



PRESS RELEASE

LOTTOMATICA GROUP ANNOUNCES RESULTS FOR THE THIRD-QUARTER AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2011

Consolidated Financial and Business Highlights

- **Continued quarterly Revenue growth driven by Italian operations and GTECH same store revenue**
- **EBITDA up 19% and Operating Income up 16% in 3Q**
- **Significant improvement of YTD EPS to €0.74 from €0.30 in 2010**
- **Improvement of NFP from €2.98 billion at year-end to €2.80 billion at September 30**

Lottomatica Group Third-Quarter and First Nine-Month Results Comparison

Consolidated Income Statement (€/M)	3Q 2011	3Q 2010	% chg	9M 2011	9M 2010	% chg
Revenues	740.9	552.2	34.2	2,145.6	1,671.4	28.4
EBITDA	237.0	199.7	18.7	738.3	597.0	23.7
Operating Income	129.4	111.6	15.9	422.1	340.1	24.1
Net Income (Loss) Attributable to Parent	58.5	(13.2)	>500	126.6	51.1	147.7
Diluted Earnings (Loss) Per Share	0.34	(0.08)	>500	0.74	0.30	146.7
Pro Forma Earnings Per Share	0.29	0.25	16.0	0.91	0.72	26.4

EBITDA is principally comprised of operating income plus depreciation, amortization, and impairment. 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.

Pro Forma earnings per share principally excludes non-cash foreign exchange losses associated with euro-denominated debt on GTECH's balance sheet, and non-cash purchase accounting associated with the GTECH acquisition.

ROME (ITALY) – PROVIDENCE, RHODE ISLAND (US), November 03, 2011 – Lottomatica Group S.p.A. Board of Directors, chaired by Mr. Lorenzo Pellicoli, today examined and approved the interim consolidated results for the third-quarter and nine-month period, which ended September 30, 2011.

Marco Sala, CEO of Lottomatica Group, said, "Our third quarter performance was highlighted by sustained same store revenue growth, continued strength in the Italian market and a significant improvement in our Net Financial Position. We are encouraged by the positive trends in our business fundamentals and feel that we are well positioned to meet our commitments for the year."

Alberto Fornaro, CFO of Lottomatica Group, said, "The Group had a solid quarter highlighted by record revenues. In addition, €360 million of cash from operating activities, net of investing activity, was generated in the first nine months of 2011, driving the substantial improvement in

the Group's Net Financial Position. Deleveraging remains a top priority going forward. The Group's performance to date gives us confidence in reconfirming our guidance for the full year."

Third-Quarter Results Comparison

For the third quarter ended September 30, 2011, Lottomatica Group recorded record **Revenues** totaling €740.9 million, compared to €552.2 million in the third quarter of 2010, up 34.2%. Service revenue grew 34.0% to €687.9 million versus the same period last year. Service revenue growth was driven by Machine Gaming, Lotto, and Scratch & Win in Italy, as well as GTECH same store revenue, partially offset by the impact of foreign currency fluctuations. Product sale revenues grew 35.8% to €53.0 million in the third quarter of 2011 versus the third quarter of last year.

(€/M)	3Q 2011	3Q 2010	% chg
Service Revenues	687.9	513.2	34.0
Product Sales	53.0	39.0	35.8
Total	740.9	552.2	34.2

EBITDA was €237.0 million in the third quarter of 2011, up 18.7% compared to €199.7 million in the same period last year. The increase in EBITDA was primarily driven by higher revenues and profits from Lottomatica's Italian operations.

Operating Income was €129.4 million in the third quarter of 2011, compared to €111.6 million in the same period last year, up 15.9%, despite the unfavorable comparison resulting from the amortization of the Italian Scratch & Win license which began on October 1, 2010.

Interest expense was in line with the third quarter of 2010 at €42.1 million.

Net income, attributable to the parent, was €58.5 million for the quarter ended September 30, 2011, compared to a loss of €13.2 million in the third quarter of 2010. In the 2011 third quarter, the Group recorded unrealized foreign exchange gains of €29.8 million.

Diluted **Earnings-Per-Share** (EPS) was €0.34, versus a loss of €0.08 in the third quarter of 2010. Pro forma EPS was €0.29, up from €0.25 in the 2010 third quarter.

Net **Cash Flows** from Operating Activities were €221.1 million in the third quarter of 2011.

During the quarter, **Capital expenditures** totaled €74.9 million, primarily related to spending in Italy for Machine Gaming and Lotto, as well as lottery system implementations in Texas, Illinois, and Poland.

At September 30, 2011, Consolidated Shareholders' Equity totaled €2.45 billion. Lottomatica Group had a **Net Financial Position** (NFP) of €2.80 billion, compared to €2.98 billion as of December 31, 2010.

Revenues by Segment

Group Revenues (€/M)	3Q 2011	3Q 2010	Increase /Decrease	% chg
Italian Operations	458.5	296.2	162.3	54.8
GTECH Lottery	226.3	202.2	24.1	11.9
SPIELO International (formerly	45.6	59.8	(14.2)	(23.7)

Gaming Solutions)				
GTECH G2	20.3	17.1	3.2	18.7
Subtotal	750.7	575.3	175.4	30.5
Eliminations/Other	(9.8)	(23.1)	13.3	57.6
Total	740.9	552.2	188.7	34.2

Italian Operations

Total revenues from Italian operations grew 54.8% to €458.5 million, from €296.2 million in the third quarter of 2010. Instant-ticket wagers were up 11.7% to approximately €2.39 billion in the third quarter of 2011, compared to €2.14 billion in the same period last year. Approximately 549 million Scratch & Win tickets were sold in the three-month period, with an average price point of €4.36.

Lotto wagers increased 37.7% to €1.75 billion, from approximately €1.27 billion in the third quarter of last year. The improvement was primarily driven by *10eLotto* and late number wagers.

Wagers from sports betting in Italy, including pool games, were €154.1 million in the third quarter of 2011, compared to €173.3 million in the third quarter last year. Wagers in the third quarter last year were favorably impacted by World Cup soccer.

Machine gaming wagers were €2.79 billion in the third quarter of 2011, up 153% over the third quarter of 2010. Revenues from machine gaming more than tripled to €167.1 million in the third quarter, compared to €53.5 million in the same period last year. The increase in revenue was attributable to the newly-installed VLTs, which generated €1.76 billion in wagers that include replayed credits.

Wagers from the Interactive segment totaled €557.9 million, up from €100.5 million in the third quarter of 2010, due to the newly-launched online casino and cash poker games in the Italian market. Revenues in the 2011 third quarter were up €11.4 million over the same period last year to €22.8 million.

GTECH Lottery

GTECH Lottery revenues in the third quarter of 2011 were €226.3 million versus €202.2 million in the same period last year, up 11.9%, mainly due to the reimbursement of certain operating expenses that Northstar Lottery Group receives from the Illinois Lottery; product sale cyclicalities; and changes in GTECH's contract portfolio mix. This increase was partially offset by foreign currency.

GTECH domestic same store revenues in the third quarter were up 4%. GTECH benefited from higher jackpot activity and the continued growth of instant-ticket sales, particularly in California where sales increased 26% and Illinois where sales grew 17%.

International Lottery same store service revenues also benefited from jackpot activity and grew 10% compared to the third quarter of last year. Excluding the impact of the bankruptcy of GTECH's customer in the Czech Republic, International Lottery same store service revenues were up 14%. The Czech Republic's performance improved under management of the court-appointed Trustee and this customer is expected to continue to improve now that the lottery enterprise was transferred to a private party on November 1.

During the third quarter of 2011, GTECH secured contract extensions with lotteries in Turkey, Trinidad and Tobago, and Missouri. As part of its Private Manager Agreement, the Northstar Lottery Group took over operations of the Illinois Lottery on July 1, 2011.

During the quarter, GTECH also worked with the Powerball consortium to achieve raising the price point from \$1 to \$2 for a Powerball ticket. The new \$2 price point is expected to commence in early 2012 with a starting jackpot of \$40 million. To date, 44 jurisdictions offer the Powerball game. Of those jurisdictions, more than half are GTECH online lottery customers.

SPIELO International

Third-quarter revenues in the SPIELO International segment were €45.6 million, versus €59.8 million in the same period last year, due to product sale cyclicity. Service revenue grew to €20.8 million, up 30.1% versus the same period last year.

SPIELO International expects to benefit from the system/machine replacement cycle in Canada. In the third quarter, SPIELO was awarded a VLT central system contract by the Alberta Gaming and Liquor Commission.

GTECH G2

Third-quarter revenue contributions from GTECH G2 were €20.3 million, up 18.7% over the same period last year.

GTECH G2 also provided the platform for Lottomatica's new online casino and cash poker games in Italy, which launched in July.

First Nine-Month Results Comparison

Revenues by Segment

Group Revenues (€/M)	9M 2011	9M 2010	Increase /Decrease	% chg
Italian Operations	1,370.3	888.1	482.2	54.3
GTECH Lottery	608.1	625.7	(17.6)	(2.8)
SPIELO International (formerly Gaming Solutions)	139.6	129.5	10.1	7.8
GTECH G2	59.1	53.8	5.3	9.9
Subtotal	2,177.1	1,697.1	480.0	28.3
Eliminations/Other	(31.5)	(25.7)	(5.8)	(22.6)
Total	2,145.6	1,671.4	474.2	28.4

For the first nine months ended September 30, 2011, Revenues totaled €2.15 billion, compared to €1.67 billion in the first nine months of 2010, up 28.4%. The increase in Revenues was mainly driven by the performance of Lotto, Scratch & Win, and Machine Gaming in Italy, partially offset by the weakening of the U.S. dollar against the Euro.

Service revenues were up 30.1% to €2.03 billion versus €1.56 billion in the first nine months of last year, primarily due to higher revenues from Italian operations.

EBITDA was €738.3 million in the first nine months of 2011, compared to €597.0 million in the same period last year, up 23.7%.

Operating income was €422.1 million in the first nine months of 2011, compared to €340.1 million in the same period last year, up 24.1%.

Interest expense was €125.8 million, slightly lower than the first nine months of 2010.

Net income, attributable to the parent, was €126.6 million for the nine months ended September 30, 2011, compared to €51.1 million in the same period last year.

Foreign exchange losses were €2.0 million, down €53.1 million from the first nine months of last year. In the first nine months of 2010, the Group recorded net foreign exchange losses, principally associated with mark to market losses on option structures which hedged a portion of the U.S. dollar denominated debt. These options were terminated in 2010 when the Group completed the refinancing of its debt.

Diluted EPS was €0.74, up from €0.30 in the first nine months of last year. Pro forma EPS was €0.91, up from €0.72 in the first nine months of 2010.

Net cash flows from operating activities were €641.5 million in the first nine months of 2011, up from €527.6 million in the first nine months of 2010.

Capital expenditures in the first nine months totaled €282.3 million.

Total revenues from Italian operations were up 54.3% to approximately €1.37 billion in the first nine months of 2011, compared to €888.1 million in the first nine months of 2010. Lottery revenues from Italian operations totaled €635.4 million, compared to €484.0 million in the same period last year, up 31.3%. Instant-ticket wagers were up 11.3% to €7.76 billion in the first nine months of 2011, compared to €6.98 billion in the same period last year. Lotto wagers for the nine-month period were €5.11 billion, compared to €3.67 billion last year, up 39.1%.

Machine gaming wagers grew from €3.35 billion to €7.78 billion, up 132.0% versus the same period in 2010.

Wagers from sports betting in Italy were €658.6 million in the first nine months of 2011, versus €733.3 million in the same period last year.

Wagers from the Interactive segment totaled €783.0 million, up 156% versus the first nine months of 2010.

Total GTECH Lottery revenues for the first nine months of 2011 were €608.1 million compared to €625.7 million in the same period last year. Service revenue totaled €555.2 million, while product sale revenues totaled €52.9 million for the first nine months of 2011.

First nine-month revenues for SPIELO International were €139.6 million, up 7.8% versus the same period last year.

First nine-month revenue contributions from GTECH G2 were approximately €59.1 million, up 9.9% versus the prior year.

Other Business Developments:

Lottomatica Group's Board of Directors appointed Alberto Fornaro, who joined the Company as CFO on September 26, as manager responsible for preparing financial reports.

Additionally, Lottomatica Group announced, pursuant to art. 144-bis of the Regulations approved with Consob resolution no. 11971/1991, that the 18-month share buyback program, authorized by the General Shareholders' Meeting on 30 April 2010, has expired. Under the program a total of 208,655 ordinary company shares were bought, for a total consideration of €2,936,904.66, subsequently allocated free of charge to Lottomatica Group's shareholders, in accordance with the resolution of the Shareholders' Meeting dated 28 April 2011, with ratio of no. 1 treasury shares to every 50 shares owned, together with the 3,164,196 treasury shares already owned by the Company. Consequently, as of today, Lottomatica Group does not own any treasury shares.

Declaration

The manager responsible for preparing Lottomatica Group's financial reports, Alberto Fornaro, 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.

Related press releases: September 26, 2011; July 28, 2011

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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 September 30	
	2011	2010
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
Service revenue	687,935	513,225
Product sales	52,950	38,996
Total revenue	740,885	552,221
Raw materials, services and other costs	401,641	264,966
Personnel	127,710	111,192
Depreciation	59,935	62,497
Amortization	45,362	24,417
Capitalization of internal construction costs - labor and overhead	(23,167)	(22,466)
Total costs	611,481	440,606
Operating income	129,404	111,615
Interest income	725	519
Equity loss	-	(23)
Other income	377	699
Other expense	(1,137)	(2,141)
Foreign exchange gain (loss), net	29,747	(71,523)
Interest expense	(42,111)	(42,616)
	<u>(12,399)</u>	<u>(115,085)</u>
Income (loss) before income tax expense	117,005	(3,470)
Income tax expense (benefit)	51,231	(963)
Net income (loss)	<u>65,774</u>	<u>(2,507)</u>
Attributable to:		
Owners of the parent	58,486	(13,192)
Non-controlling interests	7,288	10,685
	<u>65,774</u>	<u>(2,507)</u>
Earnings per share/ADRs		
Basic - net income (loss) attributable to owners of the parent	€ 0.34	€ (0.08)
Diluted - net income (loss) attributable to owners of the parent	€ 0.34	€ (0.08)

LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED INCOME STATEMENTS

	For the nine months ended September 30	
	2011	2010
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
Service revenue	2,027,175	1,558,647
Product sales	118,419	112,741
Total revenue	<u>2,145,594</u>	<u>1,671,388</u>
Raw materials, services and other costs	1,121,144	805,751
Personnel	358,406	334,925
Depreciation	176,495	180,653
Amortization	134,870	71,176
Impairment loss (reversal)	(274)	2,148
Capitalization of internal construction costs - labor and overhead	(67,159)	(63,368)
Total costs	<u>1,723,482</u>	<u>1,331,285</u>
Operating income	422,112	340,103
Interest income	1,728	2,032
Equity loss	(53)	(228)
Other income	1,174	1,356
Other expense	(7,410)	(4,979)
Foreign exchange loss, net	(1,998)	(55,122)
Interest expense	(125,828)	(126,397)
	<u>(132,387)</u>	<u>(183,338)</u>
Income before income tax expense	289,725	156,765
Income tax expense	133,273	72,269
Net income	<u>156,452</u>	<u>84,496</u>
Attributable to:		
Owners of the parent	126,563	51,100
Non-controlling interests	29,889	33,396
	<u>156,452</u>	<u>84,496</u>
Earnings per share/ADRs		
Basic - net income attributable to owners of the parent	€ 0.74	€ 0.30
Diluted - net income attributable to owners of the parent	€ 0.74	€ 0.30

LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 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	957,903	887,132
Property, plant and equipment, net	87,103	91,496
Goodwill	3,129,496	3,157,279
Intangible assets, net	1,532,867	1,639,198
Investments in associates	8	237
Other non-current assets	26,755	25,611
Non-current financial assets	22,362	15,626
Deferred income taxes	9,169	9,011
Total non-current assets	<u>5,765,663</u>	<u>5,825,590</u>
Current assets		
Inventories	185,838	165,314
Trade and other receivables	584,989	712,239
Other current assets	58,679	64,169
Current financial assets	15,028	6,673
Income taxes receivable	18,628	9,527
Cash and cash equivalents	295,999	152,405
Total current assets	<u>1,159,161</u>	<u>1,110,327</u>
Non-current assets classified as held for sale	-	27,000
TOTAL ASSETS	<u>6,924,824</u>	<u>6,962,917</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Issued capital	172,140	172,015
Share premium	1,702,688	1,705,628
Treasury shares	-	(60,113)
Retained earnings (deficit)	70,276	(56,287)
Other reserves	66,178	153,150
	<u>2,011,282</u>	<u>1,914,393</u>
Non-controlling interests	436,337	444,492
Total equity	<u>2,447,619</u>	<u>2,358,885</u>
Non-current liabilities		
Long-term debt, less current portion	2,786,075	2,825,412
Deferred income taxes	150,970	133,578
Long-term provisions	32,176	19,334
Other non-current liabilities	50,892	57,752
Non-current financial liabilities	58,530	113,619
Total non-current liabilities	<u>3,078,643</u>	<u>3,149,695</u>
Current liabilities		
Accounts payable	764,655	978,509
Short-term borrowings	12,865	7,458
Other current liabilities	255,977	259,130
Current financial liabilities	103,091	69,200
Current portion of long-term debt	152,388	118,822
Short-term provisions	1,935	1,808
Income taxes payable	107,651	19,410
Total current liabilities	<u>1,398,562</u>	<u>1,454,337</u>
TOTAL EQUITY AND LIABILITIES	<u>6,924,824</u>	<u>6,962,917</u>

LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended
September 30

(thousands of euros)

Cash flows from operating activities

	2011	2010
Income before income tax expense	289,725	156,765
Adjustments for:		
Depreciation	176,495	180,653
Intangibles amortization	134,870	71,176
Interest expense	125,828	126,397
Provisions	13,309	(2,567)
Share-based payment expense	7,149	2,634
Non-cash foreign exchange loss	2,943	53,645
Non-cash loss on interest rate swaps	2,089	-
Impairment loss (reversal)	(274)	2,148
Interest income	(1,728)	(2,032)
Other non-cash items	3,762	(1,284)
Cash foreign exchange (gain) loss, net	(945)	1,477
Income tax paid	(55,462)	(71,820)

Cash flows before changes in operating assets and liabilities

Changes in operating assets and liabilities:		
Inventories	(19,983)	(45,105)
Trade and other receivables	114,139	94,642
Other current assets	3,940	(10,400)
Accounts payable	(153,681)	(1,596)
Accrued expenses	(731)	(24,017)
Taxes other than income taxes	(13,469)	618
Advance payments from customers	10,967	(8,496)
Current financial liabilities	6,742	21,982
Other assets and liabilities	(4,155)	(17,266)

Net cash flows from operating activities

641,530 527,554

Cash flows from investing activities

Purchases of systems, equipment and other assets related to contracts	(260,223)	(190,638)
Purchases of intangible assets	(9,601)	(532,096)
Purchases of property, plant and equipment	(6,356)	(7,218)
Italian operations contingent consideration	(3,966)	(10,219)
Realized loss on net investment hedge	(2,157)	(6,271)
Other investments	(5)	(9,700)
Interest received	1,578	1,885
Medstroms Invest AB put right payment	-	(20,415)
Other	(779)	730

Net cash flows used in investing activities

(281,509) (773,942)

Cash flows from financing activities

Interest paid	(102,458)	(120,195)
Principal payments on long-term debt, net	(47,521)	(2,550)
Dividends paid - non-controlling interest	(38,420)	(45,638)
Cash paid on derivative instruments	(24,846)	-
Capital increase (return of capital) - non-controlling interest	(8,491)	187,502
Treasury shares purchased	(2,940)	-
Net proceeds from short-term borrowings	3,903	17,225
Capital increase - Northstar Lottery Group LLC	8,440	-
Proceeds from issuance of long-term debt	-	59,800
Dividends paid	-	(124,815)
Other	(6,267)	(7,301)

Net cash flows used in financing activities

(218,600) (35,972)

Net increase (decrease) in cash and cash equivalents	141,421	(282,360)
Effect of exchange rate changes on cash	2,173	4,282
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>295,999</u>	<u>191,257</u>