



**Financial Results For The Nine Months  
Ended, September 30<sup>th</sup>, 2015**

November 27<sup>th</sup>, 2015

***Investor Relations Department***

## INTRALOT S.A.

### Results For The Nine Months Ended September 30<sup>th</sup>, 2015 (in accordance with IFRS)

**Athens** – November 27<sup>th</sup>, 2015 – **INTRALOT SA** (RIC: **INLr.AT**, Bloomberg: **INLOT GA**), the leading international gaming company, today announces its financial results for the nine-month period ending September 30<sup>th</sup>, 2015, prepared in accordance with IFRS.

#### A. OVERVIEW

##### Revenues

##### 3Q 2015

- **Revenues** for the 3Q15 period remained relatively unchanged compared to 3Q14 at €421.2m vs. €424.0m in 3Q14.
- After primarily adjusting for the sale of the Victoria instant ticket and Keno license (February 2015) and the discontinued lottery facilities management contract in Romania, revenues on a **continuing business basis** in 3Q15 were shaped at €419.0m, +2.1% compared to 3Q14.
- **Constant currency basis:** Net of a positive FX impact of €6.3m, revenues reached €414.9m, posting a decrease of 2.1% vs. 3Q14.

##### 9M 2015

- **Revenues** for the 9M15 period grew by 3.8%, to €1,379.8m from €1,329.5m in the 9M14 period, representing an increase of €50.3m.
- The increase derives from: +87.0m in South America, mainly due to the strong performance of Jamaica, Argentina and Peru, +8.4m in West Europe mainly due to the increased revenues in Italy, +8.1m in North America, +1.5m in Africa, -0.3m in East Europe and -54.3m in Australasia due to the sale of the Victorian license in February 2015 and the softer sales in Azerbaijan.
- On a **continuing business basis**, revenues (mainly adjusted for Opap, Romania and Victoria contracts) in 9M15 shaped at €1,368.4m, +7.2% compared to 9M14.
- **Constant currency basis:** Net of a positive FX impact of €47.0m, revenues reached €1,332.8m, posting an increase of 0.2% vs. 9M14.
- **New projects** in the US (Wyoming, Ohio and Georgia) and Greece (Hellenic Lotteries) contributed €6.3m to consolidated Revenues in 9M15.
- Sports Betting is the largest contributor to our top line, comprising 45.9% of our revenues (-1.6% vs. 9M14), followed by numerical games contributing 32.4% to Group turnover (+12.7% vs. 9M14). VLTs/AWPs represented 11.1% of Group turnover

(+11.6% vs. 9M14), followed by Technology contracts with 7.5% (-3.8% vs. 9M14) and Racing with 3.1% (-2.7% vs. 9M14).

## - **Wagers handled**

During the 9M15 period INTRALOT systems handled €18.1 bn. of wagers worldwide, increased by 14.2% y-o-y. South America increased by 32.0%, North America increased by 29.3%, Australasia increased by 21.2%, Africa increased by 12.7%, East Europe increased by 12.6% and West Europe decreased by 6.2%.

## **Gross Margin / Operating Income / OPEX**

- The **Gross profit margin** developed at 13.7% in 9M15 from 14.6% last year, mainly affected by the ailing performance of our Italian operation.
- The **payout** ratio in 9M15 remained stable y-o-y (66.6% in 9M15 from 66.7% in 9M14), despite the significant increase of the payout in Italy (+5.7pps y-o-y), helped by the wide diversification of our betting activities.
- On a **continuing business basis** the gross profit margin in 9M15 improved to 13.6% in 9M15 from 12.9% in 9M14.
- In 9M15 **other operating income** totaled €17.8m compared to €13.3m in 9M14, posting an increase of 34.1%. The major drivers of this increase was the growth in instant ticket services of our US operations.
- **Total operating expenses** increased by 4.9% to €147.5m as a result of the expansion of our business in US and the increased investment in selling and marketing to further grow revenues primarily in Turkey.
- On a **continuing business basis**, OPEX for the 9M15 developed at c.76% of gross profit compared to c.81% last year.

## **EBITDA**

### **3Q15**

- **EBITDA** developed to €44.7m in 3Q15, an increase of 5.9% compared to 3Q14.
- On a **continuing business basis** Ebitda in 3Q15 was shaped at €42.7m, +29.2% compared to 3Q14.
- **Constant currency basis:** net of a positive FX impact of €0.1m, EBITDA reached €44.6m in 3Q15, an increase of 5.6% y-o-y.

## 9M15

- **EBITDA** was shaped at €131.9m from €131.6m in 9M14 (+0.2%).
- On a **continuing business basis** EBITDA in 9M15 was shaped at €128.0m, +20.4% compared to 9M14.
- **Constant currency basis:** net of a positive FX impact of €5.4m, EBITDA reached €126.5m in 9M15, a decrease of 3.9% y-o-y.
- **New projects** in the US (Wyoming, Ohio and Georgia) and Greece (Hellenic Lotteries) contributed €3.3m to consolidated EBITDA in 9M15.

## EBT

### 3Q15

- **EBT** in 3Q15 was shaped at €0.4m compared to €7.1m in 3Q14.
- On a **continuing business basis** EBT in 3Q15 was shaped at €-1.2m from €-0.9m in 3Q14.
- **Constant currency basis:** net of a negative FX impact of €5.9m, EBT increased 55.4% in 3Q15 to €6.3m from €4.1m in 3Q14.

### 9M15

- **EBT** in 9M15 decreased to €18.0m from €27.3m in 9M14.
- On a **continuing business basis** EBT in 9M15 was shaped at €14.3m from €3.0m in 9M14.
- **Constant currency basis:** net of a positive FX impact of €3.2m, EBT reached €14.8m from €20.4m, posting a decrease of 27.6% y-o-y.
- **New projects** in the US (Wyoming, Ohio and Georgia) and Greece (Hellenic Lotteries) contributed €2.5m to consolidated EBT in 9M15.

## Net Income after Tax & Minorities Interest (NIATMI)

### 3Q15

- **NIATMI** for the period was shaped at a negative €19.4m compared to €-8.0m in 3Q14.
- On a **continuing business basis** NIATMI in 3Q15 was shaped at €-20.8m from €-14.1m in 3Q14.
- **Constant currency basis:** net of a negative FX impact of €5.3m, NIATMI reached €-14.2m from €-11.2m in 3Q14.

## 9M15

- **NIATMI** for the period was shaped at a negative €50.4m compared to €-32.1m in 9M14.
- On a **continuing business basis** NIATMI in 9M15 was shaped at €-52.4m vs. €-49.3m in 9M14.
- **Constant currency basis:** net of a positive FX impact of €2.0m, NIATMI reached €-52.4m from €-38.9m in 9M14.
- **New projects** in the US (Wyoming, Ohio and Georgia) and Greece (Hellenic Lotteries) contributed €2.0m to consolidated NIATMI in 9M15.

## Cash-Flow

- **Operating Cash-flow** in the 9M15 period totaled €64.8m from €94.1m in 9M14. This decrease is caused by mostly one-off working capital requirements in 1H15: normalization of suppliers credit particularly in Greece and Azerbaijan, payment of AWP stability gaming tax in Italy (which is expected to be recovered from our operators in due course), payment of old outstanding winnings to players in Jamaica, outstanding balance due on the consideration for the sale of the license in Victoria (Australia), and to a smaller extent by the one-off impact in 3Q15 of the settlement of unpaid winnings in Victoria following the sale of the license.
- **Investing Activities** in 9M15 generated net inflows of €2.8m, comprising the €10.7m capital return from Hellenic Lotteries in 2Q15 and outflows of €2.4m for partial payment related to the acquisition of a 35% stake in Bit8 and €4.6m for the acquisition of a 5% minority stake in Intralot Inc.
- **Net Capex** in 9M15 accumulated to €53.7m, compared to €42.6m in 9M14. Major Capex items in 9M15 include investments in our US business of €11.0m, product development costs of €11.0m, €5.3m of one-off restructuring and relocation costs, as well as various maintenance and expansion projects in the subsidiaries of about €15m, less an inflow of €1.4m received as a partial amount from the sale of our Victoria license. Further to this, the Group continued to invest in products R&D in order to maintain its technological leadership. The total amount spent for R&D in 9M15 was €16.3m vs. €10.0m in 9M14.
- **The Cash** balance was further impacted by €41.4m bond buy backs mostly in 1H, the payment of the 2 semiannual coupons of the €325m bond (€30.0m) in February and August, the semiannual coupon of the €250m bond (€7.3m) in May and the monthly interest expense for the €200m Syndicated Facility (€9,2m). The drawdown of our syndicated facility does not have any impact on Net Debt because it remains unutilized, as it was drawn for financial prudence reasons. Moreover, the Group's cash position was affected by a negative unrealized FX impact of €19.0m and dividends paid to minority shareholders of €55.9m (mainly in Bulgaria, Jamaica and especially in Turkey, where we distributed dividends out of previous years' profits).
- **Net Debt** as at 30 September 2015 developed at €484.1m, increased by €102.7m compared to 31 December 2014 (€381.4m). As at that date the book value of bonds purchased by the Group were €47.7m vs €6.4m as at 31 December 2014.

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**Commenting on the 9M15 Results INTRALOT Group CEO Antonios Kerastaris noted:**

"We are pleased with the 3Q results that are in line with our expectations for stable growth of our business. EBITDA grew by 6% compared to 3Q14, despite the ailing performance of Italy due to extraordinarily high, country specific, payouts, which led the Italian business to contribute marginally to our EBITDA, the weak performance of Azerbaijan, the fall-off of the Romanian contract and the effect of the World Cup last year in both the second and third quarters.

I would like to point out that the majority of our subsidiaries reported strong results coupled with our new contracts in Wyoming, Ohio and Georgia, in the US, thus leading to an increase of our EBITDA on a like for like basis by 15.8% in the nine months of 2015.

During the third Quarter, we continued streamlining our global operations and unfold our selective expansion plans. We renewed our presence in New Mexico, US, for 8 years, where we have an excellent cooperation with the State Lottery since 2006 and signed a new 10 year contract in Nigeria, a very dynamic African market. Our focus on licensed operations remains strong, as we proceed with the integration of Bit8 CRM platform that will be a valuable asset on the B2C front of our business.

Finally, it is important to note that we ratified our commitment to sustainable growth, as we have recently been awarded with the WLA Responsible Gaming certification as a gaming vendor."

## Consolidated Financial Statements For The 9 Months Ended September 30<sup>th</sup>, 2015

<i>(in € million)</i>	9M15	9M14	% Change	3Q15	3Q14	% Change
Revenues (Turnover)	1,379.8	1,329.5	3.8%	421.2	424.0	-0.7%
Gross Profit	189.7	193.5	-2.0%	59.6	57.1	4.4%
EBITDA	131.9	131.7	0.2%	44.7	42.2	5.9%
EBITDA Margin (%)	9.6%	9.9%	-0.3pps	10.6%	9.9%	+0.7pps
EBT	18.0	27.3	-34.0%	0.4	7.1	-
EBT Margin (%)	1.3%	2.1%	-0.7pps	0.1%	1.7%	-1.6pps
EAT (after minorities)	-50.4	-32.1	-	-19.4	-8.0	-

### Pro-forma Analysis of 3Q 2015 Results

<i>(in € million)</i>	Continuing Business		New Business		Discontinued & non-recurring Business		FX effect		Published Results	
	3Q15	3Q14	3Q15	3Q14	3Q15	3Q14	3Q15	3Q14	3Q15	3Q14
Revenues	413.9	410.4	-0.1	0.0	1.1	13.6	6.3	0.0	421.2	424.0
% change	0.8%		-		-		-		-0.7%	
EBITDA	43.0	33.1	0.8	0.0	0.7	9.1	0.1	0.0	44.7	42.2
% change	30.0%		-		-		-		5.9%	
EBT	5.2	-4.0	0.7	0.0	0.4	8.0	-5.9	3.0	0.4	7.1
% change	-		-		-		-		-	
EAT (after minorities)	-15.1	-17.3	0.6	0.0	0.4	6.1	-5.3	3.2	-19.4	-8.0
% change	-		-		-		-		-	

### Pro-forma Analysis of 9M 2015 Results

<i>(in € million)</i>	Continuing Business		New Business		Discontinued & non-recurring Business		FX effect		Published Results	
	9M15	9M14	9M15	9M14	9M15	9M14	9M15	9M14	9M15	9M14
Revenues	1,322.6	1,276.4	6.3	0.0	3.9	53.1	47.0	0.0	1,379.8	1,329.5
% change	3.6%		-		-		-		3.8%	
EBITDA	123.1	106.3	3.3	0.0	0.1	25.4	5.4	0.0	131.9	131.6
% change	15.8%		-		-		-		0.2%	
EBT	12.1	-3.9	2.5	0.0	0.2	24.3	3.2	6.9	18.0	27.3
% change	-		-		-		-		-34.1%	
EAT (after minorities)	-53.5	-56.1	2.0	0.0	-0.9	17.3	2.0	6.8	-50.4	-32.1
% change	-		-		-		-		-	

## Turnover Analysis

Analysis per Business Segments					
Business Segments	Revenues (in € million)			Revenues % of conso	
	9M15	9M14	%	9M15	9M14
			change		
Operation contracts	1,134.2	1,082.0	4.8%	82.2%	81.4%
Management contracts	94.5	97.2	-2.7%	6.9%	7.3%
HW sales & facilities management contracts	151.1	150.4	0.5%	11.0%	11.3%
<b>Total</b>	<b>1,379.8</b>	<b>1,329.5</b>	<b>3.8%</b>	<b>100%</b>	<b>100%</b>

- Revenues from Operation contracts (licenses) increased by 4.8% due to higher sales mainly in Jamaica, Italy (Gaming machines), Argentina (Salta operations) and Peru, counterbalancing the decrease in sales in Azerbaijan, lower sales in Victoria, Australia after the sale of the license in February 2015 and the effect of the World Cup in 1H14.
- Sales from Management contracts posted a decrease of 2.7% mainly driven by the impact of the relative Romanian contract.
- Revenues from HW sales and facilities management increased by 0.5% despite the impact of the Opap and the relative Romanian contracts.

Geographical Sales Breakdown			
(in € million)	9M15	9M14	% chg
Europe	730.2	722.3	1.1%
Americas	489.2	395.3	23.7%
Other	208.9	255.4	-18.2%
Eliminations	(48.4)	(43.4)	-
<b>Total Consolidated Sales</b>	<b>1,379.8</b>	<b>1,329.5</b>	<b>3.8%</b>

Geographical Gross Profit Breakdown			
(in € million)	9M15	9M14	% chg
Europe	54.6	63.8	-14.4%
Americas	60.4	51.9	16.6%
Other	80.1	76.0	5.4%
Eliminations	(5.5)	1.9	-
<b>Total Consolidated Gross Profit</b>	<b>189.7</b>	<b>193.5</b>	<b>-2.0%</b>

Geographical Gross Profit margin Analysis			
(in € million)	9M15	9M14	% chg
Europe	7.5%	8.8%	-1.4pps
Americas	12.4%	13.1%	-0.8pps
Other	38.3%	29.8%	+8.6pps
<b>Total Consolidated Gross Margin</b>	<b>13.7%</b>	<b>14.6%</b>	<b>-0.8pps</b>



## INTRALOT Parent company results:

**Revenues** for the period decreased by 18.1%, to €52.8m.

**EBITDA** increased by 147.1% €37.2m from €15.0m in 9M14.

**Earnings After Taxes (EAT)** decreased to €-8.2m from €-7.4m in 9M14.

<b>INTRALOT Parent Company Headline P&amp;L Figures For The 9 Months Ended September 30<sup>st</sup>, 2015</b>			
<i>(€ million)</i>	9M15	9M14	<i>% Change</i>
Revenues (Sales)	52.8	64.5	<i>-18.1%</i>
EBITDA	37.2	15.0	<i>147.1%</i>
EAT	-8.2	-7.4	-

### **About INTRALOT**

INTRALOT, a public listed company, is the leading supplier of integrated gaming and transaction processing systems, innovative game content, sports betting management and interactive gaming services to state-licensed gaming organizations worldwide. Its broad portfolio of products & services, its know-how of Lottery, Betting, Racing & Video Lottery operations and its leading-edge technology, give INTRALOT a competitive advantage, which contributes directly to customers' efficiency, profitability and growth. With presence in 57 jurisdictions, more than 5.500 people and revenues of €1.85 billion for 2014, INTRALOT has established its presence on all 5 continents.