



**PRESS RELEASE**

**LOTTOMATICA GROUP ANNOUNCES 2010 FIRST-QUARTER RESULTS**

**Consolidated Financial and Business Highlights**

- **Lottomatica-led consortium sole bidder for Scratch & Win tender – business secured until 2019**
- **Maximum VLT rights exercised in Italy to drive growth**
- **2010 guidance provided; continued growth in revenues and EBITDA for full year**
- **Net income, attributable to owners of the parent, of €29 million**
- **Board sets commencement of share buy-back plan beginning in 2011**

**Lottomatica Group 2010 First-Quarter Results**

<b>Consolidated Income Statement (€/M)</b>	<b>1Q 2010</b>	<b>1Q 2009</b>	<b>%</b>
Revenues	544.6	582.2	(6.5)
EBITDA	197.3	239.6	(17.6)
EBITDA %	36.2%	41.1%	---
Operating Income	118.1	155.2	(23.9)
Net Income Attributable to Parent	29.4	71.9	(59.1)

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), May 11, 2010 – The Board of Directors of Lottomatica Group S.p.A., chaired by Mr. Lorenzo Pellicoli, today approved the consolidated financial statements for the first quarter of 2010, which ended March 31, 2010.

**Marco Sala, CEO of Lottomatica Group, said, "The results for the first quarter can be described in two broad categories. First, we experienced some very positive outcomes that position us very well for future growth. After a year-long effort, it is very gratifying to**

successfully resolve the Italian Scratch & Win tender as the sole bidder. We expect the Scratch & Win business to be the foundation of our growth going forward.”

**Commenting on the recently-concluded quarter, Mr. Sala continued,** “Secondly, the underlying operating performance for the quarter was solid and in line with our expectations. When you evaluate the results carefully, it is readily apparent that the underlying strength of the business continues.”

“Through the investments we have made – and continue to make – in our Italian business, our diversified product portfolio, and cost-savings initiatives at the Group level, we are confident in our ability to deliver on our guidance for 2010,” **said Stefano Bortoli, CFO of Lottomatica Group.** “We also confirm our commitment to maintaining an investment grade credit rating.”

For the first quarter ended March 31, 2010, **Revenues** totaled €544.6 million, compared to €582.2 million in the first quarter of 2009 when new lottery terminals were sold to a customer in Denmark and sports betting payouts in Italy were lower than average.

(€/M)	1Q 2010	1Q 2009	%
Service Revenues	519.9	541.5	(4.0)
Product Sales	24.7	40.7	(39.3)
<b>Total</b>	544.6	582.2	(6.5)

**EBITDA** was €197.3 million in the first quarter of 2010, compared to €239.6 million in the same period last year, with EBITDA margins of 36.2%. The decrease in EBITDA was mainly driven by higher sports-betting payouts, a low incidence of late numbers for Lotto in Italy, as well as product sale cyclicalities.

**Operating Income** was €118.1 million in the first quarter, compared to €155.2 million in the same period last year.

Diluted **Earnings-Per-Share** were €0.18 versus €0.48 in the first quarter of 2009.

Net **Cash Flows** from Operating Activities generated €143.3 million in the first quarter of 2010, compared to €148.1 million in the first quarter of 2009.

During the first quarter, **Investing Activities** totaled €77.7 million, compared to €44.8 million in the same period last year. The increase was driven by investments in New York, North Carolina, and Italy.

At March 31, 2010, Consolidated Shareholders’ Equity totaled €2.0 billion. Lottomatica Group had a **Net Financial Position** (NFP) of €2.52 billion, compared to €2.42 billion as of December 31, 2009.

A **Dividend** of €0.74 per share for a total amount of approximately €125 million was approved at the April 30 Shareholders’ Meeting, and is payable on May 27, 2010, with an ex-dividend date of May 24, 2010.

## Revenues by Segment

Group Revenues (€/M)	1Q 2010	1Q 2009	Increase /Decrease	%
Italian Operations	301.2	319.2	(18.0)	(5.7)
GTECH Lottery	192.8	214.9	(22.1)	(10.3)
Gaming Solutions	33.2	31.4	1.8	5.8
GTECH G2	18.4	17.4	1.0	5.6
<b>Subtotal:</b>	<b>545.6</b>	<b>582.9</b>	<b>(37.3)</b>	<b>(6.4)</b>
Eliminations/Purchase Accounting	(1.0)	(0.7)	(0.3)	(42.9)
<b>Total:</b>	<b>544.6</b>	<b>582.2</b>	<b>(37.6)</b>	<b>(6.5)</b>

### Italian Operations

Total revenues from Italian operations were approximately €301.2 million in the first quarter of 2010, compared to €319.2 million in the first quarter of 2009. Lottery revenues for Italian operations totaled €167.3 million, compared to €186.4 million in the same period last year, while Italian Lottery wagers for the first quarter were €3.7 billion, compared to €4.0 billion last year. Lotto wagers were affected by a lower incidence of late numbers in the quarter, as well as one less drawing compared to the first quarter of 2009.

Instant-ticket wagers in Italy during the quarter were comparable to the first quarter of 2009 at approximately €2.5 billion. Instant-ticket sales were slightly higher in February and March of 2010, compared to same period last year. To further drive sales, two new instant games were launched in the first quarter as well as a new €10 ticket in April. Approximately 636 million Scratch & Win tickets were sold in the quarter, with an average price point of €3.9 versus €3.8 in the same period last year.

Revenues from sports betting in Italy were €49.2 million in the first quarter compared to €63.5 million in the same period last year, due to lower than average prize payouts in the first quarter of 2009. As of March 31, 2010, approximately 1,210 fixed odds sports-betting and 500 sports pool point-of-sale locations were operational.

Lottomatica continues to maintain a strong presence in the Italian market through the direct management of gaming machines. Amusement With Prize (AWP) machine wagers were €1.1 billion in the first quarter of 2010, up 5.8% over the first quarter of 2009. Lottomatica is the second largest operator in the Italian AWP market, in terms of the number of connected machines. Recently, Lottomatica exercised its rights for the maximum allowable number of VLT licenses in Italy, equal to 10,761 licenses.

During the quarter, Lottomatica's Italian operations generated €11.4 million of revenue from approximately €103.0 million of skill games wagers, principally from online poker.

### GTECH Lottery

Total lottery service revenues in the first quarter of 2010 for GTECH were €187.6 million, compared to €191.2 million in the same period last year. Product sale revenues, which are cyclical, were €5.2 million in the quarter, versus €23.7 million last year.

During the first quarter of 2010, GTECH signed a five-year contract extension with Sazka in the Czech Republic, and most recently was awarded a seven-year integrated services contract with

the Kentucky Lottery. Washington's Lottery also signed a contract amendment with GTECH for the provision of self-service lottery product vending machines and multimedia technology. In early May, GTECH successfully launched new instant products during the first phase of a complementary retailer network rollout for Organizacion Nacional de Ciegos de Espana (ONCE), at an initial 3,500 locations throughout Spain.

GTECH Printing Corporation won its first primary printing contract from the New Mexico Lottery in the quarter, as well as additional printing business from lotteries in Texas, Oregon, and Kentucky.

During the quarter, GTECH also worked with the Mega Millions and Powerball consortiums to implement cross-selling of each consortium's games. Initial results are encouraging and are expected to drive growth for GTECH's customers in the U.S. market in 2010 and beyond.

### **Gaming Solutions**

First-quarter revenues in the Gaming Solutions segment, when compared to the same period last year, were up 5.8% to €33.2 million.

In the first quarter of 2010, Gaming Solutions signed a contract with the Maryland Lottery to provide a gaming central system that will monitor up to 15,000 VLTs at five casinos across the state. In addition, Gaming Solutions, with support from GTECH, will install and maintain a new central system in Argentina. ATRONIC and SPIELO are also expected to provide a minimum of 500 electronic gaming machines in Argentina over the next 12 months, with the potential to deliver an additional 500 machines over time.

### **GTECH G2**

First quarter 2010 revenue contributions from GTECH G2 were €18.4 million, up 5.6% over the same period last year.

During the quarter, interactive systems were successfully launched for customers in Switzerland and Belgium. Moreover, GTECH G2 is working closely with WLA customers to develop and execute interactive platforms in several jurisdictions across the globe.

### **2010 Guidance**

<b>(€/M)</b>	<b>2009A</b>	<b>2010E</b>
Revenues	2,177	2,300 - 2,400
EBITDA	784	785 -805
Capital Expenditures	425	1,200 - 1,250
Net Financial Position	2,423	2,850 -2,950
Average USD/EUR	1.39	1.40

Earnings guidance for 2010 supersedes any guidance previously given. Further visibility on future years will be provided in due course.

Lottomatica expects revenues for 2010 to be in the range of €2.3 billion - €2.4 billion, and EBITDA is expected in the range of €785 million - €805 million. The increase in revenues and EBITDA will be driven by continued growth from Lottomatica's Italian operations.

Capital Expenditures are expected in the range of €1.2 billion - €1.25 billion, and within this amount, Lottomatica will be investing €880 million for licensing in the Lottery and Machine Gaming markets in Italy.

Based on the above guidance, Lottomatica's Net Financial Position for 2010 is expected in the range of €2.85 billion - €2.95 billion.

A cost-reduction plan is also in place that is expected to generate approximately €25 million - €30 million in savings for Lottomatica Group in 2010.

**Additional Information:**

The share buy-back plan, authorized by the ordinary Shareholders' Meeting held on last April 30, 2010, was approved by the Board of Directors today. The current intention of the Board of Directors is not to buy shares in 2010. The plan is intended to purchase, in bulk or in several stages, on a revolving basis, a maximum number of ordinary shares representing an interest not exceeding 20 percent of the Company's share capital, corresponding as of today to 34,403,074 shares equivalent to approximately €460 million, in compliance with the terms and conditions approved by the Shareholders' Meeting. As of today, the Company holds 3,346,190 treasury shares and no Lottomatica Group subsidiary holds any Company shares.

Related press releases: April 30, 2010 and March 3, 2010. Also see Illustrative Report item agenda 5 of the April 30 Shareholders' meeting.

**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.*

**Forward-looking statement**

*The "2010 Guidance" section of this press release contains certain forward-looking statements that have not been independently verified and, by their nature, involve risks and uncertainties because they relate to events and depend on circumstances assumed to occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including management's ability to carry out industrial plans; future development of the markets where Lottomatica operates; effective business performance; general economic conditions; changes in laws and regulations; declining customers' appreciation; and competition.*

*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 2009, the Company had approximately €2.2 billion in revenues and 7,500 employees in over 50 countries when combined with GTECH.

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

*Lottomatica Group Consolidated Financial Statements to follow:*

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

	March 31, 2010	December 31, 2009
	<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	810,384	774,558
Property, plant and equipment, net	92,909	88,522
Goodwill	3,159,170	3,006,783
Intangible assets, net	844,714	822,886
Investments in associates	223	443
Other non-current assets	22,265	22,692
Non-current financial assets	16,620	7,309
Deferred income taxes	6,703	6,030
<b>Total non-current assets</b>	<u>4,952,988</u>	<u>4,729,223</u>
<b>Current assets</b>		
Inventories	141,896	134,080
Trade and other receivables	792,966	791,803
Other current assets	73,308	61,577
Current financial assets	21,931	4,613
Income taxes receivable	8,923	8,068
Cash and cash equivalents	445,717	469,335
<b>Total current assets</b>	<u>1,484,741</u>	<u>1,469,476</u>
Non-current assets classified as held for sale	6,240	5,890
<b>TOTAL ASSETS</b>	<u>6,443,969</u>	<u>6,204,589</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	172,015	172,015
Share premium	1,404,252	1,404,252
Treasury shares	(63,502)	(63,502)
Retained earnings	96,144	66,807
Other reserves	411,072	258,162
	<u>2,019,981</u>	<u>1,837,734</u>
<b>Non-controlling interests</b>	24,317	59,073
<b>Total equity</b>	<u>2,044,298</u>	<u>1,896,807</u>
<b>Non-current liabilities</b>		
Long-term debt, less current portion	2,704,341	2,621,990
Deferred income taxes	145,982	134,127
Long-term provisions	22,134	22,970
Other non-current liabilities	56,552	55,184
Non-current financial liabilities	151,183	142,317
<b>Total non-current liabilities</b>	<u>3,080,192</u>	<u>2,976,588</u>
<b>Current liabilities</b>		
Accounts payable	853,818	905,677
Short-term borrowings	4,747	5,079
Other current liabilities	290,399	270,564
Current financial liabilities	107,542	59,885
Current portion of long-term debt	15,979	67,186
Short-term provisions	1,642	1,858
Income taxes payable	45,352	20,945
<b>Total current liabilities</b>	<u>1,319,479</u>	<u>1,331,194</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>6,443,969</u>	<u>6,204,589</u>

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

For the three months ended March 31

	2010		2009	
	<i>Unaudited</i>			
<i>(thousands of euros)</i>				
Service revenue	519,889		541,478	
Product sales	24,759		40,769	
<b>Total revenue</b>	<b>544,648</b>		<b>582,247</b>	
Raw materials, services and other costs	257,880		247,966	
Personnel	107,686		112,188	
Depreciation	57,180		59,708	
Amortization	21,729		24,677	
Capitalization of internal construction costs - labor and overhead	(17,917)		(17,489)	
<b>Total costs</b>	<b>426,558</b>		<b>427,050</b>	
<b>Operating income</b>	<b>118,090</b>		<b>155,197</b>	
Interest income	707		948	
Equity loss	(101)		(273)	
Other income	304		504	
Other expense	(1,243)		(1,100)	
Foreign exchange gain, net	913		11,180	
Interest expense	(41,258)		(42,096)	
	(40,678)		(30,837)	
<b>Income before income tax expense</b>	<b>77,412</b>		<b>124,360</b>	
Income tax expense	36,074		38,551	
<b>Net income</b>	<b>41,338</b>		<b>85,809</b>	
Attributable to:				
Owners of the parent	29,439		71,897	
Non-controlling interests	11,899		13,912	
	41,338		85,809	
<b>Earnings per share/ADRs</b>				
Basic - net income attributable to owners of the parent	€	0.18	€	0.48
Diluted - net income attributable to owners of the parent	€	0.18	€	0.48

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

	For the three months ended March 31	
	2010	2009
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
<b>Operating activities</b>		
Income before income tax expense	77,412	124,360
Non-cash adjustments to reconcile income before income tax expense to net cash flows		
Depreciation	57,180	59,708
Intangibles amortization	21,729	24,728
Other amortization	-	(51)
Interest income	(707)	(948)
Interest expense	41,258	42,096
Non-cash foreign exchange gain	(841)	(11,370)
Share-based payment expense	1,338	3,768
Other non-cash items	484	790
Income tax paid	(8,354)	(8,874)
<b>Cash flows before changes in operating assets and liabilities</b>	<b>189,499</b>	<b>234,207</b>
Changes in operating assets and liabilities:		
Inventories	135	12,665
Trade and other receivables	4,491	(15,393)
Accounts payable	(58,794)	(61,918)
Advance payments from customers	1,882	(16,602)
Taxes other than income taxes	1,252	(7,092)
Other assets and liabilities	4,812	2,204
<b>Net cash flows from operating activities</b>	<b>143,277</b>	<b>148,071</b>
<b>Investing activities</b>		
Purchases of systems, equipment and other assets related to contracts	(45,806)	(37,588)
Investment in government securities	(14,347)	-
Other investments	(9,746)	(1,317)
Acquisitions	(4,307)	(4,312)
Acquisitions - cash acquired	-	31
Purchases of intangible assets	(3,147)	(991)
Purchases of property, plant and equipment	(1,861)	(4,966)
Interest received	668	931
Realized gain on net investment hedge	-	5,686
Loans receivable, net of repayments	-	(2,356)
Other	806	53
<b>Net cash flows used in investing activities</b>	<b>(77,740)</b>	<b>(44,829)</b>
<b>Financing activities</b>		
Interest paid	(75,197)	(84,201)
Principal payments on long-term debt	(14,997)	(51,276)
Net repayment of short-term borrowings	(600)	(47,087)
Proceeds from issuance of long-term debt	-	50,674
Other	(1,822)	186
<b>Net cash flows used in financing activities</b>	<b>(92,616)</b>	<b>(131,704)</b>
Net decrease in cash and cash equivalents	(27,079)	(28,462)
Effect of exchange rate changes on cash	3,461	(4,731)
Cash and cash equivalents at the beginning of the period	469,335	109,274
<b>Cash and cash equivalents at the end of the period</b>	<b>445,717</b>	<b>76,081</b>