

INTERNATIONAL GAME TECHNOLOGY

Form 425

March 09, 2015

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Subject Company: GTECH S.p.A.; International Game Technology

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**NEWS RELEASE**

**GTECH ANNOUNCES 2014 FOURTH QUARTER**

**AND FULL YEAR RESULTS**

- **Solid Q4 driven by strong product sales in the Americas and International; stable service revenues overall**
- **Sharp growth in Q4 Operating Income excluding one-off items related to IGT transaction**
- **Full-year results (EBITDA, CapEx, Operating Income, NFP) at or ahead of guidance excluding one-offs**
- **IGT acquisition currently expected to close on April 7, 2015**

**GTECH 2014 Fourth Quarter and Full Year Results Comparison**

<b>Consolidated Income Statement ( /M)</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>% chg</b>	<b>Full Year 2014</b>	<b>Full Year 2013</b>	<b>% chg</b>
Revenues	809.5	773.1	4.7	3,069.7	3,062.8	0.2
EBITDA	261.1	244.6	6.7	1,078.4	1,036.7	4.0
Operating Income	97.0	103.8	(6.6)	567.0	559.1	1.4
Net Income (Loss) Attributable to Owners	(92.8)	1.3		83.3	175.4	(52.5)
Diluted Earnings (Loss) Per Share	(0.54)	0.01		0.48	1.01	(52.5)

EBITDA is principally comprised of operating income plus depreciation, amortization, and impairment. EBITDA is considered an alternative performance measure that is not a defined measure under International Financial Reporting Standards ( IFRS ) and may not take into account the recognition, measurement and presentation requirements associated with IFRS. We believe that EBITDA assists in explaining trends in our operating performance, provides useful information about our ability to incur and service indebtedness and is a commonly used measure of performance by securities analysts and investors in the gaming industry. EBITDA should not be considered as an alternative to operating income as an indicator of our performance or to cash flows as a measure of our liquidity. As we define it, EBITDA may not be comparable to other similarly titled measures used by other companies.

ROME (ITALY) and PROVIDENCE, RHODE ISLAND (US) March 9, 2015 GTECH S.p.A. s Board of Directors, chaired by Mr. Lorenzo Pellicoli, today reviewed both the fourth quarter and full year consolidated results, and approved the financial statements for the year ended December 31, 2014.

*We ended 2014 on another robust quarter, with strong product sales in the Americas and International and steady service revenues overall, said **Marco Sala, CEO of GTECH S.p.A.** We are finalizing the acquisition of IGT, ready to initiate the integration of our two companies, and to consolidate our leadership of the global gaming industry.*

*Our underlying operating performance was very solid in the fourth quarter,* said **Alberto Fornaro, CFO of GTECH S.p.A.** *Excluding one-off items primarily related to the IGT acquisition, we achieved or exceeded guidance in all our key full-year metrics: EBITDA, CapEx, Operating Income, and Net Financial Position.*

**Consolidated Revenues** were 809 million, up approximately 5% from 773 million in the fourth quarter of 2013. This increase was principally driven by product sales which rose to 86 million in the quarter from 51 million in the fourth quarter of 2013, chiefly reflecting higher product deliveries in the International and Americas segments. Service revenues were up slightly to 723 million versus the same period last year.

**EBITDA** was up 7% to 261 million compared to 245 million in the fourth quarter of last year.

**Operating Income** was 97 million compared to 104 million last year. Operating Income was up 22% to 127 million excluding one-off items which consist of transaction costs of 22 million associated with the pending IGT acquisition and an 8 million adjustment to goodwill related to the sale of the ticketing business in Italy.

**Interest Expense** was 65 million compared to 42 million last year, the increase being principally due to the bridge facility which was entered into in anticipation of the closing of the IGT acquisition.

**Net loss attributable to the owners** was 93 million, compared to net income of 1 million in the 2013 fourth quarter, primarily attributable to the make-whole on the early redemption of the 2016 Notes, higher interest expense related to the bridge facility, a higher effective income tax rate primarily related to additional taxation related to the Italian reorganization, as well as the tax settlement and non-deductible costs associated with the IGT acquisition. **Diluted loss-per-share** was 0.54 compared to income of 0.01 in the fourth quarter of last year. Excluding the one-off items primarily related to the IGT acquisition, net income attributable to the owners was 53 million up from 29 million and Diluted EPS was 0.31 up from 0.17 last year.

**Capital Expenditures** in the quarter were 66 million.

#### **Fourth Quarter Results by Segment**

##### **Americas**

Revenues in the Americas segment were up 10% to 262 million in the quarter, compared to 238 million in the fourth quarter of 2013. Product sales in the quarter were 43 million, up 14 million compared to the same period last year, mainly attributable to VLT sales in Oregon. Strong instant ticket sales revenue offset the drop in multistate jackpot activity.

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The increase in Operating Income from the Americas segment to \$25 million, from \$20 million in the fourth quarter of last year, was due to product deliveries in Oregon and Latin America casinos, as well as the contribution from a larger installed base of gaming machines. Operating income was impacted by the settlement related to the termination of Northstar's private management agreement in Illinois.

During the quarter, Pronosticos Para La Asistencia Publica in Mexico awarded GTECH a new long-term facilities management contract. After the close of the quarter, the Company was also awarded a new contract from the Minnesota Lottery. Additionally, GTECH provided interactive technology and content for the Georgia Lottery's interactive games, and signed an agreement with MGM Resorts International for GTECH's first planned Nevada land-based Sports Betting and GTECH OnPremise mobile gaming deployment in the U.S.

**International**

Revenues in the International segment were 113 million versus 85 million last year, up 34%, driven by product sales in Belgium, higher machine sales to casino customers in EMEA, and higher systems sales in Europe.

International Lottery same store revenues were up approximately 5% compared to the same period in 2013, driven by jackpot game performance across the region and by growth in instant ticket sales in the United Kingdom with the rollout of GTECH's compact terminals to new retailers. SAZKA in the Czech Republic launched the multijurisdictional game EuroJackpot and also experienced strong instant ticket sales growth.

Operating Income in the International segment was 35 million versus 10 million in the fourth quarter of last year, principally due to higher product sales, the prior year restructuring of a contract in Spain, and cost synergies.

During the quarter, the Company was awarded up to 5,550 of the initial 16,500 VLTs by OPAP in Greece.

**Italy**

Revenues in Italy were 434 million compared to 450 million in the fourth quarter of 2013, principally due to a higher sports betting payout.

Total Lotto wagers for the quarter were up 4% to 1.75 billion, compared to 1.68 billion last year, driven by 10eLotto, which more than compensated for a weaker late-number pattern. Instant-ticket wagers were up over 1% to 2.44 billion versus 2.41 billion last year, due to the successful launch of a new family of tickets under the brand Super Settimana, a new concept of Annuity tickets with a weekly prize over a 20-year period.

Machine gaming revenues were 148 million versus 151 million last year.

Revenues from sports betting were 36 million versus 44 million last year, a decrease entirely driven by a higher payout versus the same period last year, while wagers were up 7% mostly driven by virtual betting.

Operating Income of 93 million compared to 115 million last year was impacted by the decrease in gaming machine wagers combined with higher remuneration of the retail chain in order to protect the long term relationships with key partners, and by relevant marketing costs associated with the launch of the new annuity tickets.

**Full Year Consolidated Results**

For the full year 2014, **Revenues** were up slightly to 3.07 billion, compared to 3.06 billion in 2013. Service revenues increased by 32 million or over 1% compared to 2013, driven by good performance in the Americas segment. Americas service revenues grew over 3% to 828 million.

Despite unfavorable jackpot activity, Americas Lottery same store revenues were up slightly to 516 million, benefiting from instant ticket performance in multiple jurisdictions including California, North Carolina, Indiana and Michigan.

International Lottery same store revenues grew 2% driven by continued strong performance in the United Kingdom, Czech Republic and Poland. Product sale revenues were up 9% to 91 million primarily due to a delivery in Belgium.

Lotto wagers in Italy were up 5% to 6.6 billion compared to 6.3 billion last year. 10eLotto wagers grew 22% to 3.6 billion, compared to 3.0 billion last year. Instant-ticket wagers were 9.4 billion, compared to 9.6 billion last year. Total betting wagers were up 15% to 893 million versus the same period last year, driven by the take-up of virtual betting.

**EBITDA** was up 4% to 1.08 billion versus 1.04 billion last year and **Operating Income** grew 1.4% to 567 million versus 559 million in the prior year. When excluding the one-time machine gaming settlement and the provision reversal for litigation resolved in the Company's favor in Italy last year, EBITDA was up 2%. When excluding the aforementioned items, costs relating to the IGT acquisition, and the sale of the ticketing business in Italy, Operating Income was up approximately 3%.

The effective **income tax rate** was 66.1% compared to 46.8% in the prior year. Excluding one-off items in 2014 and 2013, the effective income tax rate would have been 38% and 39%, respectively.

**Net income attributable to the owners** was 83 million, compared to 175 million in the same period last year. **Diluted Earnings-Per-Share (EPS)** was 0.48 versus 1.01 last year. Net income attributable to the owners, when excluding one-off items, was 250 million versus 216 million last year, while Diluted EPS was 1.44 versus 1.25 in 2013.

Net of working capital timing benefits in Italy, **Cash from Operations** was 821 million, compared to 696 million in the prior year.

**Capital Expenditures** for the full year were 254 million which includes the previously reported investment in Probability Plc, as well as investments in Americas' Lotteries and Italy's Gaming and Lotteries product lines.

At December 31, 2014, Consolidated Shareholders' Equity totaled 2.62 billion. GTECH had a **Net Financial Position** (NFP) of 2.59 billion versus 2.51 billion as of December 31, 2013. Excluding one-off items primarily related to the IGT acquisition, NFP would have outperformed guidance at 2.42 billion.

### **Full Year Stand-Alone Results**

GTECH's stand-alone Net Income in 2014 was 143 million compared to 34 million in 2013. Total Equity and Liabilities in 2014 were 6.17 billion versus 5.53 billion in 2013. Cash and Cash Equivalents at the end of 2014 were 10 million compared to 159 million in 2013.

### **Other Information**

Following payment on January 21, 2015 of the interim dividend as of November 30, 2014, no additional dividend payment shall be proposed to the Annual General Meeting, whose call remains subject to the failure to consummate, within the first half-year period, the cross-border merger

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of the Company into International Game Technology PLC (formerly Georgia Worldwide PLC), in connection with the acquisition of IGT.

To this aim, the Company and International Game Technology PLC intend to file an application with the High Court of England & Wales for the cross-border merger to take effect on April 7, 2015.

GTECH also announced that those shares for which cash exit rights were exercised and not purchased through the pre-emptive offer ended on January 9, 2015, will not be offered on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. and will therefore be purchased by GTECH.

GTECH management currently expects the closing of the IGT acquisition on April 7, 2015, subject to the receipt of certain customary regulatory and other approvals, including U.K. Court clearance and NYSE listing authorization, among others.



Related news releases: January 13, 2015; December 17, 2014

***Declaration***

*The manager responsible for preparing GTECH's financial reports, Alberto Fornaro, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this news release corresponds to the document results, books, and accounting records.*

**Cautionary Statement Regarding Forward-Looking Statements**

This communication contains forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning GTECH, IGT, and International Game Technology PLC ( NewCo ) the proposed transactions and other matters. These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of the management of GTECH, NewCo and 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, variations of them. 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. These forward-looking statements are subject to various risks and uncertainties, many of which are outside the parties' control. Therefore, you should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include (but are not limited to) failure to obtain applicable regulatory or shareholder approvals in a timely manner or otherwise; failure to satisfy other closing conditions to the proposed transactions; risks that the new businesses will not be integrated successfully or that the combined companies will not realize estimated cost savings, value of certain tax assets, synergies and growth or that such benefits may take longer to realize than expected; failure to realize anticipated benefits of the combined operations; risks relating to unanticipated costs of integration; 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 companies operate; ability to hire and retain key personnel; the potential impact of announcement or consummation of the proposed transactions on relationships with third parties, including customers, employees and competitors; 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 companies; international, national or local economic, social or political conditions that could adversely affect the companies or their customers; conditions in the credit markets; risks associated with assumptions the parties make in connection with the parties' critical accounting estimates and legal proceedings; and the parties' 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 the parties' businesses, including those described in NewCo's registration statement on Form F-4 and other documents filed from time to time with the Securities and Exchange Commission (the SEC ) and those described in GTECH's annual reports, registration documents and other documents filed from time to time with the Italian financial market regulator (CONSOB), as well as those included in IGT's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Except as required under applicable law, the parties do not assume any obligation to update these forward looking statements. Nothing in this announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per GTECH share or IGT share for the current or any future financial years or those of the combined group, will necessarily match or exceed the historical published

earnings per GTECH share or IGT share, as applicable. All forward-looking statements contained in this communication are qualified in their entirety by this cautionary statement. All subsequent written or oral forward-looking statements attributable to GTECH or NewCo, or persons acting on their behalf, are expressly qualified in its entirety by the cautionary statements contained throughout this communication. As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements.

### **Important Information for Investors and Shareholders**

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote in any jurisdiction pursuant to the proposed transactions or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and applicable European regulations. Subject to certain exceptions to be approved by the relevant regulators or certain facts to be ascertained, the public offer will not be made directly or indirectly, in or into any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or by use of the mails or by any means or instrumentality (including without limitation, facsimile transmission, telephone and the internet) of interstate or foreign commerce, or any facility of a national securities exchange, of any such jurisdiction. NewCo has filed with the SEC a registration statement on Form F-4, which was declared effective on 2 January 2015 (file number 333-199096), which includes the proxy statement of IGT that also constitutes a prospectus of NewCo (the **proxy statement/prospectus**). The registration statement on Form F-4 is available at [www.sec.gov](http://www.sec.gov) under the name International Game Technology PLC. **INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS, AND OTHER RELEVANT DOCUMENTS TO BE FILED WITH THE SEC, IN THEIR ENTIRETY CAREFULLY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT IGT, GTECH, NEWCO, THE PROPOSED TRANSACTIONS AND RELATED MATTERS.** Investors and shareholders are able to obtain free copies of the proxy statement/prospectus and other documents filed with the SEC by the parties through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and shareholders are able to obtain free copies of the proxy statement/prospectus and other documents filed with the SEC by the parties by contacting Investor Relations, IGT (for documents filed with the SEC by IGT) or Investor Relations, GTECH (for documents filed with the SEC by NewCo).

### **Italian CONSOB Regulation No. 17221**

Pursuant to Article 6 of the CONSOB Regulation no. 17221 of March 12, 2010 (as amended, the **CONSOB Regulation**), NewCo is a related party of GTECH, being a subsidiary of GTECH. The merger agreement providing for the GTECH-NewCo merger which exceeds the thresholds for significant transactions pursuant to the Regulation was approved unanimously by the GTECH board of directors.

The merger agreement and the GTECH-NewCo merger are subject to the exemption set forth in Article 14 of the CONSOB Regulation and Article 3.2 of the *Disposizioni in materia di operazioni con parti correlate* (Procedures for transactions with related parties) adopted by GTECH on July 31, 2014 and published on its website ([www.gtech.com](http://www.gtech.com)). Pursuant to this exemption, GTECH will not publish an information document (*documento informativo*) for related party transactions as provided by Article 5 of the CONSOB Regulation. In connection with the meeting of GTECH shareholders on November 4, 2014 to approve the GTECH-NewCo merger, GTECH has published an information document pursuant to Article 70, paragraph 6, of the CONSOB Regulation on Issuers (CONSOB Regulation no. 11971 of May 24, 1999, as amended), in accordance with applicable terms.

### **Participants in the Distribution**

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IGT, GTECH and NewCo and their respective directors, executive officers and certain other member of management and employees may be deemed to be participants in the solicitation of proxies from the shareholders of IGT in respect of the proposed transactions contemplated by the proxy

statement/prospectus. Information regarding the persons who may, under the rules of the SEC, be participants in the solicitation of the shareholders of IGT in connection with the proposed transactions, including a description of their direct or indirect interests, by security holdings or otherwise, are set forth in the proxy statement/prospectus filed with the SEC. Information regarding IGT's directors and executive officers is contained in IGT's Annual Report on Form 10-K for the year ended 27 September 2014 and its Proxy Statement on Schedule 14A, dated 24 January 2014, which are filed with the SEC.

*GTECH S.p.A. is a leading commercial operator and provider of technology in the regulated worldwide gaming markets, delivering best-in-class products and services, with a commitment to the highest levels of integrity, responsibility, and shareholder value creation. The Company is listed on the FTSE MIB at the Italian Stock Exchange under the trading symbol GTK and is majority owned by De Agostini S.p.A. In 2014, GTECH had approximately 3.1 billion in revenues and 8,800 employees with operations in approximately 100 countries on six continents. For more information, please visit [www.gtech.com](http://www.gtech.com).*

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*This news release and those archived are available at [www.gtech.com](http://www.gtech.com)*

***Financial Statements for the fourth quarter and full year of 2014 follow:***

## GTECH S.P.A. AND SUBSIDIARIES

## CONSOLIDATED INCOME STATEMENTS

( thousands)	For the three months ended December 31,	
	2014	2013
Service revenue	723,504	722,445
Product sales	85,982	50,675
<b>Total revenue</b>	<b>809,486</b>	<b>773,120</b>
Raw materials, services and other costs	433,317	425,245
Personnel	159,894	150,243
Depreciation	66,388	66,463
Amortization	54,825	48,196
Impairment loss (recovery), net	(1,091)	8,083
Capitalization of internal construction costs - labor and overhead	(31,124)	(28,895)
Unusual expense, net	30,306	
	712,515	669,335
<b>Operating income</b>	<b>96,971</b>	<b>103,785</b>
Interest income	1,361	939
Equity income (loss), net	247	(772)
Other income	856	141
Other expense	(73,288)	(4,951)
Foreign exchange gain (loss), net	2,739	(104)
Interest expense	(65,005)	(41,926)
	(133,090)	(46,673)
<b>Income (loss) before income tax expense</b>	<b>(36,119)</b>	<b>57,112</b>
Income tax expense	57,258	49,912
<b>Net income (loss)</b>	<b>(93,377)</b>	<b>7,200</b>
Attributable to:		
Owners of the parent	(92,810)	1,277
Non-controlling interests	(567)	5,923
	(93,377)	7,200
<b>Earnings (loss) per share/ADRs</b>		
Basic - net income (loss) attributable to owners of the parent	(0.54)	0.01
Diluted - net income (loss) attributable to owners of the parent	(0.54)	0.01

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( thousands)	For the year ended December 31,	
	2014	2013
Service revenue	2,815,410	2,783,727
Product sales	254,243	279,107
<b>Total revenue</b>	<b>3,069,653</b>	<b>3,062,834</b>
Raw materials, services and other costs	1,548,934	1,585,303
Personnel	571,618	568,266
Depreciation	249,477	254,599
Amortization	206,336	189,684
Impairment loss (recovery), net	(2,195)	6,058
Capitalization of internal construction costs - labor and overhead	(100,788)	(100,208)
Unusual expense, net	29,242	
	2,502,624	2,503,702
<b>Operating income</b>	<b>567,029</b>	<b>559,132</b>
Interest income	3,658	3,334
Equity loss, net	(1,514)	(965)
Other income	4,007	1,131
Other expense	(79,977)	(11,177)
Foreign exchange loss, net	(1,413)	(2,309)
Interest expense	(204,211)	(163,074)
	(279,450)	(173,060)
<b>Income before income tax expense</b>	<b>287,579</b>	<b>386,072</b>
Income tax expense	189,970	180,837
<b>Net income</b>	<b>97,609</b>	<b>205,235</b>
Attributable to:		
Owners of the parent	83,309	175,434
Non-controlling interests	14,300	29,801
	97,609	205,235
<b>Earnings per share/ADRs</b>		
Basic - net income attributable to owners of the parent	0.48	1.01
Diluted - net income attributable to owners of the parent	0.48	1.01

## GTECH S.P.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

<b>ASSETS</b>		
<b>Non-current assets</b>		
Systems, equipment and other assets related to contracts, net	910,095	899,536
Property, plant and equipment, net	77,394	76,382
Goodwill	3,402,201	3,095,466
Intangible assets, net	1,151,472	1,257,297
Investments in associates and joint ventures	24,474	26,894
Other non-current assets	75,495	48,777
Non-current financial assets	21,557	28,886
Deferred income taxes	22,026	14,000
<b>Total non-current assets</b>	<b>5,684,714</b>	<b>5,447,238</b>
<b>Current assets</b>		
Inventories	152,042	146,406
Trade and other receivables, net	757,444	904,248
Other current assets	255,288	190,517
Current financial assets	10,386	12,273
Income taxes receivable	5,459	3,574
Cash and cash equivalents	261,184	419,118
<b>Total current assets</b>	<b>1,441,803</b>	<b>1,676,136</b>
<b>TOTAL ASSETS</b>	<b>7,126,517</b>	<b>7,123,374</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	174,976	173,992
Share premium	1,651,498	1,717,261
Treasury shares	(40,211)	
Retained earnings	171,065	292,847
Other reserves	378,947	15,812
	2,336,275	2,199,912
<b>Non-controlling interests</b>	<b>281,814</b>	<b>403,620</b>
<b>Total equity</b>	<b>2,618,089</b>	<b>2,603,532</b>
<b>Non-current liabilities</b>		
Long-term debt, less current portion	1,725,738	2,641,260
Deferred income taxes	177,296	134,278
Long-term provisions	13,038	17,499
Other non-current liabilities	57,728	62,098
Non-current financial liabilities	60,518	60,600
<b>Total non-current liabilities</b>	<b>2,034,318</b>	<b>2,915,735</b>
<b>Current liabilities</b>		
Accounts payable	1,022,194	978,598
Short-term borrowings	8,895	851
Other current liabilities	356,414	361,740
Current financial liabilities	275,019	21,503
Current portion of long-term debt	786,878	214,496
Short-term provisions	991	1,185
Income taxes payable	23,719	25,734

<b>Total current liabilities</b>	2,474,110	1,604,107
<b>TOTAL EQUITY AND LIABILITIES</b>	7,126,517	7,123,374



## GTECH S.P.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31,	
<b>Cash flows from operating activities</b>		
Income before income tax expense	287,579	386,072
Adjustments for:		
Depreciation	249,477	254,599
Intangibles amortization	206,427	189,774
Interest expense	204,211	163,074
Make-whole paid in connection with the early extinguishment of debt	72,999	
Share-based payment expense	7,768	8,611
Disposal of goodwill	7,752	
Provisions	(655)	(5,304)
Impairment loss (recovery), net	(2,195)	6,058
Non-cash foreign exchange (gain) loss, net	(3,081)	938
Interest income	(3,658)	(3,334)
Other non-cash items	14,288	12,197
Cash foreign exchange loss, net	4,494	1,372
Income tax paid	(161,508)	(170,943)
<b>Cash flows before changes in operating assets and liabilities</b>	<b>883,898</b>	<b>843,114</b>
Changes in operating assets and liabilities:		
Inventories	3,312	14,423
Trade and other receivables	127,234	(108,594)
Accounts payable	(396)	(45,220)
Other assets and liabilities	(33,437)	(7,474)
<b>Net cash flows from operating activities</b>	<b>980,611</b>	<b>696,249</b>
<b>Cash flows from investing activities</b>		
Purchases of systems, equipment and other assets related to contracts	(191,895)	(183,878)
Acquisitions, net of cash acquired	(26,230)	(7,345)
Purchases of intangible assets	(24,689)	(134,919)
Purchases of property, plant and equipment	(7,892)	(10,370)
Interest received	3,791	7,307
Investment in associate		(19,800)
Other	8,609	7,434
<b>Net cash flows used in investing activities</b>	<b>(238,306)</b>	<b>(341,571)</b>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(1,058,420)	(102,810)
Interest paid	(158,577)	(143,390)
Dividends paid	(130,525)	(125,920)
Make-whole paid in connection with the early extinguishment of debt	(72,999)	
Acquisition of non-controlling interest	(72,328)	
Return of capital - non-controlling interest	(55,163)	(40,087)
Payments on bridge facility	(52,713)	
Treasury shares purchased	(40,211)	
Dividends paid - non-controlling interest	(33,079)	(34,062)
Capital increase - non-controlling interest	6,188	71,973
Net proceeds from (repayments of) short-term borrowings	8,079	(170)
Proceeds from financial liabilities	47,823	
Proceeds from issuance of long-term debt	737,788	
Other	(26,034)	(3,987)

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<b>Net cash flows used in financing activities</b>	(900,171)	(378,453)
Net decrease in cash and cash equivalents	(157,866)	(23,775)
Effect of exchange rate changes on cash	(68)	(12,869)
Cash and cash equivalents at the beginning of the year	419,118	455,762
<b>Cash and cash equivalents at the end of the year</b>	<b>261,184</b>	<b>419,118</b>

**GTECH S.P.A. AND SUBSIDIARIES****KEY FINANCIAL INDICATOR COMPARISONS**

	2014	December 31, 2013	For the three months ended 2013	Change	%
Revenue	809,486		773,120	36,366	4.7
EBITDA	261,061		244,612	16,449	6.7
Operating income	96,971		103,785	(6,814)	(6.6)
Net income (loss) attributable to owners of the parent	(92,810)		1,277	(94,087)	>200.0
Diluted earnings (loss) per share	(0.54)		0.01	(0.55)	>200.0
<b>EBITDA</b>					
Operating income	96,971		103,785	(6,814)	(6.6)
Depreciation	66,388		66,463	(75)	(0.1)
Amortization	54,825		48,196	6,629	13.8
Impairment loss (recovery), net	(1,091)		8,083	(9,174)	(113.5)
Restructuring costs	8,299		15,104	(6,805)	(45.1)
Unusual expense, net	30,306			30,306	
Other	5,363		2,981	2,382	79.9
	261,061		244,612	16,449	6.7

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	December 31,	For the year ended	Change	
	2014	2013		%
Revenue	3,069,653	3,062,834	6,819	0.2
EBITDA	1,078,433	1,036,709	41,724	4.0
Operating income	567,029	559,132	7,897	1.4
Net income attributable to owners of the parent	83,309	175,434	(92,125)	(52.5)
Diluted earnings per share	0.48	1.01	(0.53)	(52.5)
<b>EBITDA</b>				
Operating income	567,029	559,132	7,897	1.4
Depreciation	249,477	254,599	(5,122)	(2.0)
Amortization	206,336	189,684	16,652	8.8
Unusual expense, net	29,242		29,242	
Restructuring costs	18,398	20,544	(2,146)	(10.4)
Impairment loss (recovery), net	(2,195)	6,058	(8,253)	(136.2)
Other	10,146	6,692	3,454	51.6
	1,078,433	1,036,709	41,724	4.0

	December 31,		Change	
	2014	2013		%
Net financial position	2,585,478	2,507,319	78,159	3.1

**GTECH S.P.A. AND SUBSIDIARIES****OPERATING SEGMENT RESULTS**

( thousands)	December 31, 2014				For the three months ended December 31, 2013				Change			
	Italy	Americas	International	Total	Italy	Americas	International	Total	Italy	Americas	International	Total
<b>Service revenue</b>												
Lottery	201,997	163,661	51,023	416,681	199,645	149,265	45,308	394,218	2,352	14,396	5,715	22,463
Lottery Management Services		18,715		18,715		30,521		30,521		(11,806)		(11,806)
Total Lottery	201,997	182,376	51,023	435,396	199,645	179,786	45,308	424,739	2,352	2,590	5,715	10,657