INTRALOT Group

Management's Discussion & Analysis

of our financial condition and results of operations for the period 1/1-31/12/2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 52 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. Our games library includes more than 550 games, including lotteries, sports betting, Video Lottery Terminals (VLTs)/Amusement with Prizes machines (AWPs) and racing.

In the twelve months period ended December 31, 2017, we had revenue of €1.104,2 million and EBITDA of €171,5 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 December 31, 2017, our revenue from Turkey, Greece, Rest of Europe, the Americas and the Rest of the World represented 8,3%, 3,1%, 49,3%, 20,9% and 18,4% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the twelve months period ended December 31, 2017 with the twelve months period ended December 31, 2017

Overview

Income Statement Information (€ in millions)	twelve months ended December 31,		% change
(audited)	2016	2017	
Revenue	991,5	1.104,2	11,4%
Less: Cost of sales	-787,7	-862,3	9,5%
Gross profit	**203,8**	**241,9**	**18,7%**
Other operating income	32,5	17,2	-47,1%
Selling expenses	-51,9	-61,0	17,5%
Administrative expenses	-73,8	-76,3	3,4%
Research and development expenses	-4,6	-6,2	34,8%
Other operating expenses	-9,5	-7,0	-26,3%
EBIT	**96,5**	**108,6**	**12,5%**
EBITDA	**162,5**	**171,5**	**5,5%**
Income/(expenses) from participations and investments	-17,5	-24,1	37,7%
Gain/(loss) from assets disposal, impairment and write-off	-9,2	-2,0	-78,3%
Interest and similar expenses	-87,2	-70,0	-19,7%
Interest and related income	11,3	7,1	-37,2%
Exchange differences	3,1	-5,9	n/a
Profit/(loss) equity method consolidation	-4,6	-3,4	-26,1%
Operating profit/(loss) before tax	**-7,6**	**10,3**	**n/a**
Less: taxes	-28,9	-28,3	-2,1%
Net profit/(loss) from continuing operations (a)	**-36,5**	**-18,0**	**-50,7%**
Net Profit / (loss) from Discontinued Operations (b) [1]	81,3	12,0	-85,2%

Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	44,8	-6,0	n/a
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-74,2	-58,6	-21,0%
-Profit/(loss) from discontinued operations [1]	75,1	5,2	-93,1%
	0,9	**-53,4**	**n/a**
Non-Controlling Interest			
-Profit/(loss) from continuing operations	37,7	40,7	8,0%
-Profit/(loss) from discontinued operations [1]	6,2	6,7	8,1%
	43,9	**47,4**	**8,0%**

[1] The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC (Peru) , 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 2.32.A.VIII of annual financial statements of 31/12/2017)

Sales Overview

Total revenue increased by €112,7 million, or 11,4%, from €991,5 million in the twelve months period ended December 31, 2016 to €1.104,2 million in the twelve months period ended December 31, 2017. This increase was mainly driven by increased revenue in licensed operations as well as technology and support services segment.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the twelve months period ended December 31, 2017 and 2016.

Revenue by Business Activity (€ in millions)	twelve months ended December 31,		% change
(audited)	2016	2017	
Licensed operations [1]	662,5	754,6	13,9%
Management contracts	115,7	117,1	1,2%
Technology and support services [1]	213,3	232,5	9,0%
Total	**991,5**	**1.104,2**	**11,4%**

[1] INTRALOT Australia from 1Q17 onwards has been re-classed under "Technology and support services" from "Licensed operations" previously.

Revenue in our licensed operations activity line increased by €92,1 million, or 13,9%, from €662,5 million in the twelve months period ended December 31, 2016 to €754,6 million in the twelve months period ended December 31, 2017. The increase is attributed to higher revenues in **Azerbaijan** with additional revenues of €37,4 million as a result of significant growth in Sports Betting and Greyhounds Racing, driven by enhanced product offering and retail-oriented initiatives, only partially offset by unfavorable performance in Numerical Games and Horse Racing, **Poland** (€+33,8 million) following the recent regulatory changes resulting in a considerable part of the grey market becoming white, **Bulgaria** (€+15,3 million), as a result of Eurobet's consolidation after 1H16 (The full year effect of Eurobet has been partially offset by the lower sports betting revenue in Bulgaria due to shift towards Online Betting, and conservative payout strategy, partially offset by the continuing growth performance of Virtual Sports), and **Argentina's** (€+7,1 million) Sports Betting business boosted by favorable FX movement.

Revenue in our management contracts activity line increased by €1,4 million, or 1,2%, from €115,7 million in the twelve months period ended December 31, 2016 to €117,1 million in the twelve months period ended December 31, 2017. The marginal uplift was mainly driven by the top line increase in **Morocco** (€+2,2 million), as a result of the significant growth in Sports Betting revenue attributed to enhanced offering and increased focus on the Fast Draw games category, partially offset by the softer performance of **Russia** (€-1,1 million). **Turkey** revenue remained relatively stable year over year as the benefit from the shift towards Online Sports Betting (in 2017 surpassed the retail channel in market share) fully mitigated the effect of the local currency devaluation against the Euro.

Revenue in our technology and support services line increased by €19,2 million, or 9,0%, from €213,3 million in the twelve months period ended December 31, 2016 to €232,5 million in the twelve months period ended December 31, 2017. This increase was mainly due to INTRALOT's new contract in **Chile** with revenues of €+6,9 million, **Greece's** increased top line contribution (€7,2 million) as a result of Peru's new contract full year effect following the recent M&A as well as due to a one-off fee of €+3,0 million in relation to the Hellenic Lotteries project in 4Q17, **Australia** positive effect of €+6,1 million due to in part the better top line performance of our monitoring contract in Victoria (€+0,4 million) and in part due to the reclassification of INTRALOT Australia from the prior characterization as "Licensed operations" to "Technology and support services" from 1Q17 onwards (a revenue which includes an approx. €4,0 million sale of a software license right in 2Q17), **Argentina's** (€+2,8 million) Numerical Games portfolio business boosted by favorable FX movement, partially offset by the softer performance of our **US** operations by €-3,6 million, mainly as a result of last year's record high Powerball jackpot in 1Q16 (significantly higher than the 3Q17 Powerball jackpot effect), and the fewer multi-play self-service lottery terminals sold in Ohio (vs. FY16).

Gross Gaming Revenue (GGR) by Business Activity

The following table sets forth our gross gaming revenue for each business activity for the twelve months period ended December 31, 2017 and 2016.

GGR by Business Activity (€ in millions)	twelve months ended December 31,		% change
(audited)	2016	2017	
Licensed operations [1]	198,2	229,6	15,8%
Management contracts	115,7	117,1	1,2%
Technology and support services [1]	213,3	232,5	9,0%
Total	**527,2**	**579,2**	**9,9%**

[1] INTRALOT Australia from 1Q17 onwards has been re-classed under "Technology and support services" from "Licensed operations" previously.

Gross Gaming Revenue (GGR) from continuing operations increased by 9,9% (€+52.0m to €579.2m) year over year supported by the top line growth of our Licensed Operations activities (+14.4% y-o-y on wagers) as explained above, coupled with the decreased Payout Ratio of our Licensed Operations, which in FY17 dropped by 0.8pps vs. FY16 (70.9% vs. 70.1%) primarily due to decreased payout rates in Bulgaria, and Malta, in part offset by increased payout rates in Poland following the recent regulatory changes. The rest of the increase, directly correlates with the top line growth of our Management and Technology contracts explained previously.

Gross Profit Margin

The Gross profit margin in FY17 was 21,9%, from 20,6% in FY16, positively affected by the improved gross profit margin of our B2B/B2G operations that fully absorbed the top line contract type mix change compared to last year (FY16 had larger B2B/B2G contribution, i.e. 33,2% vs. 31,7% in FY17). Overall, Gross Profit increased by 18,7% (€+38,10 million) compared to the FY16 levels. Adjusting for Eurobet and the Chilean contract, Gross Profit increased by €29,5 million (+14,4%) (Pro-forma assumption: For a like-for-like comparison, 1H17 results of Eurobet and both FY17 and FY16 results of the Chilean contract are excluded.

Other Operating Income

Other operating income decreased by €15,3 million, or 47,1%, from €32,5 million in the twelve months period ended December 31, 2016 to €17,2 million in the twelve months period ended December 31, 2017. The major drivers of this decrease was the non-recurring income in Australia due the Victoria State Lawsuit successful settlement in 4Q16 and provision reversals in FY16 (a provision reversal related to a litigation case about stamp duty in Turkey and doubtful receivable reversal).

Selling Expenses

Selling expenses increased by €9,1 million, or 17,5%, from €51,9 million in the twelve months period ended December 31, 2016 to €61,0 million in the twelve months period ended December 31, 2017. This increase was primarily due to higher advertising costs in Turkey, Morocco, Azerbaijan and Poland.

Administrative Expenses

Administrative expenses increased by 2,5 million, or 3,4%, from €73,8 million in the twelve months period ended December 31, 2016 to €76,3 million in the twelve months period ended December 31, 2017. This increase was primarily due to higher costs in USA.

Research and Development Expenses

Research and development expenses increased by 1,6 million or 34,8%, from €4,6 million in the twelve months period ended December 31, 2016 to €6,2 million in the twelve months period ended December 31, 2017.

Other Operating Expenses

Other operating expenses decreased by €2,5 million, or 26,3%, from €9,5 million in the twelve months period ended December 31, 2016 to €7,0 million in the twelve months period ended December 31, 2017. This decrease was due higher provisions for doubtful receivables in 2016.

EBITDA

As a result of the above, EBITDA increased by €9,0 million, or 5,5%, from €162,5 million in the twelve months period ended December 31, 2016 to €171,5 million in the twelve months period ended December 31, 2017 while EBITDA margin decreased from 16,4% in the twelve months period ended December 31, 2016 to 15,5% in the twelve months period ended December 31, 2017, impacted negatively by the less Other operating income year over year.

Income / (expenses) from participations and investments

Income / (expenses) on participations and investments increased by €6,6 million, from expense of €17,5 million in the twelve months period ended December 31, 2016 to expense of €24,1 million in the twelve months period ended December 31, 2017. This increase was primarily due to higher impairment losses for investments in associates in 2017, triggered by the Gamenet IPO.

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

Gain/(loss) from assets disposal, impairment and write-off improved by €7,2 million, from loss of €9,2 million in the twelve months period ended December 31, 2016 to loss of €2,0 million in the twelve months period ended December 31, 2017. This improvement was primarily due to higher impairment losses in Greece in 2016.

Interest and Similar Expenses

Interest and similar expenses decreased by €17,2 million, or 19,7%, from €87,2 million in the twelve months period ended December 31, 2016 to €70,0 million in the twelve months period ended December 31, 2017. This decrease was primarily due to lower interest expenses following the 2018 Notes refinancing in 2016, as well as to lower LG costs in the twelve months period ended December 31, 2017.

Interest and Related Income

Interest and related income decreased by €4,2 million, or 37,2%, from €11,3 million in the twelve months period ended December 31, 2016 to €7,1 million in the twelve months period ended December 31, 2017, primarily due to lower interest income on bank deposits in the twelve months period ended December 31, 2017.

Profit/(loss) from equity method consolidation

In the twelve months period ended December 31, 2016 we had a net loss from equity method consolidation of €4,6 million, compared to a net loss €3,4 million in the twelve months period ended December 31, 2017, mainly derived from of our associate companies in Asia.

Operating Profit before Tax

As a result of the above and due to exchange differences from a gain of €3,1 million in the twelve months period ended December 31, 2016 to a loss of €5,9 million in the twelve months period ended December 31, 2017 and decreased depreciation and amortization by €3,1 million, operating profit before tax increased by €17,9 million from a loss of €7,6 million in the twelve months period ended December 31, 2016 to a profit of €10,3 million in the twelve months period ended December 31, 2017.

Taxes

Taxes decreased by €0,6 million, or 2,1%, from €28,9 million in the twelve months period ended December 31, 2016 to €28,3 million in the twelve months period ended December 31, 2017. This decrease was primarily due to the lower taxable profits in Turkey and Morocco, partially set-off by higher taxable profits in Azerbaijan in the twelve months period ended December 31, 2017.

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

As a result of the above, net profit/(loss) from continuing operations improved by €18,5 million, from a loss of €36,5 million in the twelve months period ended December 31, 2016 to a loss of €18,0 million in the twelve months period ended December 31, 2017.

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

Net profit /(loss) from discontinued operations in Italy, Peru, Russia, Santa Lucia, Jamaica and Slovakia decreased by €69,3 million, from a profit of €81,3 million in the twelve months period ended December 31, 2016 to a profit of €12 million in the twelve months period ended December 31, 2017.

Analysis of discontinued operations:

A) Italy

In 2Q2016 the Group signed an agreement, with Trilantic Capital Partners Europe, the main shareholder of Gamenet S.p.A in Italy, concerning the merge of the Group activities in Italy into those of Gamenet, one of the largest network concessionaires of VLT, AWP, betting and online gaming in the country. Following this merger, the Group now participates with 20% in the combined operation, with a network of approximately 750 betting POS, which will continue to use INTRALOT's brand name, approximately 8.200 VLTs, over 50.000 AWPs and more than 60 gaming halls owned by the company.
Below are presented the results of discontinued operations of the Group subsidiaries in Italy for the first half of 2016 (in 2016 they were consolidated with the full consolidation method until 27/6/2016):

	1/1-30/6/2016
Sale proceeds	323,3
EBITDA	**3,9**
Profit/(loss) after tax	**-11,8**
Gain/(loss) from disposal of discontinued operations	45,2
Profit/(loss) after tax from discontinued operations	**33,4**

Since the end of June, the Group consolidates 20% of the combined operation with the equity method.

B) Peru

In 4Q2016 the Group finalised the sale of an 80% stake in Intralot de Peru S.A.C., its 100% owned subsidiary in Peru, to Nexus Group. After the completion of the transaction the Group will continue to be the company's technological provider. Intralot de Peru S.A.C. operates numerical games and sports betting in the country through a network of 3.700 POS and the Internet. The agreement is in line with the Group's strategy to create, in selected countries, strategic partnerships with strong local partners that offer substantial synergies and local market know-how, strengthening the development of the local companies.
Below are presented the results of discontinued operations of the Group in Peru (Intralot de Peru S.A.C.) for the period 1/1-24/11/2016 (in 2016 they were consolidated with the full consolidation method until 24/11/2016):

	1/1-24/11/2016
Sale proceeds	120,4
EBITDA	**9,0**
Profit/(loss) after tax	**3,3**
Gain/(loss) from disposal of discontinued operations	62,4
Corresponding tax	-10,6
Profit/(loss) after tax from discontinued operations	**55,1**

C) 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 and the twelve months of 2016:

	1/1-30/6/2017	1/1-31/12/2016
Sale proceeds	0	0
EBITDA	**-0,2**	**-0,3**
Profit/(loss) after tax	**-0,3**	**-15,9**
Gain/(loss) from disposal of discontinued operations	-11,6	0,0
Corresponding tax	0,0	0,0
Profit/(loss) after tax from discontinued operations	**-11,9**	**-15,9**

D) 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 1/1-2/10/2017 (in 2017 they were consolidated with the full consolidation method until 2/10/2017), as well as for the twelve months of 2016:

	1/1-2/10/2017	1/1-31/12/2016
Sale proceeds	287,6	325,5
EBITDA	**14,2**	**13,2**
Profit/(loss) after tax	**9,5**	**9,0**
Gain/(loss) from disposal of discontinued operations	15,7	0,0
Corresponding tax	0,0	0,0
Profit/(loss) after tax from discontinued operations	**25,2**	**9,0**
Attributable to:		
Equity holders of parent	18,3	2,6
Non-Controlling Interest	6,9	6,4

E) 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 1/1-18/12/2017 (in 2017 they were consolidated with the full consolidation method until 18/12/2017), as well as for the twelve months of 2016:

	1/1-18/12/2017	1/1-31/12/2016
Sale proceeds	4,4	6,5
EBITDA	**-0,2**	**0,2**
Profit/(loss) after tax	**-0,4**	**-0,2**
Gain/(loss) from disposal of discontinued operations	-1,0	0,0
Corresponding tax	0,0	0,0
Profit/(loss) after tax from discontinued operations	**-1,4**	**-0,2**
Attributable to:		
Equity holders of parent	-1,2	-0,1
Non-Controlling Interest	-0,2	-0,1

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 €50,8 million, from a profit of €44,8 million in the twelve months period ended December 31, 2016 to a loss of €6,0 million in the twelve months period ended December 31, 2017.

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 €54,3 million, from a profit of €0,9 million in the twelve months period ended December 31, 2016 to a loss of €53,4 million in the twelve months period ended December 31, 2017.

Net income from continuing operations attributable to the owners of the parent improved by €15,6 million, from a loss of €74,2 million in the twelve months period ended December 31, 2016 to a loss of €58,6 million in the twelve months period ended December 31, 2017.

Adjusting for extraordinary or non-recurring refinancing expenses (€16,8 million in 2017 vs. €21,0 million in 2016) and impairment/write-off losses of participations and investments as well as tangible and intangible assets (€26,6 million in 2017 vs. €23,0 million in 2016) in both years, Adjusted NIATMI from continuing operations at €-15,3 million in FY17 compared to €-30,2 million in FY16, an improvement of 49.3%.

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 €14,1 million, or 8,4%, from €168,1 million in the twelve months period ended December 31, 2016 to €154,0 million in the twelve months period ended December 31, 2017. This decrease was primarily driven by the following:

- net profit before taxation from total operations (continuing and discontinued) decreased by €63,9 million, or 71,6%, from €89,3 million in the twelve months period ended December 31, 2016 to €25,4 million in the twelve months period ended December 31, 2017, mainly due to gain (€107,5 million) from disposal of the Italian and Peruvian discontinued operations in 2016, the net gain (€3,1 million) from disposal of the Russian, Jamaican and Slovakian discontinued operations in 2017, the improved profit before tax (€22,7 million) of discontinued operations in 2017, as well as the improvement of the continuing operations by €17,8 million as described above;

- depreciation and amortization from total operations decreased by 25,7% from €86,9 million in the twelve months period ended December 31, 2016 to €64,6 million in the twelve months period ended December 31, 2017, mainly due to discontinued operations;

- the effect of provisions on cash flow was positive €25,4 million in the twelve months period ended December 31, 2016 and positive €5,7 million in the twelve months period ended December 31, 2017, mainly due to higher assets impairment losses and doubtful provisions in 2016;

- the effect of results from investing activities on cash flow was negative €88,9 million in the twelve months period ended December 31, 2016 and positive €29,4 million in the twelve months period ended December 31, 2017, mainly because of the higher gains in 2016 from disposals of discontinued operations as described above, partially set-off by higher impairment losses for investment in associates in 2017;

- changes in our working capital, which led to a cash inflow of €2,1 million in the twelve months period ended December 31, 2017, compared with a cash inflow of €4,8 million in the twelve months period ended December 31, 2016;

    - In particular, there was an increase of €5,1 million in inventories in the twelve months period ended December 31, 2017, compared to a decrease of €2,8 million in the twelve months period ended December 31, 2016, mainly due to new the US projects under construction in 2017.

    - also there was an increase of €13,7 million in receivables in the twelve months period ended December 31, 2017, compared to an increase of €9,2 million in the twelve months period ended December 31, 2016, mainly due to new the US projects under construction in 2017.

    - also there was an increase of €20,9 million in payables towards our suppliers in the twelve months period ended December 31, 2017 compared to an increase of €11,2 million in the twelve months period ended December 31, 2016, mainly due to the new US projects under construction; and

- income tax paid increased by 38,2% from €26,2 million in the twelve months period ended December 31, 2016 to €36,2 million in the twelve months period ended December 31, 2017, mainly due to higher tax payments made in 2017 out of the increased 2016 (vs 2015) taxable profits in Azerbaijan and Greece .

On a pro-forma basis, i.e., excluding the operating cash-flow contribution of our discontinued operations in Italy, Peru, Russia, Jamaica and Slovakia, there is a decrease €6,1m in Cash inflows from operating activities (€141,3m in FY17 vs. €147,4m in FY16 pro-forma).The decrease is attributed to the higher Taxes paid (related to one-off profits of Intralot SA in 2016 vs. 2015) and to adverse Working Capital (last cash receipt of terminals in Ohio occurred within 2018).

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 twelve months period ended December 31, 2017, net cash outflows from investing activities was €46,3 million, which was a decrease of €3,3 million, or 6,7%, from outflows of €49,6 million in the twelve months period ended December 31, 2016. This decrease is mainly attributable to higher net inflow of €13,8 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the twelve months period ended December 31, 2017 (mainly due to a cash collateral release and the net effect of M&A transactions), higher outflow of €8,9 million for capital expenditure, lower inflow of €2,1 million from assets disposal, lower inflow of €0,9 million for interest received due to lower bank deposits, and higher inflow of €1,4 million from dividends receipts.

Our capital expenditure in the twelve months period ended December 31, 2017 reached €74,3 million while in the twelve months period ended December 31, 2016 reached €65,4 million. Major capital expenditure items in the twelve months period ended December 31, 2017 include payments of €11,7 million for Amelco betting platform, investments in R&D of €18,4 million, investments in our business in USA €17,2 million, in Jamaica of €5,8 million, Argentina of €1,5 million, Turkey €1,2 million and Morocco €0,8 million.

Maintenance capital expenditure during the twelve months ended December 31, 2017 was €21,8 million in comparison to €26,8 million in the twelve months ended December 31, 2016 (excluding discontinued operations in Italy and Peru).

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 twelve months period ended December 31, 2017, net cash outflows from financing activities was €16,3 million, compared to net cash outflows of €225,3 million in the twelve months period ended December 31, 2016. This decrease of net cash outflows from financing activities consisted of €169,6 million inflow in net cash flows from financing arrangements (mainly due to net inflow from bond issues and buy backs of €261,7 million in the years 2016-2017, net outflow from syndicated facility repayment of €120,0 million in the years 2016-2017 and net inflow of €28,0 million of local facilities and leasing arrangements in USA, Malta, Brazil, Bulgaria, Jamaica, Turkey and Netherlands in the years 2016-2017), lower interest payments by €31,7 million in 2017 due to refinancing of 2018 Notes in 2016, lower dividends distribution in 2017 to minority interests amounting to €3,6 million, €3,3 million share capital return to minority interests in 2016 and lower treasury share repurchases in 2017 by €0,8 million.

Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents for the twelve months period ended December 31, 2017 and 2016.

Cash & Cash Equivalents (€ in millions)	twelve months ended December 31,		% change
	2016	2017	
Partnerships[1]	86,8	80,7	7,0%
All other Operating Entities (with revenue contracts) & HQ	77,6	157,3	102,7%
Total	**164,4**	**238,0**	**44,8%**

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

Cash and cash equivalents at the end of the FY17 period increased by €73,6 million vs. FY16; Excluding the net cash generated from the refinancing that took place in FY17 (€+85,0 million) cash and cash equivalents balance decreased by €11,4 million. Main contributors to this movement are the €-18,1 million investments in software (AMELCO & Bit8), the refinancing expenses (€-23,9 million), and the dividend distribution to minorities (€-38,6 million) partially offset by the positive net M&A proceeds (€+14,5 million — including: Jamaica, Russia, Slovakia, and Eurobet), the released cash collaterals of €14,0 million, and the cash generated in the normal course of business. Of the Cash & Cash Equivalents at the end of December 31st 2017, €80,7 million are located in our partnerships, and the rest across all other Operating entities (with revenue contracts) and HQ (€157,3 million), with an amount between €25,0 million and €30,0 million allotted as Working Capital in the operating entities (with revenue contracts).

Proportionate & Pro Forma Results of Operations of the INTRALOT Group

Pro-Forma comparison of the twelve months period ended December 31, 2017 with the twelve months period ended December 31, 2017

Proportionate Financial Metrics[1] – Pro Forma (€ in millions)	twelve months ended December 31,		% change
	2016	2017	
Proportionate Revenue	613,2	683,6	11,5%
Proportionate GGR	372,8	407,1	9,2%
Proportionate **EBITDA**	**104,4**	**107,4**	**2,9%**
Adjusted EBITDA[2]	125,5	131,1	4,5%
Proportionate Gross Debt	657,5	747,5	-
Proportionate Cash & Cash Equivalents	111,1	190,0	-

[1] The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC (Peru) , 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 2.32.A.VIII of annual financial statements of 31/12/2017)
[2] Calculated as Proportionate EBITDA of fully consolidated entities including EBITDA from equity investments in Italy, Peru, Greece and Taiwan

Pro-Forma Cash Flow Movement

The following chart portrays the Pro-Forma Cash Flow Movement for the twelve months period ended December 31, 2017.

Pro-Forma Cash Flow Movement, FY17
€m