

1H19 Financial Results

September 2nd, 2019

intralot



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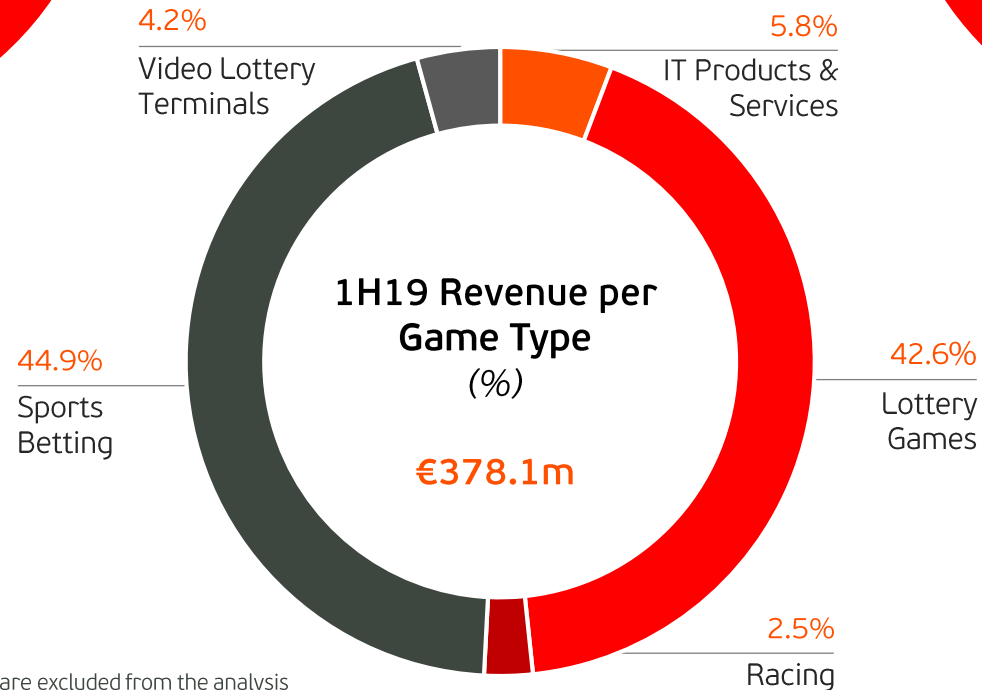
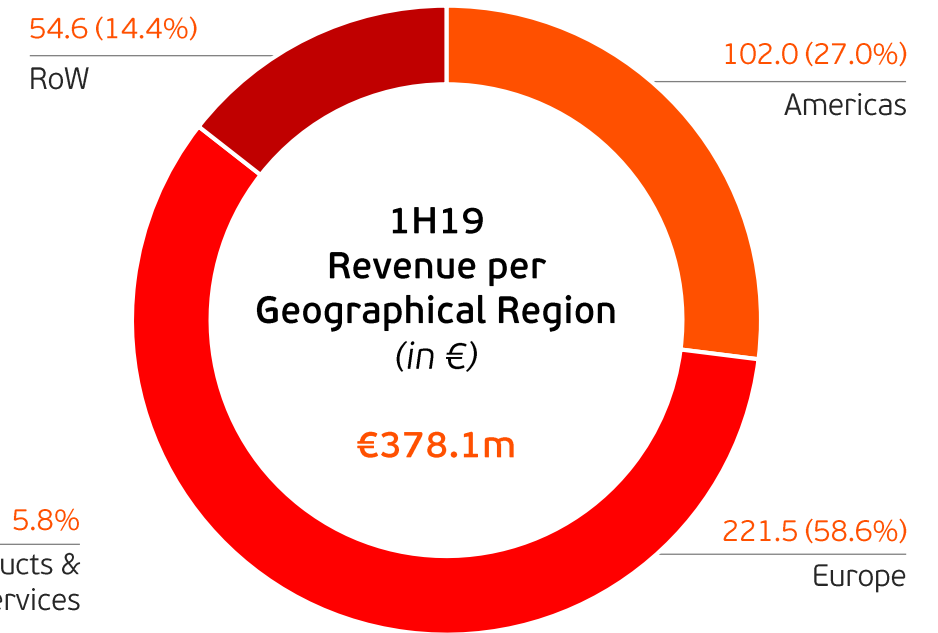
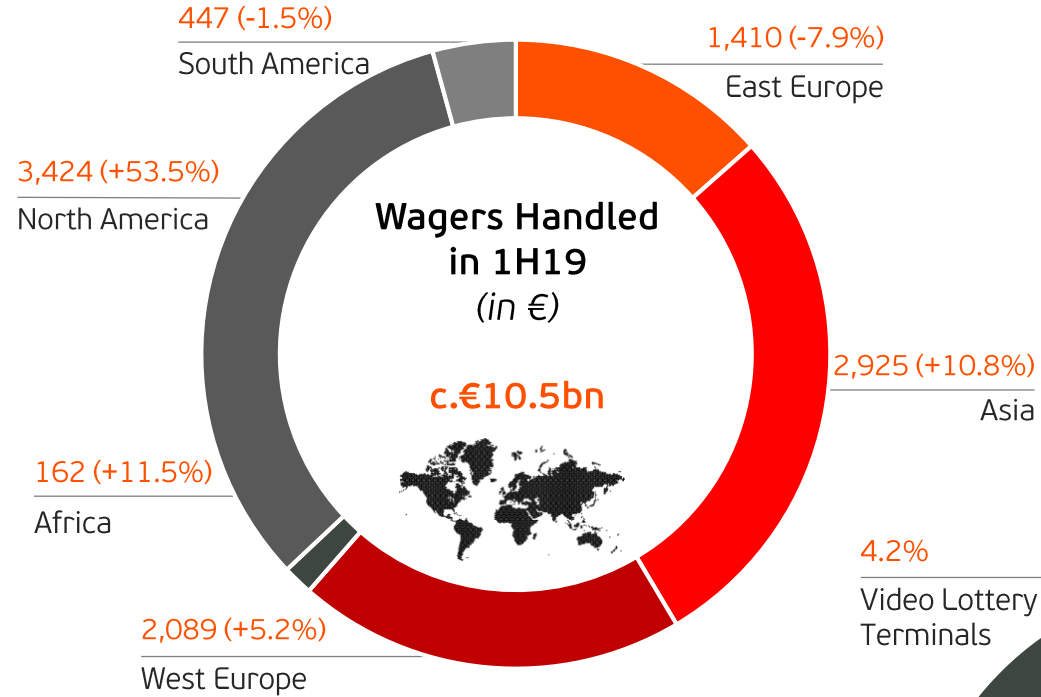
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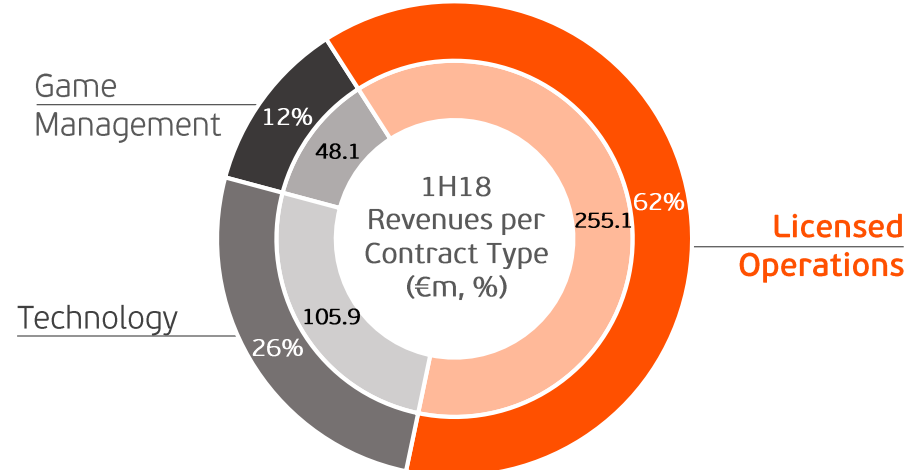
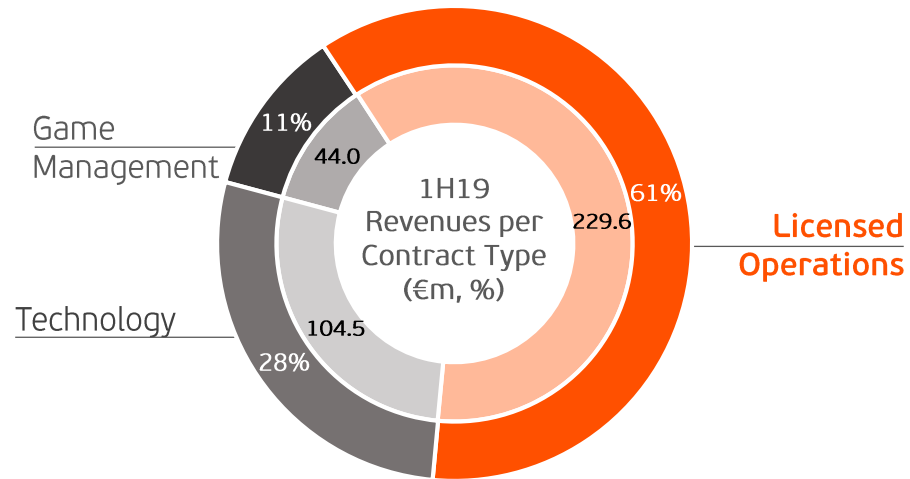
"The second quarter results, although still absorbing the business impact of last year's negative developments, reflect improvement in operating cash flows and liquidity by successfully implementing our three-pillar strategy for operational improvements, new business, and non-core asset disposals. We successfully completed the delivery and transition to the Lotos X new central system for our historic client OPAP in July, and came to an agreement with OPAP for the disposal of our 16.5% participation in Hellenic Lotteries for a consideration of €20.0m. The renewal of our contract with the DC Lottery to include Sportsbetting and the award of a new Sportsbetting contract in Morocco demonstrate INTRALOT's readiness to tap fresh opportunities with cutting-edge new technological solutions."

Wagers Handled & Revenues¹



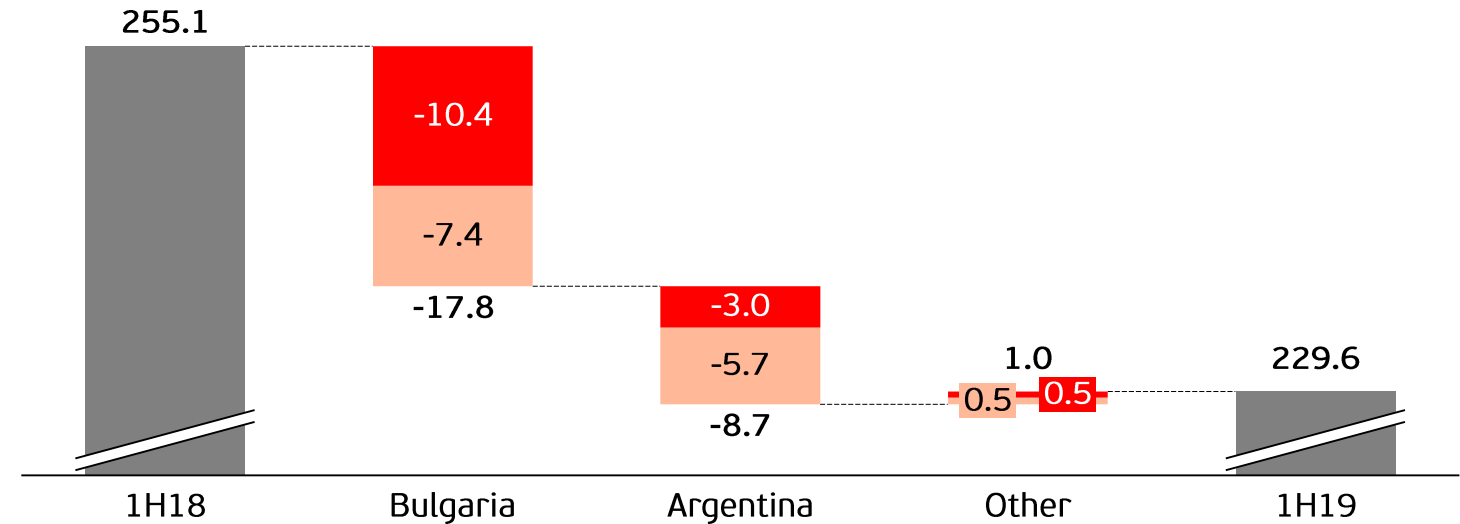
1. Discontinued operations and contracts ended within the current period are excluded from the analysis

Licensed Operations - Revenue Evolution¹



in € million

■ Q2
■ Q1

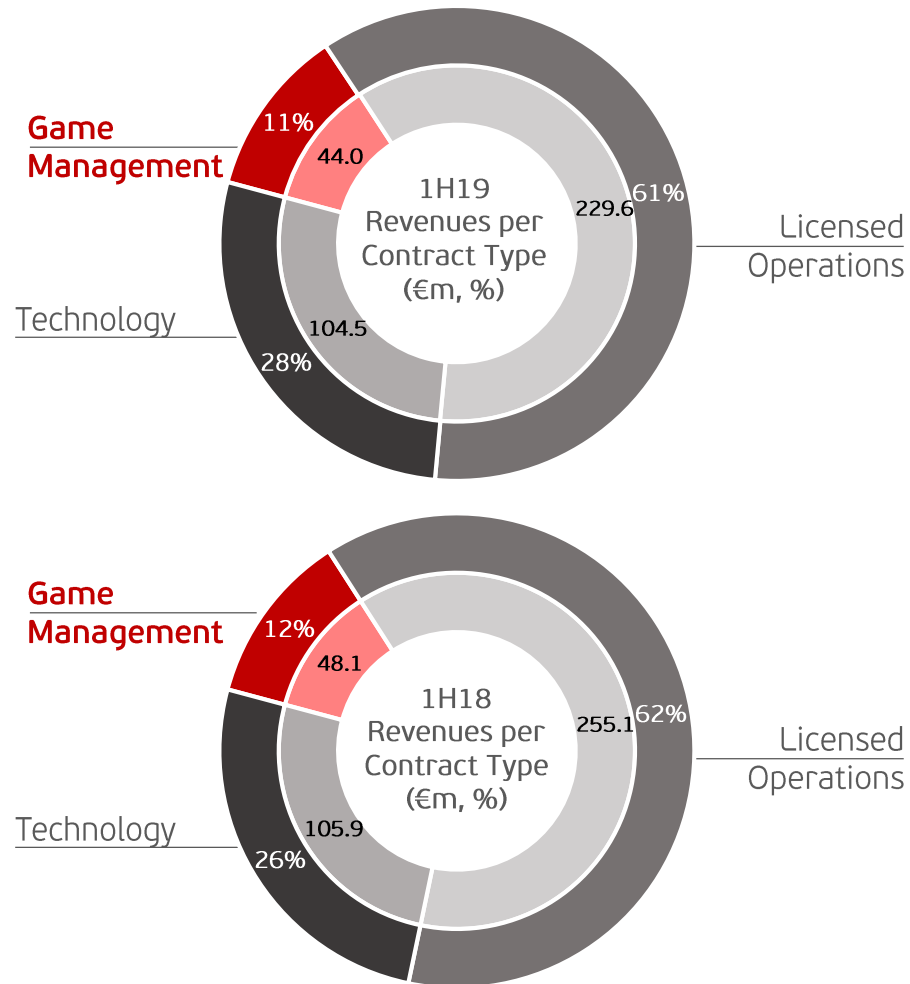


Revenue Evolution Drivers:

- **Bulgaria** driven mainly by Sports Betting performance as a result of a conservative payout strategy; Numerical and Racing performance on par with last year
- **Argentina** deficit due to macro environment and strong FX headwinds

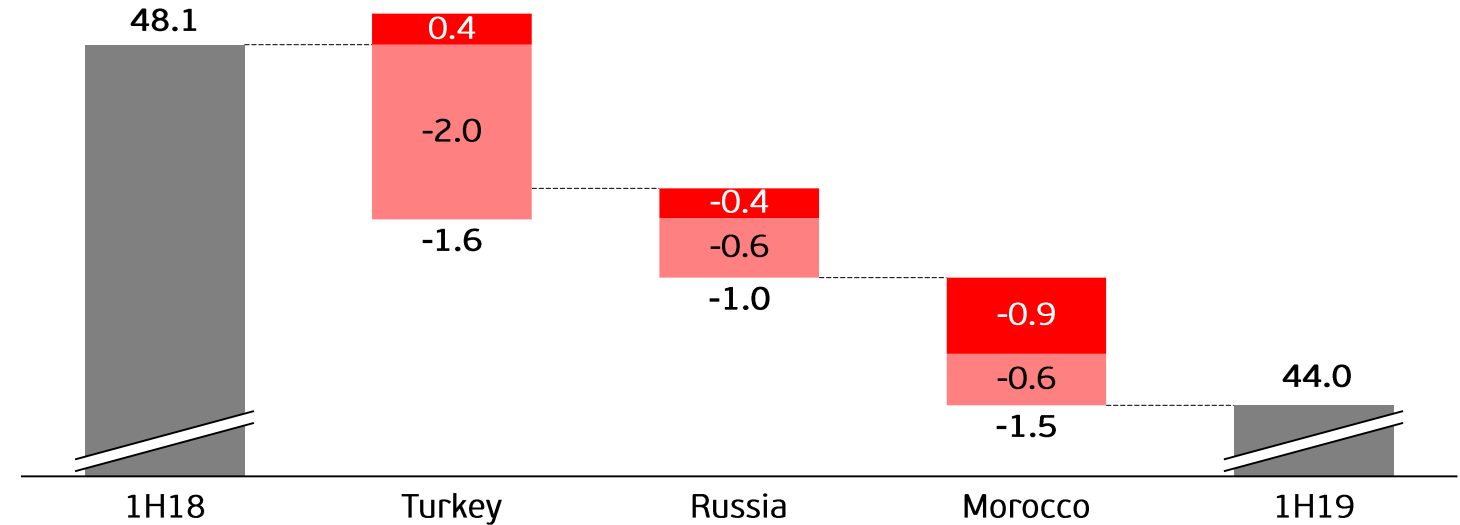
1. Variance from 1H18 reported figures due to IFRS15 treatment

Game Management Contracts - Revenue Evolution¹



in € million

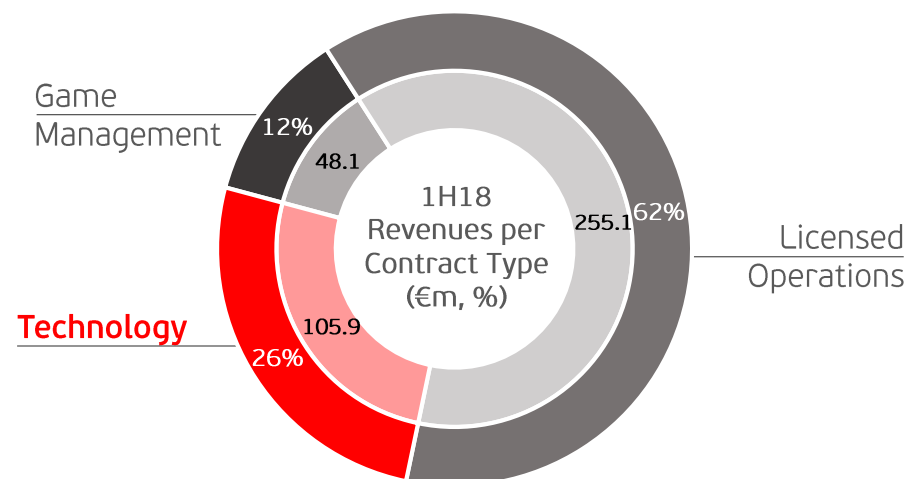
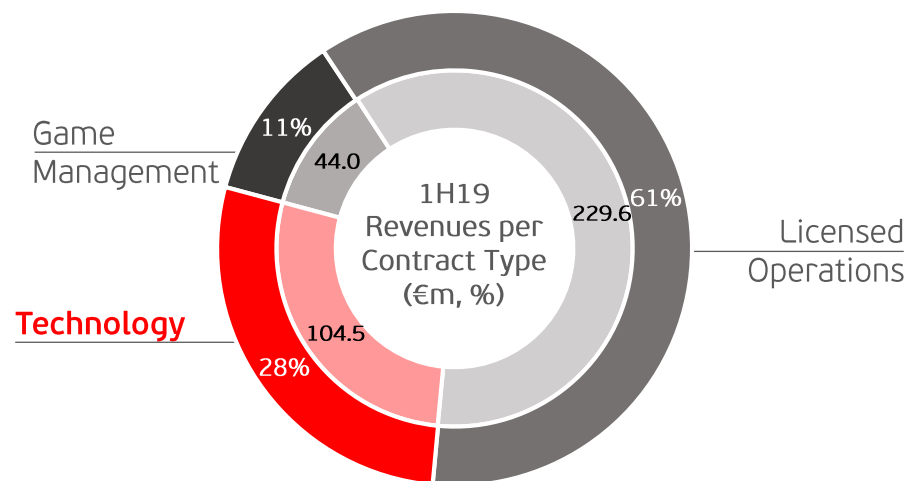
■ Q2
■ Q1



Revenue Evolution Drivers:

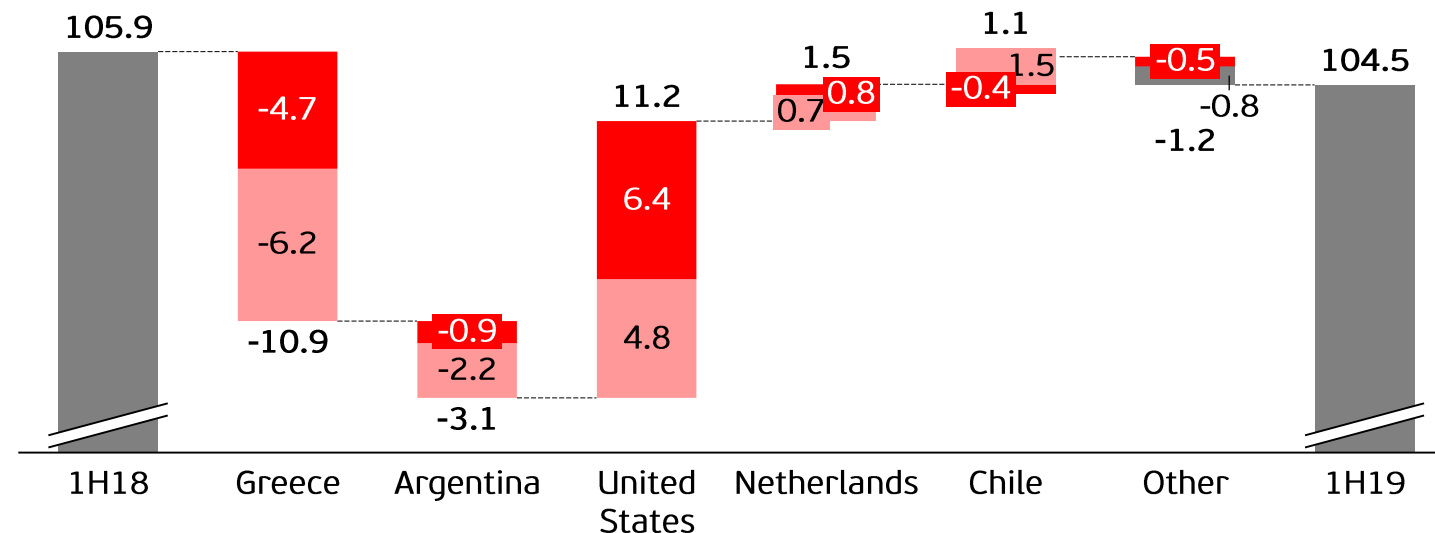
- **Turkey** revenue decrease is mainly attributed to the devaluation of the local currency against the Euro (c.28.2% Euro appreciation versus a year ago – in average YTD terms), partly offset by the growth of the Sport Betting Market year over year (c.+15.0% in local currency), and the shift towards Online Sports Betting
- **Russia's** discontinued contract
- **Morocco** mainly impacted by the decreased Numerical sales following the discontinuation of the contract with one of the two lotteries (SGLN), only partially mitigated by a modest growth in Sports Betting revenue and the top line boost through the successful introduction of virtual football

Technology Contracts - Revenue Evolution



in € million

■ Q2
■ Q1



Revenue Evolution Drivers:

- **Greece** mainly affected by the transition to the new OPAP contract (after July '18 with limited scope vs. the previous contract)
- **Argentina** deficit due to macro environment and strong FX headwinds
- **US** mainly driven by the contribution of our new contract in Illinois (mid-February launch), and of a Powerball jackpot occurrence in 1Q19, fully absorbing the impact of the South Carolina contract discontinuation and last year's one-off equipment sale in Massachusetts (2Q18). Favorable USD movement (c.6.6% Euro depreciation vs. a year ago — in YTD average terms)
- **Netherlands'** top line driven by improved Sports Betting performance
- **Chile's** better performance largely as a result of a significant Lotto jackpot in 1Q19

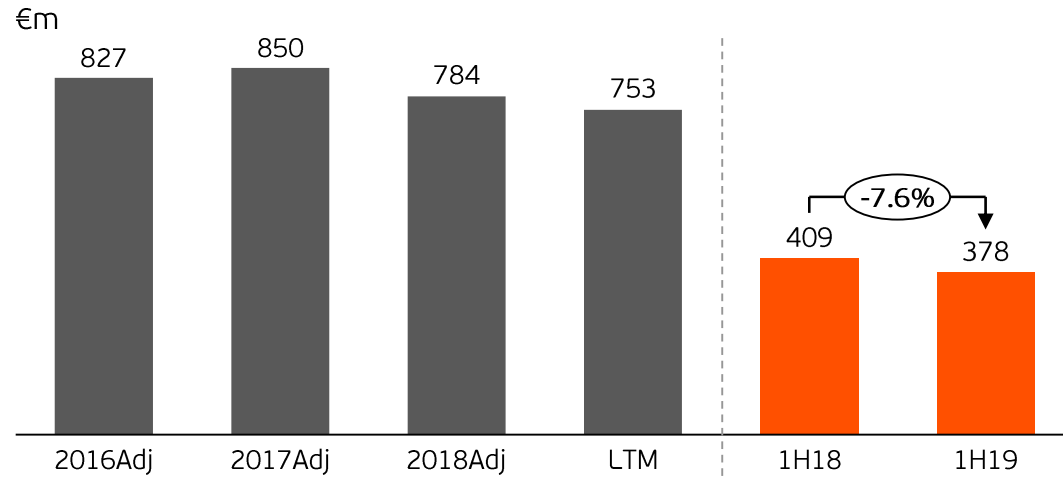
Consolidated Financial Statements for 1H19

(in € million)	1H19	1H18	% Change	2Q19	2Q18	% Change	LTM
Revenue (Turnover)	378.1	409.1	-7.6%	185.4	198.3	-6.5%	753.4
Technology, Management & Rest Contracts	150.0	155.7	-3.7%	75.7	75.7	0.0%	290.3
Licensed Operations (Payout related)	228.1	253.4	-10.0%	109.7	122.6	-10.5%	463.1
Payout (%) ¹	69.9%	72.0%	-2.1pps	69.3%	71.6%	-2.3pps	70.3%
GGR	218.3	226.3	-3.5%	109.2	110.3	-1.0%	426.9
nGGR	180.6	184.1	-1.9%	90.8	90.0	+0.9%	351.6
Gross Profit	76.3	90.5	-15.7%	36.5	43.7	-16.5%	143.8
Gross Profit Margin (%)	20.2%	22.1%	-1.9pps	19.7%	22.0%	-2.3pps	19.1%
EBITDA	58.7	69.8	-15.9%	26.9	32.5	-17.2%	106.6
EBITDA Margin (% Sales)	15.5%	17.1%	-1.6pps	14.5%	16.4%	-1.9pps	14.2%
EBITDA Margin (% GGR)	26.9%	30.8%	-3.9pps	24.6%	29.5%	-4.9pps	25.0%
Adjusted EBITDA	60.4	61.5	-1.8%	29.0	29.3	-1.0%	106.8
EBT	2.0	23.3	-91.4%	-2.4	15.0	-	-20.9
EBT Margin (% Sales)	0.5%	5.7%	-5.2pps	-1.3%	7.6%	-8.9pps	-2.8%
NIATMI from Continuing Operations	-27.3	-4.1	-	-16.5	2.6	-	-79.4
NIATMI from Total Operations	-22.0	-3.1	-	-9.8	2.9	-	-44.6

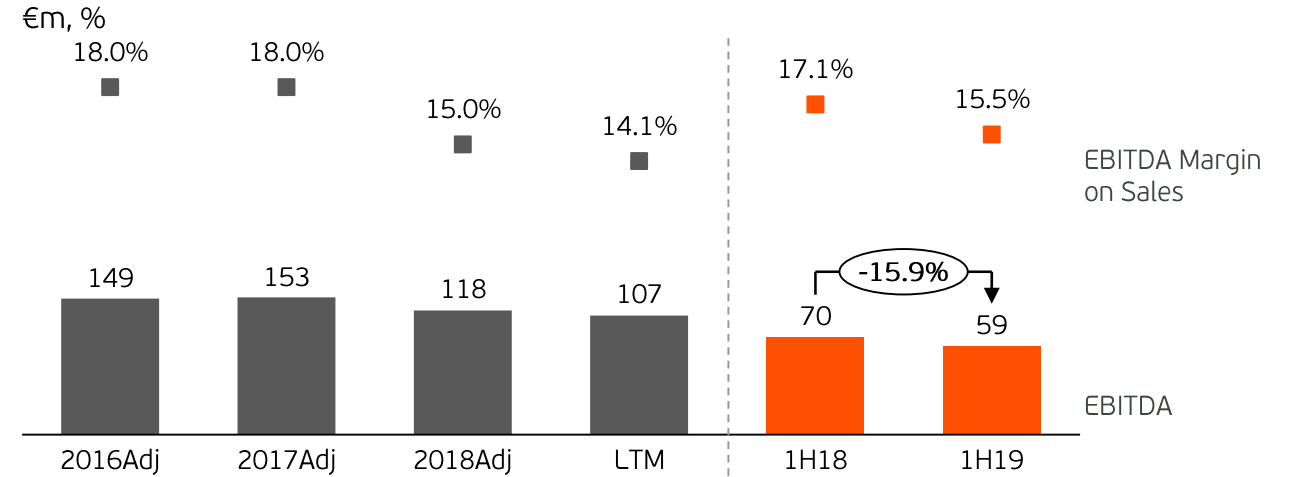
1. Payout ratio calculation excludes the IFRS 15 impact for payments to customers

Overview Of Key Financial Metrics

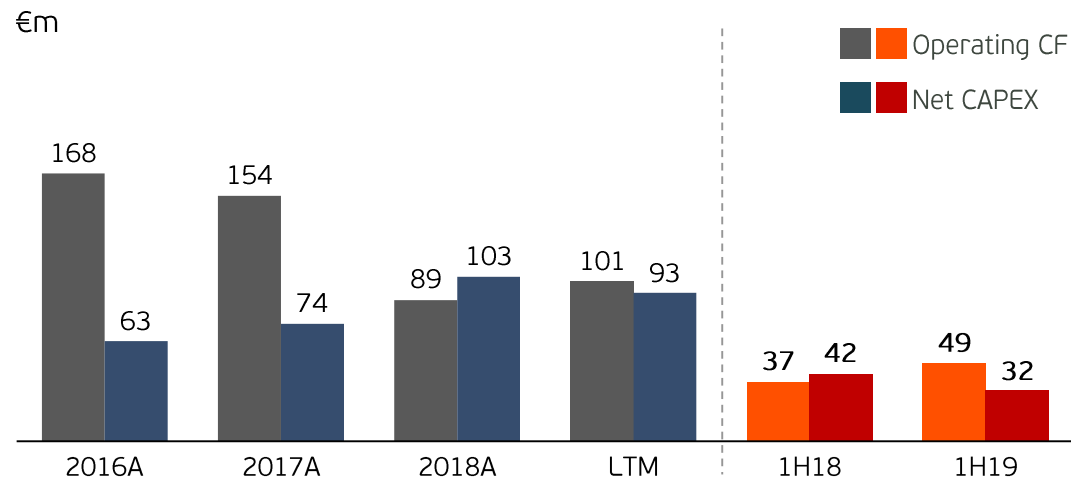
REVENUES¹



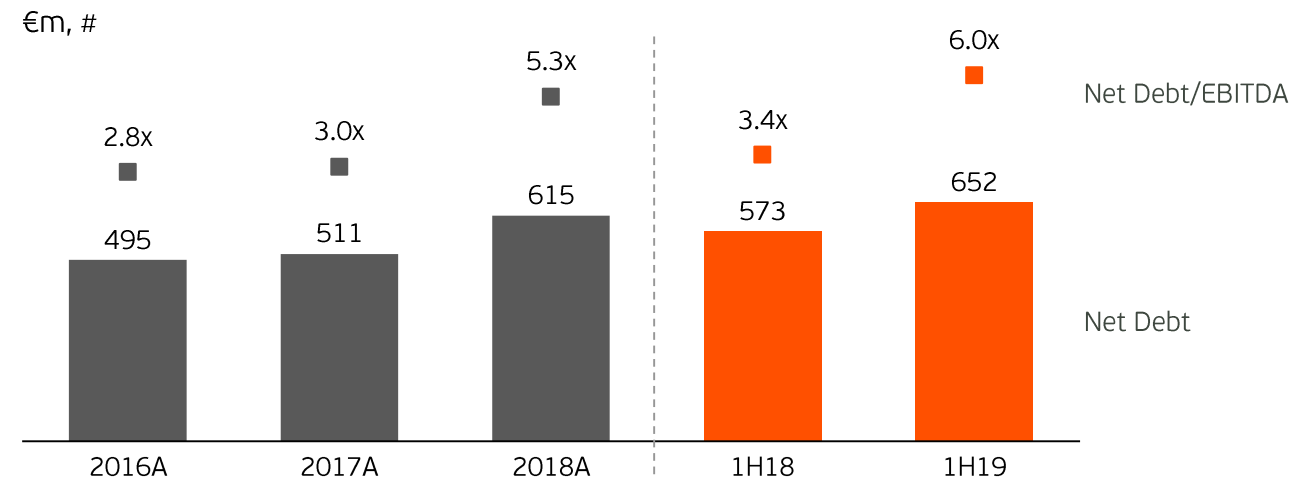
EBITDA AND EBITDA MARGIN¹



OPERATING CASH FLOW AND NET CAPEX



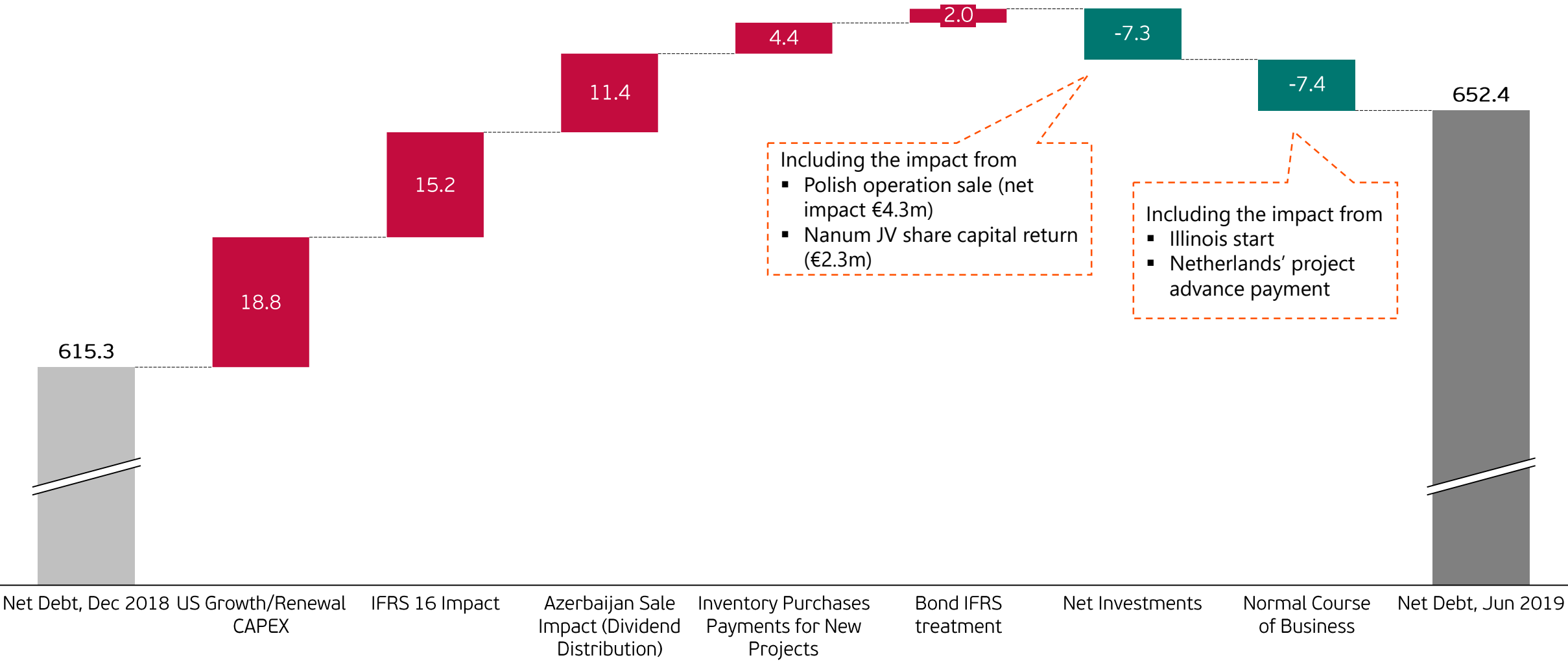
NET DEBT² AND NET DEBT / EBITDA³



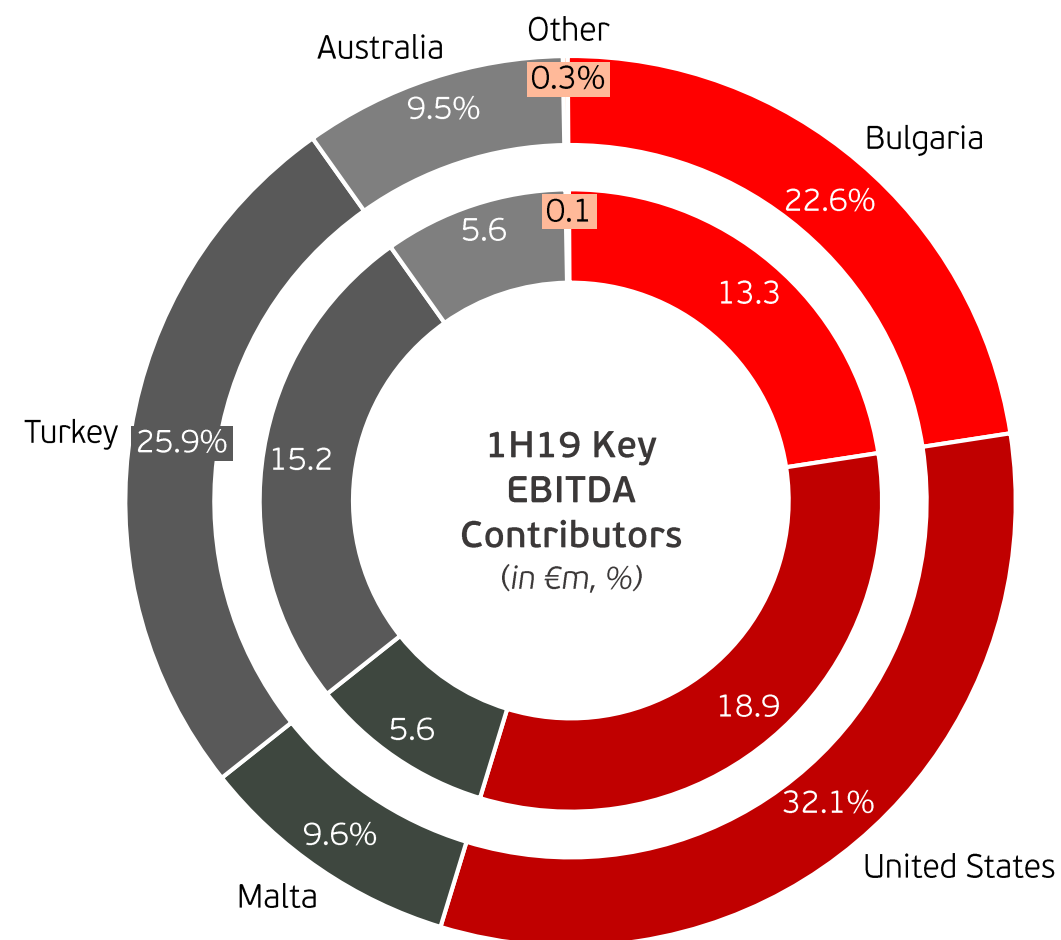
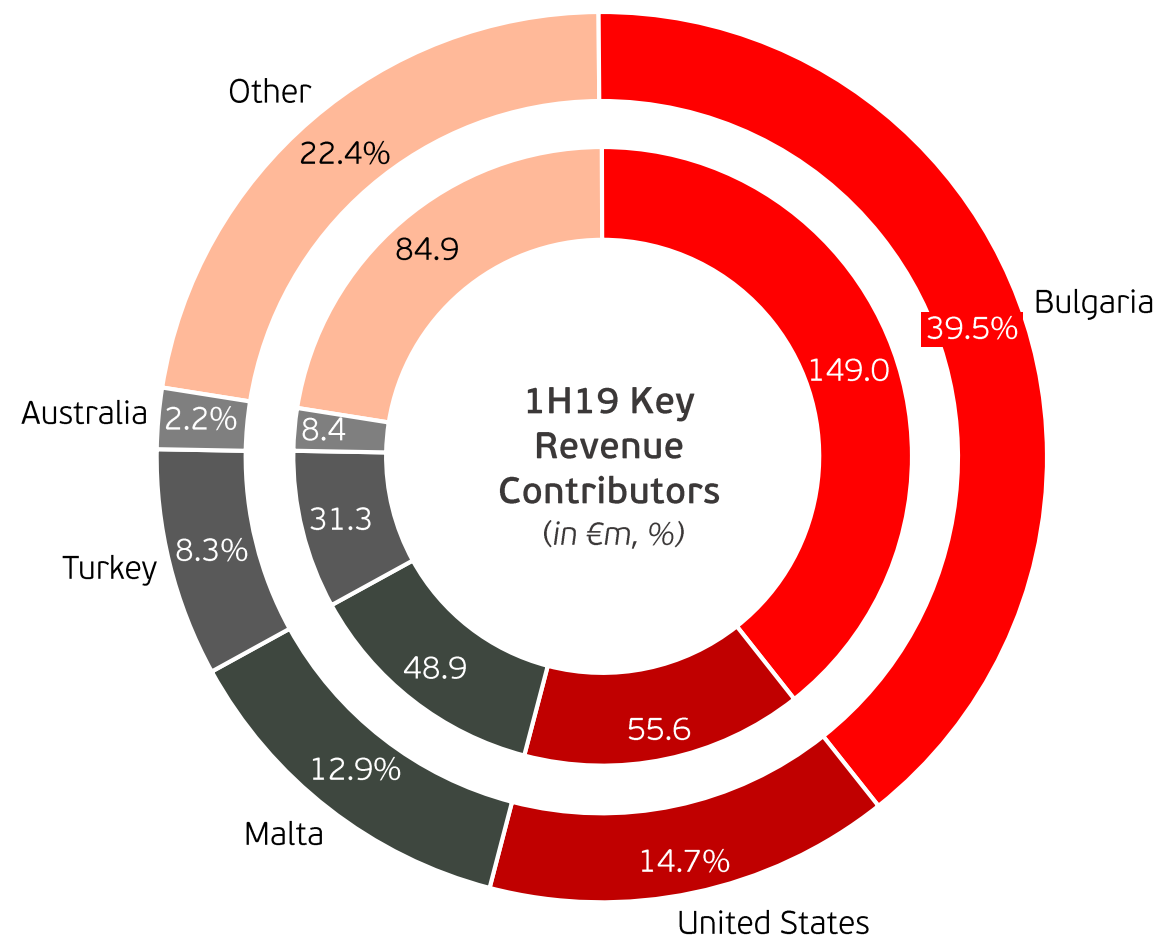
1. Excluding discontinued operations in Italy, Peru, Russia, Jamaica, Slovakia, Azerbaijan, and Poland. Revenues of 2016Adj are not adjusted for IFRS 15
2. Net debt calculated as Long-term debt plus Short-term debt and current portion of long-term debt plus Financial Leases less Cash and cash equivalents
3. Calculated as Net debt divided by LTM EBITDA. Net Debt and EBITDA levels as reported/ published in the respective periods. LTM EBITDA in 1H19 Leverage ratio calculated on a pro-forma basis to adjust for a full year IFRS 16 adoption impact (estimate)

Net Debt Movement

Net Debt Movement, 1H19
in € million








Key Revenue and EBITDA Contributors^{1,2}



1. Country Revenue and EBITDA figures include all operating and non-operating entities
2. USA figures include also the Philippines' project contribution

Contribution from Partnerships

Country	Stake	1H19 EBITDA Contribution	1H18 EBITDA Contribution
 Inteltek ¹	45.00%	18%	15%
 Bilyoner ¹	50.01%	8%	9%
 Eurofootball Group ²	49.00% + option for additional 2.00%	17%	14%
 Eurobet Group ²	49.00% + option for additional 2.00%	6%	4%
 Tecno Accion Group ³	50.01%	10%	11%
Total Partnership Contribution		59%	53%
INTRALOT's Portion of EBITDA		66%	70%

1. Management Contract
 2. Licensed Operation
 3. 12 Facilities Management (IT) Contracts with State Lotteries and 1 Licensed Operation

APPENDIX

SUMMARY OF
FINANCIAL STATEMENTS



1H19 – Group Income Statement

<i>(in € million)</i>	1H19	1H18	% Change	LTM
Revenue	378.1	409.1	-7.6%	753.4
Gross Profit	76.3	90.5	-15.7%	143.8
Other Operating Income	9.9	7.1	39.4%	18.4
OPEX	-68.3	-59.2	15.4%	-129.6
EBITDA	58.7	69.8	-15.9%	106.6
<i>Margin</i>	15.5%	17.1%	-1.6pps	14.1%
EBIT	17.9	38.4	-53.4%	32.6
Interest Expense (Net)	-23.3	-22.0	5.9%	-43.3
Exchange Differences	4.4	4.3	-	8.7
Other	3.0	2.6	15.4%	-18.9
EBT	2.0	23.3	-91.4%	-20.9
NIATMI	-22.0	-3.1	-	-44.6
NIATMI Continuing	-27.3	-4.1	-	-79.4
NIATMI Discontinued	5.3	1.0	-	34.8

1H19 – Group Statement Of Financial Position

(in € million)

	1H19	FY18
Tangible Assets	169.3	133.4
Intangible Assets	280.1	302.3
Other Non-current Assets	159.3	165.8
Inventories	39.7	45.6
Trade Receivables	71.9	71.4
Other Current Assets	177.5	225.6
Total Assets	897.8	944.1
Share Capital	47.1	47.1
Other Equity Elements	-63.2	-40.8
Non-controlling Interests	11.8	28.1
Total Shareholders Equity	-4.3	34.4
Long-term Debt	748.1	737.1
Provisions / Other Long-Term Liabilities	26.2	26.2
Short-term Debt	33.0	40.7
Other Short-term Liabilities	94.8	105.7
Total Liabilities	902.1	909.7
Total Equity And Liabilities	897.8	944.1

1H19 – Group Cash Flow

(in € million)

	1H19	1H18
EBT from continuing operations	2.0	23.3
EBT from discontinued operations	5.3	9.2
Plus/less Adjustments	50.8	48.6
Decrease/(increase) of Inventories	1.1	-11.5
Decrease/(increase) of Receivable Accounts	3.2	-0.9
(Decrease)/increase of Payable Accounts	-9.9	-18.1
Income Tax Paid	-3.5	-13.9
Net Cash from Operating Activities	49.0	36.7
Net CAPEX	-31.7	-42.4
(Purchases) / Sales of subsidiaries & other investments	7.3	-3.6
Interest received	3.0	4.1
Dividends received	8.3	6.8
Net Cash from Investing Activities	-13.1	-35.1
Repurchase of own shares	-	-5.5
Cash inflows from loans	44.9	52.6
Repayment of loans	-53.8	-28.8
Bond buybacks	-	-5.0
Repayment of Leasing Obligations	-3.7	-2.9
Interest and similar charges paid	-24.1	-25.1
Dividends paid	-33.0	-27.8
Net Cash from Financing Activities	-69.7	-42.5
Net increase / (decrease) in cash for the period	-33.8	-40.9
Exchange differences	-	-2.2
Cash at the beginning of the period	162.5	238.0
Cash at the end of the period from total operations	128.7	194.9

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