

LOTTOMATICA

Sector: Consumers

NEUTRAL

Price: Eu20.54 - Target: Eu22.70

1Q as Strong as Expected; Taking a Breather After the Rally

Chiara Pampurini +39-02-77115.633

chiara.pampurini@intermonte.it

Andrea Randone +39-02-77115.364

andrea.randone@intermonte.it

Stock Rating

Rating: from OUTPERFORM to NEUTRAL

Target Price (Eu): from 19.00 to 22.70

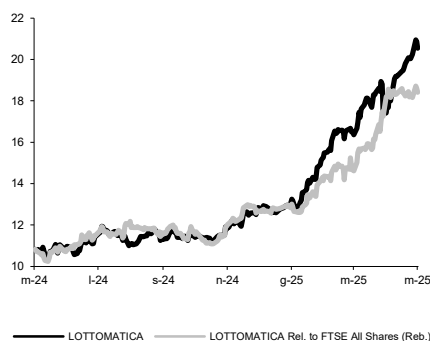
2025E 2026E 2027E

Chg in Adj EPS 0.7% 3.3% 2.8%

Next Event

2Q Results Out 31st July

LOTTOMATICA - 12M Performance



Stock Data

Reuters code: LTMC.MI

Bloomberg code: LTMC IM

Performance	1M	3M	12M
Absolute	18.0%	32.7%	89.7%
Relative	1.4%	29.2%	78.2%
12M (H/L)		20.94/10.41	
3M Average Volume (th):		554.95	

Shareholder Data

No. of Ord shares (mn):	252
Total no. of shares (mn):	252
Mkt Cap Ord (Eu mn):	5,168
Total Mkt Cap (Eu mn):	5,168
Mkt Float - Ord (Eu mn):	3,106
Mkt Float (in %):	60.1%
Main Shareholder:	
Gamma Intermediate Sàrl	31.6%

Balance Sheet Data

Book Value (Eu mn):	948
BVPS (Eu):	3.77
P/BV:	5.4
Net Financial Position (Eu mn):	-1,758
Enterprise Value (Eu mn):	7,012

■ **1Q25 as strong as expected, helped also by favourable payout.** 1Q25 revenues came to €586mn, in line with our estimates and up +33% YoY (or +12% ex PWO) with strong online (+17% LFL) and betting (+25% LFL, helped by a favourable payout), as well as the contribution from recent acquisition PWO (~€93mn). Adj. EBITDA at €221mn (+47% YoY) was 2% above cons. and 4% above our estimates. The surprise on our estimates was explained by the better-than-expected Sports Franchise due to a more favourable payout. We note that group EBITDA would have been up +18% assuming a like-for-like payout in 1Q24/1Q25. Net debt as at 31 March was at €1.8bn, in line with our expectation.

■ **FY25 guidance confirmed. Synergies on PWO updated. Buyback to start in June.** 2025 guidance was confirmed, pointing to strong YoY growth (sales/adj. EBITDA at normalized payout +17%/+21% YoY at mid-point). On the other hand, €12.5mn in additional cost synergies were identified on the PWO acquisition, taking the total to €87mn (from €75mn) by 2026. The buyback program starts in June 2025, with outlay of up to €500mn (~10% of market cap) for completion over the next 18 months.

■ **Market data for April show ongoing online market growth.** April iGaming and iSport market data show healthy online market, with online GGR up 16% YoY and Lottomatica outperforming the market (+25% YoY on our calculation) and confirming a 30.8% market share.

■ **Change in estimates.** We are keeping the top line and EBITDA unchanged on '25/26/27. Our FY estimates – consistently with management guidance – remain based on a normalized payout for sports betting, aware that actual payout in 1Q25 has generated a Eu13mn positive buffer. We are reducing interest charges following bond refinancing (cost of debt 5.3% vs previous 6.6%), bringing adj. EPS up +1%/3%/3% in 2025/26/27. Conversely, we assume a €35mn one-off cash-out in 2025 for bond refinancing. At the same time, **we are incorporating stronger mid/long term online growth.** In line with market estimates (GGR CAGR ~2% by 2032) and company expectations, we incorporate average revenue growth of 2% in 2028-2032 (vs 1% prev.), supported by the ongoing trend of online market consolidation and consumers shifting from physical to online channels (which have a 2x EBITDA margin). As a result, we assume average annual EBITDA growth of 2.5% in 2028-32 (vs 1% previously).

■ **NEUTRAL from OUTP; TP at €22.7 (from €19.0).** Lottomatica's winning strategy and strong management bolster our confidence that the company will continue to grow sustainably. Having incorporated in our DCF valuation model higher M/L term online growth, a lower cost of debt but also a higher equity premium, we set our new TP to €22.7. Given the limited upside to the current share price, we turn NEUTRAL on the stock. YTD the stock is up ~60%. At our target price, the stock would trade at 7.7x EV/EBITDA 2026, still at a discount to OPAP (8.2x), but it remains subject to some overhang risk related to the Apollo stake in capital (31.6%). In the coming months, execution of the buyback, at the moment not reflected in our estimates, should provide support and be an important tool to increase shareholder remuneration.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,632	2,005	2,307	2,443	2,587
EBITDA Adj (Eu mn)	580	707	855	944	1,027
Net Profit Adj (Eu mn)	216	254	360	441	509
EPS New Adj (Eu)	0.834	0.988	1.410	1.731	1.998
EPS Old Adj (Eu)	0.834	0.988	1.399	1.676	1.943
DPS (Eu)	0.267	0.303	0.429	0.526	0.606
EV/EBITDA Adj	6.1	6.8	8.2	7.1	6.2
EV/EBIT Adj	7.8	8.9	10.5	8.8	7.4
P/E Adj	24.6	20.8	14.6	11.9	10.3
Div. Yield	1.3%	1.5%	2.1%	2.6%	3.0%
Net Debt/EBITDA Adj	2.2	2.6	2.1	1.6	1.1

DISCLAIMER (for more details go to [DISCLAIMER](#))**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL NOTICES. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the web page CUSTOMER AREA.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte SIM S.p.A. operates or has operated in the last 12 months as the person in charge of carrying out the share buyback plan approved by the shareholders' meeting of ABITARE IN, ANIMA HOLDING, AZIMUT, CIVITANAVI SYSTEMS, ELEN., ELICA, INTRED, PHARMANUTRA, SERVIZI ITALIA, SESA, TMP GROUP, UNIDATA, WEBUILD

Intermonte SIM S.p.A. provides or has provided corporate brokerage services to ALLCORE, ALMAWAVE, ANTARES VISION, AQUAFIL, AVIO, CASTA DIVA GROUP, CUBE LABS, CY4GATE, CYBEROO, DIGITOUCH, DOMINION HOSTING HOLDING, ELICA, ENERGY, ESPRINET, EVISO, FINE FOODS & PHARMACEUTICALS NTM, FNM, FRANCHI UMBERTO MARM, G.M. LEATHER, GPI, GREEN OLEO, GREENTHESIS, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTRED, ISCC FINTECH, ITALIAN EXHIBITION GROUP, LEMON SISTEMI, LUVE, MAPS, MARE ENGINEERING GROUP, NEODECORTECH, NOTORIOUS PICTURES, REDFISH LONGTERM CAPITAL, REVO INSURANCE, REWAY GROUP, SERI INDUSTRIAL, SG COMPANY, SPINDOX, START, TALEA GROUP, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA **in the last 12 months**

Intermonte SIM S.p.A. operates or has operated in the last 12 months as Financial Content Provider on the company ALLCORE, ALMAWAVE, B&C SPEAKERS, BANCA SISTEMA, BIFIRE, CASTA DIVA GROUP, CLEANBNB, COFLE, CROWDFUNDME, CUBE LABS, DIGITOUCH, DOMINION HOSTING HOLDING, ECOSUNTEK, EDILIZIACROBATICA, ELES, ENERGY, EVISO, FAE TECHNOLOGY, FIERA MILANO, FILA, FOPE, G.M. LEATHER, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTERCOS, INTRED, ISCC FINTECH, LEMON SISTEMI, MAPS, MARE ENGINEERING GROUP, MASI AGRICOLA, MISITANO & STRACUZZI SPA, NEODECORTECH, NOTORIOUS PICTURES, OLIDATA, OSAI AUTOMATION SYSTEM, RACING FORCE, REDFISH LONGTERM CAPITAL, RETI, SCIUKER FRAMES, SG COMPANY, SIMONE, SOLID WORLD GROUP, SPINDOX, TALEA GROUP, TAMBURI, TINEXTA, TMP GROUP, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of intermediary appointed in the public purchase and/or exchange offer transaction of SAES GETTERS, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as liquidity provider of BANCA SISTEMA, Zest Group SpA

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having **WIIT S.p.A. shares and dividends as reference underlying**.

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of financial advisor for AQUAFIL, BANCA IFIS, BANCO BPM, MAIRE, RETEX SPA, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as market maker on financial instruments with underlying shares issued by A2A, AMPLIFON, AZIMUT, BANCA IFIS, BANCA MEDIOLANUM, BANCO BPM, BCA MPS, BCA POP SONDRIO, BFF BANK, Bper Banca, BREMBO, BUZZI, CAMPARI, DANIELI & C, DIASORIN, ENEL, ENI, ERG, FERRARI, FINECOBANK, INDUSTRIE DE NORA, INTERPUMP GROUP, INTESA SANPAOLO, INWIT, IREN, ITALGAS, IVECO GROUP, LEONARDO, LOTTOMATICA GROUP, MEDIOBANCA, MFE B, MONCLER, MONDADORI EDIT., NEXI, OVS, PIRELLI & C, POSTE ITALIANE, PRYSMIAN, SAIPEM, SESA, SNAM S.p.A., STELLANTIS, STMICROELECTRONICS, TECHNOGYM, TECHNOPEX, TELECOM ITALIA, TELECOM ITALIA R, TENARIS, TERNA, UNICREDIT, UNIPOL, WEBUILD

Intermonte Sim S.p.A. has or had in the last 12 months a marketing contract on instruments issued by BARCLAYS, BNP PARIBAS, GOLDMAN SACHS GROUP INC, LEONTEQ, MAREX FINANCIAL, MEDIOBANCA, MORGAN STANLEY, NATIXIS, SOCIETE GENERALE, UNICREDIT, VONTOBEL N, WISDOMTREE IRELAND LIMITED

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of specialist on financial instruments issued by ABITARE IN, ALKEMY, BANCA IFIS, BANCA SISTEMA, CIVITANAVI SYSTEMS, COFLE, CYBEROO, DIGITOUCH, ECOSUNTEK, ELEN., EMAK, ENERGY, GREENTHESIS, MISITANO & STRACUZZI SPA, MONDADORI EDIT., OLIDATA, OMER, PHARMANUTRA, QF ALPHA IMM, REPLY, SAES GETTERS, SERVIZI ITALIA, SESA, SG COMPANY, SOMEK, SYS-DAT, TAMBURI, TESMEC, THE ITALIAN SEA GROUP, TINEXTA, TMP GROUP, TXT E-SOLUTIONS, UNIDATA, WIIT **with the obligation to disseminate studies**

Intermonte SIM S.p.A. plays or has played in the last 12 months the role of sponsor for UNIDATA S.p.A.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
-----------	---	------------

© Copyright 2025 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MiFID compliant - for our Best Execution Policy please check our Website [MiFID](#)

Further information is available