

PRESS RELEASE

Results for the Twelve Months Ended December 31st, 2016

“INTRALOT announces a healthy Revenue (+7.1%) and EBITDA (+6.6%) growth in Fiscal Year 2016”

March 30th, 2017

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

OVERVIEW

- Group Revenues increased by 7.1% in 2016, while 4Q16 results grew by 7.5%
- EBITDA in the twelve-month period grew by 6.6%, whereas 4Q16 EBITDA increased by 18.6%
- EBITDA margin at 4Q16 was shaped at 14.1% (+1.3pps vs. LY), while on a yearly basis remained steady at 13.3%
- In September, INTRALOT concluded the refinancing of its €325.0m Senior Notes, due in 2018, with a €250.0m bond due in 2021
- Simultaneously, the Group refinanced its €200.0m revolving credit facility up until 2019, increasing committed lines by €25.0m
- During 2016 the Group completed three important M&A transactions in Peru, Italy and Bulgaria

Consolidated Financial Statements for the 12 Months Ended December 31st, 2016						
<i>(in € million)</i>	FY16	FY15	%	4Q16	4Q15	%
			<i>Change</i>			<i>Change</i>
Revenues (Turnover)	1,323.6	1,235.5	7.1%	366.1	340.5	7.5%
Gross Profit	233.1	233.7	-0.3%	64.8	65.5	-1.1%
EBITDA	175.8	164.9	6.6%	51.6	43.5	18.6%
<i>EBITDA Margin (%)</i>	13.3%	13.3%	0.0pps	14.1%	12.8%	+1.3pps
EBT	4.8	47.9	-90.1%	-14.2	16.1	-
<i>EBT Margin (%)</i>	0.4%	3.9%	-3.5pps	-3.9%	4.7%	-8.6pps
NIATMI	0.9	-65.1	-	-0.9	-14.7	-

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

“The strongly positive results of 2016 in both growth and profitability reflect important transformations that have taken place over the past couple of years across operational capabilities, project management, cost structure, and Products and Services portfolio investments. A series of M&A transactions greatly enhanced our business development potential through strong local partnerships and diversified portfolio offering. The past year was also marked by tremendous improvements in INTRALOT’s financial structure in a way that secures future savings and a clear funding horizon until 2021 while affirming international investors’ confidence in future value creation.”

OVERVIEW OF RESULTS

REVENUES

- Reported consolidated revenues increased by 7.1% compared to the prior year; this led to total revenues for the twelve-month period ending in December 31st, 2016, to €1,323.6m. Revenues in 4Q16 increased by 7.5% compared to the same period last year, driven by the increased sports betting revenues in Bulgaria and the consolidation of the recently acquired Bulgarian lottery company, Eurobet, after 1H16.
- The increase in Fiscal Year 2016 derives from: €+155.4m in East Europe due to increased sales in Bulgaria and Turkey, €+21.6m in North America driven by the sale of self-service lottery terminals and the largest Powerball Jackpot in history. Revenue increases were partially counterbalanced by decreased sales of €-57.8m in Asia due to lower sales in Azerbaijan where the local currency suffered severe devaluation, and €-36.9m in South America due to the considerable devaluation of the local Argentinian currency and softer sales in Jamaica and Brazil.

- Adjusting for Eurobet's first time consolidation, total revenues for the twelve-month period ending in December 31st, 2016, shaped to €1,295.8m (+4.9% in y-o-y)
- **Constant currency basis:** In Fiscal Year 2016, revenues—net of the negative FX impact of €148.5m—reached €1,472.1m (+19.2% y-o-y), while in 4Q16 revenues—net of the negative FX impact of €36.4m—were shaped at €402.5m (+18.2% y-o-y).
- Numerical Games are the largest contributors to our top line, comprising 41.9% of our revenues, followed by Sports Betting contributing 41.6% to Group turnover. Technology contracts accounted for 10.9% and VLTs/AWPs represented 3.0% of Group turnover while Racing constituted the 2.6% of total revenues for the Fiscal Year 2016.

YoY variance per Main Product	
	% chg
Numerical Games	-1.4%
Sports Betting	+19.3%

- **Wagers handled**
During the twelve-month period ending December 31st, 2016, INTRALOT systems handled €23.4b of worldwide wagers (from continuing operations), a 1.0% y-o-y increase. Africa's wagers increased by 23.6%, North America's wagers increased by 8.4%, East Europe's by 1.7%, and West Europe's by 0.4% while South American wagers decreased by 7.2%, and Asia's wagers decreased by 4.1%.

PAYOUT/ GROSS MARGIN / OPERATING INCOME / OPEX

- The **Payout** ratio in FY16 increased by 3.5pps vs. FY15 (70.2% vs. 66.7%) primarily due to Bulgaria, Jamaica & Malta. At the same time, GGR increased by 3.5% as the sales increase in our B2B/B2G contracts fully balanced the augmented payout effect. In 4Q16, the Payout ratio increased by 2.8pps. vs. 4Q15 (due to Bulgaria, Poland and Jamaica), while GGR increased by 1.5%, fueled by improved sales in our B2B/ B2G contracts.
- The **Gross profit margin** was shaped at 17.6% in FY16, compared to 18.9% in FY15, negatively affected primarily by the increased payout with margin expansions in the US, and the Netherlands partially mitigating the Gross profit margin shortfall. Overall, **Gross Profit** decreased slightly from 2015 levels (-0.3%).
- **Other operating income** in FY16 totaled €33.1m compared to €23.1m in FY15; posting an increase of 43.3%, including a non-recurring income in Australia due the Victoria State Lawsuit successful settlement in 4Q16.
- **Total operating expenses** increased slightly by 0.5%, to €158.3m. Excluding impairment losses, total operating expenses decreased by 2.3% in line with our strategy to contain costs.

EBITDA

- **EBITDA**, from continuing operations, developed to €175.8m in FY16, posting an increase of 6.6% compared to FY15. EBITDA in 4Q16 was shaped at €51.6m, increasing by 18.6% y-o-y.
- On a yearly basis, **EBITDA margin**, from continuing operations, remained steady at 13.3%, showcasing operating profitability resilience as the Group fully absorbed a payout ratio increase of 3.5pps.
- **Constant currency basis:** In FY16 EBITDA, net of the negative FX impact of €23.0m, reached €198.8m (+20.6% y-o-y); while in 4Q16 EBITDA, net of the negative FX impact of €5.7m, concluded at €57.3m (+31.6% y-o-y).

EBT / NIATMI

- **EBT** in FY16 totaled €4.8m compared to €47.9m in FY15. In 4Q16 EBT was €-14.2m compared to €16.1m in 4Q15 (€-30.3m), negatively affected by higher net financial costs (€18.9m) mainly due to the bond refinancing and increased impairment/ write-offs (€29.1m) in the last quarter of 2016
- **Constant currency basis:** In FY16 EBT, net of a negative FX impact, reached €22.4m from €44.3m in FY15; while in 4Q16 EBT, net of a negative FX impact, was shaped at €-13.4m from €13.8m (€-27.2m).
- **NIATMI from continuing operations** in FY16 concluded at €-71.7m compared to €-41.7m in FY15, while in 4Q16 it was €-38.4m compared to €-6.0m in 4Q15.
- **Constant currency basis: NIATMI** from continuing operations in FY16, net of a negative FX impact, reached €-68.4m from €-45.7m in FY15, while in 4Q16 it was shaped at €-40.9m from €-9.4m in 4Q15.

CASH-FLOW

- **Operating Cash-flow** increased significantly in FY16 at €168.1m vs. €113.8m in FY15. The growth is mainly attributed to WC improvement (+€46.8m vs. FY2015) both due to efficient management and WC normalization.
- **Net Capex** in FY16 was €62.9m compared to €68.7m in FY15. Major Capex items in FY16 include investments in R&D (including Competence Centers) of €17.4m, in our US business totaling €11.4m, in Chile €6.2m, and €27.9m additions in all other jurisdictions.

- **Cash** and cash equivalents at the end of the period decreased by €112.2m vs. LY as a result of debt repayment (€-95.1m), the refinancing expenses (€-22.0m) and dividend distribution to minority interests (€-42.1m) in part offset by the net M&A proceeds (€+19.0m) as well as the cash generated from the normal course of business (€28.0m).
- **Net debt**, as of December 31st, 2016, developed to €494.9m up €17.3m compared to the same period last year. In the 4th quarter, Net Debt dropped by €38.9m, driven by the Peru transaction proceeds
- As of 31.12.2016 the Company didn't hold any of our bonds.

RECENT/ SIGNIFICANT COMPANY DEVELOPMENTS

- New products and services that were developed within 2016 and installed for multiple clients include:
 - Proton: a next generation, all-in-one Lottery terminal, designed for extremely limited space applications;
 - Mobile Lottery: an innovative, patent awarded, mobile application that enables participation in all games, anytime, anywhere, and allows operators to offer and monetize the lottery experience on mobile devices;
 - Native Mobile Betting applications (iOS, Android) with real money gaming;
 - Pulse Player: a complete gaming CRM system that includes an advanced Player Account Management system and a superior Marketing Tools suite, covering both online and retail operations across all platforms.
- At the end of February of 2017, INTRALOT renewed its Idaho Lottery contract, following a competitive selection process, for another 10 years on improved terms.
- In March 2017, INTRALOT and AMELCO announced the signing of a definitive agreement for a strategic partnership to develop a suite of next-generation sports betting products. The partnership will combine, in a single solution, INTRALOT's strong retail expertise with Amelco's state of the art online betting platform, which is currently used by numerous leading sports betting operators around the world. This is expected to provide INTRALOT's sports betting product a significant boost in all of its betting operations, both B2C and B2B/ B2G.

APPENDIX

Analysis per Business Segments					
Business Segments	Revenues (in € million)				
	FY16	FY15	FY16	FY15	%
			%	%	change
Operation contracts	994.6	940.3	75.1%	76.1%	5.8%
Management contracts	115.7	98.9	8.8%	8.0%	17.1%
HW sales & facilities management contracts	213.3	196.3	16.1%	15.9%	8.7%
Total	1,323.6	1,235.5	100.0%	100.0%	7.1%

- Revenues from Operation contracts (licenses) increased by 5.8% mainly due to higher revenues in Bulgaria, Malta, and Poland, partially counterbalanced by the performance of Azerbaijan, Jamaica, Argentina, and Brazil.
- Sales from Management contracts posted an increase of 17.1% mainly driven by the performance of Turkey and Morocco.
- Revenues from HW sales and facilities management increased by 8.7% mainly due to increased revenues in the US and Australia; the effect was partially counterbalanced by the revenues in Argentina, an IT contract in Malaysia, and the revenues from the Hellenic Lotteries.

Geographical Sales Breakdown			
(in € million)	FY16	FY15	% chg
Europe	597.7	456.1	31.0%
Americas	541.2	556.2	-2.7%
Other	251.9	292.2	-13.8%
Eliminations	-67.2	-69.0	-
Total Consolidated Sales	1,323.6	1,235.5	7.1%

Geographical Gross Profit Breakdown			
(in € million)	FY16	FY15	% chg
Europe	67.7	77.3	-12.5%
Americas	52.9	51.0	3.7%

Other	115.0	110.6	4.0%
Eliminations	-2.5	-5.2	-
Total Consolidated Gross Profit	233.1	233.7	-0.3%

Geographical Gross Profit Margin Analysis			
	FY16	FY15	% chg
Europe	11.3%	17.0%	-5.6pps
Americas	9.8%	9.2%	+0.6pps
Other	45.7%	37.9%	+7.8pps
Total Consolidated Gross Margin	17.6%	18.9%	-1.3pps

INTRALOT Parent company results

Revenues for the period decreased by 14.4% to €65.5m. The sales contraction is primarily driven by the lower revenues in Malaysia (due to one-off IT sales in the first half of 2015) and the lower revenues from the Hellenic Lotteries (due to one-off sales of equipment in the first half of 2015).

EBITDA decreased to €-0.5m from €45.7m in FY15. The considerable EBITDA variance is mainly driven by the less Intragroup provisions reversals in 2016 vs. 2015 (€23.0m) and higher Intragroup provisions in 2016 (€12.0m) followed by the aforementioned revenue decline.

Earnings After Taxes (EAT) shaped at €-0.4m from €-3.6m in FY15.

INTRALOT Parent Company Headline P&L Figures for The 12 Months Ended December 31st, 2016			
<i>(€ million)</i>	FY16	FY15	% Change
Revenues (Sales)	65.5	76.6	-14.4%
EBITDA	-0.5	45.7	-
EAT	-0.4	-3.6	-

About INTRALOT

INTRALOT, a public listed company established in 1992, is a leading gaming solutions supplier and operator active in 55 regulated jurisdictions around the globe. With €1.32 billion turnover and a global workforce of approximately 5,300 employees (3,450 of which in subsidiaries and 1,850 in associates) in 2016, 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. INTRALOT has been awarded with the prestigious WLA Responsible Gaming Framework Certification by the World Lottery Association (WLA) for its global lottery operations.

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