

## Lottomatica shares slide in disappointing Milan debut

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Shares in Apollo-backed gambling group Lottomatica, Italy's biggest initial public offering in more than a year, tumbled on its first day of trading.

They dropped 8 per cent to €8.28 in morning trade in Milan, ending the day at €8.20, after pricing at the bottom of the range at €9 a share, valuing the company at €2.26bn, well below analyst expectations of €4.5bn-€5bn including debt earlier in the year.

Chief executive Guglielmo Angelozzi shrugged off the Rome-based group's poor start on the public markets and insisted the fundraising enabled the company to focus on acquisitions and longer term growth.

"This is a marathon, not a sprint," he told the Financial Times. "We are listing at a discounted valuation but we are betting on longer term growth. We have no regrets."

Some analysts said Lottomatica, which said the opening price of €9 was

about 30 per cent below the company's fair value, should have postponed the listing.

With markets rocked by bank collapses, there have been few recent listings in Europe. Global IPO proceeds have fallen 61 per cent year on year in the first quarter, according to EY.

However, Angelozzi defended his

decision to float. "In a different market, we could have aimed for more but we needed to strengthen our balance sheet. We had this window and we took it. Having fully underwritten €690mn, this makes this the second-largest IPO ever in the gambling sector and it is a pretty good result."

He added: "We decided to list a smaller stake, at a lower price, with a strong group of committed investors. We are cutting debt so we can focus on acquisitions. The opportunities are there now."

Other Italian companies are also planning floats. Milan-based Italian Design Brands has said it will go ahead with its listing at a price that values the company at €293mn, sharply below the expected €800mn-€900mn.

Lottomatica's free float will be between 26.5 per cent and 30.5 per cent.

The new shares, worth €425mn, will be used to reduce Lottomatica's €1.7bn debt. Apollo will sell up to €175mn worth of existing shares, which will also

be used to repay a separate loan. The group expects to cut net debt to €1.3bn.

Before the pandemic, Lottomatica's digital gambling revenue only accounted for 20 per cent of the total. The figure has risen to 50 per cent over the past three years.

The group's earnings before interest, tax, depreciation and amortisation reached €518mn in 2022, up from €165mn in 2020, the year after Apollo took over for an undisclosed amount.

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