INTRALOT Group

MANAGEMENT'S DISCUSSION & ANALYSIS

of our financial condition and results of operations
for the period 1/1-31/03/2018

Overview

We are a global leader in the supply of integrated gaming systems and services. We design, develop, operate and support customized software and hardware for the gaming industry and provide innovative technology and services to state and state-licensed lottery and gaming organizations worldwide. Since our establishment more than 20 years ago, we have developed innovative technological and operating know-how and experience, which are central to maintaining our existing customer relationships as well as winning new contracts. Our long-standing relationships with our customers give us valuable insight into their strategic and other business needs. We operate a diversified and stable portfolio in 51 jurisdictions worldwide. Our business activities range from the provision of customized gaming platforms to full management of end-to-end gaming operations either for our own or other licensed operations, depending upon the market in which we operate.

In the twelve months period ended March 31, 2018, we had revenue of €1.115,9 million and EBITDA of €172,3 million on continuing basis for entities that we consolidate, though we have minority ownership in some of such subsidiaries. In addition, in the twelve months ended March 31, 2018, our revenue from Turkey, Greece, Rest of Europe, the Americas and the Rest of the World represented 8,6%, 3,0%, 49,6%, 20,3% and 18,5% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the three months period ended March 31, 2017 with the three months period ended March 31, 2018

Overview

Income Statement Information (€ in millions) (unaudited)	**three months ended March 31, 2017**	**three months ended March 31, 2018**	**% change**
Revenue	269,0	280,7	4,3%
Less: Cost of sales	-214,2	-219,9	2,7%
Gross profit	**54,8**	**60,8**	**10,9%**
Other operating income	4,2	3,5	-16,7%
Selling expenses	-13,7	-17,2	25,5%
Administrative expenses	-18,3	-18,3	-
Research and development expenses	-1,7	-1,5	-11,8%
Other operating expenses	-0,2	-0,4	100%
EBIT	**25,1**	**26,9**	**7,2%**
EBITDA	**41,8**	**42,6**	**1,9%**
Income/(expenses) from participations and investments	0,5	1,0	100%
Gain/(loss) from assets disposal, impairment and write-off	-0,1	-0,1	-
Interest and similar expenses	-12,9	-13,0	0,8%
Interest and related income	1,7	1,9	11,8%
Exchange differences	0,8	-2,7	n/a
Profit/(loss) equity method consolidation	-1,2	-0,8	-33,3%
Operating profit/(loss) before tax	**13,9**	**13,2**	**-5,0%**
Less: taxes	-9,7	-8,7	-10,3%
Net profit/(loss) from continuing operations (a)	**4,2**	**4,5**	**7,1%**
Net Profit / (loss) from Discontinued Operations (b) [1]	3,0	0,0	n/a

Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	7,2	4,5	-37,5%
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-6,1	-6,0	1,6%
-Profit/(loss) from discontinued operations [1]	0,7	0,0	n/a
	-5,4	-6,0	-11,1%
Non-Controlling Interest			
-Profit/(loss) from continuing operations	10,3	10,5	1,9%
-Profit/(loss) from discontinued operations [1]	2,3	0,0	n/a
	12,6	10,5	-16,7%

[1] The activities of Group subsidiaries Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.20.A.VIII of the interim financial statements of 31/3/2018)

Sales Overview

Total revenue increased by €11,7 million, or 4,3%, from €269,0 million in the three months period ended March 31, 2017 to €280,7 million in the three months period ended March 31, 2018. This increase was mainly driven by increased revenue in licensed operations as well as management contracts segment.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the three months period ended March 31, 2018 and 2017.

Revenue by Business Activity (€ in millions)	three months ended March 31,		% change
(unaudited)	2017	2018	
Licensed operations	187,4	195,1	4,1%
Management contracts	28,6	33,8	18,2%
Technology and support services	53,0	51,8	-2,3%
Total	**269,0**	**280,7**	**4,3%**

Revenue in our licensed operations activity line increased by €7,7 million, or 4,1%, from €187,4 million in the three months period ended March 31, 2017 to €195,1 million in the three months period ended March 31, 2018. The increase is attributed to higher revenues in **Poland** with additional revenues of €7,9 million due to the growth of the interactive Sport Betting channel (following market regulation) and the introduction of Virtual Games in 2Q17, **Bulgaria** (€+6,1 million), mainly due to the growth in Virtual Sports fueled in part by the increased payout, **Azerbaijan** (€+1,7 million), driven by the Sports Betting revenue growth (both retail and online), in part offset by the impact of the suspended license in **Cyprus** in 4Q 2017 (€-4,8 million), and the lower recorded revenues, in Euro terms, from our **Argentinean** licensed operations (€-1,2 million). Deep diving in our **Argentinian** licensed operation, 1Q18 results posted a c.+34,0% year over year increase in local currency (higher compared to the 2015-2017 CAGR of c.27,0% in part also due to higher payout in 1Q18 vs. FY17 and FY16), heavily affected though by the local currency fluctuations (c.45,0% devaluation against the Euro versus a year ago) which is also the main driver for the worsening performance in Euro terms in the three-month period.

Revenue in our management contracts activity line increased by €5,2 million, or 18,2%, from €28,6 million in the three months period ended March 31, 2017 to €33,8 million in the three months period ended March 31, 2018. The significant uplift was mainly driven by the top line increase in **Turkey** (€+3,8 million) attributed both to the growth of the Sport Betting Market year over year (c.+26,0% in local currency), as well as due to the shift towards Online Sports Betting (close to 60,0% market share vs. slightly below 50,0% a year ago). The benefit of the Turkish Sports Betting market expansion and mix change has been partially offset by the devaluation of the local currency (c.19,0% devaluation against the Euro versus a year ago). **Morocco's** (€+1,6 million) Sports Betting sales uplift, attributed to the enhanced product offering, has also contributed towards the significant revenue uplift in our management contracts activity line.

Revenue in our technology and support services line decreased by €1,2 million, or 2,3%, from €53,0 million in the three months period ended March 31, 2017 to €51,8 million in the three months period ended March 31, 2018. This decrease was mainly due to our **US** (€-0,9 million) and **Argentinian** (€-0,9 million) operations worse performance in Euro terms, partially offset by the maturing **Chilean** contract (€+0,6 million) that went live in early 1Q17. In 1Q18, In local currency base our **US** operations recorded double digit growth compared to 1Q17 (c.+11,0%) driven by the numerical segment stronger performance, which has been fully offset though by the adverse USD movement (c.15,0% devaluation against the Euro versus a year ago). The double digit growth has also been supported by the Idaho contract renewal on better terms. Similarly, **Argentina's** worse performance is also driven by the local currency fluctuations (c.45,0% devaluation against the Euro versus a year ago), which fully offset the recorded double digit growth in local currency in 1Q18, increase of c.+26,0% year over year (lower compared to the 2015-2017 CAGR of c.32,0%).

Gross Gaming Revenue (GGR) by Business Activity

The following table sets forth our gross gaming revenue for each business activity for the three months period ended March 31, 2018 and 2017.

GGR by Business Activity (€ in millions)	**three months ended March 31,**		**% change**
(unaudited)	**2017**	**2018**	
Licensed operations[1]	56,5	55,9	-1,1%
Management contracts	28,6	33,8	18,2%
Technology and support services	53,0	51,8	-2,3%
Total	**138,1**	**141,5**	**2,5%**
[1] Licensed Operations Revenue include also a small portion of non-Payout related revenue, i.e. value added services, which totaled €1,2 million and €1,5 million for 1Q18 and 1Q17 respectively			

Gross Gaming Revenue (GGR) from continuing operations increased by 2,5% (€+3,4 million to €141,5 million) year over year driven by the increase of the non-payout related GGR (+4,5% y-o-y or €3,7 million) mainly due to the increase in our Management Contracts activity line revenue (+18,2% y-o-y or €+5,2 million), partially offset by the softer top line performance of our Technology and Support Services activities (-2,3% y-o-y or €-1,2 million) and the marginal decrease in our payout related GGR (-0,5% y-o-y or €-0,3 million), which despite showcasing top line growth (+4,3% y-o-y on wagers), this came at an increased average Payout resulting overall in a slight decrease in GGR from payout related revenue. In 1Q18 the average Payout Ratio was up by 1,4pps vs. 1Q17 (71,8% vs. 70,4%) primarily due to increasing revenue contribution of countries with above average Payout (e.g. Bulgaria & Poland) as well as due to an increasing payout trend across most operations vs. LY. The Payout Ratio in 1Q18 has benefited from the suspended license in Cyprus in 4Q 2017.

Gross Profit Margin

The Gross profit margin in the three months period ended March 31, 2018 was 21,7%, from 20,4% in the three months period ended March 31, 2017, positively affected by the improved gross profit margin of our B2B/B2G operations (driven by the direct cost optimization in our US operations and the favorable sales mix in the retail Sports Betting segment in Turkey) that fully absorbed deterioration in the gross profit margin of our B2C operations (payout driven). Overall, Gross Profit increased by 10,9% (€+6,0 million) compared to the 1Q17 levels.

Other Operating Income

Other operating income decreased by €0,7 million, or 16,7%, from €4,2 million in the three months period ended March 31, 2017 to €3,5 million in the three months period ended March 31, 2018. The major driver of this decrease was the less equipment lease income in Ohio and Idaho (following the recent contract renewals) coupled with the adverse USD movement against the Euro. The other operating income shortfall, in local currency, has been more than recouped from the increased revenue in both contracts.

Selling Expenses

Selling expenses increased by €3,5 million, or 25,5%, from €13,7 million in the three months period ended March 31, 2017 to €17,2 million in the three months period ended March 31, 2018. This increase was primarily due to higher advertising costs in Turkey.

Administrative Expenses

Administrative expenses remained relatively unchanged in the three months period ended March 31, 2018.

Research and Development Expenses

Research and development expenses decreased by 0,2 million or 11,8%, from €1,7 million in the three months period ended March 31, 2017 to €1,5 million in the three months period ended March 31, 2018.

Other Operating Expenses

Other operating expenses increased by €0,2 million, or 100%, from €0,2 million in the three months period ended March 31, 2017 to €0,4 million in the three months period ended March 31, 2018. This increase was mainly due to higher provisions for doubtful receivables and penalties in 2018.

EBITDA

As a result of the above, EBITDA increased by €0,8 million, or 1,9%, from €41,8 million in the three months period ended March 31, 2017 to €42,6 million in the three months period ended March 31, 2018 while EBITDA margin decreased from 15,5% in the three months period ended March 31, 2017 to 15,2% in the three months period ended March 31, 2018, impacted negatively by worsening margins (on sales) across both contract segments, i.e. B2B/ B2G and B2C, year over year.

Income / (expenses) from participations and investments

Income / (expenses) on participations and investments increased by €0,5 million, from income of €0,5 million in the three months period ended March 31, 2017 to income of €1 million in the three months period ended March 31, 2018. This increase was primarily due to higher losses from investments in 2017.

Gain/(loss) from assets disposal, impairment and write-off

Gain/(loss) from assets disposal, impairment and write-off remained relatively unchanged in the three months period ended March 31, 2018.

Interest and Similar Expenses

Interest and similar expenses increased by €0,1 million, or 0,8%, from €12,9 million in the three months period ended March 31, 2017 to €13,0 million in the three months period ended March 31, 2018.

Interest and Related Income

Interest and related income increased by €0,2 million, or 11,8%, from €1,7 million in the three months period ended March 31, 2017 to €1,9 million in the three months period ended March 31, 2018, primarily due to higher interest income on bank deposits in 2018.

Profit/(loss) from equity method consolidation

In the three months period ended March 31, 2017 we had a net loss from equity method consolidation of €1,2 million, compared to a net loss €0,8 million in the three months period ended March 31, 2018, mainly derived from of our associate companies in Asia, Peru and Italy.

Operating Profit before Tax

As a result of the above and due to exchange differences from a profit of €0,8 million in the three months period ended March 31, 2017 to a loss of €2,7 million in the three months period ended March 31, 2018 and decreased depreciation and amortization by €1,0 million, operating profit before tax decreased by €0,7 million from a profit of €13,9 million in the three months period ended March 31, 2017 to a profit of €13,2 million in the three months period ended March 31, 2018.

Taxes

Taxes decreased by €1 million, or 10,3%, from €9,7 million in the three months period ended March 31, 2017 to €8,7 million in the three months period ended March 31, 2018. This decrease was primarily due to the lower taxable profits in Greece, Argentina and Malta in 2018.

Net Profit/(Loss) from Continuing Operations (a)

As a result of the above, net profit/(loss) from continuing operations improved by €0,3 million, from a profit of €4,2 million in the three months period ended March 31, 2017 to a profit of €4,5 million in the three months period ended March 31, 2018.

Net Profit/(Loss) from Discontinued Operations (b)

Net profit /(loss) from discontinued operations (entities sold in 2017) in Russia, Santa Lucia, Jamaica and Slovakia amounted to €3,0 million in the three months period ended March 31, 2017.

Analysis of discontinued operations:

A) Russia

In December 2016, the Group definitively decided to discontinue its activities regarding the betting services provided through its subsidiary Favorit Bookmakers Office OOO in Russia. In June 2017, the Group signed a disposal agreement for the 100% of Favorit Bookmakers Office OOO.
Below are presented the results of discontinued operations of the Group in Russia (Favorit Bookmakers Office OOO) for the first half of 2017:

	1/1-31/03/2017
Sale proceeds	0,0
EBITDA	**-0,1**
Profit/(loss) after tax	**-0,2**
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**-0,2**

B) Jamaica

The Group signed a Sales and Purchase Agreement (SPA) with Zodiac International Investments Ltd in the beginning of October 2017 for the sale of its 50,05% stake in Intralot Caribbean Ventures Ltd, which owns 49,9% of the subsidiary Supreme Ventures Limited - a company listed on the Jamaica Stock Exchange. The consideration price was agreed at USD 40 million, which corresponds to approximately 12 times the annual (reference period of the last twelve months to 30.6.2017) profit after tax attributable to the shareholders of the Group.
Below are presented the results of the discontinued operations of the Group in Jamaica and Santa Lucia (Supreme Ventures Ltd and Intralot Caribbean Ventures Ltd) for the period 1/1-31/03/2017 (in 2017 they were consolidated with the full consolidation method until 2/10/2017):

	1/1-31/03/2017
Sale proceeds	97,7
EBITDA	**4,6**
Profit/(loss) after tax	**3,1**
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**3,1**
Attributable to:	
Equity holders of parent	0,8
Non-Controlling Interest	2,3

C) Slovakia

The Group signed on 18 December 2017 a Sales and Purchase Agreement (SPA) with Olbena S.R.O. to sell its 51% stake in subsidiary Slovenske Loterie AS. The consideration price was agreed at €1,75 million, which corresponds to approximately 12 times the annual (reference period of the last twelve months to 30.9.2017) EBITDA.

Below are presented the results of the Group's discontinued operations in Slovakia (Slovenske Loterie AS) for the period 1/1-31/03/2017 (in 2017 they were consolidated with the full consolidation method until 18/12/2017):

	1/1-31/03/2017
Sale proceeds	1,2
EBITDA	**0,1**
Profit/(loss) after tax	**0,0**
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**0,0**
Attributable to:	
Equity holders of parent	0,0
Non-Controlling Interest	0,0

Net Profit/(Loss) from Continuing and Discontinued Operations (a) + (b)

As a result of the above, net income from total operations (continuing and discontinued) decreased by €2,7 million, from a profit of €7,2 million in the three months period ended March 31, 2017 to a profit of €4,5 million in the three months period ended March 31, 2018.

Net Income Attributable to Owners of the Parent

After deducting non-controlling interests, total operations net income attributable to the owners of the parent decreased by €0,6 million, from a loss of €5,4 million in the three months period ended March 31, 2017 to a loss of €6,0 million in the three months period ended March 31, 2018.

Net income from continuing operations attributable to the owners of the parent increased by €0,1 million, from a loss of €6,1 million in the three months period ended March 31, 2017 to a loss of €6,0 million in the three months period ended March 31, 2018.

Net Cash Flows from total operations (continuing and discontinued)

Net Cash from Operating Activities

Net cash from operating activities comprises net profit before tax adjusted for working capital, cash taxes as well as certain non-cash items such as provisions and depreciation.

Cash inflows from operating activities decreased by €3,3 million, or 8,4%, from €39,2 million in the three months period ended March 31, 2017 to €35,9 million in the three months period ended March 31, 2018. This decrease was primarily driven by the following:

- net profit before taxation from total operations (continuing and discontinued) decreased by €4,7 million, or 26,3%, from €17,9 million in the three months period ended March 31, 2017 to €13,2 million in the three months period ended March 31, 2018, mainly due to 1Q17 results from discontinued operations (€4,0 million), as well as the decline of the continuing operations by €0,7 million as described above;

- depreciation and amortization from total operations decreased by 8,7% from €17,2 million in the three months period ended March 31, 2017 to €15,7 million in the three months period ended March 31, 2018, partly due to discontinued operations;

- the effect of provisions on cash flow was positive €0,5 million in the three months period ended March 31, 2017 and positive €0,4 million in the three months period ended March 31, 2018, mainly due to higher doubtful provisions in 2018;

- the effect of results from investing activities on cash flow was negative €0,2 million in the three months period ended March 31, 2017 and positive €2,5 million in the three months period ended March 31, 2018, mainly because of the higher net FX losses in 2018, as well as higher dividend income in 2017, partially set-off by higher net losses from associates results in 2017;

- changes in our working capital, which led to a cash outflow of €1,8 million in the three months period ended March 31, 2018, compared with a cash outflow of €0,9 million in the three months period ended March 31, 2017;

    - In particular, there was an increase of €4,4 million in inventories in the three months period ended March 31, 2018, compared to a increase of €0,2 million in the three months period ended March 31, 2017, mainly due to new the projects under construction in America segment in 2018.

    - also there was a decrease of €6,8 million in receivables in the three months period ended March 31, 2018, compared to a decrease of €1,7 million in the three months period ended March 31, 2017, mainly due to receipts from the US projects that were under construction in 2017.

    - also there was a decrease of €4,2 million in payables towards our suppliers in the three months period ended March 31, 2018 compared to a decrease of €2,4 million in the three months period ended March 31, 2017, mainly due to the timing of suppliers payments in various projects; and

- income tax paid decreased by 21,2% from €6,6 million in the three months period ended March 31, 2017 to €5,2 million in the three months period ended March 31, 2018, mainly due to higher tax payments made in 2017 in discontinued operations in Jamaica.

On a pro-forma basis, i.e., excluding the operating cash-flow contribution of our discontinued operations in Russia, Jamaica and Slovakia, there is an increase of €1,2m in Cash inflows from operating activities (€35,9m in 1Q18 vs. €34,7m in 1Q17 pro-forma).

Net Cash from Investing Activities

Cash flow from investing activities generally consists of cash outflows for investments in tangible and intangible assets as well as interest and dividends received.

In the three months period ended March 31, 2018, net cash outflows from investing activities was €19,3 million, which was a decrease of €7 million, or 26,6%, from outflows of €26,3 million in the three months period ended March 31, 2017. This decrease is mainly attributable to higher net outflow of €3,6 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the three months period ended March 31, 2018 (mainly due to the indirect investment in Hellenic Casino Parnitha in 2018), lower outflow of €9,9 million for capital expenditure, higher inflow of €0,5 million from assets disposal and higher inflow of €0,2 million for interest received from bank deposits.

Our capital expenditure in the three months period ended March 31, 2018 reached €14,8 million while in the three months period ended March 31, 2017 reached €24,7 million. Major capital expenditure items in the three months period ended March 31, 2018 include investments in R&D of €5,1 million, investments in our business in USA €4,1 million, Argentina of €0,7 million, Oceania €0,4 million, Turkey €0,3 million and Morocco €0,3 million.

Maintenance capital expenditure during the three months ended March 31, 2018 was €5,9 million in comparison to €4,7 million in the three months ended March 31, 2017 (excluding discontinued operations in Jamaica, Slovakia & Russia).

Net Cash from Financing Activities

Net cash from financing activities comprises net cash proceeds from financing arrangements as well as payment of cash interest and the payment of dividends to our shareholders or to minority interests.

In the three months period ended March 31, 2018, net cash outflows from financing activities was €26,3 million, compared to net cash outflows of €14,7 million in the three months period ended March 31, 2017. This increase of net cash outflows from financing activities consisted of €3,5 million inflow in net cash flows from financing arrangements (mainly due to net inflow from Intralot Finance UK Ltd syndicated/term loans of €5,0 million comparing 1Q18vs1Q17, and net outflow of €1,3 million of local facilities and leasing arrangements in USA, Brazil, Bulgaria, Jamaica, Turkey and Netherlands), higher interest payments by €10,4 million in 2018 mainly due to different timing of coupon date payments following the refinancing of 2021 May Notes in 2017 and higher dividends distribution in 2018 to minority interests amounting to €4,7 million.

Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of March 31, 2018 and December 31, 2017.

Cash & Cash Equivalents (€ in millions)	December 31, 2017	March 31, 2018	% change
Partnerships[1]	80,7	71,7	-11,2%
All other Operating Entities (with revenue contracts) & HQ	157,3	151,6	-3,6%
Total	**238,0**	**223,3**	**-6,2%**

[1] As Partnerships we define our Operations in Turkey (Inteltek & Bilyoner), Bulgaria (Eurofootball Group & Eurobet Group), Azerbaijan, and Argentina

Cash and cash equivalents at the end of the 1Q18 period decreased by €14,7 million vs. FY17. Main contributors to this movement are the €-6,8 million investment towards an indirect stake in "Hellenic Casino Parnitha S.A." (7.65%), the dividend distribution to minorities (€-15,5 million), the bond coupons payment of €-21,2 million, which were partially offset by a loan uptake of €+15,0 million, and the cash generated in the normal course of business. Of the Cash & Cash Equivalents at the end of March 31st 2018, €71,7 million are located in our partnerships, and the rest across all other Operating entities (with revenue contracts) and HQ (€151,6 million), with an amount of approximately €30,0 million allotted as Working Capital in the operating entities (with revenue contracts).

Proportionate & Pro Forma Results of Operations of the INTRALOT Group

Proportionate Financial Metrics

Pro-Forma comparison of selected Proportionate Financial Metrics for the three months period ended March 31, 2017 with the three months period ended March 31, 2018

Proportionate Financial Metrics[1] – Pro Forma (€ in millions)	three months ended March 31,		% change
	2017	2018	
Proportionate Revenue	162,5	172,2	6,0%
Proportionate GGR	95,6	98,6	3,1%
Proportionate **EBITDA**	**25,8**	**26,9**	**4,3%**
Adjusted EBITDA[2]	30,8	33,1	7,5%
	December 31, 2017	March 31, 2018	
Proportionate Gross Debt	747,5	750,6	-
Proportionate Cash & Cash Equivalents	190,0	180,3	-

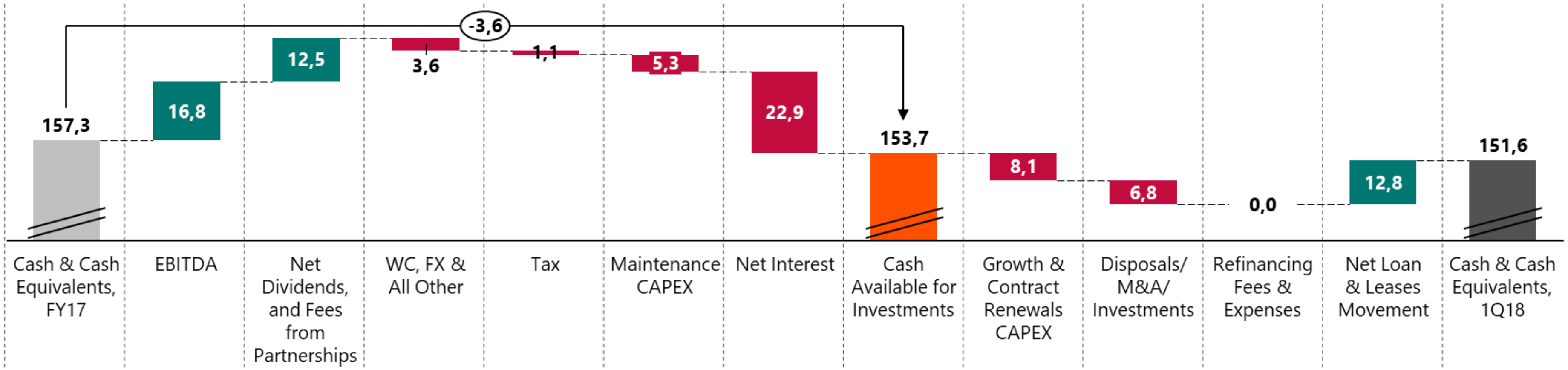
[1] The activities of Group subsidiaries Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.20.A.VIII of interim financial statements of 31/3/2018)
[2] Calculated as Proportionate EBITDA of fully consolidated entities including EBITDA from equity investments in Italy, Peru, Greece and Taiwan

Pro-Forma Cash Flow – Shareholders of the Parent View

The following chart portrays the Cash Flow Movement (Pro-Forma) from the Shareholders of the Parent View for the three months period ended March 31, 2018, as well as the historical values of 1Q17 and 4Q17.

Pro-Forma Cash Flow – Shareholders of the Parent View, 1Q18

€m



Historical Values	Cash & Cash Equivalents, FY17	EBITDA	Net Dividends, and Fees from Partnerships	WC, FX & All Other	Tax	Maintenance CAPEX	Net Interest	Cash Available for Investments	Growth & Contract Renewals CAPEX	Disposals/ M&A/ Investments	Refinancing Fees & Expenses	Net Loan & Leases Movement	Cash & Cash Equivalents, 1Q18
1 1Q17	**77,6**	15,2	12,5	2,2	-0,1	-4,2	-12,4	**90,8**	-17,2	-3,1		6,6	**77,1**
2 4Q17	**407,5**	16,4	5,8	-5,8	-7,8	-6,0	-3,8	**406,3**	-7,7	27,8	-23,9	-245,2	**157,3**

The main variance (YoY and QoQ) drivers are portrayed in the table below:

Shareholders of the Parent View	YoY Variances Explained (1)	QoQ Variances Explained (2)
EBITDA	▪ EBITDA increase driven by better performance in Morocco's Sports Betting, and Poland's improved performance (market regulation in 2Q17) vs. 1Q17 that fully balanced the FX driven US business deficit and the full consolidation of Bit8 (in late 4Q17)	▪ EBITDA marginally better than 4Q17 despite worsening FX ▪ Improved Malta & Morocco performance (coupled with the extraordinary penalty cost in 4Q17) and a positive effect from Cyprus license suspension fully balanced the FX driven US business deficit (along with the equipment sale in 4Q17), the Polish business underachievement (vs. 4Q17) and the full consolidation of Bit8 (in late 4Q17)
Net Dividends, and Fees from Partnerships	▪ On par performance vs. a year ago ▪ Deep diving, the higher dividends inflow from Turkey in 1Q18 vs. LY (timing) fully offset the impact from the sale of our stake in Jamaica in 4Q17, the higher outflow of dividends to our Maltese partner (vs. 1Q17) and the decreased (YTD) inflows from Argentina & Azerbaijan	▪ The timing of Turkish entities dividends received (usually in the 1H of each year) drives the increased inflow vs. 4Q17
WC, FX & All Other	▪ Worse WC due to HQ liabilities payment and terminal's inventory buildup following new contract expectations (probability > 60%) ▪ Worse FX following the deterioration of USD against the Euro	▪ Improved QoQ WC in our US Business, coupled with less adverse USD movement in 1Q18 vs. 4Q17
Tax	▪ Higher Taxes compared to 1Q17 driven by our Australian entities, following full utilization of accumulated tax losses 2017	▪ Considerably less tax outflows, as 4Q17 has been burdened mainly by higher tax payments in Greece due to the increased 2016 (vs 2015) taxable profits
Maintenance CAPEX	▪ Maintenance CAPEX outflow in line with FY17 figure, of around €20,0m	▪ Maintenance CAPEX outflow in line with FY17 figure, of around €20,0m
Net Interest	▪ Worse interest due to coupon payments timing (2 coupon payments in 1Q18 vs 1 coupon payment in 1Q17) and due to higher Gross Debt (vs. a year ago)	▪ Worse interest due to coupon payments timing (2 coupon payments in 1Q18 vs none in 4Q17)
Growth & Contract Renewals CAPEX	▪ Less outflows (vs. 1Q17) as the increase in US contract investments (Illinois and Ohio) has been fully offset by the Amelco SW agreement in 1Q17	▪ Outflows at relative similar levels
Disposals/ M&A/ Investments	▪ Higher investment outflows as a result of the decision to invest in the Greek Casino market vs. Eurobet PP installment payments a year ago	▪ The main driver is the disposal of our Jamaican business stake in 4Q17, as the decision to invest in the Greek Casino market (1Q18) fully offset the Bit8 acquisition (4Q17)
Refinancing Fees & Expenses	▪ Not applicable	▪ No refinancing expenses in 1Q18 ▪ 4Q17 refinancing expenses refer to the new HYB issued (€500,0m, 5,25%) for the repayment of the old HYB (€250,0m, 6,00%) and the RCF termination
Net Loan & Leases Movement	▪ Higher loan drawn in 1Q18 vs. 1Q17 (€15.0m Nomura term loan vs. €10.0m in RCF lines drawn)	▪ Difference is mainly driven by the 4Q17 loan movement relating to the repayment of the old HYB (€250,0m, 6,00%)

Major Contracts Overview & Update

Overview & LTM Contribution

Selected Entities/ Projects contribution in the last twelve months ended March 31, 2018 after Intragroup eliminations.

Entity/ Project/ Description	Partnership	Contract type	Revenue Contribution	GGR Contribution	GP Contribution[1]	EBITDA Contribution[1]	Contract Expiry (w/o) Renewals)[4]
13 Technology Contracts with State Lotteries	DC only	Technology	9%	17%	8%	21%	2027
OPAP[2]		Technology	2%	5%	6%	6%	2021
Hellenic Lotteries		Technology	1%	1%	2%	2%	2026
12 Technology Contracts with State Lotteries and 1 Licensed Operation	Yes	Technology/ Licensed Operations	8%	9%	9%	10%	2024
2 VLT Monitoring Contracts and 1 Technology Contract		Technology	2%	4%	10%	11%	2027
Inteltek	Yes	Management Contracts	4%	8%	12%	14%	2018
Bilyoner	Yes	Management Contracts	5%	9%	19%	9%	Renewable at the discretion of the Administration
Contract with the 2 State Lotteries[3]		Management Contracts	2%	4%	9%	5%	2019
Azerinteltek	Yes	Licensed Operations	14%	9%	10%	12%	2025
Eurofootball Group	Yes	Licensed Operations	23%	10%	11%	13%	Open Market License
Eurobet Group	Yes	Licensed Operations	6%	3%	3%	3%	Open Market License
Maltco		Licensed Operations	8%	6%	4%	6%	2022
Subtotal *(% of LTM 1Q18)*			**84%**	**85%**	**103%**	**112%**	
LTM 1Q18			**1,115.9**	**582.6**	**247.9**	**172.3**	

[1] Management estimation incorporating direct expenses and apportionment of indirect expenses related to the project/country
[2] The new agreement has different commercial terms from the existing one
[3] Contract with SGLN currently expires on December 2018. A a one-year extension with MDJS up to December 2019 has been agreed
[4] If multiple contracts exist, the one with the longest maturity is displayed

Headquarters in Greece

Cost & Effort Allocation

In Greece, we provide technology support and support services for the operation of private gaming and the lottery through Intralot S.A., our parent company. Originally incorporated in Athens in 1992, we won our first domestic contract in 1993. We currently operate two contracts in Greece.

As the center of our operations, Greece is also home to our betting center that controls our global fixed odds betting activity, and significant research and development programs (Technology Hub), as well as our corporate headquarters which supports the wider Intralot ecosystem, employing more than 700 employees currently (more than 800 headcount footprint in Greece). As such, Intralot S.A. expenses are allocated across the different projects, including among others the Greek projects, as follows:

Intralot S.A. expenses allocation per project (Last twelve months ended March 31, 2018)	**OPAP**	**Hellenic Lotteries**	**Taiwan**	**Peru**	**Malaysia**
CoS	32,2%	12,4%	2,1%	6,0%	5,1%
Selling	22,0%	27,8%	4,0%	2,0%	3,0%
Admin	22,0%	2,0%	4,0%	2,0%	2,0%
R&D	40,3%	12,9%	3,1%	4,0%	3,3%