



PRESS RELEASE

**LOTTOMATICA GROUP ANNOUNCES
STRONG 2011 FIRST-QUARTER RESULTS**

Consolidated Financial Highlights

- **Revenues, EBITDA, and Operating Income up approximately 30%**
 - **Significant contributions from Machine Gaming in Italy**
 - **10eLotto, cross-selling, and U.S. jackpot activity meeting expectations for growth**
 - **GTECH same store revenues continue rebound – up 4% versus 1Q 2010**
- **2011 Guidance Revised Upward**

Lottomatica Group 2011 First-Quarter Results Comparison

Consolidated Income Statement (€/M)	1Q 2011	1Q 2010	% chg
Revenues	702.1	544.6	28.9
EBITDA	255.9	197.3	29.7
Operating Income	152.7	118.1	29.3
Net Income Attributable to Parent	21.9	29.4	(25.6)
Earnings Per Share	0.13	0.18	(27.8)
Proforma Earnings Per Share	0.31	0.24	29.2

EBITDA represents operating income plus depreciation, amortization, impairment, and other non-cash items. EBITDA is considered an alternative performance measure that is not a defined measure under International Financial Reporting Standards ("IFRS") and may not take into account the recognition, measurement and presentation requirements associated with IFRS. We believe that EBITDA assists in explaining trends in our operating performance, provides useful information about our ability to incur and service indebtedness and is a commonly used measure of performance by securities analysts and investors in the gaming industry. EBITDA should not be considered as an alternative to operating income as an indicator of our performance or to cash flows as a measure of our liquidity. As we define it, EBITDA may not be comparable to other similarly titled measures used by other companies.

ROME (ITALY) – PROVIDENCE, RHODE ISLAND (US), April 27, 2011 – Lottomatica Group S.p.A.'s Board of Directors, chaired by Mr. Lorenzo Pellicoli, today approved the consolidated financial statements for the first quarter which ended March 31, 2011.

Marco Sala, CEO of Lottomatica Group, said, "Our positive first-quarter results further reinforce the momentum we experienced in the fourth quarter of 2010. The fundamentals of our business are sound and sustainable. Investments and innovations are fueling our growth. Accordingly, we are revising our guidance for 2011 upward. In doing so, we believe that we have appropriately balanced our improving growth prospects with the work we have to do and the challenges we must overcome to achieve the new targets."

"The first quarter of 2011 was the Group's best quarter to date in terms of Revenue and EBITDA," said Stefano Bortoli, CFO of Lottomatica Group. "Given the strong performance of Machine Gaming and Lotto in Italy in the quarter, we are raising our full-year Revenue and EBITDA estimates to €2.8 – €2.9 billion, and €890 – €910 million, respectively, and also improving our targeted Net Financial Position."

For the first quarter ended March 31, 2011, **Revenues** were up 28.9% to €702.1 million, compared to €544.6 million in the first quarter of 2010. Service revenue grew 29.9% to €675.5 million and product sales grew 7.5% to €26.6 million. Revenue growth was driven by Machine Gaming in Italy, the performance of Italian Lotto, higher instant-ticket sales, and the increased percentage fee for the Scratch & Win concession.

(€/M)	1Q 2011	1Q 2010	% chg
Service Revenues	675.5	519.9	29.9
Product Sales	26.6	24.7	7.5
Total	702.1	544.6	28.9

EBITDA was €255.9 million in the first quarter of 2011, up 29.7% compared to €197.3 million in the same period last year. The increase in EBITDA was primarily driven by the performance of Lotto and *10eLotto*, more favorable late numbers patterns, improved sports betting payouts, and higher revenues and profits from Machine Gaming in Italy. Machine Gaming in Italy benefited from the newly-installed VLTs.

Operating income was €152.7 million in the first quarter of 2011, compared to €118.1 million in the same period last year, up 29.3%, despite higher amortization in the first quarter of 2011 related to the €800 million Scratch & Win concession fee.

Interest expense was in line with the first quarter of 2010 at €41.7 million.

Non-cash foreign exchange losses of €35.0 million were principally associated with Euro-denominated debt on GTECH's balance sheet.

Net income attributable to the parent was €21.9 million.

Diluted earnings per share (EPS) were €0.13 in the quarter, versus €0.18 in the first quarter last year. On a pro-forma basis, excluding non-cash foreign exchange losses associated with the euro-denominated debt on GTECH's balance sheet, and non-cash purchase accounting associated with the GTECH acquisition, diluted EPS was €0.31 versus €0.24 last year.

Net **cash flows** from Operating Activities were €205.5 million in the first quarter of 2011, compared to €143.3 million in the first quarter of 2010.

Capital expenditures totaled €107.0 million, including capital additions for systems, equipment, and other assets principally related to spending in Italy for Gaming Solutions and Lotto, as well as lottery system implementations in Texas, Illinois, and Poland.

At March 31, 2011, Consolidated Shareholders' Equity totaled €2.21 billion. Lottomatica Group had a **Net Financial Position** (NFP) of €2.93 billion, compared to €2.98 billion as of December 31, 2010.

Revenues by Segment

Group Revenues (€/M)	1Q 2011	1Q 2010	Increase /Decrease	% chg
Italian Operations	459.9	301.2	158.7	52.7
GTECH Lottery	189.5	193.0	(3.5)	(1.8)
Gaming Solutions	48.7	33.2	15.5	46.4
GTECH G2	19.2	18.3	0.9	4.4
Subtotal	717.3	545.7	171.6	31.4
Eliminations/Other	(15.2)	(1.1)	(14.1)	--
Total	702.1	544.6	157.5	28.9

Italian Operations

Total revenues from Italian operations grew 52.7% to €459.9 million, from €301.2 million in the first quarter of 2010. Instant-ticket wagers were approximately €2.73 billion in the first quarter of 2011, up 9.7% versus the same period last year. To continue driving sales, a new €20 ticket was introduced in January, followed by a €3 and €5 ticket in February and March, respectively. Approximately 606 million Scratch & Win tickets were sold in the first quarter of 2011, with an average price point of €4.51.

Lotto wagers increased 45.4% to €1.75 billion, from €1.2 billion in the first quarter of last year. The improvement was primarily due to *10eLotto* performance and more favorable late numbers patterns.

Wagers from sports betting in Italy, including pool games, totaled €296.5 million in the first quarter of 2011, compared to €308.6 million in the first quarter of last year. Sports betting revenue in the first quarter of 2011 was €58.7 million versus €49.2 million in the same period last year, up 19.4%. The revenue growth is attributable to a more favorable payout, partially offset by a slight decrease in wagers, when compared to the first quarter of 2010.

Machine gaming wagers were €2.33 billion in the first quarter of 2011, up 109.2% over the first quarter of 2010. Revenues from machine gaming were up nearly three-fold to €136.3 million in the first quarter, compared to €49.4 million in the same period last year. The increase in revenue was attributable to the newly-installed VLTs, which generated €1.2 billion in wagers that include replayed credits.

Wagers from the Interactive segment totaled €117.4 million, versus €102.7 million in the first quarter of 2010, up 14.3%. Revenues in the 2011 first quarter were €14.6 million, compared to €11.4 million in the same period last year.

GTECH Lottery

Total GTECH lottery revenue for the first quarter of 2011 was €189.5 million compared to €193.0 million in the first quarter of 2010. GTECH same store revenue in the first quarter was up approximately 4.4% year-over-year, driven by higher jackpot activity in Europe and the U.S., as well as increased instant-ticket sales in California. Same store revenue growth was offset by the weaker U.S. dollar and changes in GTECH's contract portfolio.

During the first quarter of 2011, GTECH received new lottery contracts with customers in Luxembourg and Madagascar. Additionally, the GTECH-led consortium, Northstar Lottery Group, signed the Illinois Lottery private management agreement in January.

After the close of the quarter, GTECH extended its contracts with Supreme Ventures in Jamaica and TIPOS in the Slovak Republic.

Gaming Solutions

First-quarter revenues in the Gaming Solutions segment, when compared to the same period last year, were up 46.4% to €48.7 million. Product sale revenue in the quarter grew to €29.9 million, up 63.1% versus the first quarter of 2010, principally due to intersegment sales of VLTs to the Italian Operations segment.

Gaming Solutions is expected to benefit from the system/machine replacement cycle throughout Canada where SPIELO has a strong market presence, as well as the continued expansion of the Italian VLT market.

GTECH G2

First-quarter revenue contributions from GTECH G2 were €19.2 million, up 4.4% versus the same period last year.

GTECH G2 expects to see further expansion of the Canadian poker network, as well as additional rollouts in support of GTECH lottery customers' entrance into the interactive space.

Revised 2011 Guidance

(€/M)	2011 Revised Guidance	2011 Previous Guidance
Revenues	2,800 -2,900	2,550 -2,650
EBITDA	890 - 910	850 - 865
Capital Expenditures	325 - 350	325 - 350
Net Financial Position	2,825 -2,875	2,850 -2,900
Average USD/EUR	1.40	1.30

Given the first-quarter performance, the Group is revising its guidance for 2011, which is based on an exchange rate of \$1.40/€1. The Group now expects Revenues to be in the range of €2.80 billion - €2.90 billion, and EBITDA in the range of €890 million - €910 million, primarily driven by the strong performance of machine gaming and Lotto/10eLotto in Italy.

As a result, the Group is also adjusting the NFP range to approximately €2.825 billion - €2.875 billion.

Related press releases: March 10, 2011; February 7, 2011

Declaration

The manager responsible for preparing Lottomatica Group's financial reports, Stefano Bortoli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books, and accounting records.

Lottomatica Group is a market leader in the Italian gaming industry and one of the largest Lottery operators in the world based on total wagers and, through its subsidiary GTECH Corporation, is a leading provider of lottery and gaming technology solutions worldwide. Together, the companies are the only vertically integrated full service lottery group. Lottomatica Group is majority owned by De Agostini, which belongs to a century-old publishing and media services group. Lottomatica is listed on the Stock Exchange of Milan under the trading symbol "LTO". In 2010, Lottomatica Group had €2.3 billion in revenues and 7,700 employees in approximately 60 countries.

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This press release and earlier ones are available on Lottomatica Group and GTECH websites:
www.lottomaticagroup.com - www.gtech.com

Lottomatica Group Consolidated Financial Statements to follow:

**LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED INCOME STATEMENTS**

	For the three months ended	
	March 31	
	2011	2010
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
Service revenue	675.468	519.889
Product sales	26.606	24.759
Total revenue	702.074	544.648
Raw materials, services and other costs	350.526	257.880
Personnel	117.561	107.686
Depreciation	57.423	57.180
Amortization	44.304	21.729
Capitalization of internal construction costs - labor and overhead	(20.407)	(17.917)
Total costs	549.407	426.558
Operating income	152.667	118.090
Interest income	461	707
Equity loss	(53)	(101)
Other income	167	304
Other expense	(2.833)	(1.243)
Foreign exchange gain (loss), net	(34.493)	913
Interest expense	(41.737)	(41.258)
	(78.488)	(40.678)
Income before income tax expense	74.179	77.412
Income tax expense	38.202	36.074
Net income	35.977	41.338
Attributable to:		
Owners of the parent	21.909	29.439
Non-controlling interests	14.068	11.899
	35.977	41.338
Earnings per share/ADRs		
Basic - net income attributable to owners of the parent	€ 0,13	€ 0,18
Diluted - net income attributable to owners of the parent	€ 0,13	€ 0,18

LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2011	December 31, 2010
	<u>Unaudited</u>	<u>Audited</u>
<i>(thousands of euros)</i>		
ASSETS		
Non-current assets		
Systems, equipment and other assets related to contracts, net	888.630	887.132
Property, plant and equipment, net	88.984	91.496
Goodwill	3.019.423	3.157.279
Intangible assets, net	1.563.110	1.639.198
Investments in associates	9	237
Other non-current assets	23.549	25.611
Non-current financial assets	14.749	15.626
Deferred income taxes	9.148	9.011
Total non-current assets	<u>5.607.602</u>	<u>5.825.590</u>
Current assets		
Inventories	167.346	165.314
Trade and other receivables	680.212	712.239
Other current assets	65.158	64.169
Current financial assets	4.545	6.673
Income taxes receivable	9.017	9.527
Cash and cash equivalents	198.115	152.405
Total current assets	<u>1.124.393</u>	<u>1.110.327</u>
Non-current assets classified as held for sale	27.000	27.000
TOTAL ASSETS	<u><u>6.758.995</u></u>	<u><u>6.962.917</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Issued capital	172.015	172.015
Share premium	1.705.628	1.705.628
Treasury shares	(60.113)	(60.113)
Retained deficit	(34.378)	(56.287)
Other reserves	29	153.150
	<u>1.783.181</u>	<u>1.914.393</u>
Non-controlling interests	<u>432.628</u>	<u>444.492</u>
Total equity	<u>2.215.809</u>	<u>2.358.885</u>
Non-current liabilities		
Long-term debt, less current portion	2.795.447	2.825.412
Deferred income taxes	114.156	133.578
Long-term provisions	20.074	19.334
Other non-current liabilities	54.773	57.752
Non-current financial liabilities	107.709	113.619
Total non-current liabilities	<u>3.092.159</u>	<u>3.149.695</u>
Current liabilities		
Accounts payable	887.911	978.509
Short-term borrowings	33.746	7.458
Other current liabilities	272.314	259.130
Current financial liabilities	105.554	69.200
Current portion of long-term debt	85.733	118.822
Short-term provisions	1.811	1.808
Income taxes payable	63.958	19.410
Total current liabilities	<u>1.451.027</u>	<u>1.454.337</u>
TOTAL EQUITY AND LIABILITIES	<u><u>6.758.995</u></u>	<u><u>6.962.917</u></u>

LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the three months ended March 31	
	2011	2010
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
Cash flows from operating activities		
Income before income tax expense	74.179	77.412
Adjustments for:		
Depreciation	57.423	57.180
Intangibles amortization	44.304	21.729
Interest income	(461)	(707)
Interest expense	41.737	41.258
Non-cash foreign exchange loss (gain)	34.954	(841)
Share-based payment expense	138	1.338
Non-cash loss on interest rate swaps	1.125	-
Other non-cash items	2.557	484
Cash foreign exchange gain, net	(461)	(72)
Income tax paid	(5.441)	(8.354)
Cash flows before changes in operating assets and liabilities	250.054	189.427
Changes in operating assets and liabilities:		
Inventories	(14.699)	135
Trade and other receivables	23.126	4.491
Accounts payable	(66.904)	(59.505)
Advance payments from customers	8.085	1.882
Employee compensation	14.211	5.078
Taxes other than income taxes	(8.798)	1.252
Other assets and liabilities	398	517
Net cash flows from operating activities	205.473	143.277
Cash flows from investing activities		
Purchases of systems, equipment and other assets related to contracts	(100.098)	(45.806)
Realized loss on net investment hedge	(8.342)	-
Purchases of property, plant and equipment	(2.357)	(1.861)
Italian operations contingent consideration	(1.866)	(4.307)
Purchases of intangible assets	(1.080)	(3.147)
Investment in government securities	-	(14.347)
Other investments	-	(9.746)
Interest received	350	668
Other	(1.107)	806
Net cash flows used in investing activities	(114.500)	(77.740)
Cash flows from financing activities		
Interest paid	(69.234)	(75.197)
Cash paid on derivative instruments	(8.355)	-
Principal payments on long-term debt	(551)	(14.997)
Capital increase - Northstar Lottery Group LLC	7.038	-
Net proceeds from (repayment of) short-term borrowings	27.038	(600)
Other	(2.890)	(1.822)
Net cash flows used in financing activities	(46.954)	(92.616)
Net increase (decrease) in cash and cash equivalents	44.019	(27.079)
Effect of exchange rate changes on cash	1.691	3.461
Cash and cash equivalents at the beginning of the period	152.405	469.335
Cash and cash equivalents at the end of the period	<u>198.115</u>	<u>445.717</u>