



**PRESS RELEASE**

**LOTTOMATICA GROUP ANNOUNCES STRONG 2009 OPERATIONAL PERFORMANCE**

**Consolidated Financial Highlights**

- Revenues of approximately €2.2 billion, up 6% over 2008
- EBITDA of €784 million, up approximately 4% over 2008
- Proposed dividend of €0.74 per share
- Net financial position of €2.42 billion, compared to €2.71 billion at December 31, 2008
- Service revenues increased 11% versus 2008
- Reported net income, attributable to parent, of €68.1 million (€139.5 million as adjusted for after-tax impact of €71.4 million of non-cash impairment and other charges)
- Adjusted earnings-per-share of €0.93
- Proposed share buy-back plan and two new stock-based incentive plans

**Lottomatica Group 2009 Results**

Consolidated Income Statement (€/M)	Full Year 2009	Full Year 2008	%
Revenues	2,176.9	2,058.9	5.7
EBITDA	783.7	755.9	3.7
EBITDA %	36.0%	36.7%	---
Operating Income, as adjusted	451.1	444.8	1.4
Operating Income	366.4	340.0	7.8
Net Income Attributable to Parent	68.1	93.7	(27.3)

The impact of currency fluctuations did not materially impact '09 results versus '08 results.

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.

Operating income as adjusted excludes €84.7M and €104.8M of non-cash impairment and other charges in 2009 and 2008, respectively.

ROME (ITALY) – PROVIDENCE, RHODE ISLAND (US), March 03, 2010 – The Board of Directors of Lottomatica Group S.p.A., chaired by Mr. Lorenzo Pellicoli, today approved the consolidated financial statements for the full year which ended December 31, 2009.

**Marco Sala, CEO of Lottomatica Group, said, "Lottomatica Group produced good results off of a solid operating performance. We met or exceeded our guidance in all categories while having navigated through dynamic changes in the gaming industry and a worldwide recession. We have put in place a capital structure to support growth and we have established an excellent base in all market segments and geographies to pursue opportunities. That gives us confidence in the sustainability of our results going forward."**

*"The Group achieved its overall financial targets, despite a very challenging year," said **Stefano Bortoli, CFO of Lottomatica Group**. "We were able to lengthen the average life of our contract portfolio through several re-bids and extensions, and we have undertaken planned cost-saving initiatives to better align resources to achieve our long-term corporate objectives. We were also able to improve the Group's capital structure, raising €1.1 billion, through a share capital increase and bond offering, as well as lengthening the average maturity of our debt."*

For the year ended December 31, 2009, **Revenues** totaled €2.18 billion. Overall, revenues increased 5.7% year-over-year. Service revenues grew 11% to €2.02 billion versus the same period last year. Product sales in 2009 totaled €161.4 million, compared to €240.7 million in 2008 when significant product sales were recorded from Finland and the U.K.

(€/M)	Full Year 2009	Full Year 2008	%
Service Revenues	2,015.5	1,818.2	10.8
Product Sales	161.4	240.7	(32.9)
<b>Total</b>	<b>2,176.9</b>	<b>2,058.9</b>	<b>5.7</b>

**EBITDA** was €783.7 million, up 3.7% compared to 2008. The increase in EBITDA was driven by growth in Lottomatica's Italian operations. EBITDA margins were 36.0% in 2009, comparable to the same period last year.

Non-cash impairment charges of €76.0 million were taken in 2009, principally from the GTECH G2 segment. The business case and growth perspectives of interactive gaming remain intact. The interactive market continues to grow but at a lower rate than anticipated. And, new regulatory frameworks are emerging which are impacting the timing of some of the Group's expected contributions.

Excluding the impairment and other charges in 2009, **Operating Income** was €451.1 million.

Reported **Earnings-Per-Share** were €0.45 versus €0.62 in 2008. Excluding 2009 non-cash impairment and other charges, EPS was €0.93.

A **Dividend** of €0.74 per share for a total amount of approximately €125 million will be proposed at the Shareholders' Meeting taking place on April 30, 2010, and, subject to its approval, will be payable on May 27, 2010, with an ex-dividend date of May 24, 2010.

Net **Cash Flows** from Operating Activities generated €695.4 million in 2009.

During 2009, **Investing Activities** totaled €417.2 million, compared to €460.4 million in the same period last year, when a number of acquisitions were completed.

At December 31, 2009, Consolidated Shareholders' Equity totaled €1.9 billion. Lottomatica Group had a **Net Financial Position** (NFP) of €2.42 billion, an improvement from €2.71 billion as of December 31, 2008, primarily due to the share capital increase in November 2009.

## Revenues by Segment

Group Revenues (€/M)	Full Year 2009	Full Year 2008	Increase /Decrease	%
Italian Operations	1,176.1	1,022.6	153.5	15.0
GTECH Lottery	780.6	865.4	(84.8)	(9.8)
Gaming Solutions	152.6	142.8	9.8	6.8
GTECH G2	71.1	48.4	22.7	47.1
<b>Subtotal:</b>	<b>2,180.4</b>	<b>2,079.2</b>	<b>101.2</b>	<b>4.9</b>
Eliminations/Purchase Accounting	(3.5)	(20.3)	16.8	82.8
<b>Total:</b>	<b>2,176.9</b>	<b>2,058.9</b>	<b>118.0</b>	<b>5.7</b>

### Italian Operations

Total revenues from Italian operations were approximately €1.2 billion in 2009, up 15.0% versus 2008. Lottery revenues for Italian operations totaled €695.9 million, compared to €705.2 million in 2008, while Italian Lotto and instant-ticket wagers for 2009 were €15.0 billion, comparable to last year.

Instant-ticket performance in Italy increased in 2009 with wagers of approximately €9.4 billion, compared to wagers of approximately €9.2 billion in 2008. This increase was principally driven by the continued success of existing €5 and €10 tickets, and the introduction of a new €20 ticket in October 2009. Approximately 2.4 billion Scratch & Win tickets were sold in 2009, with an average price point of €3.9 versus €3.6 in the same period last year.

Lottomatica's newly-launched "10 and Lotto" game in Italy, while still in its early stages, is expected to contribute positively to revenues in 2010 and beyond.

Revenues from sports betting in Italy increased 28.8% to €186.5 million in 2009 from €144.7 million in the same period last year, due to an 18.8% increase in wagers from €785.5 million to €933.3 million. As of December 31, 2009, approximately 1,190 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 increased 13.1% from €3.5 billion in 2008 to €4.0 billion in 2009. Lottomatica is the second largest operator in the Italian AWP market, in terms of the number of machines connected to Lottomatica's system.

Commercial operations for Italy's video lottery terminal (VLT) program are expected to commence in 2010. Lottomatica intends to play an important role in this new segment both as a concessionaire and as a provider through its ATRONIC/SPIELO subsidiaries.

During 2009, Lottomatica's Italian operations generated €38.9 million of revenue from €354.9 million of skill games wagers, principally from online poker.

### GTECH Lottery

Total lottery service revenues in 2009 for GTECH were €718.4 million, up 3.3% compared to the same period last year. Same-store revenues, on a worldwide basis, grew 2%, at constant currency. Product sale revenues, which are cyclical, were €62.2 million in 2009, versus €170.3 million last year.

During 2009, GTECH won two significant lottery contracts from the New York Lottery and ONCE in Spain. All totaled, GTECH received six new long-term lottery contracts and extended its relationships with 12 additional lottery customers worldwide. GTECH implemented new lotteries in

Mauritius, the Dominican Republic, and Nigeria, and successfully converted lottery systems in the U.K., Chile, South Dakota, and West Virginia.

GTECH Printing Corporation (GPC) added 10 new customers in 2009, and currently maintains a customer base of more than 40 lotteries worldwide. Most recently, GPC won its first primary printing contract from its newest customer, the New Mexico Lottery.

During the year, GTECH also worked with the Mega Millions and Powerball consortiums to achieve cross-selling of tickets for both games. Cross-selling of the games began in early 2010. To date, 33 jurisdictions are successfully selling both Mega Millions and Powerball tickets. Of those jurisdictions, more than half are GTECH online lottery customers.

### **Gaming Solutions**

Total revenue in the Gaming Solutions segment was up 6.8% in 2009 to €152.5 million, compared to €142.8 million in the same period last year. Product sales were €8.2 million higher during 2009 compared to the same period last year due to the sale of new VLTs to customers in Oregon and Sweden.

In 2009, Gaming Solutions extended its agreement with the New York Lottery to continue providing video lottery products and services for a seven-year period ending December 31, 2017. Gaming Solutions is also supplying a minimum of 2,000 VLTs to Gamenet, the third largest provider of AWP machines in Italy, with both SPIELO and ATRONIC providing game content. In addition, Gaming Solutions has entered into a licensing agreement with Octavian International Ltd. whereby Octavian will develop games using SPIELO's game development kit for SPIELO's gaming platform in Italy's new VLT market. The games will be initially offered to Italian players by Lottomatica Videolot Rete S.p.A.

Also in the year, ATRONIC launched a first-of-its-kind national progressive jackpot in France, connecting slot machines to the progressive game across 100 casinos.

Most recently, 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.

### **GTECH G2**

Total GTECH G2 revenue contribution to Lottomatica Group was €71.1 million in 2009, versus €48.4 million in the same period last year. The increase is principally due to a full year of revenue from Boss Media and St Minver in 2009. During the year, GTECH G2 continued to focus on integrating its organizational structure and technology platforms.

Boss Media played a significant role in 2009 in the development of interactive poker in Italy, while GTECH G2's sports-betting subsidiary, Finsoft, successfully implemented a sports-betting system for Polla Chilena in Chile, resulting in gaming and sports betting access across several channels – retail, Internet, and mobile. GTECH G2 also received interactive system contracts from lottery customers in Switzerland and Belgium. The new systems are expected to become operational in the first half of 2010.

### **Additional Information:**

#### **Fourth-Quarter Results**

Service revenues in the fourth quarter ended December 31, 2009 for Lottomatica Group were €525.7 million, up 5%, compared to the same period last year. Total revenues for the fourth quarter were €584.7 million versus €657.3 million in the same period last year, primarily due to higher product sales in the fourth quarter of 2008.

EBITDA was €187.3 million, up approximately 1%, with an EBITDA margin of 32.0%.

Revenues from Italian operations grew 18.8% to €322.6 million, from €271.5 million in the fourth quarter of 2008. Instant-ticket wagers were approximately €2.3 billion in the fourth quarter of 2009, up from €2.2 billion last year, while Lotto wagers were comparable to the fourth quarter of last year at €1.4 billion. Gaming machine wagers grew 2.6% to €1.06 billion versus the same period in 2008. Wagers from sports betting in Italy were €244.8 million in the fourth quarter of 2009, compared to €285.1 million in the fourth quarter last year. Skill game wagers were €83.6 million in the quarter, principally from online poker.

GTECH Lottery revenues for the fourth quarter of 2009 were €191.4 million compared to €334.4 million in the same period last year, when GTECH recorded significant product sales in Finland and the U.K. Revenues from Gaming Solutions were €53.2 million comparable to the fourth quarter of 2008, while GTECH G2 revenues grew slightly to €18.8 million in the fourth quarter, versus the same period last year.

### **Call of Shareholders' Meeting - Proposed Dividend – New stock-based incentive plans – Overall amount of compensation of all members of the Board**

The Board of Directors has also approved the 2009 draft financial statements and the proposals for the approval, at the Shareholders' Meeting on April 30, 2010, of the above-mentioned 2009 draft financial statements and dividend distribution, two new stock-based incentive plans, and the amendment to the overall amount of compensation for members of the Board of Directors.

The documentation required by the relevant provisions in connection with the agenda items for the Shareholders' Meeting will be made available to the public, in a timely manner, at the Company's registered office and at the offices of Borsa Italiana S.p.A., together with the 2009 Corporate Governance Report and the 2009 consolidated financial statements approved today by the Board. The documents may also be accessed on the Company's website [www.lottomaticagroup.com](http://www.lottomaticagroup.com), in the section Governance - Documents and reports - Shareholders' Meeting, April 30, 2010. The documentation in connection with the two new stock-based incentive plans is already available pursuant to the above.

### **New share buy-back plan**

The Board of Directors will request authorization from the Shareholders' Meeting on April 30, 2010 for a share buy-back plan that would authorize the acquisition and disposal of ordinary shares of the Company. The plan would authorize the Board 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, in compliance with the terms and conditions to be approved by the Shareholders' Meeting. The maximum number of treasury shares that may be acquired by the Company in compliance with the said threshold must be calculated taking into account the number of treasury shares held by the Company as of the date of the Shareholders' Meeting resolution authorizing the plan. If approved, the plan would authorize the acquisition of treasury shares to be used, *inter alia*, for extraordinary transactions, if any, and stock option plans. The plan would offer shareholders a way to monetize their investment and, within the limits provided by the applicable law and regulation provisions, allows for the stabilization of the share price and the regularization of the trading performances. The authorization to purchase the treasury shares is proposed for a maximum period of time of 18 months from the date of the authorization by the Shareholders' Meeting. Authorization will also be sought to dispose of the shares acquired, with no time limit. The authorization proposal submitted to the Shareholders' Meeting provides that the treasury shares be acquired according to all the acquisition structures allowed by the applicable regulation provisions, with the only exception of tender offers and exchange offers, and that Lottomatica may also acquire and dispose of the treasury shares for trading purposes.

The proposal to the Shareholders' Meeting provides that the price for the purchase of the treasury shares be determined from time to time for each transaction, it being understood that such price may not be in excess of or lower than 20 percent, compared with the reference price recorded by the share in the trading session preceding each purchase. With reference to the consideration for the disposal of acquired treasury shares (also to apply to the treasury shares already held by the Company), the Board of Directors' proposal provides that the minimum consideration may not be lower than 20 percent, of the reference price recorded by the share in the trading session preceding each disposal. Such consideration threshold shall not apply in the event of transfer in favor of directors, employees and/or associates of the Company and/or of subsidiaries of the latter and/or of

the parent company De Agostini S.p.A., in the context of stock option plans, or in the event of performance of transactions in relation to which it is appropriate to exchange or transfer blocks of shares, including by way of exchange or contribution, or, finally, in the event of capital transactions involving the allocation or disposal of treasury shares.

Finally, the Shareholders' Meeting will be asked to authorize the exercise of the pre-emption right in connection with the treasury shares pursuant to article 2357/3, paragraph 2, of the Italian civil code.

As at the date hereof the Company holds No. 3,346,190 treasury shares and no subsidiary of the Company holds any Company's shares.

In the event the Shareholders' Meeting approves the above-mentioned new share buy-back plan, the current intention of the Board of Directors is to not buy shares in 2010.

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

\* \* \*

*For further information:*

**Robert K. Vincent**  
GTECH Corporation  
Public Affairs  
T. (+1) 401 3927452

*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 AND SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENTS**

<i>(thousands of euros)</i>	For the year ended December 31	
	2009	2008
Service revenue	2.015.452	1.818.267
Product sales	161.405	240.673
<b>Total revenue</b>	<b>2.176.857</b>	<b>2.058.940</b>
Raw materials, services and other costs	1.052.429	991.247
Personnel	428.305	410.513
Depreciation	236.601	225.461
Amortization	94.400	86.095
Impairment loss	76.025	100.778
Capitalization of internal construction costs - labor and overhead	(77.324)	(95.149)
<b>Total costs</b>	<b>1.810.436</b>	<b>1.718.945</b>
<b>Operating income</b>	<b>366.421</b>	<b>339.995</b>
Interest income	3.468	10.955
Equity loss	(1.833)	(1.825)
Other income	4.172	6.193
Other expense	(16.690)	(2.699)
Foreign exchange gain (loss), net	(15.824)	10.352
Interest expense	(151.518)	(177.555)
	<u>(178.225)</u>	<u>(154.579)</u>
<b>Income before income tax expense</b>	<b>188.196</b>	<b>185.416</b>
Income tax expense	75.842	47.546
<b>Net income</b>	<b>112.354</b>	<b>137.870</b>
Attributable to:		
Owners of the parent	68.149	93.748
Non-controlling interests	44.205	44.122
	<u>112.354</u>	<u>137.870</u>
<b>Earnings per share/ADRs</b>		
Basic - net income attributable to owners of the parent	€ 0,45	€ 0,62
Diluted - net income attributable to owners of the parent	€ 0,45	€ 0,62

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

<i>(thousands of euros)</i>	December 31,	
	2009	2008
<b>ASSETS</b>		
<b>Non-current assets</b>		
Systems, equipment and other assets related to contracts, net	774.558	758.717
Property, plant and equipment, net	88.522	86.023
Goodwill	3.006.783	3.074.571
Intangible assets, net	822.886	847.281
Investments in associates	443	6.093
Other non-current assets	22.692	21.380
Non-current financial assets	7.309	390
Deferred income taxes	6.030	23.633
<b>Total non-current assets</b>	<b>4.729.223</b>	<b>4.818.088</b>
<b>Current assets</b>		
Inventories	134.080	129.560
Trade and other receivables	791.803	773.595
Other current assets	61.577	65.160
Current financial assets	4.613	20.288
Income taxes receivable	8.068	5.654
Cash and cash equivalents	469.335	109.274
<b>Total current assets</b>	<b>1.469.476</b>	<b>1.103.531</b>
Non-current assets classified as held for sale	5.890	7.456
<b>TOTAL ASSETS</b>	<b>6.204.589</b>	<b>5.929.075</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	172.015	152.287
Share premium	1.404.252	1.139.071
Treasury shares	(63.502)	(73.184)
Retained earnings	66.807	95.647
Other reserves	258.162	277.583
	1.837.734	1.591.404
<b>Non-controlling interests</b>	<b>59.073</b>	<b>58.428</b>
<b>Total equity</b>	<b>1.896.807</b>	<b>1.649.832</b>
<b>Non-current liabilities</b>		
Long-term debt, less current portion	2.621.990	2.573.802
Deferred income taxes	134.127	229.621
Long-term provisions	22.970	27.042
Other non-current liabilities	55.184	48.339
Non-current financial liabilities	142.317	134.604
<b>Total non-current liabilities</b>	<b>2.976.588</b>	<b>3.013.408</b>
<b>Current liabilities</b>		
Accounts payable	905.677	800.653
Short-term borrowings	5.079	60.848
Other current liabilities	270.564	278.751
Current financial liabilities	59.885	12.741
Current portion of long-term debt	67.186	61.109
Short-term provisions	1.858	2.276
Income taxes payable	20.945	49.457
<b>Total current liabilities</b>	<b>1.331.194</b>	<b>1.265.835</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6.204.589</b>	<b>5.929.075</b>

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

<i>(thousands of euros)</i>	For the year ended December 31	
	2009	2008
<b>Operating activities</b>		
Income before income tax expense	188.196	185.416
Non-cash adjustments to reconcile income before income tax expense to net cash flows		
Depreciation	236.601	225.461
Intangibles amortization	94.522	86.276
Other amortization	(122)	(181)
Impairment loss	76.025	100.778
Interest income	(3.468)	(10.955)
Interest expense	151.518	177.555
Non-cash foreign exchange gain	(3.146)	(16.336)
Share-based payment expense	916	14.682
Other non-cash items	20.048	7.575
Income tax paid	(145.202)	(135.071)
<b>Cash flows before changes in operating assets and liabilities</b>	<b>615.888</b>	<b>635.200</b>
Changes in operating assets and liabilities:		
Inventories	(3.429)	35.513
Trade and other receivables	(24.514)	(56.978)
Accounts payable	121.975	122.539
Advance payments from customers	(16.960)	(43.914)
Taxes other than income taxes	(20.703)	(35.516)
Other assets and liabilities	23.185	23.960
<b>Net cash flows from operating activities</b>	<b>695.442</b>	<b>680.804</b>
<b>Investing activities</b>		
Purchases of systems, equipment and other assets related to contracts	(253.059)	(195.178)
Purchases of intangible assets	(102.775)	(18.439)
Acquisitions	(44.737)	(249.667)
Acquisitions - cash acquired	196	39.689
Purchases of property, plant and equipment	(15.848)	(26.176)
Other investments	(3.078)	(6.187)
Loans receivable, net of repayments	(2.964)	-
Dynamite Design and Marketing Limited contingent consideration	(1.989)	-
St Enodoc Holdings Limited contingent consideration	(182)	-
Toto Carovigno S.p.A. advance and escrow refund (payment)	4.621	(4.368)
Interest received	5.427	11.056
Finsoft Limited contingent consideration	-	(13.415)
Other	(2.796)	2.305
<b>Net cash flows used in investing activities</b>	<b>(417.184)</b>	<b>(460.380)</b>
<b>Financing activities</b>		
Proceeds from issuance of long-term debt	750.000	763.440
Proceeds from issuance of ordinary share capital	350.000	-
Debt issuance costs	(3.479)	(9.113)
Share issuance costs	(9.497)	-
Dividends paid - non-controlling interests	(43.560)	(31.357)
Net proceeds from (repayment of) short-term borrowings	(49.124)	44.542
Dividends paid	(100.940)	(125.393)
Interest paid	(153.776)	(159.850)
Principal payments on long-term debt	(653.887)	(957.580)
Proceeds from exercise of stock options	-	2.915
Treasury share purchases	-	(74.830)
Other	(1.535)	293
<b>Net cash flows from (used in) financing activities</b>	<b>84.202</b>	<b>(546.933)</b>
Net increase (decrease) in cash and cash equivalents	362.460	(326.509)
Effect of exchange rate changes on cash	(2.399)	1.718
Cash and cash equivalents at the beginning of the year	109.274	434.065
<b>Cash and cash equivalents at the end of the year</b>	<b>469.335</b>	<b>109.274</b>