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"First Half 2018 Financial Results"

Conference Call

Friday, 31st August 2018, 17:00 (GR Time)

Conductors:

Antonios Kerastaris, Group CEO,

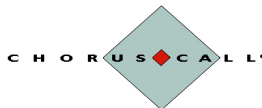
Georgios Koliastasis, Group CFO,

Nikolaos Pavlakis, Group Tax & Accounting Director,

Andreas Chrysos, Group Budgeting, Controlling & Finance Director &

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Conference Call Conducted by Chorus Call Hellas



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OPERATOR: Ladies and gentlemen thank you for standing by. I am Konstantinos your Chorus Call Conference operator.

Welcome and thank you for joining the Intralot conference call to present and discuss the First Half 2018 Financial Results.

At this time, I would like to turn the conference over to Mr. Andreas Chrysos, Group Budgeting, Controlling & Finance Director.

Mr. Chrysos you may now proceed.

CHRYSOS A: Good afternoon ladies and gentlemen and welcome on this conference call for Intralot's H1 2018 financial results. Mr. Kerastaris, Group CEO, Mr., Koliastasis, Group CFO, Mr. Pavlakis, Group Tax and Accounting Director, and Mr. Tsagalakis, Head of Capital Markets are next to me, and we will briefly review Intralot's financial results for the 6 months ended on June 30th, 2018.

Before starting our presentation, I would like to remind you that this is only a summary of our results, so please refer to the IFRS report and to the management and discussion analysis available in our website for further details if required. After the short presentation, the Intralot team will be at your disposal for any questions you may have.

As always, we will start our presentation with a segmental sales analysis on Pages 4 to 7, highlighting the main contributors that have affected our top line performance of H1 2018. Following this, Mr. Koliastasis will expand on the financial results analysis

providing some further insights on the metrics that have affected them.

On the top left of Page #4, we see that during H1 2018, Intralot Systems handled €11 billion of worldwide wagers, posting a 2.7% year-over-year decrease as a result of a decline in the markets of Asia, West Europe, and North America. These markets represent more than 80% of the total pie and decreased by 1.9%, 2.9% and 8% respectively.

On the top right of the page, we see a high-level view of our revenue split per geographical region indicating that Europe and Americas are the main contributors of Intralot's Group top line performance, accounting for more than 70% of the total turnover, while on a revenue per game type view, we see that the lotteries and sports betting represents the majority of our turnover accounting for nearly 90% of our total sales for the 6 months of 2018.

In terms of GGR although increasing in total as we will see later in this presentation. We see a continuous trend towards the sports betting versus lottery, so explaining the overall payout increase. Comparing the GGR contributions year-over-year, sports betting segment contributed 44% in the overall GGR of H1 2018 versus 40% versus year ago, while lottery contributed 36% versus 38% versus a year ago.

Reported consolidated revenues for the period of H1 2018 increased by 2.4% or €12.9 million versus a year ago, with the main contributor for this increase being the B2C segment and more specifically the markets of Bulgaria, Poland and

Azerbaijan, supported mainly by a higher than previous year's Sports Betting activity.

On the contrary, our Argentinean operation has been heavily affected by FX headwinds with the Argentina peso devaluating approximately by 53% versus euro year-over-year, fully offsetting the strong performance in local currency terms, more than 30%, in the 6 months' period year-over-year. The suspension of the Sports Betting license in Cyprus also affected negatively our B2C activity in terms of revenue. All-in-all, the revenue from our B2C activity showcased an increase of 3.4% or €12.6 million year-over-year.

Moving on to the next Page, #6, we see that the revenues from our Game Management contracts representing 11% of our total turnover are higher by 8.2% or €4.5 million year-over-year. The main contributors of the increase have been the markets of Turkey and Morocco.

Regarding Turkey, the improved results has been a combined effect of the substantial growth of Sports Betting market increasing by 22% year-over-year in local currency terms, as well as the shift towards the Online Sports Betting representing slightly over 60% market share versus 50% a year ago, affecting positively the results of our company, Bilyoner.

However, a devaluation of 26% of the Turkish lira against the euro partially offset the previous mentioned positive effects yielding a year-over-year growth of 4%. Enhanced product offering in the market of Morocco increasing Intralot's revenue

by more than 30% year-over-year also contribute positively in the overall growth of this activity line.

Lastly, in Slide #7, we see that our technology and support services activity line contracted by 3.8% or €4.2 million reducing its contribution to the overall Group revenue by 2% year-over-year.

The main driver of this adverse performance has been the software license sale in Australia in Q2 2017 amounting at €4 million followed also by an adverse FX movement in the local currency has been devaluated by 9.2% against euro year-over-year, thus explaining the overall decrease of €4.9 million. Other than that, the main drivers for this segment's positive performance has been the markets of the U.S., and Chile while being negatively affected by the worst performance in Argentina.

More specifically, our U.S. business recorded a double-digit growth in terms of local currency by approximately 15% mainly attributed to a stronger performance of the numerical games. However, the devaluation of the U.S. dollar versus the euro by 12% year-over-year resulted to a marginal overall increase of 1.4% year-over-year.

Our Chilean contract finally being in a very good shape following its maturity also supported the top line increase by €1.6 million performing higher by 51% year-over-year. On the other hand, our Argentinean technology contracts being negatively affected by the adverse FX movement of the Argentinean currency against euro by 53%, as already mentioned, more than

counterbalanced the growth of 24% in local currency terms resulting to a contraction of nearly €2.6 million year-over-year.

At this point, I would like to introduce our CFO, who will present briefly the financial results of H1 2018. Following that, our Group CEO will make a brief comment and then the Q&A session will follow. Please Mr. Koliastasis, go ahead.

OPERATOR: Ladies and gentlemen, please hold the line.

KERASTARIS A: I think this was sabotage. On top of the headwinds in currencies, we also have technology so...

KOLIASTASIS G: Okay. Please turn to Page 8 of the presentation. Consolidated revenues for the semester increased by 2.4% reaching €547.6 million and by 0.5% for the quarter. Gross Gaming revenue for the quarter compared to prior year declined by 1.2% due to revenue shortfall in Australia partially counterbalanced by an increasing payout related revenues. Gross profit margin increased in the semester by 1 percentage point driven by the improved gross profit margin of the B2C operations and the less machinery depreciation.

Other operating income contracted by 1.5% in the semester, the quarter was 0.7 compared to the respective periods of 2017 stemming from the adverse U.S. dollar movement and the lower lease income in U.S. EBITDA for the quarter reached €37.5 million, 6.9% lower than same period a year ago driven mainly by the absence of the non-recurring income in Australia and the adverse FX movement while deterioration compared to prior quarters followed the same seasonality trends as of last year.

Though adverse FX fluctuations compared to same period year ago had been incorporated in the semester results, movements after the end of June, as well as, forward rates imply a deterioration from the incorporation of Turkey and Argentinian entity results in the second semester. Worsening margins in the B2G segment is the contributing factor for EBITDA margin erosion on sales and GGR.

Net income after-tax and minority interest stands at €3 million profit for the quarter compared to a €9.4 million loss in the same period a year ago as a result of less depreciation, better net interest, higher income from investments, and positive FX valuation from assets held in hard currencies, U.S. dollar mainly, in countries where the currency has been significantly devalued.

Now, turning to Slide 9, we see on top of last 12-month figure, revenue to remain flat compared to the same figure of Q1 and EBITDA contracted by 1.6%. Last 12 months operating cash flow contracted significantly as the aftermath of the non-incorporation of disposed business and the adverse working capital movement in the first semester driven by the inventory build-up for the new projects and the payment of the long due liability. Net CAPEX for the period is the same as in the first semester of 2017.

Turning to the next slide, we see the movement of the net debt position. Working capital deterioration, the investments in the U.S. and the new sports betting platform, as well as, own shares

repurchases are the main contributors in the €61.8 million increase in the net debt.

In Slide 11, we see that Bulgaria has the biggest contribution in the revenues by 30.6% followed by Azerbaijan, Malta, Turkey and U.S. In terms of EBITDA contribution, the top three countries are Turkey, U.S. and Bulgaria. The weight of the partnerships has decreased to 59% in Q2 from 60% in the same period last year, driving INTRALOT's portion of the consolidated EBITDA to 64%.

Now I am passing to Antonios Kerastaris, INTRALOT Group CEO, for his concluding remarks.

KERASTARIS A:

Good afternoon, everybody, and in the first half of 2018 we made great progress towards our strategic goals. First, it seems that our ongoing geographic refocus and the shift of the revenue EBITDA mix towards lower risk markets, evidenced by stream of renewals in new clients in the U.S., and second with the deployment of our next generation solution that start paying off.

Our significant investment in new products for digital transformation reversing the significant cash impact of these key investments towards generating long term value. The two pillars of our growth which have been turning to AAA lower risk markets and our considerable investments over the last three years in new technologies are already starting from this year to show the fruits of what we have done.

We are in the process of announcing and we will announce next week one new contract in Europe. And I think within September

two more new contracts are not renewals... new contracts with...both with our new platforms one across the Atlantic and one more in Europe.

Meanwhile, we have renewed our contract with SporToto Iddaa game in Turkey where we saw despite the things that are happening in Turkey revenue growth of 30% like-for-like in local currency in an operation that is 18 years old already and an 18% EBITDA growth in the first half of 2018.

And on top of that our Italian venture with GAMENET and the new acquisition of GAMENET last month... two months ago in Italy has placed us in a position where we are now 20% of the biggest gambling operator in the Italian market.

We are... like I said in the beginning continuing to focus on the tremendous opportunities that open up in the U.S. sports betting market, it is my firm belief that we will have our first sports betting contract in the United States signed before the end of this year. And I think that all of our new activities are going to contribute significantly in the direction of bringing value to this company.

With that statement, I would like myself and my team to take any and all questions that you have at this point.

Q&A

OPERATOR: First question comes from Draziotis Stamatios with Eurobank Equities. Please go ahead.

DRAZIOTIS S: Hello, there and thank you for taking my questions. Just three from my sides, please. Firstly, could you just tell us what the FX impact was on your gross gaming revenues please, in the second quarter?

Secondly, you mentioned the inventory build-up which weighed on cash flow in H1, it seems there was also a major swing in working capital stemming from payouts, which I think you also referred to as payment of long due liability. What does this relate to, please?

And thirdly, given the depreciation of several emerging market currencies since June where do you see your full year EBITDA shaping, please? Thank you.

KOLIASTASIS G: Okay, Stamatios this is George. Now, the FX effect on the GGR on the second quarter, I don't have the figure it must be something close to €15 million, I would assume this is based on, you know, on very top of mind figure analysis.

The long due liability refers to a commercial liability which is also long due and was paid to Intracom Holdings, stemming from a transaction that we had in Romania before something close to five years ago, more or less. So this is the payment. There are no other long due liabilities in our balance sheet as we speak.

DRAZIOTIS S: And so, just a follow-up on that, this is what... this appears in working capital?

KOLIASTASIS G: Yes.

DRAZIOTIS S: Okay.

KOLIASTASIS G: Now, in terms of inventories, the inventories that we have built in the... in the first semester, a portion of that will be reversed in the second semester something close to €10 million and relates to Ohio and Illinois projects. Something may flow to the next year.

DRAZIOTIS S: Okay, that's clear. And on your... well effectively on some sort of guidance as to what you, you know, what would you expect following the depreciation of the EM currencies?

KOLIASTASIS G: Okay, what we see in terms of FX fluctuation especially based on the recent FX; if they stabilize we see that this may go up to €20 million in terms of EBITDA effect for the full year result.

DRAZIOTIS S: Okay, I see, of which about 12 is the impact in H1 correct?

KOLIASTASIS G: No, in H1 it's around 7... 7.4.

DRAZIOTIS S: 7.4 was the impact in... okay, sorry, okay. Yes, it was 6.2 in Q2 sorry, yes. Okay.

KOLIASTASIS G: Okay, so if the rates maintain at the current levels and the forwards confirm we see up to 20 more or less.

DRAZIOTIS S: Okay.

KOLIASTASIS G: It is CPI adjusted.

DRAZIOTIS S: Okay. That's great. Thank you.

KOLIASTASIS G: You're welcome.

OPERATOR: The next question is from the line of Cope Jeffrey with Stifel. Please go ahead.

COPE J: Hi, just to clarify that €20 million EBITDA impact you just mentioned, is that on a consolidated or on a kind of a proportionate basis?

KOLIASTASIS G: On the consolidated and on the proportionally much lower. It's around... in the full year it can be up to €10 million.

COPE J: €10 million, okay. All then just kind of a following that I calculate on a proportionate basis, you guys are doing €106 million LTM proportionate EBITDA and I guess if you factor in this €10 million, you know, interest expense, CAPEX, it doesn't leave much in terms of free cash.

Would you guys, you know, have a road map for us in terms of when you guys feel like you will be able to start generating free cash flow again and ultimately de-lever the credit?

KOLIASTASIS G: Now, the proportionate EBITDA that you calculate is the figure that does not incorporate the proportion of the EBITDA or the dividends that we received from the associates which is below the EBITDA line. Yes, which is in the current year is estimated at around €6 million as dividends upstream to us.

Now in terms of understanding does not leave much in terms of free cash flow, the reply is correct. Yes, we are in a transition year, we are in a full investment cycle in terms of product development and the Illinois investment and the contract renewals in the U.S., and we knew and we had disclosed that since last year that this would be a year of a significant increase in terms of the net debt position due to the investments in products plus new contracts or contract renewals.

KERASTARIS A: Just to give some more color on that, this is Antonis, we need, when we look at the attributable EBITDA, we need to first of all include that we are 20% of 145 million pro forma EBITDA of Gamenet in Italy, that is not included in our attributable "EBITDA" and were 20% of 20 million EBITDA business in Peru. So all of that are below the EBITDA for us, they should be added back if one is looking at attributable EBITDA.

Now in terms of the business and how this business will be impacted also in terms of cash flow generation, we have as of December 2018 the Illinois contract coming online, now the Illinois contract is estimated at \$20 million EBITDA a year. So that will start as of December 2018, to kick-in. So, anybody doing the numbers for 2019 would have to include the contribution of the new contracts to the performance and obviously, a key part in that will also be the extension in Turkey with much favorable terms for the game. And I can go into that later if anybody is interested. But in terms of when will this company start generating cash, I think the quick answer is 2019, and that's where we will start seeing maturity in most of our investments.

COPE J: Can I just quickly do a follow-up, and you mentioned in the filings that you expect net leverage to increase; do you know... do you have a kind of a target for the end of the year or where do you think that's going to peak at?

KOLIASTASIS G: We know that... we expect net debt to be at between €625 million and €630 million at the end of the year.

COPE J: All right, perfect. I will jump in the queue. Thank you.

OPERATOR: Next question comes from the line of Kogge Maxime with Oddo. Please go ahead.

KOGGE M: Yes, good afternoon. I had a question on Illinois contract, can you give an update on the rollout of the contract? I understand there was €60 million of CAPEX to spend on this contract, how much have you spent already and how much remains to be spent? And are you in line with the schedule on this contract?

And second one is on Turkey. Can you give us next steps now that you have been granted a one-year renewal, what are the next steps to get longer extension of this contract?

KERASTARIS A: Okay. So, first of all, on Illinois like I said, rollouts, so switch off from the current IGT system to our system is scheduled for December 4. CAPEX rollout will follow that deadline, so we expect to have our terminals out in out in the field by December 4. Already we have a good number of terminals in the field. We have delivered the system to the Illinois lottery and it is under test. So with what we know today, we are confident that the changeover will be on the 4th of December as planned.

So, all of the CAPEX associated with the Illinois project and that's mainly terminals, will be completed by the end of this year. Now in terms of payments it could... we could have a small spill over in 2019, but for all intents and purposes, we need to consider that all of the CAPEX for Illinois will be done within this year.

In terms of Turkey, apart from the one-year renewal, which we are aware of and we have announced, the big change has been that the Turkish government has agreed...has amended the gaming law to increase the payout from 50% to 70% with the new contract.

Now, an increase of 40% in payout in any country first of all, it's unprecedented. When in Greece payout was changed from 60 to 66 at 10% increase, turnover increased by 85% in 2 months. When there was a similar 10% increase of the payout in Netherlands, which are markets that, you know, we operate, and the increase was 75%. So when in Turkey, we are talking about an increase of 40% in the payout and this 40% will also make live betting available in the market, our estimates are that the turnover of the game, so the turnover of Sports Betting will more than double in a matter of months.

So, for us the opportunity in terms of how big the Turkish market is, mind you Turkey is an 81 million inhabitants' country with 31 years' average age. So if one is looking for demographics for Sports Betting, you can't find better demographics in the western world. So, I think our persistence in the Turkish market was the right thing to do.

In terms of timing; a new tender is been under preparation. So the new tender will be launched by the end of this year. So, a new 10-year contract will be awarded, my guess is either late 2018 or very early first months of 2019. So by that time we will be talking about a new 10-year contract.

Obviously, our performance in this market or knowledge of the market as well as our partnership with the #1 Turkish telecom operator gives us the confidence that we have a very good chance in securing a new 10-year extension again with a 70% payout, which I think will make all the difference.

KOGGE M: Okay. And you will benefit from the increased payout in your future contract, not in the existing one? Am I right?

KERASTARIS A: The extension, the current extension which is up to one year is on the same terms and conditions, the increased payout will kick-in when there is a new contract with a new platform. So, yes, the existing contract will run on the existing terms. I am not sure whether it will run its full one-year term or it will end, if we are awarded the new contract for 10 years, chances are that the new contract will kick in far sooner than one year from today. So the increase payout and the improved terms come with the new contract.

KOGGE M: Okay. And can you just give a few words about first the lottery opportunities in Pennsylvania, because there is a tender on going right now?

And second, on the process to potentially sell Azerbaijani business.

KERASTARIS A: Can you repeat the second question please?

KOGGE M: Second question, yes, you had started a very preliminary process to dispose of your Azerbaijan business. Can you give an update on this one?

KERASTARIS A: Okay. So in terms of Pennsylvania, there was a tender in process. The tender was cancelled by the governor. There is an investigation in place as to the content of the tender, so the governor asked his people to investigate on what were the terms and whether the terms of the tender would be at arm's length with incumbent and possible new vendors.

This is... we are now at a point where they are evaluating internally in Pennsylvania what happened and review of the governor was that the tender was favouring the incumbent and that's why he asked for the tender to be revoked.

I think Pennsylvania will retender within 2019 or maybe late 2018, but it is clear that last minute the governor personally asked for the tender to be revoked. So there was something going on there obviously. I guess all of us will know what that was and we will have a revised tender documentation where the three of us IGTs, SciGames and ourselves will rebid.

Now, in terms of Azerbaijan, as you have seen, the business is improving significantly. The growth is healthy. I think we are doing a good job by building both the product and the operation

and in that context we are rethinking, we meaning Turkcell and INTRALOT, we are rethinking our position as it refers to this market.

KOGGE M: Okay, so you are favouring right now keeping the business, I mean?

KERASTARIS A: We are rethinking our position as to disposing of our asset in Azerbaijan. I think that the country has made progress towards welcoming foreign investment. I think that the situation with regulators and the government bodies has improved and definitely our business has improved significantly over the last 12 months. So we are re-evaluating our position in Azerbaijan. This is not an INTRALOT decision, this is an INTRALOT and Turkcell decision, and that is why I cannot at this point commit to a position regarding our business in Azerbaijan.

KOGGE M: Okay. Thank you.

OPERATOR: Then next question comes from Tzagkournis Menelaos with Imperial Capital. Please go ahead.

TZAGKOURNIS M: Hi, and thank you for taking our questions today. First, I would like to... whether you can disclose a little bit about a new contract, you said you would announce for Europe in the next week. Will there be significant CAPEX upfront investments or should we change our estimates for 2018-2019 with that new information?

KERASTARIS A: No, it's not a CAPEX intensive contract. It is one of the lotteries in Germany, that's a lottery that we are going to take over

obviously from one of our competitors. There is no significant CAPEX associated.

TZAGKOURNIS M: That's great. Thank you. I would like to go back to understanding the FX impacts, because I am looking right now at your Group's statement of cash flows for the second quarter of '18, and for the first half of '18 actually the exchange differences stated on is... negative impact of €2.3 million, and for the first quarter it was a negative impact of €5 million. So that implies there was a positive cash flow impact of €2.7 million in the second quarter. I am to trying to reconcile this with the €20 million of consolidated FX EBITDA impact?

And then tying to that, I am also looking at your MD&A; MDA which has €23.3 million of working capital and FX impact from the parents' view. So if you could provide some clarity on how all these three items tied together we will be really grateful?

KOLIASTASIS G: Will you please repeat the last portion of the question in terms of the parent view?

TZAGKOURNIS M: Sure, so on your parent view, I can... we can see for the second quarter that working capital together with FX had an impact of €23.3 million. So if you could provide some clarity again on you know, how the Group FX impacts ties first with the EBITDA FX impact?

And then secondly, with the parent's view impact. We would like to understand how these three things tie together.

KOLIASTASIS G: Okay, let me take on the EBITDA figure. On the EBITDA, the calculation of the €20 million negative FX movement compared to prior year refers to the average foreign exchange rate that is used in the last year compared to the expected in the current year for the result consolidation.

TZAGKOURNIS M: On the cash impact then because that's...

KOLIASTASIS G: Okay, on the cash flow statement, there are three elements that affect the FX fluctuation of the cash flow statement. One has to do that when there is... after the balance sheet date there is a new FX rate that is used to translate the whole balance sheet and this is opening FX rate that is used to transfer the balance sheet of the 31st of December to the 1st of January 2018.

Then you have, assuming now that we have all these currencies and you consolidated the currencies that some of them have positions in hard currencies, for example, in Turkey around...if I am not mistaken around 40 million deposits are in U.S. dollars. This creates a significant positive foreign exchange variance at the reporting period... at the date of the reporting period. So on the 30 of June these deposits are highly appreciated compared to the Turkish lira and this is another element that is taken into calculation.

And the third element in order to take into consideration for the cash flow balancing item has to do with the average of the period. The FX rate...the average FX of the period compared to the average FX rate of the prior reporting period. These three elements are incorporated in the FX movement in the cash flow statement.

Now, in terms of the shareholder... is that clear?

TZAGKOURNIS M: That is somewhat clear, yes. So essentially, the cash impact has been actually positive to you and not negative because of your reserves in U.S. dollars.

KOLIASTASIS G: If you see the P&L, excuse me for interrupting. If you see the P&L, you will see that we had a positive P&L effect of around €3 million, which is driven as the net effect of the exchange rate of the hard currency held assets in the countries where there is a huge devaluation of the currency. So the €7 million positive effect was from the Turkish deposits in U.S. dollars, minus a €4 million negative effect from the obligations in hard currencies in these countries, okay, more or less. So this is in the P&L and this is a positive.

However, in terms of EBITDA in consolidated results, you will see there that there is another FX rate that is used, that is significantly higher.

TZAGKOURNIS M: I think we understand that, it's the cash impact that actually matters to us, essentially any cash that gets up-streamed from any developing or emerging markets to the Parent Co. and that...

KOLIASTASIS G: And real cash moments, we have collected the dividends both from Argentina and Turkey with exchange rates significantly better compared to what they are today.

So we have collected dividends with around 20 – 23 Argentinian peso to U.S. dollar if I'm not mistaken and with around 4.5, 4.8 Turkish lira exchange rate. However, the EBITDA deterioration will flow in the results of the net year, if the exchange rate will remain.

TZAGKOURNIS M: And a last question and unfortunately it will be again on FX. Since your debt and your interest and large part of your R&D and CAPEX is in euro, have you thought about hedging your U.S. euro exposure more long-term than the one month rolling hedges you have for your other currencies?

KOLIASTASIS G: Yes, we have thought on that, currently, we are investing in U.S. so the thing that we did is that we invested in U.S., U. S. dollars, so we receive... U.S. dollars that we received from the sale of Jamaica plus other U.S. dollar receipts that we have, this is what we invest in U.S. and we try to match the investment in the U.S. with a liability in U.S. dollars.

TZAGKOURNIS M: Okay, so you are naturally hedging essentially.

KOLIASTASIS G: Okay. I would try.

TZAGKOURNIS M: Thank you very much.

KOLIASTASIS G: You' re welcome.

OPERATOR: The next question comes from Affo Diego with Citigroup. Please go ahead.

AFFO D: Hi, good afternoon. Thanks for the details you have provided so far. And I would be particularly interested in having your high level view on opportunities for new contracts in the U.S. following the recent rulings there, let's say possibly already in 2019 and to see whether you already have some visibility about that?

KERASTARIS A: Okay, so following the court order in New Jersey and the Supreme Court decision in the U.S., what is stipulated there is that the states are allowed to issue their own regulations on Sports Betting. So the court has given to each individual state the green light to go ahead with forming Sports Betting regulation. All of the states, all of the 42 gaming states in the U.S. are in the process of discussing this topic. There are 5 states that already had Sports Betting regulations prior to the ban from the Supreme Court. These states are one step ahead of the other states, 2 of those states are states that we work with and they already are customers.

I think that following New Jersey that has already started something following Rhode Island that has assigned Sports Betting contracts to 2 casinos, we will see by the end of the year, the first 2 to 3 states, that's my estimate, issuing regulation for Sports Betting. I think we are very well positioned in 2 out of the 3 to secure the contract. And I think that in 2019, we will see a good number of U.S. states regulating Sports Betting activity.

So I think that everybody is expecting the first major state to swing and to issue regulations. They are waiting for the first results from the pioneering states and I think that in 2019 there

will be more contracts and more opportunities in the U.S. than the 3 of us, meaning IGT, SciGames and ourselves will be able to cover. So I think that at some point when they understand the size of the opportunity, the states will be lining up to start the operation.

You know my views about who is the right, what is the right vehicle for Sports Betting in the United States; my view is that the lotteries are the right vehicle for sports betting, like it is the same in most of Europe and Australia. Sports Betting is an Omni-channel game, but wherever Sports Betting is operating efficiently, the presence of retail is very strong. In that context, I don't believe that Casinos are the right venues for Sports Betting. I think that this view will be the dominant view in the U.S. in the coming months and that the state lotteries will start tendering for Sports Betting contracts and operations, that's my view and we've discussed in the past.

There is a consensus that the size of the opportunity of the U.S. market for Sports Betting is between \$15 billion and \$20 billion a year. So, it's a big pie.

AFFO D: And in your view, how much do you think INTRALOT could capture of that?

KERASTARIS A: Let me talk with numbers. Currently, we control 11% of the lottery market in the U.S. So our market share, in lottery, in the U.S. our existing base is 11%. If we were to add a new contract there, it would be a bit higher, so if anybody wants to run the numbers quickly, 11% on 20 billion is a good number. And normally when you talk about the Sports Betting contract,

the Sports Betting contract is 15% give or take of GGR. So we cannot in the numbers... easily that's not a scientific analysis, but it's where we are today with our 11% of the market.

And the size of the U.S. Sports Betting market I think has been agreed upon to be in the range of \$20 billion. I hope this gives you an indication at least. And that's going to happen overnight, no, but I think in the next 2 to 3 years, we will be talking about a 20 billion GGR market U.S. dollars in the U.S.

AFFO D: Okay. Thank you.

OPERATOR: Next question comes from the line of McElvenny Ryan with Credit Suisse. Please go ahead.

MCELVENNY R: Hi, good afternoon. I just wanted to get a little clarity around when some of your contracts expire, particularly in the United States and Argentina. You gave the... you gave certain dates for... when the longest maturity expires I believe, but I was curious as to the average, also potentially when the shortest contract would expire?

KERASTARIS A: So the average in the U.S. is 2026, so our U.S. portfolio weighted expiry date is 8 years from now. And in Argentina, we have 2 contracts, 24... hold on a second, let me be absolutely accurate. So first contract in Argentina is 2024 like I said expiry date and the other one is... and the small one is 2019. Now mind you, we have a 91% renewal rate so... but the key thing here is that our main contracts in, especially in the U.S. have at least 8-year tenure.

MCELVENNY R: Okay and so the minimum tenure in the U.S. is the one with the soonest expiry date, is that 2026?

KERASTARIS A: 2022.

MCELVENNY R: 2022, but that's...you said the weighted average, when we say the weighted average of the contracts, what do you mean by that, just to clarify?

KERASTARIS A: I mean, contribution and EBITDA contribution and expiry date.

MCELVENNY R: Okay perfect, thank you very much.

KERASTARIS A: Weighted average, value weighted average.

MCELVENNY R: Perfect.

OPERATOR: The next question comes from the line of Pearson Daniel with Schroders. Please go ahead.

PEARSON D: Good afternoon, gentlemen. Just in terms of a few questions. Just in your... the press release, you've... on Page 4 you have adjusted EBITDA of €63.6 million and €62.5 million. Are you saying that that doesn't include Gamenet and Peru?

KERASTARIS A: Correct.

PEARSON D: Okay.

KERASTARIS A: It does not include Peru... Italy and Peru are below EBITDA.

PEARSON D: Okay.

KOLIASTASIS G: Sorry, correction, the adjusted EBITDA includes also the EBITDA from Peru, Hellenic Lotteries and Italy.

KERASTARIS A: Okay sorry, my mistake.

KOLIASTASIS G: So it is... we have the proportionate EBITDA as a notion. Proportionate EBITDA is our stake times our percentage in the sales. On top of that the figure that is called the adjusted EBITDA is the proportionate EBITDA plus the proportion of EBITDA of the associates that are not consolidated, which are below the EBITDA line. So it is Peru, Hellenic Lotteries and Gamenet. And in the IFRS note, we have the full analysis as well.

PEARSON D: Okay so that €63.6 million is proper attributable EBITDA?

KOLIASTASIS G: Correct.

PEARSON D: Correct, okay. Okay, thanks for that, and just another thing, liquidity is 195; I think it was on your cash flow, how much of that is in 100% owned companies? I think you disclosed that in the past?

KOLIASTASIS G: We disclosed that as well. If you see in MDA we have around €58 million... €58.6 million in the Partner Markets and we have €136.3 million in our fully controlled subsidiaries, 100% owned subsidiaries.

PEARSON D: Okay. And that's going up to sort of..... basically you're going to by the look of it,..... so that you're going to add to another €60 million, €70 million to the net debt by the year end you are saying at current FX rates. I mean what I've heard in the past, you were talking intermittently about net leverage reduction and yet you are... I mean, for good reasons, you're obviously investing in growth CAPEX and making investments, but I mean, why are you doing this equity buyback?

KERASTARIS A: Why? Will you please repeat?

PEARSON D: Why you are doing the equity buyback when you were also talking about net leverage reduction being a priority?

KERASTARIS A: So currently our buyback program has tied up a bit more than €5 million. We think euros...we think that at this level, the buyback plan makes sense for the company.

PEARSON D: €10 million or €5 million?

KERASTARIS A: Excuse me?

PEARSON D: At €10 million or €5 million you think it makes sense. Are you planning on doing the whole €10 million or €12 million or?

KERASTARIS A: No, currently we have... currently we have bought 5% of the share capital of the company. So what you see in June 30th is €5.5 million tied up. We think it makes sense to this level to have the buyback program. We have a number of reasons behind it that includes incentivizing the management team of the company as a stock option plan and the idea was that at this

level of price, it would make sense and it would create value to do the buyback program. Are we going to go to 10% which is the maximum we can go to now? Are we in the making money out of our stock business? No, we invested a relatively small amount of capital behind a project that would incentivize our management team going forward. And I think that makes sense.

PEARSON D: Okay, understood. Now the bonds, you've also bought €5 million of...and obviously they... you know the currencies are kind of all over the place weakening by the day, they've taken a bath in the last seven months or so. What is...you bought 5 million of them, have you got any further plans to buy these bonds back?

KERASTARIS A: No.

PEARSON D: Okay, I take that as a straight answer. And just finally on the...on Turkey on the renewals. Why have they rolled this 3-year? Why haven't they just...why aren't they in a position to sign this and how confident are you that they will sign it with a 10- year deal?

KERASTARIS A: Listen, first of all, the previous deal was a 10-year deal. So if and when they sign it will be a 10-year deal. Now, Turkey was ready to issue the tender this April before the elections were announced. So the tender was postponed until after the elections, which makes sense. And the plan is for them... so the tender documents are practically ready.

The plan is for them to issue as soon as possible, we think within September this year and have the whole thing finalized before the end of the year. We would have a tender already finalized if it weren't for the elections, which as you probably know, were a year ahead of their time. So when President Erdogan called the elections in this year in the spring, this set back the whole process.

Now the good thing about you know the process and how we feel about the process is that the person that was the Chairman of Spor Toto, meaning the assigning authority, has been promoted to become the Minister of Youth and Sports. So the person that will decide on the tender is the person that knows Sports Betting in Turkey better than anybody else. So I think that this will expedite the whole process.

Mehmet Kasapoglu, the Minister, is somebody who understands this business very well and has been our collaborator and our customer for now more than 10 years. So the good thing after the change with the elections is that the people that are the decision makers are indeed the people...the right people to do the job and with the new constitution in Turkey, the role of the Minister is significantly increased as there is no Prime Minister or there is no Prime Minister office. So in that context, the ministers have a lot more flexibility to progress laws or tenders within their jurisdiction. So that's why I am saying I think that with the situation in Turkey today, with the pressure for increased revenues, I think this tender will go ahead very quickly.

PEARSON D:

Okay. That's all from me, I think.

OPERATOR: Next question comes from the line of Sorna Marco with Moody's. Please go ahead.

SORNA M: Hi, there. Thank you very much for taking my question. I got only one question about the new contracts that you are going to announce next week. Can we have an idea about the EBITDA contribution of these new contracts if possible?

KERASTARIS A: All three contracts are estimated to be in the range of EBITDA north of €10 million a year and that's all in the INTRALOT current perimeter.

SORNA M: Okay, so overall in total will be €10 million, it's not each contract right?

KERASTARIS A: Correct.

SORNA M: Okay. Thank you.

OPERATOR: Next question comes from the line of Osowitz Piotr with Ironshield Capital. Please go ahead.

OSOWITZ P: Good afternoon and thank you for taking my questions. Most of them have been answered already, but just a follow-up. Regarding those new contracts finally signed, you said that the contract in Germany will not come with any material CAPEX. Will there be any CAPEX related to the other two contracts and when should we expect this EBITDA contribution to start to occur?

KERASTARIS A: So in terms of the other two contracts, one contract will have minimum CAPEX, the other will have CAPEX in the range of €7 million and CAPEX will occur in 2019 for all three contracts revenues H2, 2019.

OSOWITZ P: Starting in January or late in the year.

KERASTARIS A: H2, Second semester.

OSOWITZ P: H2, okay. Yes, perfect, okay. Going back to your guidance of the FX impact for the remainder of the year, is that... are there any mitigating actions that you can take in terms of either... coming up with new products or reducing costs either locally or in your headquarters to partially mitigate the FX impact?

KERASTARIS A: Okay, so as we are talking about mainly the headwinds come from Turkey and Argentina and slightly in the U.S., the U.S. is a completely different story, because the U.S. euro fluctuation is a different thing altogether. What we are doing in the U.S. as George said is we are trying to use U.S. dollar assets to finance U.S. expansion.

Now, in terms of Argentina and Turkey what we can do on the local operations are two things, one is pricing activities and cost, local cost reduction activities, so we are trying to have a gap between local costs and currency fluctuation and we have achieved in Turkey to do exactly that.

The second is how flexible can you be with pricing? We have seen in Turkey that we are already recovering the FX with a real organic growth in Turkish lira. We are planning a number of

pricing activities in both countries, if the situation stabilizes at the current levels meaning 6.5, it's going to be a struggle, if there is... it's going to be a struggle for us to recover in terms of reporting, because this is...you understand this is not a real cash impact where... if it stabilizes at 6.5 it's going to be a struggle to fully recover. But I think that once especially in Turkey once we have the increase payout, I think that we will be talking about a completely different business. And I think that the prospects will be significantly improved. All of this, of course, assumes a normal trading environment in Turkey even with a weaker Turkish lira.

OSOWITZ P: Okay. And just following up on this, you have both in Turkey and Argentina you have been doing very well over the past couple of years by recovering the FX impact through pricing or just taking advantage of local currency inflation. I understand that this year, the decrease was larger. So when you say that, it would be difficult to fully recover, if Europe stays where it is. Would you expect this to recover over the next say 18-24 months, is not 12 or it would never be recovered?

KERASTARIS A: Listen, I think Argentina is a more complex situation, because I think the IMF will be involved and will be some kind of stabilization and some kind of clarity as to the currency at least. I think, Turkey is not going to go under IMF control that's my personal view, I think that given all of the things that we have seen in the last 12 months in Turkey I don't see an IMF involvement.

So there will be more volatility, its 6.5 Turkish liras on the dollar the right price, I think not, I think that 6.5 does not reflect the

dynamics of the Turkish economy. I think that Turkey is being penalized for things that have nothing to do with the real fundamentals of the economy, I think it's far more that the Turkish liras should be far closer to the 4 lira on the dollar than the 6.5. This said, can we for a short period of time see an even worse FX for the lira?

Yes, I think this is more political than macroeconomics. And I think that at some point in the next 12 months it will even out, that's my personal view having spent a lot of time over the last five years in Turkey. I think that the real dynamics of the economy are very strong; I think that we are talking about a very, very healthy and robust environment financially in Turkey. And I think that at some point the situation will stabilize and the situation in my view has less to do with the real macro fundamentals and more with political decisions and political pressure being exercised, that's my personal view.

OSOWITZ P: Okay, moving on to the non-core disposals and the monetization of the U.S. process, you talked about on your 2017 call, I understand that you are together with your partner, you are rethinking the... your position in Azerbaijan how about the one-off under non-core assets or monetization of the U.S. business or another end, what will be use of the proceeds?

KERASTARIS A: Okay. So we had said last year that we were thinking about listing our asset in Italy, we did that. We did not sell 20% in the IPO as we thought that the price was very low; 7.5 euros per share was a very low price to sell. Now, the price is reaching €9, so it means that we were right not to sell at the IPO.

The company has grown significantly, the company is now the #1 gaming operator in Italy, it has a pro forma EBITDA of €145 million, so even now with all of the adverse economic climate in Italy especially in the gaming sector the company is performing very well. Is Italy core asset for us? No. Are we going to sell at the right price? Yes. What is the right price? It is higher than what it is today, and what will be the use of the proceeds once we sell Italy deleveraging and future revenue building projects.

U.S. is a different story altogether, my personal view is that we should capitalize on the money markets in the U.S., because we have a U.S. 100% U.S. asset that has now has the size and the potential to make a good investment story in the U.S. And like I have said a number of times in the past, we are evaluating strategic options in the United States including strategic partnerships or even an IPO in the U.S. stock exchange.

OSOWITZ P: And would the use of this project in this case this also be deleveraging or you would then think about the different capital structure altogether?

KERASTARIS A: This is I think is a more detailed question that I would like to answer at this point. Definitely, the guide line is that we need to grow the company and we need to... at the same time deleverage, so if there is a significant business building opportunity in the U.S. we will use the funds to capture this opportunity. If not we will deleverage and at some point we will definitely rethink all of our financing structure and also including financing in terms of currencies, because as one of your colleague said previously we have 100% of our debt in one

currency, but not 100% of our business in the same currency. So it would make sense for us to revisit the...mainly the euro/dollar split of our debt.

OSOWITZ P: Okay. And just two housekeeping items, can you please remind us other than the cash flow and the balance sheet, what sources of liquidity and how much of liquidity do you expect to be at your disposal by the year end? And also, can you please remind us whether there is any ramp-up period for the Illinois EBITDA?

KOLIASTASIS G: Okay, the liquidity standby facility... our standby facilities that are used to have a safety net. We are going to invest in Illinois, the current plan is to invest for Illinois in the years from our current cash... available cash deposits that we have. Now, if we manage to finance Illinois through a debt in the U.S. in U.S. dollars something that we are looking into obviously we are going to use the extra liquidity to somehow to align our capital structure.

OSOWITZ P: Okay, and in the ramp up...is there a ramp up period for EBITDA?

KERASTARIS A: Like I said, 2019 is the time when our new contract will start kicking in, starting from Illinois this December and H2 for the new contract that we will sign before the end of the year. So we will see an EBITDA ramp up starting already from 2019. If we are talking about sports betting contracts in the U.S., this will have a horizon that will be between 3 and 6 months.

So between the time we signed the contracts and the start of operation, we are talking about a period of 3 to 6 months, so

there is a very good chance that we will have in 2019 revenue and EBITDA from sports betting in the U.S., and also definitely the new Turkey contract which we think...reasonably think we will capture will start beginning of H1 of 2019. So the combination of those three elements are going to give the ramp up of the EBITDA already visible from the first two quarters of 2019.

OSOWITZ P: Alright. As of Illinois, you said that it will be \$20 million of EBITDA starting January 2019 or there would be I know 5 million, 10 million and then 20 million in year three?

KERASTARIS A: No, the way those contracts work is that the minute you switch...you push the button, you receive a fixed percentage of the business. So day 1 with day 365 has the same impact, it's linear, it's not...there is no ramp up. Whatever passes through your system all of the turnover you get a percent of the turnover that goes through your system. So the first day that the turnover goes through your system, you receive the full amount of the revenue.

OSOWITZ P: Okay. Thank you very much.

OPERATOR: Next question comes from the line of Cowie Simon with Société Générale. Please go ahead.

COWIE S: Good afternoon and thank you for taking my questions. I have got a couple of questions. The first is to say that I missed the first half of the Q&A. So apologies if I ask a question which is already been answered. Can I just confirm that you are guiding to a €60 to €70 million increase in net debt over the second half

of this year? Secondly, could you comment on any CAPEX and M&A guidance for the second half of the year or for the whole as well, please?

KOLIASTASIS G: So, the net debt increased for the second part of the year is expected at around €50 million-€55 million.

COWIE S: Okay. And in terms of CAPEX and M&A combined for the year as a whole...?

KOLIASTASIS G: Full year CAPEX and investment is expected in the range of around €120 million, in the second half of the year it will be around €76 million CAPEX minus €10 million return on the working capital which has increased the first semester.

COWIE S: In terms of...so that will actually show up in the accounts, is that going to show-up in the working capital or in CAPEX the €10 million?

KOLIASTASIS G: The €10 million will be a decrease in the working capital and increasing the CAPEX.

KERASTARIS A: And it's including the 55.

KOLIASTASIS G: Everything is included in the 55.

COWIE S: Okay, but in terms of then going to the CAPEX versus working capital or M&A. So the guidance just for CAPEX excluding working capital, am I right in thinking that's a €120 million?

KOLIASTASIS G: The full year guidance of CAPEX is in the range of €119 million... €120 million, yes. It is the same as we had communicated at the beginning of the year. It was €115 million in the beginning of the year.

COWIE S: Yes, that's right €115 million... and then for working capital specifically and that was something I wanted to touch on as well, because obviously second quarter showed some working capital strain. You are saying you get €10 million of that back in the second half.

KOLIASTASIS G: Correct, the full year negative working capital affect we expect at the end of the year at...it will be a negative of €20 million more or less.

COWIE S: Okay. And that is including...is it the repayments to Intracom?

KOLIASTASIS G: Correct, everything is included.

COWIE S: Right. So, that's all in, this €20 million including the minus whatever it was €13 million or so for that. Okay. So okay, okay thank you. Could you...can I make sure I heard right now in terms of the Gamenet stake. Did you say that, while the share price has gone up since rotation in June, looking at selling any of that down yet?

KERASTARIS A: What I said is that for us Gamenet is not a core asset in the sense that we do not manage the company. We think that the price...we thought that the price of €7.5 per sale was too low for us to sell, currently the price is in the range of €9 million...sorry,

currently the price is in the range of €9 we think that it is still undervalued, we would be willing to sell at the right price.

COWIE S: Okay. Clearly, there is a lot of moving parts. And the one, I think, that a lot of credit investors are focused on is the fact that until now whatever is said, net debt is a tendency to keep increasing. And that's why I am looking at what could potentially turn into cash and what your timing is things, because I think people want to see and deliver it on the debt reduction, obviously second half of the year, the guiding for up again, that's why I am insisting? on the Gamenet stake, and I am wondering just on that. But if the decision is that there is no potential for sale as yet and then that's what it is?

KERASTARIS A: No, it is clear that, we share the same views about... the idea of net debt reduction. We think that it makes sense at this market conditions for the size and the phase of INTRALOT development phase to invest in new business, it is clear to us that Gamenet is not a strategic asset for us to hold on to. Would we go into a distress sale? No. The value of the asset is significant we would not go into a sale for the sake of selling it, and I think that this protects both... or as a decision protects both our shareholders and bondholders.

My personal view is that the market... the Italian market is the second biggest market in Europe after UK, it's a €90 billion gaming market. And the value of the asset is significant, but it is clear that this is a value that we will not hold forever, it is not a strategic asset for us, it is something that we hold in our portfolio and it is for sale, but we would not sell it at the wrong

price. Is that clear of the intentions of the management at least?

COWIE S: Yes, it is. I mean, obviously, I don't expect you to release a numbers to where you would sell it, because that would be counterproductive. I guess, what I would like to have heard is that you would be prepared to sell it down in chunks and that you recognized that is it is useful tool for managing leverage, but...

KERASTARIS A: I agree fully that it is a useful tool to manage leverage. If I sell it at chunks, it means I have to sell it at a discount versus current price, and if I am offering 20% stake to somebody, then this 20% stake has a bigger overall value than 10 times 2%. So again, it's a matter of value but it is clear at least in this management's mind that we are holding this asset on the balance sheet for sale. That's clear.

COWIE S: Okay, thank you. Do you mind if I ask just 2 more questions; I picked up that you are expecting to announce a couple of contracts next week. How much detail did you provide on that?

KERASTARIS A: What I said is that we are talking about 3 contracts, 1 is next week, and I guess the other 2 will be by the end of September. The overall...all 3 contracts will start in the first half of 2019. The combined EBITDA contribution in the INTRALOT parent perimeter is in the range of €10 plus million a year and CAPEX associated with all 3 contracts will be slightly lower than €10 million. This is a good, not big size, but good year one cash payout contracts with an average duration of 8 years.

COWIE S: And these are contracts which have already been signed but that you just have not been able to release that information at the moment or these are contracts that you are expecting to win next week?

KERASTARIS A: These are contracts where we have assignments but not signed yet. So these are contracts that we are in the process of finalizing the documents, the contract documents.

COWIE S: Understood.

KERASTARIS A: So it is not a tender. It is not, you know we are candidates. These are awarded contracts.

COWIE S: Perfect. Thank you. Lastly, just on FX, were you guiding to the scale of the FX hit the second half as to how much that will constrain EBITDA?

KOLIASTASIS G: Okay. We mentioned that in the second half the FX to constrain EBITDA by around €10 million compared to prior year. It can be up to €12 million, perhaps.

COWIE S: Understood. Thank you very much for all those answers. That's it from me. Thank you.

OPERATOR: Next question comes from the line of Ntountounakis Diomidis with Chenavari. Please go ahead.

NTOUNTOUNAKIS D: Yes. So can you give us a bit of color maybe on what you have been seeing in Turkey in terms of trends over the past couple of months post the quarter end?

KERASTARIS A: Sorry, in terms of...

NTOUNTOUNAKIS D: In terms of trends in Turkey over the past couple of months post the quarter end. Obviously these...

KERASTARIS A: Sorry. I didn't hear the question at all. So you want to say what's been happening in Turkey in the last two months in terms of...?

NTOUNTOUNAKIS D: In terms of sales trends, you know at least a general comment on whether, you know at least on a local currency basis, if the market has continued to be as strong as in the first half of the year.

KERASTARIS A: Okay. So we had record performance in the online market. We had a very good summer in both retail and online. Like I said, year-on-year, we have a 30% increase in local currency. So, you know the markets are very strong. There is the expectation of the new game, meaning live betting which will come with the new law and we, meaning online and retail, are positioning ourselves for the next era of Sports Betting in Turkey. In terms of the other industries as well, consumption in Turkey has not gone down, quite the contrary.

So what we are seeing in our industry and in similar industries that are related with disposable income in local currency, there is no drop in consumption. Now, is Volkswagen selling less cars in Turkey and Apple selling less iPhones in Turkey? Yes, certainly, but we are not in that business.

NTOUNTOUNAKIS D: Okay. I care about Sports Betting and it's not...okay fine. In Azerbaijan, can you give us a bit of color on why the trends have been you know generally so good in the first half of the year and what has changed?

KERASTARIS A: Between the time we agreed on the sale of the company and today, we have managed to drive the business upwards significantly, so we think that the agreement and the prospects of the market are no longer relevant. I explained before that Azerbaijan is obviously an emerging market. We have a unique license. We have the only license to exercise Sports Betting in the country and similar activities of Sports Betting, horse racing and virtual games.

So we are practically a monopoly in a country of 9 million to 9.5 million inhabitants. With the changes that we have done to the product and the management over the last 2 years, we have doubled the business, so because our performance is so good, both Turkcell and ourselves are revisiting our decision to sell the asset.

And definitely if we sell the asset, we would sell it at a more relevant price. So I think both of us are re-evaluating our initial decision.

NTOUNTOUNAKIS D: Okay, clear. Thank you very much.

OPERATOR: Next question comes from the line of Kiran Senan with Muzinich. Please go ahead.

SENAN K: Hi there, probably it's too early to ask this question, but in terms of your 2019 CAPEX versus the 120 you guided for 2018, given that Illinois will not be there, but then you have these 3 new contracts which is a lot less CAPEX, are you able to guide us as to, you know if that would be an upper trend or a downward trend for CAPEX for next year?

KERASTARIS A: So assuming the businesses that we know of today including a new contract in Turkey and including the businesses that we will sign until the end of the year, our CAPEX for next year will be in the range of €60 million. Now, would that change with new business, yes obviously? Is Sports Betting going to be a significant input... a significant change in the CAPEX going forward? If it's an existing state, no. If it's a new state, we don't know because we don't know what the regulation is there.

So what I can tell you is that with what we know today, the existing contracts that we have signed, including the new Turkey contract, we are looking at the CAPEX of €60 million for the next year.

SENAN K: By the new contract in Turkey, do you mean the one-year extension or actually the 10-year...

KERASTARIS A: No, I mean the 10-year new contract for Sports Betting in Turkey.

SENAN K: Okay, with that and from what you know today, you think you might have the CAPEX spend next year.

KOLIASTASIS G: It will follow tender process. The tender process will probably happen by September it will start. It will take a couple of months. So it will be from the next year onwards and it is not significant as a CAPEX. I mean the...

SENAN K: Okay. But the number is €60 million in total, so six zero?

KERASTARIS A: Six zero, yes.

SENAN K: Okay, great. And then in terms of your cash at the end of June, the €194.9 million, if this is only in the release, I can't find it, but the both the €58.6 million at the partnership and the €136.3 million at your level, are you able to give us further breakdown in terms of how much of it is in euros versus local currencies and which countries they are in?

KOLIASTASIS G: Okay, give me a minute. I mean, we have...in the MD&A, you see the breakdown in the partner markets and the rest. Now, from... all the partner markets are in local currencies, except Turkey where we have... give me a second now. In Turkey, we have \$40 million from the total out of... now the rest is... so in Turkey, we have in total €44 million in terms of euros out of which 37, yes, around are in U.S. dollars, all the rest are in, I mean, in Azerbaijan, we have something close to €6.5 million in euro terms which is not in hard currency. In Bulgaria, we have €5.5 million and in Argentina €2.1 million. The rest are almost all apart from €10 million in Morocco are in euro currency.

SENAN K: Okay. Great. And in terms of the one-year extension you have right now in Turkey, it seems you are well positioned and confident that you will get the new contracts. But if that wasn't

the case that one-year extension, will you have that contract until August? But if a new-new operator comes in at the end of this year starting January, you need to handover the operations to the...?

KERASTARIS A: Okay. So typically the contract expires. Our contract extension expires on the 28th of August 2019.

SENAN K: Okay. So normally, what happens, who wins the tender, you have this contract until at the end of August, okay?

KERASTARIS A: Hold on a second, let me finish... one is 28th August 2019 is my 50th birthday. So I think my Turkish friends will make a present for me. That was a joke obviously. Now, if we are awarded the new tender, we can start the new operation with the new law the soonest possible. If somebody else God forbid, gets the 10-year contract, then this company would have to start from zero to setup a system and 6,000 terminals in Turkey to start a new operation. Now with my experience, I don't see how this can be done in a shorter period than 12 to 18 months.

SENAN K: Right.

KERASTARIS A: So in that context, if we are awarded the new contract, we will start with the new system, new product, new payout as soon as possible. And obviously both the government and ourselves would have a strong interest to start as soon as possible. If God forbid again something else happens and somebody else is awarded the contract, then it is not realistic to expect that they can start an operation with 6,000 terminals in Turkey in a period that's shorter than 12 months, it's... I don't see how this would

happen. I mean, we wouldn't be able to do that, if we were newcomers.

SENAN K: Okay, okay. And you mentioned something about an IPO of the U.S. business or potentially getting separate funding, if I didn't misunderstand, could you give some more color on that?

KERASTARIS A: I'm not sure I can give more color on that, but we as the management of the company are evaluating strategic options in the U.S. that include either a strategic partner, financial or industry or a straight IPO of our U.S. asset in New York Stock Exchange, as we have not signed the project, we cannot disclose obviously more information on that, but it is clear that we think that now is the time ahead of whatever is happening in the United States on Sports Betting, to capitalize on our presence and our performance in the U.S. market.

SENAN K: Okay, so it seems like if it materializes it's short to medium term possibility than more, longer term?

KERASTARIS A: Correct.

SENAN K: Okay. And the 2021 bonds obviously you have sometime on it still until it matures, but...and obviously everybody knows where they are trading at this point in time, which wouldn't be very economic for you but what are you thinking about these bonds, if obviously you cannot control the currencies of these countries, if things do not improve on that front?

You have like other things that might compensate, but if the pricing doesn't improve, do you have other options when it comes to the maturity of this bond?

KERASTARIS A: Two things, first of all, it is obviously an uncomfortable discussion to discuss about refinancing of a bond, when the bond is trading at the levels that our 2021 bond is trading, so that's an uncomfortable discussion for anybody. I think that by the time, we will discuss refinancing conditions will be different. Second thing is that less than a year ago, we issued a new bond that was oversubscribed, a €500 million bond that was oversubscribed at... with a coupon of 5.25%.

Now between September '17 and October and August '18, there has been no adverse business event that would justify "this sharp drop in the price of our bonds in the secondary market." So one has to assume that by the time we start refinancing discussion for our 2021 bonds, or alternatives like you very rightly said, that conditions will be significantly different. And we know that the business drivers, the fundamentals of the business, the industry and the fundamentals of INTRALOT are far stronger than what the price of our bond in the secondary market indicates.

SENAN K: Okay. Thank you. Just a small confirmation. The Turkey contract, the new contract, you said I think you don't believe the CAPEX will be material for the new 10-year contract, is that right?

KERASTARIS A: Yes, the CAPEX associated with this contract is 6,000 new terminals and the central system. So that's in the range of €7 million to €8 million.

SENAN K: Okay. Thank you so much for your time.

OPERATOR: The next question comes from the line of Neill Ian with Alchemy. Please go ahead.

NEILL I: Hi, there. And just, I know you report the leverage figure of 3.4 times in the presentation. I am just trying get a view on the adjusted number and what's your sort of proportionate cash balance today or at the end of June. So its 195 total, what's the proportionate number?

KOLIASTASIS G: The proportionate cash is €159 million.

NEILL I: 159, okay. And then, if I look at the adjusted EBITDA figure of €132 million, am I right, in saying that includes 20% of Gamenet EBTIDA?

KOLIASTASIS G: Correct.

NEILL I: And do you account, anywhere, the fact that Gamenet is itself is levered, so it has debt itself.

KOLIASTASIS G: No.

NEILL I: So If I took your share of net debt and added that to your share of Gamenet net debt, which I think it would be about €30 million or so, then I should add that to your adjusted net debt number

to get... so that gets me to about what's that €635 million of net debt on that adjusted basis on 132 of EBITDA. So I think we are up 2, or 5 times, 4.8, 4.9 times. Does that sound right?

KOLIASTASIS G: As proportionate to net debt to EBITDA, correct.

NEILL I: Yes, okay. And do any of the other associates, so other than Gamenet, do any of the other associates have debts at their... sort of at their level?

KOLIASTASIS G: No.

NEILL I: They are all unlevered?

KOLIASTASIS G: Correct.

NEILL I: Okay. And can I just check one other thing about the EBITDA coming out of Greece. I know you have sort of let's see, you sort of lost, the contract terms changed. I don't believe the new... I don't believe H1 numbers include any sort of impact from that change, is that correct?

KOLIASTASIS G: Correct, that is correct.

NEILL I: And what should be the sort of run rate adjustment to EBITDA that you would expect from the new Greece contract terms?

KERASTARIS A: We... obviously, we cannot disclose commercial terms. There will be a shortfall in the EBITDA on a full-year basis versus all contracts, new contract, that's for us as management is a

concern as we still have our base of operation and development, software development in Greece.

So that is why we have tried to increase our presence in the Greek market with two moves. One was acquiring a minority stake in the only Casino in Athens. And the second is, we have expressed our interest to participate in the upcoming on line Sports Betting licenses that will be tendered by the Greek government.

So for us OPAP contract apart from contributing EBITDA, it contributed EBITDA in Greece where we have most of our G&A and most of our software development costs.

So we are looking, we are already looking on how to recover that loss and even increase the contribution of Greece to our overall performance. And the two steps we've taken was one our participation in the Casino, in the Athens Casino and the second is participating with a partner in online Sports Betting in Greece.

NEILL I: Right, right. Okay. And... but if I should... I accept that you are obviously looking at ways to fill the gap in Greece. But if I were to assume that the gains you are making from the 3 contracts you've been talking about on the call today of around €10 million contribution, is that going to pretty much offset the losses from the OPAP contract adjustments?

KERASTARIS A: Yes, the answer is pretty much. You need to also include Illinois, I'm not sure if you followed the call from the beginning.

NEILL I: Yes, yes. Because I'm not... yes, that's fine. I need to adjust the CAPEX as well. Yes, understood. Now, that's helpful. Thank you very much.

OPERATOR: Ladies and gentlemen, there are no further questions at this time. I will now turn the conference over to Mr. Kerastaris for any closing comments. Thank you.

KERASTARIS A: I would like to thank all of you for participating and for the questions and hope we've answered most of them to your satisfaction. Thank you very much and talk to you soon. Thanks.