



**PRESS RELEASE**

**LOTTOMATICA GROUP ANNOUNCES RESULTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009**

**Consolidated Financial Highlights and New Developments**

- **Revenues of €1.6 billion, up 14% over first nine months of 2008**
- **EBITDA of €596 million, up 4% over first nine months of 2008**
- **Continued growth across all business lines**
- **Board approves senior unsecured bond of up to €750 million to refinance portion of existing debt**

**Lottomatica Group 2009 First-Nine Months Results**

<b>Consolidated Income Statement (€/M)</b>	<b>First Nine Months 2009</b>	<b>First Nine Months 2009 at constant currency<sup>2</sup></b>	<b>First Nine Months 2008</b>
Revenues	1,592.2	1,566.3	1,401.6
EBITDA <sup>1</sup>	596.4	589.1	571.2
EBITDA %	37.5%	37.6%	40.8%
Operating Income	345.5		337.1
Net Income Attributable to Parent	107.2		106.4

<sup>1</sup>EBITDA represents operating income plus depreciation, amortization and write-downs 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.

<sup>2</sup>\$/€ FX average: 1.53 in First Nine Months '08; 1.37 in First Nine Months '09.

ROME (ITALY) – PROVIDENCE, RHODE ISLAND (US), November 11, 2009 – The Board of Directors of Lottomatica Group S.p.A., chaired by Mr. Lorenzo Pellicoli, today approved the consolidated interim management statement for the nine-month period which ended September 30, 2009, and a senior unsecured bond of up to €750 million to refinance a portion of the Group's existing debt.

**Marco Sala, CEO of Lottomatica Group, said:** "Lottomatica Group has just completed a quarter in which we enjoyed significant commercial success. We have positioned ourselves to be the sole concessionaire for the Italian Scratch & Win license. By securing approximately 20 percent of the newly available VLT licenses, we will significantly expand our Italian Gaming Solutions business. And, with the approval of the cross-selling of multi-jurisdictional jackpot games in the U.S., same store revenue growth will be enhanced."

"All of these developments will be significant contributors to the sustainability of our results," **Mr. Sala continued.** "Industry trends are encouraging as well. Same store revenues appear to be on the up swing and anticipated operator opportunities are beginning to materialize. Further, we are seeing the beneficial impacts of governments expanding their lottery programs to meet severe budget gaps."

"Despite the challenging economic climate, I am pleased to report that we experienced top line growth in all of our businesses," said **Stefano Bortoli, CFO of Lottomatica Group**. "Following the recently-announced share capital increase to fund expansion opportunities in the Italian market, we will also improve our capital structure through today's Board-approved €750 million Euro bond, which will allow us to refinance our existing debt, further diversifying funding sources and lengthening the average maturity of our debt."

For the nine-month period ended September 30, 2009, **Revenues** totaled €1.59 billion. Overall, revenues grew 13.6% year-over-year, and 11.8% on a constant currency basis.

**EBITDA** was €596.4 million, up 4.4% compared to the first nine months of 2008. The increase in EBITDA was mainly driven by growth in the Gaming Solutions, Sports Betting, and Interactive businesses in Italy. EBITDA margins were 37.5% in the first nine months of 2009 versus 40.8% in the same period last year, primarily due to a change in the revenue mix and new lottery contract terms.

**Operating Income** was €345.5 million, up 2.5% over €337.1 million in the first nine months of 2008.

Net **Cash Flows** from Operating Activities generated €451.9 million in the first nine months of this year.

During the first nine months of 2009, **Investing Activities** totaled €231.9 million, compared to €351.4 million in the same period last year, when a number of acquisitions were completed.

At September 30, 2009, Consolidated Shareholders' Equity totaled €1.6 billion. Lottomatica Group had a **Net Financial Position** (NFP) of €2.69 billion, down from €2.71 billion as of December 31, 2008.

### Revenues by Product Line

Group Revenues (€/M)	First Nine Months 2009	First Nine Months 2008	Increase	%
Lottery	1,113.0	1,062.6	50.4	4.7
Gaming Solutions	209.9	147.9	62.0	42.0
Sports Betting	121.0	92.6	28.4	30.7
Interactive	78.5	31.4	47.1	150.0
Commercial Services	69.8	67.1	2.7	4.0
<b>Total:</b>	<b>1,592.2</b>	<b>1,401.6</b>	<b>190.6</b>	<b>13.6</b>

Non-lottery revenues represented 30% of total consolidated revenues in 2009, versus 24% in 2008.

### Lottery

Total lottery revenues in the first nine months of 2009 for GTECH were up 11.3% to €589.3 million, compared to €529.6 million in the same period last year. Same-store revenues, on a worldwide basis, grew 3%, at constant currency. During the first nine months of 2009, GTECH announced four new long-term lottery contracts and extended its relationships with nine additional lottery customers worldwide. Most recently, GTECH signed an agreement with Organizacion Nacional de Ciegos de Espana (ONCE) to help create a complementary lottery retailer network in Spain. GTECH expects to receive revenues of more than €500 million from ONCE, over the 11-year term. GTECH Printing Corporation has received 18 contracts and/or extensions year-to-date, and currently maintains a customer base of 40 lotteries worldwide.

Italian Lotto and instant-ticket wagers for the nine-month period ended September 30, 2009 were comparable to the same period last year at €11.3 billion.

Instant-ticket performance in Italy increased in the first nine months of the year, with wagers of €7.1 billion, compared to wagers of €6.9 billion in the first nine months of 2008. Approximately 1.9 billion Scratch & Win tickets were sold in the first nine months of this year, with an average price point of €3.8 versus €3.6 in the same period last year. A new €20 ticket was introduced in October 2009, the sales of which are very encouraging.

Lottomatica's newly-launched game, "10 and Lotto," is gaining player acceptance and represents a major step in Lottomatica's product innovation strategy in Italy.

### **Gaming Solutions**

Lottomatica continues to maintain a solid presence in the Italian market through the direct management of gaming machines. The number of Lottomatica's Amusement with Prize (AWP) machines installed in Italy grew from approximately 46,000 machines as of September 30, 2008, to 51,000 at the end of September 2009. Wagers increased 17.3% from €2.5 billion in the first nine months of 2008, to €2.9 billion in the first nine months of 2009.

New high-performing video lottery terminals (VLTs) are expected to be introduced in the Italian market in 2010. VLTs represent a major innovation in the Italian gaming machines market, and a potential growth driver for the Group in the future. Lottomatica intends to play an important role in this new segment both as a concessionaire and as a provider through its ATRONIC/SPIELO subsidiaries.

In addition, under a multi-year arrangement, SPIELO has agreed to supply a new server-based gaming system, retailer terminals, several thousand VLTs, and game content to Gamenet S.p.A., the third largest provider of AWP machines in Italy, with both SPIELO and ATRONIC providing game content.

### **Sports Betting**

Revenues from sports betting in Italy increased 30.7% to €121.0 million in the first nine months of 2009 from €92.6 million in the same period last year, due to a 37.6% increase in wagers from €500.4 million to €688.5 million.

### **Interactive**

In the first nine months of 2009, Lottomatica's Italian operations generated revenues of €28.6 million from €241.6 million in skill game wagers, primarily from its interactive online poker network.

Total GTECH G2 revenue contribution to Lottomatica Group was €49.9 million in the first nine months of 2009, attributable to the 2008 acquisitions of Boss Media, Dynamite Idea, and St Minver, and the ongoing operations of Finsoft, which was acquired in 2007.

In Chile, a combined sports betting, interactive, and lottery solution was launched for Polla Chilena as a result of a joint effort between GTECH, Finsoft, and Lottomatica's Italian operations.

### **Additional Information: Third-Quarter Results**

Lottomatica Group revenues for the third quarter ended September 30, 2009 totaled €493.5 million, up 4.1% versus the third quarter of last year.

EBITDA was €165.9 million with an EBITDA margin of 33.6%. Operating income was €84.2 million for the quarter, versus €87.1 million in the same period last year. Net income, attributable to the parent, was €13.2 million for the three months ended September 30, 2009, compared to €28.4

million in the third quarter of 2008, principally driven by unrealized foreign exchange losses in the 2009 period.

Revenues from Italian operations grew 10.4% to €258.3 million, from €234.0 million in the third quarter of 2008. Instant-ticket wagers were approximately €2.1 billion in the third quarter of 2009, comparable to the same period last year, while Lotto wagers were €1.4 billion, in line with the third quarter of last year. Wagers from sports betting in Italy increased 42.8% to €189.3 million in the third quarter of 2009, from €132.6 million in the third quarter last year. Gaming machine wagers also grew from €836.5 million to €864.1 million, up 3.3% versus the same period in 2008. Skill game wagers were €79.7 million in the quarter, principally from online poker.

GTECH Lottery revenues for the third quarter of 2009 were comparable to the same period last year at €183.4 million. Revenues from Gaming Solutions were €34.7 million versus €40.9 million in the same period last year. GTECH G2 revenues grew slightly to €17.1 million in the third quarter, compared to the third quarter of 2008.

### **Other Business Developments**

Lottomatica Group's Board of Directors today approved the issuance of a senior unsecured non-convertible bond, reserved for qualified investors, up to a maximum amount of €750 million. The proceeds of the bond issue, which will be used to refinance a portion of existing debt of the Group, and for general corporate purposes, will extend the average maturity of the Group's debt while adding further diversity to the Group's capital structure. The new bond is expected to be issued by March 2010 and, as such, the Board has authorized Lottomatica Group's Chairman and CEO to define the timing, amount, and terms and conditions of the bond issue, which is expected to be listed on the Luxembourg stock exchange.

### **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 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 2008, the Company had approximately €2.1 billion in revenues and 7,500 employees in over 50 countries when combined with GTECH.*

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*This press release and the previous ones are available on Lottomatica and GTECH web sites: [www.lottomaticagroup.com](http://www.lottomaticagroup.com) - [www.gtech.com](http://www.gtech.com)*

Lottomatica Group Consolidated Financial Statements to follow:

*Lottomatica Group Consolidated Income Statement nine months ended September 30, 2009 and 2008*

*Lottomatica Group Consolidated Income Statement three months ended September 30, 2009 and 2008*

*Lottomatica Group Consolidated Balance Sheet as of September 30, 2009 and December 31, 2008*

*Lottomatica Group Consolidated Cash Flow Statement for the periods ended September 30, 2009 and September 30, 2008*

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

	For the nine months ended September 30	
	<u>2009</u>	<u>2008</u>
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
Service revenue	1,489,785	1,319,528
Product sales	102,404	82,101
<b>Total revenue</b>	<u>1,592,189</u>	<u>1,401,629</u>
Raw materials, services and other costs	740,806	614,203
Personnel	317,143	294,163
Depreciation, amortization and impairment	247,694	228,010
Capitalization of internal construction costs - labor and overhead	(58,983)	(71,804)
<b>Total costs</b>	<u>1,246,660</u>	<u>1,064,572</u>
<b>Operating income</b>	345,529	337,057
Interest income	2,615	9,210
Equity loss	(1,480)	(507)
Other income	1,070	5,183
Other expense	(4,375)	(2,417)
Foreign exchange loss, net	(11,481)	(1,912)
Interest expense	(113,409)	(129,613)
	<u>(127,060)</u>	<u>(120,056)</u>
<b>Income before income tax expense</b>	218,469	217,001
Income tax expense	75,371	74,865
<b>Net income</b>	<u>143,098</u>	<u>142,136</u>
Attributable to:		
Owners of the parent	107,198	106,413
Non-controlling interests	35,900	35,723
	<u>143,098</u>	<u>142,136</u>
<b>Earnings per share/ADRs</b>		
Basic - net income attributable to owners of the parent	€ 0.72	€ 0.71
Diluted - net income attributable to owners of the parent	€ 0.72	€ 0.71

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

	For the three months ended	
	September 30	
	2009	2008
<i>(thousands of euros)</i>	<i>Unaudited</i>	
Service revenue	462,479	429,339
Product sales	31,060	44,540
<b>Total revenue</b>	<b>493,539</b>	<b>473,879</b>
Raw materials, services and other costs	248,972	223,848
Personnel	101,859	104,275
Depreciation, amortization and impairment	79,990	84,898
Capitalization of internal construction costs - labor and overhead	(21,512)	(26,224)
<b>Total costs</b>	<b>409,309</b>	<b>386,797</b>
<b>Operating income</b>	<b>84,230</b>	<b>87,082</b>
Interest income	803	2,115
Equity income (loss)	(447)	115
Other income	259	2,640
Other expense	(2,423)	(1,438)
Foreign exchange gain (loss), net	(10,636)	12,283
Interest expense	(35,279)	(43,842)
	<u>(47,723)</u>	<u>(28,127)</u>
<b>Income before income tax expense</b>	<b>36,507</b>	<b>58,955</b>
Income tax expense	12,595	20,339
<b>Net income</b>	<b>23,912</b>	<b>38,616</b>
Attributable to:		
Owners of the parent	13,203	28,436
Non-controlling interests	10,709	10,180
	<u>23,912</u>	<u>38,616</u>
<b>Earnings per share/ADRs</b>		
Basic - net income attributable to owners of the parent	€ 0.09	€ 0.19
Diluted - net income attributable to owners of the parent	€ 0.09	€ 0.19

**LOTTOMATICA GROUP AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	September 30, 2009	December 31, 2008
	<u>Unaudited</u>	<u>Audited</u>
<i>(thousands of euros)</i>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Systems, equipment and other assets related to contracts, net	732,700	758,717
Property, plant and equipment, net	88,131	86,023
Goodwill	3,004,979	3,074,571
Intangible assets, net	778,222	847,281
Investments in associates	4,458	6,093
Other non-current assets	25,316	21,380
Non-current financial assets	4,365	390
Deferred income taxes	254,300	235,421
<b>Total non-current assets</b>	<u>4,892,471</u>	<u>5,029,876</u>
<b>Current assets</b>		
Inventories	136,394	129,560
Trade and other receivables	775,468	773,595
Other current assets	64,286	65,160
Current financial assets	12,120	20,288
Income taxes receivable	21,395	5,654
Cash and cash equivalents	148,076	109,274
<b>Total current assets</b>	<u>1,157,739</u>	<u>1,103,531</u>
Non-current assets classified as held for sale	7,194	7,456
<b>TOTAL ASSETS</b>	<u><u>6,057,404</u></u>	<u><u>6,140,863</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	152,287	152,287
Share premium	1,139,071	1,139,071
Treasury shares	(63,502)	(73,184)
Retained earnings	101,106	95,647
Other reserves	203,806	277,583
	<u>1,532,768</u>	<u>1,591,404</u>
<b>Non-controlling interests</b>	<u>50,768</u>	<u>58,428</u>
<b>Total equity</b>	<u>1,583,536</u>	<u>1,649,832</u>
<b>Non-current liabilities</b>		
Long-term debt, less current portion	2,512,970	2,573,802
Deferred income taxes	417,828	441,409
Long-term provisions	23,660	27,042
Other non-current liabilities	57,558	48,339
Non-current financial liabilities	95,966	134,604
<b>Total non-current liabilities</b>	<u>3,107,982</u>	<u>3,225,196</u>
<b>Current liabilities</b>		
Accounts payable	756,992	800,653
Short-term borrowings	111,094	60,848
Other current liabilities	252,473	278,751
Current financial liabilities	41,732	12,741
Current portion of long-term debt	92,039	61,109
Short-term provisions	2,259	2,276
Income taxes payable	109,297	49,457
<b>Total current liabilities</b>	<u>1,365,886</u>	<u>1,265,835</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>6,057,404</u></u>	<u><u>6,140,863</u></u>

**LOTTOMATICA GROUP AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the nine months ended September 30	
	<u>2009</u>	<u>2008</u>
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
<b>Operating activities</b>		
Income before income tax expense	218,469	217,001
Adjustments to reconcile income before income tax expense to net cash flows		
Depreciation and impairment	178,405	164,727
Intangibles amortization and impairment	70,279	63,411
Other amortization	(990)	(128)
Interest income	(2,615)	(9,210)
Interest expense	113,409	129,613
Unrealized foreign exchange loss (gain)	10,199	(1,642)
Share-based payment expense	122	11,591
Brazil escrow	-	15,680
Other non-cash items	4,696	13,525
Income tax paid	<u>(83,122)</u>	<u>(89,377)</u>
<b>Cash flows before changes in operating assets and liabilities</b>	<b>508,852</b>	<b>515,191</b>
Changes in operating assets and liabilities:		
Inventories	(7,956)	(87,213)
Trade and other receivables	(10,087)	(206,739)
Accounts payable	(36,679)	20,198
Advance payments from customers	(12,287)	37,843
Advance billings	43	30,771
Taxes other than income taxes	15,719	27,402
Other assets and liabilities	<u>(5,675)</u>	<u>(21,845)</u>
<b>Net cash flows from operating activities</b>	<b><u>451,930</u></b>	<b><u>315,608</u></b>
<b>Investing activities</b>		
Purchases of systems, equipment and other assets related to contracts	(169,476)	(117,562)
Acquisitions	(22,509)	(239,320)
Acquisitions - cash acquired	191	39,658
Purchases of property, plant and equipment	(13,306)	(11,016)
Purchases of intangible assets	(12,611)	(9,548)
Other investments	(8,699)	(6,187)
Loans receivable	(2,442)	-
Dynamite Design and Marketing Limited contingent consideration	(1,507)	-
Interest received	2,479	9,317
Toto Carovigno S.p.A. advance and escrow refund (payment)	4,621	(4,368)
Finsoft Limited contingent consideration	-	(13,415)
Other	<u>(8,603)</u>	<u>997</u>
<b>Net cash flows used in investing activities</b>	<b><u>(231,862)</u></b>	<b><u>(351,444)</u></b>
<b>Financing activities</b>		
Interest paid	(127,559)	(117,862)
Dividends paid	(100,940)	(125,393)
Dividends paid - non-controlling interests	(43,560)	(31,005)
Principal payments on long-term debt	(53,619)	(540,976)
Net proceeds from short-term borrowings	53,246	121,611
Proceeds from issuance of long-term debt	101,810	515,339
Proceeds from exercise of stock options	-	1,394
Treasury share purchases	-	(74,830)
Other	<u>(1,254)</u>	<u>642</u>
<b>Net cash flows used in financing activities</b>	<b><u>(171,876)</u></b>	<b><u>(251,080)</u></b>
Net increase (decrease) in cash and cash equivalents	48,192	(286,916)
Effect of exchange rate changes on cash	<u>(9,390)</u>	<u>7,608</u>
Cash and cash equivalents at the beginning of the period	<u>109,274</u>	<u>434,065</u>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>148,076</u></b>	<b><u>154,757</u></b>