



# LOTTOMATICA

GROUP

*Responsibly Driving Global Gaming*

## **Company Presentation**

*June 2009*



# Safe Harbour Statement

## **Disclaimer**

*This presentation contains forward-looking statements regarding future events and the future results of Lottomatica that are based on current expectations, estimates, forecasts, and projections about the industries in which Lottomatica operates, and the beliefs and assumptions of the management of Lottomatica. In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management and competition are forward-looking in nature. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," and "estimates," variations of such words, and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future. Therefore, Lottomatica's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, the impact of competition, political and economic developments in the countries in which Lottomatica operates, and regulatory developments in Italy and internationally. Any forward-looking statements made by or on behalf of Lottomatica speak only as of the date they are made. Lottomatica does not undertake to update forward-looking statements to reflect any changes in Lottomatica's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.*

# Agenda

- **Group Overview**
- **Market Environment**
- **Financials and 2009 Guidance**
- **Appendix**



## ***Group Overview***

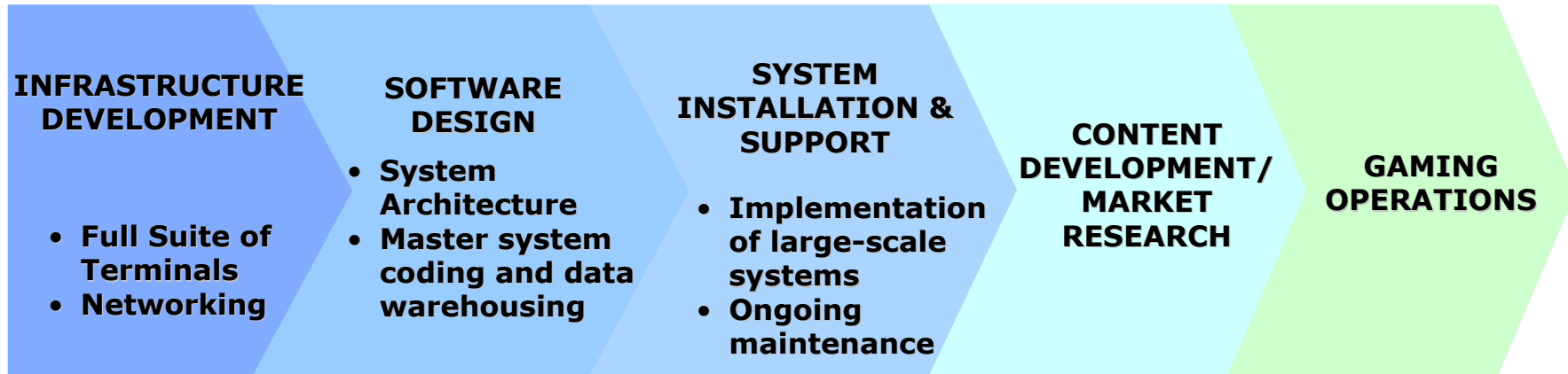
# Mission



*Lottomatica Group will be the leading commercial operator and provider of technology in the regulated worldwide gaming markets by delivering best-in-class products and services, with a commitment to highest levels of integrity, responsibility, and shareholder value creation.*

# The Group Value Chain














**Lottomatica Group is a leading player in the government-sponsored gaming value chain**



**LOTTOMATICA**

***Integration in key areas provides platform for substantial growth opportunities***

# Global Player in the Gaming Industry

MARKET SEGMENT	B2B GTECH COMPANIES	B2C LOTTOMATICA BRANDS
Traditional Lottery (online)		
Instant Lottery		
Gaming Solutions	 	
Sports Betting		
Interactive Channels	 	
Commercial Services		



# ***Market Environment***

# The Gaming Industry

- **Attractive Fundamentals**

- Constant growth in global gaming market and lottery sales
- Substantial opportunities to be captured: Approximately 65% of world's addressable population not currently served by online lottery<sup>(1)</sup>
- Insulated from negative economic conditions: Governments increase marketing and introduce new products/games to balance budgets in weaker economic times

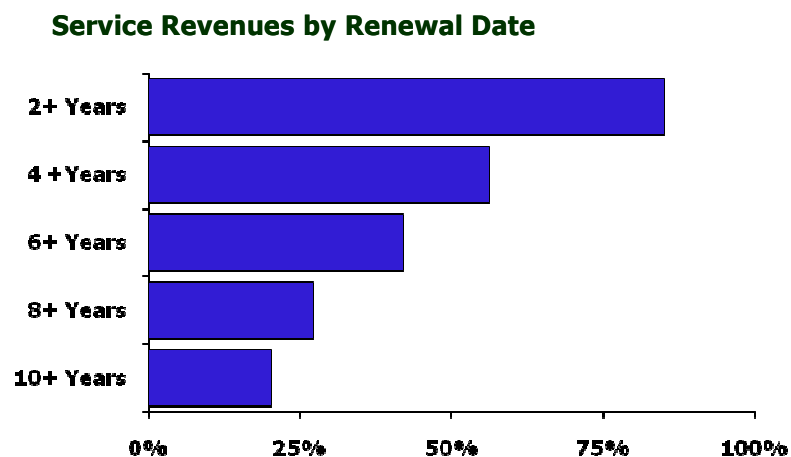
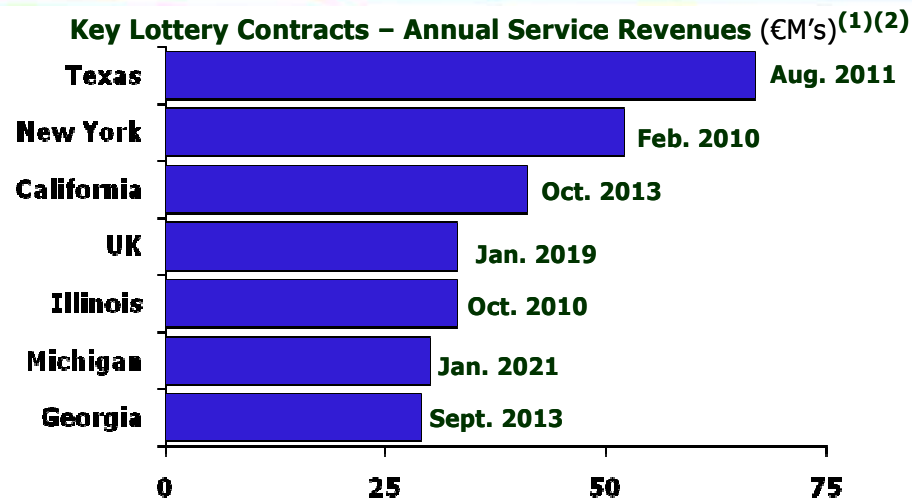
- **Strong Barriers to Entry**

- Long-term government/customer relationships
- Licensing/disclosure requirements
- Technical conversion risk

*(1) Management estimates*

# GTECH's Core Business Provides Stable Cash Flow

- Recurring annual lottery service revenue of approximately €600M
- Stable and visible revenues
  - Weighted average lottery contract length of approximately **5.3 years**<sup>(2)</sup>
  - Approximately **85% of total service revenues** under contract for two years or more
  - Approximately **56% of aggregate revenues** under contract for four years or more
- Strong Government reliance on lottery proceeds
  - Approximately 30% of every wager goes directly to Governments



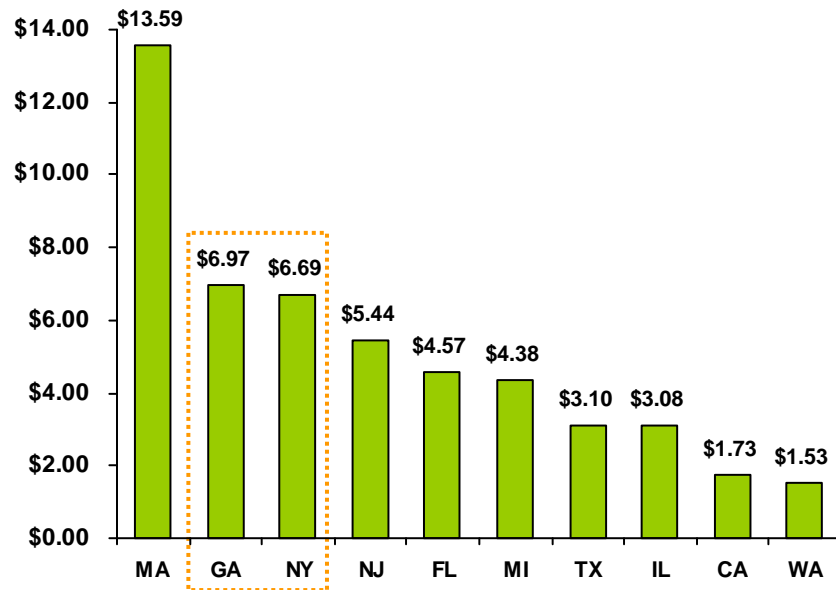
(1) Figures represent proportion of historical revenues for which the underlying contracts are expected to expire within the periods stated.

(2) Analysis assumes all extension options are exercised. GTECH's revenues converted at exchange rate USD/EUR of 1.45.

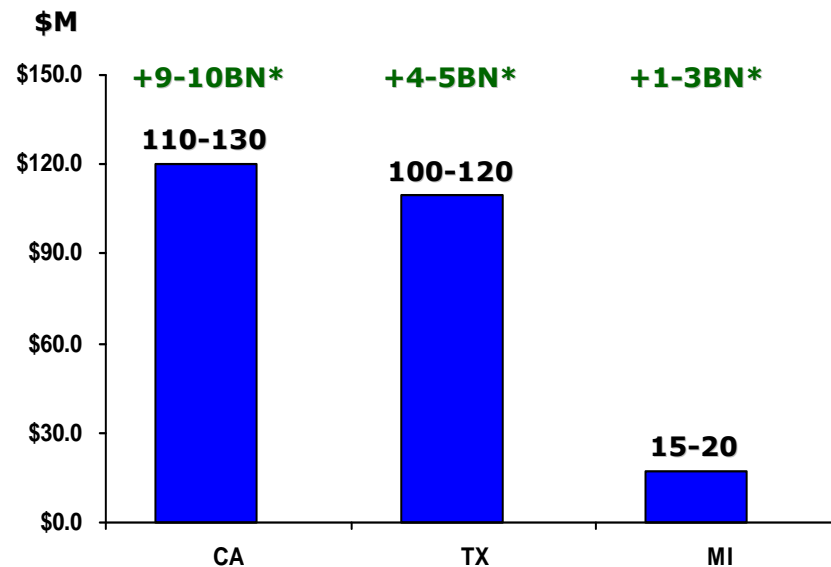
# Significant Opportunity for Growth in US Lottery Markets

- Adoption of Best Practices by GTECH customers could drive substantial growth similar to GA and NY

2007 Weekly Per Capita Sales



Potential Additional GTECH Annual Revenue (Based upon Average of GA and NY Best Practices)



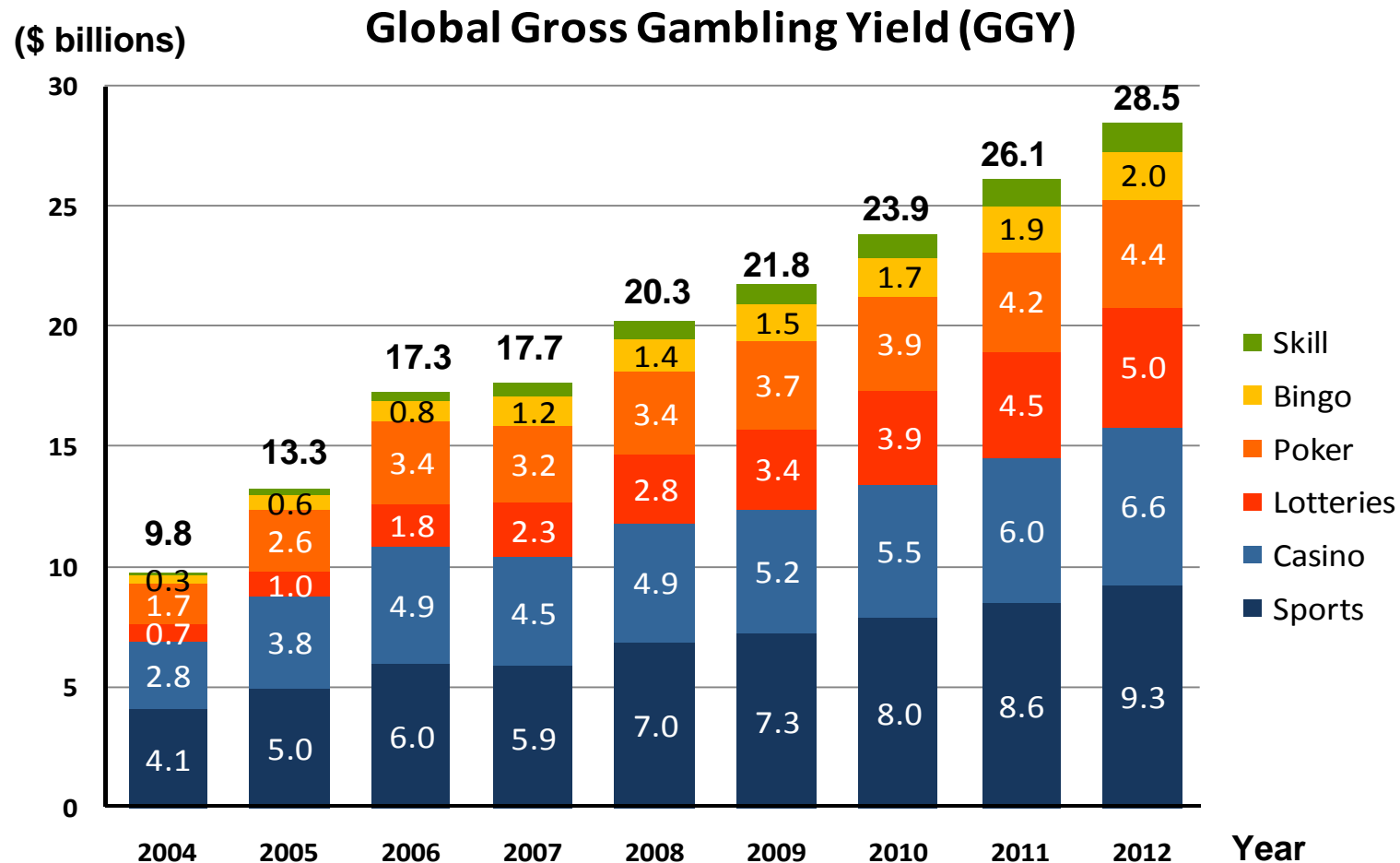
\*Incremental gross sales potential

Source: GTECH Lottery Marketing Database

***GTECH's US customers have significant room to drive growth, based upon execution of best practices and other factors***

# Global Online Gambling Is \$20 billion

**CAGR 2008-2012: 9%**



Source: Interactive Gambling Report by Global Betting and Gaming Consultants (GBGC) published in March 2009  
 Note: Analysis assumes that the United States market is not regulated

# Italian Regulatory Model

Licenses for game operations based on two competitive models with regulatory oversight focused on gaming rules and market monitoring

## EXCLUSIVE CONCESSIONAIRE (Lotteries)

- Lotto**
- Instant lotteries**
- SuperEnalotto**



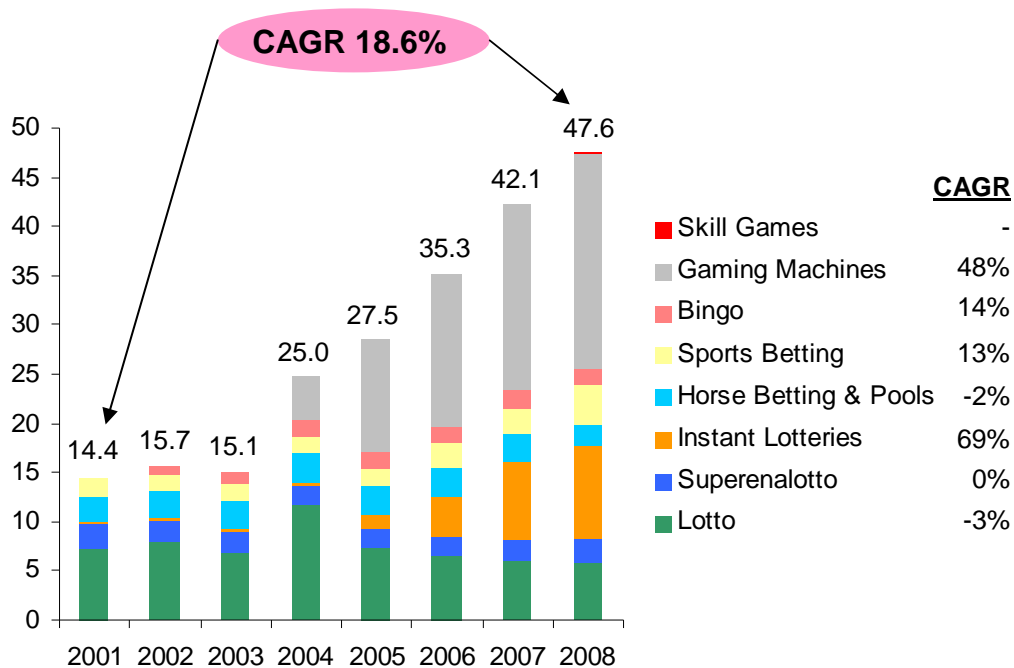
## MULTI-PROVIDER CONCESSIONAIRE (Other Games)

- Sports Betting and Pools**
- Horse-race Betting and Pools**
- Gaming machines**
- Bingo**



# Growing Italian Market

## 2001 – 2008 Wagers Trend



Source: AAMS / Lottomatica

## Key Market Drivers

**Exceptional market growth** mainly driven by **innovation** and **portfolio expansion**:

- **Gaming Machines** wagers reached €21.7B due to **legalization** process
- **Scratch and Win** continued increase in consumer **penetration**: €9.2B wagers
- **Sports Betting** grew by 30% (CAGR) in last two years
- **Numerical Lotteries** **maintained** their positions

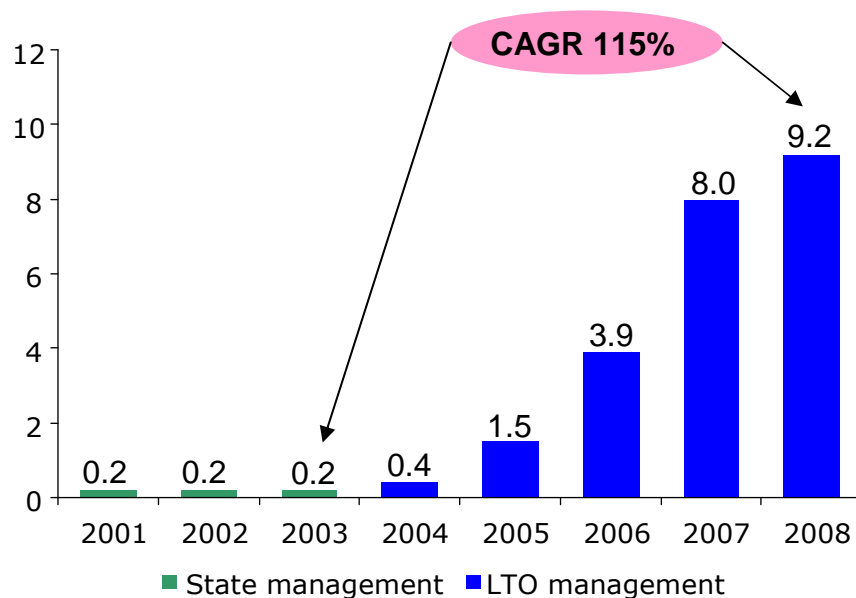
# Italy – Scratch&Win and Lotto

Gratta e Vinci today is the most popular game in Italy (more than 14M consumers),  
and the first Instant Lottery in the world (€9.2BN wagers)

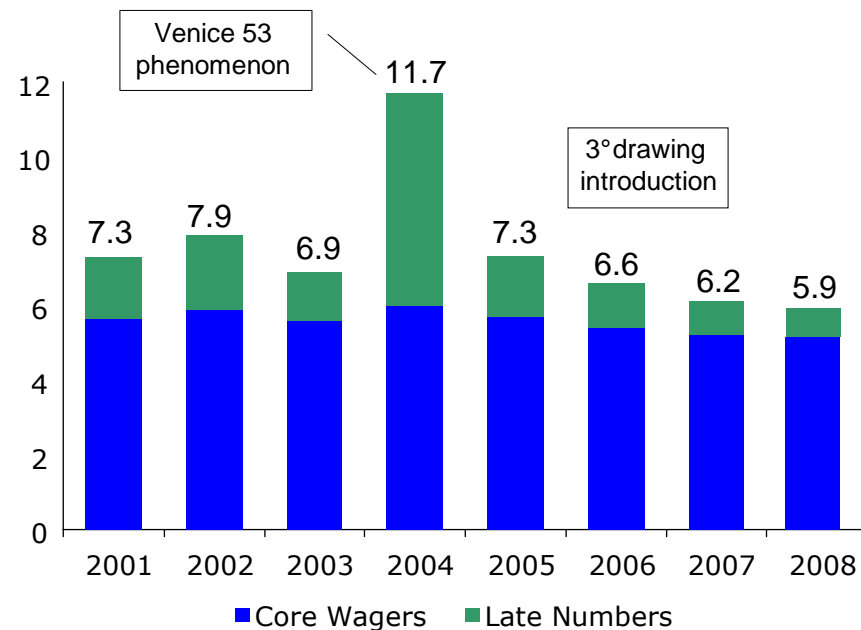
Lotto is among the top-performing Numerical Lotteries in the world,  
despite the strong growth of Gratta e Vinci and other emerging games

Total wagers reached €15BN in 2008

## Scratch&Win Wagers

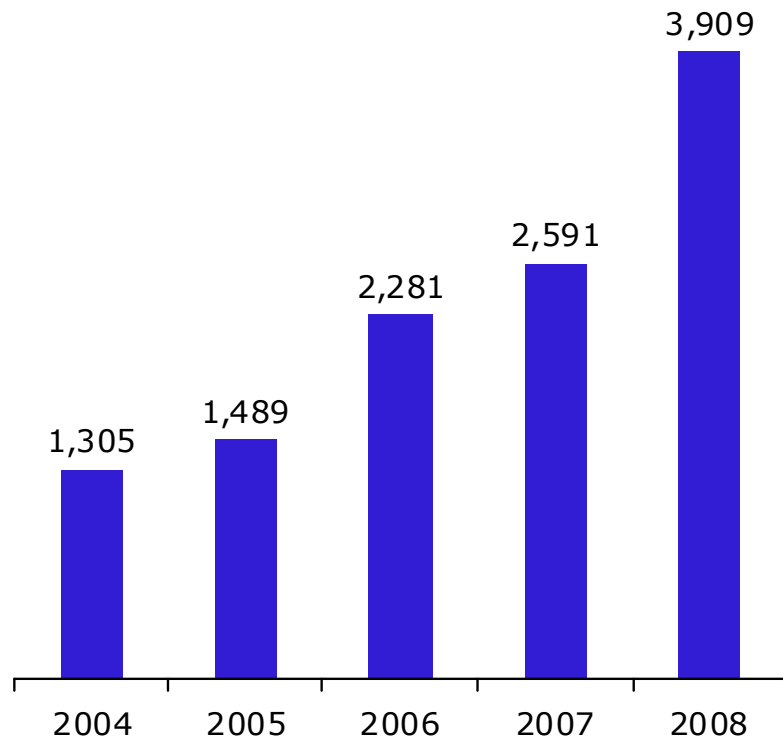


## Lotto Wagers



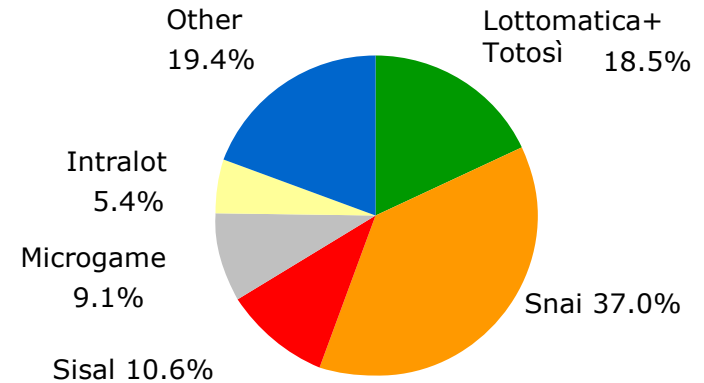
# Italy - Sports Betting

## Sports Betting Market Size (€ M)

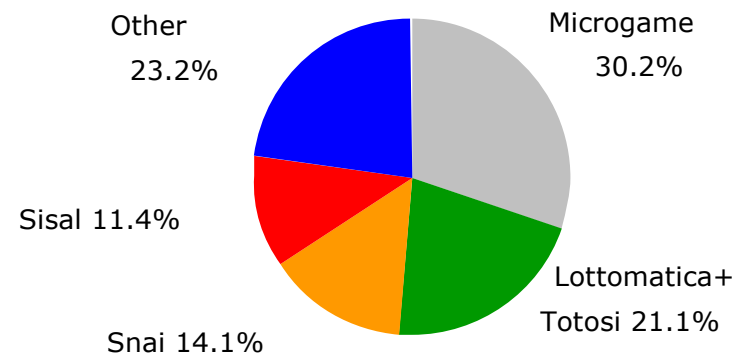


Source: AAMS – Italian Regulator

## Dec. 2008 – Betting Total Market

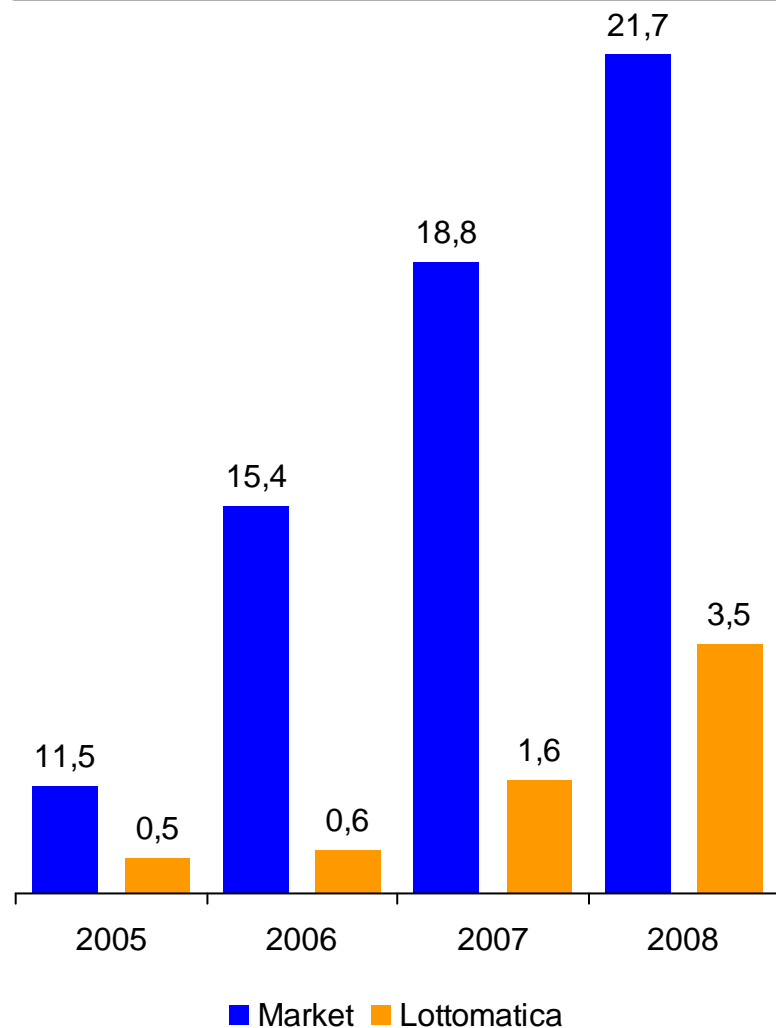


## Dec. 2008 – Online Betting

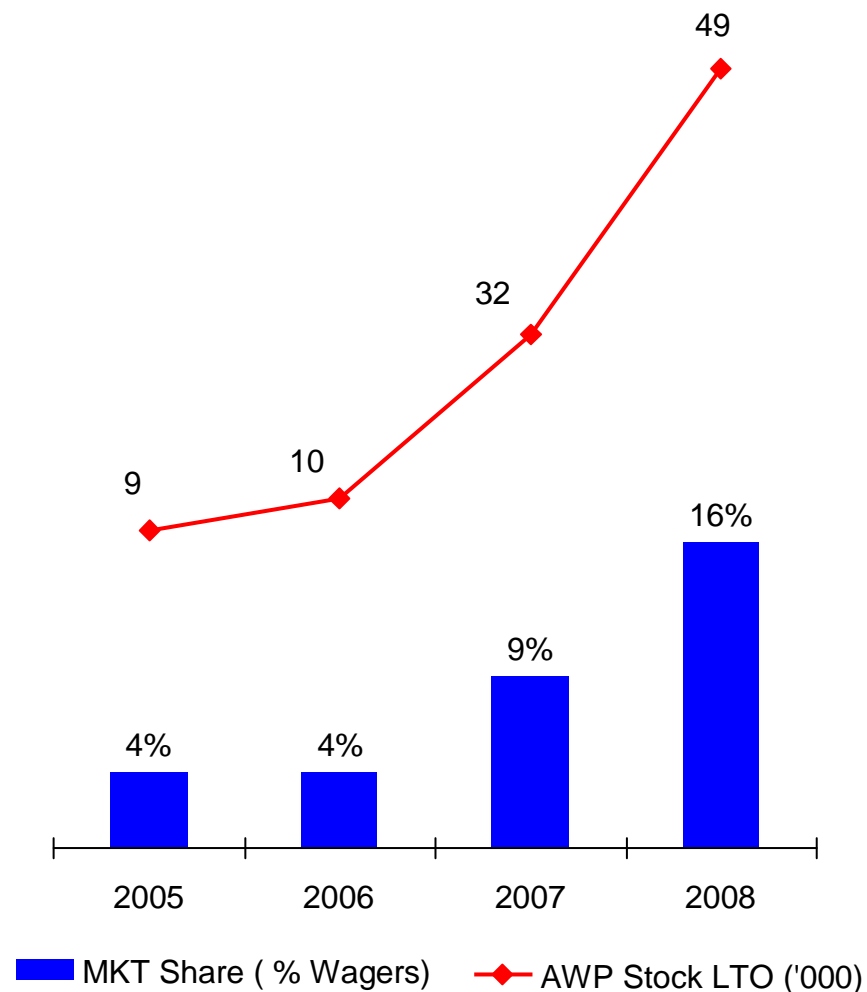


# Italy – Gaming Machines

Wagers (€ BLN)



LTO Market Share and AWP's Stock

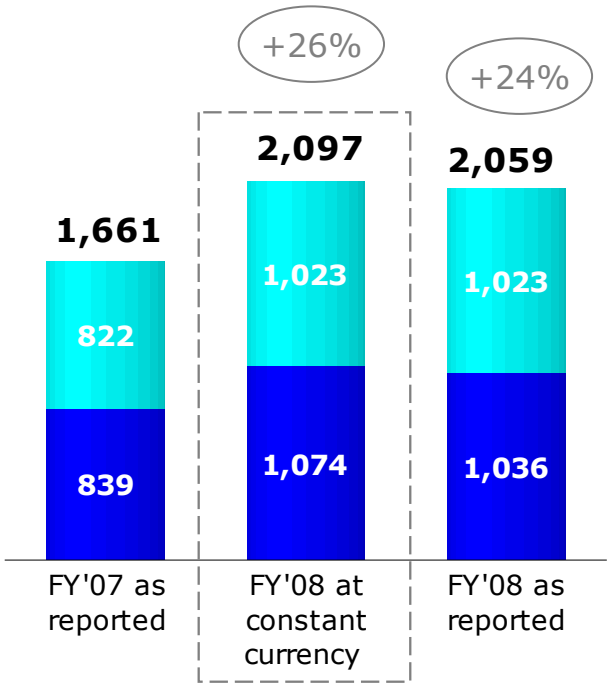




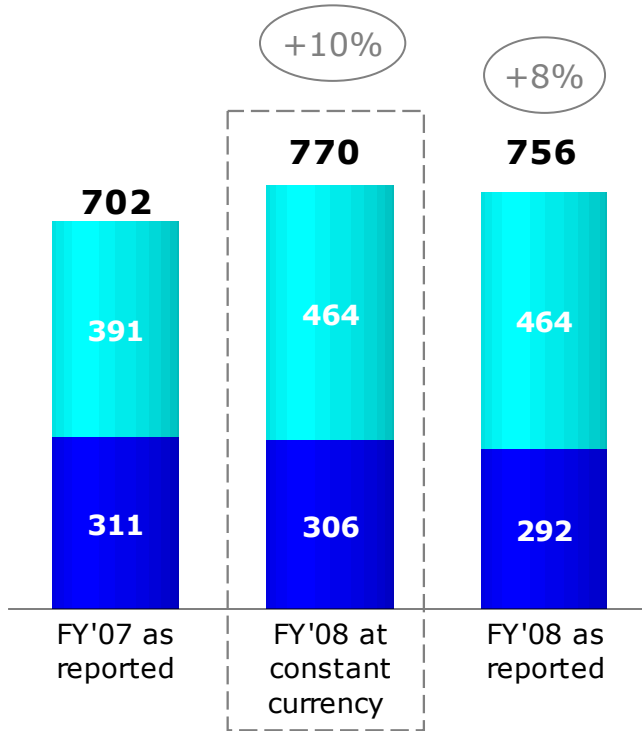
***Financials***  
***and 2009 Guidance***

# FY'08 vs FY'07 - Lottomatica Group Results

## Revenues



## EBITDA



■ Lottomatica  
■ GTECH

Margin %	42.2%	36.7%	36.7%
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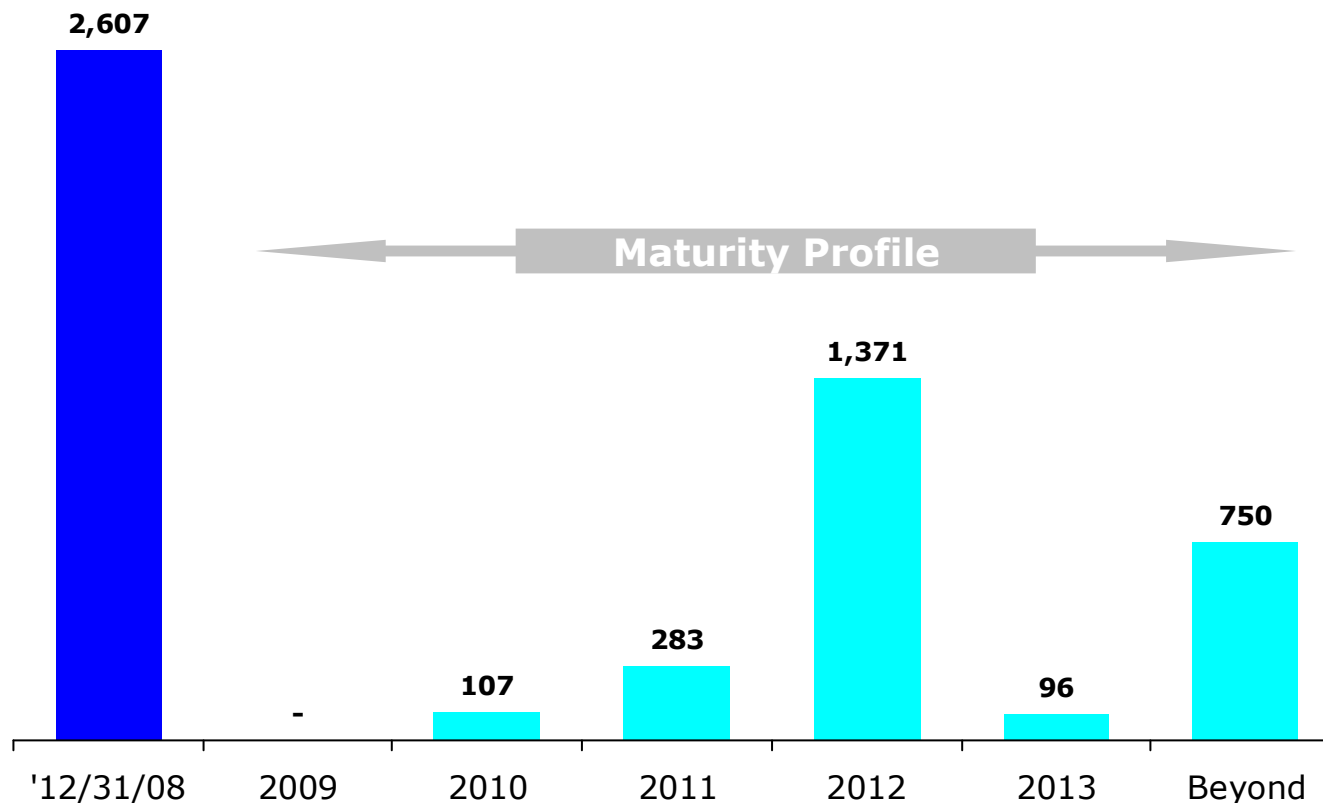
Note: \$/€ FX average: 1.38 in FY'07; 1.47 in FY'08

Figures in €M



# 2008 Maturity of Long-Term Debt Portfolio

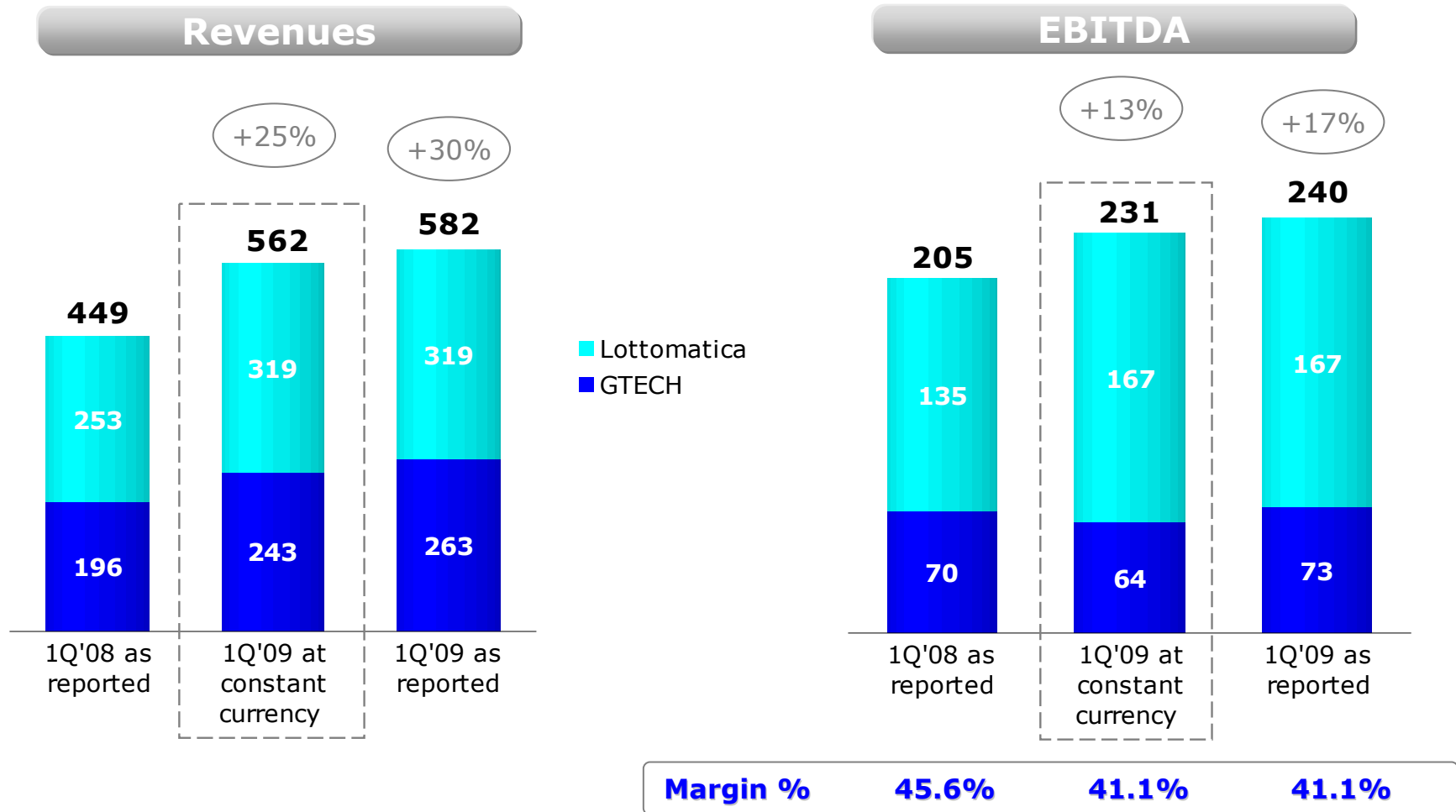
- Average maturity of debt is 4.4 years, assuming the Hybrid is called on March 31, 2016



Note: - Does not include accrued interest and debt issuance cost  
- The Hybrid is callable at par value after March 31, 2016

Figures in €M

# 1Q'09 vs 1Q'08 GTECH/Lottomatica Results

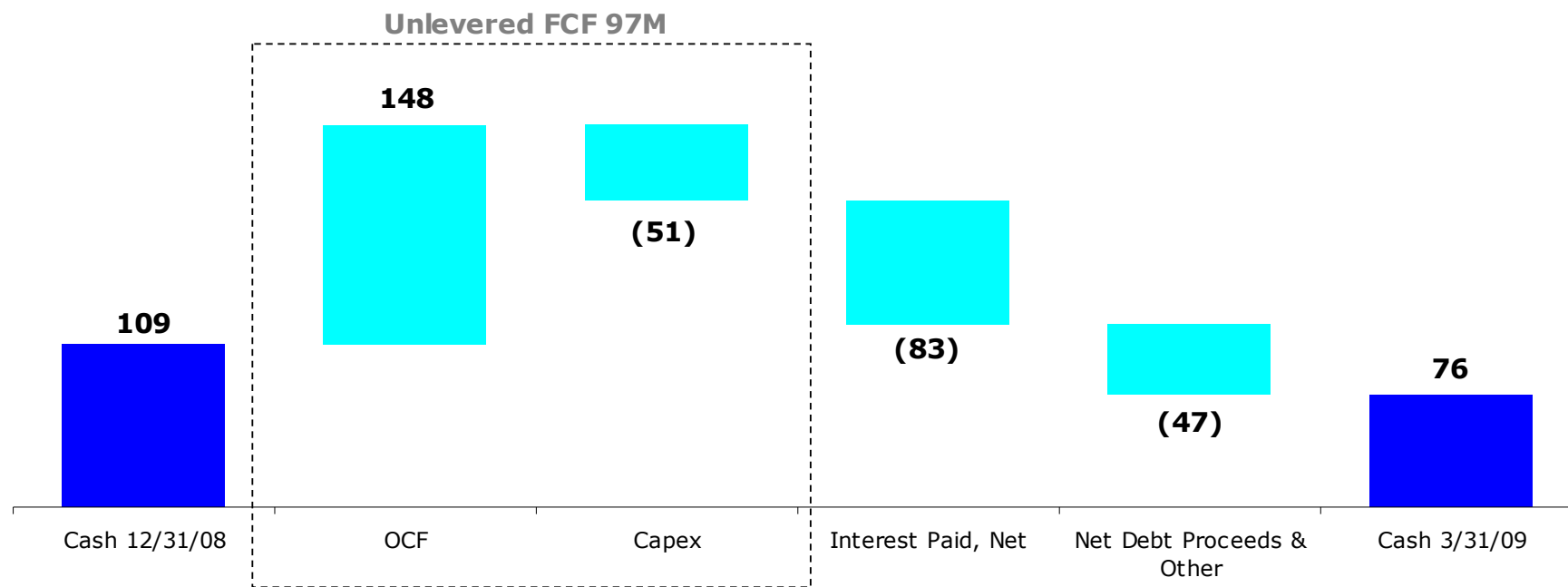


Note: \$/€ FX average: 1.53 in 1Q'08; 1.29 in 1Q'09

Figures in €M

# Cash Position – 1Q '09

- Healthy cash flow generation from operations and overall positive free cash flow in the quarter

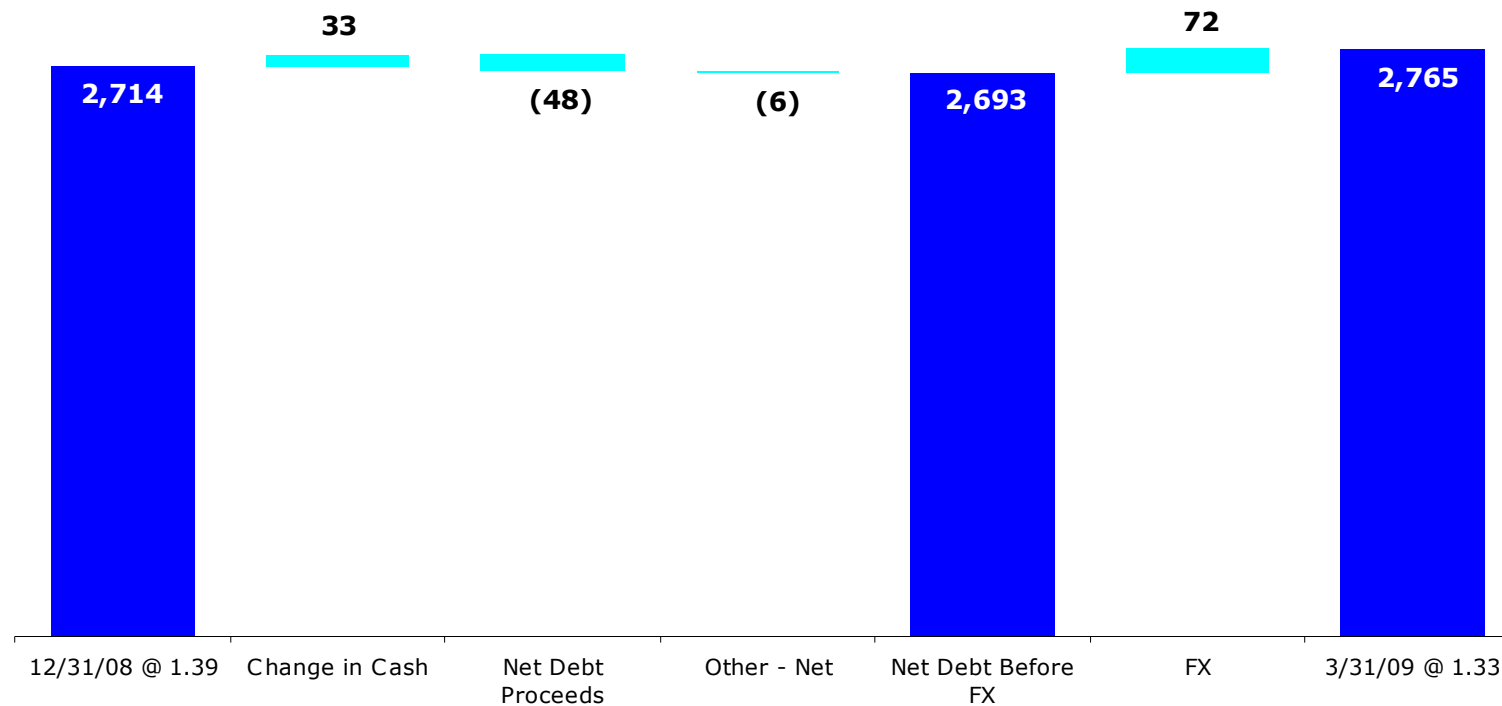


- First quarter cash flow performance gives confidence in the outlook for 2009

Figures in €M

# Drivers of Net Financial Position – 1Q '09

- Net debt slightly decreased versus year end 2008 before translation adjustment



Figures in €M

# Key Assumptions

## Lottery

**Italy:** Overall low single-digit growth driven by S&W

**US:** Positive trend in second semester

**International:** single-digit growth

## Sports Betting

Maintain market share in Italy and invest for growth

## Gaming Solutions

Grow presence in Italy through additional investments

Continue optimizing operations outside Italy

## Interactive

Complete integration and expansion of product portfolio

## Foreign Exchange

€1.00 = \$1.30

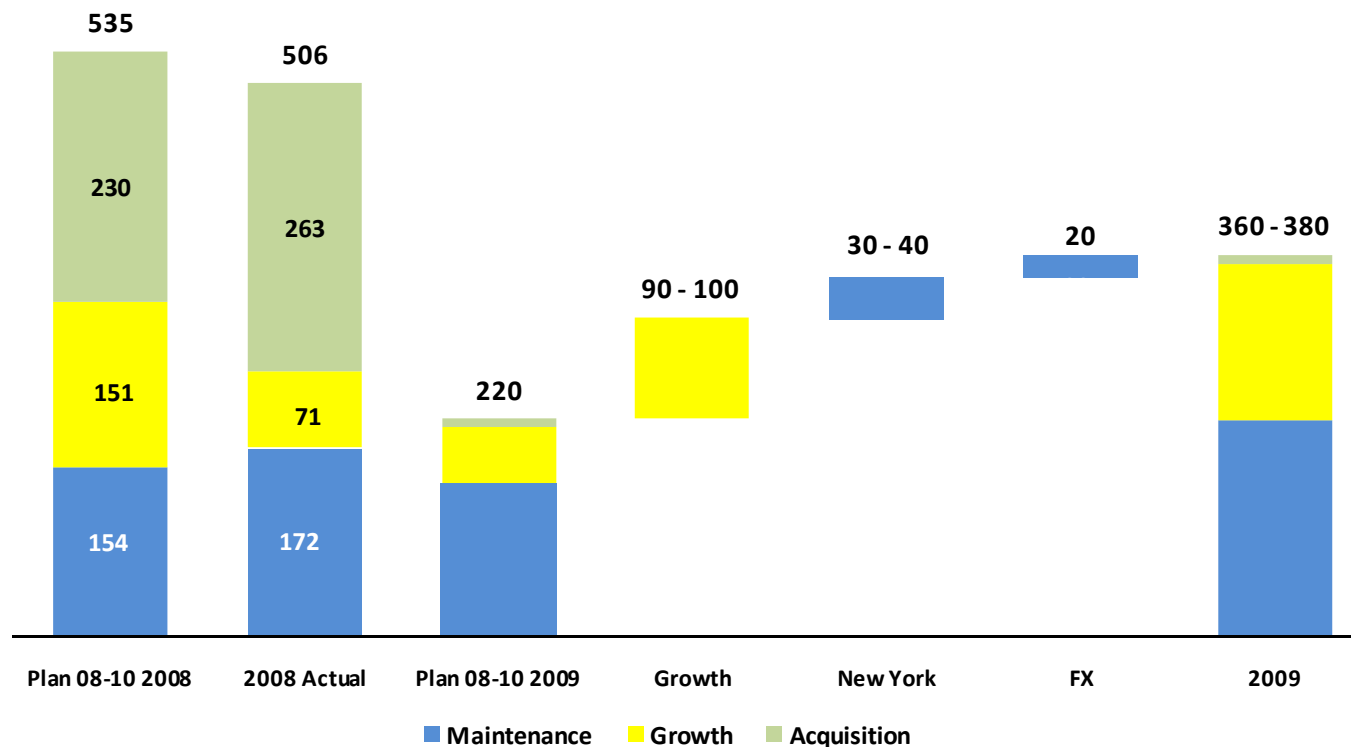
## CAPEX

Current rebids, including New York timing change, drive Maintenance Capex to 9-10% of revenues.

Growth Capex (6-7% of revenues) targeted to opportunities in Sports Betting and Gaming Solutions in Italy.

# Capex to Fuel Growth

- Incremental growth Capex for opportunities in Italy (Sports Betting and Gaming Solutions)
- Increased maintenance Capex due to new timing of New York Lottery contract (from 2010 to 2009)



Figures in €M

## 2009 Guidance

	<u>2008</u>	<u>2009</u>
Revenues	2,059	2,150 - 2,250
EBITDA	756	780 - 800
Diluted EPS (in €)	0.62	.78 - .90
Capital Expenditures	243 <sup>(1)</sup>	360 - 380
Net Financial Position	2,714	2,750 - 2,850
USD/Euro Rate	\$1.47/€1	\$1.30/€1

<sup>(1)</sup> Excludes acquisitions

€ Millions, except EPS and FX amounts

# Contacts

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