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Fitch Places Intralot's 'CCC+' IDR on Rating Watch Positive

Fitch Ratings - Frankfurt am Main - 02 Jul 2025: Fitch Ratings has placed Intralot S.A.'s 'CCC+' Long-Term Issuer Default Rating (IDR) on Rating Watch Positive (RWP).

The RWP follows Intralot's announced acquisition of Bally International Interactive (BII), a segment of Bally's Corporation (B-/Rating Watch Negative). Intralot plans to finance the acquisition by issuing up to EUR1.6 billion of new debt and up to EUR400 million new equity. It will contribute cash proceeds and equity in the combined business to Bally's Corporation. Intralot will repay part of its existing debt from the new financing proceeds. After the transaction, Bally's Corporation will be the majority owner of the combined entity.

The RWP reflects Fitch's expectations that the company will have an improved business profile and significantly lower financial risk after the transaction, with more sustainable medium-to long-term capital structure. We expect to resolve the RWP after completion of the acquisition, potentially with a multi-notch upgrade of the IDR.

Key Rating Drivers

Improved Business Profile: The transaction will improve the combined company's business profile, with larger scale and higher product and geographic diversification along with improved operating profitability and free cash flow (FCF) margins. The profile will change with majority of the combined revenue to be derived from B2C versus 90% exposure to B2B for Intralot alone. This reduces revenue generation visibility, which is more predictable for B2B. The combined entity will be more exposed to the market dynamics of the strongly regulated UK market, its most important geography.

In the combined entity, we estimate a larger part of revenue will come from sports betting and iGaming, exposing it to a less secure, but mature market, which we expect to grow at a stable pace, assuming no adverse regulatory changes.

Longer-Term Capital Structure: A potential near-term upgrade of IDR is driven by our expectation of a medium-to-long-term capital structure to be put in place as part of the transaction that will address Intralot's looming refinancing risk. The current short-term capital structure with near-term debt maturities in January 2026 has been the main factor dragging Intralot's credit profile down to the 'CCC' category.

The new capital structure and combined entity's business risk profile will support a medium to high 'b' Standalone Credit Profile (SCP), provided the company adheres to a consistent financial policy,

maintaining leverage in line with the post-transaction profile and addressing approaching debt maturities with medium-term refinancing solutions.

Healthy FCF Generation: We estimate healthy FCF margins for the combined business with a minimum 35% of net income dividend obligation. In our assumptions we incorporate higher dividend distributions at 50%, given strong Fitch-estimated FCF-before-dividends generation. This could be cut back to the minimum if there was operational underperformance or higher capital intensity.

Strong Combined Business Deleveraging: We expect the combined entity will maintain low EBITDAR leverage, gradually reducing to below 3.0x by 2028 from 3.8x in 2025, which on a standalone basis is strong for an entity in the 'b' rating category. Deleveraging will be driven by consolidated EBITDA margin expansion due to integration of BII business and realisation of synergies.

Stronger Subsidiary Under PSL Criteria: Fitch views Intralot's SCP pro forma acquisition at medium to high 'b', stronger than its parent's consolidated credit profile. We estimate Bally's Corporation's consolidated profile after the transaction will remain weak. Once the transaction is completed, we are likely to apply our Parent and Subsidiary Linkage (PSL) Rating Criteria to Intralot's rating, using the stronger subsidiary path. If the final structure and the relationship between the parent and the subsidiary remain as expected by Fitch, Intralot's rating could be up to two notches higher than the parent's consolidated profile.

B2C Fund B2B/B2G Capex: Intralot is expanding its US operations, participating in tenders for contracts in several US states. Individual contract scale is relatively large compared to Intralot's standalone operations, so we expect new US contracts could add about EUR220 million capex over 2025-2029. This would be fully discretionary. BII's business is not capital intensive. We therefore estimate BII's business to fund Intralot's capex strategy.

Less Contract Portfolio Expiration Impact: Fitch views Intralot's B2B revenue as more visible and predictable than that of B2C gaming operators, although subject to licence or contract renewal risks. The company has also not always been able to compete for renewals with local or international peers. The current portfolio has a moderate license and contract expiration profile, but with some material expirations, such as Illinois, which represented 12% of revenue in 2024, in 2027. Intralot's ability to maintain a balanced license expiration profile will be less important for its rating trajectory after the transaction but could affect its credit profile in case of consistent non-renewals or lack of new contracts.

UK iGaming Main Market: The combined entity will generate high share of revenue in the UK. It will be materially exposed to the UK online gaming market, the largest in Europe, but also one of the most heavily regulated. Our base case assumes no material adverse changes to UK market regulation or additional fiscal pressure and assumes low- to mid-single-digit growth rate in this segment. We would treat any material unexpected adverse changes to regulation in the UK as event risk.

Peer Analysis

Pro forma for the announced transaction, combined Intralot will become a closer peer to evoke plc

(B+/Negative), with similar revenue concentration in the UK market and exposure to the online segment, making both entities similarly exposed to that regulation. At the same time, evoke has higher EBITDAR leverage above 6.0x in 2024, which we expect to gradually decrease to below 5.0x by 2027. Another close peer of the combined entity will be Allwyn International AG (BB-/Positive), an internationally diversified B2B and B2C provider with a complex group structure, but materially larger than combined Intralot. Meuse Bidco SA (B+/Stable) has less geographical diversification, with concentration on the mature European market and Belgium in particular, and concentration on iGaming. Its strong profitability and low leverage support its rating.

Intralot's standalone financial profile is not comparable with those of other more B2C EMEA gaming companies, such as Flutter Entertainment plc (BBB-/Stable), Entain plc (BB/Stable), or its B2B peers International Game Technology plc (BB+/Stable) and Light & Wonder, Inc. (BB/Stable).

Key Assumptions

- Average mid-single-digit annual revenue growth in 2026-2029
- Improved profitability of combined Intralot
- Dividends paid to minority shareholders increasing towards EUR12 million in 2029 from EUR5 million in 2025
- High capex intensity in 2026-2027 driven by the B2B segment moderating from 2028
- Dividend distribution at 50% of net income versus 35% minimally required in 2026-2029 allowed by strong profitability and healthy cash flow generation

RATING SENSITIVITIES

Fitch expects to resolve the RWP on the acquisition close, which is anticipated to be in Q4 2025. Consequently, resolution of the RWP could exceed six months. If the proposed deal does not happen, we would remove the RWP, and the following rating sensitivities would apply to Intralot as a standalone business:

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- If the transaction does not go ahead, inability to refinance the upcoming maturities by end-3Q25
- EBITDAR leverage above 7.0x
- EBITDAR coverage below 1.5x
- Sustained negative or volatile FCF and lack of sufficient liquidity to support operations within the next 12-18 months

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- In the transaction does not go ahead, refinancing of the upcoming maturities by end of 3Q25
- Healthy liquidity, underlined by positive FCF and a lack of permanent revolving credit facility drawdowns
- EBITDAR leverage below 5.0x
- EBITDAR coverage above 1.8x on a sustained basis

Liquidity and Debt Structure

After the planned transaction, the company will have a completely new capital structure, with a medium-to-long-term maturity profile. We expect strong cash flow generation. The combined entity will have comfortable liquidity.

Issuer Profile

Intralot is a supplier of integrated gaming systems and services. BII is an international interactive segment of Bally's Corporation, active in iGaming, with the UK its main market.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Macro and Sector Forecasts data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Intralot S.A.	LT IDR	CCC+ 	Rating Watch On	CCC+

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Corporate Rating Criteria \(pub.27 Jun 2025\) \(including rating assumption sensitivity\)](#)

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub.02 Aug 2024\) \(including rating assumption sensitivity\)](#)

[Country-Specific Treatment of Recovery Ratings Criteria \(pub.03 Mar 2023\)](#)

Parent and Subsidiary Linkage Rating Criteria ([pub.27 Jun 2025](#))

Sector Navigators – Addendum to the Corporate Rating Criteria ([pub.27 Jun 2025](#))

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 ([1](#))

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Intralot S.A. EU Issued, UK Endorsed

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