



PRESS RELEASE

LOTTOMATICA GROUP ANNOUNCES 2010 PRELIMINARY OPERATING RESULTS AND 2011-2013 GUIDANCE

BOARD RECOMMENDS DIVIDEND POLICY

- **2010 Revenues and EBITDA of €2.3 billion and €812 million, respectively; net income, attributable to parent, at break-even**
- **2010 Net Financial Position of €2.98 billion**
- **Refinancing plan completed without hybrid bond offering**
- **2011 – 2013 Guidance reviewed by Board; €650 million –€800 million cumulative cash flow generation and a target leverage ratio of 2.6x –2.8x expected by 2013**
- **Dividend policy recommended by Board; 2011 in-kind distribution of treasury shares to shareholders**

2010 Preliminary Operating Results

2009 Actual ⁽¹⁾	(€/M)	2010 Preliminary ⁽²⁾	2010 Guidance F/X @ 1.40
2,177	Revenues	2,314	2,300 – 2,400
784	EBITDA ⁽³⁾	812	785 – 805
425	Capital Expenditures ⁽⁴⁾	1,219	1,200 – 1,250
2,423	Net Financial Position	2,976	2,850 – 2,950

⁽¹⁾ \$/€ rate 1.394 (avg 2009), FX 1.441 (Dec 31, 2009)

⁽²⁾ Consolidated, unaudited - \$/€ FX 1.325 (avg 2010), FX 1.336 (Dec 31, 2010)

⁽³⁾ 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.

⁽⁴⁾ 2010 CapEx includes €881M for Italian Scratch & Win and VLT nine-year concessions

ROME (ITALY), February 07, 2011 – Lottomatica Group S.p.A. today will announce, during a conference call addressing the financial community, the Group's 2011 - 2013 guidance which was approved by the Board earlier today. Lottomatica Group CEO, Marco Sala, and Group CFO, Stefano Bortoli, will lead the presentation which is being followed by a series of meetings with the investment community in Europe and the U.S.

Lottomatica Group's Board of Directors today also reviewed the Group's preliminary 2010 operating results; and voted to recommend a new dividend policy that would allow no more than 50% of annual levered free cash flow generation to be allocated for the payment of dividends. For 2011, the Board will recommend to the Annual Shareholders' Meeting a

dividend in the form of an in-kind distribution of treasury shares, with a ratio of approximately two shares for every 100 shares owned.

Lottomatica Group CEO Marco Sala commented, *"Lottomatica Group has reached a strategic turning point. We have successfully completed a major rebid cycle. We have a new capital structure with favorable terms and conditions. And, we have made significant investments that will drive our growth."*

Mr. Sala continued, *"It is now time to extract value from the investments we have made. That will result in improved cash flows and a deleveraged financial position which will drive enhanced shareholder value."*

"Our free cash flows will increase over the next three years driven by additional EBITDA contribution from contracts invested in over the past two years, and a material reduction of Capex, taking into account there are no major rebids for the next several years," said Lottomatica Group CFO Stefano Bortoli. *"We expect to generate between €650 million - €800 million of levered free cash flow in the next three years that will be available to pay dividends and reduce our debt, targeting a Net Debt to EBITDA ratio of 2.6x to 2.8x by 2013. We are confirming our commitment to maintain our investment grade credit rating, which remains a top priority for Lottomatica Group."*

2010 Preliminary Operating Results

Lottomatica Group's 2010 preliminary results are in accordance with full-year guidance. For the full year ended December 31, 2010, **Revenues** grew across all business segments. Revenues for the year totaled €2.3 billion, compared to approximately €2.2 billion in 2009, up 6.3%.

EBITDA was approximately €812 million in 2010, up 3.6% compared to approximately €784 million in the same period last year.

Consolidated net income attributable to the parent will be close to break-even, compared to net income of €68 million in 2009. This is primarily due to pre-tax impairment losses of approximately €51 million associated with the GTECH G2 segment in 2010; approximately €56 million of costs associated with the refinancing of bank facilities finalized in December; and €41 million of foreign exchange losses.

During the year, **Investing Activities** totaled €1.2 billion, compared to €417 million last year. Investing activities in 2010 included €800 million for the Italian Scratch & Win license renewal, and the second payment for the Italian VLT licenses of €81 million.

At December 31, 2010, Lottomatica Group had a **Net Financial Position** (NFP) of €2.98 billion, compared to €2.42 billion as of December 31, 2009. The change in NFP was principally due to the payments for the Italian Scratch & Win and VLT licenses, net of capital contributions from the Group's partners.

The Board has also withdrawn the hybrid bond transaction announced on November 15, 2010. With the issuance of the €500 million Eurobond and the €1.4 billion credit facility entered into in December 2010, Lottomatica has completed the refinancing plan previously approved by the Board on November 15, 2010.

2011 - 2013 Guidance

(€/M)	Prelim. 2010A	2011E	2013E
Revenues	2,314	2,550 -2,650	Mid-single digit 2-year CAGR
EBITDA	812	850 - 865	Mid-single digit 2-year CAGR
Capital Expenditures	1,219	325 - 350	Approx. 20% - 22% of EBITDA beginning 2012
Net Financial Position	2,976	2,850 -2,900	NFP/EBITDA ratio 2.6x - 2.8x
Average USD/EUR	1.33	1.30	1.30

It is expected that there will be continued growth in Italy across all business sectors. Lottery sales are expected to continue their turnaround supported by the *10 and Lotto* game. Scratch & Win will continue to grow through product innovation and retailer optimization. And, the video lottery rollout will be completed in 2011 driving the sector to be a major growth contributor.

With the completion of a major rebid cycle, GTECH will focus on extracting value from investments and competing for new jurisdictions. GTECH's same store sales are expected to benefit from continued improvements in California and an increased customer focus on growth to help offset budget deficits. The transition to the new Private Manager Agreement in Illinois is expected to take place early in the second half of 2011, laying the foundation for a significant increase in returns. GTECH's operations with ONCE in Spain are expected to expand its retailer network, introduce new games, and improve prize payouts to support growth.

Gaming Solutions will benefit from the Canadian replacement cycle in which SPIELO has a strong market presence as well as the expansion of the Italian VLT market where it supports Lottomatica and three other operators.

GTECH G2, the Group's interactive business, expects to see further expansion of the Canadian poker network, additional rollouts in support of GTECH lottery customers' entrance into interactive space, and the adoption of national regulations in Europe.

It is also important to note that there will be no major rebids over the next several years. An improvement in cash flow generation will be supported by a material capital expenditure reduction which will decline to a long-term, sustainable level of 20% - 22% of EBITDA beginning in 2012. Levered free cash flow in the range of €650 million - €800 million will fund the dividend distribution and debt reduction, with a target of a Net Debt to EBITDA ratio of 2.6x to 2.8x by 2013.

Related press releases dated May 11, 2010 and November 15, 2010.

The conference call will take place at 16:30 CET on Monday, February 7, 2011, and will be available via live webcast at www.lottomaticagroup.com.

Declaration

The manager responsible for preparing the Company'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 subsidiaries including 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, based upon preliminary results, and approximately 7,700 employees in over 50 countries.

This press release contains certain forward-looking statements based on current expectations and projections in relation to future events. These forward-looking statements may be affected by known or unknown risks, uncertain events and cautious assumptions, and, as a result, may not come to fruition. Any statement relating to past performance or activities should not be considered a guarantee of future performance or of such activities continuing in the future.

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