Intralot SA

64, Kifissias Ave. & 3, Premetis Str.
Athens, 15125 Greece
Phone : (+30) 210 615 6000
Fax: (+30) 210 610 6800

"Full Year 2014 Financial Results" Conference Call

Tuesday 31st March 2015, 17:00 (GR Time)

Conductor:

Elias Athanasiou, Group Strategic Planning Director

Conference Call Conducted by Chorus Call Hellas

CHORUS CALL HELLAS
PROVIDER OF TELECONFERENCING SERVICES
TEL: +30 210 94 27 300
FAX: + 30 210 94 27 330
Web: www.choruscall.com

OPERATOR: Good afternoon ladies and gentlemen, this is the Chorus Call Conference operator.

Welcome and thank you for joining Intralot's Full Year 2014 Results Conference Call.

At this time, I would like to turn the conference over to Mr. Elias Athanasiou, Group IR Director.

Sir, please go ahead.

ATHANASIOU E: Yes. Hello, everyone. We would like to welcome you once again to our Results Conference Call, this time for the Full Year Results of 2014. Together with Mr. Kerastaris, our Group CEO and Mr. Pavlakis, our Group Tax and Accounting Director, we will briefly review INTRALOT's financial results and operating achievements for the 12 months ended December 31, 2014. Following this short presentation we will be at your disposal for any questions you may have.

So, we are starting with results presentation. Going onto the first page, our revenues for the full year posted an increase slightly above 20% in 2014 exceeding €1.85 billion. They were impacted by a negative FX translation of €82 million, which would have brought the total above €1.9 billion to almost 26% growth year-on-year.

EBITDA dropped by approximately by 10% to slightly above €175 million. EBITDA was impacted by approximately €10 million of write-offs and provisions which would have shaped the number to 185. Also EBITDA had a negative FX impact of €13 million for the year due to translation of foreign currencies.

Profit before tax €36 million adjusted for write-offs the number was 48, again here we had a negative FX impact of slightly above €12 million, 12.5 to be exact. Net profit for the period was set at a negative €49.5 million, and adjusted for write-offs and provisions this was slightly below €40 million at €39.6 million.

Going on to the next page, cash flow from operations €95.4 million, posting an increase above 17% compared to the same period of last year. This was one of the main drivers of the reduction in net debt to the levels of €380 million, posting a decrease of almost €20 million compared to the nine months period whichthe number was slightly above €400 million.

The net debt in addition to the cash flow from operations generation was decreased due to the improvement that we saw in the working capital in the last quarter, which posted a positive delta of above €13 million. On top of that we had slightly positive impact from FX of €2.6 millionon the Group cash at the end of the year. We must also note here that in the end of December 2014, we drew down €200 million of our syndicated facility loan for financial prudent citizens, which positively affected our cash position.

Of course this did not any effect on the net debt calculation. CAPEX for the period was set at €67.3 million or €63.7 million our net basis due to a capital return and the sale of our assets which were slightly above €3.5 million for the year.

Going onto Page 5, the revenues bridge what contributed to this almost €300 million growth in revenues. Eastern Europe was plus €48 million, Western Europe a €142 million mainly driven by Italy, Australasia plus €30 million, North America practically the US business there plus €12 million, South America plus €78 million mainly driven by the operations in Argentina and Peru and Africa, you know €1.2 million.

Page 6, the cash flow analysis; as we said before, €95.4 million was the operating cash flow. Net CAPEX something less than 64, minorities,... dividends flown to minorities were slightly below €24 million, other cash flow items slightly below €8 million, leading the total cash flow which we define as the difference in net debt compared to last year of €16 million.

Proceeding onto Slide 8, a Compact Sales breakdown. License operations increased to 81.2% versus 75% compared to last year. This was mainly driven by the growth in Azerbaijan in the VLT and AWP operations in Italy and a license operation contract in Argentina that was for the full year.

Page 9 of the presentation, a growth product sports betting posted 30% increase, numedical games almost 10%, VLTs and AWPs 86% as was mentioned before. This was mainly driven by the operations in Italy. Racing which is constantly growing, plus 24%, IT products and services down by 21% leading to the consolidated revenues growing by more than 20%.

The analysis on a better revenue contribution, sports betting remains by far the biggest contributor to the top line, almost contributing half of the revenues, followed by the medical games which was approximately 30%. VLTs and AWPs due to their growth is, the number is safe slightly above 10%, IT products and services 8% and racing products 3%.

Proceeding onto Slide 11, we present the wages which is handling of bets and play-slips that we do around the globe. Eastern Europe was almost flat posting a 0.8% growth, Western Europe plus 9.4% leading to total Europe growing by 6%. North America 12 plus 12%, South America minus 6, Australasia plus 15, Africa minus 8, leading to the Group average of plus 6.5%.

On a per regional basis, Western Europe and Australasia are the biggest contributors of handling of wages globally around €6.5 billion mark followed by North America €4.5 billion, Eastern Europe is €4, ..€3.6 billion, South America €800 million and Africa around €500 million. The total handling of bets exceeded 20 billion from the beginning of 2014.

This is the end of a very short financial presentation. I will now pass you over to our CEO for a brief comment from his side. Please Mr. Kerastaris.

KERASTARIS A: Good afternoon everybody. Thank you for joining the conference call. 2014 was a transition year for INTRALOT. We started by restructuring the Group and presenting the new organizational structure last January, so January 2014. We structured the company for the first time along four pillars introducing a products vertical division, which was a new thing, a technology division and operations and business development division and a finance division, and this you can understand had as a goal to transform the operational model of INTRALOT going forward.

At the same time, we did a lot of work in refinancing the debt of the Group and increasing the fire power to build the business going forward. So in May already of 2014, we should renew seven year bond for €250 million at a price that was at that time very competitive, and following that we refinanced our syndicated loan, taking the maturing of our total debt to 2018 and giving the Group both a breathing space to grow as well as the time to sort out all the strategic decisions and implement the plan for what we would like to call the new INTRALOT. The focus so in 2014 was given in organizing, reorganizing the internal structure of the Group, refinancing and improving the cash flows generated from the operation.

Also 2014 was a year where we had a change in our Greek "based" contracts and that is mainly OPAP and Romania where for the last year we invoiced for Romania and since April 2014 the old contracts that had higher margins for INTRALOT. So the better part of 2014 and of course total 2015, we will start running without those contracts seriously affecting profitability on the short-term.

To recoup those contracts, we, as of the second part of 2014, started focusing on what we identified as the three priorities, and that is, extending the product offering meaning broadening in terms of verticals, but also in terms of number of products in the market,, focusing on our B2B operation that have the customer at the center and going to the new…to the new mentality of increasing the effectiveness of the Company and the cash flow generation.

That of course is not an exercise that can…one can see the results already in months, but this is the start of the new short to medium-term strategy for the Group.

We have started already from the last part of 2014 to work on extending contracts and building new businesses in existing contracts and already in Q1 we are seeing the first results from this effort.

Last week, we signed an extension for our sports betting and Greyhound business in Azerbaijan. And on top of that we signed a new contract for horse racing in Azerbaijan making us actually the only operator with a full range of products and lucrative Azeri market. This is a market that is growing significantly and it is a market with a great potential and our subsidiaries found with the license for lotteries, sports betting and horse racing and actually being the only…the only operator in this country to have a full range.

And the second is we renewed our contracts with both lotteries in Morocco for another two years until August 2017 and already working on what the future strategically for the Group is in this part of the world. So already the focus on our own operations and the focus on building the business where we manage the business is starting to give the first signs of success for the Group.

This said, we will continue in 2015 and the target for us will remain to build on those three pillars and to transform what I call the value equation for the Group meaning increase margins, increase cash flows going forward.

With this said, I am at your disposal, me and the team for any questions.

Q&A

OPERATOR: The first question comes from the line of Mr. Elias Karine of Barclays. Please go ahead.

Thierry A: Yes hi, this is actually Thierry Anid. I had a question on the syndicated facilities €200 million. Is there any covenant from the fact that you drew down on the facility, that's one? And second, can you justify where the cash is sitting whether it's Greece or outside of Greece?

KERASTARIS A: So there was no covenant making us drawdown the facility. The money is not sitting in Greece.

Thierry A: Thank you.

OPERATOR: The next question comes from the line of Orschulik Markus of Pictet. Please go ahead.

ORSCHULIK M: Hello, I have the following questions. Can you give guidance for revenue, EBITDA and CAPEX for 2015?

KERASTARIS A: Not at this stage, but I can give an indication. We think that a strong top line growth will continue for 2015 and already the signals on the operating revenue are that there will be growth, significant I would say, growth compared to 2014.

ORSCHULIK M: Operating profit will be…..

KERASTARIS A: EBITDA that, that…

ORSCHULIK M: Will be growing.

KERASTARIS A: Yeah.

ORSCHULIK M: Okay. Okay then for the cash sitting in…is not sitting in Greece like in terms of capital controls like where is the most of the cash sitting that's all in Europe, that's all in Luxembourg or….?

KERASTARIS A: First of all, just as a general comment, Greece our business in Greece is less than 5% of our turnover, in that context the money we have in Greece is less than 5% of our total cash available, so that that goes in line with our business not with any other consideration. The money is sitting comfortably where we have operations or where we have financing entities like Luxembourg and London mainly.

ORSCHULIK M: Okay. And my last question, so did you do bond buybacks recently? If so, what volumes and what were the average prices?

KERASTARIS A: Yes, we have it's included in our announcement today in the area of €20 million.

ORSCHULIK M: €20 million. Can you do the split between the '18s and the 2021s please and the average prices?

ATHANASIOU E: €5 million, approximately €5 million is in the '18 and the remainder approximately €15 million is in…sorry €5 million is the '21 and remainder €15 million is in the '18.

ORSCHULIK M: And the average prices?

ATHANASIOU E.: Okay, for the '21 it is below par and the other one is slightly above par.

ORSCHULIK M: Is it below the call price?

ATHANASIOU E.: It is below the call price, yes.

ORSCHULIK M: How much?

ATHANASIOU E.: Yes, okay in between I mean, I said slightly above par, below the call price, the call price 1.04, so, I think it doesn't make a difference where it starts.

ORSCHULIK M: And can you tell me what if you considering doing further bond buybacks and if you do, are you retiring the bonds?

KERASTARIS A: Currently, we are evaluating options mainly about 2018 bond, no firm plans yet.

ORSCHULIK M: Okay, good.

KERASTARIS A: But as a general comment we are not in, you know debt reduction mode. I think there is still…there is still room in this market to grow, and I think that we can put the funds from the bonds to good use around the globe. So you know we are evaluating the cost of our financing, but it is clear that this Group is not in a debt reduction mode.

ORSCHULIK M: Okay, perfect. Thanks a lot for the information. Thank you

OPERATOR: The next question comes from the line of Mr. Draziotis Stamatios of Eurobank Equities. Please go ahead.

DRAZIOTIS S: Yes, hi there and thank you very much for taking my questions. Let me start with a question on your strategy you mentioned in the press release the shift of focus towards B2C which effectively means lower margins, but you also mentioned focus on streamlining of the current business. What does this mean exactly? Which areas of cost rationalization have you identified, and my question basically relates to the…about €20 million in Greece in distribution expenses in 2014, the extent to which this number can be you know can be contained without affecting the top line growth? That's my first question. Second question would be on FX based on current spot rates, could you please give us your estimate of the currency impact on EBITDA for 2015 please. And finally, if you could please tell us what the payout for your license operations was as percentage of license revenues and also what the growth in Group gross gaming revenue was in 2014 please?

KERASTARIS A: Okay, this is a set of questions. I'll try and be as detailed as I can. The B2C operation is a completely different model compared to a technology operation. So all of the costs associated with running such an operation meaning marketing costs practically or distribution costs are associated with the existence of the business. So if one is looking at €20 million of increase in distribution cost, this is structural, it has to do with a mix of the business, not with the control of the costs themselves, that's one thing. The second thing is that, one can argue that, the licensed operations have a lower margin overall if one would consider or compare a licensed operation with a technology contract that has a 30%, 40% margin, but this adding up the technology contracts around the globe we will not make a significant amount. So this is a market that is no longer there for companies like INTRALOT and our competitors battle. So you know, you have to make the shifts to the B2C markets. What are we doing to contain costs? We are streamlining operations. We are using size and footprint and we are changing the paradigms of doing business. Is this exercise, no matter how successful, it is going to change the financial picture of INTRALOT? It is not going to be a game changer. It is going to be a contributor, but this market is mainly not about costs. This market is about top line. It is about adding the right business, the right businesses to your base and it's about yielding on your technology and yielding on your operational excellence, that is the crucial element in this market. So yes, efforts have been made to reduce the cost structure, significant efforts, but this is not an industry where the cost is going to make it or break it. This is a top line industry at least that's my understanding. I hope I covered all your questions.

DRAZIOTIS S: Well partially actually, just to follow up on this, I mean should we expect, you know in the next couple of years, should we expect that the top line growth to come from the existing contracts that you have or are you, do you intend to, you know to move to…you know, other regions or potentially, you know, expand your portfolio in existing contracts?

KERASTARIS A: Both, both. So you know like, like in Azerbaijan we have a new business which is horse racing on an existing not contract, but an existing location. So that's one example. There are cases where we are evaluating, expanding the geographical footprint and obviously I cannot, I cannot, you know give more details on that. But there are a number of significant opportunities globally to grow the business both in countries where we are already present and in what we call Greenfield development so a bit of both.

DRAZIOTIS S: I see. Thank you. And yeah, my other question was on currency basically asking you know your estimate of the currency impact on EBITDA based on current spot rates?

KERASTARIS A: You know if I had a very firm view on that I'd probably be very rich by now. We see that, you know, the currency…the currencies around the world are shifting. We are lucky to have a good balance of a natural hedging mechanism meaning we have a basket of currencies most of which are linked to the dollar, some are linked to euro or are euro and a number of other currencies that create a self hedging mechanism. So it is not for us predicting the effect on our EBITDA which is a translation effect mainly. This is not a real money effect. It is a very difficult exercise and, you know at the end of the day for reporting purposes, it makes a difference, but in terms of how we run the business it makes no sense.

DRAZIOTIS S: Clear, thank you and the last question I had was about the payout basically for your license operations as percentage of license revenues?

KERASTARIS A: Depends on the contract and depends on the country. So for example we are running the sportsbook of Turkey, in Turkey the payout by law is 50%.

DRAZIOTIS S: Yeah.

KERASTARIS A: If you run an online operation in Italy the payout is 90%. If you run a monopoly operation in Latin America your payout could be anywhere between 50% and 60%. So it's a mix of the market, the country and the competition.

DRAZIOTIS S: Okay, but you know like the…you know the overall payout as percentage of the overall license operations revenue?

KERASTARIS A: What is the mix of that?

DRAZIOTIS S: No, no what's the average payouts like, you know, payouts to the winners at Group level, divided by license revenues at Group level?

KERASTARIS A: Out of 70%.

DRAZIOTIS S: Sorry, sorry?

KERASTARIS A: Out of 70%.

DRAZIOTIS S: 70%, okay. Thank you very much.

OPERATOR: The next question comes from the line of Chang Lisa of Bank of America. Please go ahead.

CHANG L: Hi, I wanted you to clarify a number of things. Could you tell us what the write-offs in provisions are that you've recorded that like impacted EBITDA? Hello.

KERASTARIS A: Yes, yes. So…okay so for receivables around €3 million, for write-offs, 5.5 and for us it's another €1.5 million-€2 million.

CHANG L: The receivable is €5.5 million, impact on €1.5 million?

KERASTARIS A: Yes.

CHANG L: For provisions, all right. Do you see that as like just this year and next year there won't be an impact at all?

KERASTARIS A: You know, we do this with the auditors on a year-on-year basis, you know it's a complex business extending into 58 jurisdictions, you know those decisions are taking on year end and always with… you know, the value of prudency in the business going forward. So €10 million in 1.8 turnover, you know, it's pretty normal so….

CHANG L: Okay. Also you mentioned earlier that the contracts of OPAP and in Romania rolled off and they are highly profitable, could you talk more about that?

KERASTARIS A: Yes, I'm not giving all the details obviously. But Romania was one of the contracts where the Group for the last 20 years had a significant contribution in the EBITDA. So Romania was in the top five contributors in EBITDA for 20 years and this contract with all of the changes was terminated in December 2014 after almost 20 years. OPAP is a renewal, so it is a different contract with a different SLA in a different set of offerings for OPAP. So it is an overall different contract and an overall lower contract compared to the older contract that we had. So for both cases, we have a significant loss of both revenue and EBITDA contributions in the Group and both those businesses were consolidated under the Greek entity. So you can understand if you look at the parent company you can understand also the significance of those two contracts going forward.

CHANG L: Yeah and can you talk more about the margins, like what price you are getting for the contracts. I know that your top line seems to be growing very well, but are you getting like the same margins as in the past or you are having a cut in prices?

KERASTARIS A: I don't think anybody in this market is getting the margins that we use to get in the past. I think that the competition is growing. The competition is growing internationally, but also in a local level. I think that the barriers in this industry to enter the business are becoming smaller and I think that also the distribution models with the growth of the online business and the dot.com business also the models…the business models going forward are making competition a bigger consideration going forward. So you know that's why I said that this is an industry where you need to have the size on the top line because it is becoming a more competitive industry as time goes by.

CHANG L: Can you talk about how you are able to get 40% margin in technology. Could you give an approximate breakdown of what you get normally on management versus an operation?

KERASTARIS A: Sorry I didn't get that.

CHANG L: So you mentioned that you got a 40% margin in technology, but that's like the business mix has changed and that's becoming a smaller part of the business. Could you talk about like what kind of margins you are getting in operations and management?

KERASTARIS A: Well, that actually depends on the contract and on the market. So you know in a country where, where you own the single license, margins are very different in a margin like Italy where we operate with another 11 competitors obviously margins for the whole market are different. So you know, I cannot disclose margins per market obviously, but it is a mix of the contract that you are operating or the market where you are operating in and it can be considerably different from market-to-market.

CHANG L: Okay. And I saw this year that you exited out of a contract in Australia because it is not profitable, are there like any other contacts that you would potentially be looking at exit this year?

KERASTARIS A: Yes, but not of this size.

CHANG L: Okay. Is there anything else that is worth highlighting because in the gross profit dropped like three percentage points and EBITDA was something similar? Is there like anything significant driving a higher cost of sales?

KERASTARIS A: Like I said previously the business mix is driving the change in the margins and this is the task of my team to try and fix basically. So the business model is taking us to operations with lower margins. We need to make sure that we have an answer to that and that we yield better margins going forward.

CHANG L: Okay. And could you comment on the dividend policy the minority interest, I see that it's like in the area of €20 million every year. What is the exact policy for that?

KERASTARIS A: In some of the countries where we operate with minorities, dividend is paid locally. So, you know that makes for the €20 odd million every year of dividend payments.

CHANG L: So that's fixed percentage based on performance?

KERASTARIS A: Sorry, I didn't get that. The line is not very good.

CHANG L: Is it a fixed percentage based on the performance of that local subsidiary?

KERASTARIS A: No, no. It's a regular dividend payment. So when we distribute dividend, the minorities get their percent from the equity, so it's a straight forward exercise.

CHANG L: Okay, all right and my last question, do you have any comment on the consolidation in the sector with, GTECH buying IGT and Scientific Games buying Bally, is there…would you potentially look at something like that or is there any talk of M&A?

KERASTARIS A: Obviously, I have no comments for what our competitors in the market are doing. What we have decided is that we will not walk along the path of growing by acquiring businesses that are not core businesses for us and for us VLT production and sales are not core businesses. We recently made an acquisition which is a minority stake with a view of increasing our stake in an online CRM platform and we will continue to do acquisitions that will either increase our product offering or expand our geographical coverage. These are two areas where we will go on with M&A, but always on the core business and always as addition to our existing business.

CHANG L: Clear. Great, thanks. That's it from me.

OPERATOR: The next question comes from the line of Mr. Groenke Robert of Franklin Templeton. Please go ahead.

GROENKE R: Hi, I just wanted to ask a little bit further on a question of margins and markets where you've seen a little bit more pressure, you mentioned the Greek contracts resetting and those being lower margin. Are there other areas where margins have remained good for instance in the US or has it been a little competitive across the board?

KERASTARIS A: So if we take those two contracts aside all of our other geographies in 2014 have outperformed 2013 and just as a preview on 2015 each and every operation we have around the globe is performing in 2015 better compared to 2014 in terms of volume and in terms of margin.

GROENKE R: Okay. And so that would imply that those two contracts were a very large portion of the business and I'm sorry I didn't see that you probably have it somewhere, but how large of a proportion of revenue were those contracts?

KERASTARIS A: Listen, OPAP was traditionally a top contributor in our EBITDA and forget the turnover because that was a technology contract and Romania was top five so we are talking about significant contributions to the Group EBITDA.

GROENKE R: Okay. And just one more question on note was that a situation where the jurisdictions were under pressure or was it more you know competitively a lot of other people came in and bid for them?

KERASTARIS A: You know, when a contract is up for grabs, you know it's…and especially if it's a contract the size of the OPAP contract, one would expect competition and one would expect that the margins would go down. OPAP is globally a contract that everybody is looking into. All the major competitors, global competitors participated one can compare OPAP only with the LOTTO in Italy you know, the size of…this is the order of magnitude of a contract like that and I think that the Italian contract is the last really lucrative contract in this industry and…you know, normally when you renew the competition will drive the margins down for sure.

GROENKE R: And on that subject of the Italian contract, GTECH, do you guys plan to be involved in a bidding process on that?

KERASTARIS A: We are in the Italian market. We think we are well positioned in sports betting. Obviously we will evaluate all alternatives.

GROENKE R: Okay. And then on capital spending for 2015, do you guys think you would be sort of in line with where you were in '14 or higher or lower?

KERASTARIS A: I think that the €60 million mark is a good indication, for where we will be going forward, except if we have M&A activity. But that's going to appear as different, but €60 million is what drives the CAPEX for the Group in normal day-to-day operation with all the upgrades and the releases of our software and the technology that we invest in. So, you know, without M&A 60 is a good indication for the next years.

GROENKE R: Okay. And would you, I mean when you guys have gone about your planning for the year and your liquidity needs, do you expect to be cash flow positive this year?

KERASTARIS A: Yeah. That is I think that this is clear already from 2014 that our target and, you know our efforts are going to be also focused on how we can be positive in terms of cash flow as a first step of growing this business.

GROENKE R: Okay, great. And then on the loan that you guys drew down in the quarter, are you…now you have a lot of cash in the balance sheet obviously, are you…are there, I mean is this for a potential contract bid this year or is there something imminent coming up to spend that capital on?

KERASTARIS A: We drew down that part of the syndicated loan the last days of December of 2014 and we did this and we drawdown this loan mainly from Greek banks in order to be sure that the money is sitting safely with the Group. So there are no plans to use €200 million in 2015.

GROENKE R: Okay. And last question how much…do you have any other revolving credit facilities that are untapped or do you have any other debt liquidity that you can tap out there or what's on the balance sheet, what you have for liquidity?

KERASTARIS A: Pretty much it's what it is on the balance sheet. There are a number of bilateral agreements in some jurisdictions, but it doesn't make a difference in the overall Group.

GROENKE R: Okay, thank you.

OPERATOR: The next question comes from the line of Mr. Hassan Jahanzeb of BlueBay Asset Management. Please go ahead.

HASSAN J: Hi, guys. Thanks for the call. I just had a few questions. I think you had raised a delayed draw of term loan facility up to €80 million I just want to know if you have any plans to draw that and when that might be and what you produce the cash for? And then, secondly I think the Greek VLT process is ongoing, I think there is an RFP out and I think Sci-Games also announced that they are you know they have some contracts signed up, you know where do you guys see sort of the opportunities for yourself in Greece on the VLT side in terms of the size and potentially the timing for anything coming from there, and if you were to participate in the VLT rollout, what implication would that have for your CAPEX guidance? Thank you.

KERASTARIS A: So I didn't get the first question about the syndicated loan. The syndicated loan is €200 million and all of it is drawn it's sitting on our balance sheet. So is that your question?

HASSAN J: I thought there is an €80 million delayed draw term facility.

KERASTARIS A: No, no, the total facility is 200 and it's drawn, so on the VLT in Greece, still there are two chance of business there. One is the VLTs that OPAP is going to operate and this is what Scientific Game was referring to today. So there is 16.5 thousand VLTs that OPAP is going to operate with its own network. There is a further 18.5, sorry 18,000 VLTs which according to the original plan is going to be given to individual operators to deploy all over Greece. The framework, the regulatory framework and the rules of engagement as I call them for this business are not yet clear. So in principal this is a business that a company like INTRALOT would be interested in, but we are only going to participate and we are only going to invest behind this business if the regulatory framework and the business model it makes sense for INTRALOT we are not going to be a sub franchisee of OPAP. We are not going to operate under someone else's brand name. If it is a straight VLT deployment with a regulatory framework that allows us to make money, yes then this is…this could be our business. Obviously I cannot give any CAPEX indications as you know the pricing and the model is not yet fixed. So just gave a general view on the VLT business in Greece.

HASSAN J: Thank you.

OPERATOR: The next question comes from the line of Mr. Gold Jeremy of Alesia Asset Management. Please go ahead.

GOLD J: Hi guys. I was wondering about the string of buybacks, of the share buybacks near the end of the year when there was…when you took over as CEO and I was wondering if you could speak about those and if you have any plans to continue those this year?

KERASTARIS A: This is a very interesting question. I know that it is not our job to invest in shares. On the other hand an INTRALOT share in the area of €1 is probably the best investment one can get in this part of the world. So it was a very tempting, you know, offer and we took it at the time, you know, we don't have a plan to invest in the shares of a company per se. We are…we have a view of what the share price should be obviously and we have a view of what the capital structure of the Group should be. At the time we thought that the right thing to do was invest in shares of the company, we did that. I think the market reacted very positively and now we are in a Greek market that is collapsing. We are sitting at 50% higher than when we were in November or beginning of December. So I think we did the right thing at the time.

GOLD J: Okay, and so the €200 million you drew down on the syndicated loan facility, there weren't…there is not any plans for that, it was simply to drawdown and move it out of… and make sure you got it, move it out of Greece?

KERASTARIS A: There are no specific plans to use €200 million in 2015 and you know as a move like that would indicate major M&A, nothing like that is planned.

GOLD J: Okay, thank you.

OPERATOR: The next question comes from the line of Mr. Beck Martin of Sothic Capital Management. Please go ahead.

BECK M: Yeah, hi good afternoon. And three questions if I may. The first one is the…just going back to the Romanian contract and the OPAP contract, which quarter exactly did they run-off and when can we see the full year effect then consequently in EBITDA?

KERASTARIS A: Romania expired in 2014 December. So 2015 we will see the full effect, OPAP renewal is April 1st 2014, so we will see in 2014 we show nine months of effect in 2015 we will see the full effect.

BECK M: Okay, perfect, thank you. And then I'm not sure whether I understood you correctly, but I think you mentioned that for '15 you expect EBITDA to grow significantly or to grow of course can you give us an idea by what magnitude?

KERASTARIS A: So for me growth is anything with two digits.

BECK M: Okay, and of course taking into account the two contracts that we just talked about, yeah.

KERASTARIS A: Of course.

BECK M: Okay. And then on free cash flow, what are your short to medium term targets on that number?

KERASTARIS A: I think, I think we should continue on the healthy picture of 2014. We should see the number; there are a number of countries where we have decided to invest in the business commercially and this could take up cash to do that as a medium to longer term, you know, growth driver. The indication is that we want to continue growing free cash flow healthily. So I don't want to quote a number, but one would expect in that front a better performance than 2014.

BECK M: Okay. In terms of working capital what do you expect for '15?

KERASTARIS A: You know, our business is pretty straight forward if it comes to…when it comes to working capital. So I think that what we are used to seeing in the last couple of years is what one would expect for 2015 as well.

BECK M: Okay, perfect. I think those are my questions.

OPERATOR: The next question comes from the line of Phanos Theo of CapeView Capital. Please go ahead.

PHANOS T: Hi, I was wondering, could you tell us a little bit more about the Azerbaijan business, the structure, the minority interest involved what, you know, what detail can you provide and congratulations on the win. It's great that you can move geography around.

KERASTARIS A: We are in Azerbaijan we are participating through our Turkey subsidiary INTELTEK; INTELTEK is a majority shareholder of our Azeri INTELTEK. So there the participation of INTRALOT is through our Turkish subsidiary and on top of that we are also as INTRALOT providing the technology for the operation of the business.

PHANOS T: Okay. And in the Turkish entity there is a minority stakeholder there or…

KERASTARIS A: We are partners with TURKCELL in Turkey.

PHANOS T: All right, okay. Fine. Okay, thank you.

OPERATOR: We have a follow up question from the line of Mrs. Chang Lisa of Bank of America. Please go ahead.

CHANG L: Hi, I just want to ask you, do you anticipate any significant restructuring cost as a result of, like…as in the business and changing the business mix?

KERASTARIS A: Sorry the line is very bad, could you repeat.

CHANG L: Do you anticipate any significant restructuring cost as a result of the changes you are making to the business.

KERASTARIS A: Not significant, no.

CHANG L: Okay, great. Thank you.

OPERATOR: The next question comes from the line of Mr. Beck Martin with Sothic Capital Management. Please go ahead.

BECK M: Yeah hi, sorry I have a follow up as well. On the EBITDA growth for this year which number you are taking as a basis, are you taking the €175 million, €185 million, how should we look at that?

KERASTARIS A: Anyway you look at it you know, one the difference is the write-offs. Like I said previously write-offs of €10 million in a business of €1.8 billion is pretty much normal course of business. So, you know, one would expect to see the same thing for 2015. So, you know, either reported or adjusted, is the same thing.

BECK M: Right. But do either have a cash effect, so do I just take the lower number then I guess ??.

KERASTARIS A: Again this is not a guidance, this is an indication.

BECK M: Yeah.

KERASTARIS A: So you know….

BECK M: Okay.

KERASTARIS A: You know, 10% on a 175 or a 185.

BECK M: Yeah, okay. And in terms of your the first impressions of the first quarter is that supportive of your growth target so far?

KERASTARIS A: Fully.

BECK M: Thank you.

OPERATOR: The next question is from Mr. Clarke Ronan of Deutsche Bank. Please go ahead.

CLARKE R: Hi, it's Ronan Clarke. I read about some performance issues with the syndicate for the Irish Lottery, I was just wondering could you tell us what percentage of your overall business is that, and could you envisage any sort of remedial CAPEX there to fix any issues there?

KERASTARIS A: Yes it is, first of all, it is a very small part of our business. In Ireland PLI is running the business. What we are doing is we are supporting the main frames or the main system and the terminals. In none of those two areas we had significant or out of the normal course of business either downtime or SLA…loss of SLA. So our part of the business actually performed according to the SLA. So you know, there were some articles in the press that obviously we followed. We have made clear that you know, obviously those were mainly linked to the connectivity of the retail outlets with the main unit. There have been from PLI significant efforts to remedy that going forward and we are working obviously with PLI, so with Camelot to resolve any issues always supporting and giving out our feedback on the operation as well which is not part of our contract.

CLARKE R: Okay, thank you.

OPERATOR: Excuse me, there are no more questions registered this time. You may now proceed with your closing statements.

KERASTARIS A: I would like to thank all of you for participating in this call. We think we have presented in, you know, transitional year a set of results that are clearly indicating what our way forward will be and hopefully this time next year we will be able to support all of our statements with a set of figures that can support them. So thank you very much for this call and see you all in Q1 results.