



## **2011 First Quarter Results**

*Ended March 31, 2011*

*Rome  
April 27, 2011*

# Safe Harbour Statement

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# Agenda

## **1Q'11 Highlights**

*Marco Sala – CEO, Lottomatica Group*

## **1Q'11 Results**

*Stefano Bortoli – CFO, Lottomatica Group*

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

*Renato Ascoli – General Manager, Lottomatica*

*Jaymin Patel – President & CEO, GTECH Corporation*

# Strategic Update

## Momentum continuing in 2011

- Revenues, EBITDA and Operating Income up approximately 30%

## Investments and innovation

- Significant contribution from machine gaming in Italy
- 10eLotto, cross-selling, and California prize payout improvement meeting expectations for growth
- Jackpots and late numbers supported results
- Underlying performance of business provides solid foundation

## Key growth priorities to deliver 2011-2013 plan

- Italian machine gaming; international same store sales; operator opportunities and Canadian VLT replacement market

# Strategic Update: Italian Operations

## Italian operations growth accelerating

- Machine gaming exceeding expectations
  - 54,100 AWP's under management
  - 5,800 VLTs installed; full deployment of allotted licenses by year-end
  - Enjoying first to market advantages; competitors gearing up
- Lotto wagers up 45% over comparable period in 2010
  - *10eLotto* game driving turnaround
- Scratch & Win resuming double digit growth supported by new game launches

# Strategic Update: GTECH

## **GTECH same store revenues continue rebound**

- First quarter grew by 6% year over year in US
- Results supported by jackpot activities
- California instant sales up 28% after prize payout increase
  - Prime example of positive impact of best practices

## **Illinois private manager agreement proceeding according to plan**

- Retailer expansion, rebranding, and new game launches underway
- Measurement of performance incentive begins in July
- New Jersey and Ohio considering private manager options

**New lottery launched in Madagascar; Slovakia and Jamaica extended; Luxembourg rebid win**

### **Performance of new games and market segments exceeding expectations**

- First quarter assisted by jackpots and late numbers
- Italian VLTs in rollout phase with limited competition

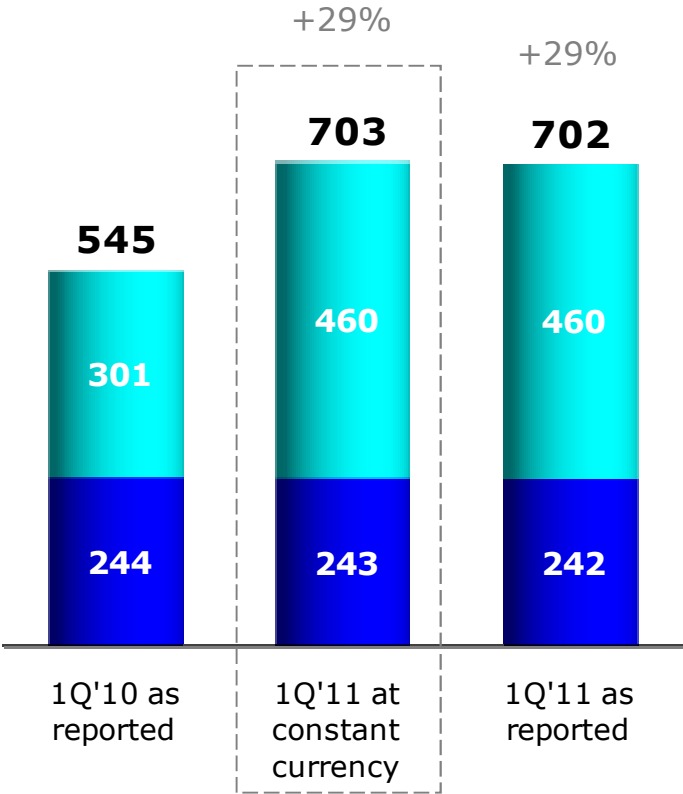
**Underlying performance of business provides confidence in the sustainability of results**

## **1Q'11 Results**

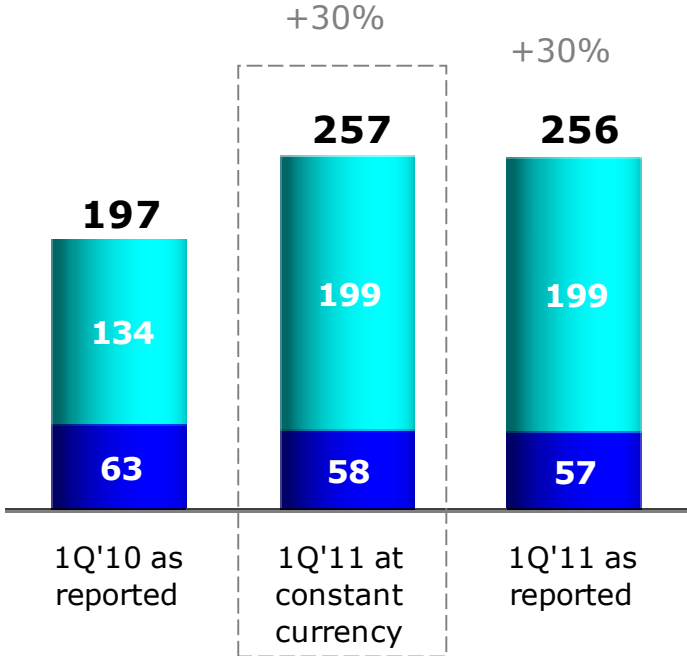
*Stefano Bortoli*  
*CFO, Lottomatica Group*

# Results Summary – 1Q'11

## Revenues



## EBITDA



Margin %	36.2%	36.5%	36.4%
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Note: - \$/€ FX average: 1.37 in 1Q'10; 1.39 in 1Q'11

Figures in €M

# Italian Operations – 1Q'11

Wagers	1Q'11	1Q'10	% change
Scratch & Win Wagers (€m)	2,732	2,490	10%
<i>Tickets Sold</i>	606	636	-5%
<i>Average Price Point €</i>	4.51	3.91	15%
Lotto Wagers (€m)	1,750	1,204	45%
Sports Betting Wagers (€m) <sup>1</sup>	297	309	-4%
Machine Gaming Wagers (€m)	2,332	1,115	109%
<i>Machines Installed - AWP</i>	54.1K	51.1K	6%
<i>Machines Installed - VLT</i>	5.8K		
Interactive Wagers (€m)	117	103	14%

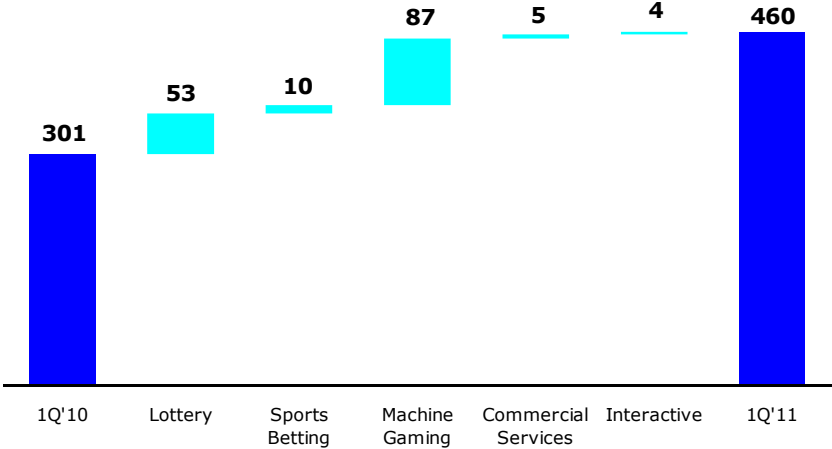
<sup>1</sup> Includes fixed odds sports betting and pool games

Key Revenues (€m)	1Q'11	1Q'10	% change
Lottery	221	168	32%
Sports Betting	59	49	19%
Machine Gaming	136	49	176%
Commercial Services	29	24	22%
Interactive	15	11	28%

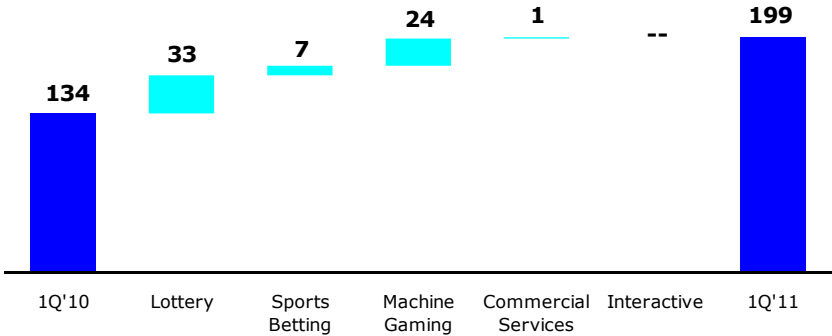
# Performance Breakdown – 1Q'11

## Italian Operations

### Revenues



### EBITDA



Figures in €M

# GTECH, G2 & Gaming Service Revenues – 1Q'11

Service Revenues Breakdown	1Q'11	1Q'10	% change
<b>Same Store Revenues</b>			
<i>Mega Millions States (\$m)</i>	111	105	6%
<i>Powerball States (\$m)</i>	47	44	6%
US Lottery (\$m)	158	149	6%
<b>At Constant Currency</b>			
US Lottery (€m)	115	109	6%
International Lottery (€m)	80	79	2%
<b>Total Lottery (€m)</b>	<b>195</b>	<b>188</b>	<b>4%</b>
<b>All Other - Net (€m)</b>	<b>33</b>	<b>32</b>	<b>1%</b>
<b>Total Same Store Revenues (€m)</b>	<b>228</b>	<b>220</b>	<b>4%</b>
Acquisitions/Divestitures/Other	(7)	-	
FX Impact	(2)	-	
<b>Total Service Revenues (€m)</b>	<b>219</b>	<b>220</b>	<b>0%</b>

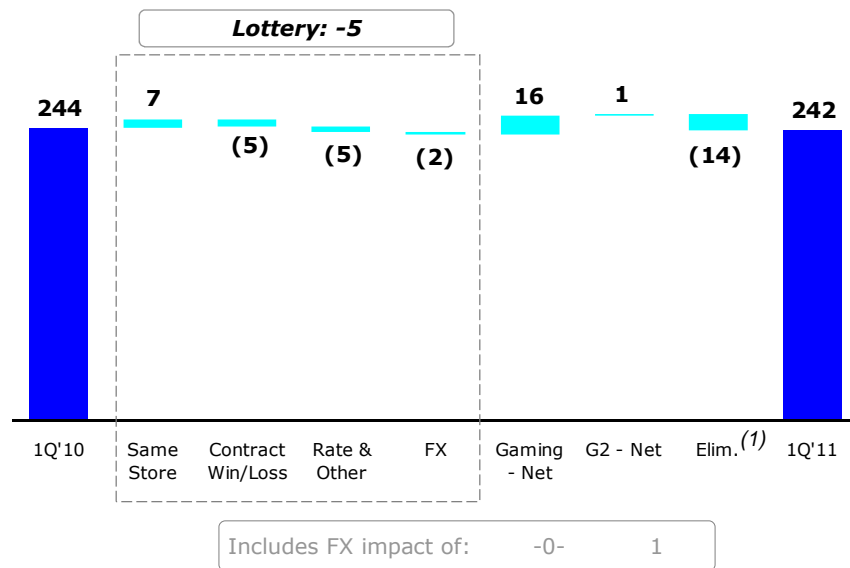
Note: - \$/€ FX average: 1.37 in 1Q'10; 1.39 in 1Q'11

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

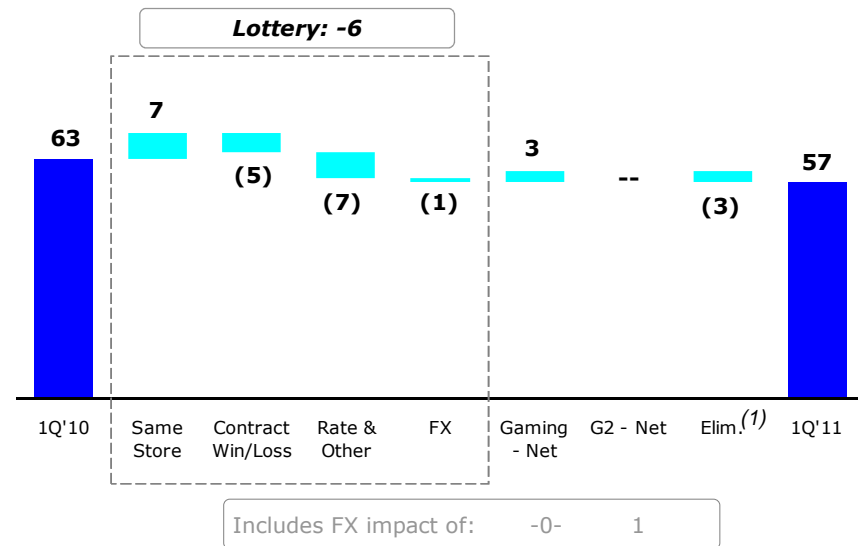
# Performance Breakdown – 1Q'11

## GTECH, G2 & Gaming

### Revenues



### EBITDA



Note: - \$/€ FX average: 1.37 in 1Q'10; 1.39 in 1Q'11

(1) Elimination of intercompany revenues/profits on sales between segments, principally Gaming sales to Italy.

Figures in €M

# Income Statement – 1Q'11

Income Statement	1Q'11	1Q'10	% Change
<i>Service Revenues</i>	675	520	30%
<i>Product Sales</i>	27	25	7%
<b>Revenues</b>	<b>702</b>	<b>545</b>	<b>29%</b>
<b>EBITDA</b>	<b>256</b>	<b>197</b>	<b>30%</b>
<i>EBITDA margin %</i>	36%	36%	
<b>Operating Income</b>	<b>153</b>	<b>118</b>	<b>29%</b>
<i>Interest Expense, Net</i>	(41)	(41)	
<i>Foreign Exchange: Cash</i>	1	-	
<i>Foreign Exchange: Non-Cash</i>	(35)	1	
<i>Other</i>	(4)	(1)	
Financial Charges, Net	(79)	(41)	
<b>Income Before Tax</b>	<b>74</b>	<b>77</b>	<b>-4%</b>
<b>Net Income</b>	<b>36</b>	<b>41</b>	<b>-13%</b>
<b>Net Income - Owners</b>	<b>22</b>	<b>29</b>	<b>-26%</b>
<b>Diluted EPS: Reported</b>	<b>0.13</b>	<b>0.18</b>	<b>-28%</b>
<b>Diluted EPS: Pro-Forma</b>	<b>0.31</b>	<b>0.24</b>	<b>29%</b>

Note: - \$/€ FX average: 1.37 in 1Q'10; 1.39 in 1Q'11  
 - Diluted WASO: 168.1M in 1Q'10; 168.1M in 1Q'11

Figures in €M (except EPS)

## Pro-Forma EPS – 1Q'11

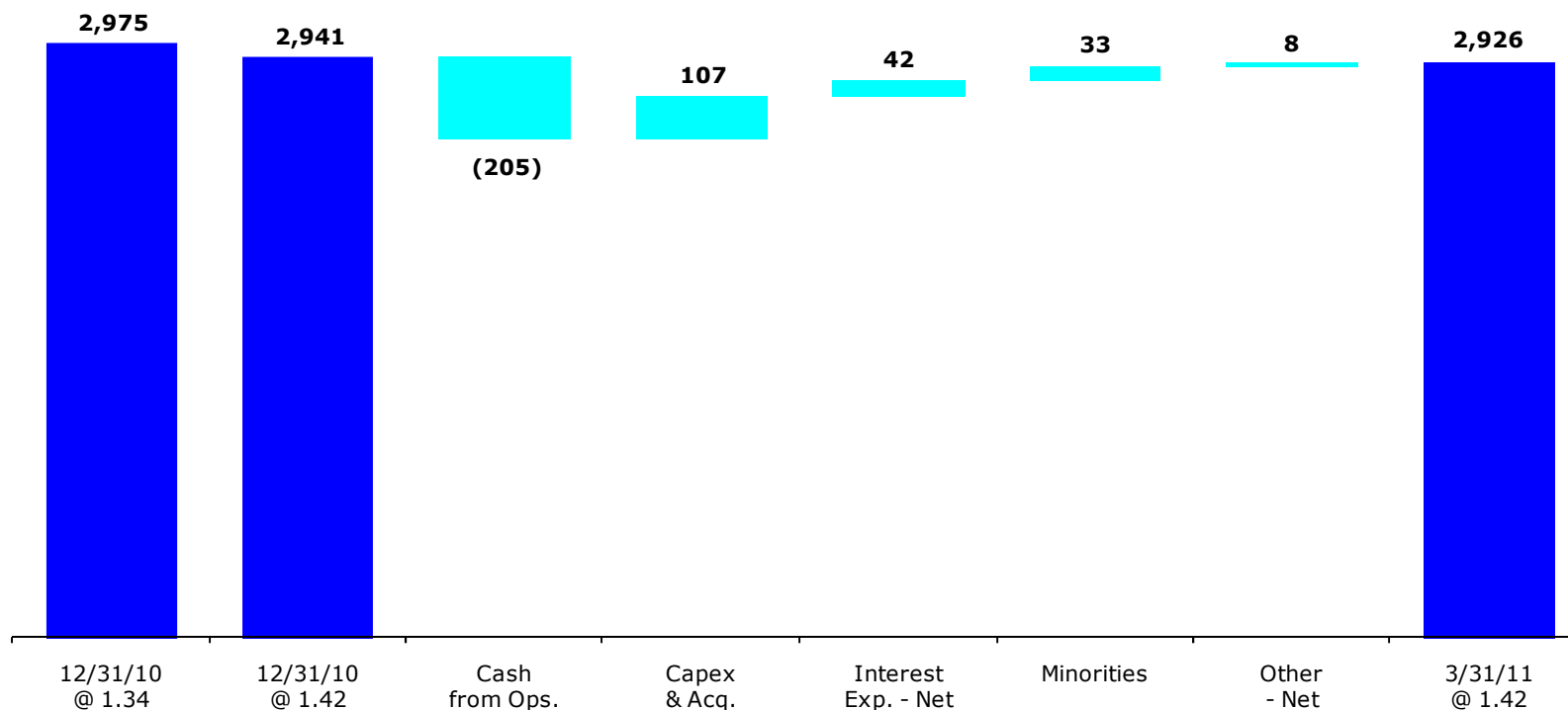
Pro-Forma EPS	1Q'11	1Q'10
<b>Net Income - Owners (Reported)</b>	<b>22</b>	<b>29</b>
<b>Pro-Forma Adjustments:</b>		
<i>Foreign Exchange - Debt Related</i>	32	-
<i>GTECH Purchase Price Accounting</i>	15	18
<i>Restructuring Costs</i>	-	-
Total	47	18
Income Tax Effect of Adjustments	18	6
<b>Net Income - Owners (Pro-Forma)</b>	<b>51</b>	<b>41</b>
<i>Diluted Average Shares Outstanding</i>	168	168
<b>Diluted EPS: Pro-Forma</b>	<b>0.31</b>	<b>0.24</b>

Note: - \$/€ FX average: 1.37 in 1Q'10; 1.39 in 1Q'11

Figures in €M (except EPS)

# Drivers of Net Financial Position

- Continued healthy cash flow generation from operations of 205 million in 1Q'11



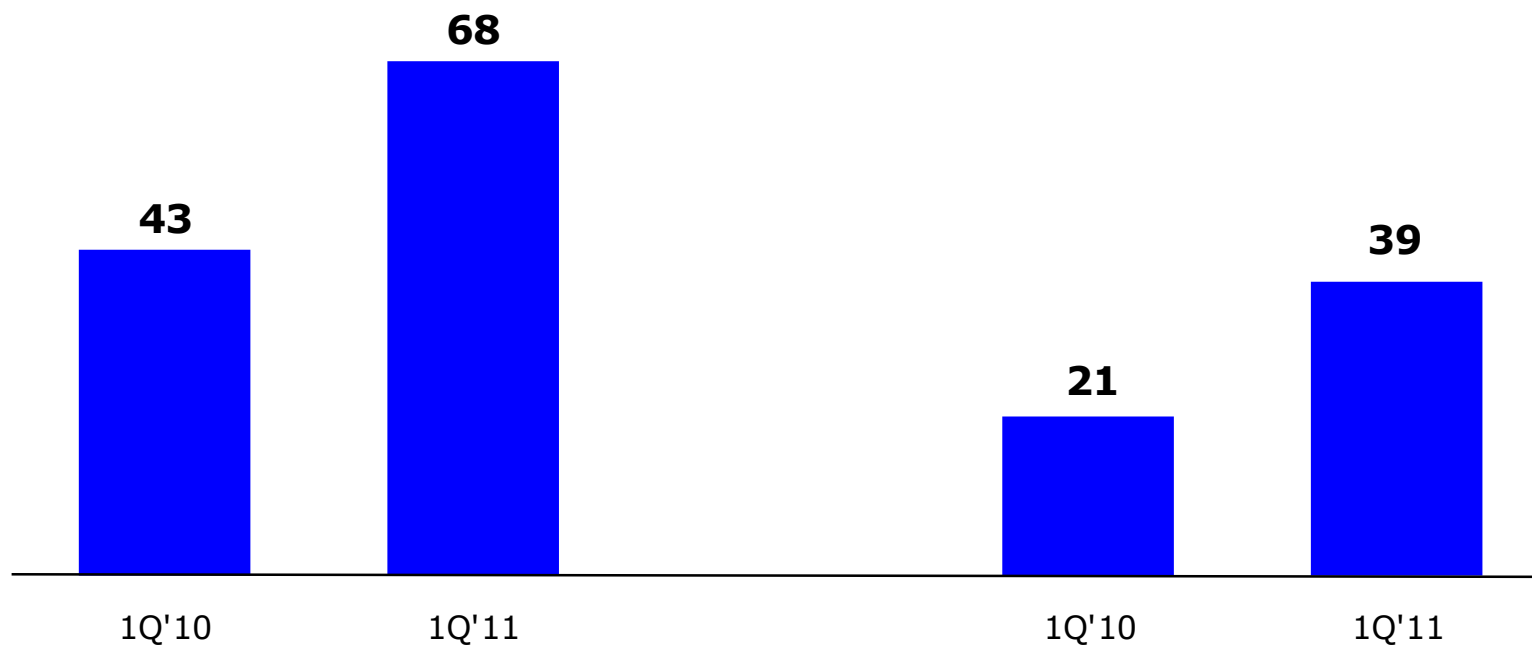
- 710 million of cash or committed un-drawn lines of credit

Figures in €M

# Capex

GTECH, G2 & Gaming

Italian Operations



Capex in-line with plan

Figures in €M

## 2011 Guidance Revised

<b>€M</b>	<b>2010A</b>	<b>2011 Updated Guidance</b>	<b>2011 Prior Guidance</b>
<b>Revenues</b>	<b>2,314</b>	<b>2,800 – 2,900</b>	<b>2,550 – 2,650</b>
<b>EBITDA</b>	<b>812</b>	<b>890 - 910</b>	<b>850 - 865</b>
<b>Capital Expenditures</b>	<b>1,216</b>	<b>325 - 350</b>	<b>325 - 350</b>
<b>Net Financial Position</b>	<b>2,975</b>	<b>2,825 – 2,875</b>	<b>2,850 – 2,900</b>
<b>FX US\$ = €</b>	<b>1.33</b>	<b>1.40</b>	<b>1.30</b>

# Question and Answer

## Q & A

# Conclusion

<b>€M</b>	<b>2010A</b>	<b>2011 Updated Guidance</b>	<b>2011 Prior Guidance</b>
<b>Revenues</b>	<b>2,314</b>	<b>2,800 – 2,900</b>	<b>2,550 – 2,650</b>
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<b>FX US\$ = €</b>	<b>1.33</b>	<b>1.40</b>	<b>1.30</b>

# Appendix

## *Appendix*

# Balance Sheet

<b>Balance Sheet</b>	<b>1Q'11</b>	<b>FY'10</b>
Non-Current Assets	2,589	2,669
Goodwill	3,019	3,157
Net Working Capital/Other	(466)	(492)
<b>Net Invested Capital</b>	<b>5,142</b>	<b>5,334</b>
Shareholders' Equity	2,216	2,359
Net Financial Position	2,926	2,975
<b>Shareholders' Equity and NFP</b>	<b>5,142</b>	<b>5,334</b>

*Figures in €M*

# Cash Flow Statement – 1Q'11

<b>Cash Flow</b>	<b>1Q'11</b>	<b>1Q'10</b>
<b>Net Cash Flows from Operating Activities</b>	<b>205</b>	<b>143</b>
Capex	(105)	(64)
Acquisitions	(2)	-
Debt Proceeds/(Repayment), Net	26	(17)
Interest Paid, Net	(69)	(75)
Capital Increase: Non-Controlling Interests	7	-
Non-Controlling Interests/Other	(18)	(14)
<b>Net Cash Flows Used in Investing/Financing</b>	<b>(161)</b>	<b>(170)</b>
<b>Net Cash Flow</b>	<b>44</b>	<b>(27)</b>
Effect of Exchange Rates/Other	2	4
<b>Net Change in Cash</b>	<b>46</b>	<b>(23)</b>
<b>Cash at End of the Period</b>	<b>198</b>	<b>446</b>

Figures in €M

## Financial Charges, Net – 1Q'11

<b>Financial Charges, Net</b>	<b>1Q'11</b>	<b>1Q'10</b>	<b>Change</b>
Interest and Other Income, Net	(3)	(1)	(2)
Foreign Exchange, Net			
<i>Cash Foreign Exchange</i>	1	-	1
<i>Non-Cash Foreign Exchange</i>	(35)	1	(36)
<b>Total Foreign Exchange, Net</b>	<b>(34)</b>	<b>1</b>	<b>(35)</b>
Interest Expense			
<i>Capital Securities</i>	(16)	(16)	-
<i>GTECH Senior Credit Facilities</i>	-	(13)	13
<i>2009 Notes (Due 2016)</i>	(10)	(10)	-
<i>2010 Notes (Due 2018)</i>	(7)	-	(7)
<i>Facilities</i>	(6)	-	(6)
<i>Other</i>	(3)	(2)	(1)
<b>Total Interest Expense</b>	<b>(42)</b>	<b>(41)</b>	<b>(1)</b>
<b>Total Financial Charges, Net</b>	<b>(79)</b>	<b>(41)</b>	<b>(38)</b>

Figures in €M

## Segment Information – 1Q'11

<b>Revenues</b>	<b>1Q'11</b>	<b>% of Total</b>	<b>1Q'10</b>	<b>% of Total</b>
Italian Operations	460	66%	301	55%
GTECH Lottery	189	26%	194	36%
Gaming Solutions	49	7%	33	6%
GTECH G2	19	3%	18	3%
<b>Total</b>	<b>717</b>	<b>102%</b>	<b>546</b>	<b>100%</b>
Eliminations	(15)	-2%	(1)	0%
Purchase Accounting	-	0%	-	0%
<b>Total</b>	<b>702</b>	<b>100%</b>	<b>545</b>	<b>100%</b>

<b>Operating Income/(Loss)</b>	<b>1Q'11</b>	<b>% of Total</b>	<b>1Q'10</b>	<b>% of Total</b>
Italian Operations	151	99%	112	95%
GTECH Lottery	21	14%	29	25%
Gaming Solutions	2	1%	(2)	-2%
GTECH G2	(2)	-1%	(1)	-1%
<b>Total</b>	<b>172</b>	<b>113%</b>	<b>138</b>	<b>117%</b>
Eliminations	(3)	-2%	-	0%
Corporate Overhead	(3)	-2%	(3)	-2%
Purchase Accounting	(13)	-9%	(17)	-15%
<b>Total</b>	<b>153</b>	<b>100%</b>	<b>118</b>	<b>100%</b>

Figures in €M