



# 2009 Full Year Results

*Ended December 31, 2009*

*Rome  
March 3, 2010*

# Safe Harbour Statement

## **Disclaimer**

*This presentation contains forward-looking statements regarding future events and the future results of Lottomatica Group that are based on current expectations, estimates, forecasts, and projections about the industries in which Lottomatica Group operates, and the beliefs and assumptions of the management of Lottomatica Group. 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 Group’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 Group operates, and regulatory developments in Italy and internationally. Any forward-looking statements made by or on behalf of Lottomatica Group speak only as of the date they are made. Lottomatica Group does not undertake to update forward-looking statements to reflect any changes in Lottomatica Group’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.*

# Agenda

## **FY'09 Highlights**

*Marco Sala – CEO, Lottomatica Group*

## **FY'09 Results**

*Stefano Bortoli – CFO, Lottomatica Group*

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

*Renato Ascoli – General Manager, Lottomatica*

*Jaymin Patel – President & CEO, GTECH Corporation*

# Strategic Overview of 2009 Performance

## **Solid results from core business demonstrate consistency and sustainability of results**

- Group's performance met or exceeded guidance
- Gaming Solutions rebounding particularly in government-sponsored market
- Expected advantages as Sports Betting and Interactive markets form

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

- Successfully conducted €1.1 billion of financings, including a share capital increase

## **Stability and visibility supported by commercial success<sup>1</sup>**

- 83% of service revenues under contract for four years
- Weighted average length of service contracts of seven years

<sup>1</sup>Assumes the renewal of Italian Scratch & Win concession.

# Strategic Overview: Italian Market

- Traditional Italian lottery market developing as expected
- Machine gaming, sports betting, and interactive experiencing rapid and meaningful growth
  - One-third of overall revenues for Italian Operations
  - Achieved market leadership in all categories
- VLT introduction expected to begin in July 2010
  - Nine-year licenses with attractive returns

# Strategic Overview: U.S. and International Markets

- GTECH's traditional online segment expanding
  - Operator opportunities emerging
    - Launch of new lottery with ONCE in Spain; operator role for GTECH
    - Outsourcing in Illinois potential game-changer in U.S. market
- Unprecedented cooperation to launch Mega Millions and Powerball cross-selling in U.S.
  - Early results encouraging; more time needed to judge impacts
  - Potential for introduction of a national game
- GTECH Printing emerged as a major competitor with first "primary" printing contract; new printing press operational
- Numerous U.S. states implementing machine gaming programs to meet revenue shortfalls

*Group well-positioned to capture gaming expansion opportunities*

# Group Performance

- Group revenues grew by 6%
  - Revenue growth across all business segments<sup>1</sup>
- EBITDA increased by 4%
- Adjusted EPS of €0.93
- Positive growth despite economic downturns
- Timing of expected contributions from Interactive impacted
  - Continued growth but at slower rate; Regulatory networks taking time to form
  - Non-cash impairment charge of €76 million

***Solid performance against the backdrop of declining economies***

<sup>1</sup>Adjusted for product sales which are cyclical.

# Group Performance Highlights

## Italian Operations

- Revenues up by 15%
  - New games in Lotto and Scratch & Win bolstering sales
- Sports Betting revenues up 29%
- Gaming Solutions wagers reach €4 billion, up 13%

## GTECH Lottery

- Same-store service revenues up 2%
- Six major contracts and 12 extensions secured
- GPC wins 10 new contracts, increasing customer base to 43

## Gaming Solutions

- Continued market leadership in monitoring systems; win in Maryland
- Operations launched in Italy

## Interactive/GTECH G2

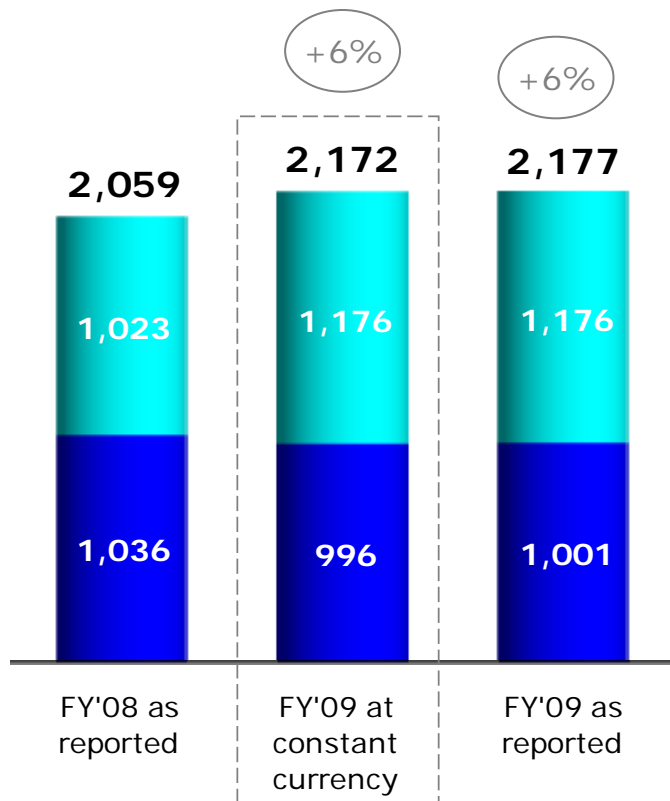
- Growth in WLA segment as market regulation formalizes

## **FY'09 Results**

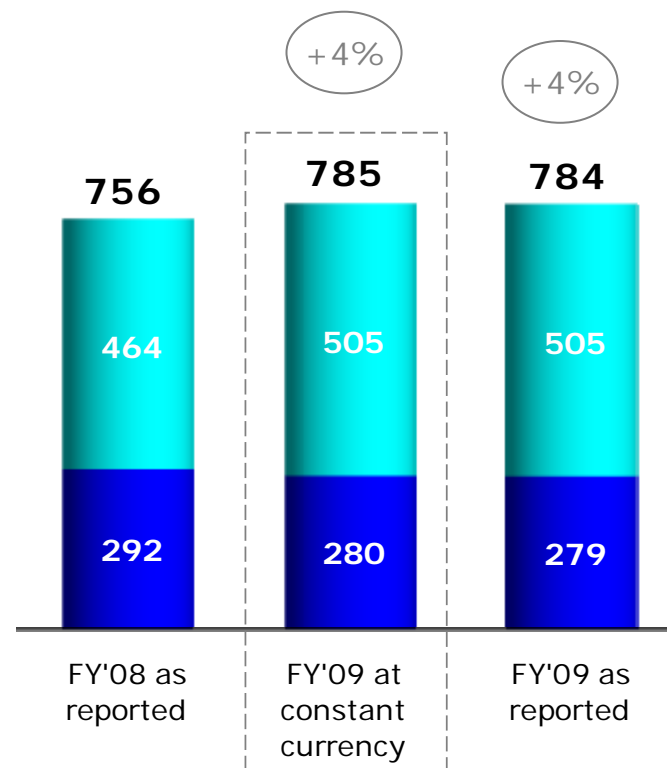
*Stefano Bortoli*  
*CFO, Lottomatica Group*

# Results Summary – 2009 FY

## Revenues



## EBITDA



■ Italian Operations  
■ GTECH, G2 & Gaming

| Year                       | Margin % |
|----------------------------|----------|
| FY'08 as reported          | 36.7%    |
| FY'09 at constant currency | 36.1%    |
| FY'09 as reported          | 36.0%    |

Note: - \$/€ FX average: 1.47 in FY'08; 1.39 in FY'09

Figures in €M

# Italian Operations – 2009 FY

| Wagers                                  | FY'09 | FY'08 | % change |
|---|-------|-------|----------|
| Scratch & Win Wagers (€m)               | 9,372 | 9,178 | 2%       |
| <i>Tickets Sold</i>                     | 2,413 | 2,531 | -5%      |
| <i>Average Price Point €</i>            | 3.88  | 3.63  | 7%       |
| Lotto Wagers (€m)                       | 5,664 | 5,852 | -3%      |
| Sports Betting Wagers (€m) <sup>1</sup> | 933   | 786   | 19%      |
| Machine Gaming Wagers (€m)              | 4,011 | 3,548 | 13%      |
| <i>AWP Installed</i>                    | 48K   | 49K   | -2%      |

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

| Key Revenue (€m)    | FY'09 | FY'08 | % change |
|---------------------|-------|-------|----------|
| Lottery             | 696   | 705   | -1%      |
| Sports Betting      | 186   | 145   | 29%      |
| Machine Gaming      | 161   | 89    | 80%      |
| Commercial Services | 94    | 84    | 13%      |
| Interactive         | 39    | -     | -        |

# GTECH, G2 & Gaming Service Revenue – 2009 FY

| Service Revenue Breakdown            | FY'09      | FY'08      | %<br>change |
|--------------------------------------|------------|------------|-------------|
| Same Store Revenue                   |            |            |             |
| <i>Mega Millions States (\$m)</i>    | 463        | 453        | 2%          |
| <i>Powerball States (\$m)</i>        | 164        | 159        | 4%          |
| US Lottery (\$m)                     | 627        | 612        | 2%          |
| At Constant Currency                 |            |            |             |
| US Lottery (€m)                      | 428        | 417        | 2%          |
| International Lottery (€m)           | 281        | 278        | 1%          |
| <b>Total Lottery (€m)</b>            | <b>709</b> | <b>695</b> | <b>2%</b>   |
| All Other - Net (€m)                 | 105        | 101        | 4%          |
| <b>Total Same Store Revenue (€m)</b> | <b>814</b> | <b>796</b> | <b>2%</b>   |
| Acquisitions/Divestitures/Other      | 20         | -          |             |
| FX Impact                            | 9          | -          |             |
| <b>Total Service Revenue (€m)</b>    | <b>843</b> | <b>796</b> | <b>6%</b>   |

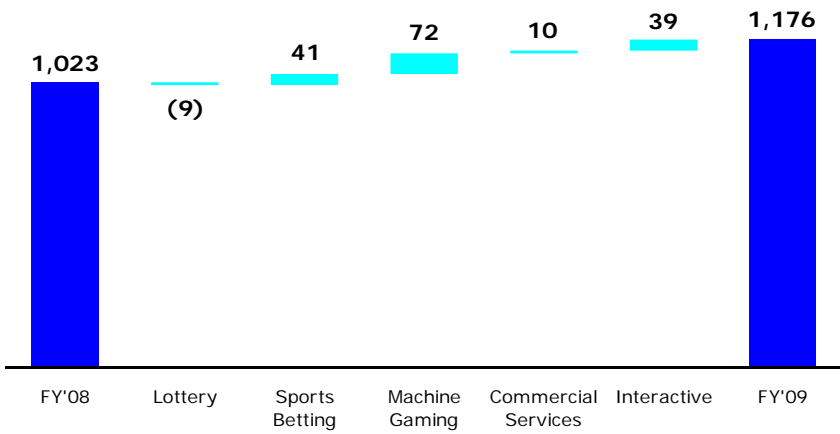
Note: - \$/€ FX average: 1.47 in FY'08; 1.39 in FY'09

- 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

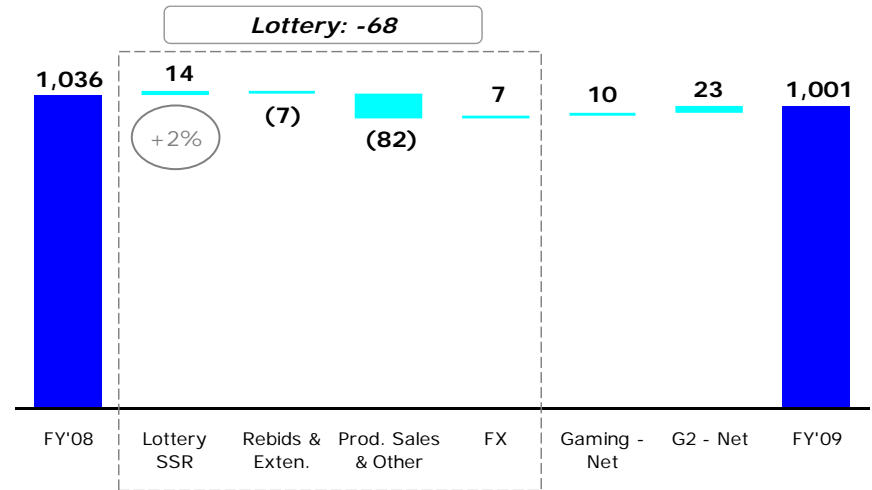
# Revenue Breakdown – 2009 FY

## Revenue - FY'09

### Italian Operations



### GTECH, G2 & Gaming



Includes FX impact of: 3 (5)

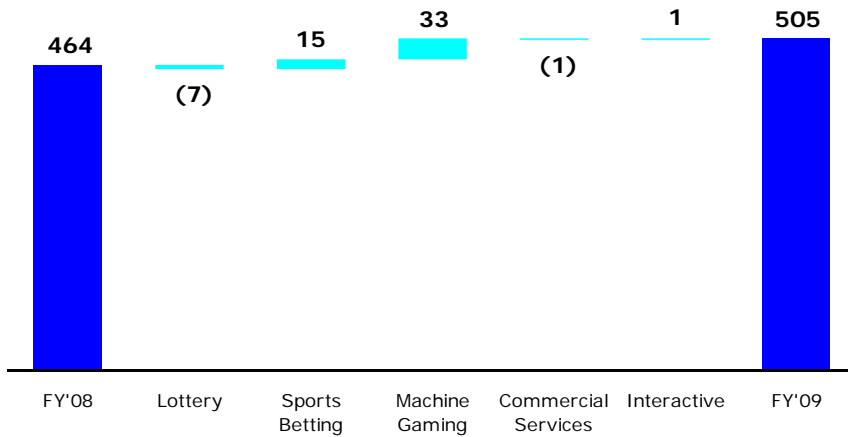
Note: \$/€ FX average: 1.47 in FY'08; 1.39 in FY'09

Figures in €M

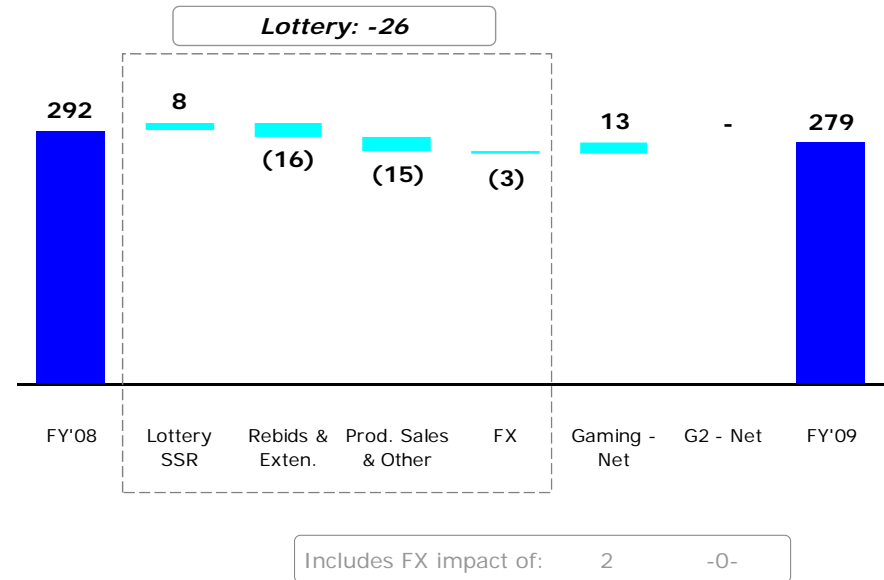
# EBITDA Breakdown – 2009 FY

## EBITDA - FY'09

### Italian Operations



### GTECH, G2 & Gaming



Note: \$/€ FX average: 1.47 in FY'08; 1.39 in FY'09

Figures in €M

# Income Statement – 2009 FY

| Income Statement           | As Reported  |              |             | Pro-Forma <sup>1</sup> |                |
|----------------------------|--------------|--------------|-------------|------------------------|----------------|
|                            | FY'09        | FY'08        | % Change    | Adjustments            | FY'09          |
| Service Revenue            | 2,016        | 1,818        | 11%         | -                      | 2,016          |
| Product Sales              | 161          | 241          | -33%        | -                      | 161            |
| <b>Revenues</b>            | <b>2,177</b> | <b>2,059</b> | <b>6%</b>   | <b>-</b>               | <b>2,177</b>   |
| <b>EBITDA</b>              | <b>784</b>   | <b>756</b>   | <b>4%</b>   | <b>-</b>               | <b>784</b>     |
| EBITDA margin %            | 36%          | 37%          |             |                        | 36%            |
| <b>Operating Income</b>    | <b>366</b>   | <b>340</b>   | <b>8%</b>   | <b>85</b>              | <b>451</b>     |
| Interest Expense, Net      | (148)        | (167)        |             | -                      | (148)          |
| Foreign Exchange and Other | (30)         | 12           |             | 3                      | (27)           |
| Financial Charges, Net     | (178)        | (155)        |             | 3                      | (175)          |
| <b>Income Before Tax</b>   | <b>188</b>   | <b>185</b>   | <b>1%</b>   | <b>88</b>              | <b>276</b>     |
| <b>Net Income</b>          | <b>112</b>   | <b>138</b>   | <b>-19%</b> | <b>72</b>              | <b>184</b>     |
| <b>Net Income - Owners</b> | <b>68</b>    | <b>94</b>    | <b>-27%</b> | <b>72</b>              | <b>140</b>     |
| <b>Earnings Per Share</b>  | <b>0.45</b>  | <b>0.62</b>  | <b>-27%</b> | <b>0.48</b>            | <b>0.93</b>    |
| <b>EPS Guidance</b>        |              |              |             |                        | <b>.78-.90</b> |

<sup>(1)</sup> Excludes impact of impairment charges, non-cash FX gains on an intercompany loan, debt extinguishment and miscellaneous restructuring charges.

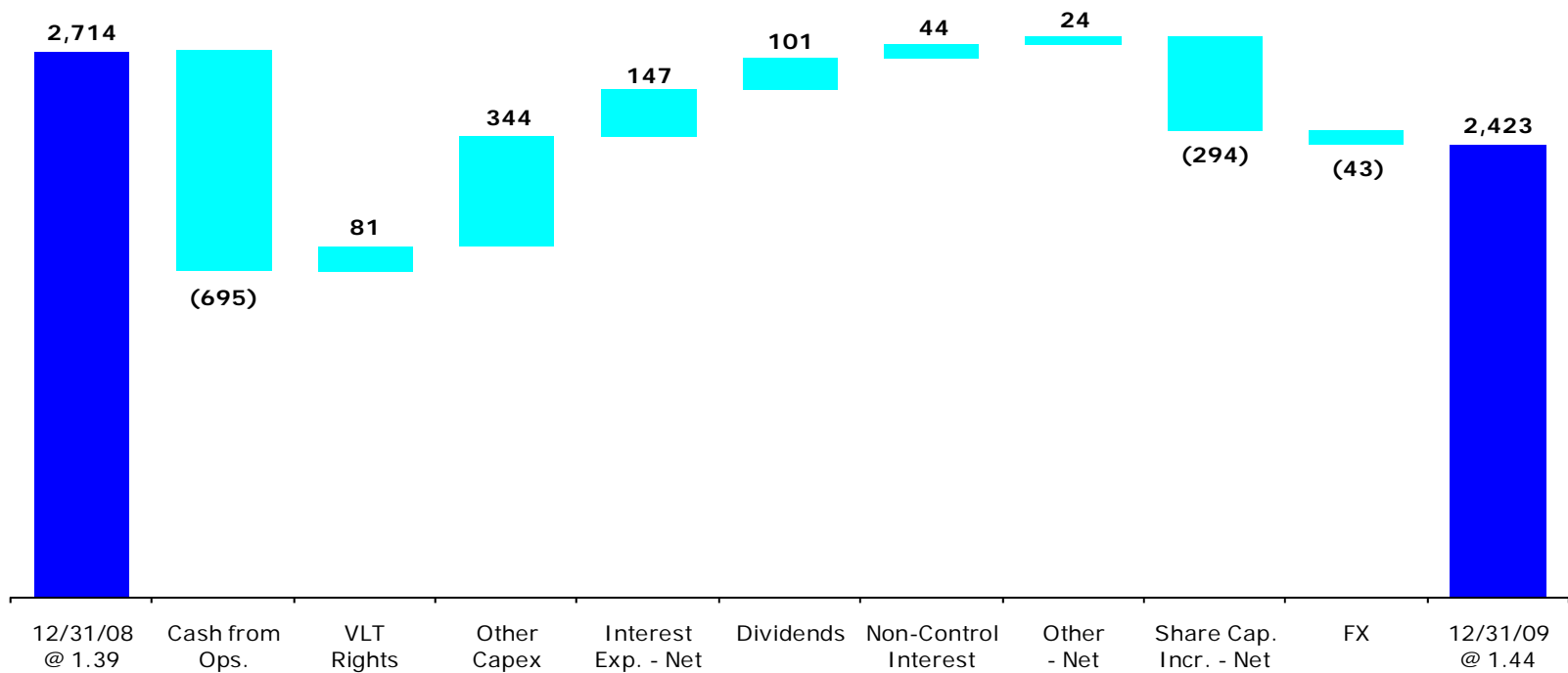
Note: - \$/€ FX average: 1.47 in FY'08, 1.39 in FY'09, 1.30 in FY'09 guidance

- Diluted WASO: 150.5M in FY'08, 150.4M in FY'09

Figures in €M (except EPS)

# Drivers of Net Financial Position

- Continued healthy cash flow generation from operations growing from 681 million in 2008 to 695 million in 2009

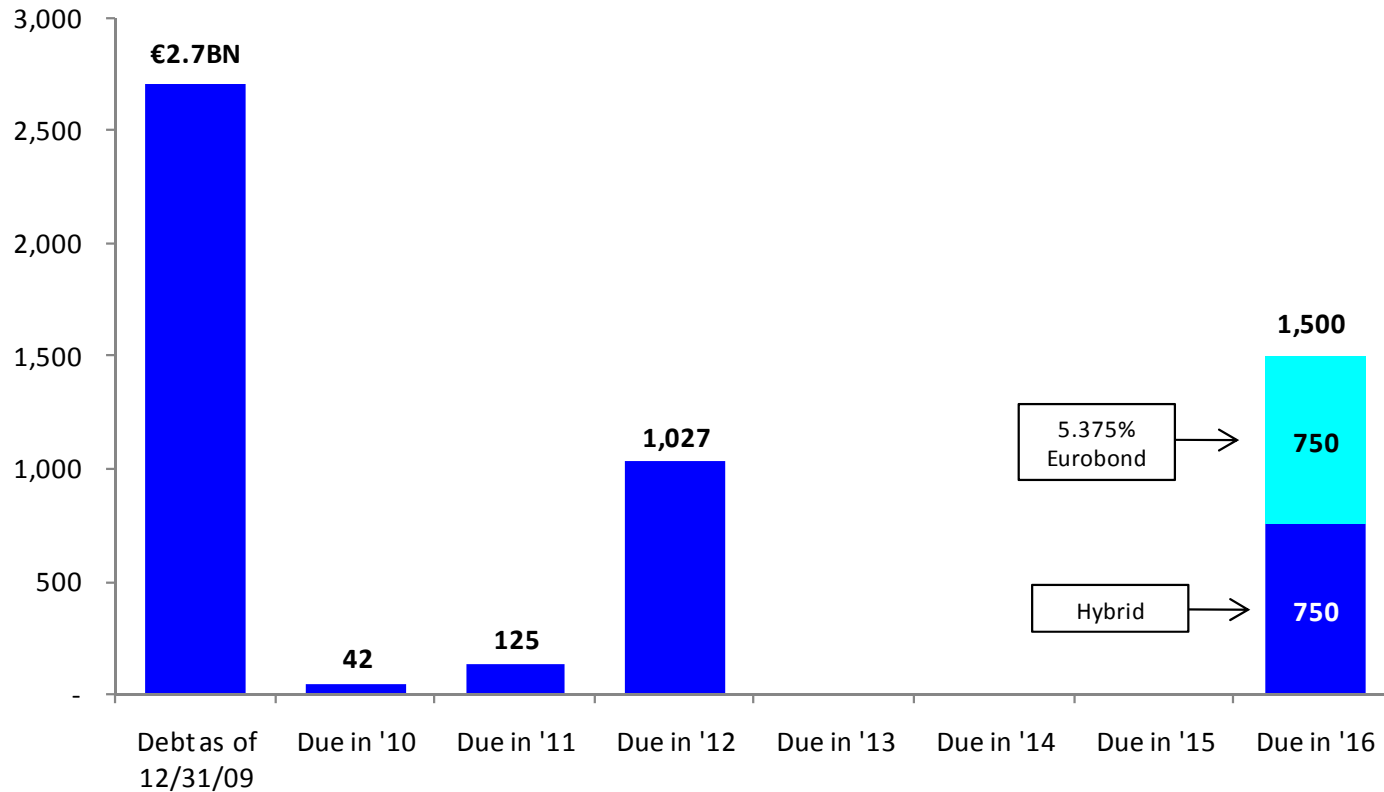


- Share capital increase attributable to Scratch & Win investment results in improved NFP

Figures in €M

# Gross Debt

- Gross Debt of 2.7 billion with average maturity increased to 4.7 years



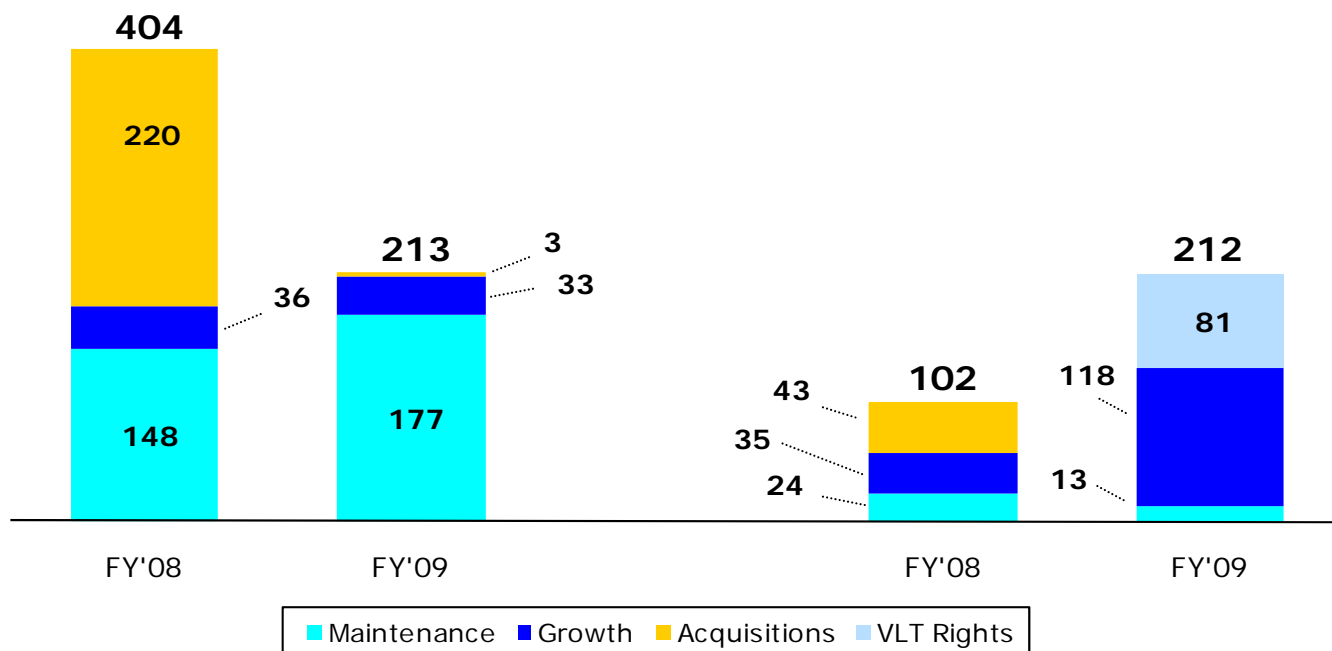
- Year end cash position increased from 109 million to 469 million

Figures in €M

# Drivers of Net Financial Position - Capex

## GTECH, G2 & Gaming

## Italian Operations



**Maintaining disciplined approach to capital spending, focusing on selected growth opportunities**

Note: - FY'08 acquisitions include Atronic, Boss Media, St. Minver, Totosi and Finsoft earnout payment.

Figures in €M

# Summary

- Lottomatica Group experienced solid growth
- Investments position the Group well to capture growth
- Created a capital structure to support growth investments
- Proposed dividend of €0.74
- Broadening portfolio of games and services in the Italian market
  - Leading position in all segments
- Operator opportunities emerging in online sector
- Cross-selling of Mega Millions and Powerball games to support same-store sales growth
  - Increased potential for a national game in the U.S.
- Expect results to be sustained in 2010

## *Appendix*

# Italian Operations - 4<sup>th</sup> Quarter

| Wagers                                  | 4Q'09 | 4Q'08 | % change |
|---|-------|-------|----------|
| Scratch & Win Wagers (€m)               | 2,289 | 2,249 | 2%       |
| <i>Tickets Sold</i>                     | 551   | 625   | -12%     |
| <i>Average Price Point €</i>            | 4.15  | 3.60  | 15%      |
| Lotto Wagers (€m)                       | 1,430 | 1,418 | 1%       |
| Sports Betting Wagers (€m) <sup>1</sup> | 245   | 285   | -14%     |
| Machine Gaming Wagers (€m)              | 1,064 | 1,037 | 3%       |
| <i>AWP Installed</i>                    | 48K   | 49K   | -2%      |

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

| Key Revenue (€m)    | 4Q'09 | 4Q'08 | % change |
|---------------------|-------|-------|----------|
| Lottery             | 173   | 173   | 0%       |
| Sports Betting      | 65    | 52    | 25%      |
| Machine Gaming      | 51    | 31    | 64%      |
| Commercial Services | 24    | 16    | 48%      |
| Interactive         | 10    | -     | -        |

# GTECH, G2 & Gaming Service Revenue – 4<sup>th</sup> Quarter

| Service Revenue Breakdown            | 4Q'09      | 4Q'08      | %<br>change |
|--------------------------------------|------------|------------|-------------|
| Same Store Revenue                   |            |            |             |
| <i>Mega Millions States (\$m)</i>    | 117        | 115        | 1%          |
| <i>Powerball States (\$m)</i>        | 38         | 37         | 5%          |
| US Lottery (\$m)                     | 155        | 152        | 2%          |
| At Constant Currency                 |            |            |             |
| US Lottery (€m)                      | 118        | 115        | 2%          |
| International Lottery (€m)           | 79         | 81         | -3%         |
| <b>Total Lottery (€m)</b>            | <b>197</b> | <b>196</b> | <b>0%</b>   |
| <b>All Other - Net (€m)</b>          | <b>33</b>  | <b>31</b>  | <b>7%</b>   |
| <b>Total Same Store Revenue (€m)</b> | <b>230</b> | <b>227</b> | <b>1%</b>   |
| Acquisitions/Divestitures/Other      | (5)        | -          |             |
| FX Impact                            | (21)       | -          |             |
| <b>Total Service Revenue (€m)</b>    | <b>204</b> | <b>227</b> | <b>-10%</b> |

Note: - \$/€ FX average: 1.33 in 4Q'08; 1.47 in 4Q'09

- *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*

# Segment Information – 4<sup>th</sup> Quarter

| <b>Revenues</b>     | <b>4Q'09</b> | <b>% of Total</b> | <b>4Q'08</b> | <b>% of Total</b> |
|---------------------|--------------|-------------------|--------------|-------------------|
| Italian Operations  | 323          | 55%               | 272          | 41%               |
| GTECH Lottery       | 191          | 33%               | 334          | 51%               |
| Gaming Solutions    | 53           | 9%                | 53           | 8%                |
| GTECH G2            | 19           | 3%                | 17           | 3%                |
| <b>Total</b>        | <b>586</b>   | <b>100%</b>       | <b>676</b>   | <b>103%</b>       |
| Eliminations        | (1)          | 0%                | -            | 0%                |
| Purchase Accounting | -            | 0%                | (19)         | -3%               |
| <b>Total</b>        | <b>585</b>   | <b>100%</b>       | <b>657</b>   | <b>100%</b>       |

| <b>Operating Income/(Loss)</b> | <b>4Q'09</b> | <b>% of Total</b> | <b>4Q'08</b> | <b>% of Total</b> |
|--------------------------------|--------------|-------------------|--------------|-------------------|
| Italian Operations             | 90           | 429%              | 77           | 2615%             |
| GTECH Lottery                  | 18           | 88%               | 30           | 1045%             |
| Gaming Solutions               | (4)          | -21%              | (77)         | -2616%            |
| GTECH G2                       | (62)         | -295%             | 2            | 55%               |
| <b>Total</b>                   | <b>42</b>    | <b>201%</b>       | <b>32</b>    | <b>1099%</b>      |
| Eliminations                   | -            | 0%                | -            | 0%                |
| Purchase Accounting            | (21)         | -101%             | (29)         | -999%             |
| <b>Total</b>                   | <b>21</b>    | <b>100%</b>       | <b>3</b>     | <b>100%</b>       |

Figures in €M

# Financial Charges, Net – 4<sup>th</sup> Quarter

| <b>Financial Charges, Net</b>            | <b>4Q'09</b> | <b>4Q'08</b> | <b>Change</b> |
|--|--------------|--------------|---------------|
| Interest and Other Income, Net           | (9)          | 1            | (10)          |
| Foreign Exchange Loss, Net               |              |              |               |
| <i>Cash Foreign Exchange Loss</i>        | (18)         | (2)          | (16)          |
| <i>Non-Cash Foreign Exchange Gain</i>    | 14           | 14           | -             |
| <b>Total Foreign Exchange Loss, Net</b>  | <b>(4)</b>   | <b>12</b>    | <b>(16)</b>   |
| Interest Expense                         |              |              |               |
| <i>GTECH Senior Credit Facilities</i>    | (13)         | (18)         | 5             |
| <i>Capital Securities</i>                | (16)         | (16)         | -             |
| <i>4.8% Bonds</i>                        | -            | (4)          | 4             |
| <i>LTO Term and Revolving Facilities</i> | (2)          | (4)          | 2             |
| <i>Other</i>                             | (7)          | (6)          | (1)           |
| <b>Total Interest Expense</b>            | <b>(38)</b>  | <b>(48)</b>  | <b>10</b>     |
| <b>Total Financial Charges, Net</b>      | <b>(51)</b>  | <b>(35)</b>  | <b>(16)</b>   |

Figures in €M

# Balance Sheet

| <b>Balance Sheet</b>                | <b>FY'09</b> | <b>FY'08</b> |
|-------------------------------------|--------------|--------------|
| Non-Current Assets                  | 1,723        | 1,743        |
| Goodwill                            | 3,007        | 3,075        |
| Net Working Capital/Other           | (410)        | (454)        |
| <b>Net Invested Capital</b>         | <b>4,320</b> | <b>4,364</b> |
| Shareholders' Equity                | 1,897        | 1,650        |
| Net Financial Position              | 2,423        | 2,714        |
| <b>Shareholders' Equity and NFP</b> | <b>4,320</b> | <b>4,364</b> |

*Figures in €M*

# Cash Flow Statement – 2009 FY

| Cash Flow   | FY'09        | FY'08          |
|---|--------------|----------------|
| <b>Net Cash Flows from Operating Activities</b>   | <b>695</b>   | <b>681</b>     |
| Capex   | (422)        | (243)          |
| Acquisitions                                      | (3)          | (263)          |
| Debt Proceeds/(Repayment), Net                    | 47           | (150)          |
| Share Capital Increase, Net                       | 341          | -              |
| Interest Paid, Net                                | (148)        | (149)          |
| Dividends Paid                                    | (101)        | (125)          |
| Share Repurchases                                 | -            | (75)           |
| Non-Controlling Interests/Other                   | (47)         | (3)            |
| <b>Net Cash Flows Used in Investing/Financing</b> | <b>(333)</b> | <b>(1,008)</b> |
| <b>Net Cash Flow</b>                              | <b>362</b>   | <b>(327)</b>   |
| Effect of Exchange Rates/Other                    | (2)          | 2              |
| <b>Net Change in Cash</b>                         | <b>360</b>   | <b>(325)</b>   |
| <b>Cash at End of the Period</b>                  | <b>469</b>   | <b>109</b>     |

Figures in €M

# Financial Charges, Net – 2009 FY

| <b>Financial Charges, Net</b>            | <b>FY'09</b> | <b>FY'08</b> | <b>Change</b> |
|--|--------------|--------------|---------------|
| Interest and Other Income, Net           | (10)         | 13           | (23)          |
| Foreign Exchange Loss, Net               |              |              |               |
| <i>Cash Foreign Exchange Loss</i>        | (19)         | (6)          | (13)          |
| <i>Non-Cash Foreign Exchange Gain</i>    | 3            | 16           | (13)          |
| <b>Total Foreign Exchange Loss, Net</b>  | <b>(16)</b>  | <b>10</b>    | <b>(26)</b>   |
| Interest Expense                         |              |              |               |
| <i>GTECH Senior Credit Facilities</i>    | (57)         | (71)         | 14            |
| <i>Capital Securities</i>                | (65)         | (64)         | (1)           |
| <i>4.8% Bonds</i>                        | -            | (17)         | 17            |
| <i>LTO Term and Revolving Facilities</i> | (15)         | (8)          | (7)           |
| <i>Other</i>                             | (15)         | (18)         | 3             |
| <b>Total Interest Expense</b>            | <b>(152)</b> | <b>(178)</b> | <b>26</b>     |
| <b>Total Financial Charges, Net</b>      | <b>(178)</b> | <b>(155)</b> | <b>(23)</b>   |

Figures in €M

# Segment Information – 2009 FY

| <b>Revenues</b>     | <b>FY'09</b> | <b>% of Total</b> | <b>FY'08</b> | <b>% of Total</b> |
|---------------------|--------------|-------------------|--------------|-------------------|
| Italian Operations  | 1,176        | 54%               | 1,023        | 50%               |
| GTECH Lottery       | 780          | 36%               | 865          | 42%               |
| Gaming Solutions    | 153          | 7%                | 143          | 7%                |
| GTECH G2            | 71           | 3%                | 48           | 2%                |
| <b>Total</b>        | <b>2,180</b> | <b>100%</b>       | <b>2,079</b> | <b>101%</b>       |
| Eliminations        | (3)          | 0%                | -            | 0%                |
| Purchase Accounting | -            | 0%                | (20)         | -1%               |
| <b>Total</b>        | <b>2,177</b> | <b>100%</b>       | <b>2,059</b> | <b>100%</b>       |

| <b>Operating Income/(Loss)</b> | <b>FY'09</b> | <b>% of Total</b> | <b>FY'08</b> | <b>% of Total</b> |
|--------------------------------|--------------|-------------------|--------------|-------------------|
| Italian Operations             | 416          | 114%              | 400          | 118%              |
| GTECH Lottery                  | 116          | 31%               | 140          | 40%               |
| Gaming Solutions               | (17)         | -5%               | (113)        | -33%              |
| GTECH G2                       | (63)         | -17%              | 3            | 1%                |
| <b>Total</b>                   | <b>452</b>   | <b>123%</b>       | <b>430</b>   | <b>126%</b>       |
| Eliminations                   | -            | 0%                | -            | 0%                |
| Purchase Accounting            | (86)         | -23%              | (90)         | -26%              |
| <b>Total</b>                   | <b>366</b>   | <b>100%</b>       | <b>340</b>   | <b>100%</b>       |

*Figures in €M*