

03/12/2025

# INTRALOT

Consumer Discretionary, Greece

## The benefits of scale

We have updated our model on Intralot following the acquisition of Bally's International Interactive Business (BII), the recently completed share capital increase and the hike in the UK online gaming tax. The acquisition provides Intralot the opportunity to create a scaled global gaming business with market leading products in Lottery and iGaming. Our updated Price Target (PT) stands at EUR 1.50/share implying an upside of c.44% from current share price levels. Intralot currently trades on an EV/EBITDA of 8.3x on 2026E, a discount of c.20% to peers.

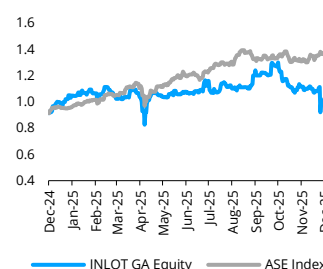
**A new scaled up Intralot.** The combination of Intralot and BII led to the creation of a sizable business in global gaming and the No2 UK iGaming operator, the Top 3 US Lottery Solutions operator and Top 3 North America VLT Monitoring Operator. Operationally, the new Intralot is now active in 40 countries and jurisdictions with 49 Lottery Contracts and c.700k active players.

**High single digit revenue growth on higher than peer margins.** The pro-forma 2025E revenue for Intralot is over EUR 1.0bn with the adj. EBITDA at EUR 435m, according to management guidance. Following the increase in the UK online gaming tax, management now expects 2026E adj. EBITDA at a range of EUR 420-440m. Despite this temporary 2026E slowdown, we expect a high single digit revenue growth rate from 2027E onwards driven by a stable Lottery segment, a growth of c.5% from existing markets in iGaming and new opportunities. We expect adj. EBITDA to exceed EUR 480m by 2028E on the back of post BII transaction synergies and margins well above peers.

**New Price Target (PT) at EUR 1.50/share.** We value Intralot with a DCF deriving a PT of EUR 1.50/share, offering a c.44% upside. On our PT, the shares would trade on an EV/EBITDA of 10.3x on 2026E, in line with sector averages.

**Rating:** Overweight  
**Price Target:** EUR 1.50 /share  
**Last Close:** EUR 1.04/share

**Market Cap:** EUR 1.94bn  
**YTD Performance:** -1%  
**Free Float:** 33%  
**Ticker:** INLOT GA



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### Forecasts and Ratios

	2022	2023	2024	2025E	2026E	2027E	2028E
Sales (EUR m)	393	364	376	1,063	1,126	1,215	1,317
Adj. EBITDA (EUR m)	123	129	125	432	420	445	481
Net profit (EUR m)	6	6	5	126	143	170	204
EPS (Euro)	0.03	0.01	0.01	0.07	0.08	0.09	0.11
EPS chng (%)	n.m.	n.m.	n.m.	n.m.	13.3%	19.3%	19.7%
P/E (x)	22.0	73.9	129.8	15.4	13.6	11.4	9.6
EV/adj. EBITDA (x)	5.3	6.0	8.3	8.1	8.3	7.7	6.8
EV/Turnover (x)	1.7	2.1	2.8	3.3	3.1	2.8	2.5
ROE (%)	-5.5%	-14.0%	18.1%	16.7%	9.2%	10.1%	11.2%
ROIC (%)	8.1%	6.7%	10.8%	8.2%	8.0%	8.5%	9.4%
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	2.6%	3.1%	3.7%
P/BV (x)	n.m.	17.7	21.4	1.3	1.2	1.1	1.0

Source: Intralot, Euroxx Research \*pro-forma estimates for 2025E

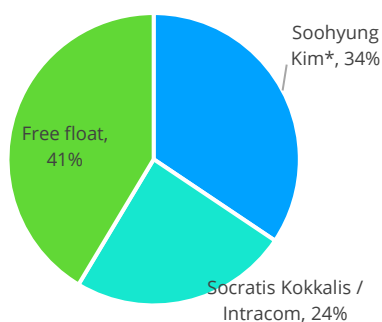
## Transformational acquisition of BII

### Key basics of the deal

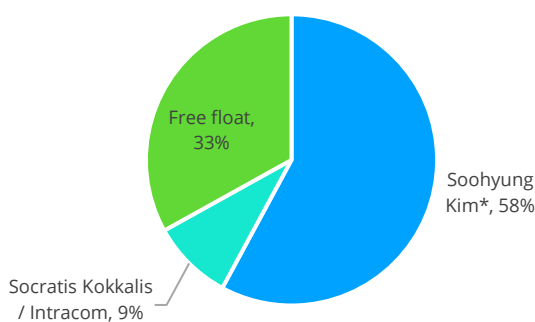
Intralot announced in early July the acquisition of Bally's International Interactive Business (BII) from Bally's Corporation (listed in NYSE). The transaction was completed in October.

Under the terms of the transaction, the consideration to Bally's stood at an EV of EUR 2.7bn, of which EUR 1.53bn in cash, and EUR 1.14bn newly issued shares in Intralot (873m shares at EUR 1.30 per share). Combined with Bally's (via Soohyung Kim) prior ownership of 207.5m shares in Intralot, the stake of Bally's in Intralot post this acquisition reached c.58%, becoming the majority shareholder.

Shareholding structure (pre SCI)



Shareholding structure (post SCI)



Source: Intralot, EUROXX Research  
\*via a chain of controlled companies

Out of the EUR 1.53bn cash consideration to acquire BII, Intralot proceeded with a share capital increase of c.EUR 429m (390m new shares at a price of EUR 1.10). In addition, Intralot issued EUR 600m senior secured fixed rate notes (due 2031 at 6.75%), EUR 300m senior secured floating rate notes (due 2031 at EURIBOR plus 4.5%), EUR 460m six-year term loan with institutional lenders, and EUR 200m provided by a consortium of Greek banks.

On the table below, we present the key financials for the 12 months ended in June 2025 for Intralot, BII and the new Intralot post-acquisition and SCI.

In a nutshell:

- ✓ The implied acquisition multiple of Bally's International Interactive Business from Intralot stood at c.8.9x EV/adj.EBITDA on the 12M June 30, 2025 adj.EBITDA. Including synergies, the implied EV/adj.EBITDA stood at c.7.8x.
- ✓ The carve out of BII had marginal net debt, providing ample room for Intralot to raise debt for this acquisition. The net debt to adjusted EBITDA

(pro-forma for the 12M June 30, 2025 period) stood at 3.6x or 3.3x if we include the synergies.

- ✓ The management expects synergies over the next 24 months at c.EUR 40m. This implies a combined EBITDA for the new Intralot at EUR 477.5m for the 12M period ending in June 2025 (vs. pro-forma of EUR 436.9m).

**Unaudited Pro-Forma numbers for the 12M ended June 30, 2025**

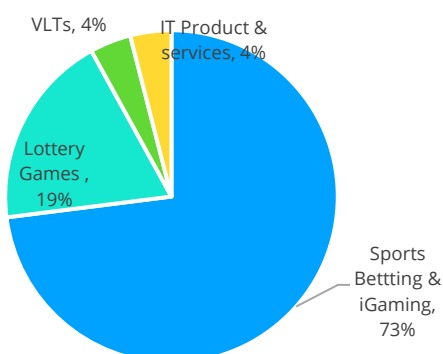
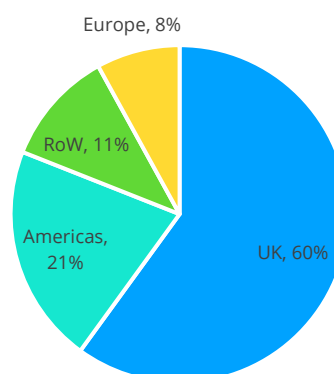
EUR m	Intralot	BII	Acquisition*	Financings/SCI	New Intralot
Revenue	358	727			1,085
adj. EBITDA	132	305	-9		437
adj. EBITDA margin	37%	42%			40%
EBIT	53	269	-9		313
Pre-tax profit	22	258	-9	-105	166
Net profit	10	220	-9	-77	144
Gross Debt & lease liabilities	400	53		1,258	1,712
Cash	67	25		38	130
Net debt	334	27		1,220	1,581
Shareholders equity	25	1,144		1,453	1,478
Net debt to adj EBITDA	2.5x	0.1x			3.6x
Net debt to adj EBITDA (including synergies)					3.3x

Source: Intralot, Euroxx Research \*EUR 9.2m refer to admin expenses to account for incremental corporate costs of BII

**Strategic rationale**

The main reason for Intralot acquiring BII is the opportunity to create a scaled global gaming business with market leading products in Lottery and iGaming. The new Intralot will have the size to capture a substantially higher global addressable market with best-in-class margins and free cash flow conversion.

Post acquisition, Intalot will be the No2 Uk iGaming operator, the Top 3 US Lottery Solutions operator and Top 3 North America VLT Monitoring Operator. Operationally, the business will be active in 40 countries and jurisdictions with 49 Lottery Contracts and c.700k active players.

**Product Split\***

**Geographic Split\***


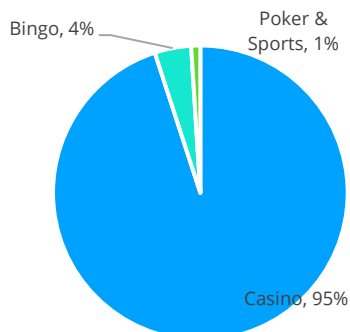
Source: Intralot, EUROXX Research

\*Based on management accounts for 12 months ended June 2025

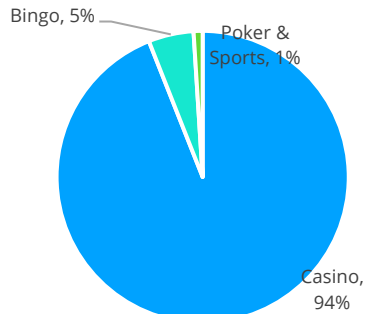
### Deep dive into iGaming

The largest part of the BII operations are in the UK (94% of revenue) with Spain accounting for 5%. In the UK, the company is active in iCasino, iBingo and Poker and Sport. The Casino product accounts for 95% of the revenue base.

**BII: Net Gaming Revenue by Product**



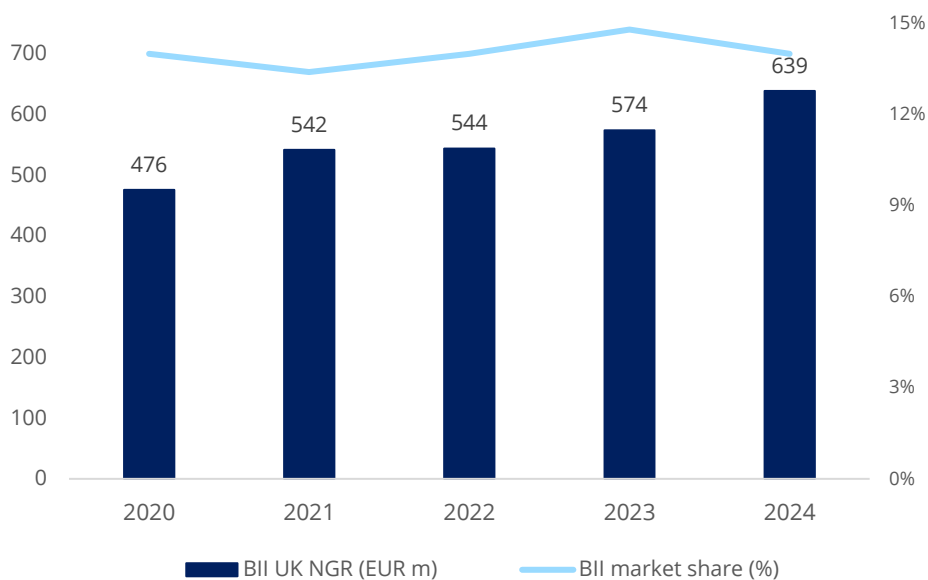
**BII: Net Gaming Revenue by Geography**



Source: Intralot, EUROXX Research (all figures for 2024)

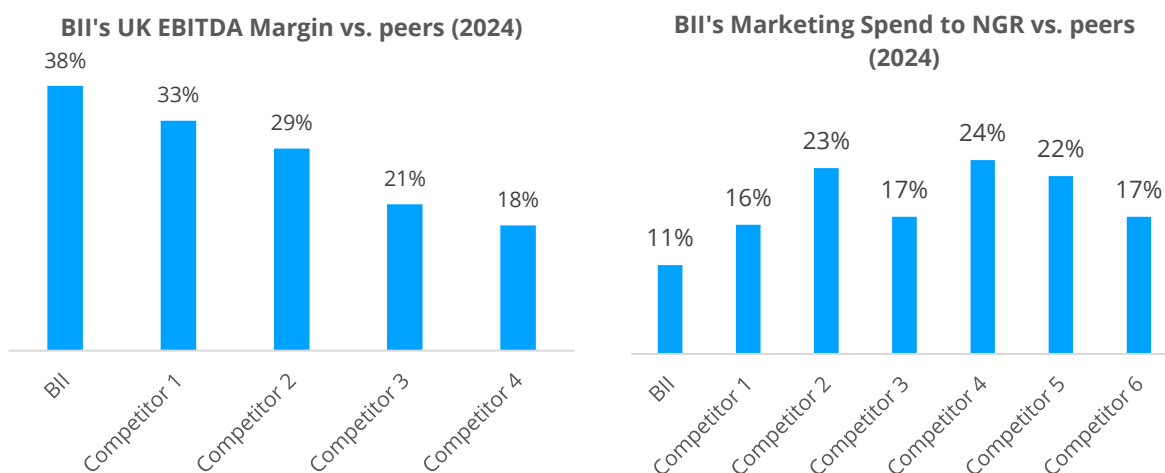
BII has a leading market position in iCasino with a market share of c.14% via key brands such as Virgin Games, Bally Bet, Monopoly Casino and other BII brands. The evolution of BII's UK market share at c.14% has been stable over the past five years, indicating strong loyalty via market leading brands.

**Evolution of BII UK NGR (EUR m) and market share**



Source: Intralot, EUROXX Research

The maintenance of leading market shares in the UK has come alongside best-in-class EBITDA margins in the industry. The EBITDA margin of BII has increased from c.29% in 2019 to 38% in 2024, outperforming peers (competitors range from 18% to 33%). The superior margin is attributed to the proprietary platform which enables cost effective scalability and centralized product control. In addition, BII's marketing spend relative to NGR is lower for BII vs. peers due to high retention and marketing automation.



Source: Intralot, EUROXX Research

The historic growth rate of the online casino market stood at c.6.0% CAGR over 2019A-2024E. According to projections from 2H Gambling Capital, the CAGR 2025E-2029E for the Global Total Addressable Market stands at 14%. The growth in the UK and Spain (the countries that BII currently operates) is 5%; however, BII has a plan to leverage its technology and expertise to expand globally.

The strong growth drivers globally are driven by technological advancements, changing consumer behaviors, product improvements and mobile friendly user experience, enhancing retention.

### UK Gambling tax issue

The UK announced its long-anticipated autumn Budget, significantly raising UK taxes by another GBP 26bn rise on top of GBP 40bn announced last year, taking tax burden to an all-time high. Tax package includes council tax surcharge, freeze in personal tax thresholds, new levies on property and dividends, two child benefit cap, electric vehicles charge on mileage, small parcel tax and others.

On remote gaming, the government announced a rise in online gaming levy to 40% from 21%. The new duty rate of 40% will apply for accounting periods that begin on or after 1 April 2026 and will be chargeable on profits on remote gaming from that date onwards.

A new rate of General betting Duty will be introduced for general bets made remotely (for example online) from 1 April 2027. The remote rate of 25% will apply to all remote betting other than remote bets on UK horseracing which will remain

unchanged, in line with land based betting, in recognition that operators contribute 10% towards the statutory Horserace Betting Levy, resulting in an existing de-facto 25% rate for bets on UK horse races. Bets placed via self-service betting terminals on licensed betting premises will not be treated as being placed remotely and will remain subject to the 15% rate for general bets. The General Betting Duty rates for general bets made in UK premises, horse and dog pool bets, financial spread bets and non-financial spread bets remain unchanged.

Last but not least, Bingo duty will be abolished with effect from 1 April 2026. No changes to the rate of tax of Machine Game Duty were announced.

According to the published budget, increasing gambling duties are expected to raise over GBP1.0bn per annum to support the public finances.

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Gambling Duty Exchequer Impact (GBPm)	0	+810	+1,065	+1,100	+1,135	+1,155

Source: Gov.uk, Euroxx research

In its 3Q25 press release, management adjusted 2026 adj EBITDA lower to EUR 420-440m from c.EUR 475m before, on the back of higher than anticipated tax rise, but also outlined the key mitigating initiatives.

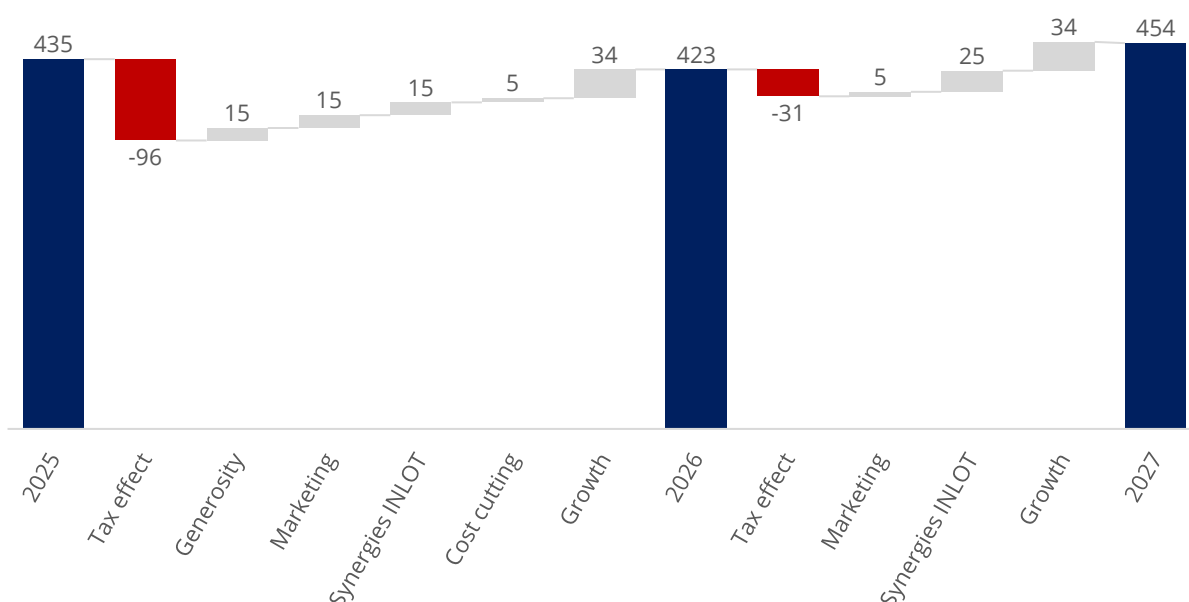
All in, management expects to tackle the rise in taxes by reducing generosity (bonus/payouts) to players, while also cutting down on marketing expenses. Other offsetting factors include the already announced synergies post BII acquisition, in a deeply rooted gambling culture.

According to the latest statistics published by the UK Gambling Commission, gross gaming yield for the industry increased by 7.3% yoy for 1Q25, with the rise largely driven by online gambling, which makes up c.46% of the gambling market in Great Britain.

In addition, we do highlight, that BII's iCasino business is largely based on regular recreational players with high volumes and low spend. In 2024 the average NGR stood at GBP 73 for women and GBP 63 for men (the NGR split is 60% women and 40% men). Thus, BII is not active in VIP spend which is more prone to displacement to the unregulated market. The displacement of the low spend recreational player from the regulated to the unregulated "black" market is unlikely.

We also stress that BII operates with significantly higher margins compared to the peer group. As a result, the higher taxation levels could lead to industry consolidation (as competitors with lower margins struggle to remain profitable). In view of the best-in-class margins and leading market shares, BII could turn a challenging environment for peers in an opportunity to rump up growth rates.

## UK Tax Impact and Indicative Mitigation Plan



Source: Intralot, EUROXX Research

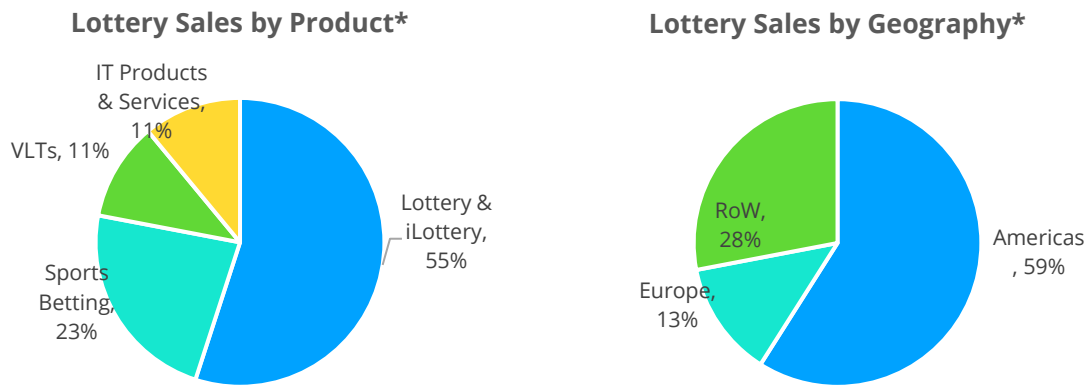
### Lottery division: a global footprint

In the Lottery division, which is the former Intralot business, the new group will remain a global leader with 49 contracts, an 89% contract renewal rate and a 16-year average contract length.

We remind that in this segment, Intralot provides:

1. technology for traditional lottery operated by state monopolies,
2. technology to state lotteries to enable their digital offering (iLottery),
3. VLT Monitoring i.e. technology to monitor VLTs and control large scale gaming networks,
4. integrated sports betting platform, services and solutions with portfolio of retailer and player terminals.

In 2024, the Lottery and iLottery segment accounted for 55% of revenue, Sports Betting for 23%, VLTs for 11% and IT Products and Services for 11%. The Americas was the most important region with North America (USA & Canada) accounting for 44% of revenues in 2024 and South America for 15%.



Source: Intralot, EUROXX Research

\*All figures as of 2024, proceeds net of winners' payout

We highlight that the contracts are long term with proprietary technology and software. In the iLottery space technology is also highly scalable. The company has a strong track record of successfully bidding for and winning new contracts.

Going forward, the main growth area for Intralot in the Lottery division is iLottery. According to H2 Gambling Capital, iLottery globally is expected to grow with a CAGR of 11% up to 2029E vs. a CAGR of 3.0% for land-based Lottery. Penetration levels in iLottery remain low (below 15% globally and c.7% in the US), proving ample growth opportunities.

The US iLottery is expected to grow with a CAGR of c.20%, significantly outpacing land based lottery growth. Intralot already has a strong presence in key markets (such as Turkey, Argentina and the US) with a diversified set of contracts. Intralot can capitalize on this track record and leverage on Bally's platform for customer insights, marketing and ARPU uplift.

#### Lottery Division: Breakdown of contracts

Country	Maturity / Renewal Year	Contract Type	% of Revenue (2024)
Turkey	2029	Sports Betting	20.2%
Illinois	2027	Technology	11.6%
Argentina	2034	Lottery	9.8%
Ohio	2027	Technology	8.1%
New Hampshire	2033	Technology	5.9%
Australia	2027	Lottery & VLT Monitoring	5.2%
Croatia	2033	Lottery & Sports Betting	4.2%
Georgia	2032	Technology	3.9%
Arkansas	2026	Technology	3.1%
Montana	2026	Technology	2.4%
Other (41)	2024-2034	All types	25.4%

Source: Intralot



**iLottery penetration levels**

Country	2025E Total Lottery GGR	2025E iLottery GGR	2025E iLottery penetration
USA	USD 35.6bn	USD 2.4bn	7%
Italy	USD 7.6bn	USD 0.2bn	2%
Germany	USD 7.3bn	USD 1.7bn	24%
France	USD 7.1bn	USD 1.0bn	15%
UK	USD 6.1bn	USD 3.1bn	50%
Spain	USD 6.1bn	USD 0.2bn	4%
Canada	USD 3.4bn	USD 0.5bn	13%
Australia	USD 2.8bn	USD 1.8bn	64%
Greece	USD 1.0bn	USD 0.05bn	5%
Argentina	USD 0.96bn	USD 0.1bn	10%
Norway	USD 0.87bn	USD 0.63bn	73%
Finland	USD 0.55n	USD 0.34bn	62%

Source: H2 Gambling Capital, Intralot, EUROXX Research

**Updated guidance post BII acquisition**

In the Capital Market Day hosted on September 8, Intralot provided guidance for the post acquisition pro-forma 2025 numbers and longer-term growth targets. The operations of the Intralot standalone business (the Lottery segment) together with BII will result in a group with over EUR 1.0bn of revenues and >EUR 430m EBITDA, excluding synergies.

Following the publication of 9M25 results on November 27 management narrowed the 2025E pro-forma guidance to EUR 1.07bn in revenues and EUR 435m in adj. EBITDA. The synergies from the acquisition are anticipated by Intralot in a range of EUR 35-40m, expected to be achieved over 18-24 months post-closing.

**Post-Acquisition Pro-Forma 2025 Guidance**

EUR m	Intralot	BII	CMD Guidance	9M25 Guidance
Revenue	EUR 330-340m	EUR 750-765m	EUR 1,080-1,105m	EUR 1,070m
adj. EBITDA	EUR 120-125m	EUR 310-320m	EUR 430-445m	EUR 435m
adj. EBITDA margin	37%	42%	40%	41%
Capex 2025E (% of revenue)	10-11%	2.5-3.0%	4.5-5.5%	4.5-5.5%

Source: Intralot, Euroxx Research

The mid-term guidance provided by management stands as follows:

**Lottery:** low to mid-single digit growth broadly in line with GDP growth. Intralot has a strong track record of delivering recurring revenues with an 89% contract renewal rate. The adjusted EBITDA margin guidance for the mid-term stands at mid-30%.

**iGaming:** The management is targeting from existing markets a mid-single digit growth with EBITDA margins at c.40%. The strong margin profile is supported by cost efficiencies and high margin royalty streams.

**Group:** On a group basis, the management has guided for a high single digit revenue growth. The incremental growth rate derives from new opportunities starting from 2026E onwards. The company has identified growth opportunities in new B2C market entry, charity lottery in the UK and US, servicing revenue from

NAI, iLottery digital content and US iLottery technology. The group adjusted EBITDA margin is targeted at mid-to-high 30%, including synergies and post-acquisition efficiency gains.

Other key targets include:

- ✓ Total capex at mid-single digit as percent of total revenue in years without material contract signing / renewals
- ✓ Effective corporate tax rate at 16-19%
- ✓ Mid-term steady state net leverage target at c.2.5x
- ✓ Dividend pay-out ratio at 35% of net income with flexibility for higher distribution subject to performance and capital structure considerations

**Following the publication of 9M25 results and the increase in the UK online gaming tax to 40% from 21% (effective from April 2026) the management updated the 2026E adj. EBITDA guidance in the range of EUR 420-440m. The main deviation from the CMD guidance is the margins in the UK following the new online tax. Thus, management now expects EBITDA margins in the iGaming segment at c.36% vs. c.40% assumed in the CMD.**

## Euroxx forecasts

### PnL estimates for 2025E-2028E

We highlight that the carved-out operations of BII will be consolidated only in the 4Q25 results. Thus, the reported 2025 numbers will largely include only the Intralot operations. However, we present below the estimates with pro-forma numbers for 2025E, assuming consolidation for the full year.

Our 2025E estimates are close to pro-forma management guidance in terms of both revenue and EBITDA. For 2026E we take into account the negative impact from the increase of the UK online gaming tax, effective from April 2026.

The company is planning to follow aggressive mitigating scenarios, which include generosity reductions, marketing reductions and accelerated synergies. Thus, we expect in 2026E a negative impact of c.EUR c.EUR 96m from the UK gaming tax, partly offset by EUR 50m in mitigating actions. This results in an EBITDA of EUR 420m in 2026E, at the low end of the management guidance range of EUR 420-440m.

Going forward, we assume organic growth rates close to management guidance while we also incorporate growth opportunities in the iGaming space. As a result, we expect an organic 3-year CAGR of 3% in Lottery with a growth of c.10% in iGaming from 2027E onwards. In the Lottery segment we assume a growth rate close to inflation levels with the assumption new contact wins offsetting non-renewals for existing contracts. This leads to a group revenue growth of c.8.0% in 2027E and >8% in 2028E.

In terms of EBITDA margins, we anticipate a small decline in Lottery, in line with management guidance, with iGaming at the 36-37% range.

#### Revenue Breakdown

EUR m	2025pf	2026E	2027E	2028E
<b>Lottery</b>	<b>323</b>	<b>331</b>	<b>339</b>	<b>348</b>
% change	-14%	3%	3%	3%
% of total	30%	29%	28%	26%
<b>iGaming</b>	<b>740</b>	<b>795</b>	<b>876</b>	<b>969</b>
% change	11%	7%	10%	11%
% of total	70%	71%	72%	74%
<b>Total Revenue</b>	<b>1,063</b>	<b>1,126</b>	<b>1,215</b>	<b>1,317</b>
% change	2.1%	6.0%	7.9%	8.4%

Source: Intralot, Euroxx Research

**EBITDA Breakdown**

EUR m	2025pf	2026E	2027E	2028E
<b>Lottery</b>	<b>121</b>	<b>124</b>	<b>125</b>	<b>126</b>
% change	-3%	2%	1%	1%
% of total	28%	29%	28%	26%
EBITDA margin	38%	37%	37%	36%
<b>iGaming</b>	<b>311</b>	<b>297</b>	<b>320</b>	<b>356</b>
% change	6%	-5%	8%	11%
% of total	72%	71%	72%	74%
EBITDA margin	42%	37%	37%	37%
<b>Total EBITDA</b>	<b>432</b>	<b>420</b>	<b>445</b>	<b>481</b>
% change	3%	-3%	6%	8%
EBITDA margin	41%	37%	37%	37%

Source: Intralot, Euroxx Research

We expect a gradual deflation of financing costs following the new debt financing undertaken during the acquisition of BII. On our numbers we see financial expenses reducing to EUR 135m in 2026E from a pro-forma EUR 152m in 2025 (which includes various one-offs). With our assumption of a 19% income tax rate (at the high end of the 16-19% guidance) we end up with a net income of EUR 143m in 2026E.

We stress that the reported P&L in 2025E will also include various costs related to the SCI, the debt financing and other advisory expenses. Thus, we include pro-forma numbers for 2025 for comparability purposes, but the P&L will be fully representative from 2026E onwards. As a consequence, we also expect dividend distributions to commence from the earnings of 2026E onwards.

**Net debt and cash flow**

Following the completion of the BII acquisition, we expect net debt at year-end 2025E to settle at c.EUR 1.5bn with the net debt to adj. EBITDA at 3.6x. In view of the strong operating cash flow conversion (c.95%) and the low maintenance cap ex, we expect the net debt to adj. EBITDA to reduce to 2.6x by 2028E.

**High cash flow conversion**

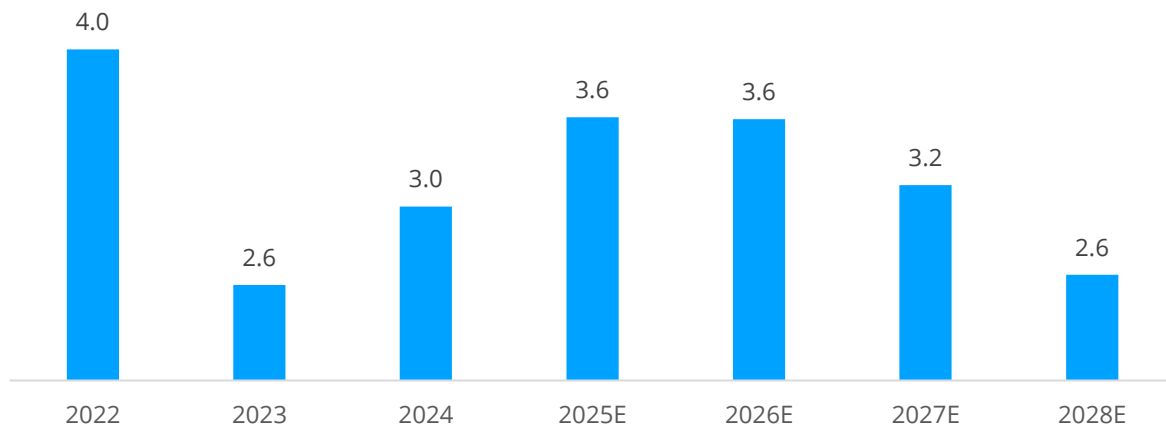
EUR m	2026E	2027E	2028E
EBITDA	420	445	481
Operating cash flow	400	422	457
% OCF conversion	95%	95%	95%
Free Cash flow (ex growth cap ex, renewals)	222	249	253
Free Cash flow	47	139	203
Free cash flow yield	2%	7%	11%

Source: Intralot, EUROXX Research

Our forecast for a reduction in the net debt to adj. EBITDA incorporates:

1. An assumption for spending on contract renewals,
2. Growth cap ex to increase revenue growth to high single digit levels, and
3. Dividend pay-out ratio of 35% from 2026E onwards.

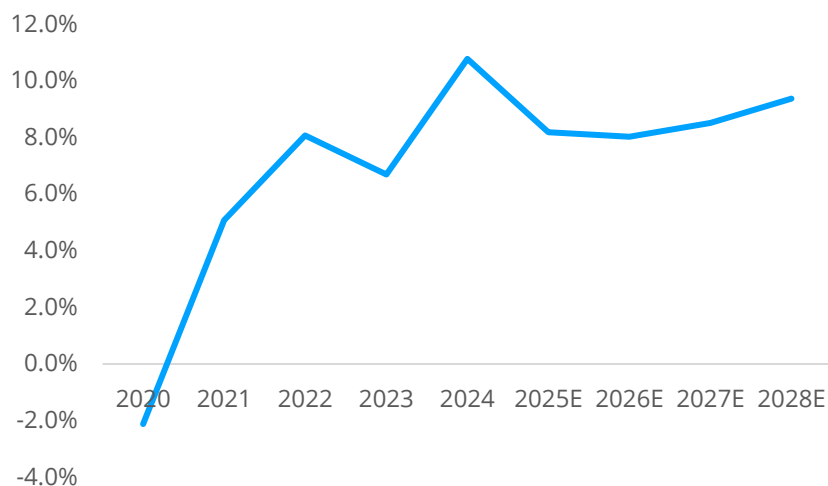
We believe that the fast reduction in leverage over the next three years provides an upside optionality for higher dividend payments or faster growth via selective M&A.

**Net debt to adj. EBITDA (x)**

Source: Intralot, Euroxx research

**ROIC sustainably above WACC from 2027E onwards**

We expect ROIC in 2026E to reach 8% and reach 9.1% by 2028E on the back of a strong high single digit growth in EBIT, the high returns from the growth cap ex and the reduction in net debt. The improvement in the P&L will also be visible on the bottom line. On our numbers, we expect net profits to exceed EUR 200m in 2028E on the back of the growth in EBITDA and lower financial expenses. This results in a RoE of c.11% over our forecast period.

**Return on Invested Capital (ROIC)**

Source: Intralot, Euroxx research

## Valuation

We value Intralot through DCF valuation, and derive a PT of EUR 1.50/share, offering a c.44% upside potential. We weigh our valuation 100% on DCF. However, we do provide a peer comparison table as a sanity check. On 2026E numbers, Intralot trades on a discount of 19% to the peer group in terms of EV/EBITDA and 18% in terms of P/E. On our PT, the shares would trade on an EV/EBITDA of 10.3x on 2026E, in line with sector averages.

For our valuation, we apply the following assumptions:

- Risk free rate of 3.5%
- WACC of 8.4%, based on beta of 1.7x
- Terminal growth of 1.0%, ROIC of 10%
- Explicit forecasts up to 2028E, stable growth of 3.0% for 2028-36E

### Discount Cash Flow

EUR m	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Sales	1,126	1,215	1,317	1,357	1,397	1,439	1,482	1,527	1,573	1,620	1,669
EBIT	320	344	380	392	404	416	428	441	454	468	482
<i>EBIT margin</i>	<i>28%</i>	<i>28%</i>	<i>29%</i>	<i>29%</i>	<i>29%</i>	<i>29%</i>	<i>29%</i>	<i>29%</i>	<i>29%</i>	<i>29%</i>	<i>29%</i>
- Tax	-61	-65	-72	-74	-77	-79	-81	-84	-86	-89	-92
<b>NOPAT</b>	<b>259</b>	<b>279</b>	<b>308</b>	<b>317</b>	<b>327</b>	<b>337</b>	<b>347</b>	<b>357</b>	<b>368</b>	<b>379</b>	<b>390</b>
+ Depreciation	88	89	89	76	65	66	67	68	70	71	73
- Capex	-192	-127	-96	-68	-70	-72	-74	-76	-79	-81	-83
<i>Capex/Sales</i>	<i>17%</i>	<i>10%</i>	<i>7%</i>	<i>5%</i>	<i>5%</i>	<i>5%</i>	<i>5%</i>	<i>5%</i>	<i>5%</i>	<i>5%</i>	<i>5%</i>
- WC change	-9	-11	-12	-2	-2	-2	-2	-2	-2	-2	-2
<b>= FCF to the Firm</b>	<b>147</b>	<b>229</b>	<b>289</b>	<b>323</b>	<b>319</b>	<b>328</b>	<b>338</b>	<b>347</b>	<b>357</b>	<b>367</b>	<b>377</b>
Discount factor	1.00	0.92	0.85	0.78	0.72	0.67	0.62	0.57	0.52	0.48	0.44
<b>Discounted FCF</b>	<b>147</b>	<b>212</b>	<b>246</b>	<b>254</b>	<b>231</b>	<b>219</b>	<b>208</b>	<b>197</b>	<b>187</b>	<b>177</b>	<b>168</b>

o/w PV of Disc. FCF 2026-2036E	2,244
o/w PV of Terminal Value	2,165
<b>Total EV</b>	<b>4,409</b>
- Net Debt (end 2025)	-1,548
- Minorities	-54
Fair Value of Equity	2,807
Number of shares (millions)	1,868
<b>Fair value per share (EUR)</b>	<b>1.50</b>

Source: EUROXX Research

### LOTTERY AND GAMING OPERATORS

Company			P/E			EV/EBITDA			Dividend yield		
			2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Flutter	US	31,708	27.0	20.5	14.7	15.8	12.3	9.7	0.0%	0.0%	0.0%
Aristocrat	AU	20,244	23.9	21.3	19.0	14.2	13.3	12.4	1.5%	1.7%	1.9%
Entain	GB	5,761	13.5	11.2	9.3	7.8	7.5	7.1	2.5%	2.6%	2.8%
Light & Wonder	US	6,893	14.5	11.9	10.6	8.9	8.2	7.5	0.0%	0.0%	0.3%
Bright Star	GB	2,545	31.3	14.2	14.0	5.5	5.2	4.9	24.6%	5.7%	5.9%
FDJ United	FR	4,283	10.1	9.0	8.0	6.4	6.1	5.6	9.0%	9.3%	10.1%
Lottomatica	IT	5,672	16.0	12.9	11.3	9.0	8.1	7.4	1.7%	2.4%	2.8%
Lottery Corp	AU	6,806	33.6	30.1	26.9	18.6	17.1	15.8	2.9%	3.3%	3.6%
Draftkings	US	14,409	54.6	25.6	16.6	33.6	16.7	11.0	0.0%	0.0%	0.0%
Evolution	SW	11,991	11.6	10.5	9.4	8.3	7.7	7.0	4.6%	4.9%	5.5%
<b>Average</b>			<b>23.6</b>	<b>16.7</b>	<b>14.0</b>	<b>12.8</b>	<b>10.2</b>	<b>8.8</b>	<b>4.7%</b>	<b>3.0%</b>	<b>3.3%</b>
Intralot			15.4	13.6	11.4	8.1	8.3	7.7	0.0%	2.6%	3.1%
<i>Premium (discount)</i>			-35%	-18%	-18%	-36%	-19%	-13%	<i>n.m.</i>	-14%	-7%

Source: Euroxx Research, Bloomberg

**Risks.** We identify the following risks to our investment case:

➤ **Regulatory risk**

The gambling and lottery market has been traditionally sensitive to legal and regulatory changes due to the nature of the business. Responsible gambling and other restrictions (upper limits on betting etc) could potentially hinder the profitability of the company.

➤ **Foreign exchange, currency risk exposure**

Risk related to currency fluctuations may arise, resulting in translation exposure, as the company is largely exposed to foreign currencies that may devalue/depreciate.

➤ **Technological advances could pose risk on competitive advantage**

Since the business operations are subject to technology exposure, the company must retain active Research & Development spending to stay on top with the latest technological developments in the field it operates.

➤ **Contract renewal risk**

Failure to renew contracts for the same length of time and with the same closes could restrict company's ability to generate revenues.

➤ **Risks related to taxation**

As evidenced by the recent increase in the UK online gaming tax, the sector is prone to increases in taxation levels on GGR. The increase in taxation could affect demand or lead to customers moving to the unregulated 'black' market.

## Financial Statements

### INCOME STATEMENT

EUR m	2022	2023	2024	2025pf	2026E	2027E	2028E
<b>Revenues</b>	<b>393</b>	<b>364</b>	<b>376</b>	<b>1,063</b>	<b>1,126</b>	<b>1,215</b>	<b>1,317</b>
Gross Profit	128	145	141	629	651	697	758
<b>Adjusted EBITDA</b>	<b>123</b>	<b>129</b>	<b>131</b>	<b>432</b>	<b>420</b>	<b>445</b>	<b>481</b>
Depreciation	-71	-68	-73	-88	-88	-89	-89
<b>EBIT</b>	<b>52</b>	<b>62</b>	<b>51</b>	<b>316</b>	<b>320</b>	<b>344</b>	<b>380</b>
Net financial result	-37	-36	-40	-145	-129	-120	-115
Other	15	8	7	0	0	0	0
<b>PBT</b>	<b>30</b>	<b>34</b>	<b>18</b>	<b>170</b>	<b>191</b>	<b>224</b>	<b>265</b>
Taxes	-11	-20	-1	-32	-36	-43	-50
<i>Tax rate</i>	<i>36%</i>	<i>59%</i>	<i>8%</i>	<i>19%</i>	<i>19%</i>	<i>19%</i>	<i>19%</i>
Minority interests	-13	-8	-12	-12	-12	-12	-11
<b>Net income</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>126</b>	<b>143</b>	<b>170</b>	<b>204</b>

Source: Intralot, Euroxx Research \*2025 pro-forma estimates do not include the one-off SCI and related costs

### GROWTH, MARGINS, PER SHARE DATA

	2022	2023	2024	2025pf	2026E	2027E	2028E
Sales growth	-5%	-7%	3%	n.m.	6%	8%	8%
EBITDA growth	11%	5%	-4%	n.m.	-3%	6%	8%
EBIT growth	132%	19%	-17%	n.m.	1%	8%	11%
Net income growth	-76%	-8%	-16%	n.m.	13%	19%	20%
EPS growth	-86%	-45%	-42%	n.m.	13%	19%	20%
EBITDA margin	31.3%	35.6%	33.1%	40.7%	37.3%	36.6%	36.5%
EBIT margin	13.1%	16.9%	13.6%	29.7%	28.4%	28.3%	28.9%
Net margin	1.6%	1.6%	1.3%	11.9%	12.7%	14.0%	15.5%
ROCE	10.0%	11.0%	11.4%	9.1%	8.8%	9.2%	10.0%
ROE	-5.5%	-14.0%	18.1%	16.7%	9.2%	10.1%	11.2%
EPS (EUR)	0.03	0.01	0.01	0.07	0.08	0.09	0.11
DPS (EUR)	0.00	0.00	0.00	0.00	0.03	0.03	0.04
Payout	0%	0%	0%	0%	35%	35%	35%
BVPS (EUR)	-0.43	0.06	0.05	0.79	0.87	0.93	1.01

Source: Intralot, Euroxx Research



**BALANCE SHEET**

EUR m	2022	2023	2024	2025pf	2026E	2027E	2028E
Tangible Assets	114	92	84	120	268	350	402
Intangible Assets	209	182	179	2,865	2,821	2,776	2,732
RoU Assets	0	0	0	0	0	0	0
Other non-current assets	59	59	64	64	64	64	64
Inventories	24	24	26	22	24	26	28
Trade debtors	110	120	155	280	297	320	347
Cash and cash equivalents	102	112	64	120	120	120	120
<b>TOTAL ASSETS</b>	<b>617</b>	<b>589</b>	<b>574</b>	<b>3,471</b>	<b>3,594</b>	<b>3,658</b>	<b>3,693</b>
Trade payables	78	61	45	172	182	197	213
Tax liabilities	1	4	3	34	38	44	52
Accrued and other current liabilities	5	7	7	104	108	114	122
ST loans	22	252	134	6	39	71	127
ST lease liabilities	0	0	0	0	0	0	0
LT loans	559	182	298	1,590	1,510	1,390	1,190
LT lease liabilities	1	2	2	2	2	2	2
Provisions / Other long term liabilities	29	33	22	22	22	22	22
Shareholders' equity	-108	24	30	1,478	1,621	1,741	1,885
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>617</b>	<b>589</b>	<b>574</b>	<b>3,471</b>	<b>3,594</b>	<b>3,658</b>	<b>3,693</b>
<b>Net debt/(cash)</b>	<b>490</b>	<b>333</b>	<b>380</b>	<b>1,548</b>	<b>1,501</b>	<b>1,413</b>	<b>1,269</b>
Net debt/EBITDA	4.0	2.6	3.0	3.6	3.6	3.2	2.6
Net debt / Equity	-4.5	13.7	12.9	1.0	0.9	0.8	0.7
Interest coverage ratio	1.3	1.5	1.1	2.1	2.4	2.8	3.2

Source: Intralot, Euroxx Research

**CASH FLOW STATEMENT**

EUR m	2022	2023	2024	2025pf	2026E	2027E	2028E
<b>EBIT</b>	<b>52</b>	<b>62</b>	<b>51</b>	<b>316</b>	<b>320</b>	<b>344</b>	<b>380</b>
Depreciation and Amortization	71	68	73	88	88	89	89
Non cash adjustments	2	0	-16	0	0	0	0
<b>Gross cash flow</b>	<b>125</b>	<b>129</b>	<b>109</b>	<b>404</b>	<b>409</b>	<b>433</b>	<b>470</b>
WCR change	-19	-27	-54	6	-9	-11	-12
<b>Operating cash flow</b>	<b>106</b>	<b>102</b>	<b>55</b>	<b>410</b>	<b>400</b>	<b>422</b>	<b>457</b>
Interest charges and related expenses paid	-37	-36	-41	-145	-129	-120	-115
Income tax paid	-4	-11	-20	-1	-32	-36	-43
Cap ex	-27	-30	-38	-40	-192	-127	-96
Acquisitions / JV, inv. property etc	-121	0	-4	-1,530	0	0	0
<b>Free cash flow</b>	<b>-82</b>	<b>26</b>	<b>-47</b>	<b>-1,307</b>	<b>47</b>	<b>139</b>	<b>203</b>
Change in loans / leasing	-12	-148	-1	1,224	-47	-89	-144
Dividend payment	-4	-5	0	0	0	-50	-60
Other (SCI, purchase treasury shares)	129	130	0	400	0	0	0

Source: Intralot, Euroxx Research

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This report has been written by the following analysts: Fani Tzioukalia, Alex Boulougouris

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