



# **A Global Leader in an Attractive Industry**

## **Plan 2011 - 2013**

*Paris, March 2011*

# Lottomatica Group Strategic Turning Point

- Major rebid cycle successfully completed
  - Retained over 90% of €6.1 billion in revenues up for rebid
  - Limited bid activity for the next five years
  - Significant investments completed; capital requirements for 2011-2015 diminishing and stabilizing
- FY 2010 operating results (Revenue and EBITDA) in accordance with guidance
- New three-year plan developed to improve cash flow generation, deleverage financial position and enhance shareholder value
- New dividend policy recommended by the Board
- New capital structure
  - €2.65 billion refinanced, extending debt maturity to 5.3 years
- Maintaining investment-grade credit rating remains Group priority

# Agenda

- ❑ **2010 Review**
- ❑ **2010 – 2013 Plan**
- ❑ **2010 – 2013 Plan Financials**



# 2010 Review

# Solid Business Fundamentals

- Italian Operations
  - Product innovation and tight cost control drove performance
  - New *10 e Lotto* game providing substantial support to Lotto wagers
  - 4,000 VLTs in operation by end of 2010
  - Scratch & Win new license started
- GTECH Lottery
  - Same store sales experiencing mixed performance in US jurisdictions and softness in Europe
    - California improving and cross-selling of jackpot games supporting sales
  - EBITDA impacted by contract portfolio changes
- Gaming Solutions and G2
  - Gaming Solutions produced solid results following restructuring
  - G2 commenced operations in North America

# 2010 Operating Results

<b>2009 Actual<sup>(1)</sup></b>	<b>€M</b>	<b>2010 Actual<sup>(2)</sup></b>	<b>2010 Guidance F/X @ 1.40</b>
<b>2,177</b>	<b>Revenues</b>	<b>2,314</b>	<b>2,300 – 2,400</b>
<b>784</b>	<b>EBITDA</b>	<b>812</b>	<b>785 - 805</b>
<b>425</b>	<b>Capital Expenditures<sup>(3)</sup></b>	<b>1,216</b>	<b>1,200- 1,250</b>
<b>2,423</b>	<b>Net Financial Position</b>	<b>2,975</b>	<b>2,850 – 2,950</b>

Due to one-time charges (G2 goodwill impairment, write-downs associated to refinancing and others), Net Income, attributable to parent, close to break-even

<sup>(1)</sup>\$/€ FX rate 1.394 (average 2009); FX 1.441 (December 31, 2009)

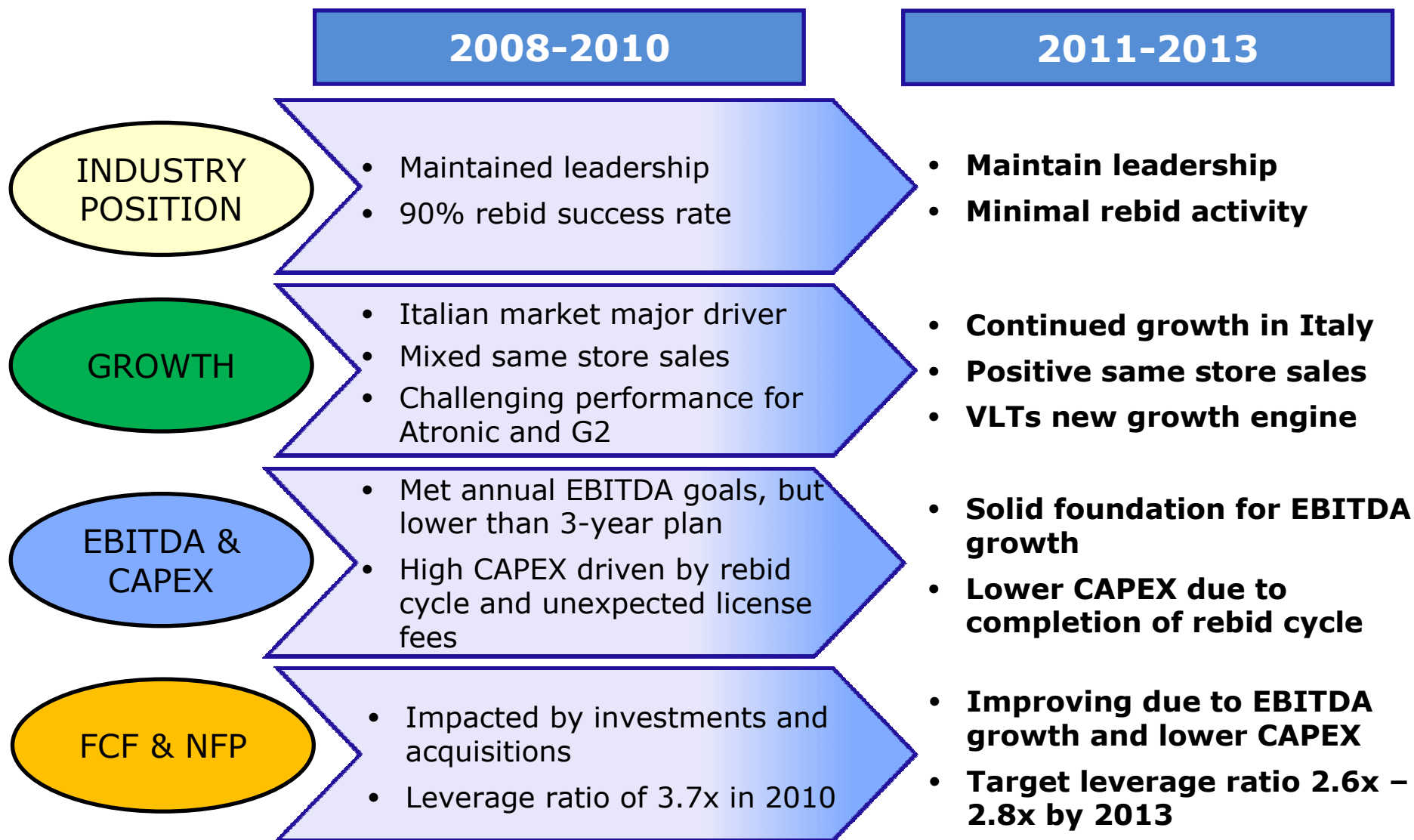
<sup>(2)</sup>\$/€ FX rate 1.325 (average 2010); FX 1.336 (December 31, 2010)

<sup>(3)</sup>2010 Capex includes €881M for Italian S&W and VLT 9-years concessions



# 2011 - 2013 Plan

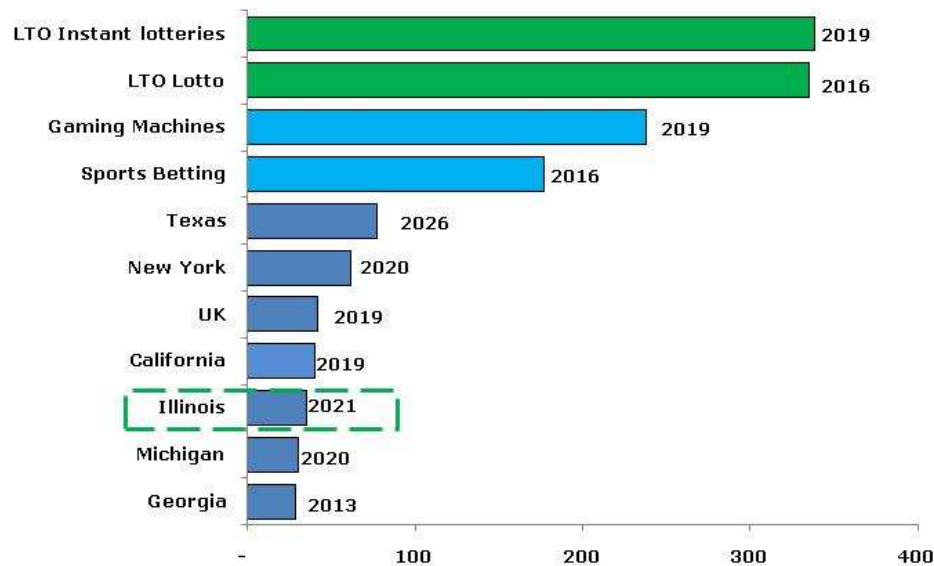
# 2011-2013 Plan Synopsis



# High Visibility of Cash Flow Streams

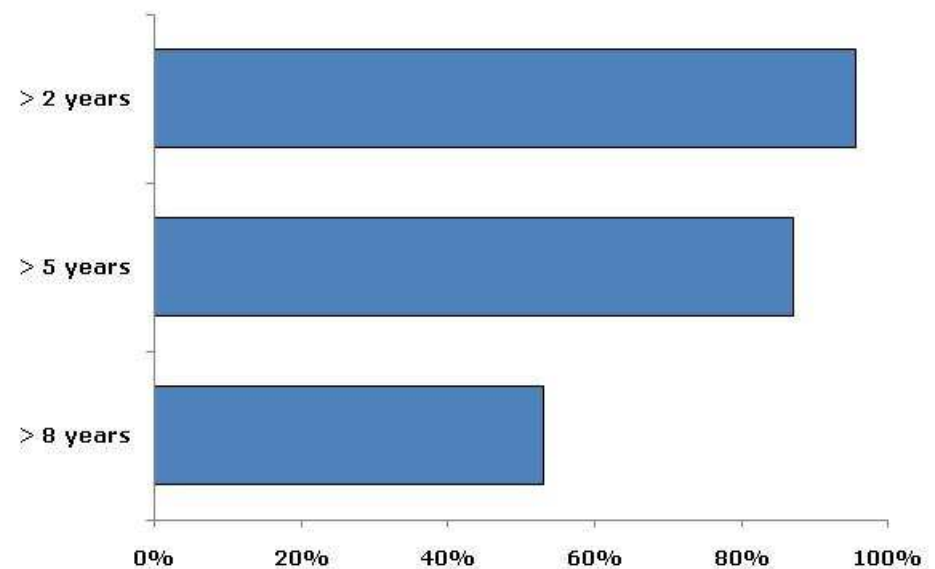
- Approximately 90% of service revenues under contract for five years
- Weighted average contract length of approximately eight years

**Annual Service Revenues<sup>1,2</sup> (€M)**



- Lottery Operator
- Operator in Multiconcession
- International Lottery

**Service Revenues by renewal date<sup>1,2</sup> (€M)**



(1) Analysis assumes all extension options are exercised  
 (2) Figures represent proportion of historical revenues for which the underlying contracts are expected to expire within the periods stated

# Plan for Growth - Italy

## Lottery

- ❑ *10 e Lotto* to drive Lotto performance turnaround
  - Average monthly wagers of €100M in the first four months, with limited cannibalization
- ❑ S&W growing through product innovation and distribution optimization
  - 3% increase in wagers since start of the new concession

## Gaming Machines

- ❑ VLT deployment, to be completed in 2011, will make this segment a major growth engine
  - Annualized wagers per VLT above expectations

## Sports Betting and Interactive

- ❑ Maintaining top-tier market share in a growing environment

# Plan for Growth - GTECH

## Same Store Sales Growth

- ❑ Single-digit growth
- ❑ Full implementation of California prize payout reform
- ❑ New game innovation and increased customer focus on growth

## Illinois Lottery PMA

- ❑ Transition to private manager model beginning Q3 2011
- ❑ Adoption of international best practices will make Illinois a top-tier performer in the US
- ❑ Accomplishment of 10-year plan will result in significant increase in returns

## Spain

- ❑ Continuing instant lottery expansion; growing to 15,000 retailers
- ❑ Additional game innovation, including new tickets, price points and payouts
- ❑ Leverage presence to expand into new market segments

## Bid Activity

- ❑ Limited rebid activity for the next five years (less than 10% of Group revenues)

*2011 transition year impacted by recent contract renewals and start-ups; profitability improvements from 2012*

# Plan for Growth – Gaming Solutions and G2

## Gaming Solutions

- ❑ Growth largely driven by the Canadian wide-area replacement cycle and completion of Italy deliveries
- ❑ European commercial casino recovery will contribute incremental volumes as new generation of terminals is made available from early 2011

## G2

- ❑ Canadian Poker Network expected expansion setting the stage for North American presence
- ❑ G2 to deliver customized solutions to GTECH clients such as Texas, Illinois, New York, Portugal and Poland
- ❑ Opportunities driven by the adoption of on-line regulations in Europe

# Cash Flow Priorities

- ❑ Maintaining investment-grade credit rating remains as top priority
- Target leverage ratio<sup>1</sup> between 2.60x – 2.80x by 2013
- ❑ Going forward, no more than 50% of levered FCF to be allocated to dividends
  - For 2011, no cash dividend paid; in-kind distribution of treasury shares in the ratio of approximately two shares for every 100 shares owned
- ❑ No near-term acquisitions foreseen

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<sup>(1)</sup>Net Financial Position/EBITDA



# **2011 - 2013 Plan**

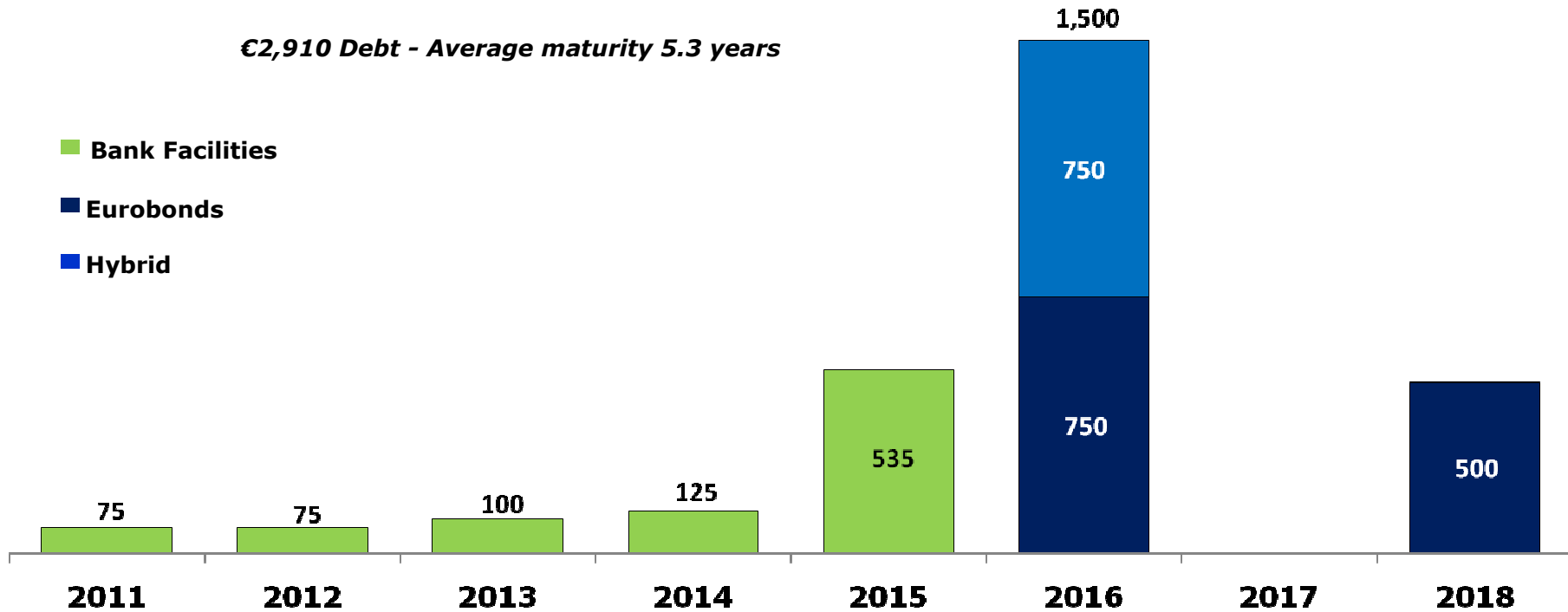
## **Financials**

# Capital Structure

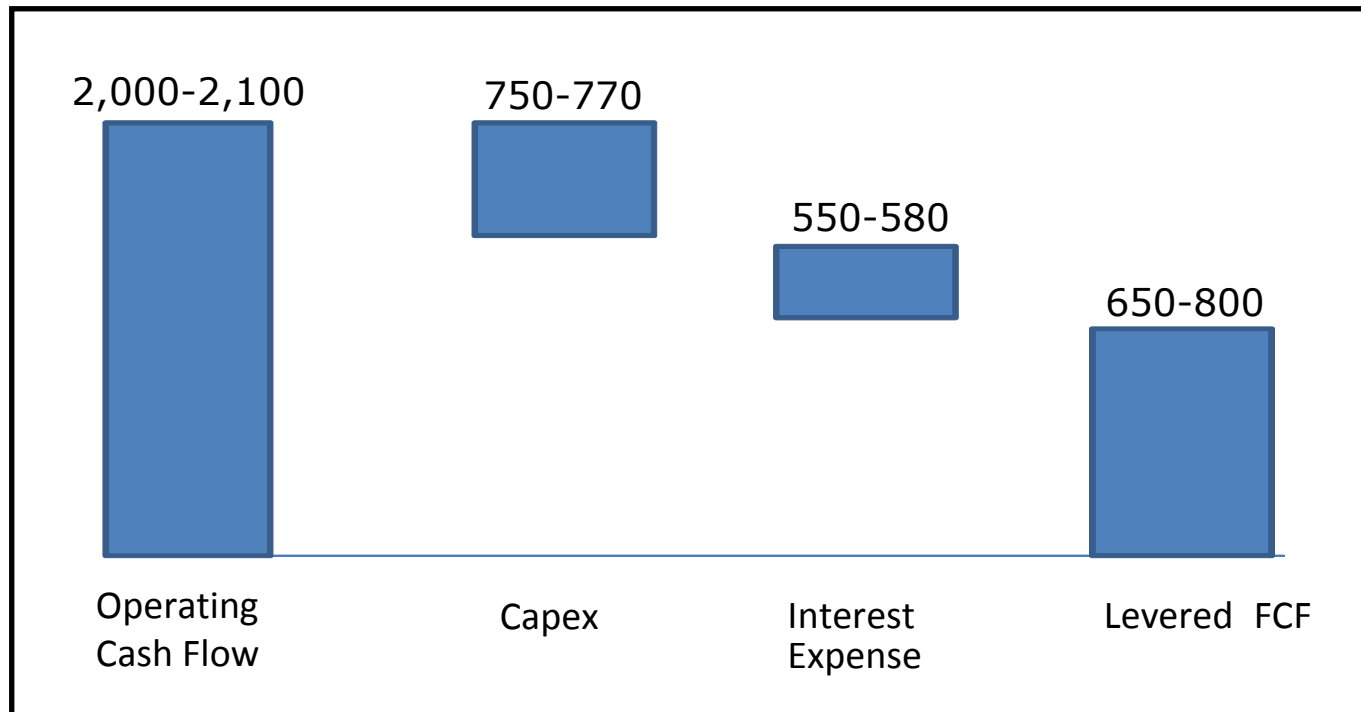
- ❑ €2.65 billion refinancing extends weighted average debt maturity to 5.3 years, €667M available capacity
- ❑ All-in cost comparable with 2010
- ❑ Withdraw anticipated hybrid bond transaction

**Outstanding Debt Maturities Profile as of December 31, 2010 (€M)**

*€2,910 Debt - Average maturity 5.3 years*

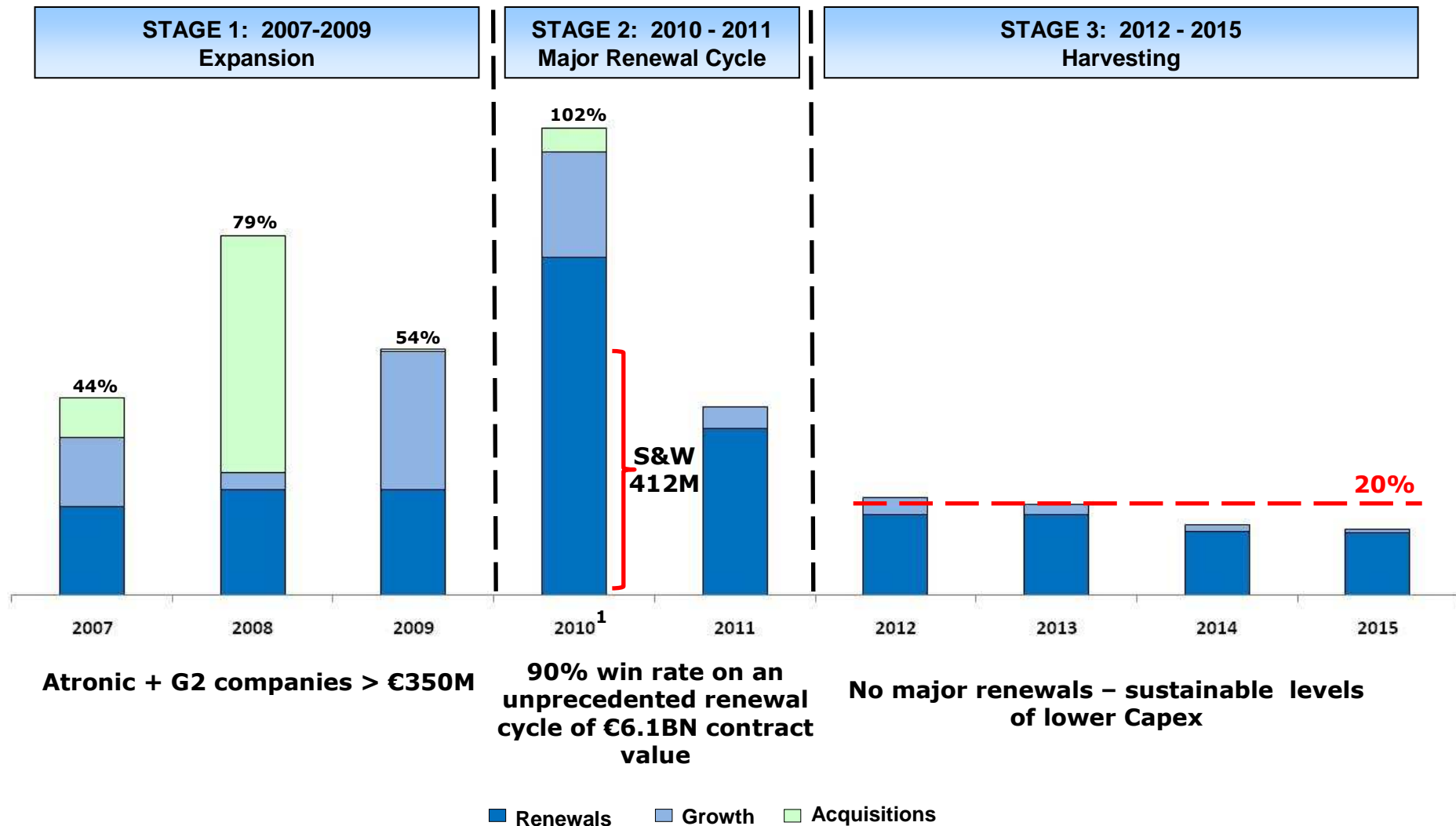


# Cash Flow – Cumulative 2011-2013



Target NFP/EBITDA Ratio: 2.60x – 2.80x by 2013

# CAPEX as Percentage of EBITDA 2007-2015



Atronic + G2 companies > €350M

90% win rate on an unprecedented renewal cycle of €6.1BN contract value

No major renewals – sustainable levels of lower Capex

(1) 2010 Capex of €831M, representing group capex of €1,219M less third-parties' contributions to S&W concession for €388M  
 Note: Acquisitions stated net of debt assumed and cash acquired

# 2011-2013 Guidance

€M	2010 Actual	2011 Guidance	2013 Guidance
Revenues	2,314	2,550 – 2,650	Mid-single digit 2-year CAGR
EBITDA	812	850 - 865	Mid-single digit 2-year CAGR
Capital Expenditures	1,216	325 - 350	Approx. 20-22% of EBITDA starting from 2012
Net Financial Position	2,975	2,850 – 2,900	NFP/EBITDA ratio 2.60x – 2.80x
FX US\$ = €	1.33	1.30	1.30

# Summary

## INDUSTRY POSITION

- Maintain leadership
- Minimal rebid activity

## GROWTH

- Continued growth in Italy
- Positive same store sales
- VLTs new growth engine

## EBITDA & CAPEX

- Solid foundation for EBITDA growth
- Lower CAPEX due to completion of rebid cycle

## FCF Generation & NFP

- Improving due to EBITDA growth and lower CAPEX
- Target leverage ratio 2.6 – 2.8x by 2013

## Dividend

- No more than 50% of levered FCF