



# **2010 Third Quarter YTD Results**

*Ended September 30, 2010*

*Rome  
November 15, 2010*

# Safe Harbour Statement

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# Agenda

## **3Q'10 YTD Highlights**

*Marco Sala – CEO, Lottomatica Group*

## **3Q'10 and 9M'10 Results**

*Stefano Bortoli – CFO, Lottomatica Group*

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

*Renato Ascoli – General Manager, Lottomatica*

*Jaymin Patel – President & CEO, GTECH Corporation*

# Strategic Update

## **Good 3Q performance**

- Growing revenues, EBITDA and Operating Income
- Italian operations rebounding
- One time, non-cash foreign exchange loss due to hedging

## **Year to date revenue and EBITDA on track with expectations**

- Growth across all businesses

## **Year end guidance confirmed**

# Strategic Update

## Successfully leveraging on Group synergies

### **GTECH/Lottomatica consortium wins Illinois Private Manager bid**

- Fully integrated operations and technology solutions offering
- Accountable for performance, significant upside incentives
- Group subsidiaries combine to drive success
- Potential evolution to new U.S. business model

### **Italian market resuming growth trend**

- First to market with VLTs
- Positive Lottery performance
- Revenue diversification strategy on track

## Successfully completed major rebid cycle begun in 2008

- GTECH won 15 major on-line bids and 12 extensions to existing contracts
- In total for the Group, €5.8 billion up for rebid
  - Retained €5.3 billion or 92%
  - Average length of contract portfolio more than 7 years
  - Over 80% of revenues under contract over the next 4 years
  - No major GTECH bids over the next two years
  - Italian contracts secured for long term

# Strategic Update

## Completing financial restructuring strategy

- €2.3B of financing activities
  - Capital market transactions
  - Traditional bank loans and revolvers
  - Monetizing minority interest in S&W license in Italy
    - Continuing as majority controlling entity
- Greater flexibility to support growth

## Maintaining investment grade credit rating

# Third Quarter Review

## **Italian operations resumed growth**

- Lottery regaining momentum
- Machine gaming up by 41%
- Sports betting and interactive up 99% and 21% respectively

## **GTECH service revenues up 6%**

- Same store revenues down due to lack of jackpot activity
- New contracts in Malaysia, Switzerland, Nebraska, France and China; extensions in Florida and Mexico

## **Gaming Solutions signs new contracts**

- New Quebec monitoring system and VLTs
- Anticipating start of Canadian VLT replacement cycle
- More contracts expected with new operators in Italy

## **G2 to launch major lottery sponsored poker network in Canada**

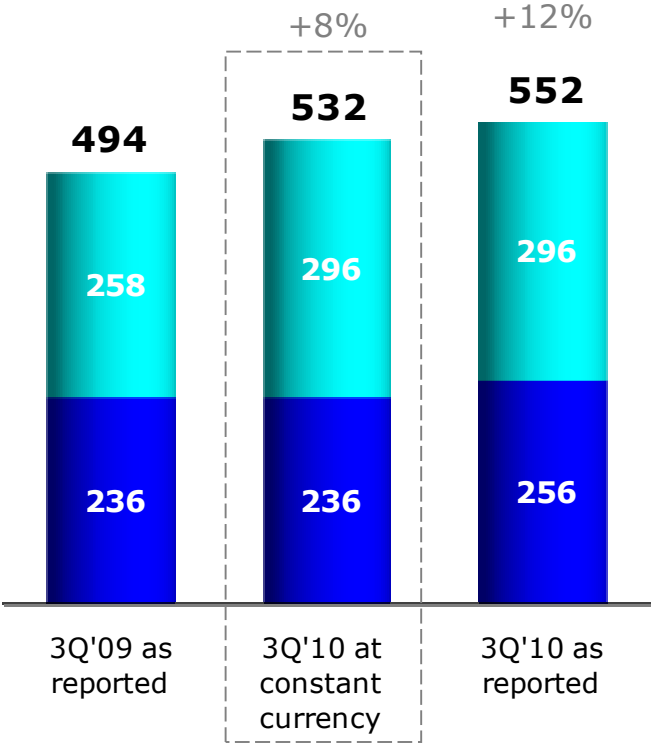
- Well positioned for growth as regulatory environment stabilizes

## **3Q'10 and 9M'10 Results**

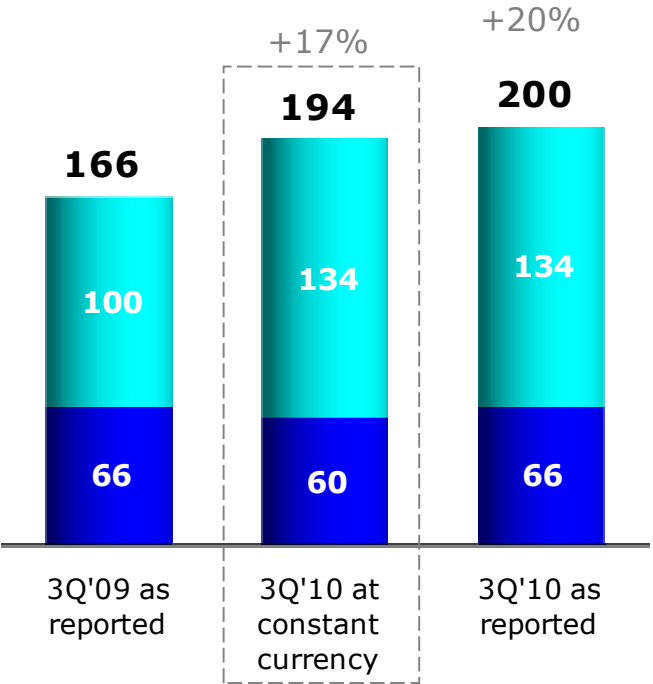
*Stefano Bortoli*  
*CFO, Lottomatica Group*

# Results Summary – 3Q'10

## Revenues



## EBITDA



<b>Margin %</b>	<b>33.6%</b>	<b>36.4%</b>	<b>36.2%</b>
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Note: - \$/€ FX average: 1.43 in 3Q'09; 1.32 in 3Q'10

Figures in €M

## Italian Operations – 3Q'10

<b>Wagers</b>	<b>3Q'10</b>	<b>3Q'09</b>	<b>% change</b>
Scratch & Win Wagers (€m)	2,143	2,121	1%
<i>Tickets Sold</i>	561	566	-1%
<i>Average Price Point €</i>	3.82	3.75	2%
Lotto Wagers (€m)	1,272	1,379	-8%
Sports Betting Wagers (€m) <sup>1</sup>	173	189	-8%
Machine Gaming Wagers (€m)	1,106	864	28%
<i>Machines Installed</i>	55K	51K	10%
Interactive Wagers (€m)	101	80	26%

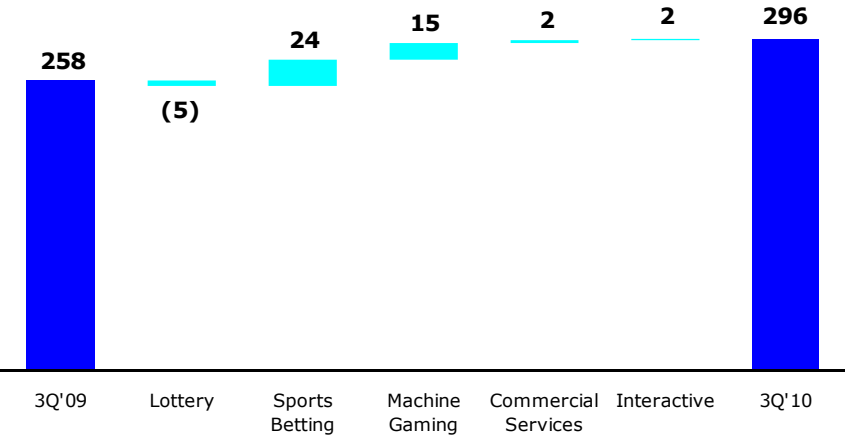
<sup>1</sup> Includes fixed odds sports betting and pool games

<b>Key Revenues (€m)</b>	<b>3Q'10</b>	<b>3Q'09</b>	<b>% change</b>
Lottery	157	162	-4%
Sports Betting	49	25	99%
Machine Gaming	53	38	41%
Commercial Services	26	24	8%
Interactive	11	9	21%

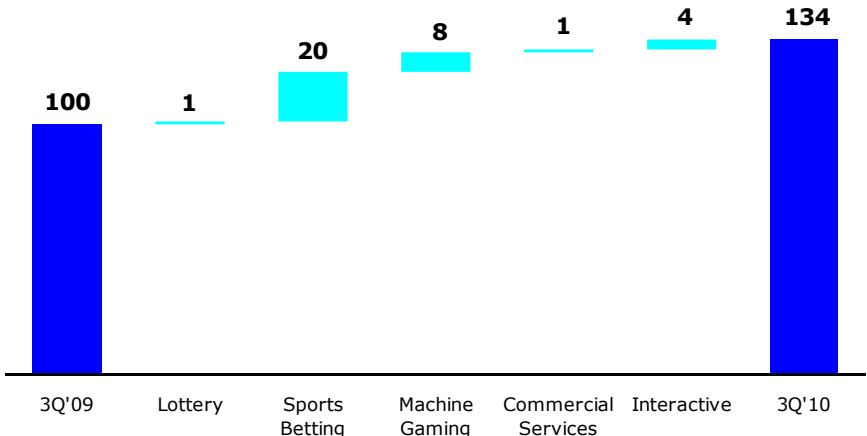
# Performance Breakdown – 3Q'10

## Italian Operations

### Revenues



### EBITDA

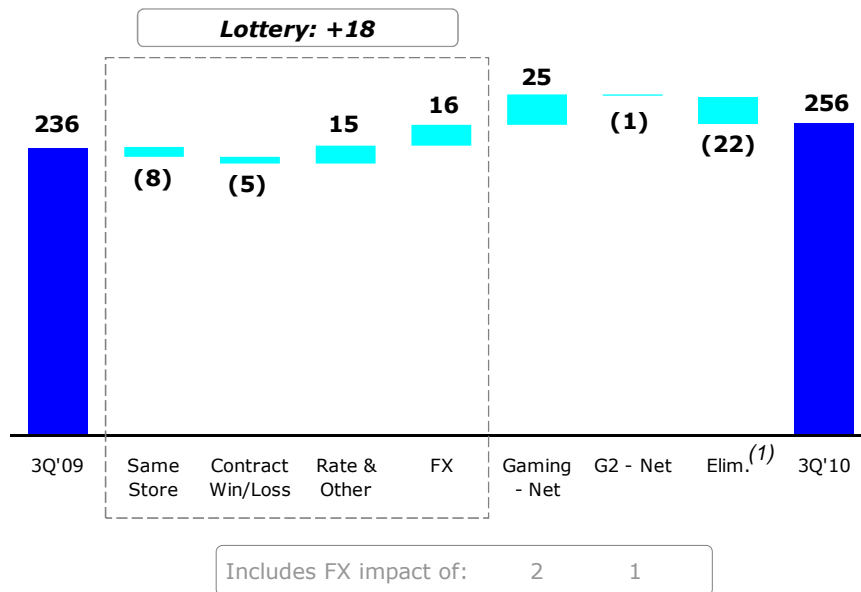


Figures in €M

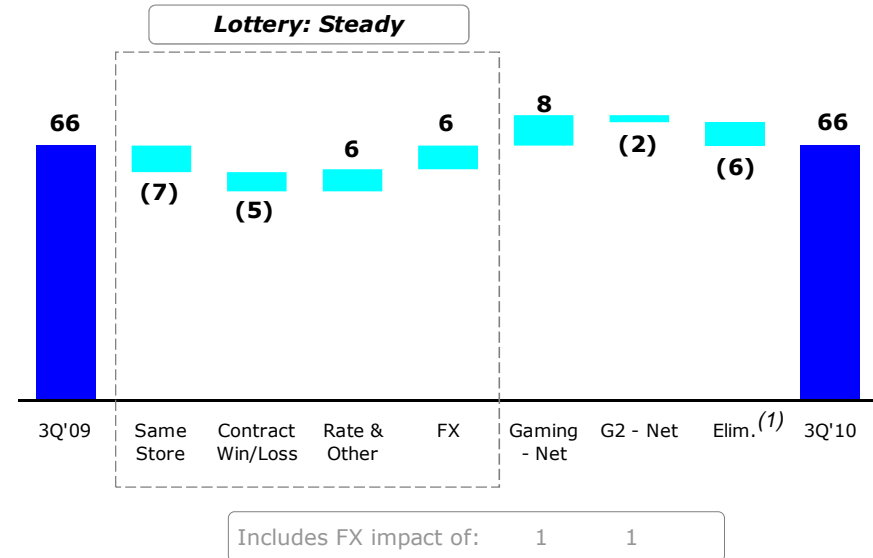
# Performance Breakdown – 3Q'10

## GTECH, G2 & Gaming

### Revenues



### EBITDA



Note: - \$/€ FX average: 1.43 in 3Q'09; 1.32 in 3Q'10

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

Figures in €M

# GTECH, G2 & Gaming Service Revenues – 3Q'10

Service Revenues Breakdown	3Q'10	3Q'09	% change
<b>Same Store Revenues</b>			
<i>Mega Millions States (\$m)</i>	103	107	-4%
<i>Powerball States (\$m)</i>	40	43	-5%
US Lottery (\$m)	143	150	-5%
<b>At Constant Currency</b>			
US Lottery (€m)	100	104	-5%
International Lottery (€m)	67	70	-3%
<b>Total Lottery (€m)</b>	<b>167</b>	<b>174</b>	<b>-4%</b>
<b>All Other - Net (€m)</b>	<b>30</b>	<b>31</b>	<b>-2%</b>
<b>Total Same Store Revenues (€m)</b>	<b>197</b>	<b>205</b>	<b>-4%</b>
Acquisitions/Divestitures/Other	4	-	
FX Impact	17	-	
<b>Total Service Revenues (€m)</b>	<b>218</b>	<b>205</b>	<b>6%</b>

Note: - \$/€ FX average: 1.43 in 3Q'09; 1.32 in 3Q'10

- 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

# Income Statement – 3Q'10

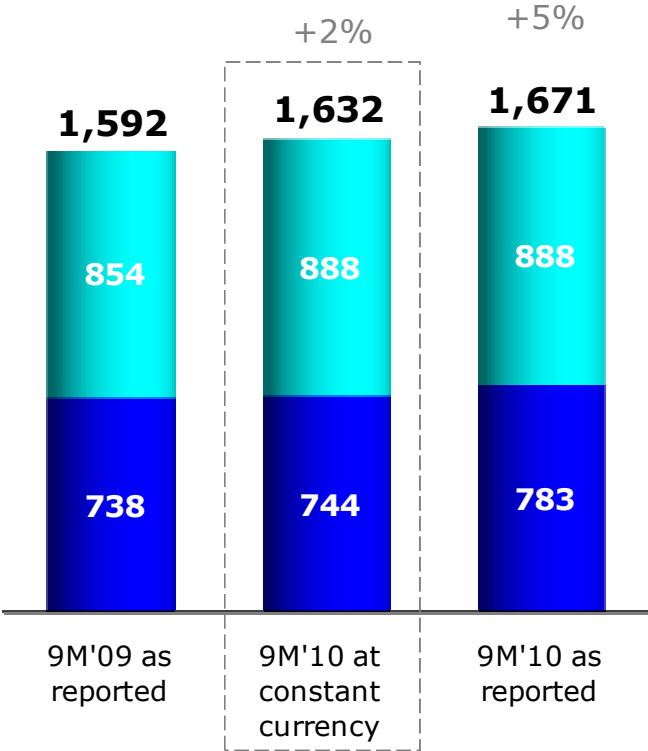
Income Statement	3Q'10	3Q'09	% Change
<i>Service Revenues</i>	513	463	11%
<i>Product Sales</i>	39	31	26%
<b>Revenues</b>	<b>552</b>	<b>494</b>	<b>12%</b>
<b>EBITDA</b>	<b>200</b>	<b>166</b>	<b>20%</b>
<i>EBITDA margin %</i>	36%	34%	
<b>Operating Income</b>	<b>112</b>	<b>84</b>	<b>33%</b>
<i>Interest Expense, Net</i>	(42)	(34)	
<i>Foreign Exchange: Cash</i>	(1)	(1)	
<i>Foreign Exchange: Non-Cash</i>	(71)	(10)	
<i>Other</i>	(1)	(2)	
Financial Charges, Net	(115)	(47)	
<b>Income Before Tax</b>	<b>(3)</b>	<b>37</b>	<b>n.m.</b>
<b>Net Income</b>	<b>(3)</b>	<b>24</b>	<b>n.m.</b>
<b>Net Income - Owners</b>	<b>(13)</b>	<b>13</b>	<b>n.m.</b>
<b>Earnings Per Share</b>	<b>(0.08)</b>	<b>0.09</b>	<b>n.m.</b>

Note: - \$/€ FX average: 1.43 in 3Q'09; 1.32 in 3Q'10  
 - Diluted WASO: 148.7M in 3Q'09; 168.1M in 3Q'10

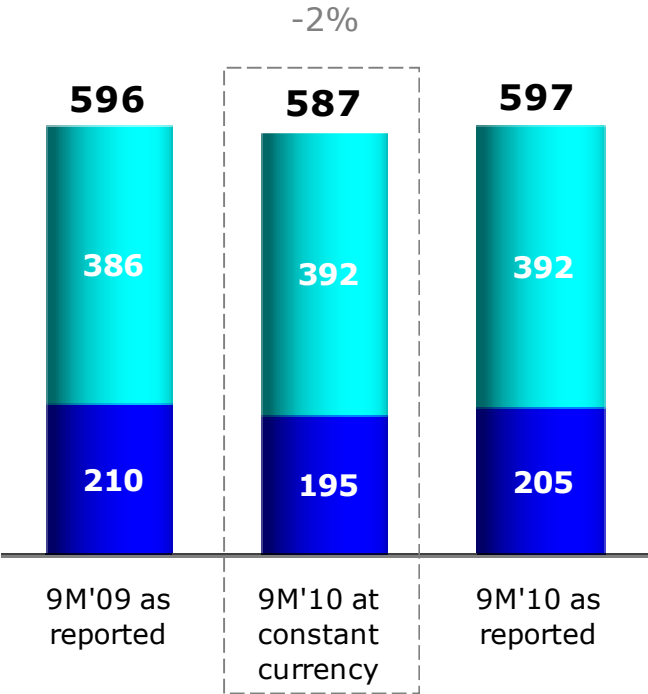
Figures in €M (except EPS)

# Results Summary – 9M'10

## Revenues



## EBITDA



■ Italian Operations  
■ GTECH, G2 & Gaming

<b>Margin %</b>	<b>37.5%</b>	<b>36.0%</b>	<b>35.7%</b>
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Note: - \$/€ FX average: 1.37 in 9M'09; 1.32 in 9M'10

Figures in €M

# Income Statement – 9M'10

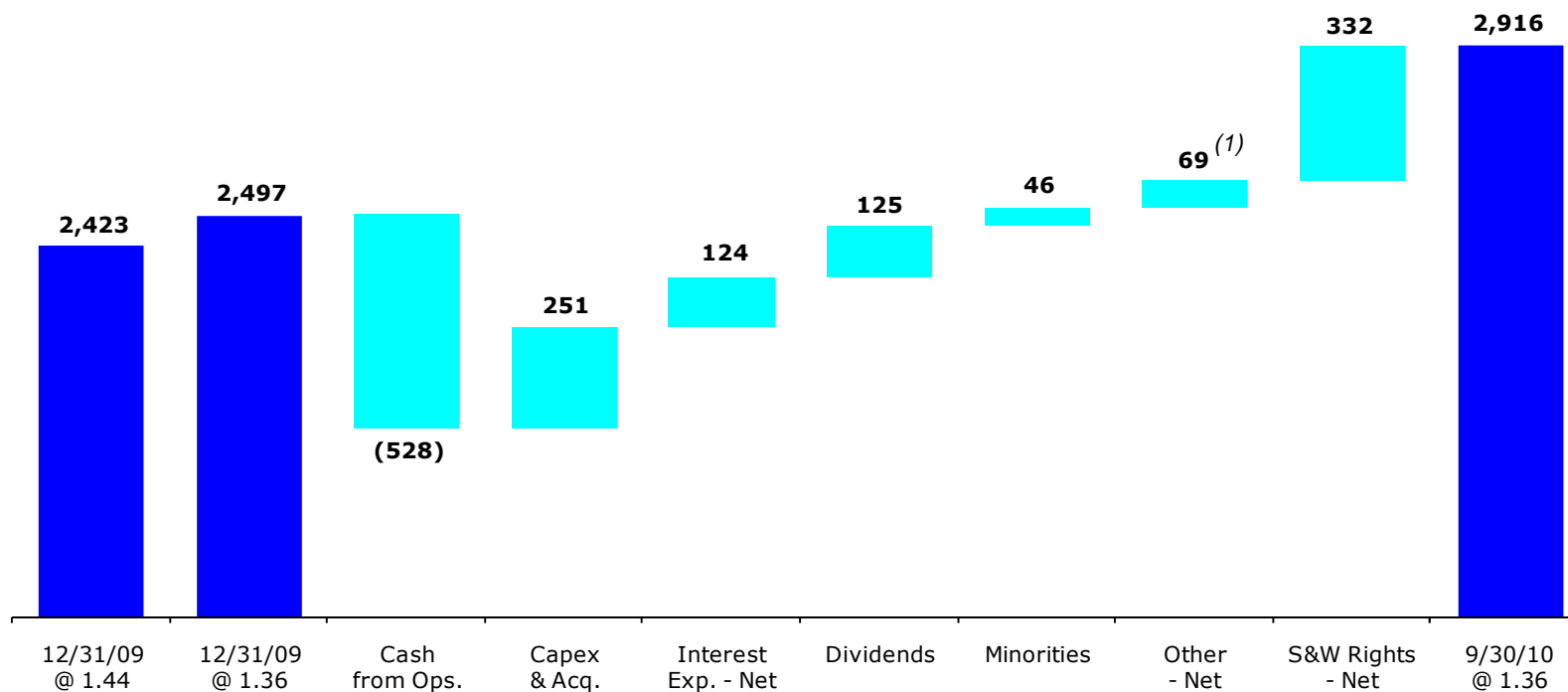
Income Statement	9M'10	9M'09	% Change
<i>Service Revenues</i>	1,558	1,490	5%
<i>Product Sales</i>	113	102	10%
<b>Revenues</b>	<b>1,671</b>	<b>1,592</b>	<b>5%</b>
<b>EBITDA</b>	<b>597</b>	<b>596</b>	<b>0%</b>
<i>EBITDA margin %</i>	36%	37%	
<b>Operating Income</b>	<b>340</b>	<b>346</b>	<b>-2%</b>
<i>Interest Expense, Net</i>	(124)	(111)	
<i>Foreign Exchange: Cash</i>	(1)	(1)	
<i>Foreign Exchange: Non-Cash</i>	(54)	(10)	
<i>Other</i>	(4)	(6)	
Financial Charges, Net	(183)	(128)	
<b>Income Before Tax</b>	<b>157</b>	<b>218</b>	<b>-28%</b>
<b>Net Income</b>	<b>84</b>	<b>143</b>	<b>-41%</b>
<b>Net Income - Owners</b>	<b>51</b>	<b>107</b>	<b>-52%</b>
<b>Earnings Per Share</b>	<b>0.30</b>	<b>0.72</b>	<b>-58%</b>

Note: - \$/€ FX average: 1.37 in 9M'09; 1.32 in 9M'10  
 - Diluted WASO: 148.7M in 9M'09; 168.1M in 9M'10

Figures in €M (except EPS)

# Drivers of Net Financial Position

- Continued healthy cash flow generation from operations of 528 million in 9M'10



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

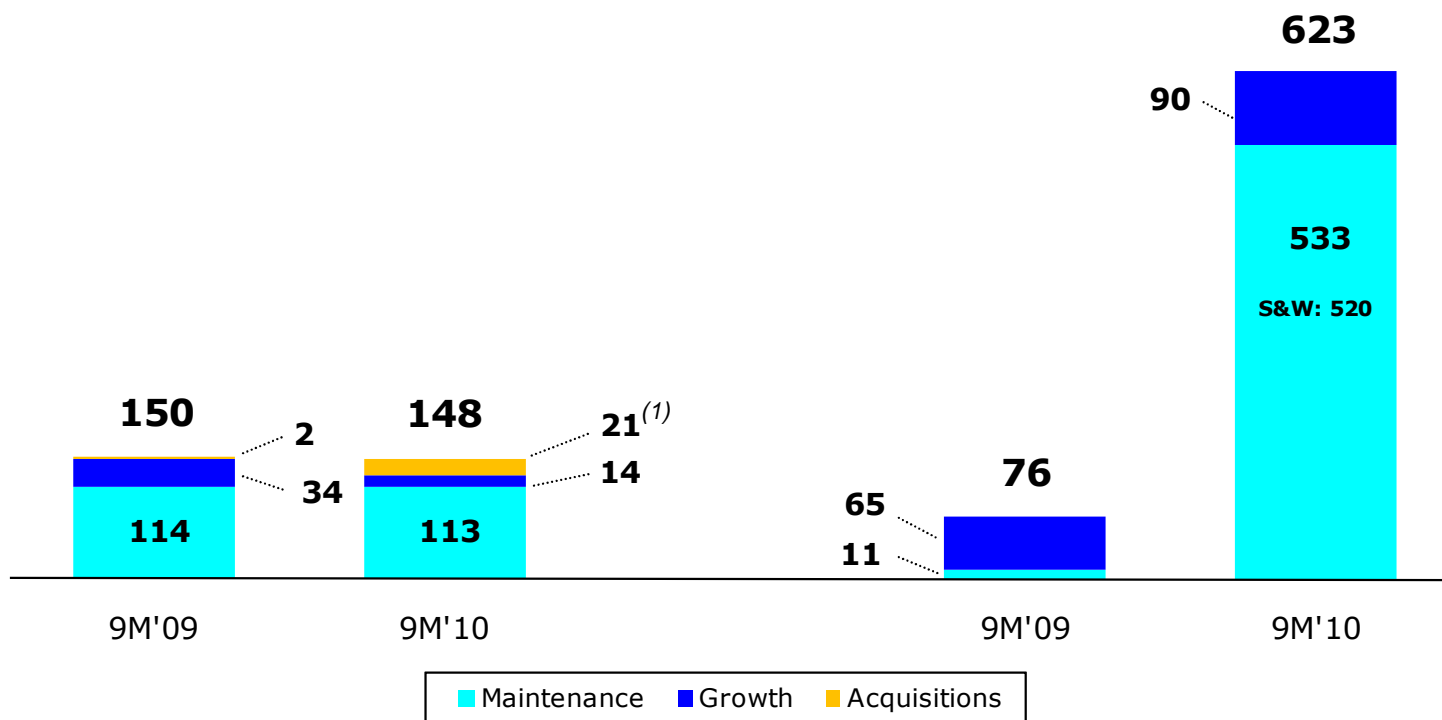
(1) Includes non-cash revaluation of foreign exchange hedges classified as financial liabilities.

Figures in €M

# Drivers of Net Financial Position - Capex

## GTECH, G2 & Gaming

## Italian Operations



**Capex progressing in-line with plan**

(1) Boss Media payment, no NFP impact due to prior recognition as a financial liability.

Figures in €M

# Refinancing Overview

**Initiatives are underway to refinance a portion of our debt portfolio**

## **Refinancing goals:**

- Lengthen the average debt maturity
- Reduce the concentration of USD denominated debt in the portfolio

## **When completed, our sources of funding will include:**

- Capital markets transactions: €800 million
- €1.4 billion committed bank facility including:
  - US\$ 700 million term loan
  - €900 million in revolving credit facilities
- Scratch & Win sale: €100 million

**We expect to complete all related transactions by March 31, 2011**

# Question and Answer

## Q & A

# Summary

**Successfully navigating through rebid cycle**

**Integration of Group subsidiaries producing sustainable value and new growth opportunities**

**Governments seeking new revenues to address severe budget shortfalls**

**Potential for greater management/operator opportunities**

**New financial structure with flexibility for next phase of growth**

**Group well aligned to pursue emerging opportunities**

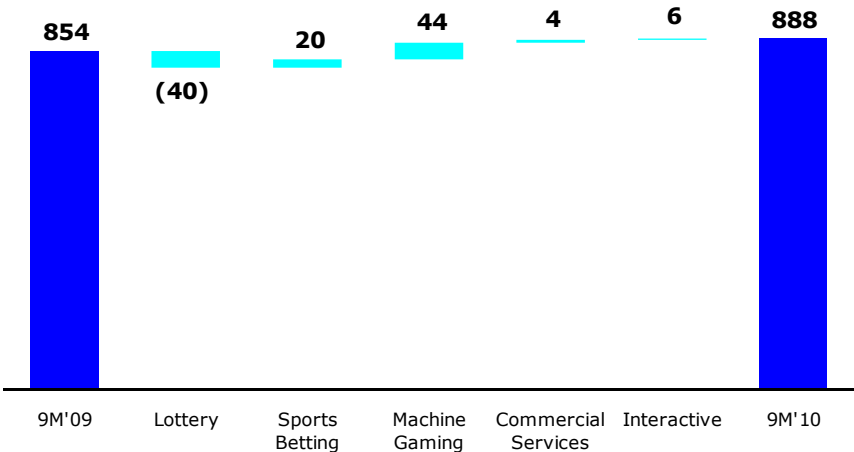
# Appendix

## *Appendix*

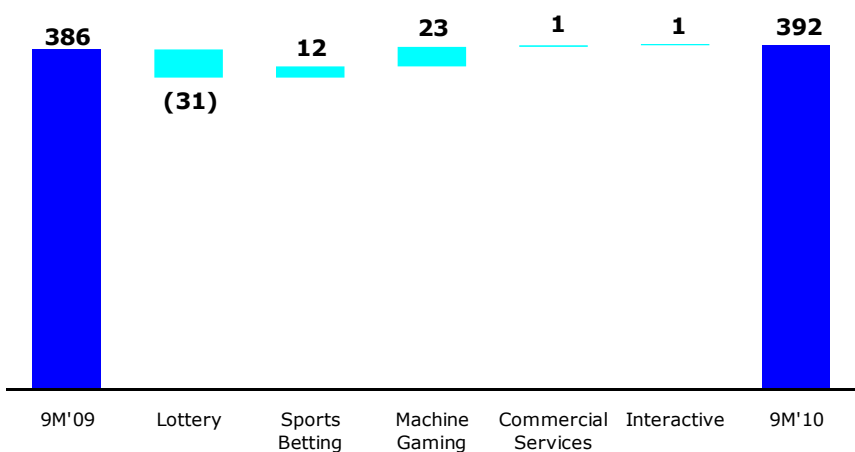
# Performance Breakdown – 9M'10

## Italian Operations

### Revenues



### EBITDA

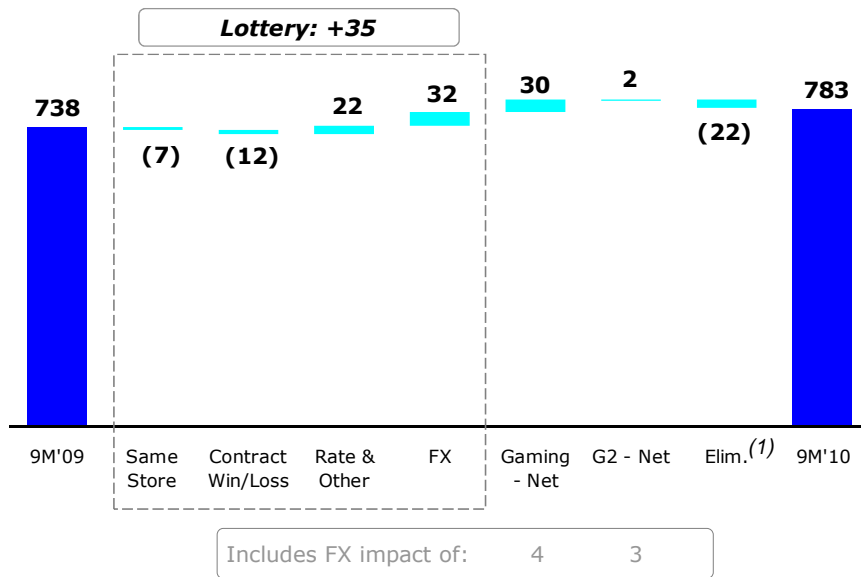


Figures in €M

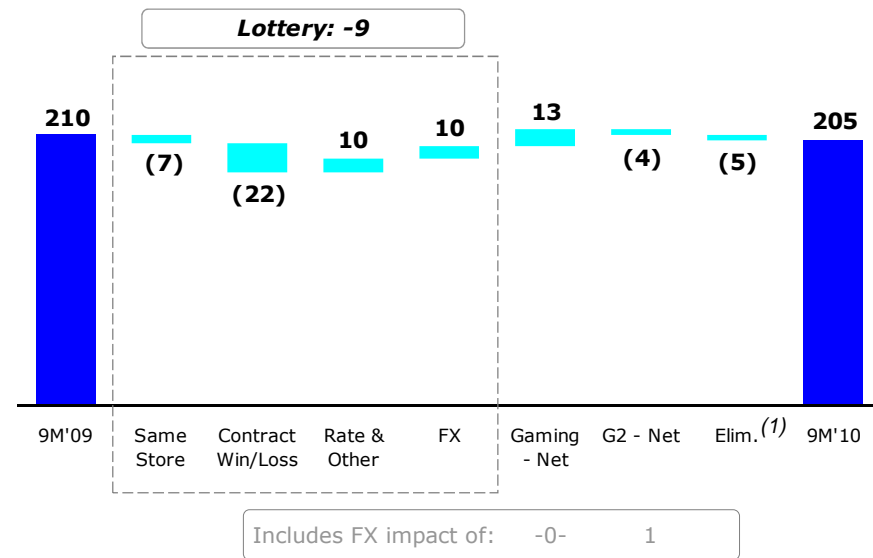
# Performance Breakdown – 9M'10

## GTECH, G2 & Gaming

### Revenues



### EBITDA



Note: - \$/€ FX average: 1.37 in 9M'09; 1.32 in 9M'10

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

## Italian Operations – 9M'10

<b>Wagers</b>	<b>9M'10</b>	<b>9M'09</b>	<b>% change</b>
Scratch & Win Wagers (€m)	6,976	7,083	-2%
<i>Tickets Sold</i>	1,813	1,862	-3%
<i>Average Price Point €</i>	3.85	3.80	1%
Lotto Wagers (€m)	3,675	4,234	-13%
Sports Betting Wagers (€m) <sup>1</sup>	733	689	7%
Machine Gaming Wagers (€m)	3,353	2,947	14%
<i>Machines Installed</i>	55K	51K	10%
Interactive Wagers (€m)	306	242	27%

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

<b>Key Revenues (€m)</b>	<b>9M'10</b>	<b>9M'09</b>	<b>% change</b>
Lottery	484	524	-8%
Sports Betting	141	121	16%
Machine Gaming	154	110	39%
Commercial Services	74	70	6%
Interactive	35	29	24%

# GTECH, G2 & Gaming Service Revenues – 9M'10

Service Revenues Breakdown	9M'10	9M'09	% change
<b>Same Store Revenues</b>			
<i>Mega Millions States (\$m)</i>	339	341	-1%
<i>Powerball States (\$m)</i>	122	125	-2%
US Lottery (\$m)	461	466	-1%
<b>At Constant Currency</b>			
US Lottery (€m)	337	342	-1%
International Lottery (€m)	201	204	-2%
<b>Total Lottery (€m)</b>	<b>538</b>	<b>546</b>	<b>-1%</b>
<b>All Other - Net (€m)</b>	<b>93</b>	<b>93</b>	<b>0%</b>
<b>Total Same Store Revenues (€m)</b>	<b>631</b>	<b>639</b>	<b>-1%</b>
Acquisitions/Divestitures/Other	12	-	
FX Impact	30	-	
<b>Total Service Revenues (€m)</b>	<b>673</b>	<b>639</b>	<b>5%</b>

Note: - \$/€ FX average: 1.37 in 9M'09; 1.32 in 9M'10

- 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

# Balance Sheet

<b>Balance Sheet</b>	<b>9M'10</b>	<b>FY'09</b>
Non-Current Assets	2,675	1,723
Goodwill	3,143	3,007
Net Working Capital/Other	(778)	(410)
<b>Net Invested Capital</b>	<b>5,040</b>	<b>4,320</b>
Shareholders' Equity	2,124	1,897
Net Financial Position	2,916	2,423
<b>Shareholders' Equity and NFP</b>	<b>5,040</b>	<b>4,320</b>

*Figures in €M*

## Cash Flow Statement – 9M'10

<b>Cash Flow</b>	<b>9M'10</b>	<b>9M'09</b>
<b>Net Cash Flows from Operating Activities</b>	<b>528</b>	<b>452</b>
Capex	(750)	(224)
Acquisitions	(21)	(2)
Debt Proceeds/(Repayment), Net	74	101
Interest Paid, Net	(118)	(125)
Dividends Paid	(125)	(101)
Capital Increase: Non-Controlling Interests	188	-
Non-Controlling Interests/Other	(58)	(53)
<b>Net Cash Flows Used in Investing/Financing</b>	<b>(810)</b>	<b>(404)</b>
<b>Net Cash Flow</b>	<b>(282)</b>	<b>48</b>
Effect of Exchange Rates/Other	4	(9)
<b>Net Change in Cash</b>	<b>(278)</b>	<b>39</b>
<b>Cash at End of the Period</b>	<b>191</b>	<b>148</b>

Figures in €M

## Financial Charges, Net – 9M'10

<b>Financial Charges, Net</b>	<b>9M'10</b>	<b>9M'09</b>	<b>Change</b>
Interest and Other Income, Net	(2)	(4)	2
Foreign Exchange, Net			
<i>Cash Foreign Exchange</i>	(1)	(1)	-
<i>Non-Cash Foreign Exchange</i>	(54)	(10)	(44)
<b>Total Foreign Exchange, Net</b>	<b>(55)</b>	<b>(11)</b>	<b>(44)</b>
Interest Expense			
<i>GTECH Senior Credit Facilities</i>	(42)	(44)	2
<i>Capital Securities</i>	(48)	(48)	-
<i>5.375% Notes Due 2016</i>	(29)	-	(29)
<i>LTO Term and Revolving Facilities</i>	(2)	(13)	11
<i>Other</i>	(5)	(8)	3
<b>Total Interest Expense</b>	<b>(126)</b>	<b>(113)</b>	<b>(13)</b>
<b>Total Financial Charges, Net</b>	<b>(183)</b>	<b>(128)</b>	<b>(55)</b>

Figures in €M

## Segment Information – 9M'10

<b>Revenues</b>	<b>9M'10</b>	<b>% of Total</b>	<b>9M'09</b>	<b>% of Total</b>
Italian Operations	888	53%	854	54%
GTECH Lottery	626	38%	591	37%
Gaming Solutions	129	8%	99	6%
GTECH G2	54	3%	52	3%
<b>Total</b>	<b>1,697</b>	<b>102%</b>	<b>1,596</b>	<b>100%</b>
Eliminations	(26)	-2%	(4)	0%
Purchase Accounting	-	0%	-	0%
<b>Total</b>	<b>1,671</b>	<b>100%</b>	<b>1,592</b>	<b>100%</b>

<b>Operating Income/(Loss)</b>	<b>9M'10</b>	<b>% of Total</b>	<b>9M'09</b>	<b>% of Total</b>
Italian Operations	320	94%	327	95%
GTECH Lottery	93	27%	104	30%
Gaming Solutions	(2)	0%	(12)	-4%
GTECH G2	(4)	-1%	(1)	0%
<b>Total</b>	<b>407</b>	<b>120%</b>	<b>418</b>	<b>121%</b>
Eliminations	(5)	-1%	-	0%
Corporate Overhead	(9)	-3%	(9)	-2%
Purchase Accounting	(53)	-16%	(63)	-19%
<b>Total</b>	<b>340</b>	<b>100%</b>	<b>346</b>	<b>100%</b>

Figures in €M