

# L'ACQUISIZIONE GTECH

Camera di Commercio - Milano  
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DE AGOSTINI

# AGENDA

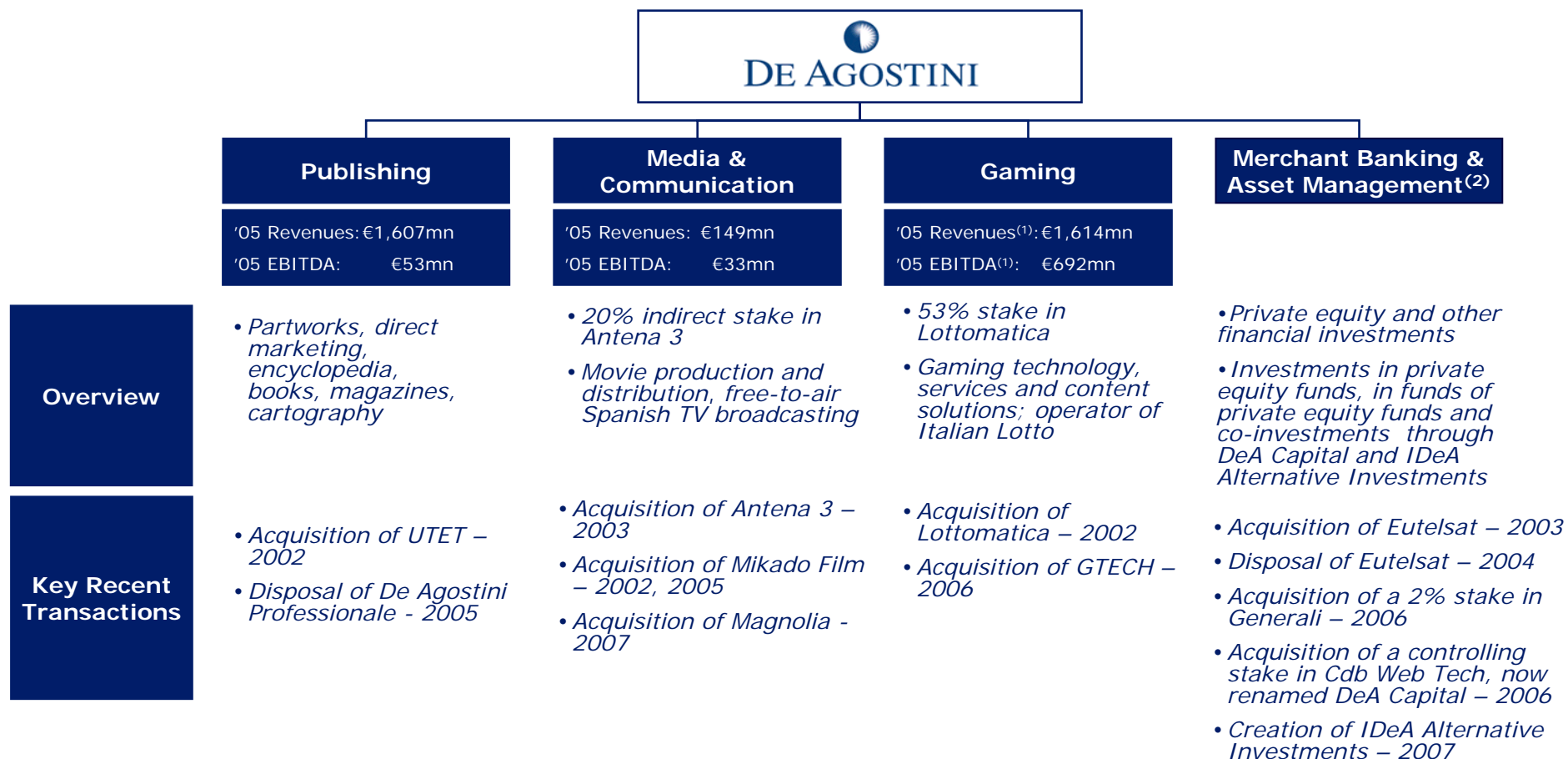
1. De Agostini Group Overview
2. Transaction Overview and Rationale
3. Capital Structure and Financing Strategy

# Introduction

- DeAgostini started the investment in the Gaming and Services market in the 2002 by acquiring -together with Investitori Associati- the majority of Lottomatica, the operator of the Italian Lotto. This acquisition was done mainly using the proceeds of the divestiture (and the relevant capital gain) of SEAT PG, acquired in 1997 again with the partnership of some financial investors.
- In January 2006, Lottomatica, announced the acquisition of GTECH, a leading provider of gaming and technology services
  - The transaction was completed in August 2006
- The combination created a leading provider of gaming technology, services and content solutions worldwide
- This transaction represents a landmark deal
  - Largest US cross-border acquisition by an Italian company ever
  - Third largest cross-border acquisition by an Italian corporate ever

# Overview of DeAgostini Group

- Over the last few years, DeAgostini has transformed itself from a leading publishing company into highly diversified industrial holding with a proven track record of value creation



- In 2003, De Agostini acquired Toro (Insurance) from FIAT; the company was listed in 2005 and sold to Generali in 2006

Note: Financial data and shareholdings as of year-end 2005  
 (1) Pro-forma for GTECH Acquisition  
 (2) Financial investments

## KEY STRATEGIC GUIDELINES

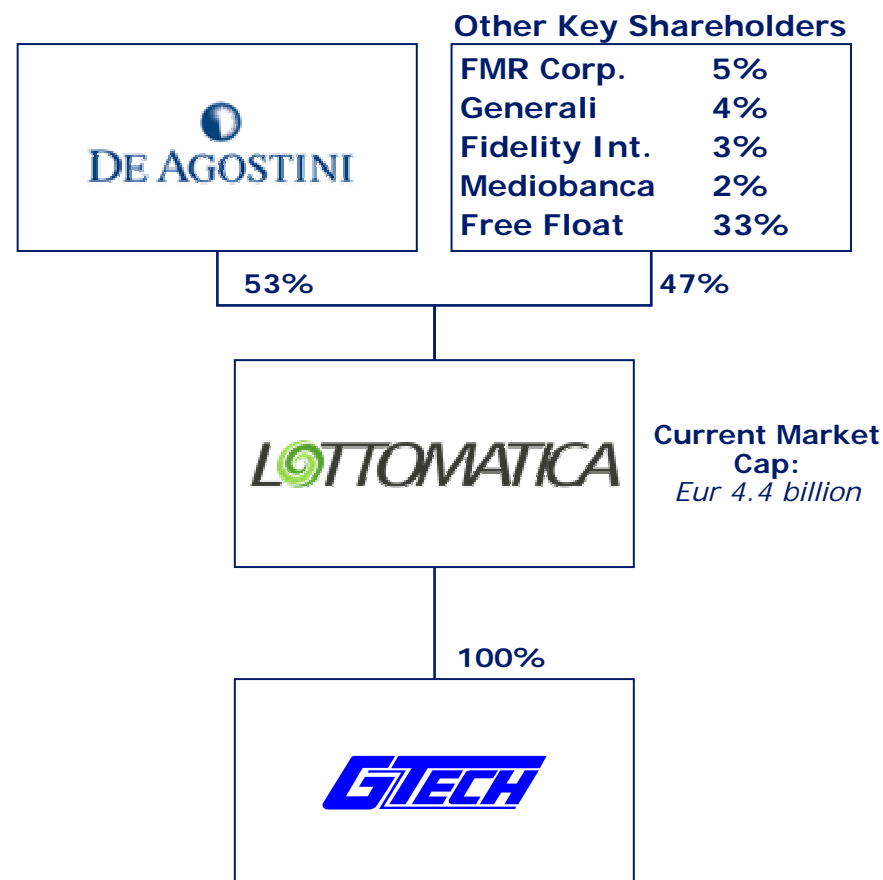
- **Realise a long-term investment strategy**, mainly focused on majority stakes, to get:
  - Good control of subsidiaries strategies
  - Access to dividends / higher control on cash flow
- **Maintain exposure to a diversified portfolio of assets** with focus on:
  - Limited/moderate exposure to global competition
  - Operations in regulated sectors
  - Highly cash generative financial profile
  - Cross-selling among operations
- **Achieve business excellence in all areas of activity** through:
  - Focus on core business and core competencies
  - Appointment of independent and highly experienced management
  - Exploitation of selected growth opportunities in current sectors of activity
- Pursue financial strategy aimed at **achieving a balanced and flexible capital structure** able to sustain long-term development

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# Transaction Summary

- Acquisition of GTECH, via one step U.S.-style merger
- US\$35 per share, all cash consideration
- US\$4.8 billion total purchase price
  - Implied premium of 15.0% to unaffected price<sup>(1)</sup>
- Funded by:
  - €1.4 billion rights issue<sup>(2)</sup>
  - US\$2.3 billion senior term loan
  - €750 million Capital Securities (hybrid bonds) and combined cash balances of €434 million<sup>(3)</sup>



(1) As of 9 September 2005, being the trading day prior to GTECH's announcement that it had received a non-binding preliminary expression of interest from an unidentified third party regarding a potential acquisition of GTECH

(2) €1.46bn total equity raised, of which only €1.4bn used to finance the acquisition

(3) Estimated cash balances at closing are for illustrative purposes only and account for expected working capital changes. GTECH's cash balance was converted into EUR using USD / EUR exchange rate of 1.21. This exchange rate was used in the Capital Securities filing. Current USD / EUR exchange rate is 1.28

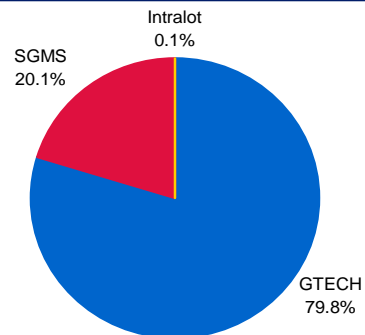
## Transformational Transaction

- Create a leading gaming platform well positioned for growth in global gaming markets
- Acquire a leading provider of gaming technology, services and content solutions
- Diversify Lottomatica from single country lottery and services provider to one of the market leaders of global gaming portfolio
- Diversify revenues and enhance growth prospects
- Combine two highly experienced management teams

# Global Market Leadership and Scale

- Leadership in:
  - Gaming technology, services and content solutions (international market)
  - Gaming Operations (current focus on Italian market)
  - Distribution and processing of services
- A unique combination of "best-in-class" competencies in a fast changing and diverse global gaming market
- Pro forma combined FY 2005 Revenues of €1,623 million and EBITDA of €682 million<sup>(1)</sup>

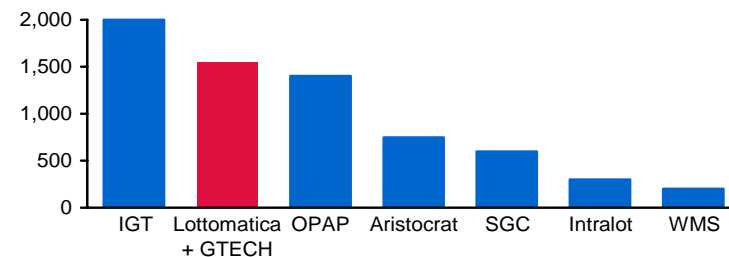
## U.S. Lottery Market Share (2004)



Source: La Fleur's 2005 World Lottery Almanac and Company data.

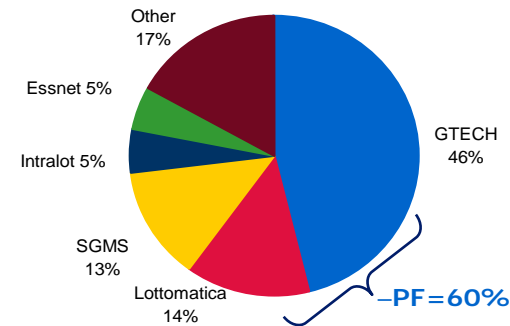
## Top Global Gaming Solutions Companies

(2004A Revenues, € millions)



Source: La Fleur's 2005 World Lottery Almanac and Company data.  
 Note: OPAP revenue based on wagers less prizes (for comparability purposes). GTECH revenues calendarised to December year end based on FY04 and FY05 financials, with the calendarised figure converted at an average exchange rate over CY2004, approximately equal to EUR / EUR of

## International Lottery Market Share (2004)

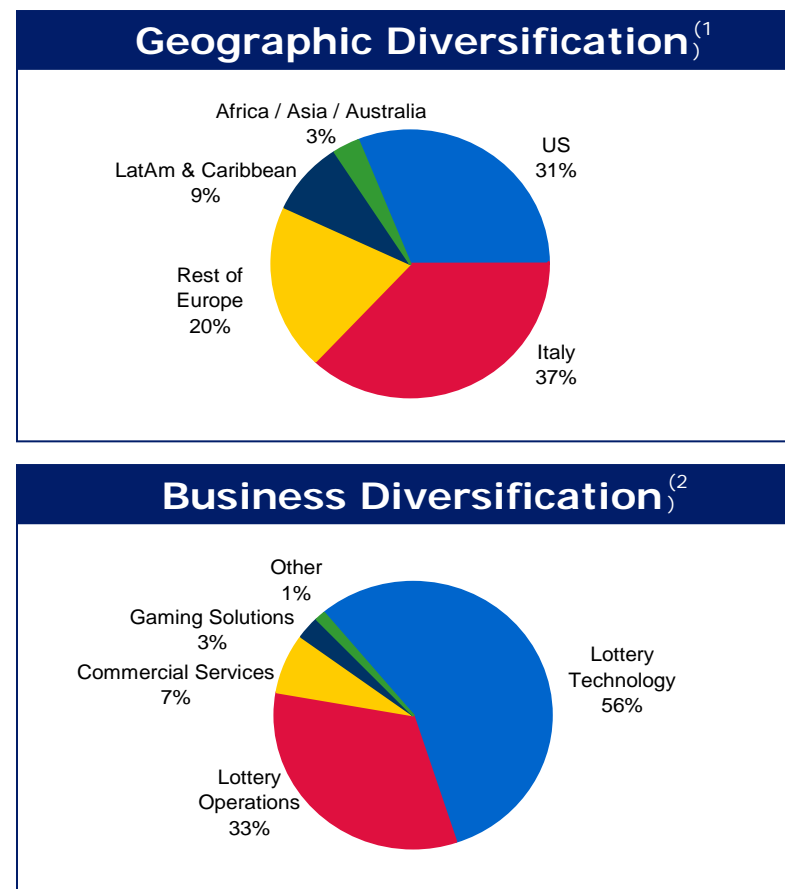


Source: La Fleur's 2005 World Lottery Almanac and Company data.

(1) FYE 31st December. Pro forma EBITDA for 2005 was adjusted for non-recurring items for a total of €15 million in respect of Lottomatica and €22 million in respect of GTECH.

# Significant Diversification

- Balanced international lottery portfolio, with fast growing gaming solutions and commercial services businesses
  - From single country/single contract to multi country/multi contract
  - Non lottery revenues account for approximately 10% of revenues
  - Ability to leverage Lottomatica’s commercial services know-how
  - GTECH’s proven expertise in gaming solutions
- Further acceleration of diversification strategy with Atronic and other recent acquisitions



(1) Based on calendarisation (December 2004) of GTECH's FY04 and FY05 financials, with geographic splits based on management estimates (GTECH and Lottomatica). Lottomatica's revenues converted at the average exchange rate over CY04 equal to \$/euro of 1.244.

(2) Based on calendarisation (December 2004) of GTECH's FY04 and FY05 financials. Splits by division based on management estimates (GTECH and Lottomatica). Lottomatica's revenues converted at the average exchange rate over CY04 equal to \$/euro of 1.244.

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## Capital Structure Composition

Sources	
(€ in millions)	
SOURCES	
Senior Term Facilities	€1,868
Capital Securities	750
Cash - Lottomatica	112
Cash - GTECH	322
Rights Offering	1,400
<b>Total Sources</b>	<b>€4,452</b>

Uses	
(€ in millions)	
USES	
Purchase Price	€3,988
Refinancing of Indebtedness	463
<b>Total Uses</b>	<b>€4,452</b>

- The financing has been structured as to:
  - Minimize funding costs
  - Allow flexibility to deleverage alongside cash-flow generation
  - Maintain investment grade profile

Capital structure optimisation through balanced mix of debt and equity