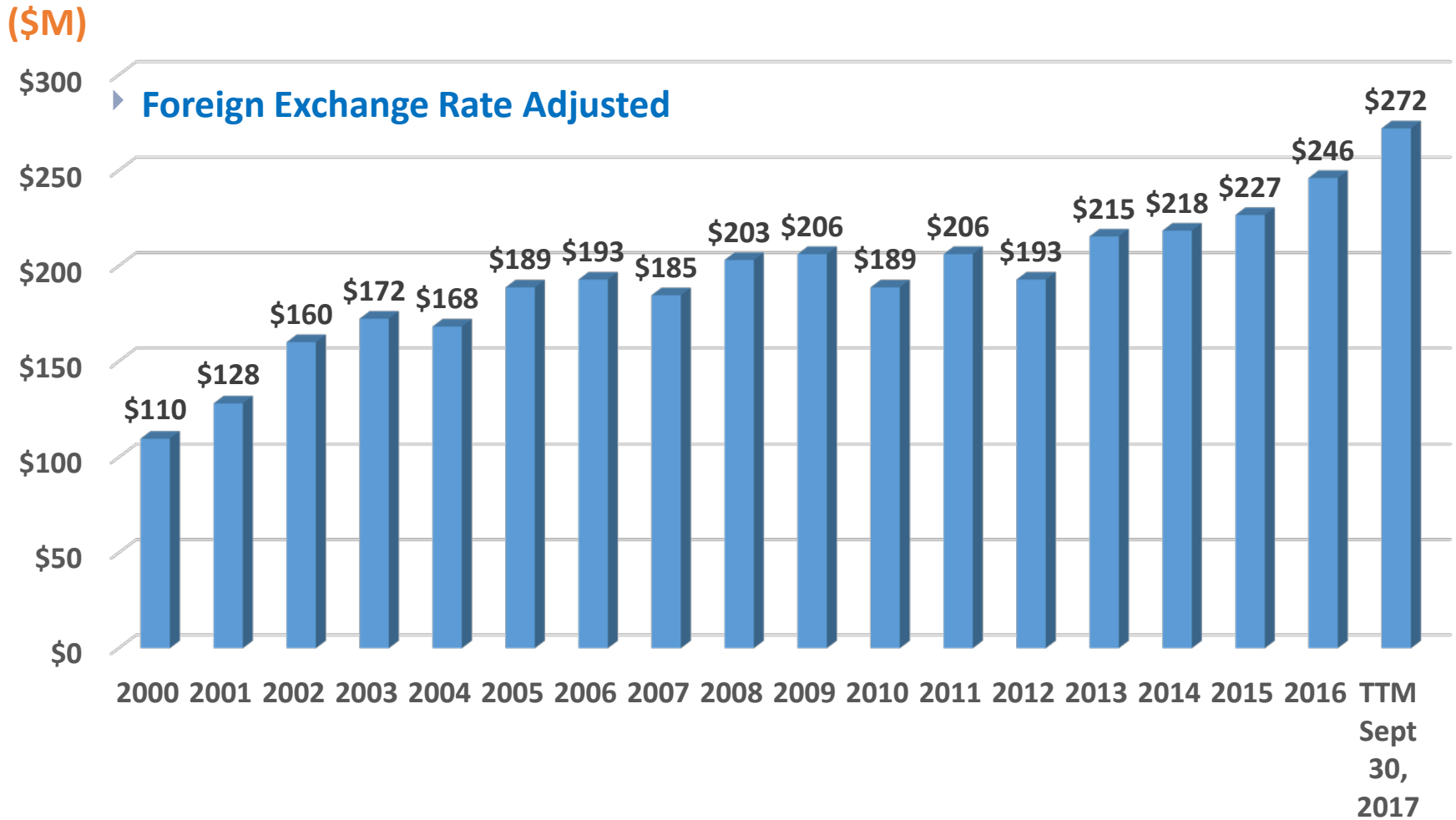
- 100% ownership completed September 18, 2017
- Smooth integration well under way in all areas including marketing, manufacturing and administration
- Excellent industry reaction and feedback received at recent annual lottery conference (NASPL)
- Specific cost reduction strategies already in place relating to public company costs and other SG&A savings
- Financial results since acquisition consistent with expectations
- TTM revenue approx. \$27 m. CDN, TTM adj. EBITDA approx. \$8.5 m. CDN





FINANCIAL UPDATE
2017 Nine Month Highlights

Fiscal Sales

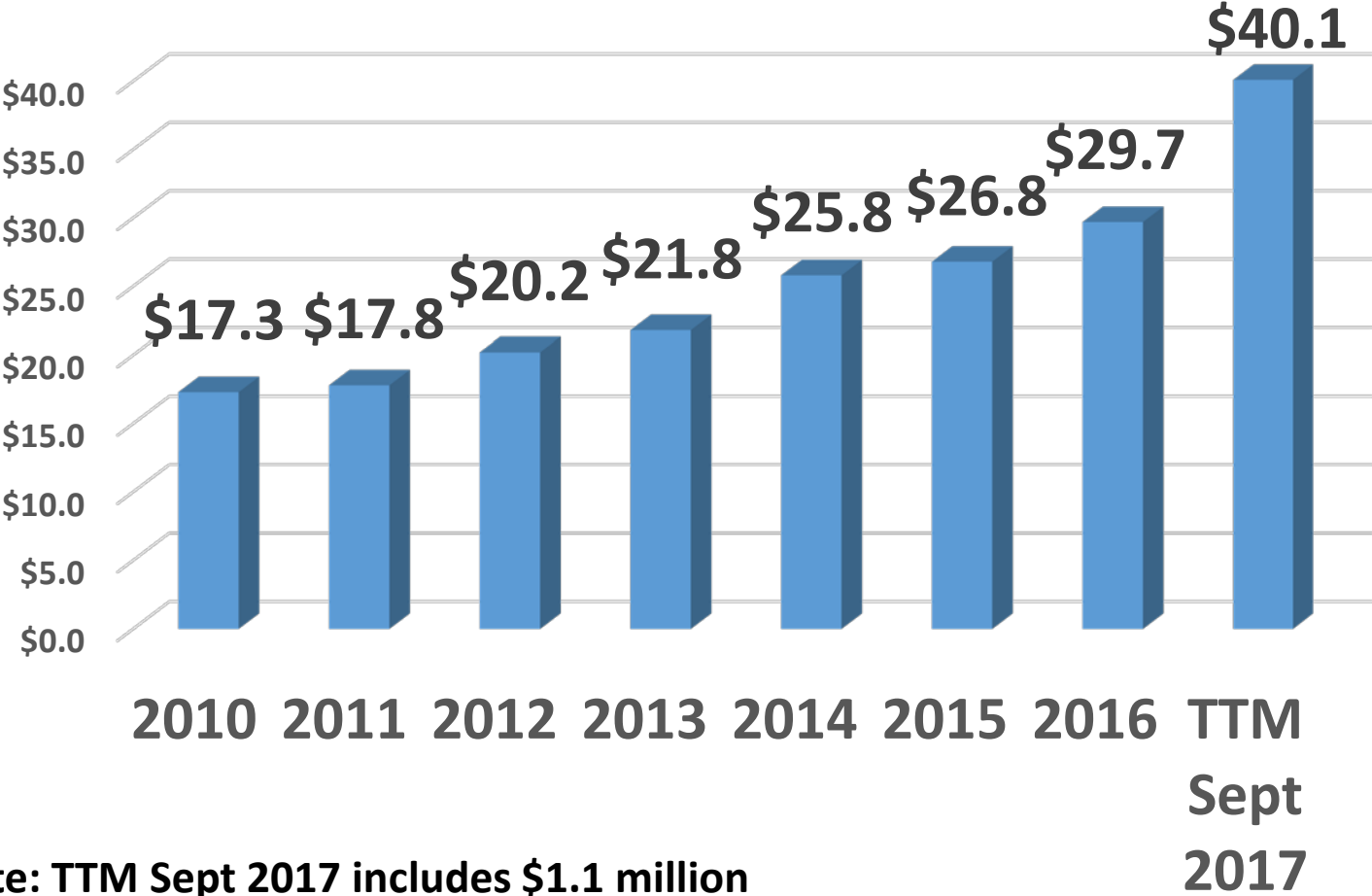


Annual sales adjusted to 2017 average rate of \$1.33 CDN per USD



Adjusted EBITDA

(\$M)



Note: TTM Sept 2017 includes \$1.1 million EBITDA from Diamond Game



Strong CASHFLOW

(\$M)	2017 9 months	2016 9 months
Cash Flow before CAPEX & W/C	\$21.8	\$16.9
Investment in Working Capital	<u>(\$1.5)</u>	<u>(\$10.9)</u>
Net Cash Flow before CAPEX	\$20.3	\$6.0
CAPEX	<u>(\$7.8)</u>	<u>(\$4.3)</u>
Net Cash Flow (b4 dividend, debt repayment & INNOVA acq.)	<u>\$12.3</u>	<u>\$1.4</u>
(source: 2017 Sept PBL Statement of Cash Flow)		





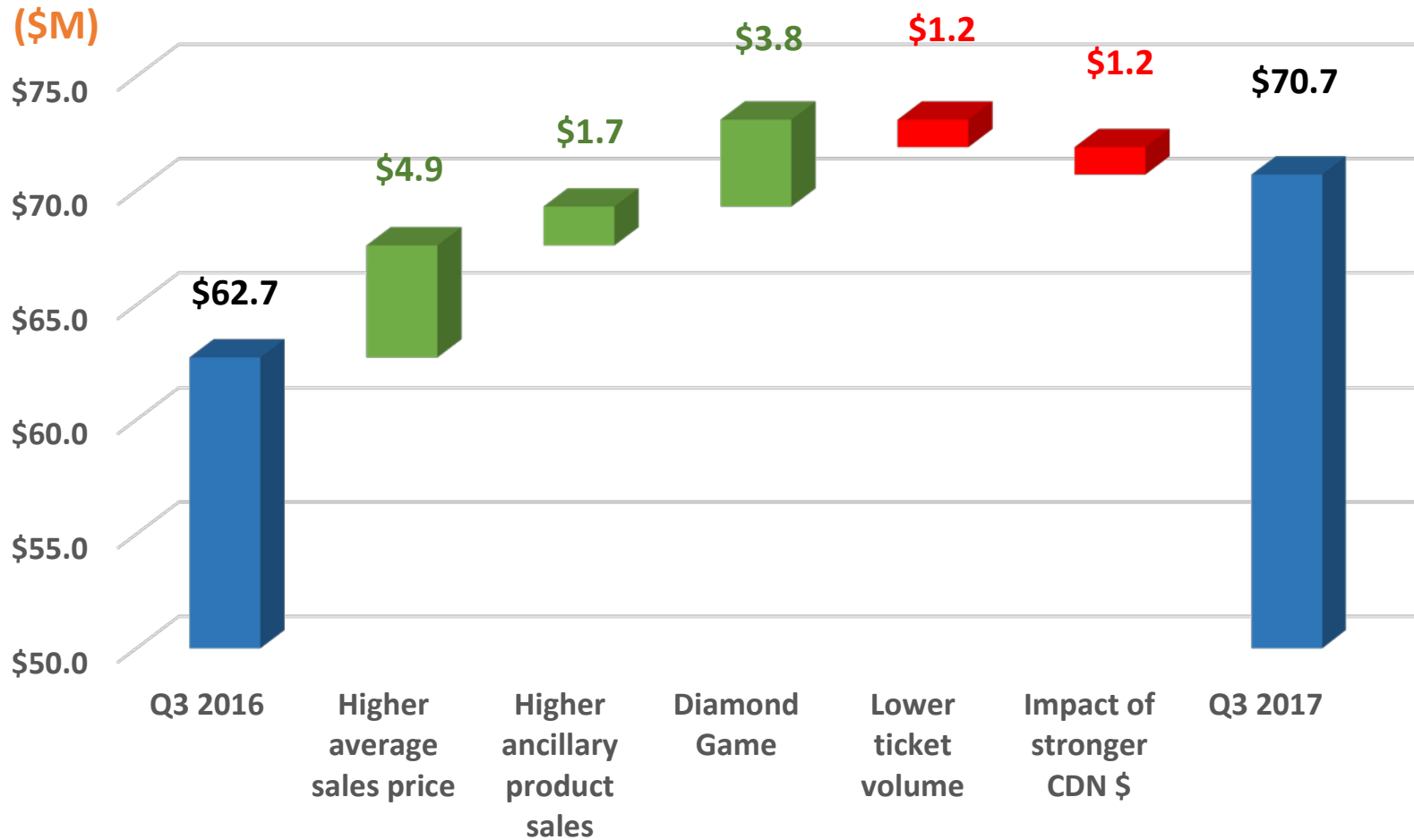
FINANCIAL UPDATE
2017 Third Quarter Results

Q3 2017 HIGHLIGHTS

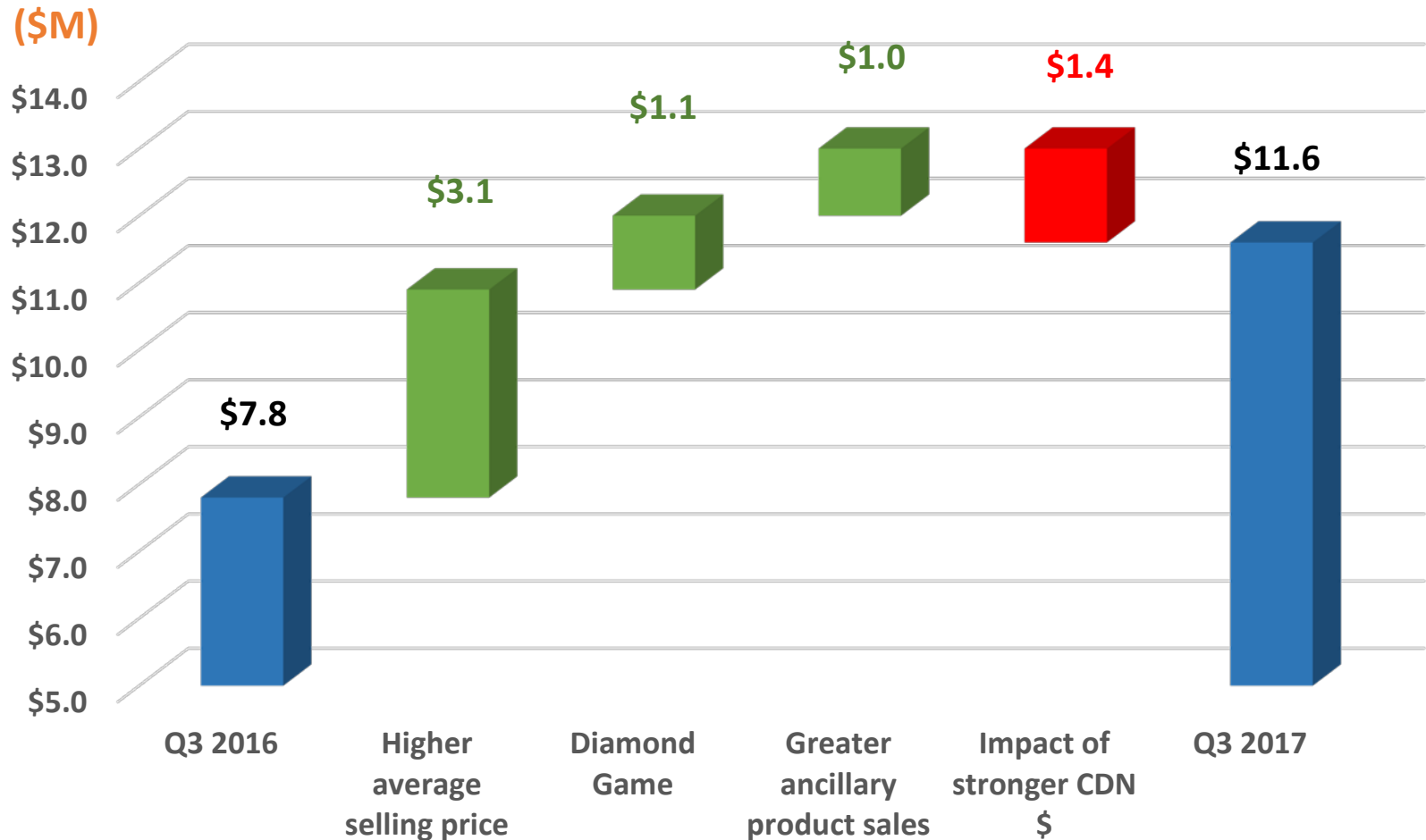
(\$M)	Q3 2017	Q3 2016
Sales	\$70.7	\$62.7
Gross Margin	\$18.2	\$12.6
Gross Margin %	25.7%	20.1%
SG + A	\$11.8	\$7.6
Income from Operations	\$6.7	\$4.9
Adjusted EBITDA	\$11.6	\$7.8
Net Income	\$4.6	\$2.8



Q3 2017 Sales



Q3 2017 Adjusted EBITDA

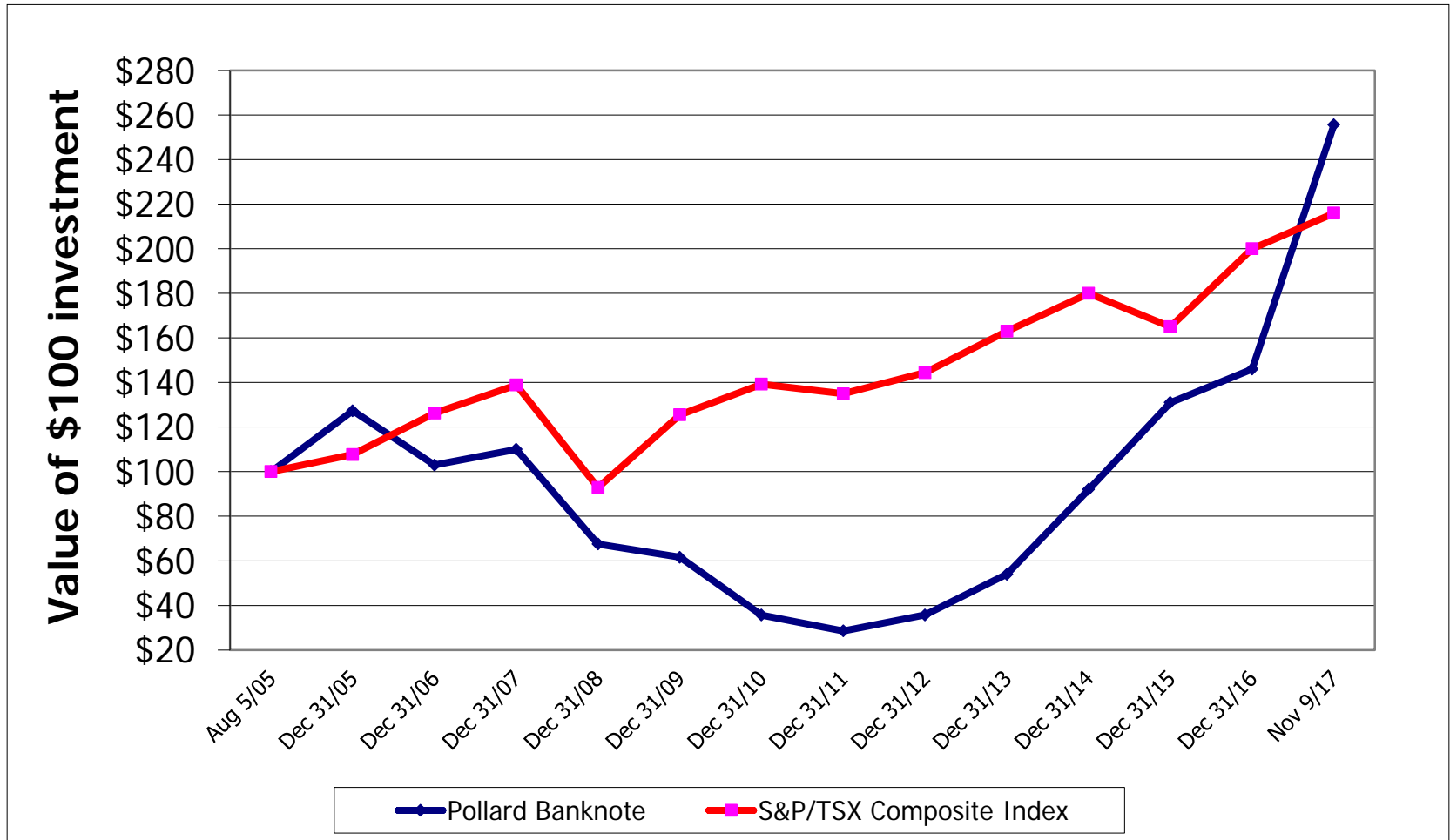


Q3 Highlights

- Second highest production volume on record (next to Q2 2017)
- High average selling price due to value added premium product mix
- Manufacturing press efficiencies incrementally improving throughout the quarter
- Integration of Diamond Game (INNOVA) well underway, positive contribution to consolidated results
- Strengthening Canadian dollar impacted adjusted EBITDA negatively
- Portion of Q3 production in process at quarter end, will be recognized in Q4 revenue
- Strong positive free cash flow prior to W/C investment



Value of \$100 Investment in PBL Shares



*Thank you for your time and
your attention today*

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