INTRALOT Group

MANAGEMENT'S DISCUSSION & ANALYSIS

of our financial condition and results of operations for the period 1/1-30/09/2018

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 50 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 September 30, 2018, we had revenue of €1.108,1 million and EBITDA of €163,4 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 September 30, 2018, our revenue from Turkey, Greece, Rest of Europe, the Americas and the Rest of the World represented 8,0%, 2,7%, 50,5%, 19,5% and 19,3% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the nine months period ended September 30, 2017 with the nine months period ended September 30, 2018

Overview

Income Statement Information (€ in millions) (unaudited)	nine months ended September 30, 2017	nine months ended September 30, 2018	% change
Revenue	794,7	798,6	0,5%
Less: Cost of sales	-631,4	-636,4	0,8%
Gross profit	**163,3**	**162,2**	**-0,7%**
Other operating income	13,0	11,3	-13,1%
Selling expenses	-40,7	-43,9	7,9%
Administrative expenses	-55,3	-55,5	0,4%
Research and development expenses	-4,9	-3,6	-26,5%
Other operating expenses	-2,1	-3,6	71,4%
EBIT	**73,3**	**66,9**	**-8,7%**
EBITDA	**123,0**	**114,9**	**-6,6%**
Income/(expenses) from participations and investments	1,0	2,5	150,0%
Gain/(loss) from assets disposal, impairment and write-off	-0,9	-0,3	66,7%
Interest and similar expenses	-43,9	-38,2	-13,0%
Interest and related income	4,8	6,7	39,6%
Exchange differences	-6,0	10,2	n/a
Profit/(loss) equity method consolidation	-3,3	-1,5	54,5%
Gain/(loss) on net monetary position	0,0	0,0	n/a
Operating profit/(loss) before tax	**25,0**	**46,3**	**85,2%**
Less: taxes	-19,8	-24,4	23,2%
Net profit/(loss) from continuing operations (a)	**5,2**	**21,9**	**321,2%**

Net Profit / (loss) from Discontinued Operations (b) [1]	-2,4	0,0	n/a
Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	**2,8**	**21,9**	**682,1%**
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-22,7	-11,0	51,5%
-Profit/(loss) from discontinued operations [1]	-9,3	0,0	n/a
	-32,0	**-11,0**	**65,6%**
Non-Controlling Interest			
-Profit/(loss) from continuing operations	27,9	32,9	17,9%
-Profit/(loss) from discontinued operations [1]	6,9	0,0	n/a
	34,8	**32,9**	**-5,5%**

[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 30/9/2018)

Sales Overview

Total revenue increased by €3,9 million, or 0,5%, from €794,7 million in the nine months period ended September 30, 2017 to €798,6 million in the nine months period ended September 30, 2018. This increase was mainly driven by increased revenue in licensed operations segment.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the nine months period ended September 30, 2018 and 2017.

Revenue by Business Activity (€ in millions)	**nine months ended September 30,**		**% change**
(unaudited)	**2017**	**2018**	
Licensed operations	550,4	565,2	2,7%
Management contracts	79,6	79,7	0,1%
Technology and support services	164,7	153,7	-6,7%
Total	**794,7**	**798,6**	**0,5%**

Revenue in our licensed operations activity line increased by €14,8 million, or 2,7%, from €550,4 million in the nine months period ended September 30, 2017 to €565,2 million in the nine months period ended September 30, 2018. The increase is attributed to higher revenues in **Bulgaria** (€+16,2 million), mainly following the growth in Virtual Sports and Racing; with the growth in both types of games in part fueled by the increasing Payout, **Azerbaijan** (€+11,5 million), driven by the enhanced Sports Betting portfolio (both retail and online), **Poland** with additional revenues of €8.3m due to the growth of the interactive Sport Betting channel (following market regulation) and the introduction of Virtual Games in 2Q17, in part offset by the impact of the suspended license in **Cyprus** in 4Q 2017 (€-12,1 million) and the lower recorded revenues, in Euro terms, from our licensed operations in **Argentina** (€-5,8m). Deep diving in our Argentinian licensed operations, 9M18 results - in local currency - posted a c.+45,0% year over year increase (higher compared to the 2015-2017 CAGR of c.27,0%), heavily affected though by the local currency fluctuations (c.64,0% Euro appreciation versus a year ago – in YTD average terms), with that being the key driver for the worsening performance in Euro terms in the nine-month period.

Revenue in our management contracts activity line increased by €0,1 million, or 0,1%, from €79,6 million in the nine months period ended September 30, 2017 to €79,7 million in the nine months period ended September 30, 2018. The slight uplift was mainly driven by the top line increase in **Morocco** (€+4,0m or c.+26% y-o-y growth) Sports Betting sales uplift attributed to the enhanced product offering, absorbing the deficit, in Euro terms, from our **Turkish** operations (€-3,1m). In local currency, 9M18 revenue from Turkey showcased a c.+31,0% increase attributed both to the growth of the Sport Betting Market year over year (c.+24,0% in local currency) and the shift towards Online Sports Betting (slightly over 60% sales mix participation vs. about 50% a year ago). Nevertheless, the benefit of the Sports Betting market expansion and mix change has been fully counterbalanced by the devaluation of the local currency (c.38,0% Euro appreciation versus a year ago – in YTD average terms).

Revenue in our technology and support services line decreased by €11,0 million, or 6,7%, from €164,7 million in the nine months period ended September 30, 2017 to €153,7 million in the nine months period ended September 30, 2018. This decrease was mainly due to **Australia's** lower recorded revenue (€-5,2m) largely as a result of a software license right sale in 2Q17 coupled with adverse local currency movement (c.8,4% Euro appreciation – in YTD average terms), lower sales in **Greece** (€-4,4m) driven by the transition to the new OPAP contract, after July, that has a smaller contract value, due to its limited scope (vs. the previous contract), specifically in the field of numerical games, **Argentina's** lower recorded sales in Euro terms (€-3,4m) as a result of the significantly adverse FX movement. In local currency, 9M18 revenue from Argentina posted a c.+38,0% year over year increase (higher compared to the 2015-2017 CAGR of c.32,0%), heavily affected though by the local currency fluctuations (c.64,0% Euro appreciation versus a year ago – in YTD average terms). Revenue shortfall was further enhanced by our **US** operations' lower revenues in Euro terms (€-1,2m) impacted by the adverse USD movement (c.7,0% Euro appreciation versus a year ago — in YTD average terms). In local currency base, our US operations presented a c.5,0% increase driven by the improved contract terms (e.g. Idaho) and higher equipment sales vs. a year ago (Massachusetts driven), thus, fully absorbing the impact of the expired contract in South Carolina. The maturing **Chilean** contract (€+1,9m), that went live in early 1Q17, partially offset the decrease year over year.

Gross Gaming Revenue (GGR) by Business Activity

The following table sets forth our gross gaming revenue for each business activity for the nine months period ended September 30, 2018 and 2017.

GGR by Business Activity (€ in millions) (unaudited)	nine months ended September 30,		% change
	2017	2018	
Licensed operations[1]	165,0	167,9	1,8%
Management contracts	79,6	79,7	0,1%
Technology and support services	164,7	153,7	-6,7%
Total	**409,3**	**401,3**	**-2,0%**

¹ Licensed Operations Revenue include also a small portion of non-Payout related revenue, i.e. value-added services, which totaled €3,2 million and €4,0 million for 9M18 and 9M17 respectively

Gross Gaming Revenue (GGR) from continuing operations decreased by 2,0% (€-8,0 million to €401,3 million) year over year driven by the significant drop in the non-payout related GGR (€-11,6m vs. 9M17), largely due to the revenue shortfall in Australia (software license right sale in 2Q17), Greece (OPAP driven), US (Powerball and SC discontinuation) and FX impacted sales in Turkey and Argentina; counterbalanced by the stronger top line in Morocco, in part offset by the increase in our payout related GGR (+2,2% y-o-y or €+3,6m), following the stronger top line growth of our licensed operations (+2,9% y-o-y on wagers) which came at a slightly increased YTD average Payout. YTD Average Payout Ratio was up by 0,2pps vs. LY (70,7% vs. 70,5%) primarily due to an increasing weighted contribution from Bulgaria (Payout and wagers driven), Poland (wagers driven), and Azerbaijan (wagers driven) counterbalanced by the suspended license in Cyprus in 4Q 2017, Brazil (decreasing wagers contribution) and Argentina (wagers and payout driven).

Gross Profit Margin

The Gross profit margin in the nine months period ended September 30, 2018 was 20,3%, from 20,5% in the nine months period ended September 30, 2017, negatively affected by the top line contract mix change compared to last year (9M17 had larger B2B/ B2G contribution, i.e. 29,2% in 9M18 vs. 30,7% in 9M17) in part offset by the improved GP margins of our B2C contracts. Overall, Gross Profit decreased by 0,7% (or €-1,1 million) compared to the 9M17 levels.

Other Operating Income

Other operating income decreased by €1,7 million, or 13,1%, from €13,0 million in the nine months period ended September 30, 2017 to €11,3 million in the nine months period ended September 30, 2018. The major driver of this decrease was the less equipment lease income in USA (following the recent contract renewal in ID; the shortfall, in local currency terms, has been more than recouped from the increased revenue), coupled with the adverse USD movement against the Euro.

Selling Expenses

Selling expenses increased by €3,2 million, or 7,9%, from €40,7 million in the nine months period ended September 30, 2017 to €43,9 million in the nine months period ended September 30, 2018. This increase was primarily due to higher advertising costs in Turkey.

Administrative Expenses

Administrative expenses remained relatively unchanged in the nine months period ended September 30, 2018.

Research and Development Expenses

Research and development expenses decreased by 1,3 million or 26,5%, from €4,9 million in the nine months period ended September 30, 2017 to €3,6 million in the nine months period ended September 30, 2018.

Other Operating Expenses

Other operating expenses increased by €1,5 million, or 71,4%, from €2,1 million in the nine months period ended September 30, 2017 to €3,6 million in the nine months period ended September 30, 2018. This increase was mainly due to higher provisions for penalties in 2018.

EBITDA

As a result of the above and the FX loss (€19,6 million) from translation to EUR , EBITDA decreased by €8,1 million, or 6,6%, from €123,0 million in the nine months period ended September 30, 2017 to €114,9 million in the nine months period ended September 30, 2018 while EBITDA margin decreased from 15,5% in the nine months period ended September 30, 2017 to 14,4% in the nine months period ended September 30, 2018, impacted negatively by the worsening margins of the B2B/ B2G segment; mainly due to Australia's software license right sale in 2Q17, OPAP's new contract scope, US Powerball impact in 3Q17, SC contract discontinuation, IL implementation expenses and first-time consolidation of Bit8.

Income / (expenses) from participations and investments

Income / (expenses) on participations and investments increased by €1,5 million, from income of €1,0 million in the nine months period ended September 30, 2017 to income of €2,5 million in the nine months period ended September 30, 2018. This increase was primarily due to higher dividend income from dividends and lower losses from investments in 2018.

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

Gain/(loss) from assets disposal, impairment and write-off improved by €0,6 million, from loss of €0,9 million in the nine months period ended September 30, 2017 to loss of €0,3 million in the nine months period ended September 30, 2018. This improvement was primarily due to lower assets impairment losses in 2018.

Interest and Similar Expenses

Interest and similar expenses decreased by €5,7 million, or 13,0%, from €43,9 million in the nine months period ended September 30, 2017 to €38,2 million in the nine months period ended September 30, 2018. This decrease was primarily due to bank facilities accelerated amortization of issue costs because of early repayments in 3Q2017, as well as lower LG costs in 2018.

Interest and Related Income

Interest and related income increased by €1,9 million, or 39,6%, from €4,8 million in the nine months period ended September 30, 2017 to €6,7 million in the nine months period ended September 30, 2018, primarily due to higher interest income on bank deposits and debtors in 2018.

Profit/(loss) from equity method consolidation

In the nine months period ended September 30, 2018 we had a net loss from equity method consolidation of €1,5 thousand, compared to a net loss €3,3 million in the nine months period ended September 30, 2017, 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 loss of €6,0 million in the nine months period ended September 30, 2017 to a gain of €10,2 million in the nine months period ended September 30, 2018 and decreased depreciation and amortization by €1,6 million, operating profit before tax increased by €21,3 million from a profit of €25,0 million in the nine months period ended September 30, 2017 to a profit of €46,3 million in the nine months period ended September 30, 2018.

Taxes

Taxes increased by €4,6 million, or 23,2%, from €19,8 million in the nine months period ended September 30, 2017 to €24,4 million in the nine months period ended September 30, 2018. This increase was primarily due to the higher taxable profits in Turkey, Azerbaijan, Morocco and Malta in 2018, partially offset by lower taxable profits in Australia, Argentina and Netherlands.

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

As a result of the above, net profit/(loss) from continuing operations improved by €16,7 million, from a profit of €5,2 million in the nine months period ended September 30, 2017 to a profit of €21,9 million in the nine months period ended September 30, 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 €2,4 million in the nine months period ended September 30, 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:

	1/1-30/06/2017
Sale proceeds	0,0
EBITDA	**-0,2**
Profit/(loss) after tax	**-0,3**
Gain/(loss) from disposal of discontinued operations	-11,8
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**-11,8**

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 1/1-30/09/2017 (in 2017 they were consolidated with the full consolidation method until 2/10/2017):

	1/1-30/09/2017
Sale proceeds	287,6
EBITDA	**14,2**
Profit/(loss) after tax	**9,5**
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**9,5**
Attributable to:	
Equity holders of parent	2,5
Non-Controlling Interest	7,0

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 1/1-30/09/2017 (in 2017 they were consolidated with the full consolidation method until 18/12/2017):

	1/1-30/09/2017
Sale proceeds	3,5
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) increased by €19,1 million, from a profit of €2,8 million in the nine months period ended September 30, 2017 to a profit of €21,9 million in the nine months period ended September 30, 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 improved by €21,0 million, from a loss of €32,0 million in the nine months period ended September 30, 2017 to a loss of €11,0 million in the nine months period ended September 30, 2018.

Net income from continuing operations attributable to the owners of the parent improved by €11,7 million, from a loss of €22,7 million in the nine months period ended September 30, 2017 to a loss of €11,0 million in the nine months period ended September 30, 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 €60,2 million, or 50,0%, from €120,5 million in the nine months period ended September 30, 2017 to €60,3 million in the nine months period ended September 30, 2018. This decrease was primarily driven by the following:

- profit before taxation from total operations (continuing and discontinued) increased by €20,6 million, or 80,2%, from €25,7 million in the nine months period ended September 30, 2017 to €46,3 million in the nine months period ended September 30, 2018, mainly due to the improvement by €16,7 million of profit before taxation from continuing operations as described above, as well as due to 9M17 losses from discontinued operations (€2,7 million);
- depreciation and amortization from total operations decreased by 6,4% from €51,3 million in the nine months period ended September 30, 2017 to €48,0 million in the nine months period ended September 30, 2018, partly due to discontinued operations;
- the effect of provisions on cash flow was positive €2,6 million in the nine months period ended September 30, 2017 and positive €1,3 million in the nine months period ended September 30, 2018, mainly due to higher doubtful provisions and assets impairment provisions in 2017;
- the effect of results from investing activities on cash flow was positive €19,9 million in the nine months period ended September 30, 2017 and negative €11,8 million in the nine months period ended September 30, 2018, mainly due to higher (€30,8 million y-o-y) net FX losses in 2017 mainly because of the FX reserve recycling to P&L for discontinued operations, as well as higher (€1,0 million y-o-y) dividend income in 2018 and lower (€1,8 million y-o-y) net loss from associates results in 2018, partially set-off by higher net gains from disposals of discontinued operations in 2017;
- net interest results was €39,2 million in the nine months period ended September 30, 2017 and €31,5 million in the nine months period ended September 30, 2018, mainly due to bank facilities accelerated amortization of issue costs because of early repayments in 3Q2017, as well as lower LG costs in 2018, and higher interest income on bank deposits and debtors in 2018;
- changes in our working capital, which led to a cash outflow of €34,4 million in the nine months period ended September 30, 2018, compared with a cash inflow of €6,6 million in the nine months period ended September 30, 2017;
    - In particular, there was an increase of €18,5 million in inventories in the nine months period ended September 30, 2018, compared to an increase of €3,8 million in the nine months period ended September 30, 2017, mainly due to new the projects under construction in America segment in 2018.
    - also, there was a decrease of €11,5 million in receivables in the nine months period ended September 30, 2018, compared to an decrease of €0,7 million in the nine months period ended September 30, 2017, mainly due to the timing of revenue receipts in various projects.
    - also, there was a decrease of €27,3 million in payables towards our suppliers in the nine months period ended September 30, 2018 compared to an increase of €9,7 million in the nine months period ended September 30, 2018, mainly due to the repayment of a long due interest bearing liability of €13,0 million in 2Q18, as well as other suppliers payments related to new projects under construction in various segments in 2018; and
- income tax paid decreased by 16,1% from €24,8 million in the nine months period ended September 30, 2017 to €20,8 million in the nine months period ended September 30, 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 a decrease of €47,5m in Cash inflows from operating activities (€60,3m in 9M18 vs. €107,8m in 17 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 nine months period ended September 30, 2018, net cash outflows from investing activities was €57,0 million, which was an increase of €9,8 million, or 20,8%, from outflows of €47,2 million in the nine months period ended September 30,

2017. This increase is mainly attributable to higher net outflow of €3,6 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the nine months period ended September 30, 2018 (mainly due to the indirect investment of €6,8 million in Hellenic Casino Parnitha, partially set-off by €3,1 million capital return from Hellenic Lotteries in 2018, compared to net inflow of €6,2 million in 2017 from cash collateral release partially set-off by the M&A transactions outflows), higher outflow of €5,8 million for capital expenditure, higher inflow of €0,1 million from assets disposal, higher inflow of €0,1 million for interest received from bank deposits and debtors, and higher inflow of €5,6 million for dividend income.

Our capital expenditure in the nine months period ended September 30, 2018 reached €65,4 million while in the nine months period ended September 30, 2017 reached €59,5 million. Major capital expenditure items in the nine months period ended September 30, 2018 include investments in R&D of €13,9 million, investments in our business in USA €30,3 million, AMELCO project €5,8 million, Turkey €0,8 million, Morocco €0,8 million, Argentina of €0,7 million and Oceania €0,6 million.

Maintenance capital expenditure during the nine months period ended period September 30, 2018 was €16,5 million in comparison to €15,7 million in the nine months period ended September 30, 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 nine months period ended September 30, 2018, net cash outflows from financing activities was €82,4 million, compared to net cash inflows of €263,6 million in the nine months period ended September 30, 2017. This decrease of net cash outflows from financing activities consisted of €329,8 million outflow in net cash flows from financing arrangements (mainly due to net outflow of €500,0 million because of the new bond issued in September 2017, net inflow of Intralot Finance UK Ltd syndicated/term loans of €175,0 million mainly because of the facilities repayments in September 2017, net outflow of €4,2 million of local facilities and leasing arrangements in USA, Brazil, Bulgaria, Jamaica, Turkey, Poland and Netherlands, as well as net outflow of €0,6 million from Bonds buybacks and issue costs payments, comparing 9M18vs9M17), higher interest payments by €10,2 million in 2018 due to timing difference in bonds coupon payments and lower dividends distribution in 2018 to minority interests amounting to €2,5 million.

Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of September 30, 2018 and December 31, 2017.

Cash & Cash Equivalents (€ in millions)	**December 31, 2017**	**September 30, 2018**	**% change**
Partnerships[1]	80,7	59,9	-25,8%
All other Operating Entities (with revenue contracts) & HQ	157,3	91,5	-41,8%
Total	**238,0**	**151,4**	**-36,4%**

[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 9M18 period decreased by €86,6 million vs. FY17. Of the Cash & Cash Equivalents at the end of September 30 2018, €59,9 million are located in our partnerships, and the rest across all other Operating entities (with revenue contracts) and HQ (€91,5 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 nine months period ended September 30, 2017 with the nine months period ended September 30, 2018

Proportionate Financial Metrics[1] – Pro Forma (€ in millions)	**nine months ended September 30,**		**% change**
	2017	**2018**	
Proportionate Revenue	490,3	492,4	0,4%
Proportionate GGR	287,4	282,2	-1,8%
Proportionate **EBITDA**	**77,7**	**70,5**	**-9,3%**
Adjusted EBITDA[2]	93,7	89,7	-4,3%
	December 31, 2017	**September 30, 2018**	
Proportionate Gross Debt	747,5	749,0	-
Proportionate Cash & Cash Equivalents	190,0	113,4	-

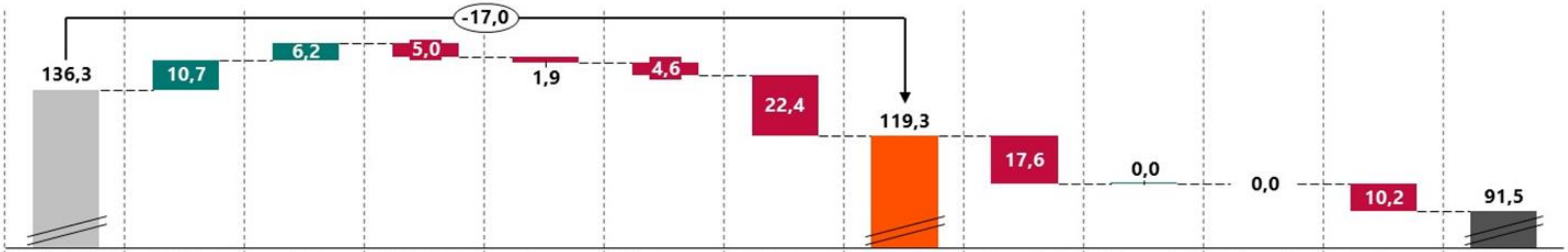
[1] The activities of Group subsidiaries Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.20.A.VIII of interim financial statements of 30/9/2018)

[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 (1/2)

The following chart portrays the Shareholders of the Parent View of the Cash Flow Movement (Pro-Forma) for the three months period ended September 30, 2018, as well as the historical values of 3Q17 and 2Q18.

Pro-Forma Cash Flow – Shareholders of the Parent View, 3Q18
€m



Historical Values	Cash & Cash Equivalents, 2Q18	EBITDA	Net Dividends, and Fees from Partnerships & Equity Stakes	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, 3Q18
1 3Q17	**78,8**	15,6	5,4	1,5	-5,0	-3,5	-11,9	**80,9**	-11,1	2,6		335,1	**407,5**
2 2Q18	**151,6**	15,8	17,5	-23,3	-3,7	-5,4	-0,8	**151,7**	-21,9	3,1		3,4	**136,3**

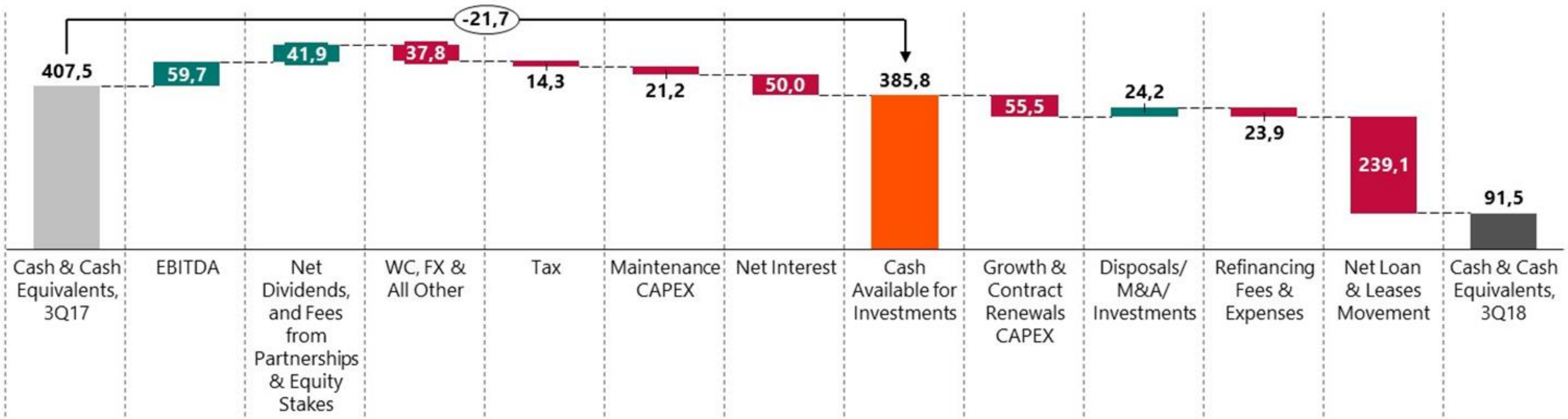
The main variance (YoY and QoQ) drivers are portrayed in the table below

Shareholders of the Parent View	YoY Variances Explained 1	QoQ Variances Explained 2
EBITDA	▪ EBITDA deficit mainly driven by our US operations (3Q17 Powerball Jackpot, IL implementation, SC discontinuation & adverse FX), OPAP new contract, and Bit8 full consolidation	▪ EBITDA lower than 2Q18, mainly driven by OPAP new contract, and our US operations (Massachusetts equipment sales in 2Q18, Illinois implementation cost, and South Carolina discontinuation)
Net Dividends, and Fees from Partnerships	▪ Better dividend income due to 2019 pre-dividend distribution from Turkey (Bilyoner), a higher dividend from Peru, and Malta dividend outflow timing (PY: split across Q1&Q3 vs. CY: total in Q1), partially offset by the impact from the sale of our stake in Jamaica in 4Q17	▪ Negative variance in 3Q18 driven mainly by the timing of dividends received from our Turkish operations, Gamenet's and Hellenic Lotteries' dividends, and a tax return (regarding Maltco's dividend), all occurred in 2Q18
WC, FX & All Other	▪ Worse WC due to the increased inventory buildup for projects (e.g. Ohio, Illinois) ▪ Treasury Shares purchases in 3Q18 vs. none in 3Q17 ▪ Favorable FX variance vs. a year ago	▪ QoQ WC improvement mainly driven by the 2Q18 long due interest-bearing liability repayment and the partial completion of inventory pickup for projects ▪ Treasury Shares purchases lower in 3Q18 ▪ FX negative variance driven by the USD stabilization vs. 2Q18 currency movement (lower positive impact on Cash held in USD)
Tax	▪ Lower Taxes compared to 3Q17 mainly driven by INTRALOT SA's prior year Tax Payments (related to one-off profits profits of Intralot SA in 2016 vs. 2015)	▪ Lower Taxes driven by the tax payment on dividend income (prepayment to be normalized in a 2 year time frame) in 2Q18
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	▪ Higher interest mainly due to coupon payments timing (2 coupon payments in 3Q18 vs. 1 coupon payment in 3Q17)	▪ Higher interest due to coupon payments timing (2 coupon payments in 3Q18 vs. none in 2Q18)
Growth & Contract Renewals CAPEX	▪ Higher outflows (vs. 3Q17) given the US contract investments (mainly Illinois and Ohio)	▪ Lower outflows (vs. 2Q18; despite increased US contract investments pickup) driven mainly by the impact of the last installment towards AMELCO SW paid within 2Q18
Disposals/ M&A/ Investments	▪ Prior year positive net effect from a) the inflows of a Cash Collateral return and the Favorit PP, and b) the outflows for Eurobet PP installments, and a Bit8 acquisition installment	▪ Share capital return from Hellenic Lotteries in 2Q18
Refinancing Fees & Expenses	▪ Not applicable	▪ Not applicable
Net Loan & Leases Movement	▪ Net loan repayment in 3Q18 (US operations driven) vs. the net impact from the new bond inflow, and the repayment of the RCF line in 3Q17	▪ Net loan repayment in 3Q18 (US operations driven) vs. a respective uptake (mainly US) in part offset by bond buyback in 2Q18

Pro-Forma Cash Flow – Shareholders of the Parent View (2/2)

The following chart portrays the Shareholders of the Parent View of the Cash Flow Movement (Pro-Forma) for the last twelve months ended September 30, 2018, as well as the historical values of LTM 2Q18 and LTM 1Q18.

Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 3Q18
€m



Historical Values	Cash & Cash Equivalents, 3Q17	EBITDA	Net Dividends, and Fees from Partnerships & Equity Stakes	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, 3Q18
1 LTM 2Q18	**78,8**	64,7	41,2	-31,4	-17,5	-20,1	-39,5	**76,2**	-48,9	26,8	-23,9	106,1	**136,3**
2 LTM 1Q18	**77,1**	66,0	39,7	-6,9	-16,7	-20,9	-50,8	**87,5**	-35,5	31,2	-23,9	92,3	**151,6**

Major Contracts Overview & Update

Overview & LTM Contribution

Selected Entities/ Projects contribution in the twelve months ended September 30, 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)[5]
13 Technology Contracts with State Lotteries	DC only	Technology	9%	17%	8%	20%	2027
OPAP[2]		Technology	2%	4%	5%	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%	8%	8%	10%	2024
2 VLT Monitoring Contracts and 1 Technology Contract[3]		Technology	2%	4%	8%	8%	2027
Inteltek	Yes	Management Contracts	4%	7%	11%	13%	Renewed in August 2018 – for up to 1 year
Bilyoner	Yes	Management Contracts	4%	9%	19%	9%	2019 - Renewable at the discretion of the Administration
Contract with the 2 State Lotteries[4]		Management Contracts	2%	5%	9%	4%	2019
Azerinteltek	Yes	Licensed Operations	15%	9%	12%	14%	2025
Eurofootball Group	Yes	Licensed Operations	24%	10%	11%	13%	Open Market License
Eurobet Group	Yes	Licensed Operations	5%	4%	3%	4%	Open Market License
Maltco		Licensed Operations	9%	7%	5%	8%	2022
Subtotal *(% of LTM 3Q18)*			**85%**	**85%**	**101%**	**111%**	
LTM 3Q18 *(in million €)*			**1.108,1**	**571,1**	**240,8**	**163,4**	

[1] Management estimation incorporating direct expenses and apportionment of indirect expenses related to the project/country.
[2] OPAP LTM contribution refers to the extended contract that ended July 31 2018 and the new contract, of a smaller contract value due to the limited scope (vs. the previous contract), thereafter
[3] New Zealand Monitoring ends in 2022 while that in Victoria (Australia) ends in 2027; the Lottery West contract ends in 2021.
[4] Contract with SGLN currently expires in December 2018. A one-year extension with MDJS up to December 2019 has been agreed.
[5] 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 close to 700 employees currently (close to 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 September 30, 2018)	**OPAP**	**HL**	**Taiwan**	**Peru**	**Malaysia**	**All Other[6]**
CoS	30.2%	12.2%	3.7%	3.7%	4.1%	46.1%
Selling	18.8%	27.8%	4.0%	2.0%	3.0%	44.4%
Admin	18.8%	2.0%	4.0%	2.0%	2.0%	71.2%
R&D	33.4%	13.6%	3.8%	4.8%	3.3%	41.1%

[6] *Refers to other smaller contracts with 3rd party clients, costs related to Intralot Group subsidiaries as well as other general administration expenses, including the effort allocated to service and support the pipeline of won and upcoming contracts.*