

# Intralot

Q324 results

## Continuing improvement in Q324

Intralot's (INLOT's) Q324 results demonstrated good underlying revenue growth, which was offset by one-offs and negative foreign exchange differences, and a typical seasonal and sequential (ie quarter-on-quarter) increase in EBITDA. Since the start of Q324, INLOT has announced a contract extension (at least two years beyond 2026) in Australia; a new iLottery contract win in British Columbia, extending the existing relationship with the province; and the loss of an important lottery contract, with current EBITDA of US\$20m, in Ohio, US, from July 2027. We have reduced our FY24 EBITDA estimate by c 5%.

Year end	GGR* (€m)	EBITDA** (€m)	PBT** (€m)	EPS** (€)	EV/EBITDA (x)	P/E (x)
12/22	343.9	122.9	16.3	(0.01)	7.3	N/A
12/23	348.6	129.5	26.1	0.01	7.0	144.0
12/24e	352.2	126.0	31.3	0.01	7.2	86.0
12/25e	365.8	142.6	51.8	0.03	6.3	29.6

Note: \*GGR, gross gaming revenue. \*\*EBITDA, PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## Underlying growth, negative forex and one-offs

Q324's gross gaming revenue (GGR) declined by c 14% (€14.2m) y-o-y to c €90m and EBITDA declined by c 16% (€6.2m) to c €32m, with organic growth offset by negative foreign exchange effects and other one-offs. The currencies of the majority of countries where INLOT operates depreciated versus the euro again in Q324, negatively affecting GGR by €6.4m (c 6%), of which €2.3m was due to the Argentine peso. Other one-off negative effects included: 1) the absence of US jackpots versus €4.5m in Q323; 2) the absence of a one-off sale in Taiwan that benefited Q323 €5m; and 3) the smaller Morocco contract of €3m. When these items are excluded, we estimate organic revenue growth at €4.7m, or c 4.5%. Management highlighted good organic growth in the US, Oceania, Argentina and Turkey. In absolute terms, Q324's EBITDA was greater than [Q124](#) (€30.1m) and [Q224](#) (€29.4m), albeit the margin was lower at 37.8% versus Q323 (38.7%) due to the deleveraging of costs on the lower revenue.

## FY24e EBITDA downgraded by c 5%

We have reduced our FY24 EBITDA estimate by c 5% to reflect the lower profitability through the first nine months of FY24 (9M24). Our new estimate implies EBITDA for Q424 of c €35.5m, which would represent the most profitable financial quarter of the year in absolute terms, and a good increase in margin to just under 35% versus c 33% in Q423, when the company's results began to be negatively affected by the depreciation of the Argentine peso.

## Valuation: Discount to gaming technology peers

The downgrade to our estimates in FY24 and post FY26 to reflect the loss of the Ohio contract reduces our discounted cash flow-based valuation to €1.36 per share, from €1.70 per share previously. With FY24e and FY25e EV/EBITDA multiples of 7.2x and 6.3x, INLOT is trading at a mid-teens discount to the average multiples of 8.6x and 7.8x for the gaming technology peers in FY24e and FY25e.

## Travel and leisure

19 December 2024

**Price** €0.96  
**Market cap** €580m

Net debt (€m) at 30 September 2024 (excluding IFRS 16 liabilities €18.2m)	332.1
Shares in issue	604.1m
Free float	45.5%
Code	INLOT
Primary exchange	ASE
Secondary exchange	N/A

## Share price performance



%	1m	3m	12m
Abs	9.7	(13.3)	(4.1)
Rel (local)	5.0	(15.4)	(15.2)
52-week high/low	€1.28	€0.87	

## Business description

Intralot Integrated Lottery Systems and Services is a leading global supplier of integrated systems and services for the worldwide gaming, lottery, sports betting and digital gaming industries.

## Next events

FY24 results	March 2025
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**Exhibit 1: Financial summary**

	€m	2019	2020	2021	2022	2023	2024e	2025e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>								
GGR		409.2	292.9	335.3	343.9	348.6	352.2	365.8
Costs		(314.6)	(226.7)	(224.9)	(221.1)	(219.1)	(226.2)	(223.2)
EBITDA		94.5	66.2	110.4	122.9	129.5	126.0	142.6
Operating profit (before amort. and excepts.)		11.9	(2.3)	39.4	52.8	61.6	59.8	72.8
Amortisation of acquired intangibles		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals		(6.8)	(6.8)	(17.2)	(1.2)	0.0	(1.3)	0.0
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit		5.1	(9.1)	22.2	51.6	61.6	58.5	72.8
Net Interest		(48.0)	(48.4)	(13.6)	(36.7)	(35.7)	(28.5)	(21.0)
JVS and associates		(17.5)	(1.5)	0.2	0.3	0.2	0.0	0.0
Exceptionals		(10.2)	(35.1)	28.2	14.6	7.4	0.0	0.0
Profit Before Tax (norm)		(53.6)	(52.2)	26.0	16.3	26.1	31.3	51.8
Profit Before Tax (reported)		(70.6)	(94.1)	37.1	29.8	33.6	28.8	51.8
Reported tax		(19.2)	(7.2)	(4.4)	(10.8)	(19.7)	(12.8)	(20.5)
Profit After Tax (norm)		(68.2)	(56.2)	23.0	10.4	10.8	17.4	31.3
Profit After Tax (reported)		(89.8)	(101.3)	32.7	19.0	13.8	16.0	31.3
Minority interests		(22.1)	(3.1)	(6.0)	(12.6)	(8.0)	(10.6)	(11.7)
Discontinued operations		7.7	(1.8)	(9.2)	5.6	0.0	0.0	0.0
Net income (normalised)		(90.3)	(59.4)	16.9	(2.2)	2.8	6.7	19.6
Net income (reported)		(104.2)	(106.3)	17.5	11.9	5.8	5.3	19.6
Average Number of Shares Outstanding (m)		147.8	147.8	148.3	249.5	416.0	604.1	604.1
EPS - normalised (c)		(61.10)	(40.19)	11.42	(0.89)	0.67	1.12	3.25
EPS - normalised fully diluted (c)		(61.10)	(40.19)	11.42	(0.89)	0.67	1.12	3.25
EPS - basic reported (€)		(0.71)	(0.72)	0.12	0.05	0.01	0.01	0.03
Dividend (€)		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>BALANCE SHEET</b>								
Fixed Assets		459.0	371.7	376.5	381.0	332.5	315.3	299.5
Intangible Assets		242.9	202.0	204.3	208.6	182.3	170.2	159.1
Tangible Assets		168.7	134.3	123.2	113.8	91.6	86.5	81.7
Investments & other		47.4	35.4	49.0	58.6	58.6	58.6	58.6
Current Assets		338.5	277.1	231.1	236.1	256.2	268.8	283.8
Stocks		35.6	25.7	18.7	23.9	24.4	24.6	25.6
Debtors		131.7	151.4	105.0	109.8	119.9	121.2	125.9
Cash & cash equivalents		171.1	100.0	107.3	102.4	111.9	123.1	132.4
Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Liabilities		(135.7)	(370.4)	(115.9)	(105.7)	(320.7)	(322.7)	(321.8)
Creditors		(91.8)	(89.5)	(89.2)	(78.3)	(61.5)	(63.4)	(62.6)
Tax and social security		(3.1)	(3.4)	(5.6)	(0.8)	(3.9)	(3.9)	(3.9)
Short term borrowings and leases		(37.9)	(274.9)	(16.5)	(22.5)	(251.9)	(251.9)	(251.9)
Other		(2.9)	(2.6)	(4.6)	(4.2)	(3.4)	(3.4)	(3.4)
Long Term Liabilities		(754.9)	(497.6)	(607.1)	(599.1)	(225.9)	(214.0)	(194.4)
Long term borrowings and leases		(727.4)	(476.2)	(588.0)	(570.4)	(193.2)	(175.0)	(149.2)
Other long term liabilities		(27.6)	(21.5)	(19.2)	(28.8)	(32.7)	(39.1)	(45.2)
Net Assets		(93.2)	(219.1)	(115.5)	(87.7)	42.1	47.4	67.1
Minority interests		0.2	3.7	8.0	20.2	17.8	17.8	17.8
Shareholders' equity		(93.0)	(215.4)	(107.5)	(67.5)	59.9	65.3	84.9
<b>CASH FLOW</b>								
Operating Cash Flow		19.8	(27.1)	100.4	105.4	101.5	94.9	121.6
Working capital		(12.1)	(8.1)	(12.3)	(16.7)	(11.2)	0.5	(6.5)
Exceptional & other		67.9	87.4	15.6	19.8	29.5	28.5	21.0
Tax		(14.3)	(14.5)	3.8	(12.2)	(7.2)	(6.4)	(14.3)
Net operating cash flow		61.3	37.7	107.6	96.3	112.5	117.5	121.8
Capex		(55.0)	(35.9)	(22.9)	(26.5)	(29.7)	(45.0)	(50.0)
Acquisitions/disposals		98.4	(3.5)	10.3	(125.1)	(2.2)	0.0	0.0
Net interest		(44.0)	(43.8)	(54.4)	(38.5)	(35.1)	(26.5)	(19.0)
Equity financing		(10.6)	0.0	0.1	128.9	130.1	0.0	0.0
Dividends		(41.7)	(8.5)	(6.5)	(3.7)	(4.5)	(10.6)	(11.7)
Other		(1.7)	(11.9)	(23.1)	(32.6)	(148.5)	(24.3)	(31.8)
Net Cash Flow		6.8	(65.8)	11.1	(1.3)	22.5	11.1	9.3
Opening net debt/(cash) including leases		615.3	594.1	651.1	497.2	490.5	333.2	303.8
FX		1.9	(5.3)	(3.8)	(3.7)	(12.9)	0.0	0.0
Other non-cash movements		(29.8)	128.1	(161.3)	(1.8)	(166.8)	(40.5)	(44.4)
Closing net debt/(cash)		594.1	651.1	497.2	490.5	333.2	303.8	268.7

Source: Intralot accounts, Edison Investment Research

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