



EVERI HOLDINGS INC. INVESTOR PRESENTATION

RAYMOND JAMES INSTITUTIONAL INVESTORS CONFERENCE

**Results of operations for the
period ended September 30, 2018**



SAFE HARBOR DISCLAIMER

Forward-Looking Statements

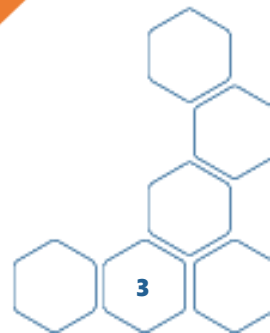
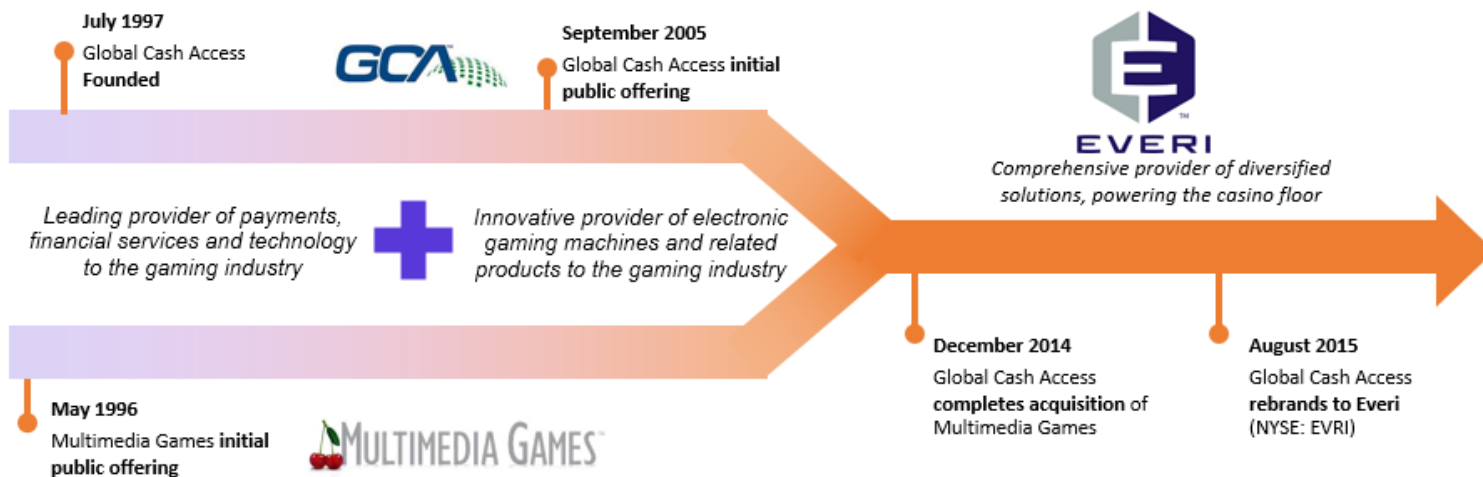
This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. From time to time, we also provide forward-looking statements in other materials we release to the public, as well as oral forward-looking statements. We have tried, wherever possible, to identify such statements by using words such as “anticipate,” “believe,” “expect,” “intend,” “estimate,” “project,” “may,” “should,” “will,” “likely,” “will likely result,” “will continue,” “future,” “plan,” “target,” “forecast,” “goal,” “observe,” “seek,” “strategy” and other words and terms of similar meaning.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent risks, uncertainties and changes in circumstances that are often difficult to predict and many of which are beyond our control. Our actual results and financial condition may differ materially from those indicated in forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, without limitation, our history of net losses and our ability to generate profits in the future; our substantial leverage and the related covenants that restrict our operations; our ability to generate sufficient cash to service all of our indebtedness and fund working capital and capital expenditures and placement fees; our ability to compete in the gaming industry; our ability to maintain our current customers; our ability to execute on mergers, acquisitions and/or strategic alliances, including our ability to integrate and operate such acquisitions consistent with our forecasts; expectations regarding our existing and future installed base and win per day; expectations regarding development and placement fee arrangements; inaccuracies in underlying operating assumptions; expectations regarding customers’ preferences and demands for future gaming offerings; expectations regarding our product portfolio; the overall growth of the gaming industry, if any; our ability to replace revenue associated with terminated contracts; margin degradation from contract renewals; our ability to comply with the Europay, MasterCard and Visa global standard for cards equipped with security chip technology; our ability to introduce new products and services, including third-party licensed content; gaming establishment and patron preferences; the level of our capital expenditures and product development; anticipated sales performance; employee turnover; national and international economic conditions; changes in gaming regulatory, card association and statutory requirements; regulatory and licensing difficulties that we may face; competitive pressures in the gaming and financial technology sectors; the impact of changes to tax laws; uncertainty of litigation outcomes; interest rate fluctuations; unanticipated expenses or capital needs and those other risks and uncertainties discussed in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this presentation will in fact transpire or prove to be accurate. Readers are cautioned to not to place undue reliance on the forward-looking statements contained herein, which are based only on information currently available to us and speak only as of the date hereof.



EVERI: A BUSINESS FOCUSED ON THE FUN!

- Everi is a diverse gaming supplier operating in two core business segments:
 - » **Everi Games (“Games”)** is a leading designer and supplier of electronic gaming machines, gaming systems and other products and services for the casino and gaming industry
 - » **Everi Payments (“FinTech”)** provides crucial Financial Technology products and services that allow gaming operators to drive the maximum cash and revenue to their casino floors, while enabling their ability to create operating efficiencies and deepen their patron relationships
- **LTM 3Q18 Revenues of \$455M and Adjusted EBITDA of \$227M**





TECHNOLOGY POWERING THE CASINO FLOOR - GAMES DIVISION OVERVIEW

Everi Games operates primarily in North American gaming markets and provides state-of-the-art, value-add products and services with revenues derived from the following business lines:

- **Gaming Operations:** lessor of gaming machines to tribal and commercial casino operators and operator of the central determinant system for the video lottery terminals ("VLTs") installed in the State of New York
 - **Interactive:** operator of online B2B and B2C social casino and B2B real-money gaming
- **Game Sales:** vendor of gaming machines to tribal and commercial casino operators
- **Other:** TournEvent of Champions, the gaming industry's largest annual slot tournament providing a \$1M cash prize, which includes the regional qualifying events held at customer facilities
- **LTM 3Q18 Revenues of \$249M and Adjusted EBITDA of \$124M**

Everi Games serves a broad base of casino operators across numerous jurisdictions in the United States, Canada and international markets





TECHNOLOGY POWERING THE CASINO FLOOR - FINTECH DIVISION OVERVIEW



Everi FinTech operates primarily in North America with operations in gaming markets in Asia, Europe and South America. FinTech is the largest and most comprehensive provider of financial technologies and solutions to the gaming industry with revenues derived from the following business lines:

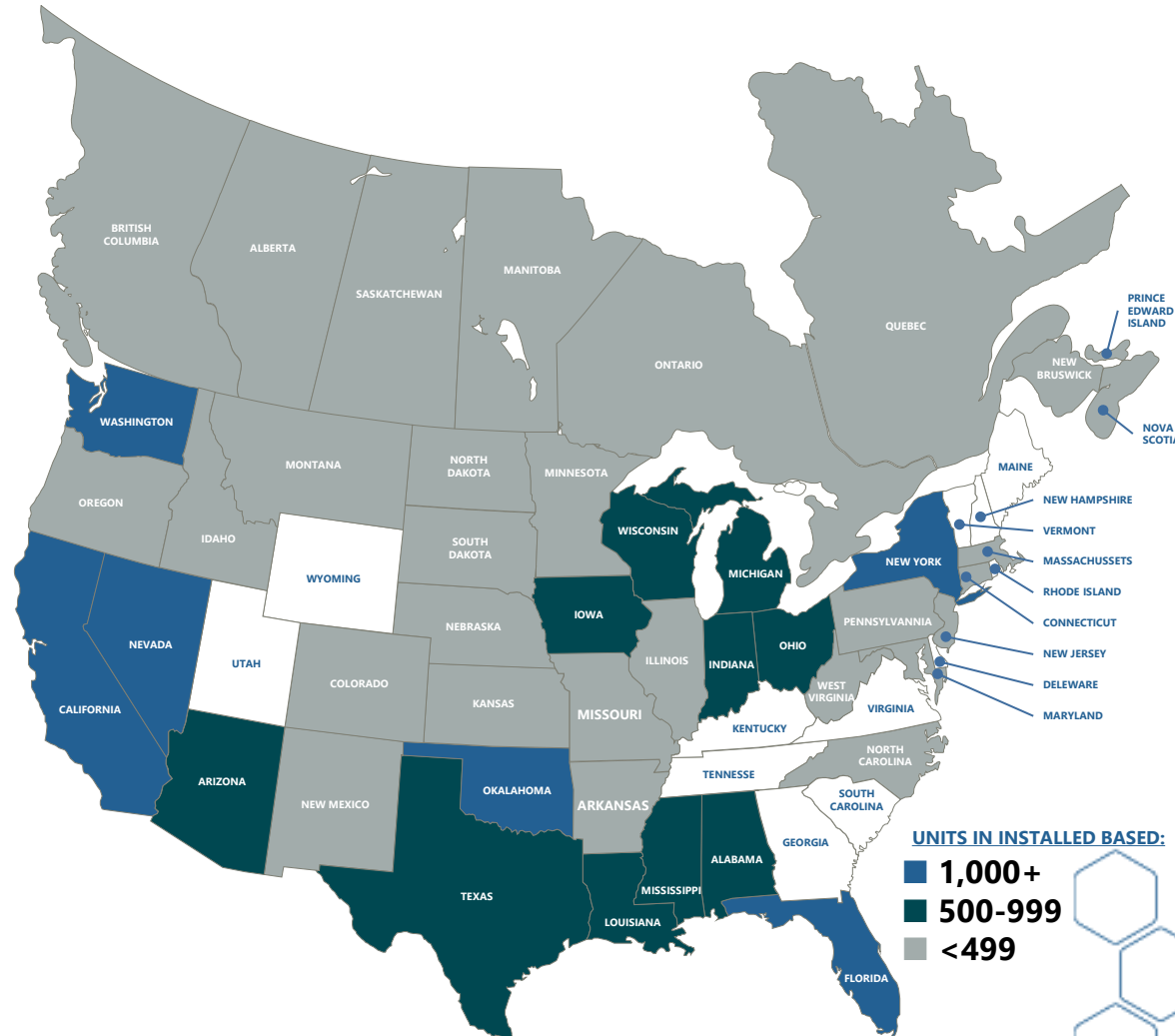
- **Cash Access:** products provide gaming patrons access to cash in gaming establishments. Products drive greater cash to the gaming floor through frictionless transactions
- **Compliance, Credit Information & Services:** provides software and other information tools to enable operators to make informed business decisions while meeting regulatory compliance requirements. Products also create operating efficiencies for casino operators
- **Kiosks & Other Equipment:** provides casino operators proprietary, cutting-edge terminals designed to support cash access to patrons and deliver operating efficiencies
- **LTM 3Q18 Revenues of \$206M and Adjusted EBITDA of \$103M**

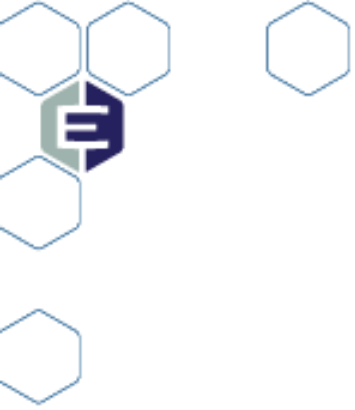
Casino operators trust FinTech's industry-leading IT, security and software systems to deliver solutions directly integrated into their core processes in a secure and safe environment



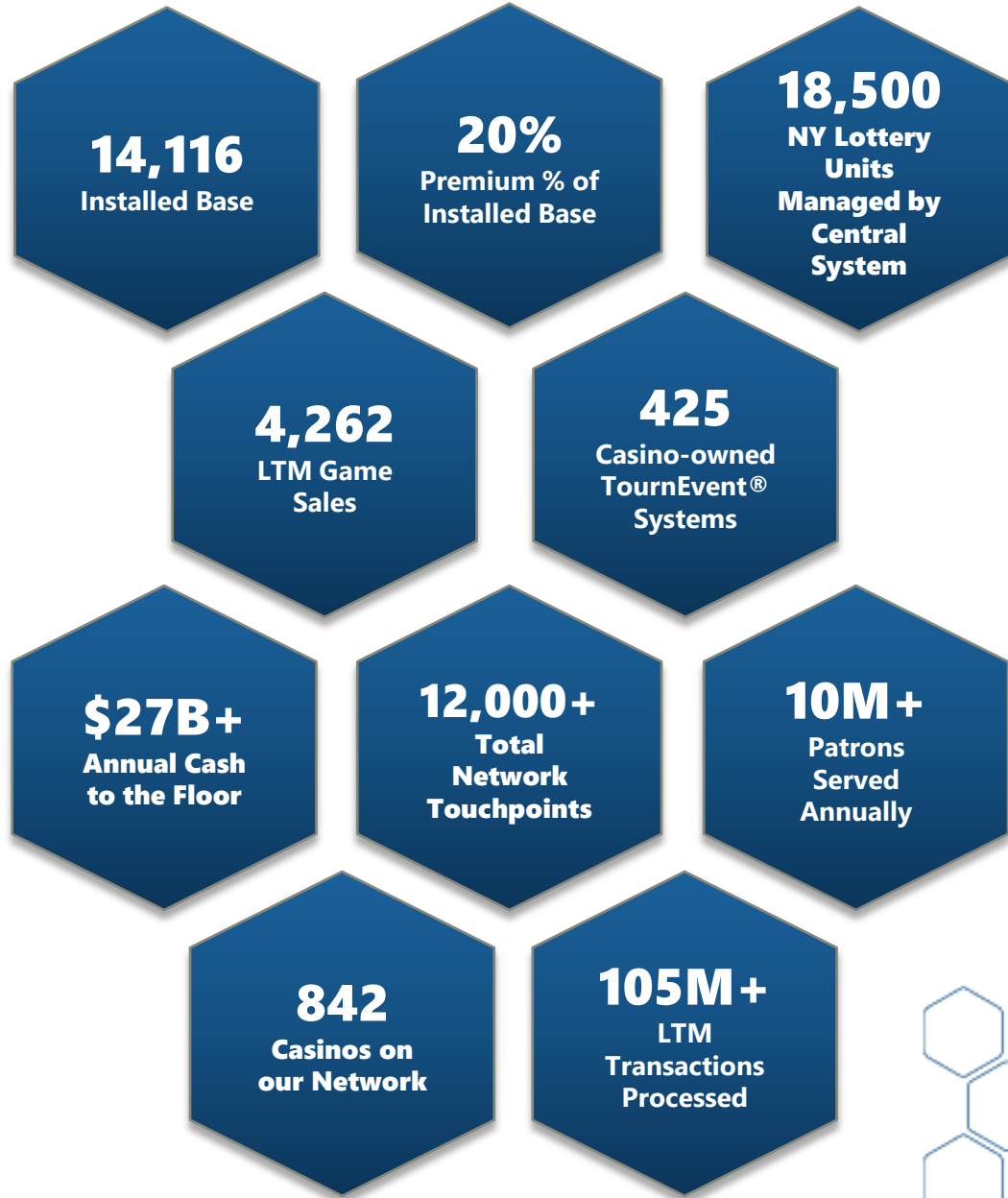
BROAD NORTH AMERICAN PRESENCE

- Power casino floors with ~**35,500** gaming units in **37 states** and **9 provinces**
- Connected to **842 casinos** throughout North America
- Processing over **105M** financial transactions annually for over **\$27B** in dollars to the floor
- Team of over **1,200** dedicated employees





EVERI HAS SCALE



GAMES DIVISION





GAMES: STRONG PRODUCT PORTFOLIO DRIVES GROWTH

Expansive and complete product portfolio provides opportunities for expansion into new markets and categories

Cabinets

Video



Mechanical



Premium



Banked Products

Banked



Premium Banked



Add-Ons

Top Boxes



Signs and Toppers



Systems

TournEvent





TOURNEVENT®

*Everi's Award-Winning Slot
Tournament System*

- Launched in 2012 and still the leading tournament system
- **425+ casinos**
 - » More than 5,000 active units
- Now in **8 of 9** Canadian gaming provinces





POST MERGER INVESTMENTS IN PRODUCT IMPROVED CORE OFFERING.....

- Since the MGAM acquisition in December 2014, Everi Games has made significant investments in research and development to enhance and modernize its core products

Base Video

Legacy



Current



Classic Mechanical

Legacy

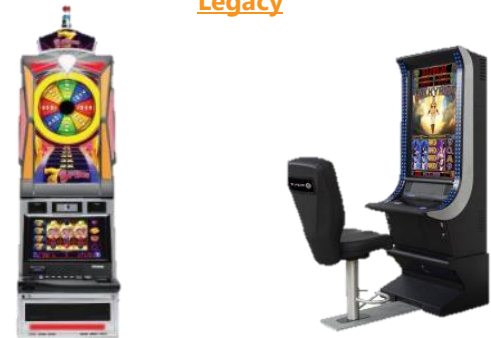


Current



Premium Cabinets

Legacy



Current



... WHILE EXPANDING INTO NEW PRODUCT CATEGORIES.....

- Along with improvements in hardware products, Everi Games now offers a more expansive suite of products to its customers to increase its addressable markets

Local and Wide-Area Progressive

- LAP introduced in 2016 and WAP introduced in 2017
- WAP is the fastest growing segment of the premium game installed base with 535 units ⁽¹⁾



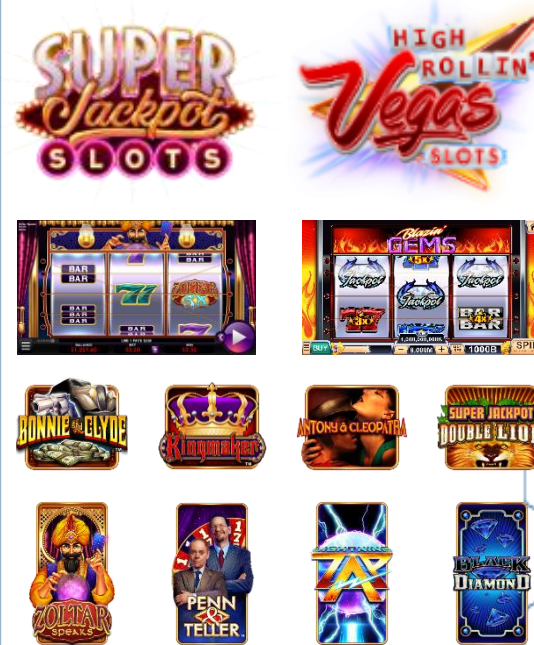
Premium Licensed Games

- Premium Licensed Games introduced in 2017
- 20+ third party licenses ⁽¹⁾



Interactive Gaming

- B2B social casino and real-money gaming and B2C social casino
 - B2C business launched in 2017
- More than 35 premium online slot games combined in both distribution channels

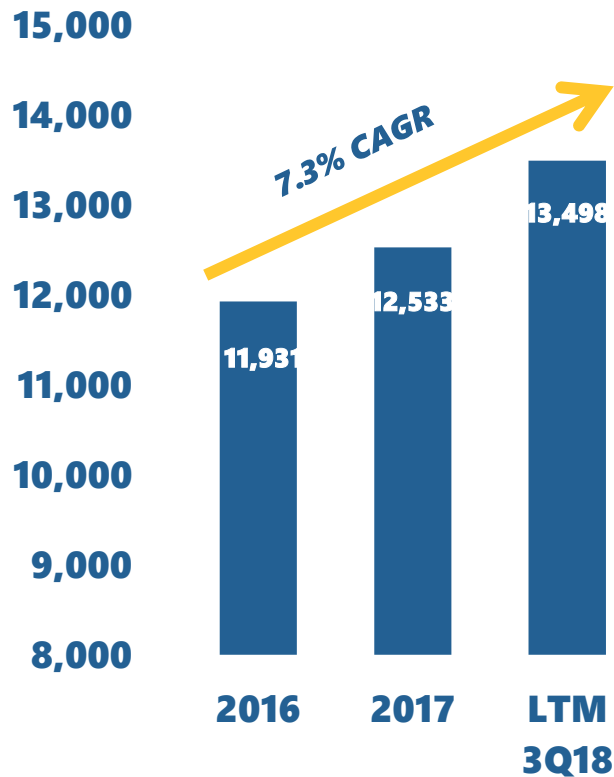


(1) As of September 30, 2018.

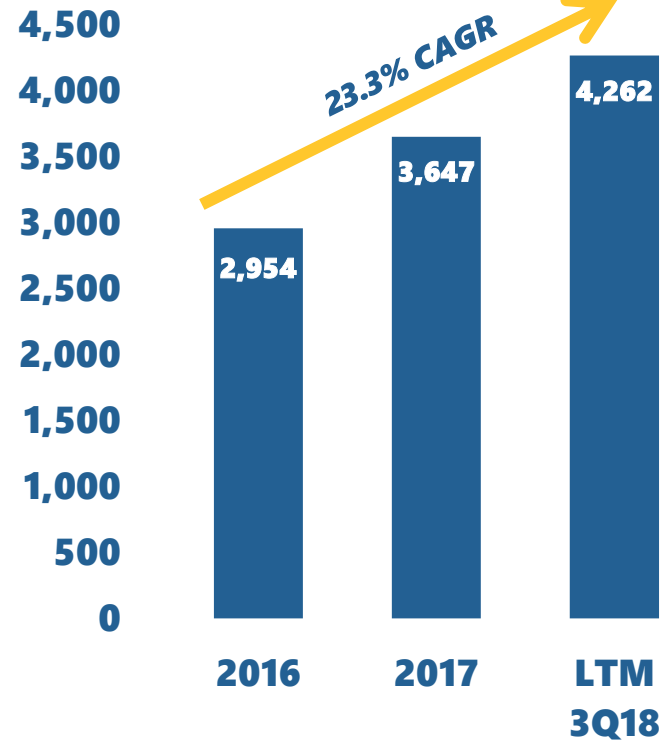


... TRANSLATING INTO MEANINGFUL GROWTH

GAME OPS PROPRIETARY UNITS
IN INSTALLED BASE ⁽¹⁾



UNITS SALES



(1) Proprietary units excludes 3rd Party Class III of 1,333 units in 2016, 763 units in 2017, and 618 units in LTM 3Q18.





HOW DO WE MAINTAIN THE GROWTH

ANNUAL GAME THEMES

10

Premium
Mechanical

15

Standard
Mechanical

15

Premium
Video

30

Standard
Video

1

Tournament® Games

NEW PRODUCTS/MARKETS

Interactive

Route/
VLT

International

NEW HARDWARE

1 – 2

New Gaming
Cabinet
Form Factors

EXPAND ON RECENT SUCCESS

Premium
Leased
(WAP/LAP
)

Improve
d DWPU
(Invest in
Games)



EVERI INTERACTIVE

Everi's interactive gaming content delivered through two separate revenue generating channels:

- **B2C:** Online social gaming directly leveraging Everi content in a direct-to-consumer model

Super Jackpot Slots (SJS)

- Provides brand exposure for Everi game themes
- Full suite of top-performing Everi games
- 45+ slot titles in operation



High Rollin' Vegas Slots (HRV)

- Leverages SJS infrastructure, but focused on classic stepper slot content
- Exploits Everi's land-based slots strength and depth
- 32+ slot titles in operation



- **B2B:** Delivery of Everi gaming content to third-party, real money gaming ("RMG") and social gaming operators. These operators as well as other content aggregators may combine Everi content with other gaming supplier content and their own for direct delivery to consumers.

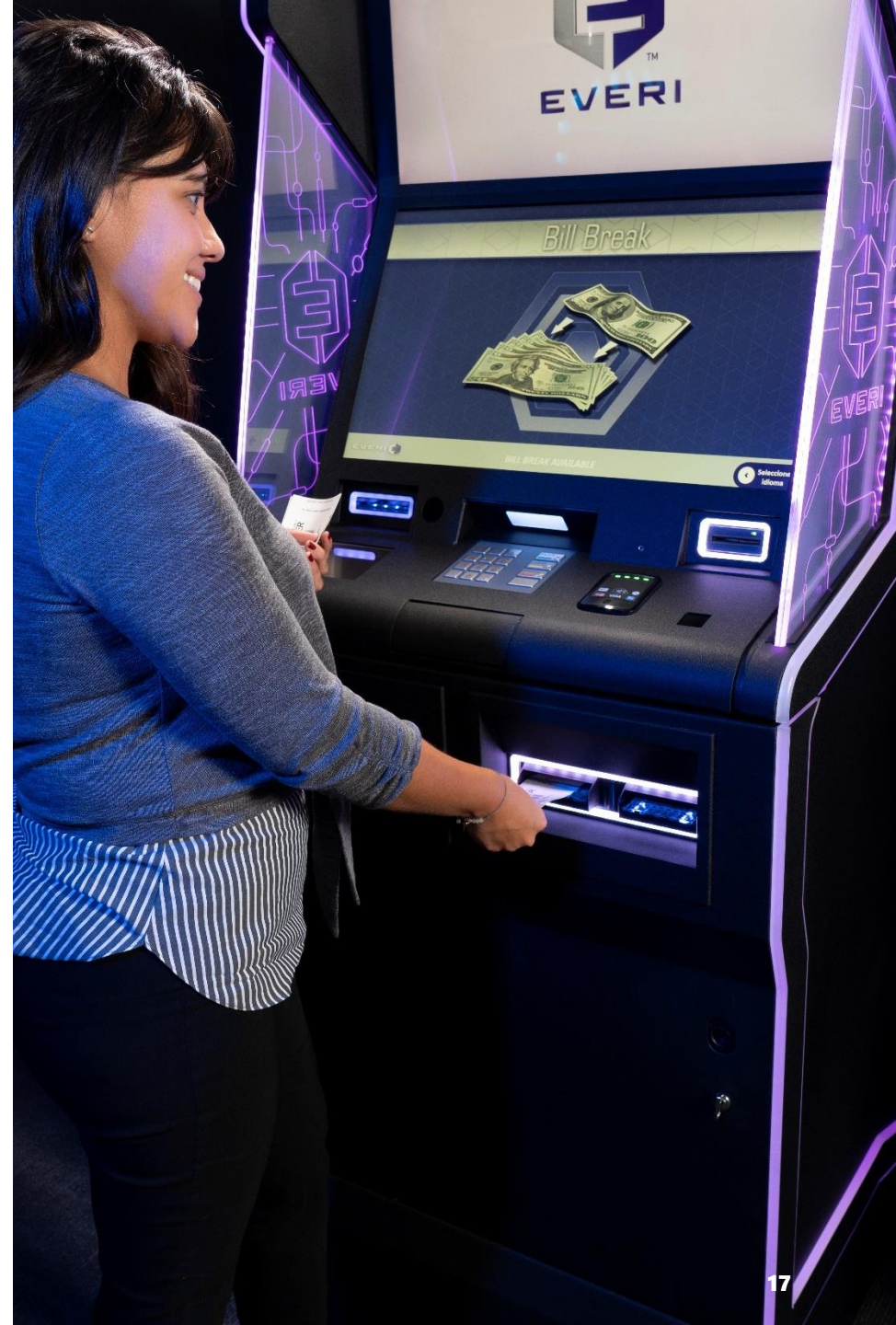
FINTECH DIVISION





WHY ARE WE GAMING'S FINTECH LEADER?

- We generate more cash to the floor from fully integrated products and innovative functionality
- We deliver convenience, efficiency, and innovation to gaming operators and their patrons
- We provide applications and tools that allow operators to maintain the highest levels of compliance
- We operate a secure, trusted and proven network





FINTECH: INDUSTRY-LEADING PROVIDER

A comprehensive interconnected, suite of financial technology services and solutions integrated into casinos' core operations

Cash Access

ATMs

- Facilitates ATM cash withdrawals
- Other non-financial transactions such as balance inquiry and transfers

Cash Advance

- Facilitates cash advances through credit or debit card transactions

Check Services

- Provides warranty service on casino check acceptance and facilitates patron self-service check cashing

Compliance, Credit Information & Services

- Suite of software offerings equipping casinos with reporting and compliance tools
- **Central Credit** - credit bureau with tools enabling operators to make informed decisions on issuance of gaming credit
- Kiosk and equipment maintenance and support under recurring annual agreements



AML Intelligence



Quik Marketing

Kiosks and Other Equipment



- Kiosk machines that enable streamlined cash handling and transaction processing
- Self-service solutions



RecyclerXchange

Comprehensive Solutions

Gaming Operators

- Customer Identification
- Credit Check
- Cash Facilitation
- Tax Form Generation
- AML Management
- Cash Handling
- Credit Management
- Compliance Tools
- Target Marketing

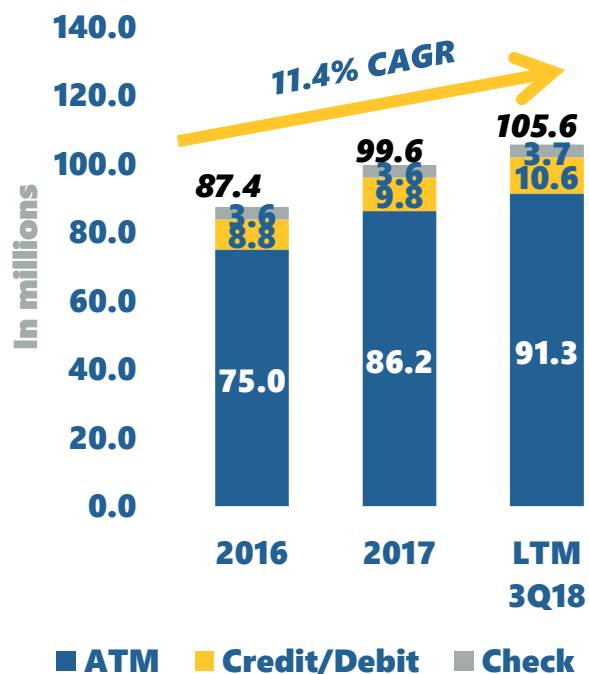
Patrons

- Card Transactions
- Balance Inquiry / Transfer
- Redeem Winnings
- Check Cashing
- Break Bills
- Request Gaming Credit
- Currency Conversion
- Digital Wallet
- Loyalty Programs

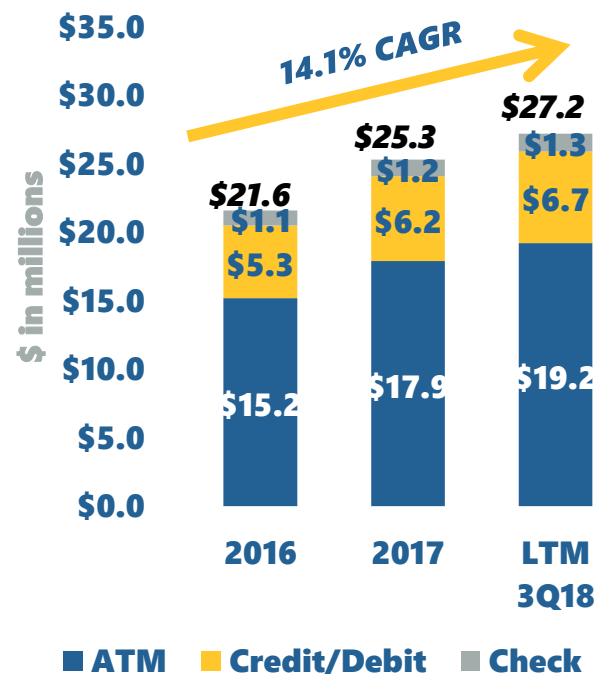
TRANSACTION GROWTH

Growth in gaming from new customer wins, new property openings and the entrance into new markets combined with new product extensions like QuikTicket the addition of new transaction types like American Express, Dynamic Currency Conversion have delivered meaningful growth in the core business base

TRANSACTION COUNT



TRANSACTION DOLLARS PROCESSED



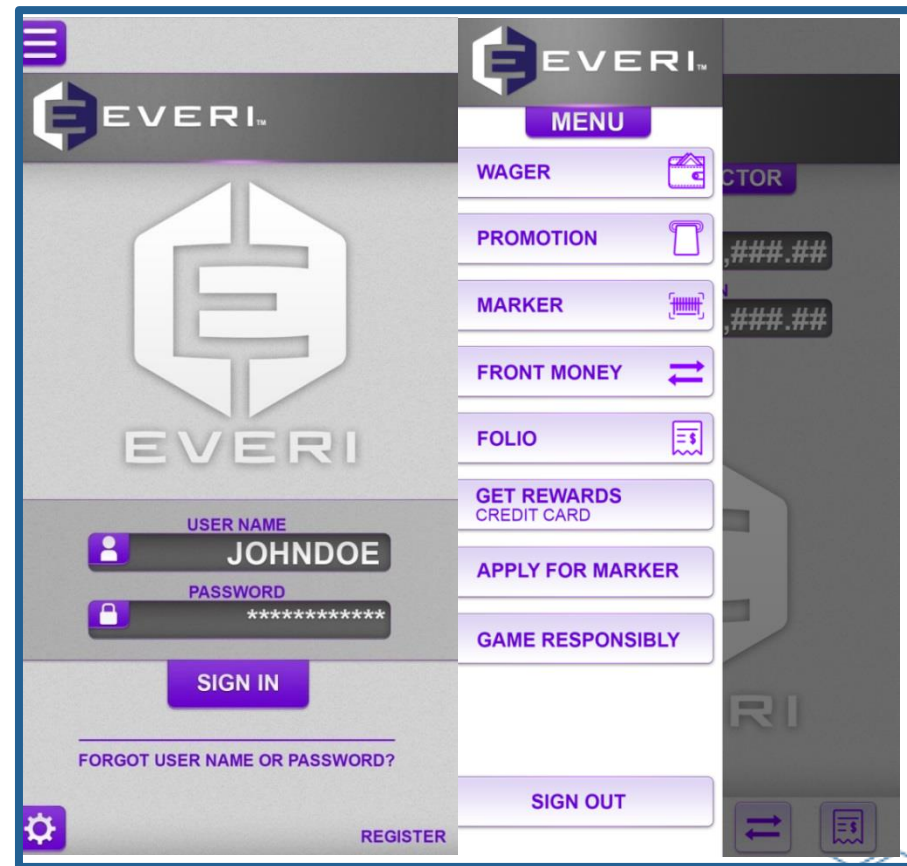
ONGOING FINTECH INNOVATION

- Innovation drives Everi's ability to adapt to market demands
- Innovation allows Everi to address international market opportunities
- Key areas of focus:
 - » New core transaction types
 - » New core product extensions



BEST POSITIONED FOR A DIGITAL FUTURE

- Digital is integrated into our core foundation through our unparalleled network
 - » Core financial services
 - » Regulatory Compliance
 - » Patron touch points
 - » Gaming systems connections
 - » Settlement/Dispute resolution
 - » Money Transmitter Licenses
- Purposefully built to aggregate omnichannel patron interactions to provide 360° view
- Drive convergence of patron experience, engagement, and loyalty





DIGITAL WALLET: INTERCONNECTING THE GAMING ECOSYSTEM

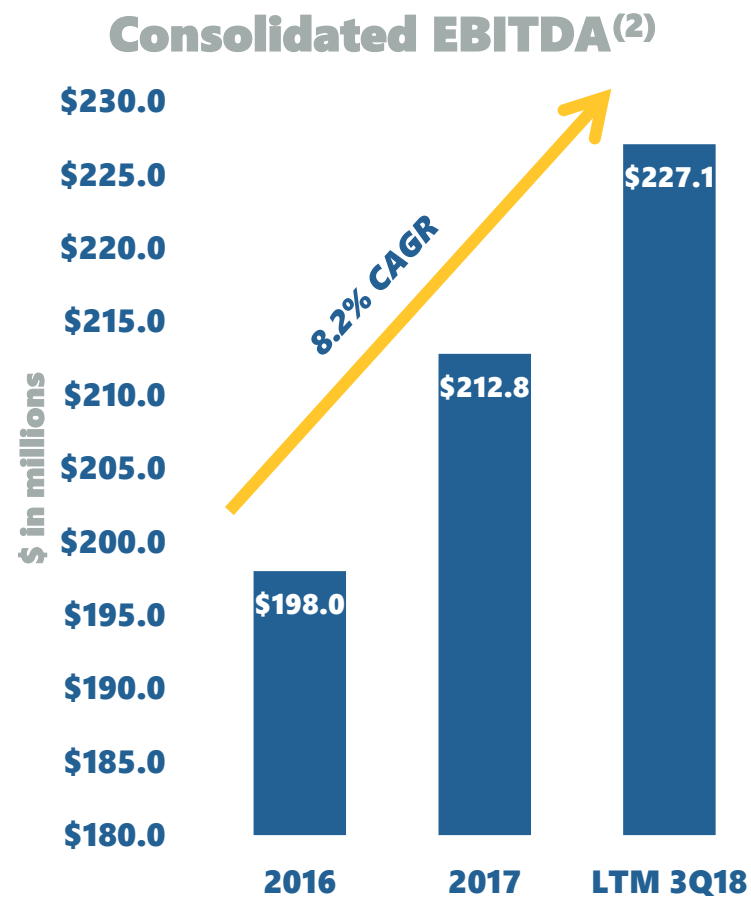
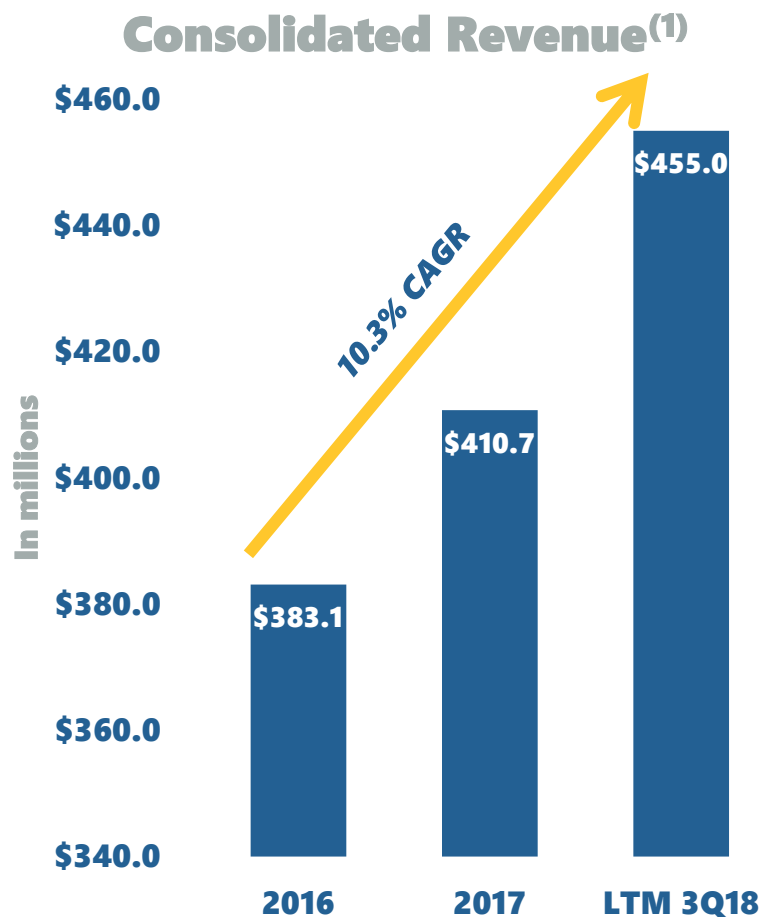
- Integrated with major casino systems
 - » **Gaming:** Slot, Table, Sportsbook, Interactive, Social
 - » **Retail:** F&B, Hotel, Retail
 - » **Loyalty Programs**
- Provides enhanced guest experiences
 - » When they want, how they want, where they want
 - » Provides increased visibility into guest activity and preferences
- Delivers operational efficiencies leading to lower operational costs
- Creates additional funding opportunities to the gaming floor through faster transactions
- Potential for new transaction types to drive increased revenue



FINANCIAL



HISTORICAL FINANCIALS



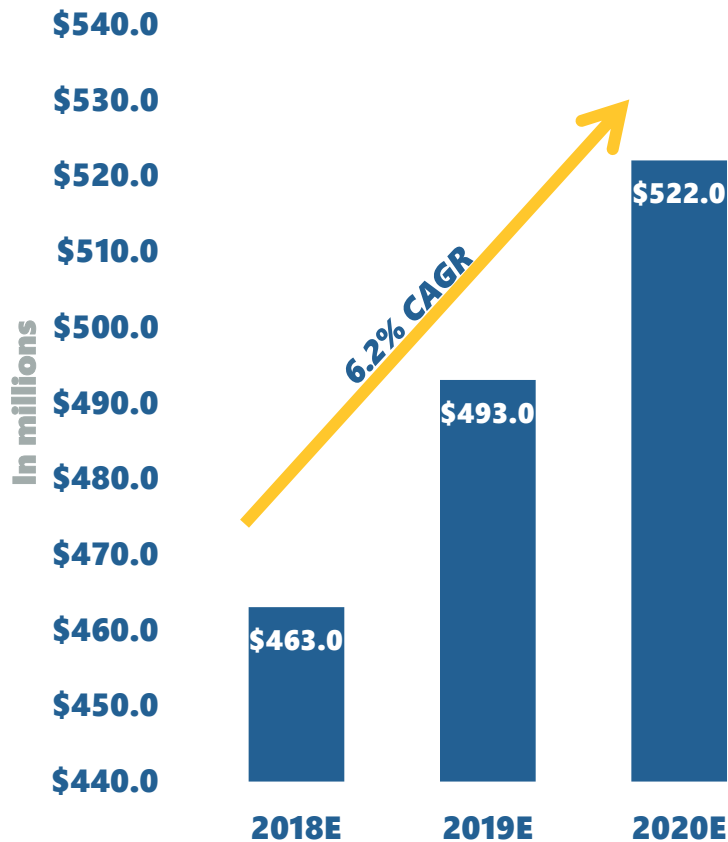
NOTES:

1. To improve comparability to current reported revenues, consolidated revenues for the LTM 3Q18 period and all reporting periods prior to 2018 are presented on an "as adjusted" basis. This presentation reflects certain reclassifications that would have been required had the accounting provisions of ASC 606 been retrospectively applied to reporting periods before January 1, 2018.
2. Adjusted EBITDA is a non-GAAP measure. Reconciliations to the most directly comparable GAAP measure for historical periods can be found in applicable earnings releases located on Everi's website at ir.everi.com, and in the appendix to this presentation.

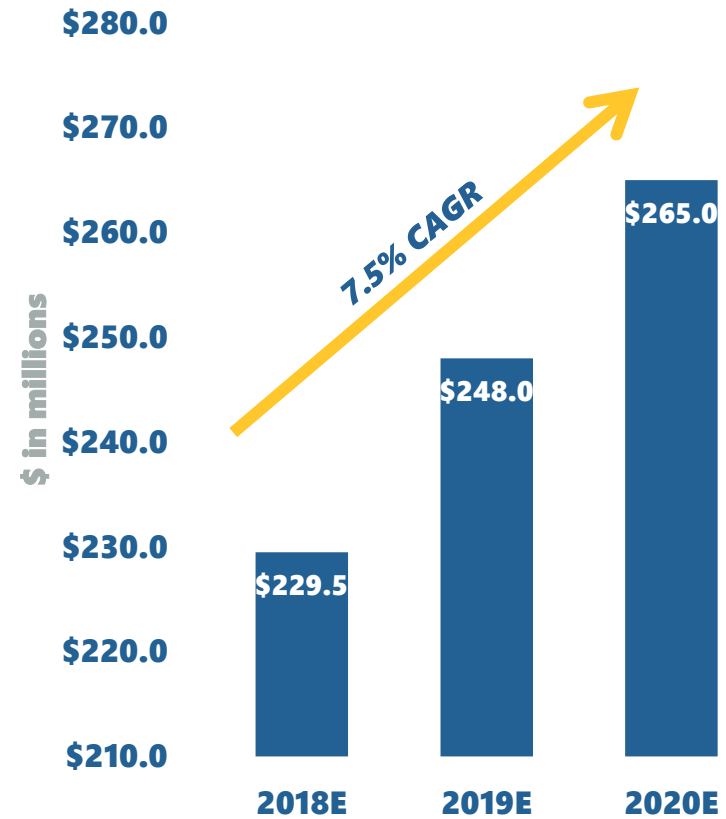


CONSOLIDATED TARGETS

Consolidated Revenue



Consolidated EBITDA⁽¹⁾⁽²⁾



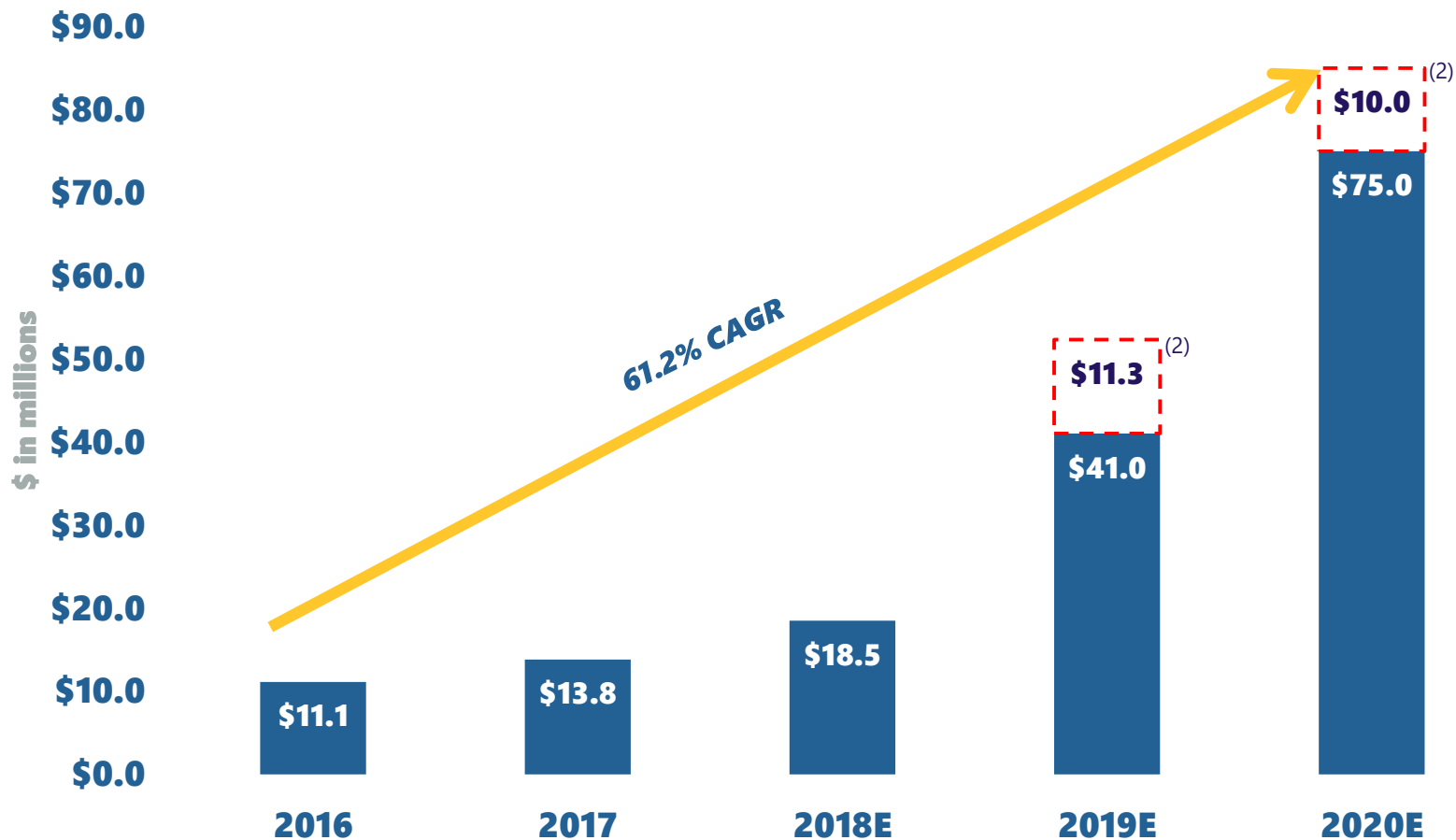
NOTES:

1. Adjusted EBITDA is a non-GAAP measure. Reconciliations to the most directly comparable GAAP measure for historical periods can be found in applicable earnings releases located on Everi's website at ir.everi.com, and in the appendix to this presentation.
2. Adjusted EBITDA for 2018 estimated as the mid-point of the Company's updated outlook as of November 6, 2018 in connection with its 3Q18 earnings release.



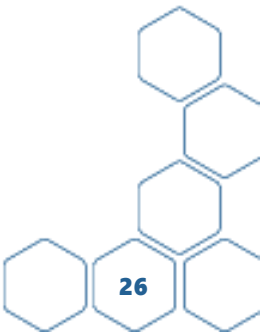


CONSOLIDATED FCF⁽¹⁾ TARGET



NOTES:

1. Free Cash Flow (FCF) is a metric used by the Company to estimate the amount of cash generated from the recurring business operations. This is a non-GAAP measure. FCF is computed as Adjusted EBITDA less the sum of cash interest expense, cash paid for capital expenditures and placement fees, and cash taxes.
2. Target Growth Capex, which is a discretionary spend, for 2019 and 2020 of \$11.3 million and \$10.0 million is an expenditure included in the computation of FCF presented in the table above.



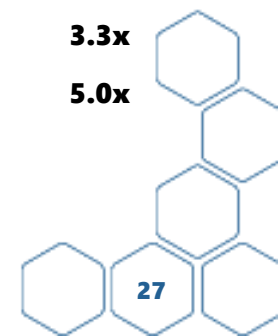


CURRENT CAPITAL STRUCTURE

\$ in millions			BALANCE	
	MATURITY DATE	INTEREST RATE	SEPTEMBER 30, 2018	
Revolving Credit Facility (\$35 million)	May 2022	L+450 (@ 9/30/18)	-	
First Lien Term Loan	May 2024	L+300 (5.24% @ 9/30/18)	\$	809.8
Senior Secured Debt			\$	809.8
Senior Unsecured Notes	December 2025	7.50% Fixed Rate	\$	375.0
Total Debt	Weighted Avg Rate	5.96% (@ 9/30/18)	\$	1,184.8
Cash and cash equivalents			\$	128.7
Settlement Receivables				225.2
Settlement Liabilities				(304.6)
Net Cash Position			\$	49.3
Equity Market Capitalization (2/22/19) ⁽¹⁾			\$	557.0
Total Net Enterprise Value ⁽²⁾			\$	1,692.5
LTM 3Q18 Adjusted EBITDA ⁽³⁾			\$	227.1
Consolidated Secured Leverage Ratio ⁽⁴⁾				3.3x
Consolidated Total Leverage Ratio ⁽⁴⁾				5.0x

NOTES:

1. Equity Market Capitalization computed as 70.2 million shares outstanding at September 30, 2018, multiplied by the \$7.93 closing price of the common shares of EVRI on February 22, 2019.
2. Total Net Enterprise Value computed as the sum of total debt plus equity market capitalization less net cash position.
3. Adjusted EBITDA is a non-GAAP measure. Reconciliation to the most directly comparable GAAP measure for historical periods can be found in applicable earnings releases located on Everi's website at ir.everi.com, and in the appendix to this presentation.
4. As provided in the Credit Facility for purposes of the calculation of the Consolidated Secured Leverage ratio and the Consolidated Total Leverage ratio, the Company nets cash and cash equivalents of up to \$50 million against the respective debt outstanding to determine the appropriate Leverage Ratio.



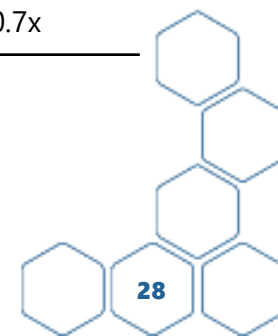


IMPROVING CREDIT PROFILE

	Pre-May 2017 Refinancing (LTM 1Q17)	September 30, 2018 (LTM 3Q18)		Change
Market Capitalization⁽¹⁾	\$316.6 million	\$557.0 million	↑	\$240.4M
LTM Revenue⁽²⁾	\$396.3 million	\$455.0 million	↑	\$58.7M (14.8%)
LTM AEBITDA⁽³⁾	\$206.5 million	\$227.1 million	↑	\$20.6M (10%)
Installed Base of Gaming Units	13,022	14,116	↑	1,094
FinTech Transactions Processed	89.7 million	105.6 million	↑	15.9M
FinTech Dollar Volume	\$22.4 billion	\$27.2 billion	↑	\$4.8B
Secured Leverage⁽⁴⁾	3.6x	3.3x	↓	0.3x
Consolidated Leverage⁽⁴⁾	5.3x	5.0x	↓	0.3x
Net Leverage⁽⁴⁾	4.9x	4.7x	↓	0.2x
Term Loan Pricing⁽⁵⁾	L + 525	L + 300	↓	225 bps
Unsecured Note Yield	10.0%	7.5%	↓	250 bps
Interest Coverage - Debt	2.3x	3.0x	↑	0.7x

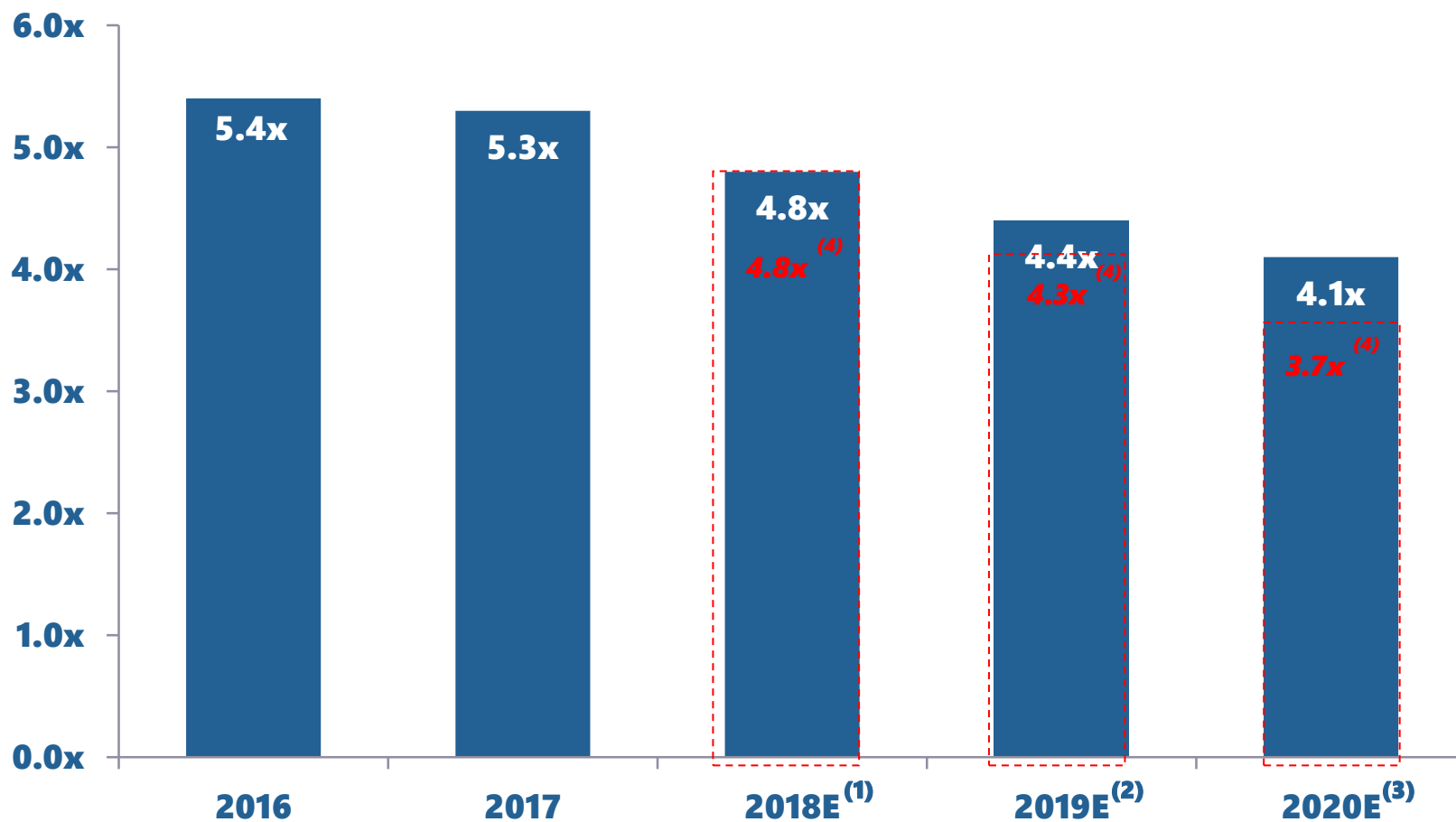
NOTES:

1. Equity Market Capitalization computed as 66.1 million and 70.2 million shares outstanding at March 31, 2017 and September 30, 2018, respectively multiplied by the \$4.79 and \$7.93 closing price of the common shares of EVRI on March 31, 2017 and February 22, 2019., respectively.
2. Revenues for the LTM 2018 period and all periods presented prior to 2018 are presented on a comparable basis to retrospectively reflect a net versus gross reporting of revenues under ASC 606, which primarily impacts the Company's Financial Technology Solutions business.
3. Adjusted EBITDA is a non-GAAP measure. Reconciliations to the most directly comparable GAAP measure for historical periods can be found in applicable earnings releases located on Everi's website at ir.everi.com, and in the appendix to this presentation.
4. Cash netting for calculation of Consolidated Secured & Consolidated Total Leverage capped at \$50 million as defined in the credit agreement. Net Leverage assumes no cap on the cash balances reducing net debt balance.
5. The one-month USD LIBOR has increased appx 150 bps over this time period from 0.983% on March 29, 2017 to 2.490% on February 22, 2019.





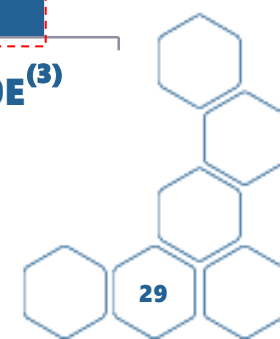
CONSOLIDATED TOTAL LEVERAGE 2018 - 2020 TARGETS



NOTES:

Computation based upon net debt, which assumes up to \$50 million in net cash available to reduce consolidated debt outstanding

1. Adjusted EBITDA used in 2018 calculation is estimated at the midpoint of the Company's updated outlook as of November 6, 2018 in connection with its 3Q18 earnings release.
2. Assumes \$5.25 million of additional pay down of debt in 2019 from required 2018 excess cash flow payment.
3. Assumes \$16.5 million of additional pay down of debt in 2020 from required 2019 excess cash flow payment.
4. Adjusted Consolidated Leverage Ratio assumes that targeted excess cash flow generated in the respective calendar year is paid on the last day of the fiscal year in which it was generated vs. only 50% of the target total in the following year. The targeted excess cash flow amount projected for 2018 is \$10.5 million, \$33.0 million in 2019, and \$67 million for 2020.



APPENDIX



NON-GAAP FINANCIAL MEASURES

In order to enhance investor understanding of the underlying trends in our business and to provide for better comparability between periods in different years, we are providing in this presentation Adjusted EBITDA and Free Cash Flow ("FCF") which are not measures of our financial performance or position under United States Generally Accepted Accounting Principles ("GAAP"). Accordingly, these measures should not be considered in isolation or as a substitute for, and should be read in conjunction with, our net income (loss), operating income (loss), basic or diluted earnings (loss) per share and cash flow data prepared in accordance with GAAP. Everi defines Adjusted EBITDA as earnings (loss) before interest, loss on extinguishment of debt, taxes, depreciation and amortization, non-cash stock compensation expense, accretion of contract rights, the write-off of certain inventory and fixed assets, the adjustment of certain purchase accounting liabilities, goodwill impairment charges, separation costs related to the Company's former CEO, non-cash write-down of note receivable and warrant, loss on the sale of aircraft, and manufacturing relocation costs. Everi defines Free Cash Flow as Adjusted EBITDA less cash interest, capital expenditures, placement fees, and cash taxes.

Everi presents Adjusted EBITDA as it uses this measure to manage its business and considers this measure to be supplemental to its operating performance. Everi also makes certain compensation decisions based, in part, on its operating performance, as measured by Adjusted EBITDA; and its credit facility and senior unsecured notes require Everi to comply with a consolidated secured leverage ratio that includes performance metrics substantially similar to Adjusted EBITDA. Everi presents FCF as a measure of performance and the Company uses this measure as an indication of the strength of the Company and its ability to generate cash. Management believes this measure provides investors with a better understanding of the opportunity to pay down debt. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. A reconciliation of Everi's most directly comparable GAAP measure to Adjusted EBITDA and FCF is included in this presentation and/or in Everi's earning releases located on Everi's website at ir.everi.com. Management believes that this presentation is meaningful to investors in evaluating the performance of Everi's segments.

UNAUDITED RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA AND FREE CASH FLOW

Adjusted EBITDA Reconciliation (\$ in millions)	Actual Consolidated 2016	Actual Consolidated 2017	Actual Consolidated LTM 3Q 2018	Actual Games LTM 3Q 2018	Actual FinTech LTM 3Q 2018
Net loss	\$ (249.5)	\$ (51.9)	\$ (16.9)		
Income tax provision(benefit)	31.7	(20.2)	(26.1)		
Loss on extinguishment of debt	-	51.8	37.3		
Interest expense, net of interest income	99.2	102.1	92.4		
Operating (loss) income	\$ (118.6)	\$ 81.8	\$ 86.7	\$ 5.5	\$ 81.2
Depreciation and amortization	\$ 144.6	\$ 116.8	\$ 122.7	\$ 105.6	\$ 17.1
Reported EBITDA	\$ 26.1	\$ 198.6	\$ 209.4	\$ 111.1	\$ 98.3
Management's Adjustments:					
Non-cash stock compensation expense	\$ 6.7	\$ 6.4	\$ 7.4	\$ 2.4	\$ 5.0
Non-cash accretion of contract rights	8.7	7.8	8.3	8.3	-
Non-cash goodwill impairment	146.3	-	-	-	-
Separation costs for former CEO	4.7	-	-	-	-
Non-cash write-down of note receivable and warrant	4.3	-	-	-	-
Loss on sale of the aircraft	0.9	-	-	-	-
Manufacturing relocation costs	0.4	-	-	-	-
Non-cash write-off of inventory and fixed assets	-	-	2.6	2.6	-
Non-cash adjustment to purchase accounting liabilities	-	-	(0.6)	-	(0.6)
Total Management Adjustments	\$ 171.9	\$ 14.2	\$ 17.7	\$ 13.3	\$ 4.4
Adjusted EBITDA	\$ 198.0	\$ 212.8	\$ 227.1	\$ 124.4	\$ 102.7
Less:					
Cash paid for Interest	93.4	89.0	88.5		
Cash paid for capital expenditures	80.7	96.5	105.0		
Cash paid for placement fees	11.3	13.3	15.5		
Cash paid for income taxes	1.7	1.0	1.3		
Cash refunded for income tax	(0.2)	(0.8)	-		
Free Cash Flow	\$ 11.1	\$ 13.8	\$ 16.8		

Management's Adjustments

- 1. Stock Compensation:** The non-cash expense associated with the value of equity awards granted to employees by the Company.
- 2. Accretion of contract rights:** Amortization of the placement fees against gaming operations revenue for terminals deployed at sites under placement fee agreements
- 3. Goodwill impairment:** Based on annual goodwill impairment testing, the Company determined that the carrying amount of its Games reporting unit exceeded its estimated fair value
- 4. Separation costs of former CEO:** Legal and severance costs associated with the termination of former CEO in February 2016
- 5. Write-down of note receivable and warrant:** Write-down to fair value of a warrant and note receivable that was extended by Multimedia Games, predecessor to Everi Games Holding Inc., to an Austin-based digital and interactive company who defaulted on the note receivable
- 6. Loss on the sale of the aircraft:** Purchased an aircraft in 2015; upon termination of the former CEO Company made decision to sell the aircraft
- 7. Manufacturing relocation costs:** Costs to relocate and integrate certain Games manufacturing and warehousing functions from Las Vegas and WA to Austin, TX
- 8. Write-off of inventory and fixed assets:** Non-cash charge of \$2.6 million related to the 2Q 2018 write-off of certain inventory and fixed assets.
- 9. Adjustment of certain purchase accounting liabilities:** Non-cash benefit of \$0.6 million related to the adjustment of certain purchase accounting liabilities related to the acquisition of certain Compliance assets acquired in 2015.

UNAUDITED RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA AND FREE CASH FLOW

Note: Adjusted EBITDA reconciliation presented below reflects guidance range from 3Q18 Earnings Release filed on November 6, 2018; Free Cash Flow reconciliation amounts and 2019 and 2020 Adjusted EBITDA reconciliation amounts reflect amounts presented at Everi Analyst Day on September 26, 2018

Consolidated Adjusted EBITDA Reconciliation (\$ in millions)	Target 2018E	Target 2018E	Target 2019E	Target 2020E
	Low Range	High Range		
Net income	\$ 7.5	\$ 2.0	\$ 17.0	\$ 23.0
Income tax benefit ⁽¹⁾	(3.0)	(5.0)	(3.0)	(3.0)
Interest expense, net of interest income ⁽²⁾	82.9	86.8	89.0	91.0
Loss on extinguishment of debt	0.1	0.2	-	-
Operating income	\$ 87.5	\$ 84.0	\$ 103.0	\$ 111.0
Depreciation and amortization	\$ 122.0	\$ 130.0	\$ 130.0	\$ 137.0
Reported EBITDA⁽¹⁾	\$ 209.5	\$ 214.0	\$ 233.0	\$ 248.0
Management's Adjustments:				
Non-cash stock compensation expense	\$ 8.0	\$ 7.0	\$ 7.0	\$ 9.0
Non-cash accretion of contract rights	8.5	8.0	8.0	8.0
Non-cash write-off of inventory and fixed assets	2.6	2.6	-	-
Non-cash adjustment to purchase accounting liabilities	(0.6)	(0.6)	-	-
Total Management Adjustments	\$ 18.5	\$ 17.0	\$ 15.0	\$ 17.0
Adjusted EBITDA	\$ 228.0	\$ 231.0	\$ 248.0	\$ 265.0
Less:				
Cash paid for Interest	80.0	82.0	85.0	87.0
Cash paid for capital expenditures	109.0	109.0	104.9	102.0
Cash paid for placement fees	20.0	21.0	16.1	-
Cash paid for income taxes	-	1.0	1.0	1.0
Free Cash Flow	\$ 19.0	\$ 18.0	\$ 41.0	\$ 75.0

Management's Adjustments

- 1. Stock Compensation:** The expected non-cash expense associated with the value of equity awards granted by the Company.
- 2. Accretion of contract rights:** Expected games operations revenues generated by player terminals deployed at sites under placement fee agreements are reduced by the expected accretion of contract rights acquired
- 3. Write-off of inventory and fixed assets:** Non-cash charge of \$2.6 million related to the 2Q 2018 write-off of certain inventory and fixed assets.
- 4. Adjustment of certain purchase accounting liabilities:** Non-cash benefit of \$0.6 million related to the adjustment of certain purchase accounting liabilities related to the acquisition of certain Compliance assets acquired in 2015.

NOTES:

- For this presentation the tax benefit for 2019 and 2020 has remained consistent with the 2018 estimate. Actual tax benefit or expense could differ materially from this estimate.
- Interest expense reflects the Company's estimate inclusive of internal estimates for changes in LIBOR in 2019 and 2020 of approximately 50 bps and 25 bps, respectively. These increases impact our expected Term Loan and Vault Cash interest.