23 OCT 2025

# Fitch Upgrades Intralot's IDR to 'B+'; Assigns Final 'BB' to Senior Secured Notes

Fitch Ratings - Frankfurt am Main - 23 Oct 2025: Fitch Ratings has upgraded Intralot S.A.'s Long-Term Issuer Default Rating (IDR) to 'B+', from 'CCC+' following the completion of the acquisition of Bally International Interactive (BII), a subsidiary of Bally's Corporation (B-/Stable). The outlook on the rating is stable. Concurrently, Fitch Ratings has assigned a 'BB' final instrument rating to Intralot Capital Luxembourg S.A.'s EUR300 million of senior secured floating-rate and EUR600 million of senior secured fixed rate notes, removing the rating watch positive. The Recovery Rating is 'RR2'.

The new senior secured debt, together with proceeds from a EUR430 million equity issue, were used to close the acquisition of BII as well as repay Intralot S.A.'s senior secured debt. Bally's Corporation has become the majority owner of the combined entity.

The upgrade to 'B+' reflects Fitch's expectations of an improved business profile and sharply lower financial risk after the transaction with a more sustainable, longer-term capital structure. The final 'B+' IDR is result of 'b+' standalone credit profile (SCP) and an application of Parent-Subsidiary Linkage (PSL) methodology with a 'consolidated plus two' outcome.

## Key Rating Drivers

**Improved Business Profile:** The acquisition of BII has improved the combined company's business profile, with larger scale and higher product and geographic diversification, alongside high operating profitability and free cash flow (FCF) margins. However, the purchase has shifted Intralot's revenue mix to mostly business-to-consumer from a 90% exposure to business-to-business, which will reduce revenue visibility, as the latter is typically more predictable.

The combined entity has become more exposed to the strongly regulated UK market, which is its most important: 73% of revenue comes from sports betting and iGaming, exposing it to a less secure, but mature market, which we expect to expand at a stable pace, assuming no adverse regulation.

**Longer Term Capital Structure:** Intralot issued EUR1.36 billion of senior secured debt in bonds and loans, alongside EUR200 million loans provided by four Greek banks and a EUR160 million super senior revolving credit facility (RCF). The new funds financed the acquisition and repaid the balance of EUR100 million of due January 2026 and USD230 million of due July 2026 standalone debt, establishing a medium-term capital structure of the combined entity, which is supportive for the upgrade of Intralot's Standalone Credit Profile (SCP) to 'b+'.

The new capital structure and the combined entity's business risk profile supports a 'b+' SCP, provided it adheres to a consistent financial policy, maintains leverage in line with the credit profile and addresses debt maturities with medium-term refinancing solutions.

**Stronger Subsidiary Under PSL Criteria:** Intralot's SCP post-acquisition at 'b+' is stronger than its Parent's 'B-'/Stable consolidated credit profile. We assess Bally's Corporation access to and control of Intralot's cash flows as "porous", due to material minorities and separate public listing, which is mildly compensated by the company's separate cash management and funding policies. We assess its legal ringfencing from the parent as 'porous', given self-imposed limitations on dividends and intercompany flows, in combination with the dividend payment obligation of at least 35% of net income. This results in a 'consolidated plus two notches' final rating for Intralot, 'B+'.

**Limited Potential Benefits:** The acquisition will provide moderate scope for synergies, with software development costs in Intralot's primary jurisdiction of Greece lower than in BII's UK jurisdiction. There is limited overlap between business models of BII and Intralot, leading to lower synergetic potential across existing business lines. We incorporate 70% EUR41 million of synergies to be realised over the first years after the acquisition.

**UK iGaming Main Market:** The combined entity will generate a 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 in this subsector. We would treat material unexpected adverse changes to regulation or taxation in the UK as an event risk, as large gaming taxation changes could materially affect its credit profile and that of other UK-exposed sector constituents.

**Healthy FCF Generation:** We estimate healthy FCF margins for the combined business, after a minimum 35% of net income dividend obligation. Our projections assume higher dividend distributions at 50%, given strong Fitch-estimated FCF-before-dividends generation. This would leave flexibility for cutbacks in the event of operational underperformance or higher capital intensity.

**Strong Combined Business Deleveraging:** We expect the combined entity will maintain low EBITDAR leverage, gradually falling towards 3.5x by 2028, from 4.4x in 2025 pro forma for the transaction, which is strong for a 'b' category rating. Deleveraging will be driven by consolidated EBITDA margin expansion, due to the integration of the BII business and realisation of synergies.

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

**Less Contract Portfolio Expiration Impact:** Intralot's B2B revenue as more predictable than that of B2C gaming operators, although it is subject to licence or contract renewal risk. The company has not always been able to compete for renewals with local or international peers. The portfolio has some material licence expirations, such as in Illinois, which represented 12% of revenue in 2024, in 2027.

Intralot's ability to maintain a balanced licence expiration profile will be less important for its rating trajectory after the acquisition but could affect its credit profile in case of persistent non-renewals or lack of new contracts.

## Peer Analysis

The combined Intralot has become a closer peer to evoke plc (B+/Negative), with similar revenue concentration in the UK market and exposure to the online subsector, making both entities similarly exposed to regulation. At the same time, BII subsector has better profitability than evoke's UK online and retail subsector and evoke had 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 Intralot is Allwyn International AG (BB-/Positive), an internationally diversified B2B and B2C provider with a complex group structure, but materially larger than the 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 IGT Lottery S.p.A. (BB+/Stable) and Light & Wonder, Inc. (BB/Stable).

## Key Assumptions

- Average mid-single digit annual revenue growth in 2026-2029

- Improved profitability of the combined Intralot group

- 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 subsector, before moderating from 2028

- Dividend distribution at 50% of net income versus the 35% minimum required in 2026-2029, on strong profitability and healthy cash flow generation

## Recovery Analysis

The recovery analysis assumes that Intralot would be considered a going concern in bankruptcy and that it would be reorganised rather than liquidated.

We have assumed a 10% administrative claim. We applied a distressed enterprise value/EBITDA multiple of 5.0x to the combined Intralot's operations. The going concern EBITDA of the combined Intralot of EUR285 million reflects our view of a sustainable, post-reorganisation EBITDA level, on which we base the valuation of the combined group.

After deducting 10% for administrative claims, our principal waterfall analysis would generate a senior secured recovery in the 'RR2' band, leading to a two-notch uplift of the senior secured debt, from the IDR to 'BB'.

The senior secured debt consists of EUR900 million bonds, EUR460 million-equivalent (GBP400 million) senior secured term loan B and EUR200 million Greek bank debt, all ranking pari passu. Its EUR160 million super senior RCF ranks ahead of the senior secured debt. We apply a blended cap, based on the combined country exposure (2024: pro forma revenue and EBITDA contribution by country).

## RATING SENSITIVITIES

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

- Weakening of Bally's consolidated group profile.

- Change in Bally's behaviour or policy towards Intralot, leading to potential material cash leakage from the subsidiary.

- Revision of PSL legal ring-fencing or access and control assessments to "open" leading us to reducing the uplift from Bally's to one notch or considering Intralot's credit profile on a consolidated basis, in line with the parent.

- Weakening of Intralot's SCP

**The Following Developments Would be Considered for a Downward Revision of Intralot's SCP**

- Adverse regulatory changes leading to material deterioration in revenue or operating profits

- FCF margin in low-single digits as a result of operating underperformance, considerable increases in capex or large amounts of cash being distributed to shareholders

- EBITDAR leverage above 4.5x

- EBITDAR fixed-charge coverage below 3.0x.

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

- Strengthening of the SCP, combined with:

- Improvement of Bally's consolidated credit profile

- Revision of PSL access and control assessment to "insulated" leading us to assessing Intralot's credit profile on a standalone basis

**The Following Developments Would be Considered for an Upward Revision of Intralot's SCP**

- Continued growth and geographic expansion into new regulated markets

- FCF margin at medium-to-high single digits through the investment cycle

- EBITDAR leverage consistently below 3.5x

- EBITDAR fixed-charge coverage maintained above 3.5x

## Liquidity and Debt Structure

After the completion of the transaction, the combined entity's capital structure is longer term, comprising EUR600 million fixed-rate and EUR300 million floating-rate senior secured notes and EUR460 million of UK pound term loans (GBP400 million) maturing in 2031. The company also has EUR200 million of senior secured Greek debt amortising and maturing in 2029 and a EUR130 million unsecured Greek retail bond maturing in 2029. It has access to a EUR160 million super senior RCF due six months before the maturity of the senior debt. We expect strong cash flow generation, in high-single digits to low-double digits, excluding 2026-2027, when capex will be high. The combined entity has a comfortable liquidity profile.

## Issuer Profile

Intralot is a supplier of integrated gaming systems and services. BII is an international interactive subsector 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 Sector Forecasts Monitor 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 | B+ | Upgrade | | CCC+ |
| Intralot Capital Luxembourg S.A. | | | | | |
| • senior secured | LT | BB | New Rating | RR2 | |
| • senior secured | LT | BB | New Rating | RR2 | B(EXP) |

## RATINGS KEY OUTLOOK WATCH

**POSITIVE**

| RATINGS KEY | OUTLOOK | WATCH |
|---|---|---|
| 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 Capital Luxembourg S.A. | EU Issued, UK Endorsed |
| Intralot S.A. | EU Issued, UK Endorsed |

## DISCLAIMER & DISCLOSURES

## Endorsement policy