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“First Quarter 2018 Financial Results”

Conference Call

Friday, 1st June 2018, 17:00 (GR Time)

Conductors:

Antonios Kerastaris, Group CEO,

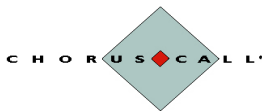
Georgios Koliastasis, Group CFO,

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. This is Yiota, your Chorus Call Conference operator.

Welcome and thank you for joining the Intralot conference call to present and discuss the First Quarter 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: Welcome to all participants on this conference call for INTRALOT's Q1 2018 Financial Results. Mr. Kerastaris, Group CEO, Mr. Koliastasis, Group CFO, Mr. Pavlakis, Group Tax and Accounting Director, and Mr. Michail Tsagkalakis, Head of Capital Markets, are next to me and we will briefly review INTRALOT's financial results for the three months ended on March 31st.

Since this presentation is only a summary of our results, please refer to the IFRS report and to the MD&A analysis available in our website for further details. After the short presentation, we will be at your disposal for any questions you may have.

Starting the presentation with the segmental analysis sales on Pages 4 to 7, we will focus on the main contributors that have affected the top line performance of Q1 2018. Following this, Mr. Koliastasis will expand on the financial results analysis, providing some further insights on the metrics that affected them.

On Page #4, we see that during the three months- period ended on March 31st, INTRALOT systems handled €6.3 billion of worldwide wagers. This is a 2% year-over-year decrease coming mainly from the markets of Asia and West Europe, representing almost 60% of the total pie and decreased by 6.9% and 2.2% 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 Group's top line performance, accounting for more than 70% of the total turnover, while on the revenue per game type view, we see that the lotteries and sports betting represent the majority of our turnover, accounting for nearly 90% of our total sales for the three months of 2018.

Moving on to the next slide, we see that the licensed operations contracts contribution in our overall turnover remained stable year-over-year at 70%, increasing though by 4.1% or €7.7 million attributed mainly to the markets of Poland, following market regulation changes, and Bulgaria driven mainly by virtual sports growth, but also by the increased payout.

On the contrary, FX headwinds in Argentina fully offset the better performance on a local currency basis, while the suspension of the Sports Betting license in Cyprus also affected negatively our B2C activity in terms of revenue.

Next Page #6 shows the revenues' evolution from our game management contracts representing 12% of our total turnover,

higher by 2% year-over-year. This activity line showcase the year-over-year increase of 18.2% or €5.2 million with the main contributor being Turkey and Morocco.

Regarding Turkey, the improved result has been a combined effect of the substantial growth of Sports Betting market increasing by 26% year-over-year in local currency terms, as well as, the shift towards online Sports Betting affecting positively the results of our company Bilyoner.

However, a devaluation of 19% of the Turkish lira against euro partially offset the previous mentioned positive effects yielding a year-over-year growth of 17.4%, enhanced product offering in the market of Morocco, increasing INTRALOT revenues by 27% year-over-year also contributed positively in the overall growth of this activity line.

Lastly on Slide #7, we see that our technology and support services activity line contracted by 2.3% or €1.2 million, thus reducing its contribution to the overall Group revenue by 2% year-over-year. Although US business recorded a double-digit growth in terms of local currency by approximately 11% mainly attributed to a stronger performance of the numerical games. The US dollar versus euro movement being devaluated by 15% year-over-year chewed up the better top line performance.

Same picture for our Argentinean technology contracts where the adverse FX movement of the Argentinean currency against the euro by 45%, more than counterbalanced the growth of 26% in local currency terms, resulting to a contraction of nearly €1 million year-over-year.

On the other hand, the maturity of our Chilean contract contributed a positive variance of €0.6 million year-over-year. Overall, the reported consolidated revenue grew by 4.3% or nearly 13% in constant currency terms.

And at this point, I would like to introduce our CFO, who will present briefly the financial results of Q1 2018. Following that our CEO will make a brief comment for the year and then the Q&A session will follow. Please, Mr. Koliastasis, go ahead.

KOLIASTASIS G: Thank you, Andreas. Hello, everybody, thank you for participating in our quarterly result presentation.

Please turn to Page 08 of the presentation. Consolidated revenues for the quarter increased by 4.3% as Andreas mentioned, reaching €280.7 million but shrunk by 9.3% compared to prior quarter owing to seasonality and machine sales skewed in Q4.

Payout for the quarter has increased by 1.4 percentage points driven primarily by the revenue contribution of countries with higher than average payout ratios, along with an increased payout trend across most operations. Gross gaming revenue for the quarter improved by 2.5% as a result of the management contracts activity, bringing the quarterly figure to €141.5 million.

Gross profit margin improved in the quarter by 1.3 percentage points due to direct cost optimization in the US and favorable sales channel mix in Turkey. Other operating income contracted

by €0.7 million in the quarter compared to the respective period of 2017, stemming from the adverse US dollar movement and the lower lease income in the US.

EBITDA for the quarter reached €42.6 million or 1.9% higher than same period a year ago driven by the taxes, agent fees and the rest of cost of sales items impact; partially contained by the higher advertisement expenses in Turkey. Compared to Q4, EBITDA is lower by 12% by and large of unevenly machine sales at the end of year.

Worsening margins across both contract segments is a contributing factor for EBITDA margin erosion on sales and GGR. EBITDA margin on sales reached 15.2% and on GGR 30.1%. Net income after tax and minority interest stands at minus €6 million in Q1 compared to minus €6.1 million in Q1 2017. However, organic NIATMI has improved by around €1 million, namely a loss of 5 instead of 6 as BiT8 consolidation adversely affected it year-on-year by the respective figure.

A key element of the reported quarter's performance is negative foreign exchange translation outcome both in the profit and loss statement and in the equity. Results for the quarter encompass €2.7 million of negative exchange differences, a swing of €3.5 million compared to Q1 2017, on top of the waning consolidated equity by €9.3 million corroborated by balance sheet translations of the businesses in Turkey, US and Argentina.

Now turning to Slide 09, we see on top, last 12 month- figure revenue to improve by 1% and EBITDA by 0.5%. Last 12 month- operating cash flow contracted by 2% as the aftermath

of the discontinued businesses contribution in Q1 2017. On the other side, net CAPEX for the period is lower by the last year's strategic investment in AMELCO. The last installment of this agreement has taken place in Q2, 2018.

Turning to the next slide, we see the movement of net debt position. Net debt has increased in the quarter for €17.6 million due to the bond coupon payment in 2 quarters instead of 4, compared to last year, and indirect investment in the Athens casino.

In Slide 11, we see that Bulgaria has the biggest contribution in our revenue by 31.3% followed by Azerbaijan by 14.3%, Turkey 9.2% Malta and 8.4%, and USA with 7.6%.

In terms of the EBITDA contribution, Turkey is the key contributor of the consolidated EBITDA with 23.1% followed by USA and Bulgaria. The weight of our partnerships has decreased to 60% in Q1 from 63% in the same period last year driving INTRALOT's portion of the consolidated EBITDA to 63% from 62%.

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

KERASTARIS A:

Good afternoon everybody and thank you for joining us this afternoon. Our Q1 results for 2018 show stronger sales and continuing growth in developed markets, reflecting increasingly successful market development, efforts along with an upgrade of our offering with next generation products and services for lotteries' digital transformation.

Our emphasis remains on growth in markets such as the United States where the recent lift of the federal ban on sports betting creates tremendous business opportunities from the rise of a potential up to 20 billion US market in GGR terms, on top of grade prospects in our new flagship projects such as the Illinois State lottery.

All in all, a very strong quarter; but most importantly a quarter where significant business developments, especially across the Atlantic create an upside in the sports betting area for the months and years to come.

So with this comment, I would like to... me, myself and my team receives any questions that may come from participants. Thank you.

Q&A

OPERATOR: The first question comes from the line of Draziotis Stamatis with Eurobank Equities. Mr. Draziotis, please go ahead.

DRAZIOTIS S: Yes, hi there and thank you very much for taking my questions. Three questions if I may, please. Firstly, could you just repeat what you said about the financial expense in the cash flow statement and why this was significantly higher year-on-year? So that's first question.

Second question; if you could bridge the continuing gross gaming revenue in Q1 2017, the €138 million with the €182 million that was reported last year, please? Second question...

And thirdly, just wondering has there been any sort of development in the US after the overturning of the Bradley Act in mid May? Thank you.

KOLIASTASIS G: Okay. Let me take the financial expense. Now, what is happening; we had in the last year more or less evenly spread in each quarter a payment in terms of bond coupons; Currently, we have only semester payments of bond coupons which is September and in March actually. Now, how is this different in terms of how is booked, it is because we have accrued in the last year... therefore around 67% or 70% of the interest expense that has been paid in Q1 2018. This is the difference, the main driver of the difference, in net debt movement.

Now, this will ease in the next quarters and we will only spend in terms of yearly expense a €4 million which is the amortization of the fees, of the banking fees and the new bond issuance fees over the period of the bond life; yes, of the bond life. These are the financial expenses. Is that clear, Stamati?

DRAZIOTIS S: Got it. Thank you. Thank you, yes. Thank you.

KOLIASTASIS G: Now, on the gross gaming revenue, there is... so you need the comparison between Q4 and Q1 correct?

DRAZIOTIS S: Well, basically, just wondering because you... having restated the Q1 2017 numbers for continuing operations, I can see that the GGR is 138. The reported number last year was 182, and I am just wondering because the business that went out was... the

biggest business was Jamaica, which should not have, you know, €44 million of GGR in just one quarter right? So just wondering what the other numbers were from the other business that you consolidated.

KOLIASTASIS G: It was Jamaica. Let me, give me a minute; Let's... Antonios Kerastaris to take the question on the US and I will come with... I will come in a second.

KERASTARIS A: Okay. So on the US, I can only give you a summary as if it were to spend time describing what is happening behind sports betting, I think, we would need a couple of days. So two categories of states; what did the decision, the court decision say: the court decision said, so the Supreme Court said, it is not illegal to do sports betting in the United States. And if the Federal Government does not regulate sports betting, then state governments can do that. That opens up the floor for the states that wish to regulate sports betting to do so, with immediate effect.

On top of that, there are a number of states that used to have some kind of sports betting product usually pari-mutuel simple executions of sports betting, prior to the original court order. So those states can effectively start sports betting tomorrow morning. Some of those states are our customers. So we are already in the process of evaluating with specific states, sports betting implementation across the Atlantic. The rest of the states that had no sports betting regulation prior to the original court decision banning sports betting are in the process... various stages of the process of regulating sports betting.

So I can tell you that this court decision has opened up tremendous interest across the Atlantic. Interest both in the side... on the side of what do we as states, as stakeholders, as industries do for sports betting in the United States. And be... what is the specific model of regulation that will take us to the new era. You understand that everybody is talking about a €20 billion GGR industry that did not exist up to now or rather was an illegal operation up to now. So you can understand the level of interest and involvement of all the parties.

Obviously, I cannot go into specific about our discussions on the topic. But I think, I can safely assume that INTRALOT will have signed the first contracts of sports betting within 2018.

On top of the regulatory front, there is also significant movement on the M&A front, as players are lining up for this business and are acquiring either complementary businesses or are acquiring focused sports betting businesses that will use to address the opportunity in the United States, so very interesting times around this front. We are very active obviously as a company and I am spending almost half of my time across the Atlantic. You can understand that now is the time to take advantage of this new market and we are putting all of our significant efforts behind this.

DRAZIOTIS S: That's clear. Thank you. Just a couple of follow-ups that have emerged, you talked about \$20 billion gross gaming revenue opportunity. Just wondering based on your research, you know, how much of this is accounted for by states where you are already present? So that's the first follow up.

KERASTARIS A: Our market share is 11%.

DRAZIOTIS S: Okay. So, okay, that's give us another... thank you. And secondly, I am just wondering in terms of, you know, lobbying on behalf of, you know, casinos and lotteries, how do you think this will play out? Will it be... is it more likely that it will be actually be the lotteries running the sports betting?

KERASTARIS A: Listen; first of all, this is state specific. What we need to understand meaning that what is the regulation per state around casinos and VLTs and, you know, each state has a current reality on this. What we need to understand and what market is starting to understand is that the game, sports betting, is bigger than the casino world. So, the casino world is limited by location, by branding, by customer base. There are more sports betting players in the world than casino players. And globally, where sports' betting is regulated, it is a wide area game, same as lottery, rather than a destination game like a casino. So you would go to a casino to play poker and roulette, but you need to be able to have access to bigger game like sports betting. And, you know, Australia, and UK and Italy who are locally the most advanced sports betting countries in the world, they have adopted this wide area model. I don't see why US should be different in concept.

Now, how strong is casino lobby in Atlantic, in New Jersey, in Nevada and a couple of other space in New York? Very strong, in US, very strong. But, I think at the end of the day, my guesstimate would be that the model that we will see in the United States will be mostly a wide area distribution model.

DRAZIOTIS S: That's very helpful. Thank you so much.

KOLIASTASIS G: Okay. And on the GGR reconciling figure, yes it was SVL. SVL at €97.7 million in Q1, 2017 in terms of revenues, in terms of GGR it was €42.64 million and in terms EBITDA it was €4.6 million. Now, the GGR of SVL, the 9 months ended in September 2017 was €102.88 million.

DRAZIOTIS S: Okay. Thank you.

KOLIASTASIS G: You are welcome.

OPERATOR: The next question comes from the line of Cowie Simon Societe Generale. Please go ahead.

COWIE S: Good afternoon. A couple of questions, please, the first is on Turkey and Argentina, which make up fairly plenty of EBITDA. Just with markets, you know, getting quite concerned on those, both those countries, just wondering on repatriation of cash, if you could remind this on how you take cash out of both of those countries?

And secondly, with various M&A changes taking place and kind of shift into the US and Illinois done, just wondering what's happening in Pennsylvania?

And then finally, Turkey, this is a contract renewal this year, I wonder where we are with that? and there's the three. Thank you.

KERASTARIS A: Okay. Let's take US first Pennsylvania, is bidding in schedule for the 13th of June, which is a week after. All major players meaning Sci Games (the incumbent) IGT and ourselves are lined up for this. I think it will be exciting times in this part of the world, important contract, the most important contract in 2018, and I think there will be significant interest from all three parties involved.

The process, the way it is described today is complex, the estimate is that it will run for between six and eight weeks, which means that according to what we know today there will be an appointed technology provider, I think beginning of August that is very tight given that the changeover date is January 1st. So I think that Pennsylvania will try to run a very tight tender process, but you know, with the kind of focus and the lobbying efforts and the people involved, I think, it's not going to be a walk in the park for anybody. So it's an important contract.

Argentina in terms of the business, like Andrea said the business is growing handsomely in local currency. We need to understand that what is important and what we as operators can manage is the performance on the local currency. Currently, there is no restriction in taking cash-out of Argentina. So we have a healthy business, a growing business, and we can take, safely take, our money from the country.

Now, in terms of translation, obviously this is something that we cannot influence. The situation what I can tell you in Argentina in terms... the financial situation and you probably know as much as I do, is not in its best period. There are significant

concerns about the IMF moving in. Obviously, we are following up closely with our management there and our local partners. But, you know, Argentina has proven in the years that despite macroeconomic difficulties businesses like ours are continuing to perform.

In terms of Turkey, same thing there, very strong growth in terms of local currency even with the 50% payout which is the lowest in the world. There is significant pressure on the Turkish lira that is affecting our translation in the business.

In terms of the contract; our contract expires on the 29th of August this year. Obviously, there is no time to tender. So it is almost certain that our contract will be renewed until such time when a proper tender can take place. The government has the right to ask for one more year of service from us, at terms that will be agreed.

So I think that the obvious thing that will happen is that we will have an extension of our contract... not an extension, a new contract for one year with the Turkish Authority, with Spor Toto. Will that one year be enough for Spor Toto to run a new tender? Not sure, following the elections, but the important thing is that we will have all of a new 12 months following the August 29th expiry of our contract.

Now, what will happen post the elections in Turkey and what will the environment be in terms of macro, in terms of business decision, in terms of people, and the new government is a very interesting topic. I just got back from Istanbul, you know, it can be a long discussion, but I think we would rather wait until

we see the events unfolding. The certain thing is that without anytime to tender we will get a year extension.

COWIE S: Okay. Can I just ask with a one year extension; does that require any CAPEX or will that just...?

KERASTARIS A: No.

COWIE S: So the kind of €10 million to €15 million or so earmarked for a new contract doesn't apply it's just...

KERASTARIS A: Does not apply, what we will choose to do during that period is we may choose to upgrade our sports betting platform in preparation of the new tender, but this is an internal so no IP, and no terminal which has a heavy CAPEX items. But we may decide to make the game a little more... sexy in 2019 in Turkey.

COWIE S: Okay, can I just ask one last question? And that relates just to M&A and the potential for more assets sales; with Jamaica having gone, obviously potentially a lot of investment acquired in the US if... in particular if Pennsylvania was added to Illinois, are there assets for sale currently, anything that you are close to be able to talk about? I mean Azerbaijan for example has been mentioned in the past something which may or may not be disposed off, is there anything you could talk to us about on that?

KERASTARIS A: Not at this stage, no.

COWIE S: Okay, I mean is there anything, I mean, in terms of balancing your cash flow, is there anything that you are thinking about to do that, obviously with the US spending being fairly high?

KERASTARIS A: Not at... nothing we can reveal at this stage, so no specific plan.

COWIE S: Okay. Thank you.

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 you all very much and wish you a nice weekend. Thank you.