Public

19Km Markopoulou Ave., 19 002, Peania ʹ Attica, Greece
Phone: (+30) 210 615 6000
Fax: (+30) 210 610 6800

“

Intralot Nine Months 2022 Financial Results
1

Public
OPERATOR: Ladies and Gentlemen thank you for standing by. I am
Konstantinos your Chorus Call operator.

 Welcome and thank you for joining the INTRALOT
Conference Call and Live Webcast to present and discuss
the Nine Months 2022 Financial Results.

 At this time, I would like to turn the conference over to Mr.
Chrysostomos Sfatos, Deputy Group CEO of Intralot.

 Mr. Sfatos, you may now proceed.

SFATOS C: Thank you, welcome to our Nine Months Financial Results
Call. I would like to pass the microphone to the CFO, Mr.
Andreas Chrysos for his presentation.

CHRYSOS A: Good afternoon ladies and gentlemen. The first Nine Months
of 2022 presented stable revenues and an improved EBITDA
compared to the respective period of 2021, indicating a
stabilization of the business on the one hand and an
efficiency on the cost side on the other.
Major highlights for the period on the operational front are:
Number one, the accumulation of the efforts that the
Management has undertaken on the cost side in the last few
years, especially at the headquarters perimeter.
Secondly, full rebound from the effects of the pandemic that
had an impact in the respective period of 2021 in Australia.
Third, the ramp-up of projects that went live in 2021,
mainly in Croatia.

Intralot Nine Months 2022 Financial Results
2

Public
Fourth, the better performance in some entities in the rest
of the world such as Morocco, Ireland, Argentina and
Turkey.
Fifth, the positive impact from the effects primarily from the
strengthening of the US and the Australian dollar against
the euro.
These effects were partly counterbalanced by the correction
in the performance of the US following primarily the positive
COVID bump’s effect of 2021's first half performance, as
well as higher merchandise sales in 2021 that positively
affected last year's comparable results, and secondly the
negative implications from the license expiration in Malta in
early July 2022.
From a cash flow perspective, strong operating results
described above along with implications from the credit
positive financing restructuring projects that were
completed during 2021 and 2022 led to strong cash flow
generation depicted on Groue credit

Intralot Nine Months 2022 Financial Results
3

Public
We are now moving to the Nine Months of 2022 financial
presentation, so if we go in page number 5 we see the
results of our licensed operations which have contracted by
13.3% or €12.6 million negative, as a result of the license
expiration in Malta in early July affecting the third quarter
results negatively by around €22 million and the Nine Month
period by around €25 million, in part counterbalanced by
the better performance in Argentina driven by the
considerable local market growth.
Turning to page number 6, we will notice a material
improvement in the performance of our technology
contracts.
The key takeaways in this activity line is the slightly
negative revenues in the US for the period mainly due to
lower merchandise sales and the correction of the positive
COVID bump effect in 2021, with a positive variance in the
third quarter however materially affected though by a
strong US dollar versus the euro.
In Australia we see a much better performance since last
year's respective period result and a much better third
quarter since this part of the world was negatively affected
by lockdown restrictions last year.
Same trend in Croatia following the go-live of the lottery
contract solution that commenced after the first quarter of
2021 and ramped up throughout the remaining months of
2021.
Lastly on this page, a better performance in other
jurisdictions due to higher service sales.

Intralot Nine Months 2022 Financial Results
4

Public
Turkey in the third quarter counterbalancing the negative
variance of the first half of 2022 compared to last year's
respective period, favored substantially by the growth in the
online segment.
Turning to page number 8, we see the overall profit and loss
performance metrics for the Nine Months and for the third
quarter of 2022 versus a year ago. Takeaways on the
operational front are:
Stable performance in the revenue line year over year,
analyzed in detail in the previous slides. The GGR line, which
was better by 5% due to a lower average payout ratio
versus the respective period of last year.
The gross profit line at equal levels year over year. The
OPEX line performance worse by €2.2 million but equal at
€60 million year over year if excluding the depreciation.
All the above resulted to a better EBITDA performance of
€88 million in the Nine Month period, 6.6% better compared
to the respective period of 2021.
And finally, a healthy EBITDA margin over sales at around
30%, better by 1.9% versus last year.
Moving down to the EBT line, it stood at €19.4 million, lower
by 66% year over year. Last year’s respective figure was
positively affected by the one-off benefit of the refinancing
exercise that took place in 2021.
Focusing on the reasons for this performance, the main
drivers are:
First of all, the lower interest income of around €45 million
arising mainly from the balance sheet optimization
transaction that concluded within the third quarter of 2021.

Intralot Nine Months 2022 Financial Results
5

Public
The lower income from participation and investments of
again around €45 million significantly affected by the gain
from the balance sheet optimization transaction during the
third quarter of 2021.
The higher depreciation and amortization by €5.5 million
versus the Nine Months of 2021, mainly in Turkey-Bilyoner
and the negative impact from the FX results by 1.9 million
versus the Nine Month period of 2021.
The decrease of the earnings before tax line was partially
counterbalanced by the lower interest expenses by around
€20 million versus the Nine Month period of 2021 which was
a direct effect of the debt restructuring process.
The lower reorganization expenses by around €16 million
versus the Nine Month period of 2021 following the
successful conclusion of our capital structure optimization
process.
The gains on the net monetary position by around €13
million versus the Nine Months of 2021 arising mostly from
Turkey due to IAS 29 which now is considered a
hyperinflationary economy since June 2022, and the
positive impact from the EBITDA by €5.5 million versus the
respective period of last year.

Intralot Nine Months 2022 Financial Results
6

Public
Net Capex, €3 million lower versus a year ago. On the
bottom right of the slide, we see the net debt and the
leverage ratio being at €510 million and 4.4 times
respectively as of the Nine Month period of 2022.
Turning to page number 10, we see the net debt movement
bridge that depicts the elements that affected this ratio in
the Nine Month period. Strong free cash flow generation and
completion of the restructuring actions, mainly the buyback
of the minority shares of the US subsidiary through the
latest share capital increase, and the US debt refinancing
had a positive impact on the net debt.
However, gross debt movement was adversely impacted by
the weakening euro that fully offset the benefits from the
reduction in our USD denominated gross debt.
Lastly, if we go to page number 11, we see the contributors
per region in our revenue and EBITDA with North America,
Europe and Oceania contributing the major portion in .61 648.82 Tm

Intralot Nine Months 2022 Financial Results
7

Public
positive effect from the share capital increase by €129
million approximately due to the share capital increase that
you proceeded in the third quarter. But on the other hand I
can see there is an effect due to change in participation that
stands at a negative effect at €125 million. Could you please
further elaborate on this because this resulted to have a
negative equity again, so would you be kind enough to
elaborate on this please?

SFATOS C: Yes. As you correctly point out, there is an increase in the
share capital and the premiums, so the parent equity has
increased. As is depicted in the note, the parent equity is
€143 million but as you correctly point out, the change in
participation reflects the historical acquisition price, the
accounting price of the assets that were acquired with the
proceeds of the share capital increase, which is the
percentage we did not control at Intralot Inc, our US
subsidiary, in the previous year.
This historic value has a different accounting price than the
fair market price, so there is a negative effect in the
retained earnings, and this is something that will require a
further accounting treatment on our part in order to repair
this.
So, we want to plan this further in order to accomplish the
desired result. This can be done through many strategic
initiatives that we have in mind which are a little bit behind
due to the volatility in the markets, but we will do all the
necessary moves in order to tie this up with our strategic
initiatives and we certainly see a lot of opportunities ahead,
and as we have proved in the past couple of years, we have
no shortage of ideas in designing and executing complex

Intralot Nine Months 2022 Financial Results
8

Public
transactions. This will encourage some further accounting
treatment.

KOURTESIS I: If I could elaborate further, if I understand correctly, you
had a price for the Intralot Inc. in your books and you
acquired the remain 35% that was held by the bondholders
at the higher price which resulted in losses in your retained
earnings. Is this correct?

SFATOS C: The problem in this treatment has to do with the fact that
we acquired something that we already consolidate. This is
why you have the negative impact on the equity.
 However, this asset now leaving the accounting treatment
aside, this is a very important asset for us and this
transaction has been a game-changer for the Group. It gave
us access to the liquidity and that's why we did it.
 So, the real benefit from this transaction, as we have
explained many times, is very significant. Now there is an
accounting treatment that we need to complete.

KOURTESIS I: Just to follow up on this, as far as I understood, the initial
plan you had in your mind was that they are going to turn
positive in your share equity by the end of the year and
through this treatment you would go out of surveillance
status that you currently are which would provide relief for
the share price in the stock market. Is this still in place,
because you referred that several plans for Intralot Inc. are
going behind due to the current situation of the market?

Intralot Nine Months 2022 Financial Results
10

Public
bonds, and given the recent refinancing that got done at
3%, is there any similar facilities that you could consider to
have a short of

Intralot Nine Months 2022 Financial Results
12

Public
market or would you consider call it loans, other facilities to
take out these bonds?

SFATOS C: I cannot answer this question definitively. The fact that we
have started a good relationship with a banking consortium
in the United States definitely provides more optionality, so
we will consider both avenues.
In three months, we will be able to give you more
information on that. So, both options are on the table. It
could be a combination, but our relationship with the banks
is very good in the US and the bond markets are what they
are, so both options are available.

P

Intralot Nine Months 2022 Financial Results
13

Public
Turkey also gave very good results. In spite of the inflation,
they're seeing there, the performance is very strong in
actual numbers.
Now, the other fact that is very important in the year-on-year improvement of the EBITDA is the significant reduction
of our costs. So, we have in the nine-month period that you
see there is about €10 million improvement on the EBITDA
based on cost containment, mainly in the rest of the world.
So, that's also a very important factor.
 That's how you see the revenue stable and the EBITDA
increasing.

W

Intralot Nine Months 2022 Financial Results
14

Public
OPERATOR: Ladies and gentlemen, there are no further questions at this
time. I will now turn the conference over to management
for any closing comments. Thank you.

SFATOS C: Thank you very much for attending the call. I would like to
close by saying that we are very encouraged by the Nine
Months results and by this strong performance in the rest
of the world. As I mentioned in a question earlier, given
what we know about Q4, this will be another good year for
our results. It gives us confidence about the future. Thank
you.