

FITCH REVISES INTRALOT'S OUTLOOK TO STABLE; AFFIRMS IDR AT 'B+'

Fitch Ratings-London-17 May 2017: Fitch Ratings has affirmed Intralot S.A's Long-Term Issuer Default Rating (IDR) at 'B+'. The Outlook has been revised to Stable from Negative. A full list of rating actions is at the end of this commentary.

The Stable Outlook reflects our belief that Intralot's underlying business model and financial trends appear to have stabilised, underpinned by steady recurring contracted revenues and cash-flow generation. We view management's attempts to rebalance the portfolio over the past year positively, while the planned sale of its Oceania business, whilst not seen as critical to steer Intralot's credit profile, has been delayed due to circumstances beyond its control.

Despite the improvement seen in FY16 Intralot's high gross leverage remains not fully aligned with a 'B+' rating, but the business profile is commensurate with a 'BB' rating category for the sector. The solid business risk profile together with a weaker financial profile supports Intralot's IDR at 'B+'. In its assessment Fitch estimates that Intralot will maintain a conservative financial structure. Any evidence of a deteriorating operating environment, contracts not renewing or renewing on worse terms, unexpected cash leakage as7.496med -1 0 29asIe7.4F3,g cate7.4F3,g c detemanaR nst of

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Summary of Financial Statement Adjustments

Regular minority dividends adjustments: We deduct the estimated amount of recurring dividends paid to / dividends received from minorities of EUR41 million (2016) from our calculation of FFO.

Leases: Although operating leases are modest, Fitch has adjusted the debt by adding 8x of annual operating lease expense related to long term assets of EUR64 million (2016).

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Additional information is available on www.fitchratings.com. For regulatory purposes in various jurisdictions, the supervisory analyst named above is deemed to be the primary analyst for this issuer; the principal analyst is deemed to be the secondary

Applicable Criteria

Country-Specific Treatment of Recovery Ratings (pub. 18 Oct 2016)

<https://www.fitchratings.com/site/re/887669>

Criteria for Rating Non-Financial Corporates (pub. 10 Mar 2017)

<https://www.fitchratings.com/site/re/895493>

Recovery Ratings and Notching Criteria for Non-Financial Corporate Issuers (pub. 21 Nov 2016)

<https://www.fitchratings.com/site/re/890199>

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