



2011 First Half Results

Ended June 30, 2011

*Rome
July 28, 2011*

Safe Harbour Statement

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Agenda

First Half Strategic Update

Marco Sala – CEO, Lottomatica Group

2Q'11 and 1H'11 Results

Giuliano Boggiali – Treasury Italy and Group IR

Q & A, Also Participating

Renato Ascoli – General Manager, Lottomatica

Jaymin Patel – President & CEO, GTECH Corporation

Strategic Update: Expectations Exceeded

Momentum continuing in Second Quarter

- Revenues, EBITDA and Operating Income experience substantial growth

Investments and innovation

- Significant contribution from machine gaming in Italy
 - Minimal cannibalization of AWP; maintaining market share
 - Growing to be equal contributor to Lotto and Scratch & Win
- Lotto wagers up 34% driven by 10eLotto
- Scratch & Win up 13% sustained by €20 ticket
- GTECH Same Store Revenues up 3% as adjusted
 - Driven by California payout improvement and cross-selling jackpot games
 - Same Store Revenue growth more than offsets price compression

Strategic Update: Progress on Key Initiatives

Focusing on generating returns

- GTECH subsidiary, Northstar Group, took over Illinois Lottery operations July 1
 - Encouraging launches of Cash for Life and Wheel of Fortune games
 - More than 500 new retailers recruited
- GTECH contract extensions in Georgia, Jamaica and Slovakia; new contract in Colombia
- Gaming Solutions growth up 24% over Q2 2010
 - Driven by SPIELO leadership in Italian VLT market

Strategic Update: Business Performance

Pro-forma EPS up 39% for the quarter and 32% for the half-year

Net Financial Position improved; reached full-year guidance range

Decision point for full-year guidance review

Cautionary concerns

- Czech Republic customer bankruptcy causing receivables issues and contribution erosion
- Global austerity programs creating pressure on consumer spending

Foundation for continued growth

- GTECH Same Store Sales showing strength; SPIELO and G2 meeting expectations
- New Italian games, VLTs, Lotto and Scratch & Win performing above expectations; minimal seasonality so far

Strategic Update: Growth Drives Revised Guidance

Second half expectations

- Overall second half growth moderating
- Balanced growth from Italian VLTs, Lotto and Scratch & Win
 - Current VLT market share expected to be impacted by competition
 - Lotto and S&W growth rates narrowing

Revised EDITDA and NFP Guidance⁽¹⁾

- EBITDA to €940M-€960M from €890M-€910M
- NFP to €2.80B-€2.85B from €2.825B-€2.875B
- CAPEX unchanged
 - Potential of approximately €30M for new machine gaming and sports betting licenses in Italy in 2011

(1): - 1.40 \$/€ FX

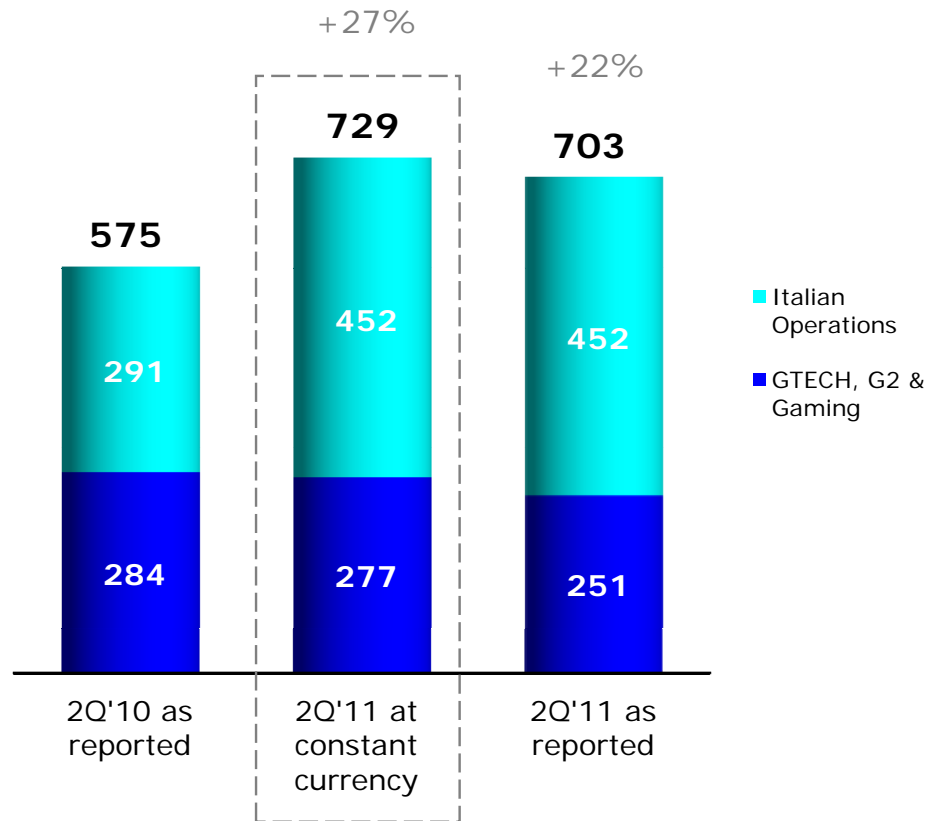
2Q'11 and 1H'11 Results

Giuliano Boggiali

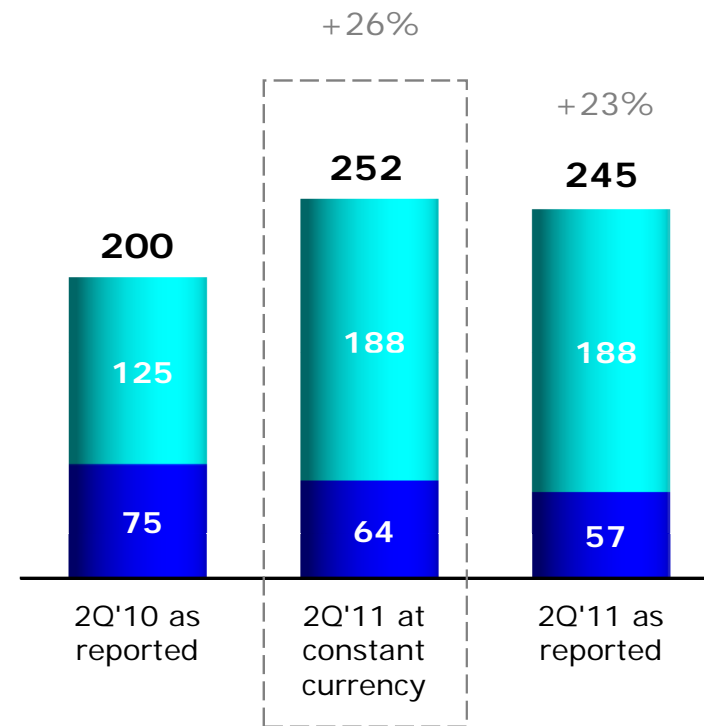
Treasury Italy and Group IR

Results Summary – 2Q'11

Revenues



EBITDA



Margin %	34.8%	34.6%	34.9%
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Note: - \$/€ FX average: 1.27 in 2Q'10; 1.46 in 2Q'11

Figures in €M

Italian Operations – 2Q'11

Wagers	2Q'11	2Q'10	% change
Scratch & Win Wagers (€m)	2,639	2,344	13%
<i>Tickets Sold</i>	614	616	0%
<i>Average Price Point €</i>	4.29	3.81	13%
Lotto Wagers (€m)	1,611	1,199	34%
Sports Betting Wagers (€m) ¹	208	251	-17%
Machine Gaming Wagers (€m)	2,655	1,133	134%
<i>Machines Installed - AWP</i>	53.0K	53.6K	-1%
<i>Machines Installed - VLT</i>	6.6K		
Interactive Wagers (€m)	108	103	5%

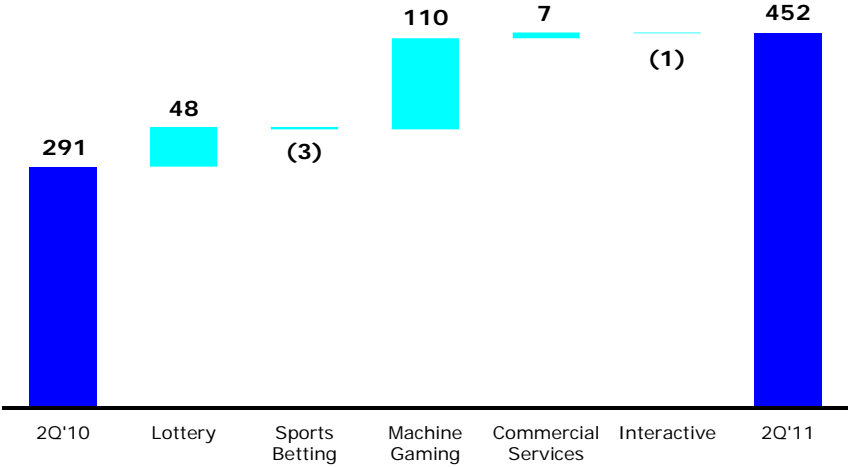
¹ Includes fixed odds sports betting and pool games

Key Revenues (€m)	2Q'11	2Q'10	% change
Lottery	208	160	30%
Sports Betting	39	42	-8%
Machine Gaming	161	51	216%
Commercial Services	32	25	30%
Interactive	12	13	-1%

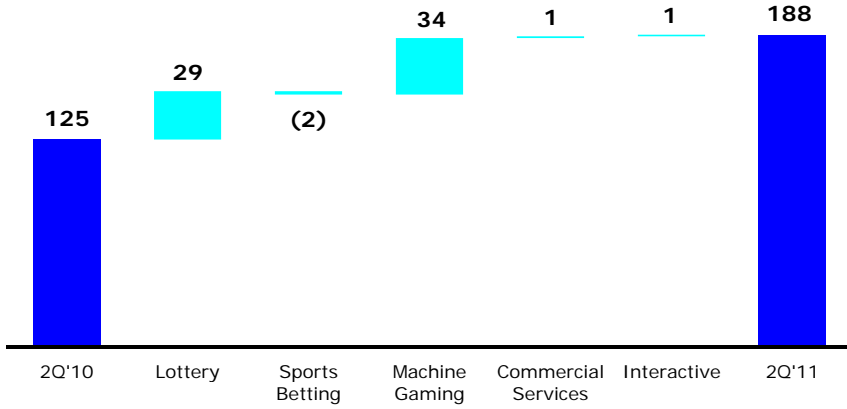
Performance Breakdown – 2Q'11

Italian Operations

Revenues



EBITDA

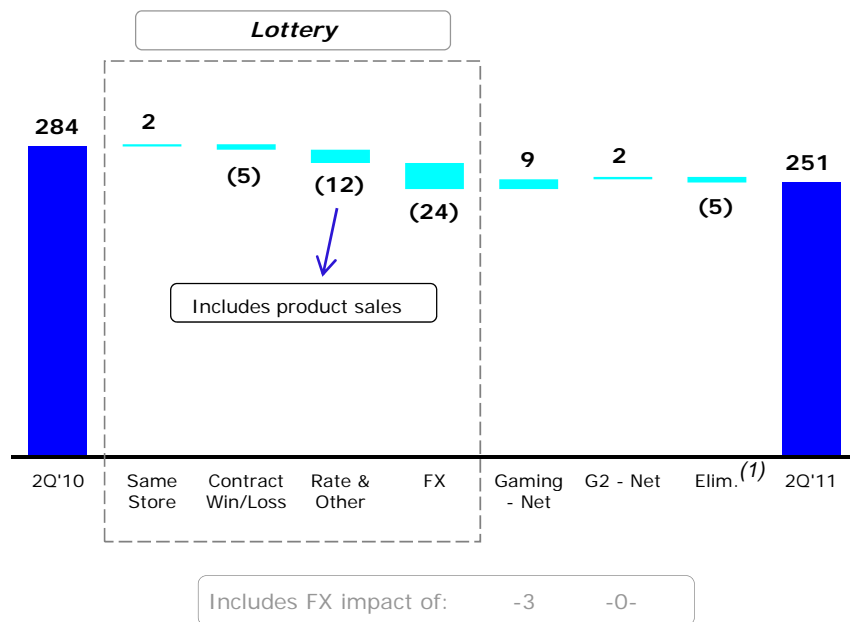


Figures in €M

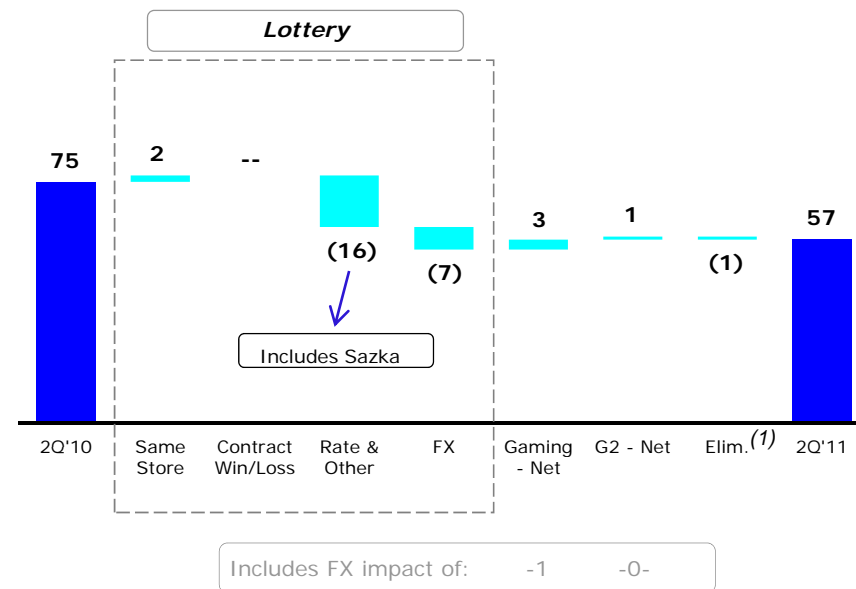
Performance Breakdown – 2Q'11

GTECH, G2 & Gaming

Revenues



EBITDA



Note: - \$/€ FX average: 1.27 in 2Q'10; 1.46 in 2Q'11

(1) Elimination of intercompany revenues/profits on sales between segments, principally Gaming sales to Italy. Figures in €M

GTECH, G2 & Gaming Service Revenues – 2Q'11

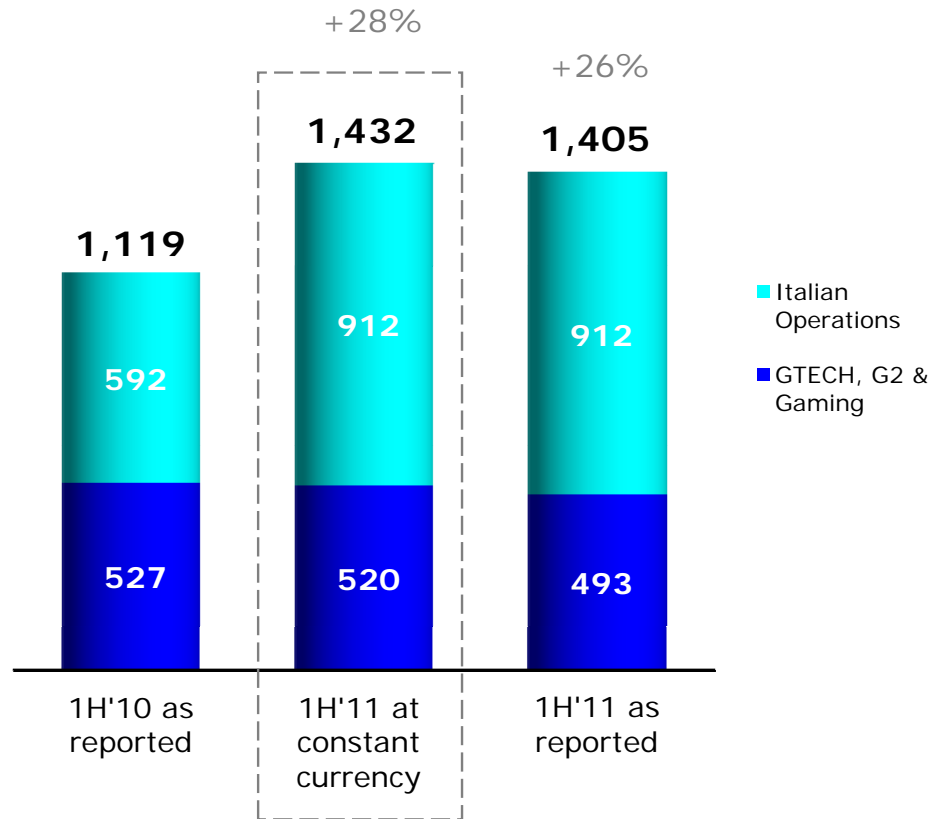
Service Revenues Breakdown	2Q'11	2Q'10	% change	Excl. Czech
Same Store Revenues				
<i>Mega Millions States (\$m)</i>	109	107	2%	2%
<i>Powerball States (\$m)</i>	45	45	0%	0%
US Lottery (\$m)	154	152	1%	1%
At Constant Currency				
US Lottery (€m)	122	120	1%	1%
International Lottery (€m)	82	82	0%	5%
Total Lottery (€m)	204	202	1%	3%
All Other - Net (€m)	36	34	6%	6%
Total Same Store Revenues (€m)	240	236	2%	3%
Acquisitions/Divestitures/Other	2	-		
FX Impact	(25)	-		
Total Service Revenues (€m)	217	236	-8%	-6%

Note: - \$/€ FX average: 1.27 in 2Q'10; 1.46 in 2Q'11

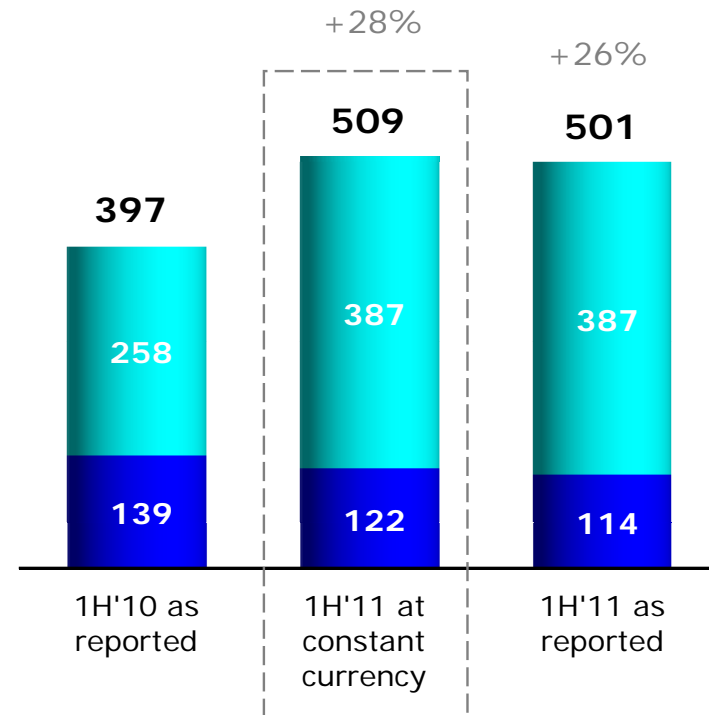
- *Mega Millions States: Texas, New York, California, Illinois, Michigan, Georgia, New Jersey, Washington, Virginia*
- *Powerball States: Florida, North Carolina, Rhode Island, Tennessee, Wisconsin, Missouri, Arizona, Kentucky, Oregon, Kansas, New Mexico, Nebraska, Washington DC, Minnesota*
- *Same Store Revenues exclude the impact of acquisitions, divestitures, contract wins, losses and rate changes*
- *Includes intercompany revenues*

Results Summary – 1H'11

Revenues



EBITDA



Margin % **35.5%** **35.5%** **35.7%**

Note: - \$/€ FX average: 1.32 in 1H'10; 1.42 in 1H'11

Figures in €M

Income Statement – 1H'11

Income Statement	1H'11	1H'10	% Change
<i>Service Revenues</i>	1,340	1,045	28%
<i>Product Sales</i>	65	74	-11%
Revenues	1,405	1,119	26%
EBITDA	501	397	26%
<i>EBITDA margin %</i>	36%	36%	
Operating Income	293	228	28%
<i>Interest Expense, Net</i>	(83)	(83)	
<i>Foreign Exchange: Cash</i>	1	(1)	
<i>Foreign Exchange: Non-Cash</i>	(33)	17	
<i>Other</i>	(5)	(1)	
Financial Charges, Net	(120)	(68)	
Income Before Tax	173	160	8%
Net Income	91	87	4%
Net Income - Owners	68	64	6%
Diluted EPS: Reported	0.40	0.38	5%
Diluted EPS: Pro-Forma	0.62	0.47	32%

Note: - \$/€ FX average: 1.32 in 1H'10; 1.42 in 1H'11

Figures in €M (except EPS)

Pro-Forma EPS – 1H'11

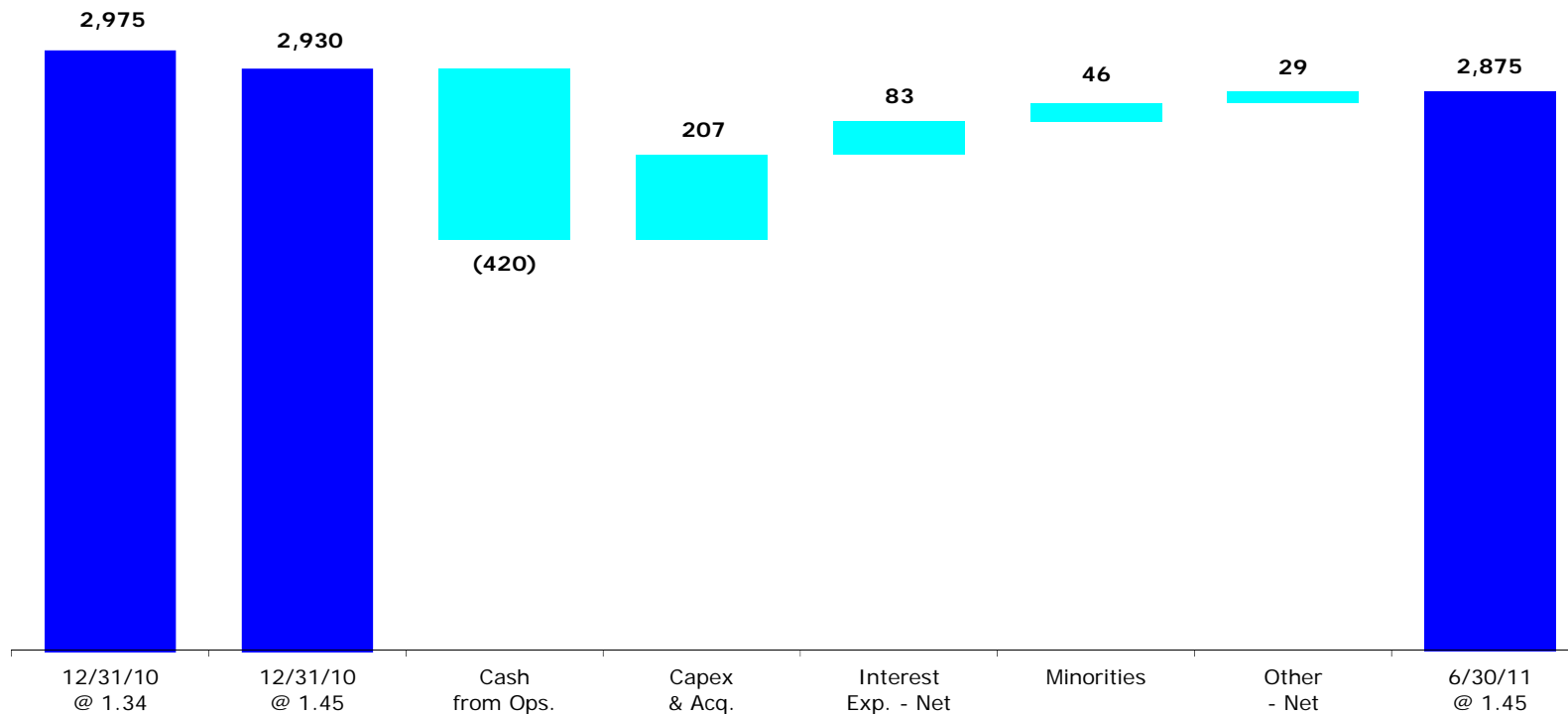
Pro-Forma EPS	1H'11	1H'10
Net Income - Owners (Reported)	68	64
Pro-Forma Adjustments:		
<i>Foreign Exchange - Debt Related</i>	30	(16)
<i>GTECH Purchase Price Accounting</i>	29	37
<i>Other - Net</i>	1	1
Total	60	22
Income Tax Effect of Adjustments	22	7
Net Income - Owners (Pro-Forma)	106	79
Diluted EPS: Pro-Forma	0.62	0.47

Note: - \$/€ FX average: 1.32 in 1H'10; 1.42 in 1H'11

Figures in €M (except EPS)

Drivers of Net Financial Position

- Continued healthy cash flow generation from operations of 420 million in 1H'11



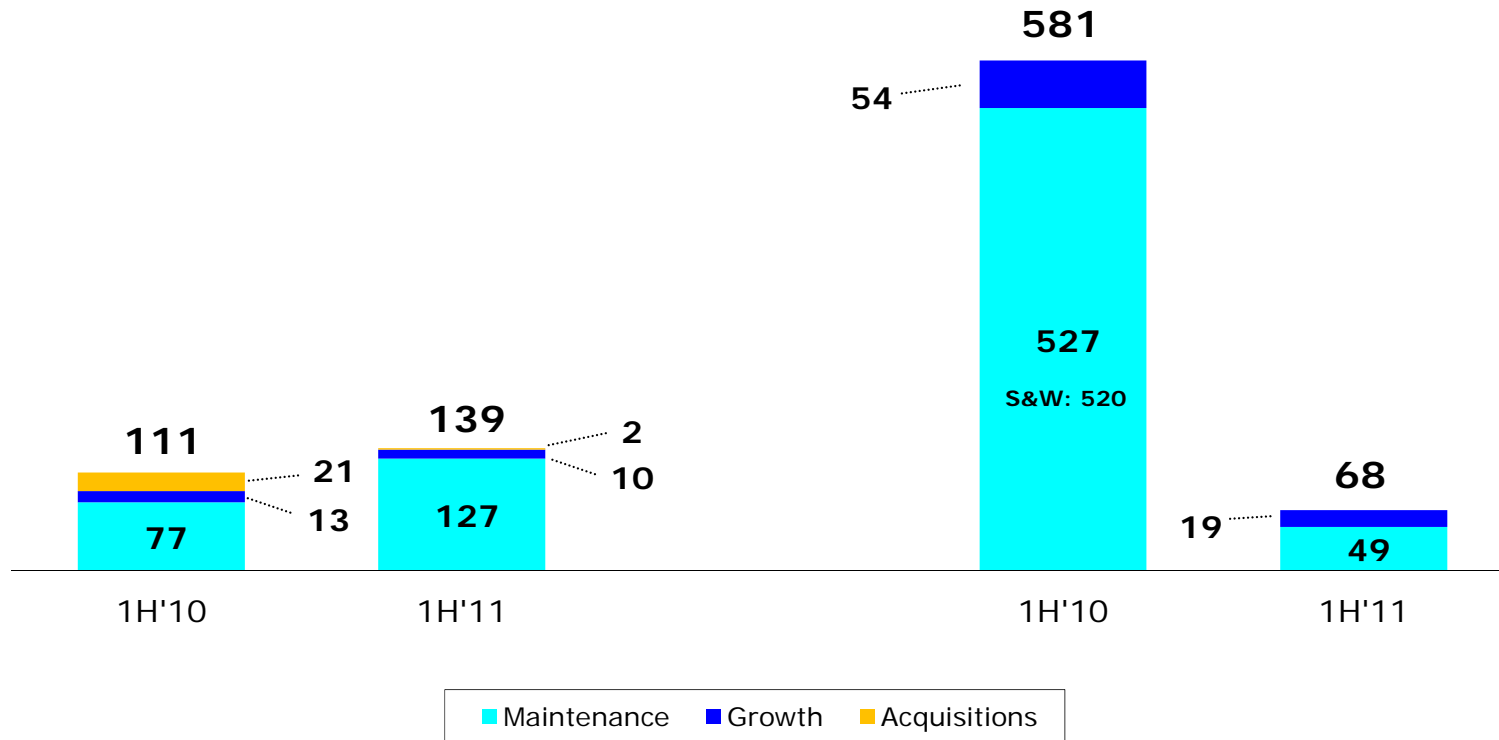
- 743 million of cash or committed un-drawn lines of credit

Figures in €M

Capex

GTECH, G2 & Gaming

Italian Operations



Capex in-line with plan

Figures in €M

Question and Answer

Q & A

Summary: Sustaining Momentum

- **Second quarter and half year results demonstrate sustainability of momentum**
- **Positive outlook for the remainder of the year**
- **Confident the revised guidance properly balances risks and expected growth**
- **Deleveraging proceeding and producing meaningful results**
- **Focus on achieving three-year plan objectives**

Appendix

Income Statement – 2Q'11

Income Statement	2Q'11	2Q'10	% Change
<i>Service Revenues</i>	664	526	26%
<i>Product Sales</i>	39	49	-21%
Revenues	703	575	22%
EBITDA	245	200	23%
<i>EBITDA margin %</i>	35%	35%	
Operating Income	140	110	27%
<i>Interest Expense, Net</i>	(41)	(42)	
<i>Foreign Exchange: Cash</i>	1	(1)	
<i>Foreign Exchange: Non-Cash</i>	2	16	
<i>Other</i>	(3)	-	
Financial Charges, Net	(41)	(27)	
Income Before Tax	99	83	19%
Net Income	55	46	20%
Net Income - Owners	46	35	32%
Diluted EPS: Reported	0.27	0.21	29%
Diluted EPS: Pro-Forma	0.32	0.23	39%

Note: - \$/€ FX average: 1.27 in 2Q'10; 1.46 in 2Q'11

Figures in €M (except EPS)

Pro-Forma EPS – 2Q'11

Pro-Forma EPS	2Q'11	2Q'10
Net Income - Owners (Reported)	46	35
Pro-Forma Adjustments:		
<i>Foreign Exchange - Debt Related</i>	(2)	(14)
<i>GTECH Purchase Price Accounting</i>	14	18
<i>Other - Net</i>	1	1
Total	13	5
 Income Tax Effect of Adjustments	 4	 1
Net Income - Owners (Pro-Forma)	55	39
Diluted EPS: Pro-Forma	0.32	0.23

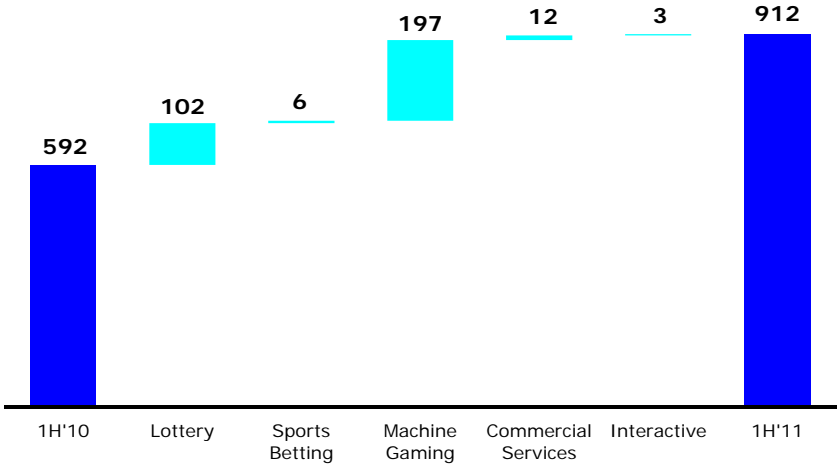
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Figures in €M (except EPS)

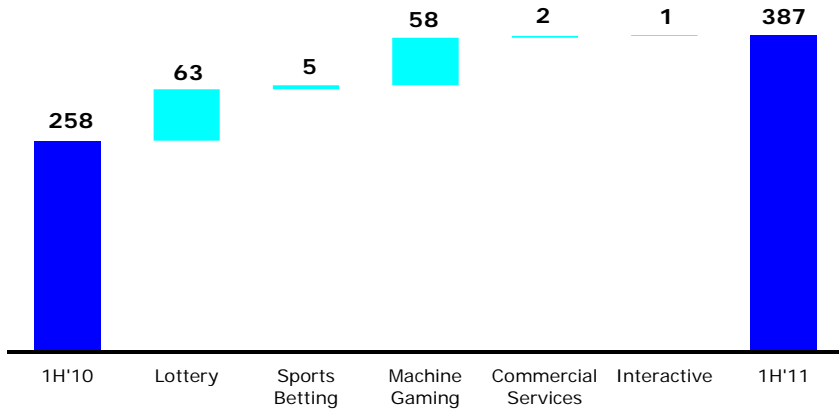
Performance Breakdown – 1H'11

Italian Operations

Revenues



EBITDA

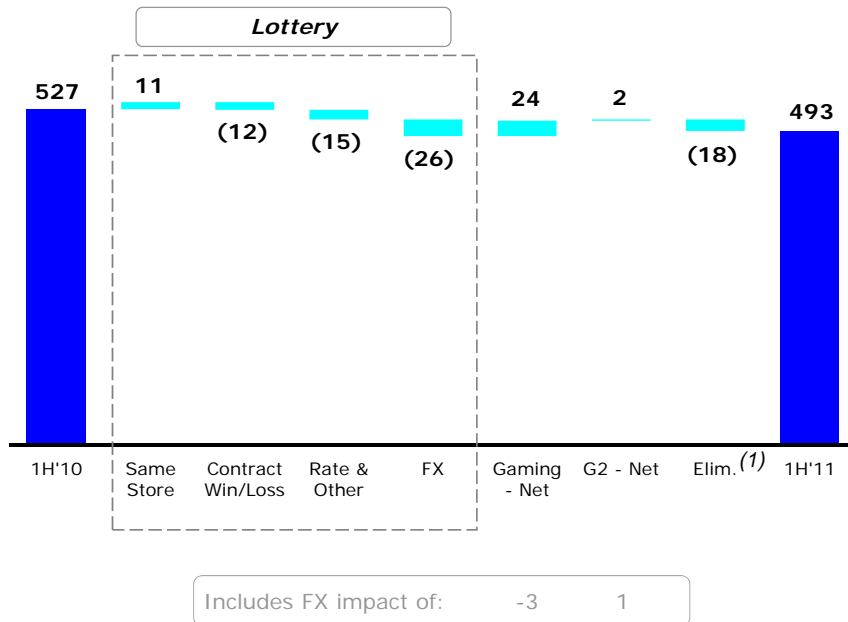


Figures in €M

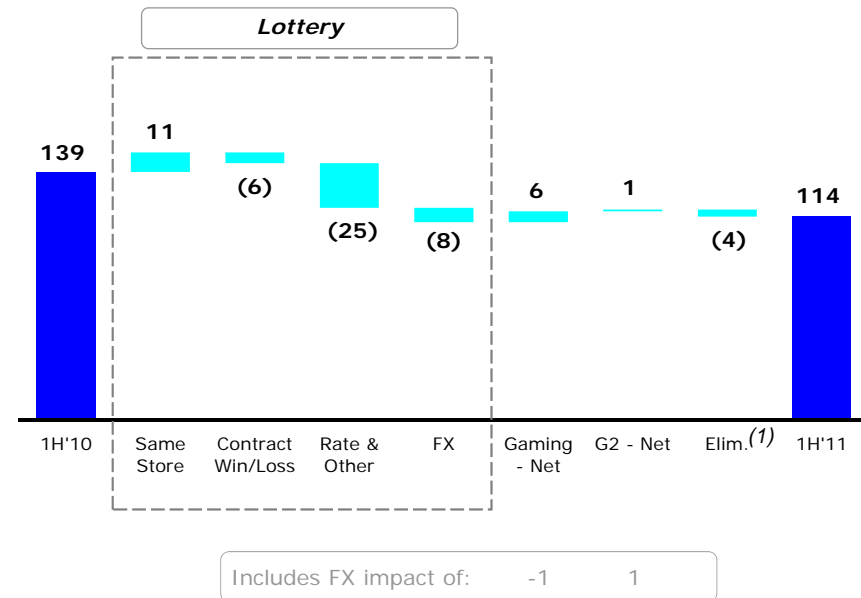
Performance Breakdown – 1H'11

GTECH, G2 & Gaming

Revenues



EBITDA



Note: - \$/€ FX average: 1.32 in 1H'10; 1.42 in 1H'11

(1) Elimination of intercompany revenues/profits on sales between segments, principally Gaming sales to Italy. Figures in €M

Italian Operations – 1H'11

Wagers	1H'11	1H'10	% change
Scratch & Win Wagers (€m)	5,371	4,833	11%
<i>Tickets Sold</i>	1,221	1,252	-3%
<i>Average Price Point €</i>	4.40	3.86	14%
Lotto Wagers (€m)	3,361	2,403	40%
Sports Betting Wagers (€m) ¹	505	560	-10%
Machine Gaming Wagers (€m)	4,987	2,247	122%
<i>Machines Installed - AWP</i>	53.0K	53.6K	-1%
<i>Machines Installed - VLT</i>	6.6K		
Interactive Wagers (€m)	225	206	9%

¹ Includes fixed odds sports betting and pool games

Key Revenues (€m)	1H'11	1H'10	% change
Lottery	429	327	31%
Sports Betting	98	92	7%
Machine Gaming	297	100	196%
Commercial Services	61	49	26%
Interactive	27	24	13%

GTECH, G2 & Gaming Service Revenues – 1H'11

Service Revenues Breakdown	1H'11	1H'10	% change	Excl. Czech
Same Store Revenues				
<i>Mega Millions States (\$m)</i>	221	213	4%	4%
<i>Powerball States (\$m)</i>	91	88	3%	3%
US Lottery (\$m)	312	301	4%	4%
At Constant Currency				
US Lottery (€m)	238	229	4%	4%
International Lottery (€m)	162	160	1%	4%
Total Lottery (€m)	400	389	3%	4%
All Other - Net (€m)	68	66	4%	4%
Total Same Store Revenues (€m)	468	455	3%	4%
Acquisitions/Divestitures/Other	(6)	-		
FX Impact	(26)	-		
Total Service Revenues (€m)	436	455	-4%	-3%

Note: - \$/€ FX average: 1.32 in 1H'10; 1.42 in 1H'11

- *Mega Millions States: Texas, New York, California, Illinois, Michigan, Georgia, New Jersey, Washington, Virginia*
- *Powerball States: Florida, North Carolina, Rhode Island, Tennessee, Wisconsin, Missouri, Arizona, Kentucky, Oregon, Kansas, New Mexico, Nebraska, Washington DC, Minnesota*
- *Same Store Revenues exclude the impact of acquisitions, divestitures, contract wins, losses and rate changes*
- *Includes intercompany revenues*

Balance Sheet

Balance Sheet	1H'11	FY'10
Non-Current Assets	2,557	2,669
Goodwill	2,981	3,157
Net Working Capital/Other	(458)	(492)
Net Invested Capital	5,080	5,334
Shareholders' Equity	2,205	2,359
Net Financial Position	2,875	2,975
Shareholders' Equity and NFP	5,080	5,334

Figures in €M

Cash Flow Statement – 1H'11

Cash Flow	1H'11	1H'10
Net Cash Flows from Operating Activities	420	406
Capex	(205)	(671)
Acquisitions	(2)	(21)
Debt Proceeds/(Repayment), Net	92	29
Interest Paid, Net	(92)	(105)
Dividends Paid	-	(125)
Capital Increase: Non-Controlling Interests	(1)	187
Non-Controlling Interests/Other	(69)	(61)
Net Cash Flows Used in Investing/Financing	(277)	(767)
Net Cash Flow	143	(361)
Effect of Exchange Rates/Other	(1)	1
Net Change in Cash	142	(360)
Cash at End of the Period	294	109

Figures in €M

Financial Charges, Net – 1H'11

Financial Charges, Net	1H'11	1H'10	Change
Interest and Other Income, Net	(4)	-	(4)
Foreign Exchange, Net			
<i>Cash Foreign Exchange</i>	1	(1)	2
<i>Non-Cash Foreign Exchange</i>	(33)	17	(50)
Total Foreign Exchange, Net	(32)	16	(48)
Interest Expense			
<i>Capital Securities</i>	(32)	(32)	-
<i>GTECH Senior Credit Facilities</i>	-	(28)	28
<i>2009 Notes (Due 2016)</i>	(19)	(19)	-
<i>2010 Notes (Due 2018)</i>	(14)	-	(14)
<i>Facilities</i>	(13)	-	(13)
<i>Other</i>	(6)	(5)	(1)
Total Interest Expense	(84)	(84)	-
Total Financial Charges, Net	(120)	(68)	(52)

Figures in €M

Segment Information – 1H'11

Revenues	1H'11	% of Total	1H'10	% of Total
Italian Operations	912	65%	592	53%
GTECH Lottery	381	27%	423	38%
Gaming Solutions	94	7%	70	6%
GTECH G2	39	3%	37	3%
Total	1,426	102%	1,122	100%
Eliminations	(21)	-2%	(3)	0%
Purchase Accounting	-	0%	-	0%
Total	1,405	100%	1,119	100%

Operating Income/(Loss)	1H'11	% of Total	1H'10	% of Total
Italian Operations	289	99%	213	93%
GTECH Lottery	39	14%	65	29%
Gaming Solutions	4	1%	(6)	-3%
GTECH G2	(2)	-1%	(3)	-1%
Total	330	113%	269	118%
Eliminations	(4)	-1%	-	0%
Corporate Overhead	(5)	-2%	(5)	-2%
Purchase Accounting	(28)	-10%	(36)	-16%
Total	293	100%	228	100%

Figures in €M