



## **2010 First Quarter Results**

*Ended March 31, 2010*

*Rome  
May 11, 2010*

# Safe Harbour Statement

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# Agenda

## **1Q'10 Highlights**

*Marco Sala – CEO, Lottomatica Group*

## **1Q'10 Results and 2010 Guidance**

*Stefano Bortoli – CFO, Lottomatica Group*

## **Q & A, Also Participating**

*Renato Ascoli – General Manager, Lottomatica*

*Jaymin Patel – President & CEO, GTECH Corporation*

# Overview of Q1 2010

## **Solid performance by underlying business**

### **Quarterly results as we expected**

- One-time events make comparisons challenging

## **Confident in delivering growth for full year**

### **Successful sole bidder for Italian Scratch & Win**

- Positive outlook for Lottomatica
- Nine-year license with improved economics

## **Italian market evolving**

- Traditional lottery games provide solid base
- Machine gaming and sports betting to drive future growth
- Group well positioned to capture opportunities

# Overview of Q1 2010

## **Maximum VLT licenses acquired - 10,761**

- July 2010 introduction
- Expected to be major growth driver

## **GTECH operator activities launched in Spain partnering with ONCE**

- Major growth driver going forward

## **Cross-selling of U.S. multi-state games underway in late January**

- Early results meeting growth predictions

## **California prize payout reform law passed**

- Major tool for the introduction of best practices by California Lottery

## **Restructuring produces positive results in Gaming Solutions**

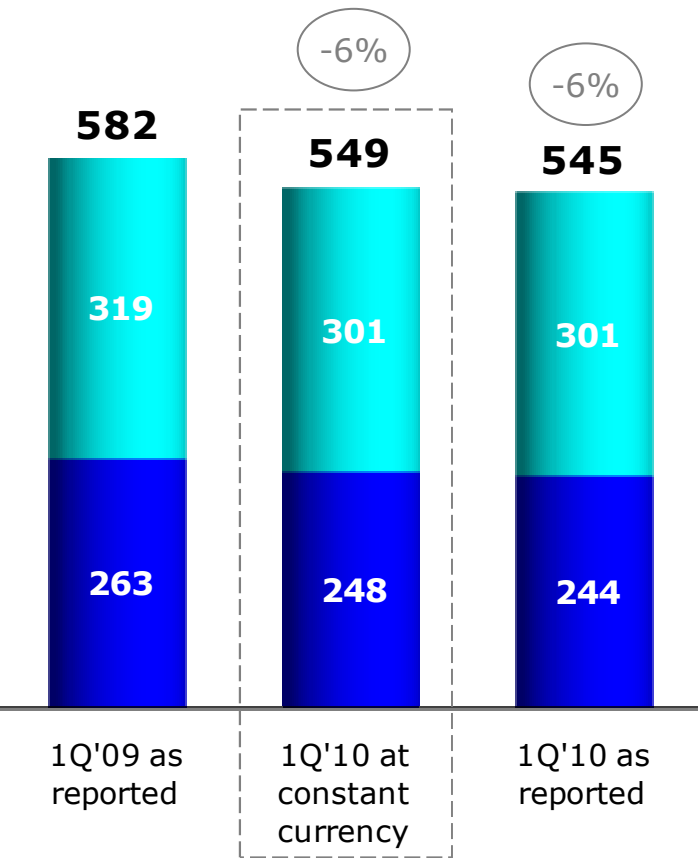
## **Committed to maintaining investment grade credit rating**

## **1Q'10 Results**

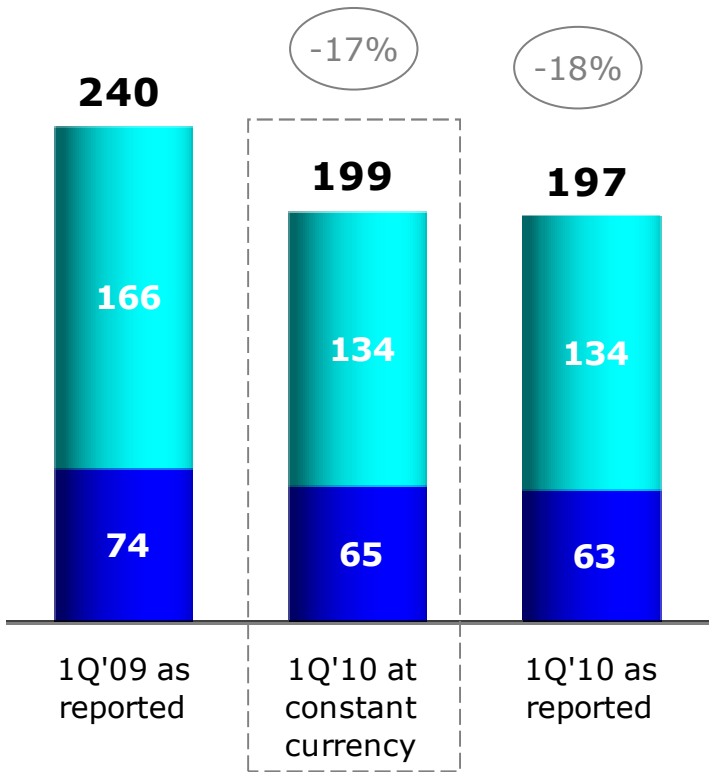
*Stefano Bortoli*  
*CFO, Lottomatica Group*

# Results Summary – 1Q'10

## Revenues



## EBITDA



Margin %	41.1%	36.4%	36.2%
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Note: - \$/€ FX average: 1.29 in 1Q'09; 1.37 in 1Q'10

Figures in €M

## Italian Operations – 1Q'10

<b>Wagers</b>	<b>1Q'10</b>	<b>1Q'09</b>	<b>% change</b>
Scratch & Win Wagers (€m)	2,490	2,596	-4%
<i>Tickets Sold</i>	636	677	-6%
<i>Average Price Point €</i>	3.91	3.83	2%
Lotto Wagers (€m)	1,204	1,434	-16%
Sports Betting Wagers (€m) <sup>1</sup>	309	257	20%
Machine Gaming Wagers (€m)	1,115	1,053	6%
<i>AWP Installed</i>	51K	51K	0%
Interactive Wagers (€m)	103	75	36%

<sup>1</sup> Includes fixed odds sports betting and pool games

<b>Key Revenue (€m)</b>	<b>1Q'10</b>	<b>1Q'09</b>	<b>% change</b>
Lottery	168	186	-10%
Sports Betting	49	64	-23%
Machine Gaming	49	36	38%
Commercial Services	24	23	2%
Interactive	11	10	12%

# GTECH, G2 & Gaming Service Revenue – 1Q'10

Service Revenue Breakdown	1Q'10	1Q'09	% change
<b>Same Store Revenue</b>			
<i>Mega Millions States (\$m)</i>	117	117	0%
<i>Powerball States (\$m)</i>	40	41	-2%
US Lottery (\$m)	157	158	0%
<b>At Constant Currency</b>			
US Lottery (€m)	122	122	0%
International Lottery (€m)	69	69	0%
<b>Total Lottery (€m)</b>	<b>191</b>	<b>191</b>	<b>0%</b>
<b>All Other - Net (€m)</b>	<b>32</b>	<b>32</b>	<b>0%</b>
<b>Total Same Store Revenue (€m)</b>	<b>223</b>	<b>223</b>	<b>0%</b>
Acquisitions/Divestitures/Other	3	-	
FX Impact	(6)	-	
<b>Total Service Revenue (€m)</b>	<b>220</b>	<b>223</b>	<b>-1%</b>

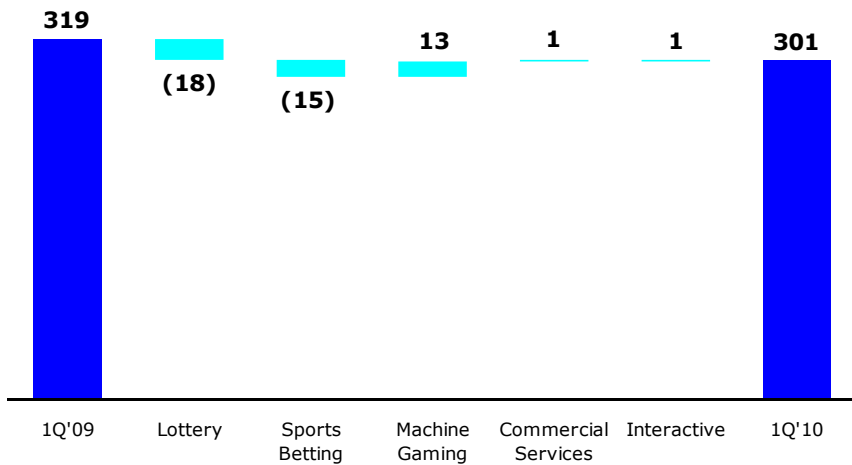
Note: - \$/€ FX average: 1.29 in 1Q'09; 1.37 in 1Q'10

- Mega Millions States: Texas, New York, California, Illinois, Michigan, Georgia, New Jersey, Ohio, Washington, Virginia
- Powerball States: Florida, North Carolina, Rhode Island, Tennessee, Wisconsin, Missouri, Arizona, Kentucky, Louisiana, Oregon, Kansas, New Mexico, Nebraska, Washington DC, Minnesota
- Same Store Revenue excludes the impact of acquisitions, divestitures, contract wins, losses and rate changes
- Includes intercompany revenue

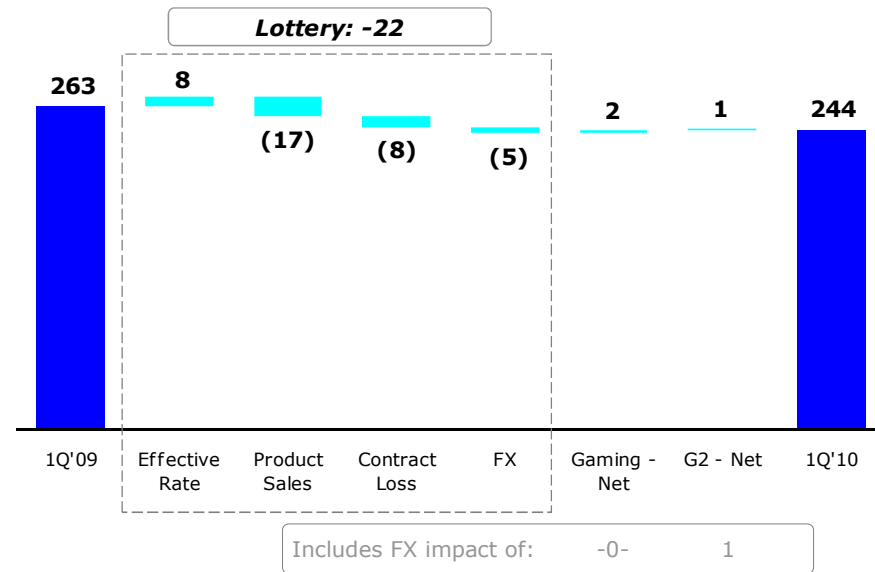
# Revenue Breakdown – 1Q'10

## Revenue – 1Q'10

### Italian Operations



### GTECH, G2 & Gaming



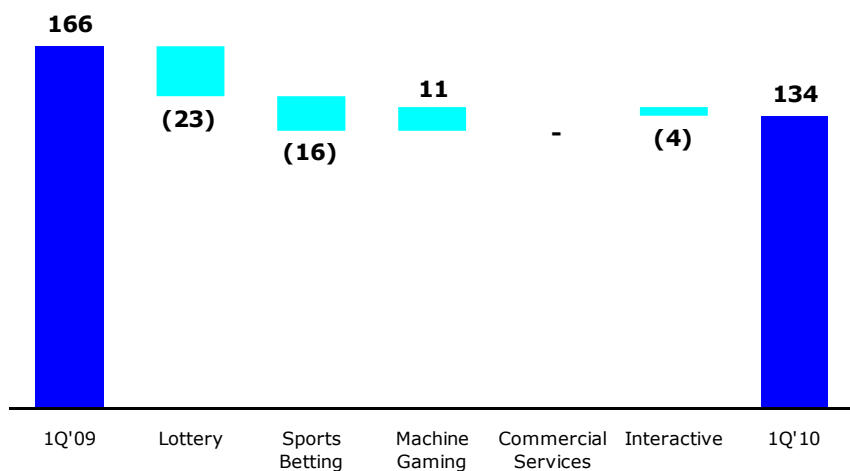
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Figures in €M

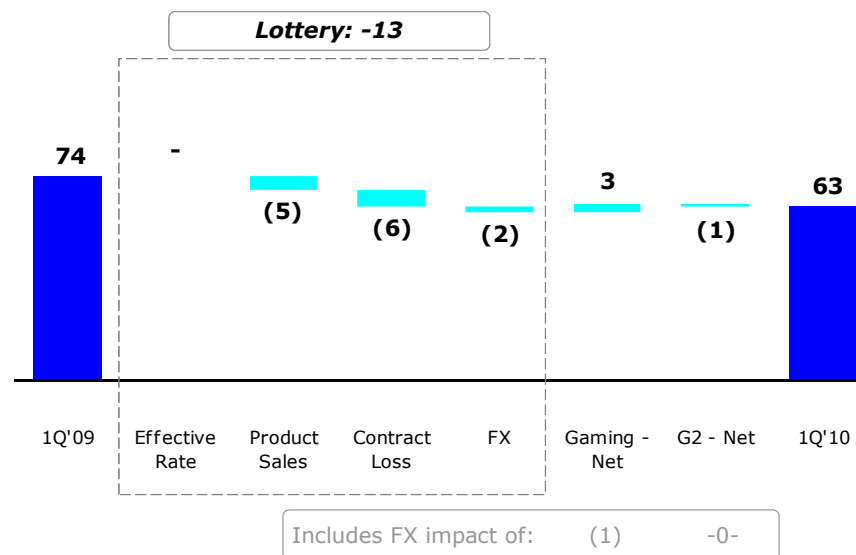
# EBITDA Breakdown – 1Q'10

## EBITDA – 1Q'10

### Italian Operations



### GTECH, G2 & Gaming



Note: \$/€ FX average: 1.29 in 1Q'09; 1.37 in 1Q'10

Figures in €M

# Income Statement – 1Q'10

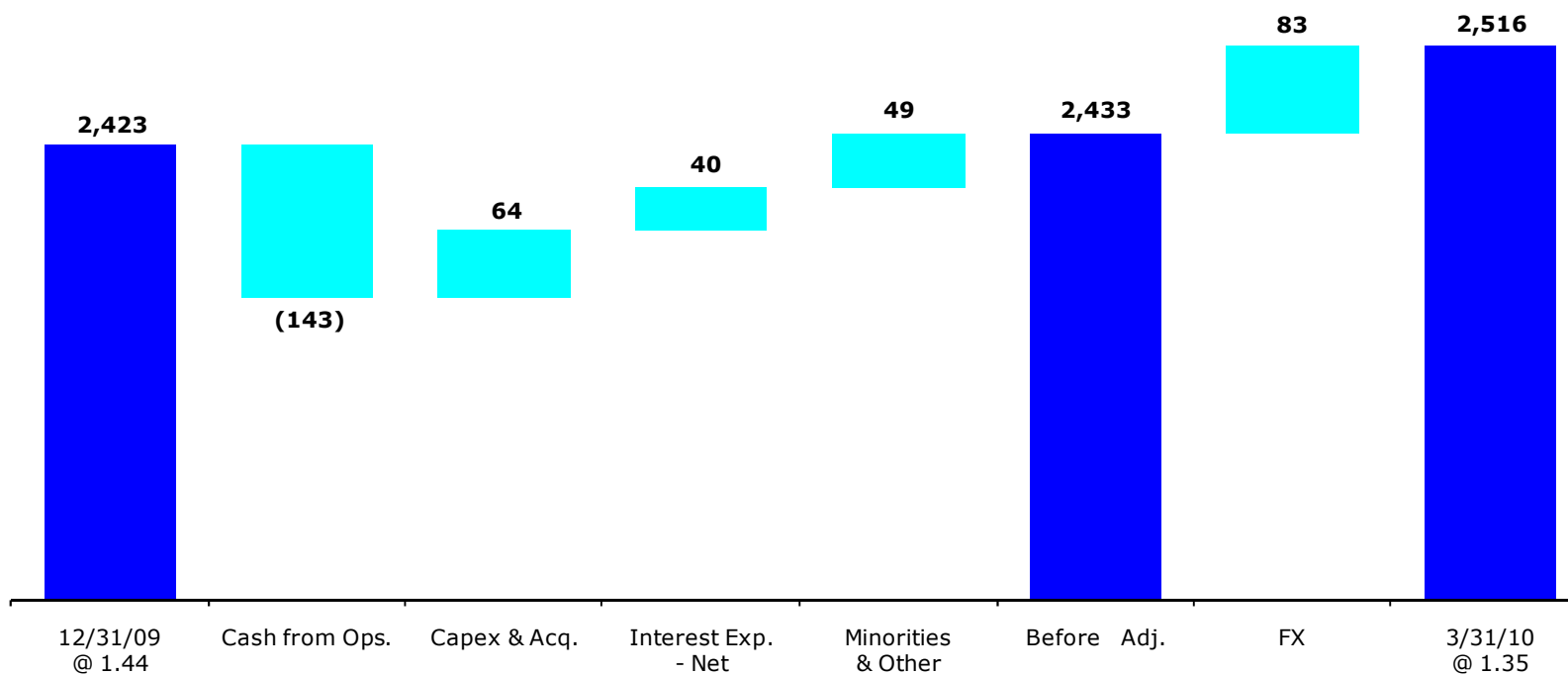
Income Statement	1Q'10	1Q'09	% Change
<i>Service Revenue</i>	520	541	-4%
<i>Product Sales</i>	25	41	-39%
<b>Revenues</b>	<b>545</b>	<b>582</b>	<b>-6%</b>
<b>EBITDA</b>	<b>197</b>	<b>240</b>	<b>-18%</b>
<i>EBITDA margin %</i>	36%	41%	
<b>Operating Income</b>	<b>118</b>	<b>155</b>	<b>-24%</b>
<i>Interest Expense, Net</i>	(41)	(42)	
<i>Foreign Exchange and Other</i>	-	11	
Financial Charges, Net	(41)	(31)	
<b>Income Before Tax</b>	<b>77</b>	<b>124</b>	<b>-38%</b>
<b>Net Income</b>	<b>41</b>	<b>86</b>	<b>-52%</b>
<b>Net Income - Owners</b>	<b>29</b>	<b>72</b>	<b>-59%</b>
<b>Earnings Per Share</b>	<b>0.18</b>	<b>0.48</b>	<b>-63%</b>

Note: - \$/€ FX average: 1.29 in 1Q'09; 1.37 in 1Q'10  
 - Diluted WASO: 148.7M in 1Q'09, 168.1M in 1Q'10

Figures in €M (except EPS)

# Drivers of Net Financial Position

- Continued healthy cash flow generation from operations of 143 million in 1Q'10



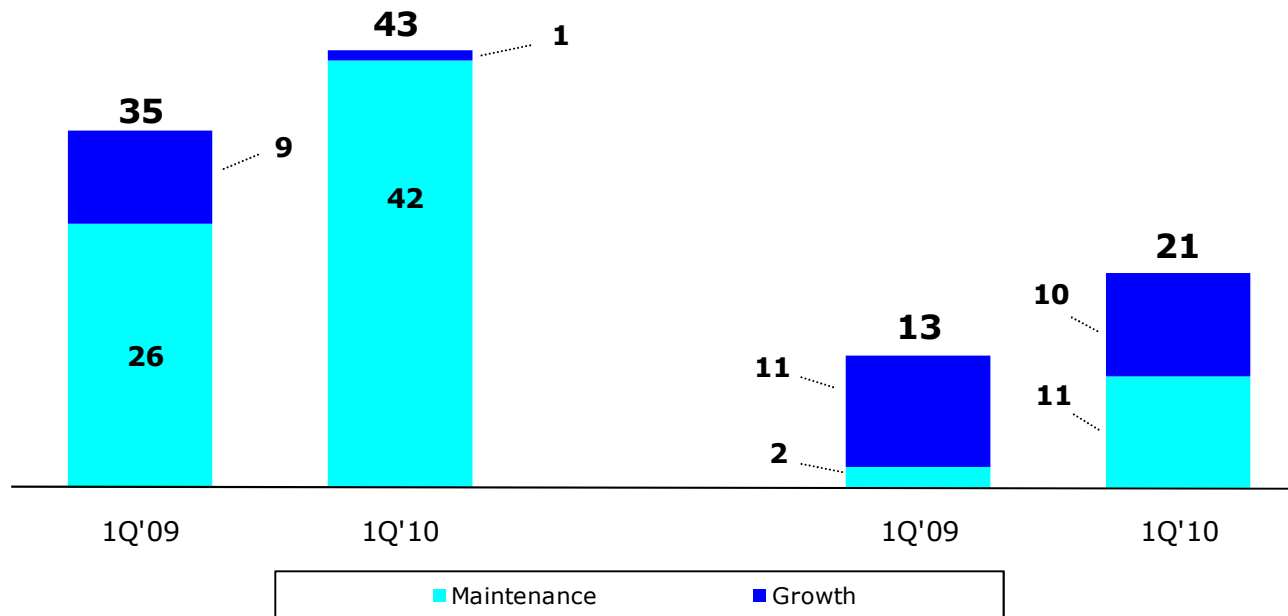
- NFP in-line with 2009, before impact of FX

Figures in €M

# Drivers of Net Financial Position - Capex

## GTECH, G2 & Gaming

## Italian Operations



**Maintaining disciplined approach to capital spending**

Figures in €M

# Agenda

## 2010 Guidance

# Key Assumptions

## Italian Operations

**Gaming and Sports Betting:** High single-digit revenue growth

**Lottery:** S&W wagers comparable to prior year; lower Lotto wagers

## GTECH Lottery

Low single-digit same store revenue growth with additional expected contribution from start-up Spanish business in second half

## Gaming Solutions and GTECH G2

**Gaming Solutions:** Targeting Italian Operations and related VLT opportunities and North America sales

**GTECH G2:** Investing to develop WLA customer opportunities

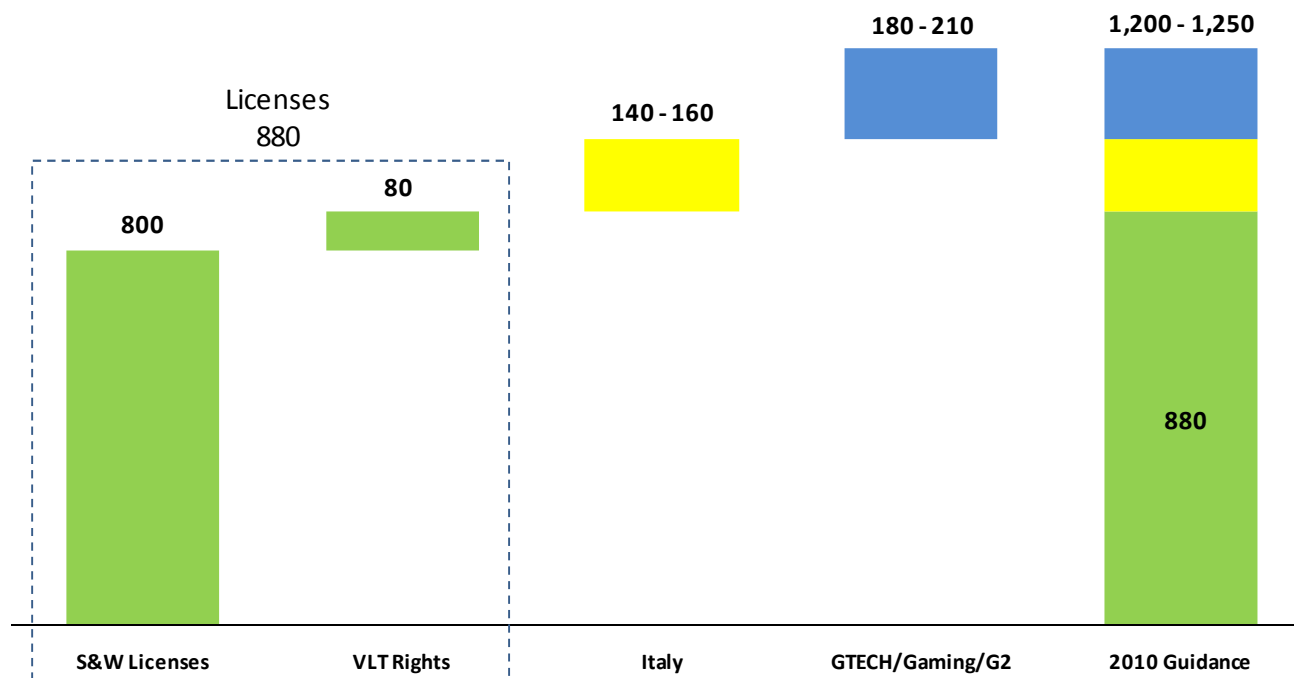
## Cost Reduction Program

Multi-year cost reduction program in place to generate €25-€30 million in savings for 2010, reducing our recurring operating costs

*Foreign Exchange: €1.00 = \$1.40*

# Capex

- Licenses in Italy for S&W and VLT
- Growth Capex for opportunities in Italy (VLT and Sports Betting) and Spain
- Maintenance Capex consistent with prior year



Figures in €M

## 2010 Guidance

	<u>2009</u>	<u>2010</u>
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

Foreign Exchange: €1.00 = \$1.39 in '09; €1.00 = \$1.40 in '10

Figures in €M

## Summary

- Scratch & Win success provides base and visibility into future
- Well positioned in high-growth sectors in Italy and globally
- First quarter impacted by cyclical nature of one-time events
- Italian market continues to evolve as expected
  - Major positive development with Scratch & Win
  - Machine gaming becoming a major driver
  - Previous investments position the Group well to capture growth
- Cross-selling in U.S. likely to bolster same-store sales
- Spain becoming a major operator market for GTECH
- Confident in ability to deliver 2010 guidance

# Appendix

## *Appendix*

# Balance Sheet

<b>Balance Sheet</b>	<b>1Q'10</b>	<b>FY'09</b>
Non-Current Assets	1,794	1,723
Goodwill	3,159	3,007
Net Working Capital/Other	(393)	(410)
<b>Net Invested Capital</b>	<b>4,560</b>	<b>4,320</b>
Shareholders' Equity	2,044	1,897
Net Financial Position	2,516	2,423
<b>Shareholders' Equity and NFP</b>	<b>4,560</b>	<b>4,320</b>

*Figures in €M*

## Cash Flow Statement – 1Q'10

<b>Cash Flow</b>	<b>1Q'10</b>	<b>1Q'09</b>
<b>Net Cash Flows from Operating Activities</b>	<b>143</b>	<b>148</b>
Capex	(64)	(48)
Debt Proceeds/(Repayment), Net	(17)	(48)
Interest Paid, Net	(75)	(83)
Dividends Paid	-	-
Non-Controlling Interests/Other	(14)	3
<b>Net Cash Flows Used in Investing/Financing</b>	<b>(170)</b>	<b>(176)</b>
<b>Net Cash Flow</b>	<b>(27)</b>	<b>(28)</b>
Effect of Exchange Rates/Other	4	(5)
<b>Net Change in Cash</b>	<b>(23)</b>	<b>(33)</b>
<b>Cash at End of the Period</b>	<b>446</b>	<b>76</b>

Figures in €M

## Financial Charges, Net – 1Q'10

<b>Financial Charges, Net</b>	<b>1Q'10</b>	<b>1Q'09</b>	<b>Change</b>
Interest and Other Income, Net	(1)	-	(1)
Foreign Exchange Loss, Net			
<i>Cash Foreign Exchange Loss</i>	-	-	-
<i>Non-Cash Foreign Exchange Gain</i>	1	11	(10)
<b>Total Foreign Exchange Loss, Net</b>	<b>1</b>	<b>11</b>	<b>(10)</b>
Interest Expense			
<i>GTECH Senior Credit Facilities</i>	(13)	(16)	3
<i>Capital Securities</i>	(16)	(16)	-
<i>Notes</i>	(10)	-	(10)
<i>LTO Term and Revolving Facilities</i>	-	(5)	5
<i>Other</i>	(2)	(5)	3
<b>Total Interest Expense</b>	<b>(41)</b>	<b>(42)</b>	<b>1</b>
<b>Total Financial Charges, Net</b>	<b>(41)</b>	<b>(31)</b>	<b>(10)</b>

Figures in €M

## Segment Information – 1Q'10

<b>Revenues</b>	<b>1Q'10</b>	<b>% of Total</b>	<b>1Q'09</b>	<b>% of Total</b>
Italian Operations	301	55%	319	55%
GTECH Lottery	194	36%	216	37%
Gaming Solutions	33	6%	31	5%
GTECH G2	18	3%	17	3%
<b>Total</b>	<b>546</b>	<b>100%</b>	<b>583</b>	<b>100%</b>
Eliminations	(1)	0%	(1)	0%
Purchase Accounting	-	0%	-	0%
<b>Total</b>	<b>545</b>	<b>100%</b>	<b>582</b>	<b>100%</b>

<b>Operating Income/(Loss)</b>	<b>1Q'10</b>	<b>% of Total</b>	<b>1Q'09</b>	<b>% of Total</b>
Italian Operations	112	95%	149	96%
GTECH Lottery	30	25%	40	25%
Gaming Solutions	(2)	-2%	(4)	-3%
GTECH G2	(1)	-1%	(1)	0%
<b>Total</b>	<b>139</b>	<b>117%</b>	<b>184</b>	<b>118%</b>
Corporate Overhead	(3)	-2%	(3)	-2%
Purchase Accounting	(18)	-15%	(26)	-16%
<b>Total</b>	<b>118</b>	<b>100%</b>	<b>155</b>	<b>100%</b>

Figures in €M