

PRESS RELEASE

1ST QUARTER 2016 RESULTS

INTRALOT REBOUNDS IN 1Q2016 WITH STRONG EBITDA INCREASE, AND NET DEBT STABILIZATION

May 18th, 2016

INTRALOT SA (RIC: **INLr.AT**, Bloomberg: **INLOT GA**), an international gaming solutions and operations leader, announces its financial results for the three-month period ending March 31st, 2016, prepared in accordance with IFRS.

OVERVIEW

- Strong Organic EBITDA growth 5.6% (+19.5% in constant currency), Revenues in line with 1Q2015.
- Net Debt Stabilization for a second consecutive quarter
- Ebitda margin jumped to 14.1% in 1Q16 (+120 bps compared to 1Q15)
- Strategic alliance with Gamenet in Italy is a milestone in partnering with strong local players.
- 1Q16 & 1Q15 results do not include discontinued operations in Italy following the agreement to merge our local operations with those of Gamenet

Consolidated Financial Statements For The 3 Months Ended March 31st, 2016

	Reported - w/o Italy			w/o Italy - constant currency			Including Italy		
(in € million)	1Q16	1Q15	% Change	1Q16	1Q15	% Change	1Q16	1Q15	% Change
Revenues (Turnover)	335,2	347,7	-3,6%	377,7	347,7	8,6%	499,5	499,4	0,0%
Gross Profit	65,1	67,6	-3,8%	74,3	67,6	9,8%	-	-	-
EBITDA	47,3	44,8	5,6%	53,6	44,8	19,5%	51,5	46,2	11,5%
EBITDA Margin (%)	14,1%	12,9%	+1,2pps	14,2%	12,9%	+1,3pps	10,3%	9,2%	+1,1pps
EBT	11,8	22,7	-47,8%	21,3	12,7	67,2%	8,5	18,7	-54,5%
EBT Margin (%)	3,5%	6,5%	-3,0pps	5,6%	3,7%	+2,0pps	1,7%	3,7%	-2,0pps
EAT (after minorities)	-8,7	-5,0	-	-3,7	-14,4	-	-12,0	-8,9	-

Commenting on the 1Q 2016 Results INTRALOT Group CEO Antonios Kerastaris noted:

"INTRALOT's strong financial performance in 1Q16, despite strong FX headwind, confirms that our operational model evolution and the alignment of our portfolio offering with market trends generate measurable results. Our strategy for growth through local partnerships in new and existing markets is guided by expanding and diversifying our portfolio with complementary products and market share. Additionally, our unique understanding of traditional industry verticals such as lottery and betting retail as both technology provider and operator drives our new product roadmap towards a universal customer experience."

OVERVIEW OF RESULTS

REVENUES

- Consolidated revenues decreased by 3.6% to €335.2m in 1Q16 compared to the same period a year ago.
- **Constant currency basis:** Net of a negative FX impact of €42.5m, revenues reached €377.7m, posting an increase of 8.6% vs. 1Q15.
- The decrease derives from: -29.1m in Australasia due to lower sales in Azerbaijan where the local currency suffered a severe devaluation last February and December, -5.2m in South America due to softer sales in Jamaica, Argentina and Brazil partially counterbalanced by the increased sales in Peru, +15.8m in East Europe due to Bulgaria, +4.9m in North America, +0.3m in Africa and +0.7m in West Europe.
- Numerical Games is the largest contributor to our top line, comprising 46.9% of our revenues (+1.4% vs. 1Q15), followed by Sports Betting contributing 38.4% to Group turnover (-8.3% vs. 1Q15). VLTs/AWPs represented 3.0% of Group turnover (+68.2% vs. 1Q15), followed by Technology contracts with 9.4% (-6.7% vs. 1Q15) and Racing with 2.3% (-38.0% vs. 1Q15).
- **Wagers handled**
- During the 1Q16 period INTRALOT systems handled €6.9 bn. of wagers worldwide, increased by 2.7% y-o-y. North America increased by 28.6%, Africa increased by 10.6%, East Europe increased by 0.3%, Asia decreased by 6.2%, South America and West Europe decreased by 4.1%.

GROSS MARGIN / OPERATING INCOME / OPEX

- The **Gross profit margin** remained stable in 1Q16 at 19.4% compared to 1Q15, as margin expansion that took place in countries such as the US, Turkey and Argentina was counterbalanced by margin contraction mainly in Azerbaijan and Jamaica. Payout for the Group in the respective period increased by 2.6%.
- **Other operating income** in 1Q16 totaled €6.3m compared to €4.9m in 1Q15, posting an increase of 27.1%. The major driver of this increase was Turkey (€1.5m) and the growth in instant ticket services of our US operations (€0.7m).
- **Total operating expenses** decreased by 7.2% to €41.6m in line with our strategy to contain costs.

EBITDA

- **EBITDA** developed to €47.3m in 1Q16, an increase of 5.6% compared to 1Q15.
- **Constant currency basis:** net of a negative FX impact of €6.2m, EBITDA reached €53.6m in 1Q16, an increase of 19.5% y-o-y.

EBT / NIATMI

- **EBT** in 1Q16 was shaped at €11.8m compared to €22.7m in 1Q15, negatively affected by increased Exchange differences of €13.7m in 1Q16.
- **Constant currency basis:** net of a negative FX impact of €19.4m, EBT increased by 67.2% to 21.3m in 1Q16 from €12.7m in 1Q15.
- **NIATMI from continuing operations** for the period was shaped at a negative €-8.7m compared to €-5.0m in 1Q15, while including the discontinued operations in Italy NIATMI was €-12.0m from €-8.9m in 1Q15.
- **Constant currency basis:** net of a negative FX impact of €14.5m, NIATMI from continued operations improved significantly to €-3.7m in 1Q16 from €-14.4m in 1Q15.

FX VARIANCE

- Foreign Exchange Variation had a negative effect of €42.5m on Revenues and €14.5m on NIATMI mainly due to the Azeri Manat performance.

CASH-FLOW

- Operating Cash-flow was shaped at €41.2m, increased by 56.6% compared to 1Q15. The growth is mainly attributed to the WC improvement (-2.9m in 1Q16 from -17.7m in 1Q15).

- **Net Capex** in 1Q16 was €11.1m, compared to €12.1m in 1Q15. Major Capex items in 1Q16 include investments in our US new business of €6.2m, R&D of €1.9m.
- **Net Debt from continuing operations** as at 31 March 2016 developed at €483.3m, increased by €5.6m compared to 31 December 2015 (€477.6m), including a negative FX impact of €1.7m.
- **Net debt, including discontinued operations** in Italy, was shaped at €474.0m as at 31 March 2016, improved by €3.6m compared to 31 December 2015.
- We have in the past engaged in repurchases of our debt and may do so again in the future subject to market conditions. In particular, we are currently reviewing alternatives to refinance a portion of our debt (some or all of our 2018 notes and our syndicated credit facility) as part of our continuous strategy to maintain a strong financial profile and to extend the maturity of our indebtedness. There can be no assurance that any such refinancing may occur in the near future.

APPENDIX

Analysis per Business Segments					
Business Segments	Revenues (in € million)				
	1Q16	1Q15	1Q16 %	1Q15 %	%
					change
Operation contracts	254,7	270,6	76,0%	77,8%	-5,9%
Management contracts	29,1	28,8	8,7%	8,3%	1,1%
HW sales & facilities management contracts	51,4	48,3	15,3%	13,9%	6,4%
Total	335,2	347,7	100,0%	100,0%	-3,6%

- Revenues from Operation contracts (licenses) decreased by 5.9% mainly due to lower revenues in Azerbaijan and Jamaica, partially counterbalanced by the improved performance of Bulgaria and Peru.
- Sales from Management contracts posted an increase of 1.1% mainly driven by the performance of Russia and Morocco.
- Revenues from HW sales and facilities management increased by 6.4% mainly due to increased revenues in US, partially counterbalanced by the revenues in Argentina and an IT contract in Malaysia.

Geographical Sales Breakdown			
(in € million)	1Q16	1Q15	% chg
Europe	126.3	105.8	19.4%
Americas	165.8	165.9	-0.1%
Other	58.1	87.3	-33.5%
Eliminations	(14.9)	(11.3)	-
Total Consolidated Sales	335.2	347.7	-3.6%

Geographical Gross Profit Breakdown			
(in € million)	1Q16	1Q15	% chg
Europe	16.7	12.7	31.7%
Americas	20.0	20.0	0.0%
Other	29.3	34.7	-15.6%
Eliminations	(1.0)	0.3	-
Total Consolidated Gross Profit	65.1	67.6	-3.8%

Geographical Gross Profit margin Analysis			
(in € million)	1Q16	1Q15	% chg
Europe	13.3%	12.0%	+1.2pps
Americas	12.1%	12.1%	+0.0pps
Other	50.4%	39.7%	+10.7pps
Total Consolidated Gross Margin	19.4%	19.5%	-0.1pps

INTRALOT Parent company results:

Revenues for the period decreased by 8.5%, to €13.9m.

EBITDA decreased to €2.6m from €-0.5m in 1Q15.

Earnings After Taxes (EAT) shaped at €0.2m from €-1.0m in 1Q15.

INTRALOT Parent Company Headline P&L Figures For The 3 Months Ended March 31 st , 2016			
(€ million)	1Q16	1Q15	% Change
Revenues (Sales)	13,9	15,1	-8,5%
EBITDA	2,6	-0,5	-
EAT	0,2	-1,0	-

About INTRALOT

INTRALOT, a public listed company established in 1992, is a leading gaming solutions supplier and operator active in 57 regulated jurisdictions around the globe. With €1.91 billion turnover and a global workforce of approximately 5,100 employees in 2015, INTRALOT is an innovation – driven corporation focusing its product development on the customer

experience. The company is uniquely positioned to offer to lottery and gaming organizations across geographies market-tested solutions and retail operational expertise. Through the use of a dynamic and omni-channel approach, INTRALOT offers an integrated portfolio of best-in-class gaming systems and product solutions & services addressing all gaming verticals (Lottery, Betting, Interactive, VLT). Players can enjoy a seamless and personalized experience through exciting games and premium content across multiple delivery channels, both retail and interactive.

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