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Intralot S.A. - Gaming - Greece

Intralot is Unlikely to Face a Liquidity Squeeze from any Disruption to the Greek Banking System

Following the parliamentary election in Greece on 25 January 2015, Moody's expects an adverse impact on the country's refinancing and liquidity risks, depositor confidence and economic growth prospect (see Moody's Issuer Comment dated 26 January 2015 Government of Greece: Election Outcome Is Credit Negative Because It Prolongs Financing, Liquidity and Economic Growth Risks). Specifically, if the European Central Bank cuts Greece's financial support this might disrupt further the country's banking system.

We expect Intralot (B1 negative) to be able to cope with a potential liquidity squeeze in case of such disruption.

The parent company (Intralot S.A.) has its headquarters in Greece but the gaming company's exposure to the Greek economy is relatively limited. The company operates globally in 57 jurisdictions and majority of its cash is held outside Greece.

The company's financing consists of senior unsecured notes (€325 million due 2018 and €250 million due 2021) and a €200 million syndicated credit facility, fully drawn at the end of 2014. The notes are issued by Luxembourg entities and governed by New York law. The borrower of the syndicated bank facility is a UK entity and the majority of the lenders are Greek banks in addition to international players such as Citigroup and Societe Generale. Since the syndicated bank facility is fully drawn, there is no residual risk for Intralot to the Greek banking system.

In addition, Intralot had approximately €200 million of cash on its balance sheet at the end of September 2014 and some credit facilities at a local level mostly outside of Greece which would be sufficient to cover its requirements over the next 12 to 18 months. Therefore, the reliance on cash from subsidiaries in certain emerging market countries such as Argentina is limited in the short to medium term.

We have a negative outlook on Intralot because the company is weakly positioned in its rating category due to the weakening of its credit metrics following a bond issuance in May 2014, the increased exposure to emerging market risk and our expectation of weak cash flow generation.

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