

# Group profile

## The Group's Operations

Lottomatica Group operates worldwide in the gaming industry, and is the leader in the field of lotteries in terms of overall wagers. Through its subsidiaries, including GTECH, Lottomatica Group is a leading provider of lottery and gaming technology solutions worldwide.

The Group operates in the publicly regulated gaming market, consisting of lotteries (online, instant, and traditional lotteries), sport pools, pari-mutuel and fixed-odds betting, gaming machines (i.e. video lottery terminals and new slot games), and interactive gaming (multichannel gaming services). Additionally, the Group has leveraged its distribution and transaction processing competence, expanding its activities to include commercial services through its network worldwide.

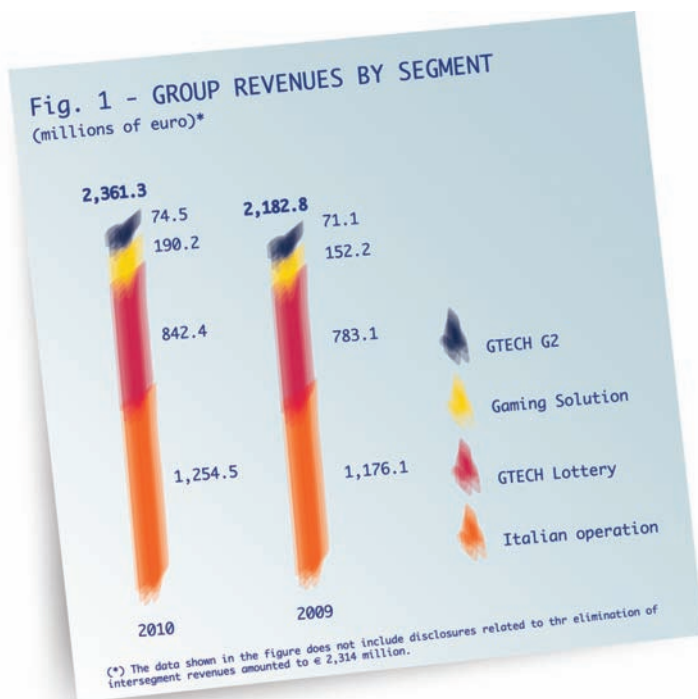


### Identity

Lottomatica Group's identity is based on the principle of sustainable growth, guided by the conviction that the gaming sector requires responsible development that is mindful of the social issues associated with this industry. The Company has made this awareness the foundation of its history and identity, which is symbolically represented by its official logo, conveying the stance of a worldwide integrated gaming operator and technology provider. The image of the globe in the Company's name emphasizes its international scope, and the use of gaming colors and symbols reflects the entertainment aspect of the business. The tagline "Responsibly Driving Global Gaming" defines Lottomatica's business approach. Responsibility is a crucial aspect of a business that primarily involves managing government-regulated games.

### Mission

Lottomatica Group's mission is to consolidate and expand its position as a leading commercial operator and provider of technology in the regulated worldwide gaming market by delivering best-in-class products and services, with a commitment to the highest levels of integrity, responsibility, and shareholder value creation.



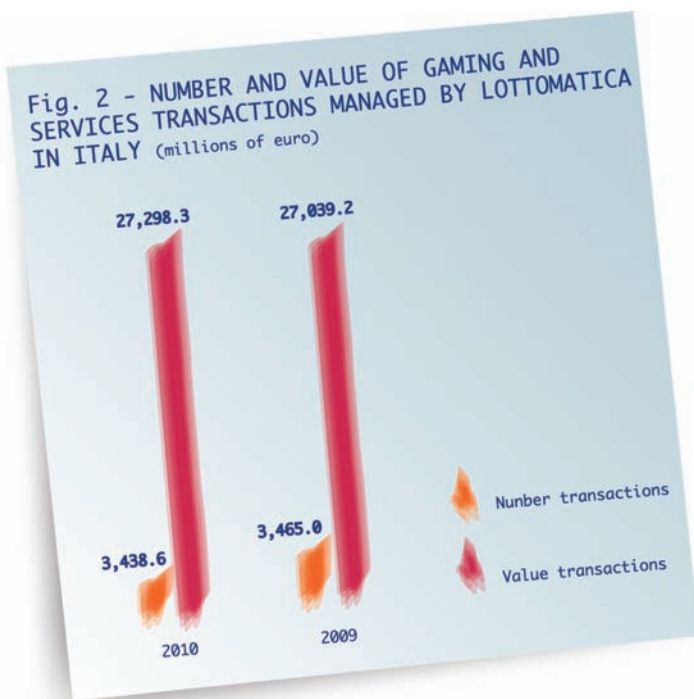
☞ The Group is organized in four operational sectors, managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit:

**Lottomatica Italia, GTECH Lotteries, Gaming Solutions, and GTECH G2.** ☞

The structure adopted by the Group, based on four operating segments, enables it to adapt readily to the changing global scenario. The operating business units have separate responsibilities for the management and growth of the business on a geographic basis, maintaining centralized responsibility for businesses that relate to technology providers of interactive gaming machines, which are still the most comprehensive and independent of the locations of end markets.

Unlike its major competitors, which focus on individual sectors or phases of the value chain, Lottomatica Group has a significant global presence in all sectors that relate to gaming and along the entire lottery value chain. The Company is therefore best positioned to seize business opportunities in each geographic area.

☞ The Company has built an extensive real-time online distribution network in Italy, with around **265,300** terminals in about **116,500** outlets (including around **31,300** points-of-sale where Lottomatica provides exclusive processing services for third parties), comprised of tobacco shops, cafes, gas stations, news stands, and highway rest stops. ☞



## Segments



**Lottomatica Italia.** In Italy, the Group operates and provides a full range of games and services. Since 1993, it has been the sole concessionaire of the Italian Lotto game (recently expanded with the addition of 10eLOTTO), and since 2004 (through a subsidiary) it has also been the sole concessionaire of both traditional lotteries and instant lotteries (Scratch & Win).

Additionally, as a licensed operator in a competitive market, it offers games such as sports betting, gaming machines (the so-called

Newslot machines), VLTs, and remote interactive games (online betting, online poker, and other skill games). Leveraging its distribution network and transaction processing experience, through its subsidiary Lottomatica Italia Servizi (LIS), Lottomatica provides commercial payment and processing services (i.e. stamp duties services).

Lottomatica's network in Italy has managed games and services involving approximately 3.4 billion transactions, worth €27 billion.

In 2010, the Italian operations segment had revenues of €1.255 million.

 The GTECH lotteries segment operates and provides online equipment, terminals, and services to **24** of the **44** lottery authorities in the United States, and **52** non-U.S. lottery authorities. 

**GTECH Lotteries.** GTECH is the world's leading operator of highly-secure online lottery transaction processing systems, operating in over 50 countries worldwide.

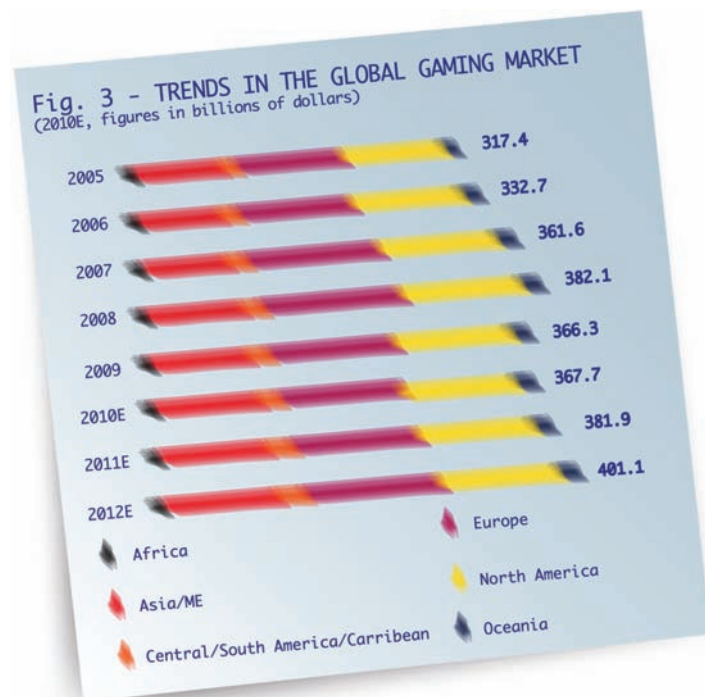
Through GTECH, the Group provides gaming operators with a full range of services, technologies, and products to government sponsored online, instant, and traditional lotteries, through awards of tenders issued by public authorities. These services and products include gaming terminals, lottery management software, central data processing systems, and communication networks. GTECH also installs systems at lottery-enabled point-of-sale terminals and manages their operations under separate contracts. Additionally, through its subsidiary, GTECH Printing Corporation ("GPC"), it prints technologically advanced instant lottery tickets and provides high-quality services associated with the printing of such tickets. GTECH develops new systems for lotteries, and provides and installs lottery ticket distribution equipment (ITVM).

In 2010, revenues achieved by GTECH Lotteries came in at €842 million.

**Gaming Solution.** The Gaming Solution segment operates and provides solutions, products, video lottery terminal services, and systems for the government-sponsored markets; and slot machines, videos and systems for the commercial gaming markets. The Group designs terminals (AWPs and video lottery terminals) and related software, and provides systems for the management of these terminals. The Gaming Solutions segment includes Spielo Manufacturing, ULC ("SPIELO"), a world leader in video lottery markets focused on North America and Europe, and the ATRONIC Group companies, leading suppliers of video lotteries, systems and game content in Europe, Asia and Latin America. SPIELO holds 106 gaming licences in jurisdictions throughout North America and Europe; ATRONIC is licensed in around 207 gaming worldwide.

In 2010, the Gaming Solutions sector had revenues of €190 million.

**GTECH G2.** Through G2, the Group provides digitally-distributed, multi-channel gaming entertainment products and services including sports betting, lotteries, bingo, poker, casino games, and skill games, as well as retail solutions for real-time transaction processing and information



Source: GBGC Analysis, net figures of prize payout

systems for the sports-betting market. The GTECH G2 business unit produces interactive platforms for offering remote gaming services. These activities involve: the design and supply of technologies for the management of transactions and information for sports betting; the development of software and systems that allow customers to offer games to the public through interactive digital channels; and the design and management of websites through which the Group's clients offer games.

In 2010, the GTECH G2 sector had revenues of €75 million.

## World gaming market

### World

In 2010<sup>(1)</sup>, the worldwide gaming sector had substantially stable results compared to 2009, with net prize payouts of US \$ 367 billion. However, in 2009 there was a 4.1% decrease in wagers compared to 2008 (US\$382 billion) primarily due to decreases in the casino segment.

Forecasts provided by GBGC include a recovery in the gaming market starting in 2011, with revenues in 2012 exceeding the 2008 maximum.

🗨️ The global gaming market in 2010 was stable compared to 2009; an increase of around **4%** has been forecast for 2011. 🗨️

(1) Figures for 2010, 2011 and 2012 for the World and Europe are estimated data by GBGC