


# The Global Gaming Leader

March 2016

# Agenda

1. Who We Are
2. Market Context & IGT Strategy
3. Operating Segments
4. Financial Review
5. Outlook
6. Appendix

# Cautionary statement regarding forward-looking statements

This presentation may contain forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning IGT and other matters. These statements may discuss goals, intentions and expectations as to future plans, trends, events, dividends, results of operations or financial condition, or otherwise, based on current beliefs of the management of IGT as well as assumptions made by, and information currently available to, such management. Forward-looking statements may be accompanied by words such as "aim," "anticipate," "believe," "plan," "could," "would," "should," "shall," "continue," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "will," "possible," "potential," "predict," "project" or the negative or other variations of them. These forward-looking statements are subject to various risks and uncertainties, many of which are outside IGT's control. Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may differ materially from those predicted in the forward-looking statements and from past results, performance or achievements. Therefore, you should not place undue reliance on the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include (but are not limited to) the possibility that that the businesses of International Game Technology and GTECH S.p.A. will not be integrated successfully, or that the combined companies will not realize estimated cost savings, synergies, growth or other anticipated benefits or that such benefits may take longer to realize than expected; the possibility that the Company will be unable to pay future dividends to shareholders or that the amount of such dividends may be less than anticipated; the possibility that IGT may not obtain its anticipated financial results in one or more future periods; unanticipated costs of integration of the two companies; reductions in customer spending; a slowdown in customer payments and changes in customer demand for products and services; unanticipated changes relating to competitive factors in the industries in which the company operates; the Company's ability to hire and retain key personnel; the impact of the consummation of the business combination on relationships with third parties, including customers, employees and competitors; the Company's ability to attract new customers and retain existing customers in the manner anticipated; reliance on and integration of information technology systems; changes in legislation or governmental regulations affecting the company; international, national or local economic, social or political conditions that could adversely affect the company or its customers; conditions in the credit markets; risks associated with assumptions the company makes in connection with its critical accounting estimates; the resolution of pending and potential future legal, regulatory or tax proceedings and investigations; and the company's international operations, which are subject to the risks of currency fluctuations and foreign exchange controls. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect IGT's business, including those described in IGT's annual report on Form 20-F for the financial year ended December 31, 2014 and other documents filed from time to time with the Securities and Exchange Commission (the "SEC"), which are available on the SEC website at www.sec.gov and on the investor relations section of IGT's website at www.IGT.com. Except as required under applicable law, IGT does not assume any obligation to update the forward-looking statements. Nothing in this presentation is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per IGT share for the current or any future financial years will necessarily match or exceed the historical published earnings per IGT share, as applicable. All forward-looking statements contained in this presentation are qualified in their entirety by this cautionary statement. All subsequent written or oral forward-looking statements attributable to IGT, or persons acting on its behalf, are expressly qualified in their entirety by this cautionary statement.

**Non-GAAP Financial Measures**

This presentation contains non-GAAP financial measures, including adjusted EBITDA, adjusted operating income, adjusted diluted EPS, and free cash flow. Reconciliations of non-GAAP measures to the most directly comparable GAAP measures are included in the appendix to this presentation.

# Comparability of results

All figures in this presentation are prepared under U.S. GAAP, unless noted otherwise.

As a result of the combination of GTECH S.p.A. (“GTECH”) and International Game Technology (“legacy IGT”), which was completed on April 7, 2015, a number of items affect the comparability of reported results. Reported financial information for the fourth quarter of 2015 includes the results of operations of IGT for the entire period, while reported financial information for the fourth quarter of 2014 includes only GTECH operations. Reported financial information for the full year 2015 period includes IGT for the second, third, and fourth quarters and only GTECH operations in the first quarter, while the reported full year 2014 figures are for GTECH only. Pro forma figures represent the combined results of both companies.

Adjusted figures exclude the impact of purchase price amortization, impairment charges, restructuring expense, and certain one-time, primarily transaction-related items. Reconciliations to the most directly comparable U.S. GAAP measures are included in the tables in this presentation.

Reported 2015 results were adversely affected by the strengthening of the U.S. dollar compared to the euro; the daily average U.S. dollar to euro foreign exchange rate was 1.10 in the fourth quarter of 2015 compared to 1.25 in the fourth quarter of 2014, and was 1.11 for the full year 2015 period compared to 1.33 in 2014. Constant currency changes for 2015 are calculated using the same foreign exchange rates as the corresponding 2014 period.

Management believes that referring to certain pro forma, constant currency, or adjusted measures is a more useful way to evaluate the Company’s underlying performance.

# Who We Are

# Who We Are: Global Leader in Gaming

**IGT is the world's leading provider of end-to-end gaming solutions with cutting-edge technology, innovative content, and expertise that drive customer and player demand**

## Scaled to lead the industry with a complementary portfolio

- Leader by revenue, enterprise value, profitability and R&D budget

## Leading positions across gaming continuum

- #1 global lottery business(1)
- #1 global gaming equipment company(2)
- Leading provider for social and real-money interactive gaming

## Well-balanced business

- Wide geographical reach
- Diversified offering across gaming continuum
- B2B and B2C expertise

## Stable and robust recurring revenue base

- 38% recurring lottery revenues
- 39% recurring gaming revenues
- 7% other recurring revenues

## Resilient business model

- Stable EBITDA throughout 2015
- Significant synergy savings; disciplined cost and CapEx management
- Strong free cash flow generation

(1) Source: La Fleur's
(2) Source: Companies' public filings

# Leading Market Positions Worldwide

## Lottery

- Largest lottery service provider worldwide
- #1 provider of lottery services in the U.S. with 78% market share, serving 38 of 45 state lotteries
- #1 VLT provider in the U.S. and Canada (machines and systems)
- 10% global market share in Instant Ticket Contracts
- Serve 27 national lotteries outside the U.S., Canada and Italy

## Gaming

- #1 global gaming equipment company, with leading casino presence
- Largest portfolio of games, consistently ranking among top performing
- 31% of the North America Gaming Operations market
- Over 30% North America total unit ship share
- Over 20% International total unit ship share

## Italy

- #1 in lottery, with 94% market share
- #1 in VLT, with 25% market share
- #1 in AWP, with 17% market share
- #2 in Interactive market share (GGY), with 12% market share
- #3 in Sports Betting, with 12% market share

## Social & Interactive

- DoubleDown #1 grossing app on Facebook
- #2 social casino in the world
- Leading provider of iLottery and iGaming solutions in North America

Note: Market share based on wagers, unless noted otherwise
Sources: AAMS, La Fleur's, Eilers & Krejcik Gaming, Companies' public filings

# Compelling Solutions Across the Gaming Continuum

## Lottery









- Comprehensive lottery solutions
- Operation and management
- Instant ticket printing
- iLottery

## Video Lottery



- Video Lottery Terminals (VLT): manufacturing, operations, and systems

## Casinos



- Gaming machines and central systems for casinos: manufacturing and operations

## iGaming



- Full-fledged iGaming platform, including poker, bingo, casino games, and sports betting
- Integrated Customer Relationship Management solution

## Social & Interactive




- DoubleDown, one of the largest social casinos in the world
- Highest rate of monetization per social user

## Content







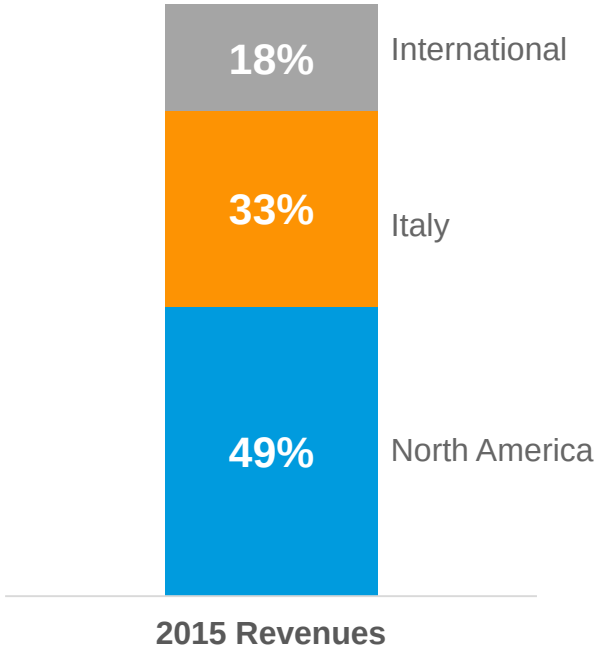



- Largest, premium content library, including most successful title of all time
- Development of leading gaming content for distribution across mobile, retail, and gaming machines

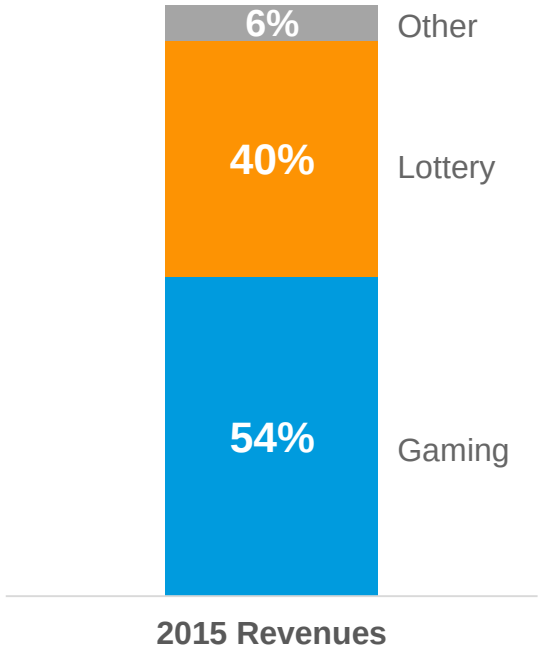
# Balanced, Resilient Business Model: Diversity Reflects Scope

## IGT achieved $5.1 billion in revenues in 2015

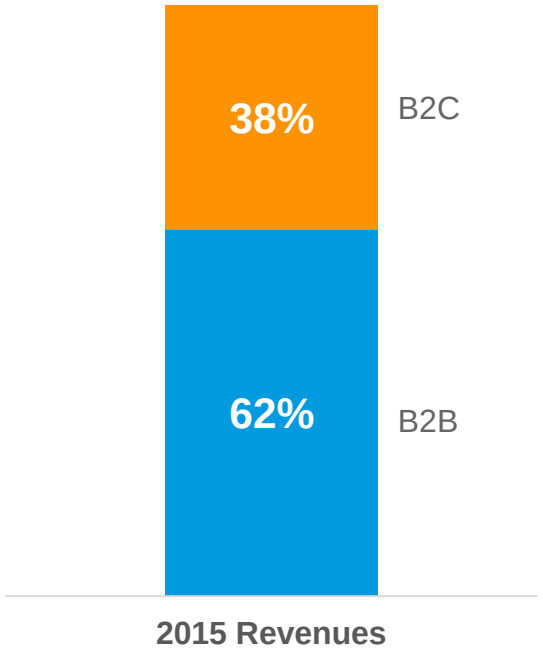
### Balanced Geographic Mix



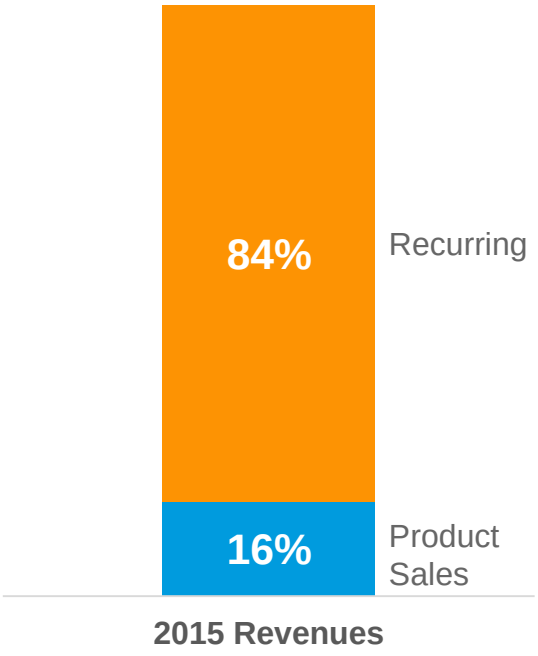

### Diverse Product Portfolio




### B2B and B2C Expertise




### Resilient Business Model

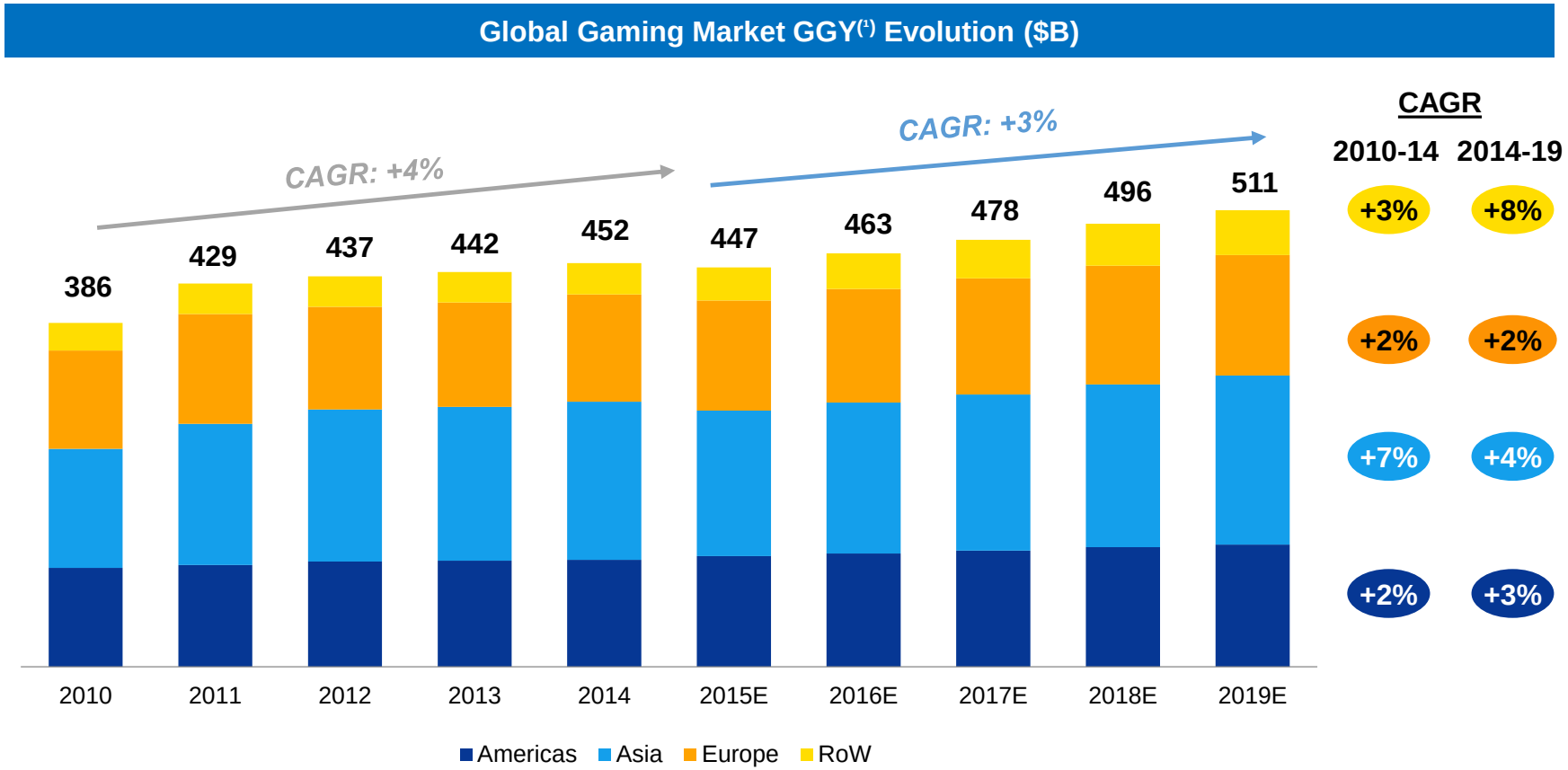



Note: All financial information is presented on a pro forma basis

# Market Context
# &
# IGT Strategy

# Global Market Growth Outlook by **Region**

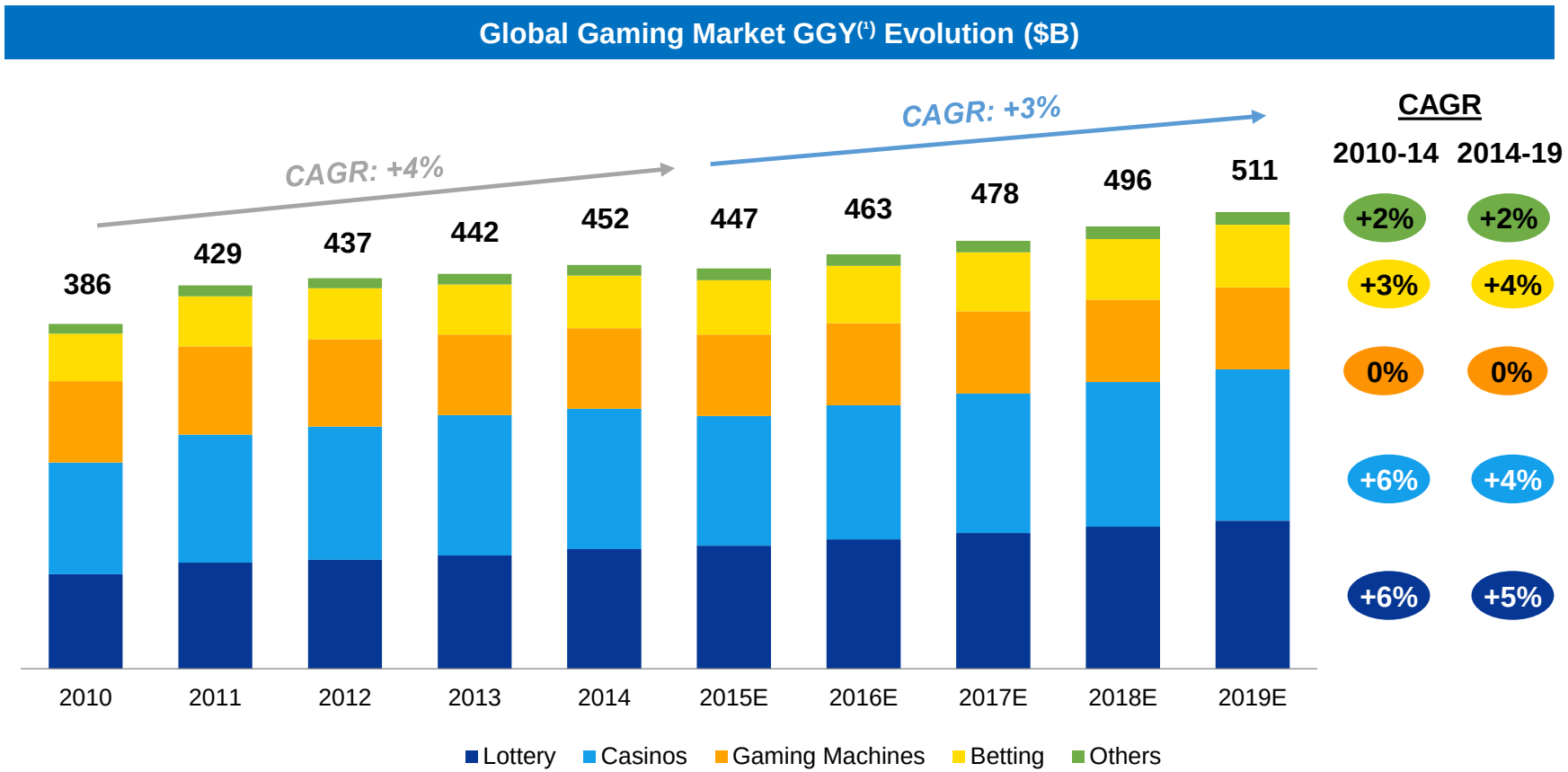
**The global gaming market is expected to grow at a 3% CAGR to $511 billion by 2019, reflecting growth in all major geographies**




Source: GBGC Global Gaming Forecasts January 2016
(1) Gross Gaming Yield (GGY), consumer spending on gaming (amounts wagered less payout). Includes land-based + total interactive (onshore and offshore), and excludes Social Gaming.

# Global Market Growth Outlook by **Product**

**The global gaming market is expected to grow at a 3% CAGR to $511 billion by 2019, reflecting growth in lottery, casino and betting products**




Source: GBGC Global Gaming Forecasts January 2016
(1) Gross Gaming Yield (GGY), consumer spending on gaming (amounts wagered less payout). Includes land-based + total interactive (onshore and offshore), and excludes Social Gaming.

# Gaming Market: Macro Trends (1/2)

**Overall Market Trends**

- Governments' growing need for revenue drives **demand to innovate and regulate new market segments**
- **Local requirements and specific customer needs critical for success**
- **Increased focus on single player view across product verticals and channels**
- **Desire for strong branded content**
- **Technological innovation plays a key role in attracting and engaging players** (e.g. mobile solutions to increase engagement opportunities, augmented/virtual reality solutions to enhance player experience)
- **Growing focus on products and solutions targeting Millennials** (e.g. skill-based games, mobile solutions)

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**Lottery Market Trends**

- **Lottery growth driven by product innovation**
- **Instant tickets expected to continue to enjoy mid-high single-digit growth**
- **iLottery will represent a growth driver in the next years**
- **China is expected to reauthorize interactive sales**

# Gaming Market: Macro Trends (2/2)

**Gaming Market Trends**

- **North America** market **recovery** is expected to continue, with GGR expected to grow at 2.5% CAGR (next 5 years)
- **Macau GGR turnaround expected from 2017**
- **New and expansionary** opportunities will **drive short-term growth**
- **Machine replacement**:
  - ✓ **North America rate to be stable** in the next years, but GGR growth could encourage Operators to invest
  - ✓ **International to benefit in 2016** from regulatory changes in Asia, and then remain flat

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**Interactive and Social Market Trends**

- **Interactive expansion from:**
  - ✓ **New national regulated markets, anticipation of U.S. regulations**
  - ✓ **Growth of existing markets, mainly from iLottery and Casino**
  - ✓ **Mobile adoption** increasing engagement with players
- **Social Gaming expansion from:**
  - ✓ **Mobile penetration**
  - ✓ **App proliferation**
  - ✓ **Geographic expansion**

# IGT Strategy (1/2)

**Overall Strategy**

- **Leverage distinctive IGT market positioning:**
  - ✓ Excellent government and customer relationships; local presence in 50 countries and business development in 120 countries
  - ✓ Single point of contact providing each customer with full product offering
  - ✓ Customized products and services for local market regulations and player preferences
- Focus the **Industry's largest R&D budget on developing the best content and products**, and **distribute** them across **all available platforms and technologies**
- **Strengthen IGT's role as the Industry's leading innovator** (e.g. On-Premise solutions, Aurora)

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**Lottery Focus**

- **Drive same-store sales growth through game innovation and point-of-sale terminal expansion**
- **Educate Lotteries on IGT innovation to take advantage of upcoming re-bid cycle in U.S. and pursue new International contracts**
- **Expand Instant Ticket customer base**
- **Italy: Innovation to support Lotto and Scratch & Win wagers**

# IGT Strategy (2/2)

**Gaming Focus**

- **Turn around North America Gaming**
  - ✓ Recover #1 position in land-based business through: focused R&D investment, disciplined game and cabinet development, and better player insights
  - ✓ Increase systems market share with IGT's best-in-class technology
  - ✓ Gain share in under-penetrated segments (e.g. electronic table games, Class II)
- **Expand in International markets**
  - ✓ Increase market positioning in Gaming Operations and Product Sales through expansion of localized content
  - ✓ Turn around Australian business
- **Leverage IGT content library in gaming machines in Italy**

**Interactive and Social Focus**

- **Interactive**
  - ✓ Grow iLottery
  - ✓ Exploit emerging real-money interactive opportunities
  - ✓ Improve digital and sports betting product offerings in Italy
- **Social gaming**
  - ✓ Develop and cross-sell new product verticals
  - ✓ Monetize non-payers through advertising model
  - ✓ Continue to drive growth in North America and expand into new regions (e.g. Australia)

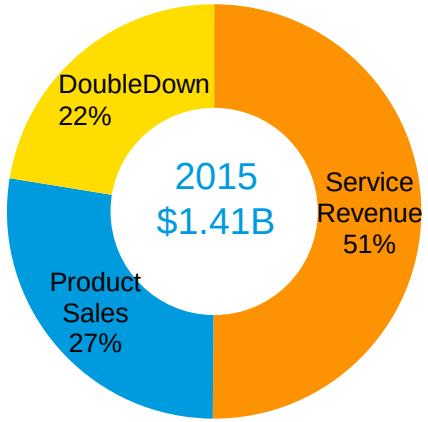
# Operating Segments

# North America Gaming & Interactive

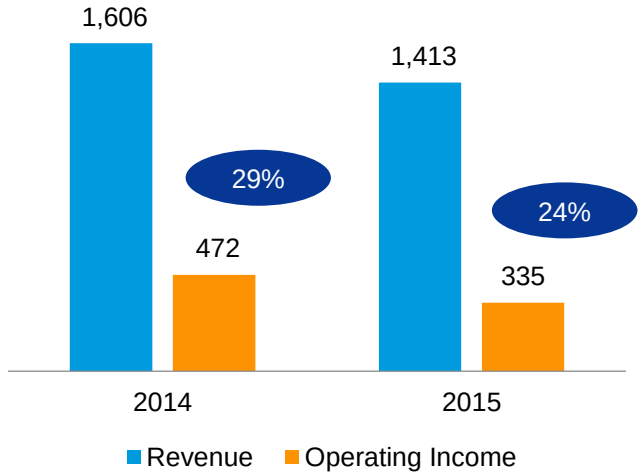
## 2015 Accomplishments

- Unified marketing, game development, manufacturing, field services, and sales
- Initiated comprehensive turnaround strategy
- Introduced “Closer to Market” culture
- Successfully delivered on synergies
- Interactive: Unified content development delivery platforms
- Social: introduced multiple product innovations, launched expansion initiatives and expanded the payer base through improved conversion rates (best in the industry)

## Revenue by Product Category




## Segment Profitability ($M)




## North America Gaming & Interactive KPIs

| | 2014 | Q1'15 | Q2'15 | Q3'15 | Q4'15 | 2015 |
|---|---|---|---|---|---|---|
| **Installed base (end of period)** | | | | | | |
| NA Commercial Gaming | 27,727 | 25,882 | 25,516 | 25,237 | 25,418 | 25,418 |
| **Machine units shipped** | | | | | | |
| *New/Expansion* | *7,417* | *329* | *974* | *895* | *2,191* | *4,389* |
| *Replacement* | *16,877* | *4,912* | *5,244* | *2,431* | *4,406* | *16,993* |
| Total units shipped | 24,294 | 5,241 | 6,218 | 3,326 | 6,597 | 21,382 |
| **Double Down** | | | | | | |
| Revenue *($ Millions)* | $ 295.0 | $ 80.6 | $ 73.0 | $ 79.7 | $ 83.6 | $ 317.0 |
| Mobile penetration | 35% | 41% | 47% | 50% | 53% | 48% |
| DAU (Daily Active Users)[1] | *1,833* | *1,929* | *1,839* | *1,852* | *1,897* | *1,879* |

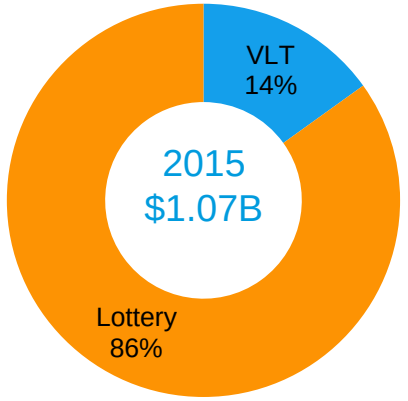
Note: All financial information is presented on a pro forma basis
(1) As a single application with multiple games, active users equal unique users

# North America Lottery

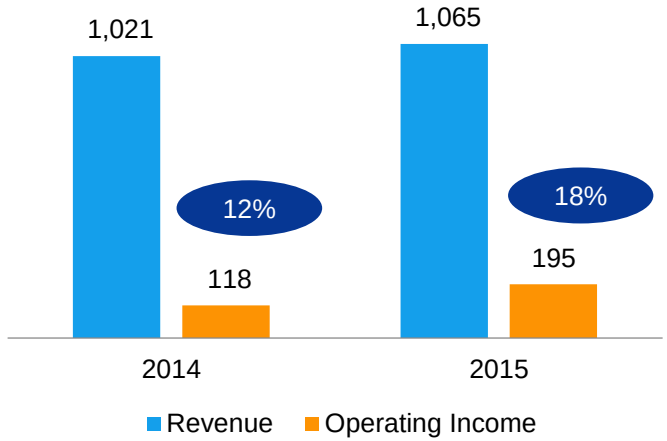
## 2015 Accomplishments

- Achieved 6.8% same-store revenue growth, driven by instant tickets and draw games
- Successful renegotiations of LMA contracts
- Successful rebids in MN, NC, WI; Extensions awarded in NE and MD
- Introduced Aurora platform and new point of access devices
- iLottery sales growing at 18+%

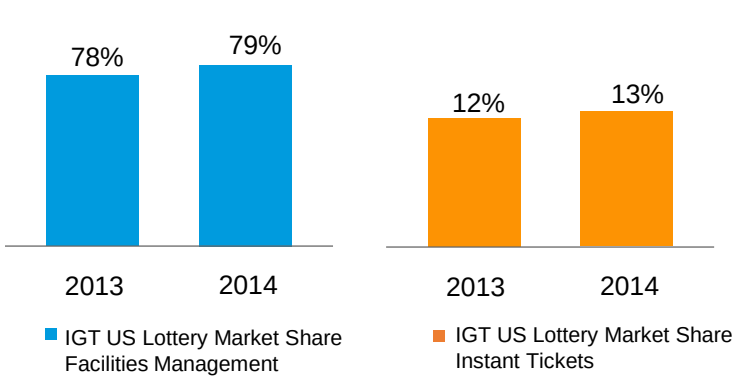
## Revenue by Product Category



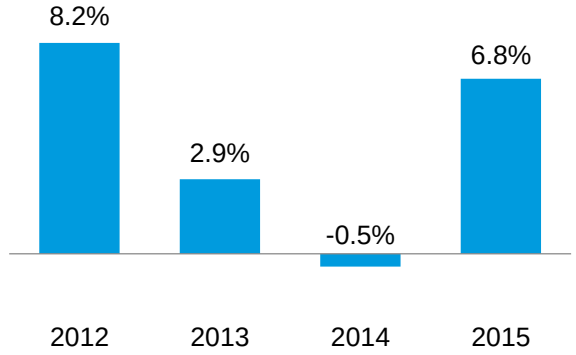

## Segment Profitability ($M)




## US Market Share for Lottery Contracts(1)




## Same-Store Revenue Growth



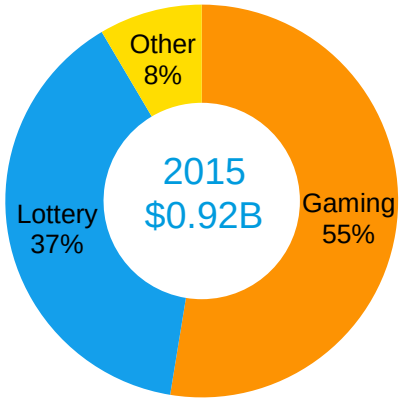

(1) Source: La Fleur's

# International

## 2015 Accomplishments

- Achieved 4.1% lottery same-store revenue growth
- Successful migrations in West Lotto, Mexico and New Zealand; extensions awarded in Belgium Sports Betting and Turkey
- Secured major product sales (South Africa, New Zealand), expanded into new IVT markets (Spain) and won instant ticket printing contracts
- New cabinet launches (S3000, Crystal Dual)
- Won major casino system sales in Asia (Wynn) and systems upgrades in South Africa and Greece
- Senior management “closer to market”

## Revenue by Product Category

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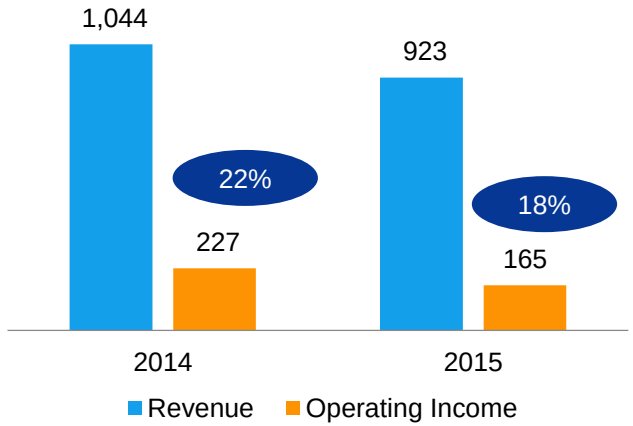



## International KPIs

| | 2014 | Q1'15 | Q2'15 | Q3'15 | Q4'15 | 2015 |
|---|---|---|---|---|---|---|
| **Installed base (end of period)** | | | | | | |
| *Casino* | *9,810* | *9,878* | *9,816* | *9,518* | *9,150* | *9,150* |
| *VLT - Government Sponsored* | *250* | *250* | *250* | *250* | *250* | *250* |
| Total installed base | 10,060 | 10,128 | 10,066 | 9,768 | 9,400 | 9,400 |
| **Machine units shipped** | | | | | | |
| *New/Expansion* | *2,443* | *266* | *1,213* | *504* | *449* | *2,432* |
| *Replacement* | *14,732* | *1,321* | *2,716* | *2,792* | *4,516* | *11,345* |
| Total units shipped | 17,175 | 1,587 | 3,929 | 3,296 | 4,965 | 13,777 |
| **Lottery same-store revenue growth** | 2.9% | 2.3% | 8.1% | 1.6% | 4.4% | 4.1% |

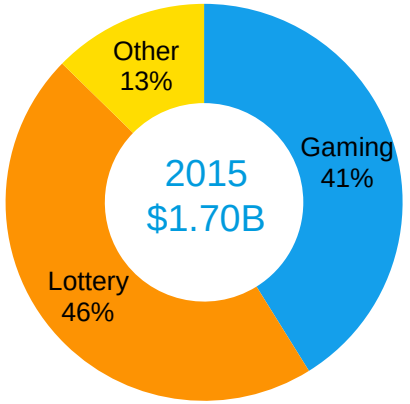
Note: All financial information is presented on a pro forma basis

# Italy

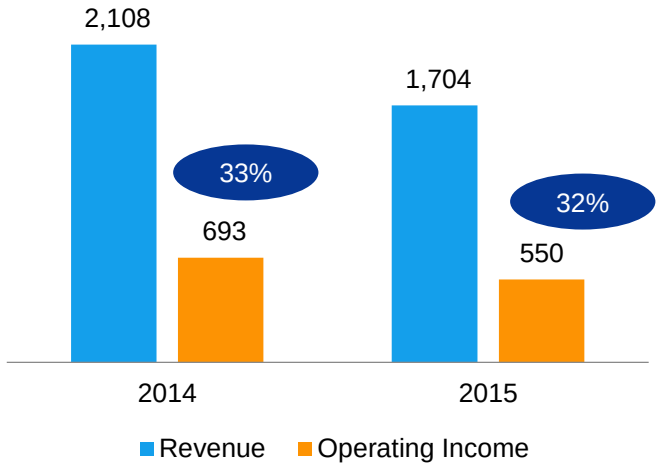
## 2015 Accomplishments

- Stabilized Lotto wagers through 10eLotto growth
- Innovation supported progressive Scratch & Win improvement throughout year
- Maintained gaming machine leadership despite increased competition and regulatory challenges
- Protected profit despite tax headwinds and intensifying competition

## Revenue by Product Category(1)




## Segment Profitability ($M)




## Italy KPIs

| | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|
| S&W Wagers (€M) | 9,729 | 9,574 | 9,403 | 9,016 |
| Lotto Wagers (€M) | 6,221 | 6,333 | 6,629 | 7,077 |
| **Installed base (end of period)** | | | | |
| *VLT - Italy Supplier (B2B)* | *7,646* | *7,702* | *8,392* | *8,291* |
| *VLT - Operator (B2C)* | *10,535* | *10,596* | *10,956* | *11,115* |
| *AWP* | *65,345* | *70,203* | *65,316* | *58,328* |
| Total installed base | 83,526 | 88,501 | 84,664 | 77,734 |
| Gaming Interactive Wagers (€M) | 2,135 | 1,991 | 1,789 | 1,672 |
| Sports Betting Wagers (€M)[1] | 885 | 779 | 893 | 864 |

Note: All financial information is presented on a pro forma basis
(1) Includes Virtual Wagers and Pools & Horses

# Financial Review

# 2015 Accomplishments

**2015 achievements have stabilized the business despite multiple external headwinds, positioning IGT for profit growth in 2016**

## Consolidated market leadership in core activities

- Strong global lottery same-store revenue growth
- Stabilization in 2015 of North America and International Gaming market share

## Speed of integration, reorganization, synergies

- Defined and implemented new organizational structure on day one
- Exceeded synergy targets while maintaining budgeted restructuring costs

## Harmonized financial reporting through successful transition to:

- U.S. GAAP
- U.S. $
- Homogeneous fiscal calendar

## Resilient financial performance despite market headwinds

- Adjusted EBITDA at high end of expectations
- Reduction in net debt and leverage ratio

## Disciplined capital management

- Tight control of capital expenditures
- Successful execution of initiatives to generate cash

## Balanced financial policy

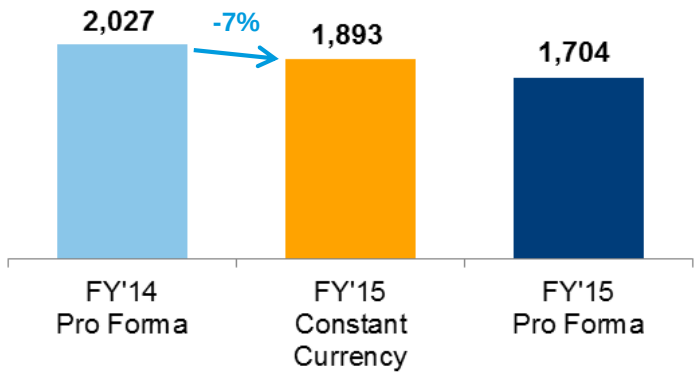
- Established dividend policy, aligned with legacy GTECH practice
- Reaffirmed 4.0x leverage ratio target

# FY'15 Financial Summary (Pro Forma)

*(In $M)*

## Adjusted EBITDA

Guidance:
$1.605B - $1.705B




**Achieved $1.704 billion in pro forma adjusted EBITDA vs. guidance of $1.605 - $1.705 billion**

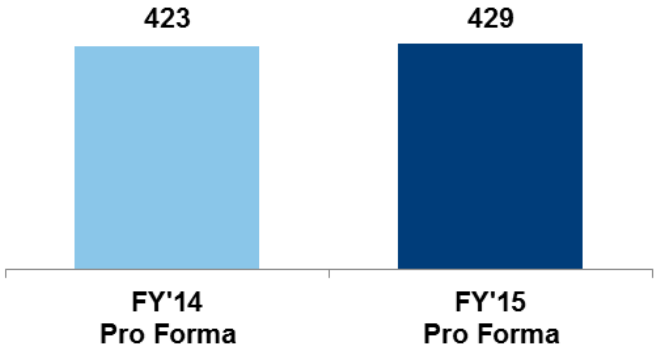
- Inclusive of significant FX headwind of approximately $200 million; average $/€ exchange rate of 1.11 for 2015 vs. 1.33 for 2014
- Reflects stability for global lottery operations and pressure on gaming business
- Includes approximately $95 million in realized synergies

**Net debt of $7.7 billion vs. guidance of "below $8.0 billion"**

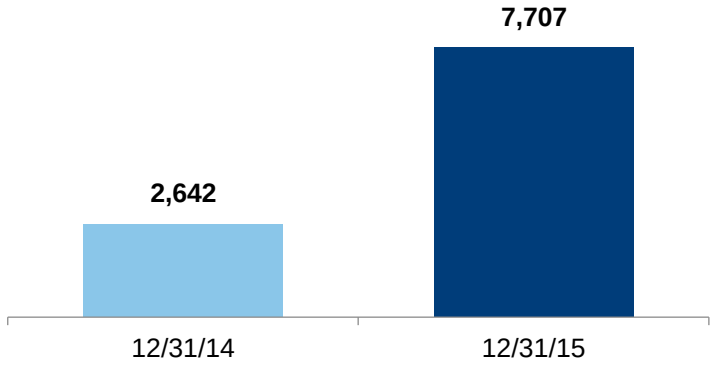
- Better-than-expected results reflective of proactive cash management and improved operating performance

## CapEx

Guidance:
$400M - $450M




## Net Debt




Note: As adjusted results remove impact of purchase price amortization, impairment charges, restructuring expense and transaction expense

# Significant Progress on Synergies

## Run rate of actions implemented tracking three months ahead of plan

- Originally targeted annualized run rate of synergies to be ~$160 million by April 2016
- Achieved goal in the fourth quarter of 2015

## Total synergy target increased to $270 million from $230 million

- $230 million accrue to P&L by 2018
- $40 million in capitalized savings

## Achieved ~$110 million in cash synergy savings in 2015

- ~$95 million accrued to P&L
- ~$15 million in capitalized savings
- Savings primarily from lower personnel and procurement costs

## Cash restructuring charges were ~$75 million in 2015

- Incremental synergies will more than offset remaining integration-related restructuring charges

# FY'15 Cash Flow Statement

*(In $M)*

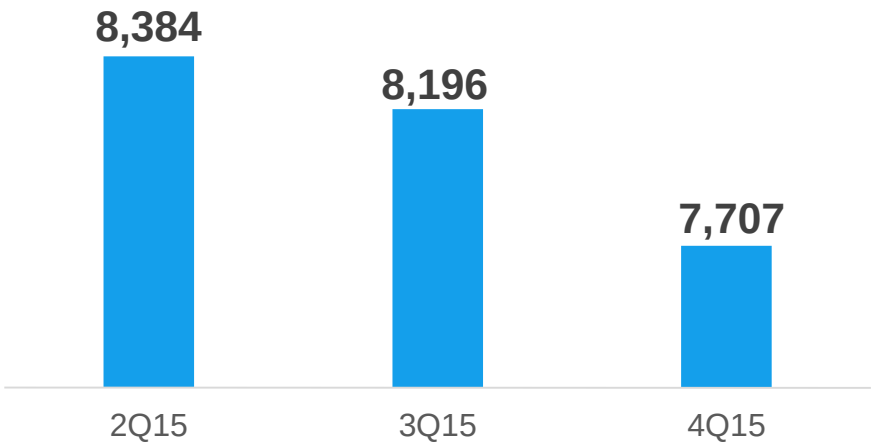
| Cash Flow | FY'15 |
|---|---|
| **Net Cash Flows from Operating Activities** | **786** |
| Capex (Excluding IGT Acquisition) | (403) |
| **Free Cash Flow** | **383** |
| Debt Proceeds/(Repayment), Net | 3,807 |
| IGT Acquisition, Net of Cash Acquired | (3,241) |
| Payments to Withdrawing Shareholders | (408) |
| Dividends Paid | (209) |
| Non-Controlling Interests | (60) |
| Other - Net | 73 |
| **Other Investing/Financing Activities** | **(38)** |
| **Net Cash Flow** | **345** |
| Effect of Exchange Rates/Other | (35) |
| **Net Change in Cash** | **310** |
| **Cash at End of the Period** | **627** |

## FY'15 Free Cash Flow Impacts

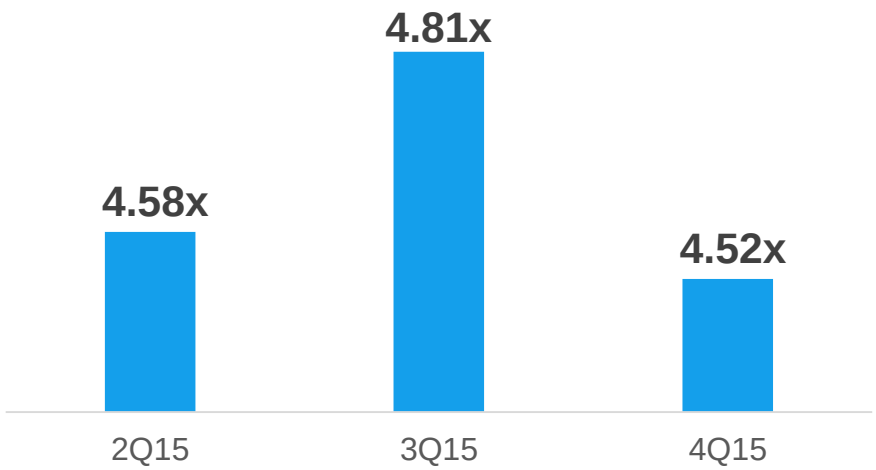
- Includes approximately $160 million in one-time, transaction-related items
- Excludes $57 million in free cash flow from legacy IGT in the first calendar quarter of 2015
- Includes approximately $100 million from sale of non-strategic assets

# Debt and Leverage Profile

## Net Debt ($M)




## Net Debt/LTM EBITDA[(1)]




### Net debt reduced by ~$675 million in the second half of 2015, supported by:

- Proactive cash generation initiatives
- Performance
- Synergies

### Leverage was 4.52x at the end of the fourth quarter

- Down significantly from the third quarter
- Expect to achieve targeted leverage of below 4.0x by 2018

(1) LTM EBITDA on a pro forma, adjusted basis

# Culture of Disciplined Financial Management

## Cash Flow from Operations will be dedicated to:



### Maintain Scope

- Renewal of existing contracts
- Italian Lotto is the primary near-term focus



### Deleverage

- Medium-term target of approximately 4.0x or below (net debt to LTM adjusted EBITDA ratio)
- Continued diversification of funding sources by type
- Proactive management of debt & credit line maturities



### Dividend Payments

- $0.20 quarterly cash dividend
- Approximately $160 million annual use of cash



### Growth Opportunities

- Growth through disciplined capital allocation
- Targeted minimum return on investment based on financial and operating risk

# Outlook

# 2016 Priorities

## Grow core operations and reduce debt

### Growth in the core business

- Improved profits at North America Gaming & Interactive, North America Lottery, and International segments
- Headwinds from currency, Italy gaming machine taxes, and lower Lotto contribution from new concession terms

### Achieve synergies

- Synergies to provide improved profitability
- Incremental cost and CapEx discipline

### Maximize cash generation

- Fund maintenance CapEx needs
- Lotto concession payments
- Pursue additional initiatives to free up cash

# A History of Strong Free Cash Flow Generation

**IGT generated over $540 million in free cash flow (before acquisition expenses) in 2015**
**Both legacy companies had a history of generating strong free cash flow**

| Average, 2010-2014 | | |
|---|---|---|
| (in Millions) | Legacy GTECH(1) | Legacy IGT(2) |
| Free Cash Flow | €233 / $311 | $288 |
| Interest Expense | €169 / $225 | $132 |

| 2015 | |
|---|---|
| in Millions | IGT plc(3) |
| Free Cash Flow | ~$540 |
| Interest Expense | ~$450 |

(1) Legacy GTECH had a 12/31 FY End; averages calculated using a $/€ rate of 1.33; FCF = Operating Cash Flows – PPE – Acquisitions – Purchases of intangible assets + Cash interest received – Cash interest paid; Impact of S&W concession fee is assumed to be approx. €89m per year (€800m contract amortized over 9 year life)
(2) Legacy IGT had a 9/30 Fiscal Year End; FCF = Operating Cash Flows – Capital Expenditures
(3) IGT plc FCF is before $160 million in transaction-related expenses and does not include $57 million in legacy IGT FCF in Q1'15; annual interest expense estimates a full year of interest costs

# 2016 Financial Outlook

**Forecast increased profits at core operations**

**Headwinds from currency, Italy gaming machine taxes, lower Lotto contribution**

**Increased synergies to offset incremental headwinds**

## 2016 adjusted EBITDA of $1.74-$1.79 billion

- Expect at least $70 million in incremental synergy savings
- Assumes successful Lotto renewal
- Includes negative impact from:
  - Currency
  - Italy gaming machine taxes
  - Lower Lotto contribution from new concession terms

## CapEx of $575-$625 million in 2015, ex-Lotto concession

- Lottery maintenance & Gaming ~$500 million
- Lottery growth ~$100 million
- At least $660 million in Lotto CapEx would be incremental
  - ~$660 million in concession fees
  - Investment in infrastructure upgrades to be quantified once award is made

## Net debt of $7.7-$7.9 billion

- Implied leverage ratio of 4.30x-4.54x
- Leverage essentially at or below 2015 level

# Medium-term Perspective

**Medium-term objective is to grow the business, reduce debt, and return capital to shareholders**

## Free Cash Flow

- Average, normalized free cash flow around $500 million annually over next five years
- Assumes no working capital impacts
- Normalized free cash flow spreads upfront Lotto and Scratch & Win payments evenly over their nine year contract terms

## Leverage

- Committed to deleveraging
- Targeting leverage of less than 4x by 2018

## Return on investment

- Target mid-teens, after-tax return at consolidated level
- Specific projects typically range 10%-25%
- Thorough risk assessment process
  - Country risk
  - Operating risk
  - Financial risk

# Appendix

**Quarterly Key Performance Indicators**
**Consolidated IGT PLC**

| | 2014 Actual | | | | 2015 Actual | | | | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | FY | FY |
| **GAMING** | | | | | | | | | | |
| **Installed base (end of period)** | | | | | | | | | | |
| *Casino* | *44,198* | *41,437* | *39,102* | *37,537* | *35,760* | *35,332* | *34,755* | *34,568* | *37,537* | *34,568* |
| *VLT - Government Sponsored (ex-Italy)* | *16,825* | *16,733* | *16,353* | *16,240* | *16,242* | *16,231* | *15,648* | *15,491* | *16,240* | *15,491* |
| *VLT - Italy Supplier (B2B)* | *8,136* | *8,202* | *8,378* | *8,392* | *8,529* | *8,465* | *8,439* | *8,291* | *8,392* | *8,291* |
| ***Total installed base*** | ***69,159*** | ***66,372*** | ***63,833*** | ***62,169*** | ***60,531*** | ***60,028*** | ***58,842*** | ***58,350*** | ***62,169*** | ***58,350*** |
| *Year-over-Year growth* | | | | | *-12.5%* | *-9.6%* | *-7.8%* | *-6.1%* | | *-6.1%* |
| *Sequential quarter growth* | | *-4.0%* | *-3.8%* | *-2.6%* | *-2.6%* | *-0.8%* | *-2.0%* | *-0.8%* | | |
| **Revenue per Unit (RPUs)** | **$ 35.28** | **$ 34.51** | **$ 36.40** | **$ 33.95** | **$ 34.28** | **$ 34.67** | **$ 34.10** | **$ 32.71** | **$ 35.17** | **$ 33.74** |
| *Year-over-Year growth* | | | | | *-2.9%* | *0.5%* | *-6.3%* | *-3.7%* | | *-4.1%* |
| *Sequential quarter growth* | | *-2.2%* | *5.5%* | *-6.7%* | *1.0%* | *1.1%* | *-1.6%* | *-4.1%* | | |
| *Additional Italian Network Details:* | | | | | | | | | | |
| *VLT - Operator (B2C)* | *10,675* | *10,894* | *10,859* | *10,956* | *10,938* | *10,988* | *10,955* | *11,115* | *10,956* | *11,115* |
| *AWP* | *69,385* | *69,726* | *68,249* | *65,316* | *63,840* | *62,156* | *60,262* | *58,328* | *65,316* | *58,328* |
| **Machine units shipped** [1] | **9,839** | **9,401** | **12,701** | **9,528** | **6,828** | **10,147** | **6,622** | **11,562** | **41,469** | **35,159** |
| *Year-over-Year growth* | | | | | *-30.6%* | *7.9%* | *-47.9%* | *21.3%* | | *-15.2%* |
| *Sequential quarter growth* | | *-4.5%* | *35.1%* | *-25.0%* | *-28.3%* | *48.6%* | *-34.7%* | *74.6%* | | |
| New/Expansion | *3,365* | *2,494* | *2,643* | *1,358* | *595* | *2,187* | *1,399* | *2,640* | *9,860* | *6,821* |
| *Year-over-Year growth* | | | | | *-82.3%* | *-12.3%* | *-47.1%* | *94.4%* | | *-30.8%* |
| *Sequential quarter growth* | | *-25.9%* | *6.0%* | *-48.6%* | *-56.2%* | *267.6%* | *-36.0%* | *88.7%* | | |
| Replacement | *6,474* | *6,907* | *10,058* | *8,170* | *6,233* | *7,960* | *5,223* | *8,922* | *31,609* | *28,338* |
| *Year-over-Year growth* | | | | | *-3.7%* | *15.2%* | *-48.1%* | *9.2%* | | *-10.3%* |
| *Sequential quarter growth* | | *6.7%* | *45.6%* | *-18.8%* | *-23.7%* | *27.7%* | *-34.4%* | *70.8%* | | |
| **LOTTERY** | | | | | | | | | | |
| **Global lottery same-store revenue growth** | | | | | | | | | | |
| Instants & draw games | *3.5%* | *2.9%* | *5.7%* | *4.2%* | *5.0%* | *8.0%* | *6.7%* | *7.1%* | *4.1%* | *6.7%* |
| Multistate Jackpots | *14.7%* | *-35.4%* | *-34.0%* | *-20.1%* | *7.8%* | *-2.5%* | *2.6%* | *-6.2%* | *-21.0%* | *1.0%* |
| **Total lottery same-store revenue growth (ex-Italy)** | **4.8%** | **-3.1%** | **-0.4%** | **0.7%** | **5.4%** | **6.9%** | **6.2%** | **5.5%** | **0.5%** | **6.0%** |

[1] *Machine units shipped reflect mixed historical methodologies of legacy companies prior to 2Q 2015*

**Quarterly Key Performance Indicators**
**North America**

| | 2014 Actual | | | | 2015 Actual | | | | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | FY | FY |
| **GAMING** | | | | | | | | | | |
| **Installed base (end of period)** | | | | | | | | | | |
| *Casino (NA Gaming)* | *30,026* | *29,190* | *28,554* | *27,727* | *25,882* | *25,516* | *25,237* | *25,418* | *27,727* | *25,418* |
| *VLT - Government Sponsored (NA Lottery)* | *16,575* | *16,483* | *16,103* | *15,990* | *15,992* | *15,981* | *15,398* | *15,241* | *15,990* | *15,241* |
| ***Installed base*** | ***46,601*** | ***45,673*** | ***44,657*** | ***43,717*** | ***41,874*** | ***41,497*** | ***40,635*** | ***40,659*** | ***43,717*** | ***40,659*** |
| *Year-over-Year growth* | | | | | *-10.1%* | *-9.1%* | *-9.0%* | *-7.0%* | | *-7.0%* |
| *Sequential quarter growth* | | *-2.0%* | *-2.2%* | *-2.1%* | *-4.2%* | *-0.9%* | *-2.1%* | *0.1%* | | |
| **Machine units shipped** [1] | **7,055** | **5,216** | **6,541** | **5,482** | **5,241** | **6,218** | **3,326** | **6,597** | **24,294** | **21,382** |
| *Year-over-Year growth* | | | | | *-25.7%* | *19.2%* | *-49.2%* | *20.3%* | | *-12.0%* |
| *Sequential quarter growth* | | *-26.1%* | *25.4%* | *-16.2%* | *-4.4%* | *18.6%* | *-46.5%* | *98.3%* | | |
| New/Expansion | *2,666* | *2,047* | *2,053* | *651* | *329* | *974* | *895* | *2,191* | *7,417* | *4,389* |
| *Year-over-Year growth* | | | | | *-87.7%* | *-52.4%* | *-56.4%* | *236.6%* | | *-40.8%* |
| *Sequential quarter growth* | | *-23.2%* | *0.3%* | *-68.3%* | *-49.5%* | *196.0%* | *-8.1%* | *144.8%* | | |
| Replacement | *4,389* | *3,169* | *4,488* | *4,831* | *4,912* | *5,244* | *2,431* | *4,406* | *16,877* | *16,993* |
| *Year-over-Year growth* | | | | | *11.9%* | *65.5%* | *-45.8%* | *-8.8%* | | *0.7%* |
| *Sequential quarter growth* | | *-27.8%* | *41.6%* | *7.6%* | *1.7%* | *6.8%* | *-53.6%* | *81.2%* | | |
| **Double Down** | | | | | | | | | | |
| Revenue *($ Thousands)* | $ 68,825 | $ 71,751 | $ 75,090 | $ 79,353 | $ 80,643 | $ 73,010 | $ 79,748 | $ 83,598 | $ 295,019 | $ 316,999 |
| Mobile penetration | 32.0% | 34.0% | 36.0% | 39.0% | 41.2% | 47.2% | 50.0% | 52.8% | 35% | 48% |
| DAU (Daily Active Users) [2] | *1,775* | *1,833* | *1,816* | *1,910* | *1,929* | *1,839* | *1,852* | *1,897* | *1,833* | *1,879* |
| MAU (Monthy Active Users) [2] | *6,218* | *5,975* | *5,717* | *5,212* | *4,734* | *4,421* | *4,536* | *4,411* | *5,780* | *4,526* |
| Bookings per DAU ($0.00) [2] | *$ 0.43* | *$ 0.43* | *$ 0.46* | *$ 0.43* | *$ 0.47* | *$ 0.45* | *$ 0.48* | *$ 0.47* | *$ 0.44* | *$ 0.47* |

[1] *Machine units shipped reflect mixed historical methodologies of legacy companies prior to 2Q 2015*

[2] *As a single application with multiple games, active users equal unique users*

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **LOTTERY** | | | | | | | | | | |
| **Lottery same-store revenue growth** | | | | | | | | | | |
| Instants & draw games | *2.4%* | *3.6%* | *5.4%* | *6.1%* | *6.2%* | *7.6%* | *8.5%* | *7.6%* | *4.4%* | *7.6%* |
| Multistate Jackpots | *19.4%* | *-39.2%* | *-37.7%* | *-27.2%* | *8.3%* | *-2.6%* | *3.8%* | *-5.4%* | *-24.3%* | *1.5%* |
| **Total lottery same-store revenue growth** | **4.7%** | **-4.3%** | **-2.5%** | **0.3%** | **6.5%** | **6.4%** | **8.0%** | **5.9%** | **-0.5%** | **6.8%** |

**Quarterly Key Performance Indicators**
**International**

| | 2014 Actual | | | | 2015 Actual | | | | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | FY | FY |
| **GAMING** | | | | | | | | | | |
| **Installed base (end of period)** | | | | | | | | | | |
| *Casino* | *14,172* | *12,247* | *10,548* | *9,810* | *9,878* | *9,816* | *9,518* | *9,150* | *9,810* | *9,150* |
| *VLT - Government Sponsored* | *250* | *250* | *250* | *250* | *250* | *250* | *250* | *250* | *250* | *250* |
| ***Installed base*** | ***14,422*** | ***12,497*** | ***10,798*** | ***10,060*** | ***10,128*** | ***10,066*** | ***9,768*** | ***9,400*** | ***10,060*** | ***9,400*** |
| *Year-over-Year growth* | | | | | *-29.8%* | *-19.5%* | *-9.5%* | *-6.6%* | | *-6.6%* |
| *Sequential quarter growth* | | *-13.3%* | *-13.6%* | *-6.8%* | *0.7%* | *-0.6%* | *-3.0%* | *-3.8%* | | |
| **Machine units shipped** [1] | **2,784** | **4,185** | **6,160** | **4,046** | **1,587** | **3,929** | **3,296** | **4,965** | **17,175** | **13,777** |
| *Year-over-Year growth* | | | | | *-43.0%* | *-6.1%* | *-46.5%* | *22.7%* | | *-19.8%* |
| *Sequential quarter growth* | | *50.3%* | *47.2%* | *-34.3%* | *-60.8%* | *147.6%* | *-16.1%* | *50.6%* | | |
| New/Expansion | *699* | *447* | *590* | *707* | *266* | *1,213* | *504* | *449* | *2,443* | *2,432* |
| *Year-over-Year growth* | | | | | *-61.9%* | *171.4%* | *-14.6%* | *-36.5%* | | *-0.5%* |
| *Sequential quarter growth* | | *-36.1%* | *32.0%* | *19.8%* | *-62.4%* | *356.0%* | *-58.5%* | *-10.9%* | | |
| Replacement | *2,085* | *3,738* | *5,570* | *3,339* | *1,321* | *2,716* | *2,792* | *4,516* | *14,732* | *11,345* |
| *Year-over-Year growth* | | | | | *-36.6%* | *-27.3%* | *-49.9%* | *35.3%* | | *-23.0%* |
| *Sequential quarter growth* | | *79.3%* | *49.0%* | *-40.1%* | *-60.4%* | *105.6%* | *2.8%* | *61.7%* | | |
| **LOTTERY** | | | | | | | | | | |
| **Global lottery same-store revenue growth** | | | | | | | | | | |
| Instants & draw games | *5.9%* | *1.4%* | *6.4%* | *0.2%* | *2.1%* | *9.0%* | *1.9%* | *5.7%* | *3.4%* | *4.5%* |
| Multistate Jackpots | *-5.6%* | *-15.7%* | *-11.6%* | *23.5%* | *5.2%* | *-2.0%* | *-3.7%* | *-0.8%* | *-3.4%* | *-0.1%* |
| **Total lottery same-store revenue growth (ex-Italy)** | **5.0%** | **-0.2%** | **5.0%** | **1.7%** | **2.3%** | **8.1%** | **1.6%** | **4.4%** | **2.9%** | **4.1%** |

[1] *Machine units shipped reflect mixed historical methodologies of legacy companies prior to 2Q 2015*

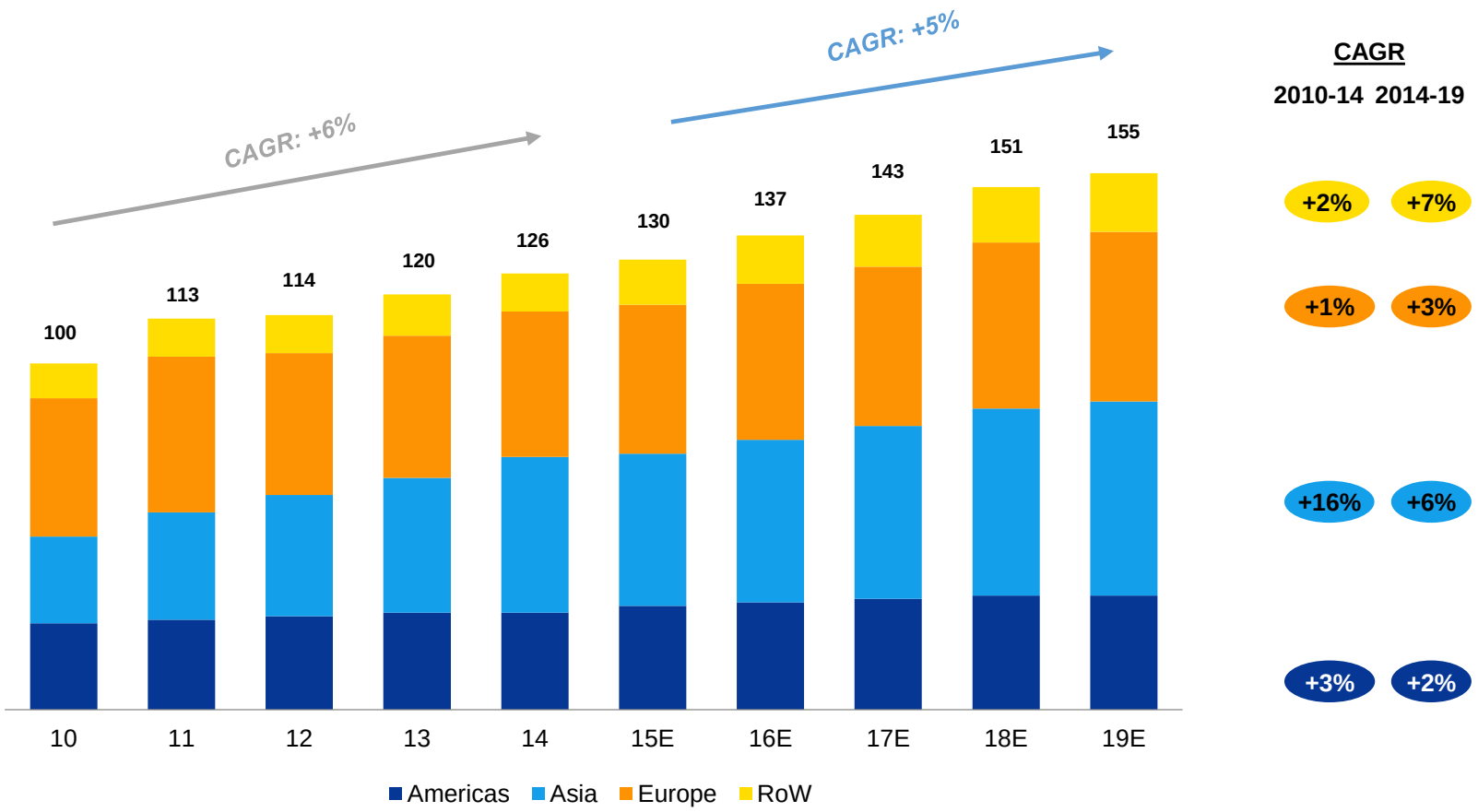
**Quarterly Key Performance Indicators**
**Italy**

| | 2014 Actual | | | | 2015 Actual | | | | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | FY | FY |
| **GAMING** | | | | | | | | | | |
| **Installed base (end of period)** | | | | | | | | | | |
| *VLT - Italy Supplier (B2B)* | *8,136* | *8,202* | *8,378* | *8,392* | *8,529* | *8,465* | *8,439* | *8,291* | *8,392* | *8,291* |
| *Year-over-Year growth* | | | | | *4.8%* | *3.2%* | *0.7%* | *-1.2%* | | *-1.2%* |
| *Sequential quarter growth* | | *0.8%* | *2.1%* | *0.2%* | *1.6%* | *-0.8%* | *-0.3%* | *-1.8%* | | |
| *Additional Italian Network Details:* | | | | | | | | | | |
| *VLT - Operator (B2C)* | *10,675* | *10,894* | *10,859* | *10,956* | *10,938* | *10,988* | *10,955* | *11,115* | *10,956* | *11,115* |
| *AWP* | *69,385* | *69,726* | *68,249* | *65,316* | *63,840* | *62,156* | *60,262* | *58,328* | *65,316* | *58,328* |
| **Italy Gaming Interactive Wagers (€ mln)** | **473** | **444** | **423** | **449** | **466** | **414** | **378** | **414** | **1,789** | **1,672** |
| **LOTTERY / OTHER** | | | | | | | | | | |
| **Lotto Wagers (€ mln)** | **1,569** | **1,560** | **1,754** | **1,746** | **1,817** | **1,728** | **1,677** | **1,855** | **6,629** | **7,077** |
| *10eLotto* | 823 | 822 | 963 | 1,011 | 1,074 | 1,056 | 1,009 | 1,147 | 3,619 | 4,287 |
| *Core* | 686 | 613 | 610 | 642 | 638 | 566 | 605 | 640 | 2,552 | 2,449 |
| *Late Numbers* | 60 | 125 | 181 | 93 | 105 | 106 | 63 | 68 | 459 | 340 |
| **S&W Wagers (€ mln)** | **2,476** | **2,315** | **2,176** | **2,436** | **2,302** | **2,215** | **2,108** | **2,391** | **9,403** | **9,016** |
| **Sports Betting Wagers[1]** | **251** | **218** | **173** | **250** | **257** | **205** | **167** | **236** | **893** | **864** |

(1) Includes Virtual Wagers and Pools & Horses

# Global Lottery Market Trends

## Global Lottery GGY by Region ($B)

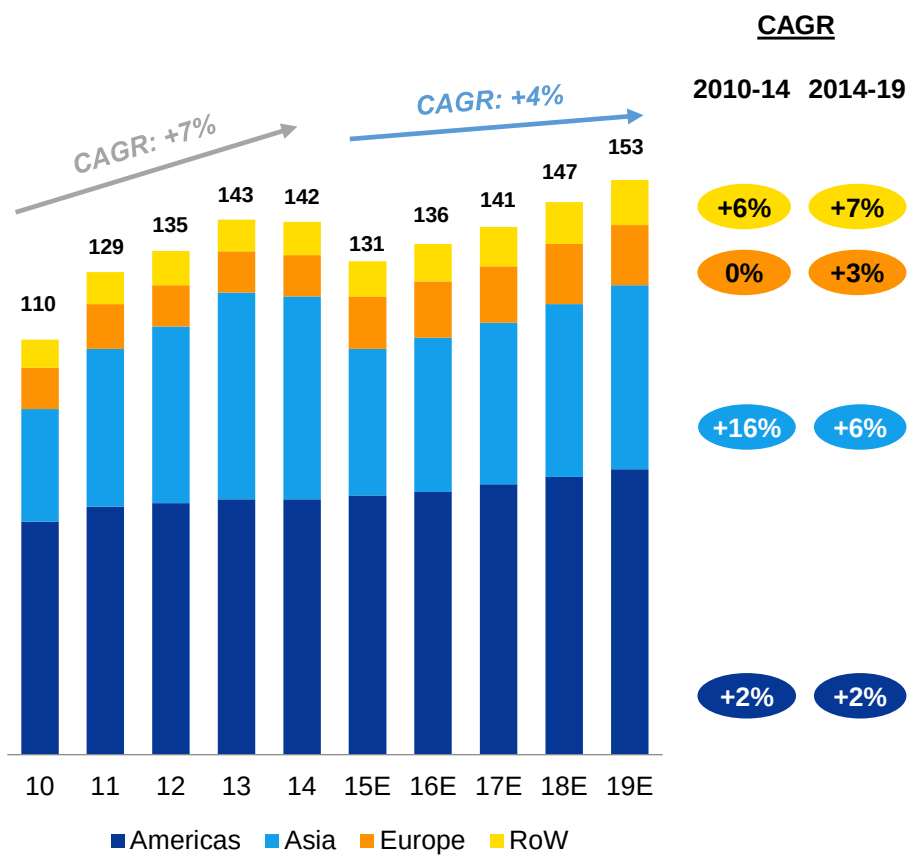



| CAGR | 2010-14 | 2014-19 |
|---|---|---|
| Americas | +3% | +2% |
| Asia | +16% | +6% |
| Europe | +1% | +3% |
| RoW | +2% | +7% |

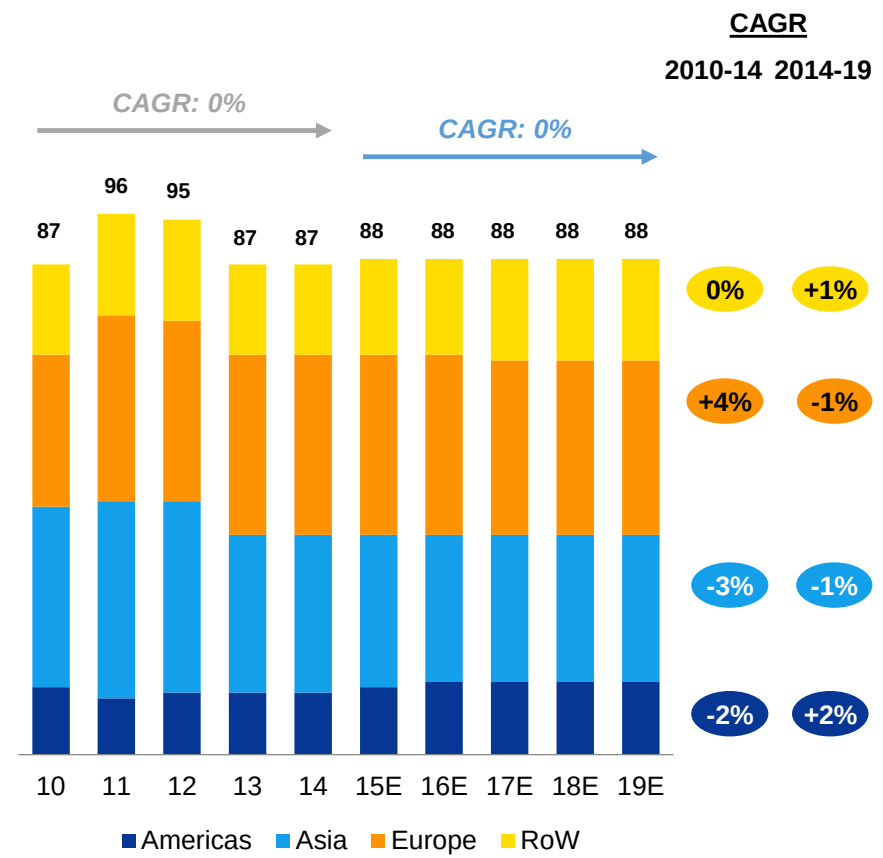
Source: GBGC Global Gaming Forecasts January 2016
(1) Gross Gaming Yield (GGY), consumer spending on gaming (amounts wagered less payout). Includes land-based + total interactive (onshore and offshore).

# Global Casino & Gaming Machine Market Trends

## Global Casino Market GGY(1) 2010-2019 ($B)



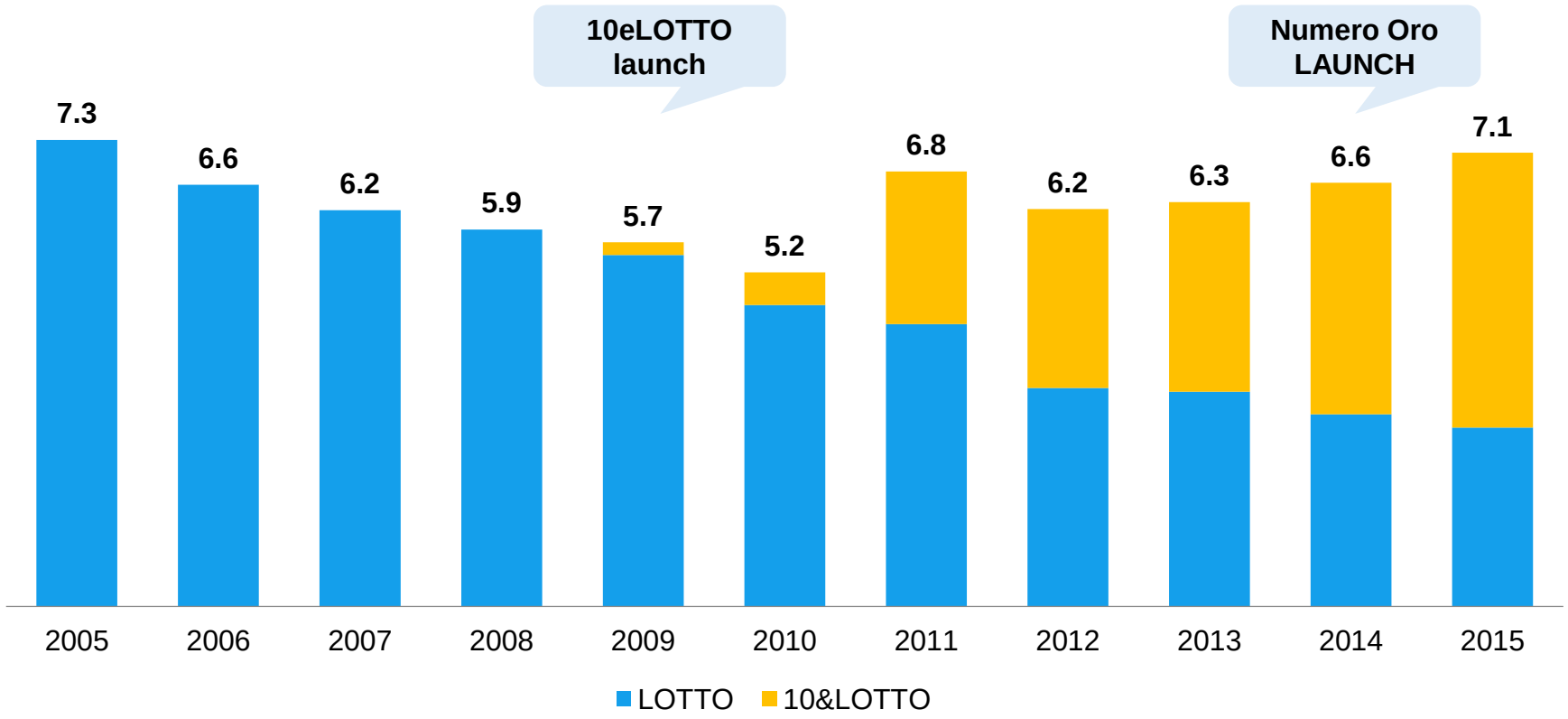

## Global Machine Market GGY(1) 2010-2019 ($B)




Source: GBGC Global Gaming Forecasts January 2015
(1) Gross Gaming Yield (GGY), consumer spending on gaming (amounts wagered less payout). Includes land-based + total interactive (onshore and offshore), and excludes Social Gaming

# Lotto & 10eLotto Wagers

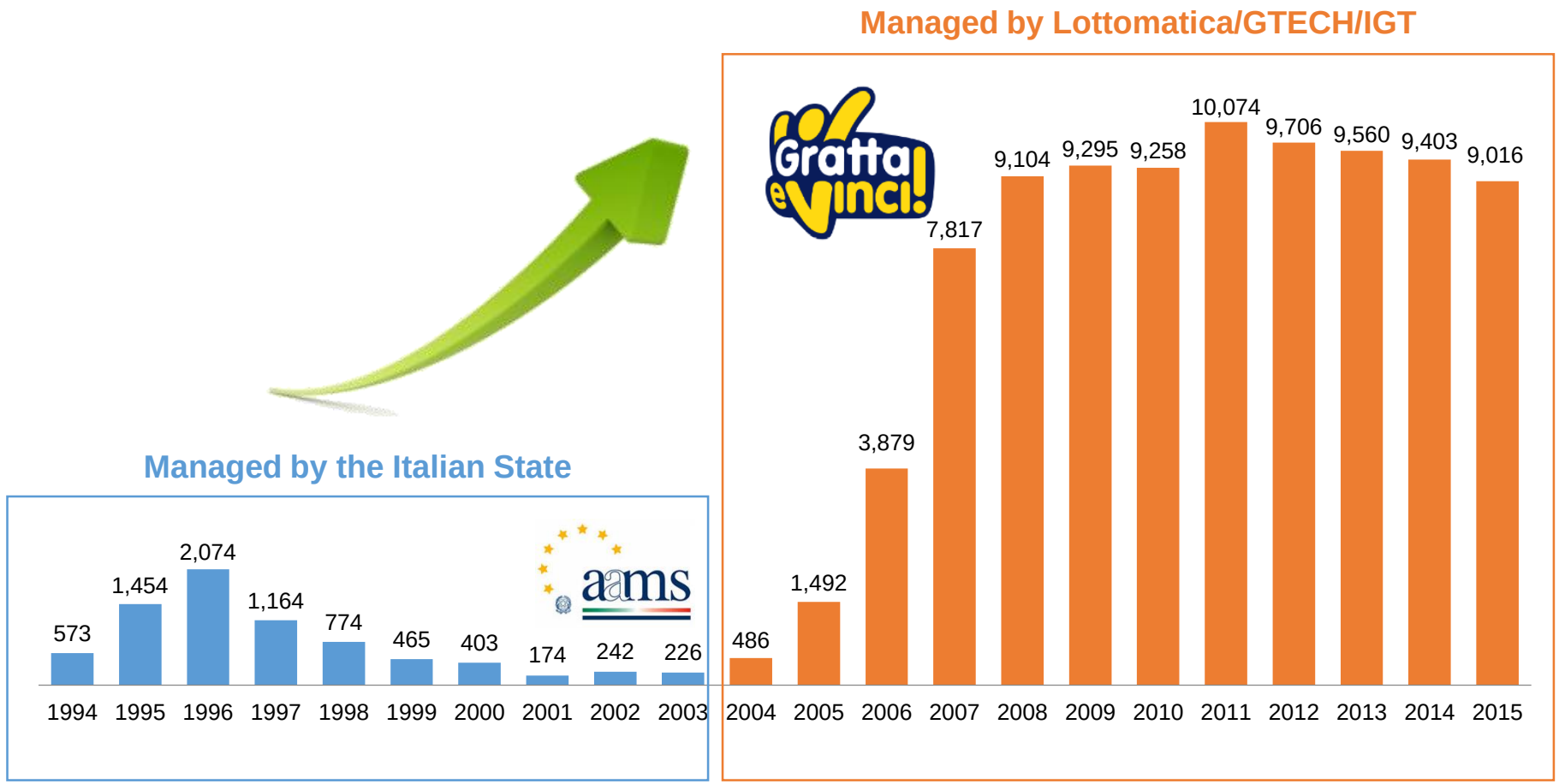
*(In €B)*




Lotto wagers had been declining until 2010; the trend changed with the introduction of 10eLOTTO

# Scratch & Win Innovation

*(Wagers in €M)*



# Reconciliation of Non-GAAP Measures

| | As Reported | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | | | | | 2015 | | | | |
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY |
| Operating income | 246 | 171 | 184 | 114 | 715 | 163 | 115 | 130 | 132 | 540 |
| Purchase accounting | 18 | 20 | 20 | 20 | 78 | 17 | 120 | 118 | 110 | 364 |
| Transaction expense, net[1] | 0 | 3 | (5) | 37 | 35 | 11 | 32 | 2 | 4 | 49 |
| Restructuring expense | 4 | 4 | 5 | 10 | 24 | 14 | 16 | 11 | 35 | 77 |
| Impairment loss | 0 | 2 | 0 | 1 | 3 | 0 | 0 | 0 | 12 | 12 |
| **Adjusted Operating Income** | **268** | **200** | **204** | **182** | **855** | **205** | **283** | **261** | **293** | **1,043** |
| | | | | | | | | | | |
| Net income (loss) | 114 | 62 | 74 | (150) | 100 | (36) | (112) | 9 | 83 | (56) |
| Income tax expense | 74 | 47 | 34 | 86 | 240 | (9) | 12 | 13 | 23 | 39 |
| Other expense, net | 58 | 61 | 76 | 179 | 375 | 208 | 216 | 108 | 26 | 557 |
| Depreciation | 83 | 76 | 84 | 80 | 324 | 72 | 93 | 95 | 110 | 370 |
| Amortization | 35 | 37 | 37 | 39 | 149 | 33 | 119 | 134 | 124 | 410 |
| Service revenue amortization | 33 | 33 | 31 | 30 | 126 | 27 | 27 | 27 | 27 | 108 |
| Transaction expense, net[1] | 0 | 3 | (5) | 37 | 35 | 11 | 32 | 2 | 4 | 49 |
| Restructuring expense | 4 | 4 | 5 | 10 | 24 | 14 | 16 | 11 | 35 | 77 |
| Non-cash purchase accounting (excluding D&A) | 0 | (0) | 0 | 0 | 0 | 0 | 19 | 2 | 2 | 23 |
| Stock compensation | 2 | (4) | 6 | 9 | 14 | 1 | 5 | 12 | 3 | 21 |
| Impairment loss | 0 | 2 | 0 | 1 | 3 | 0 | 0 | 0 | 12 | 12 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Adjusted EBITDA** | **403** | **323** | **342** | **321** | **1,389** | **321** | **427** | **414** | **449** | **1,611** |

*[1] Transaction expense (income), net is composed of transaction costs on significant business combinations and significant gains and losses incurred on disposals of group entities or businesses. These items are only incidentally related to our ordinary activities, are not expected to occur frequently and hinder comparability of our period-over-period performance. We believe separate identification allows users of the financial statements to take them into appropriate consideration when analyzing our performance.*

Note: The difference between the "As Reported" and "Pro Forma" results presented on slides 43 and 44 reflect the contribution from legacy IGT

# Reconciliation of Non-GAAP Measures

| | Pro Forma | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | | | | | 2015 | | | | |
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY |
| Operating income | 318 | 280 | 306 | 177 | 1,082 | 156 | 115 | 130 | 132 | 533 |
| Purchase accounting | 24 | 26 | 32 | 27 | 109 | 24 | 120 | 118 | 110 | 372 |
| Transaction expense, net[1] | 0 | 3 | 5 | 51 | 59 | 30 | 32 | 2 | 4 | 68 |
| Restructuring expense | 4 | 4 | 5 | 10 | 24 | 14 | 16 | 11 | 35 | 77 |
| Impairment loss | 22 | 4 | 15 | 2 | 43 | 7 | 0 | 0 | 12 | 19 |
| **Adjusted Operating Income** | **368** | **318** | **363** | **268** | **1,317** | **231** | **283** | **261** | **293** | **1,069** |
| | | | | | | | | | | |
| Net income (loss) | 140 | 134 | 144 | (115) | 303 | (49) | (112) | 9 | 83 | (69) |
| Income tax expense | 90 | 69 | 72 | 103 | 334 | (13) | 12 | 13 | 23 | 35 |
| Other expense, net | 88 | 77 | 90 | 190 | 446 | 218 | 216 | 108 | 26 | 567 |
| Depreciation | 116 | 108 | 114 | 108 | 447 | 99 | 93 | 95 | 110 | 397 |
| Amortization | 49 | 51 | 51 | 49 | 200 | 43 | 119 | 134 | 124 | 420 |
| Service revenue amortization | 33 | 33 | 31 | 30 | 126 | 27 | 27 | 27 | 27 | 108 |
| Transaction expense, net[1] | 0 | 3 | 5 | 51 | 59 | 30 | 32 | 2 | 4 | 68 |
| Restructuring expense | 4 | 4 | 5 | 10 | 24 | 14 | 16 | 11 | 35 | 77 |
| Non-cash purchase accounting (excluding D&A) | 0 | (0) | 0 | 0 | 0 | 0 | 19 | 2 | 2 | 23 |
| Stock compensation | 10 | 3 | 15 | 18 | 46 | 7 | 5 | 12 | 3 | 27 |
| Impairment loss | 22 | 4 | 15 | 2 | 43 | 7 | 0 | 0 | 12 | 19 |
| Other | 0 | 0 | (1) | 2 | 0 | 32 | 0 | 0 | 0 | 32 |
| **Adjusted EBITDA** | **551** | **487** | **541** | **448** | **2,027** | **415** | **427** | **414** | **449** | **1,704** |

*[1] Transaction expense (income), net is composed of transaction costs on significant business combinations and significant gains and losses incurred on disposals of group entities or businesses. These items are only incidentally related to our ordinary activities, are not expected to occur frequently and hinder comparability of our period-over-period performance. We believe separate identification allows users of the financial statements to take them into appropriate consideration when analyzing our performance.*

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