

PRESS RELEASE

3RD QUARTER 2016 RESULTS

“INTRALOT announces aggressive revenue growth 7% and resilient EBITDA growth 2.4% in 9M16”

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INTRALOT SA (RIC: **INLr.AT**, Bloomberg: **INLOT GA**), an international gaming solutions and operations leader, announces its financial results for the nine-month period ending September 30th, 2016, prepared in accordance with IFRS.

OVERVIEW

- Group Revenues increased by 7.0% in 9M16 (+19.5% in constant currency) attributed to the combined outcome of increased competition in the sports betting market in Bulgaria and Eurobet's first time consolidation, which resulted in boosting revenue growth by 16.2% in 3Q16 (+28.9% in constant currency). On a LTM basis revenue grew by 3.6%.
- EBITDA in the 9M16 period grew moderately by 2.4% (+16.6% in constant currency), with a margin contraction of just 58bps, absorbing a 374bps increase in the payout ratio. In 3Q16 EBITDA decreased by 14.3% (-1.8% in constant currency), as a result of approx. €7m shortfall in the Parent company, driven by increased efforts related to new projects and product development, M&A transaction costs and timing effects of 3Q15 compared to 3Q16.
- INTRALOT issued in September a 5-year, €250m, 6.75% coupon bond to refinance its 2018, 325m, 9.750% coupon bond, reducing significantly debt servicing costs.
- In November, 80% of our operations in Peru were transferred to NG Entertainment Peru S.A.C. and the Group received a cash consideration of 68.7m USD.
- Net debt in the 3rd quarter increased by €23.0m to €533.8m, due to third party dividends distribution of €9.5m to joint venture partners, M&A activities of €10.0m and negative FX of €1.8m.

- New products and services that have been recently developed and installed to various clients include:
 - Self Service Terminals (SST) for autonomous play with advanced payments methods
 - Canvas CMS solution with additional verticals (Casino and e-Instants) supporting social marketing integration
 - Native Mobile Betting applications (iOS, Android) with real money gaming
 - Remote Gaming Server new release with significant architectural enhancements for better performance and support of Slot Games

Consolidated Financial Statements For The 9 Months Ended September 30th, 2016						
<i>(in € million)</i>	9M16	9M15	<i>% Change</i>	3Q16	3Q15	<i>% Change</i>
Revenues (Turnover)	957.5	895.0	7.0%	320.6	276.0	16.2%
Gross Profit	168.3	168.2	0.1%	49.1	52.1	-5.7%
EBITDA	123.9	121.0	2.4%	35.0	40.9	-14.3%
<i>EBITDA Margin (%)</i>	12.9%	13.5%	-0.6pps	10.9%	14.8%	-3.9pps
EBT	17.8	30.8	-42.2%	-1.8	5.1	-
<i>EBT Margin (%)</i>	1.9%	3.4%	-1.6pps	-0.6%	1.8%	-2.4pps
NIATMI	1.8	-50.4	-	-17.6	-19.4	-

Commenting on the 3Q 2016 Results INTRALOT Group CEO Antonios Kerastaris noted:

"INTRALOT Q3 was marked by aggressive organic revenue growth, as a result of the company strategy for launching new products and services and reaping fruits of new projects. Recent milestone developments of a successful early refinancing of a €250m bond in September with significantly better terms that lead to cumulative savings of up to €65m savings in debt-servicing costs and extension of maturities to 2021 combined with the collection of USD 68.7m in cash from the disposal of 80% of our operation in Peru have drastically improved our financial position and capacity to meet our targets of significantly reduced net debt and improved cash position by the end of 2016."

OVERVIEW OF RESULTS

REVENUES

- Reported consolidated revenues increased by 16.2% to €320.6m in 3Q16 compared to the same period a year ago, shaping revenues in 9M16 to 957.5m or 7.0% higher y-o-y. Revenues in 3Q16 were boosted from increased sports betting revenues in Bulgaria and the consolidation of the recently acquired Bulgarian lottery company Eurobet in 3Q16.
- The increase in 9M16 derives from: +115.1m in East Europe due to increased sales in Bulgaria and Turkey, +20.9m in North America, +3.2m in West Europe due to higher revenues in Malta and Cyprus and +1.9m in Africa due to increased sales in Morocco, partially counterbalanced by decreased sales of 47.8m in Australasia due to lower sales in Azerbaijan where the local currency suffered severe devaluations and -30.8m in South America due to softer sales in Argentina, Jamaica and Brazil.
- **Constant currency basis:** In 3Q16 revenues net of a negative FX impact of €35.1m reached €355.7m (+28.9% y-o-y), while in 9M16 revenues net of a negative FX impact of €112.1m shaped at €1,069.6m (+19.5% y-o-y).
- Numerical Games are the largest contributors to our top line, comprising 48.8% of our revenues (+11.1% vs. 9M15), followed by Sports Betting contributing 34.3% to Group turnover (+2.4% vs. 9M15). VLTs/AWPs represented 3.0% of Group turnover (+70.0% vs. 9M15), followed by Technology contracts with 11.4% (+5.8% vs. 9M15) and Racing with 2.6% (-27.7% vs. 9M15).
- **Wagers handled**
During the 9M16 period INTRALOT systems handled €17.3 bn. of wagers worldwide (from continuing operations), increased by 1.0% y-o-y. Africa increased by 22.6%, North America increased by 11.7%, East Europe increased by 3.2%, West Europe increased by 1.4%, South America decreased by 13.5% and Asia decreased by 6.5%.

GROSS MARGIN / OPERATING INCOME / OPEX

- The **Gross profit margin** was shaped at 17.6% in 9M16 from 18.8% in 9M15, negatively affected mainly by a margin contraction in Bulgaria & Azerbaijan (due to a higher payout) and Turkey, partially counterbalanced by margin expansion in the US. The payout ratio in 9M16 increased by 3.7ppt vs. 9M15, while GGR increased by 4.3% in the same period. In 3Q16, the payout ratio increased by 4.9ppt. vs. 3Q15 (due to Bulgaria and Azerbaijan), while GGR increased by 7.6%.
- **Other operating income** in 9M16 totaled €14.3m compared to €17.0m in 9M15, posting a decrease of 15.8%. The major drivers of this decrease were the non-recurring income in Australia due to the operations sale in 2Q15 (€3.6m) and negative

FX impact (€1.0m), partially offset by improved operations in Turkey (€1.7m) and the growth in instant ticket services of our US operations (€1.4m).

- **Total operating expenses** decreased by 2.8% to €109.9m in line with our strategy to contain costs.

EBITDA

- **EBITDA** developed to €35.0m in 3Q16, posting a decrease of 14.3% compared to 3Q15. EBITDA in 9M16 shaped at €123.9m, increased by 2.4% y-o-y.
- **Constant currency basis:** In 3Q16 EBITDA net of a negative FX impact of €5.1m reached €40.1m (-1.8% y-o-y), while in 9M16 EBITDA net of a negative FX impact of €17.2m shaped at €141.1m (+16.6% y-o-y).

EBT / NIATMI

- **EBT** in 3Q16 was shaped at €-1.8m compared to €5.1m in 3Q15. In 9M16 EBT was €17.8m from €30.8m in 9M15 (€-13.0m), negatively affected by higher net financial costs (€6.9m), increased Exchange differences (€2.9m) and higher investing activities (€2.0m) and asset losses (€2.0m) in 9M16.
- **Constant currency basis:** In 3Q16 EBT net of a negative FX impact reached €1.0m from €9.5m in 3Q15, while in 9M16 EBT net of a negative FX impact shaped at €34.7m (+17.6% y-o-y).
- **NIATMI from continuing operations** in 3Q16 was shaped at €-18.6m compared to €-14.0m in 3Q15, while in 9M16 it was €-34.5m from €-36.7m in 9M15.
- **Constant currency basis: NIATMI** from continuing operations in 3Q16 net of a negative FX impact reached €-18.5m from €-9.5m in 3Q15, while in 9M16 it was shaped at €-28.7m from €-37.4m in 9M15.

CASH-FLOW

- Operating Cash-flow almost doubled in 9M16, at €121.1m vs. €64.8m in 9M15. The growth is mainly attributed to the WC improvement (+2.9m in 9M16 from -46.8m in 9M15).
- **Net Capex** in 9M16 was €44.6m, compared to €53.7m in 9M15. Major Capex items in 9M16 include investments in our business in US of €10.5m, in Chile €4.9m and R&D of €5.2m.

- **Net debt** in the 3rd quarter increased by €23.0m to €533.8m, due to third party dividends distribution of €9.5m to joint venture partners, M&A activities of €10.0m and negative FX of €1.8m.
- LTM 9M16 Net Debt to EBITDA ratio adjusted for the proceeds from the Peruvian transaction that were received in November 2016 (€62.3m) and the redemption premium regarding the issuance of the 5-year €250m bond (€10.8m), is shaped at 2.88x.
- In September 2016, the company completed the refinancing of the 2018 €325m bond through the issuance of a 2021 €250m bond. Recently the company obtained committed lines of €240m compared to €200m previously. As a result, the company will benefit from recurring annual interest cost savings in the area of €12-13m.
- As of 30.09.2016 the Company didn't hold any of our bonds.

APPENDIX

Analysis per Business Segments					
Business Segments	Revenues (in € million)				
	9M16	9M15	9M16 %	9M15 %	% change
	Operation contracts	715.0	681.0	74.7%	76.1%
Management contracts	82.1	68.9	8.6%	7.7%	19.3%
HW sales & facilities management contracts	160.3	145.1	16.7%	16.2%	10.5%
Total	957.5	895.0	100.0%	100.0%	7.0%

- Revenues from Operation contracts (licenses) increased by 5.0% mainly due to higher revenues in Bulgaria, Malta and Cyprus, partially counterbalanced by the performance of Azerbaijan, Jamaica, Argentina and Brazil.
- Sales from Management contracts posted an increase of 19.3% mainly driven by the performance of Turkey and Morocco.
- Revenues from HW sales and facilities management increased by 10.5% mainly due to increased revenues in US and Australia, partially counterbalanced by the revenues in Argentina, an IT contract in Malaysia and the revenues from the Hellenic Lotteries.

Geographical Sales Breakdown			
(in € million)	9M16	9M15	% chg
Europe	426.4	313.0	36.2%
Americas	404.0	413.6	-2.3%
Other	174.2	208.9	-16.6%
Eliminations	(47.1)	(40.5)	-
Total Consolidated Sales	957.5	895.0	7.0%

Geographical Gross Profit Breakdown			
(in € million)	9M16	9M15	% chg
Europe	44.8	47.9	-6.4%
Americas	41.9	40.5	3.5%
Other	82.9	80.1	3.5%
Eliminations	(1.3)	(0.3)	-
Total Consolidated Gross Profit	168.3	168.2	0.1%

Geographical Gross Profit margin Analysis			
(in € million)	9M16	9M15	% chg
Europe	10.5%	15.3%	-4.8pps
Americas	10.4%	9.8%	+0.6pps
Other	47.6%	38.3%	+9.2pps
Total Consolidated Gross Margin	17.6%	18.8%	-1.2pps

INTRALOT Parent company results

Revenues for the period decreased by 10.4% to €47.3m.

EBITDA decreased to €1.7m from €37.2m in 9M15.

Earnings After Taxes (EAT) shaped at €-6.9m from €-8.2m in 9M15.

INTRALOT Parent Company Headline P&L Figures For The 9 Months Ended September 30th, 2016			
<i>(€ million)</i>	9M16	9M15	<i>% Change</i>
Revenues (Sales)	47.3	52.8	-10.4%
EBITDA	1.7	37.2	-
EAT	-6.9	-8.2	-

About INTRALOT

INTRALOT, a public listed company established in 1992, is a leading gaming solutions supplier and operator active in 54 regulated jurisdictions around the globe. With €1.91 billion turnover and a global workforce of approximately 5,100 employees in 2015, INTRALOT is an innovation – driven corporation focusing its product development on the customer experience. The company is uniquely positioned to offer to lottery and gaming organizations across geographies market-tested solutions and retail operational expertise. Through the use of a dynamic and omni-channel approach, INTRALOT offers an integrated portfolio of best-in-class gaming systems and product solutions & services addressing all gaming verticals (Lottery, Betting, Interactive, VLT). Players can enjoy a seamless and personalized experience through exciting games and premium content across multiple delivery channels, both retail and interactive.

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