

Economic responsibility

Production of added value

In 2010, Lottomatica Group achieved increased revenues and operating income, up by 6.3% and 5.3%, respectively. In spite of a weak global recovery, the Company continued to experience growth, allowing it to improve profitability in all sectors, particularly in the Gaming Machine market in the Italian Operations segment.

TAB. 1 KEY ECONOMIC INDICATORS FOR THE LOTTOMATICA GROUP		
(thousands of euros)	2010	2009
Revenues	2,314,063	2,176,857
Operating income	385,978	366,421
EBITDA	812,273	783,683
Net profit	45,358	112,354

An analysis of the wealth that was generated and distributed by the Company is represented by the production and distribution of added value. Added value is the value that an economic entity generates through the use of production factors, which it distributes not only amongst individuals who are factors of production, but also other stakeholders, such as public administration and local communities.

Therefore, there are two perspectives on this concept, namely the production of value and the remuneration of stakeholders.

Once added value has been calculated as the difference between the value of production and intermediate costs, an evaluation of the shares that are to be distributed may be made. Depreciation and devaluations are deducted from gross overall value added, to calculate net overall added value, which is the wealth that the Company distributes to the social and economic system in which it operates. The system includes the following stakeholders: employees, the public administration, lenders, shareholders, the community and the Company itself.

TAB. 2 THE CREATION OF ADDED VALUE BY THE LOTTOMATICA GROUP

<i>(thousands of euros)</i>	2010	2009
GRADED INCOME STATEMENT		
A) Total revenues	2,314,063	2,176,857
Revenues from ordinary production	2,314,063	2,176,857
B) Intermediate costs of production	985,874	905,537
Consumption of services, raw and ancillary materials and consumables	915,160	838,157
Services by third parties	157,253	144,704
Capitalized production costs	(86,539)	(77,324)
GROSS TYPICAL ADDED VALUE	1,328,189	1,271,320
Financial income	(5,885)	(7,640)
Losses (gains) on exchange transactions and other financial charges	106,334	34,347
Deferred taxes	(35,098)	(55,568)
GROSS OVERALL ADDED VALUE	1,262,838	1,300,181
Amortization, depreciation and write-downs	412,548	407,026
NET OVERALL ADDED VALUE	850,290	893,155

In 2010, the overall gross added value came in at 1,262,838 thousands of euros, while the overall net added value was 850,290 thousands of euros. The five percent decrease was primarily due to greater financial charges incurred by the Company during the year.

Lottomatica conducts business hardly affected by climate changes. Nevertheless, as reported at page 158, Lottomatica engages Carbon Disclosure Project (CDP) which is aimed at promoting the disclosure of greenhouse gas emissions and at communicating these data to investors. The related information can be an evaluation element of risks and opportunities.