

Fitch Downgrades Intralot to 'B', Outlook Negative.

dividend ,lows it is using ' ainl1 short-ter ' ,orward contracts, which o,,ers li ' ited (rotection during (eriod o, (rolonged F> volatilit1. +his vulnera!ilit1 is ca(tured in the 'B' rating.

Free 3ash Flow I ' (acted !1 3a(e0% Ae e0(ect ,ree cash ,low -F3F. to !e ' ore negative in "#1\$ and "#1: than in (revious 1ears, ' ainl1 due to one-o,, ca(e0 related to the new Illinois contract and so ' e contract renewal ,ees. F3F can !e volatile as a result o, u(,ront invest ' ents related to new contracts or contract renewals. <owever, such contracts contri!ute to stead1 o(erating cash ,low generation due to their recurring (ro,it strea ' . +his is a ke1 credit su( (ort. \*,ter "#1\$ the grou( does not have an1 ' a&or contract renewals until "#"1 and there,ore ca(e0 should re ' ain lower, re!uilding so ' e cash ,low headroo ' .

\*sset )ales 3ould <el( Deleveraging% Our !ase-case (ro&ection does not ,actor in an1 (roceeds ,ro ' the e0(ected sale o, the grou('s "#@ stake in &a ' enet, which ' anage ' ent would !e looking to co ' (lete in the near ,uture. +hese asset sale o(ctions (rovide additional ,le0i!ilit1 ,or Intralot and, i, i ' (le ' ented success,ull1, could result in signi,icant net de!t reduction, !ringing net leverage !ack to levels consistent with a 'B' categor1 rating. +his could lead to the Outlook !eing revised to )ta!le. <owever, asset sales are one-o,, and su!&ect to e0ecution risk.

3ontract 7ort,olio Re ' ains )trong% Intralot has esta!lished itsel, in the international ga ' ing sector as a re(uta!le (rovider o, s1ste ' s to ' anage lotteries through so,tware (lat,or ' s and hardware ter ' inals, and, in !etting, a large algorith ' -!ased s(orts!ook. +his has ena!led it to win i ' (ortant contracts ,or the su( (l1 o, technolog1 and the ' anage ' ent o, lotteries in the = ) and &reece and ,or s(orts !etting in +urke1 and &er ' an1. +he renewal rate o, contacts continues to !e high at :#@.

&rowth 7otential in )everal Baskets% +he gradual li!eralisation o, ga ' ing ' arkets, govern ' ents' keenness on ,inding wa1s to raise ta0 (roceeds and an increasing su( (l1 o, new ga ' es should all (rovide increasing o( (ortunities ,or Intralot. +he grou( should !e a!le to leverage on its e0(erience and re(utation and !

Fitch's Debt Issuance (operations within our Rating Base, or the Issuer)

- Revenue to contract in the low single digits in 2015 due to FX volatility, before returning to moderate growth in 2016:

- EBITDA margin declining 100bps in 2015, before stabilizing in 2016: and slowly increasing thereafter

- Dividends (aid to minorities) in line with (r

LIQUIDITY AND DEBT STRUCTURE

Applicable Criteria

3 or (or) Rating Criteria - (u) "E Bar "#1\$. - (site) cre01##"E;\$?.

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