



2016 Second Quarter Results

Ended June 30, 2016

July 28, 2016



Agenda

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**Strategic
Update**

Marco Sala, CEO, International Game Technology PLC

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**Q2'16
Results**

Alberto Fornaro, CFO, International Game Technology PLC

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Q&A



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

Adjusted figures through non-GAAP financial measures exclude the impact of items such as purchase accounting, impairment charges, restructuring expense, foreign exchange, 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. Constant currency changes for 2016 are calculated using the same foreign exchange rates as the corresponding 2015 period.

International Game Technology PLC's management believes that referring to constant currency or adjusted measures provides a useful way to evaluate International Game Technology PLC's underlying performance, as the effects of occasional circumstances or of external factors that are beyond management's control can this way be neutralized, allowing a more comprehensive understanding and evaluation of operating results, business trends and future prospects, as well as meaningful period-to-period and peer companies comparisons, in the same manner as management does.

These constant currency changes and non-GAAP financial measures should however be viewed in addition to, and not as an alternative for, International Game Technology PLC's reported results prepared in accordance with U.S. GAAP.

STRATEGIC UPDATE



Strategic Update

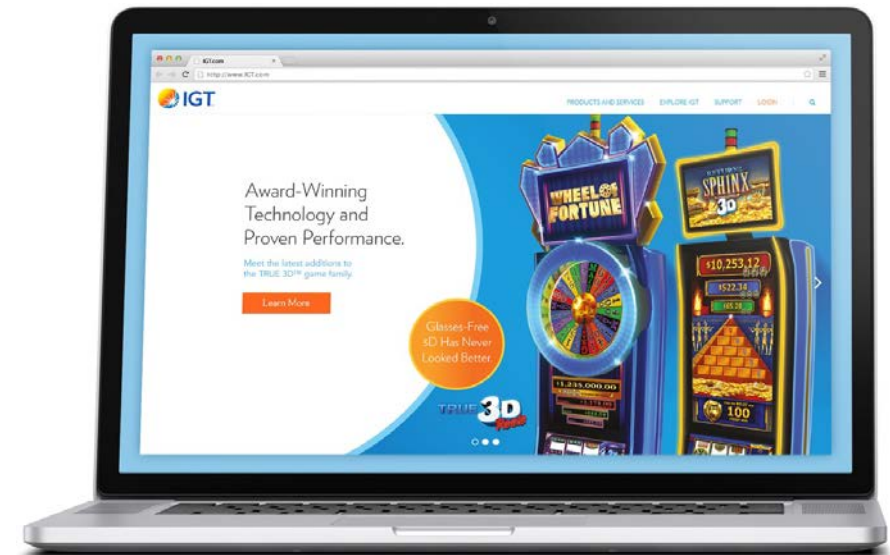
Continued profit expansion supported by service revenue growth, especially at Italy and North America Lottery segments

Strong global Lottery performance

- 6% same-store revenue growth ex-Italy
- 19% increase in Italy Lotto wagers reflects double-digit increase for 10eLotto/Numero Oro and contribution from Late Numbers
- Attractive long-term global growth prospects

Stable Gaming revenue despite variability of product sales

- Gaming unit shipments improved from Q1'16; strong demand for newer cabinets
- Intensified focus on reinvigorating DoubleDown
- Progress on emerging gaming opportunities:
 - Expansion of 3D game titles
 - Rollout of electronic table game terminals

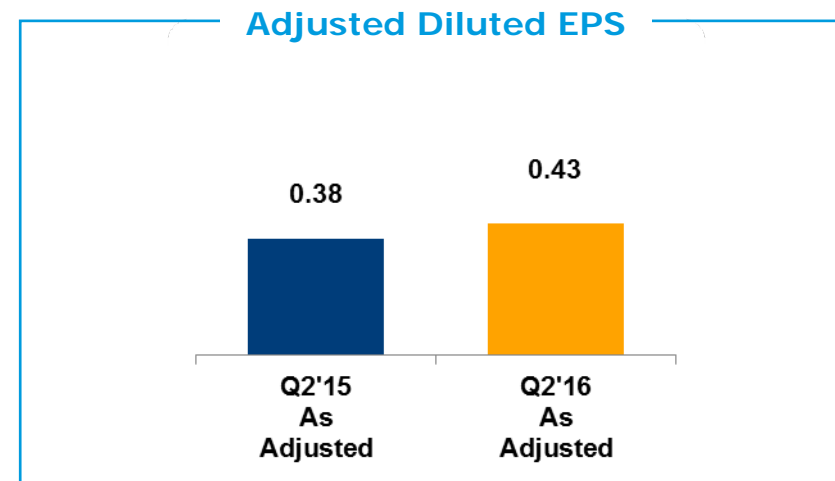
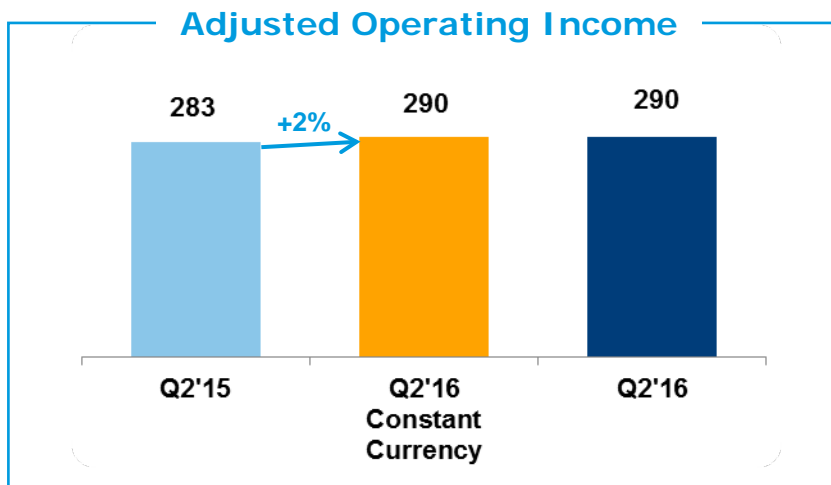
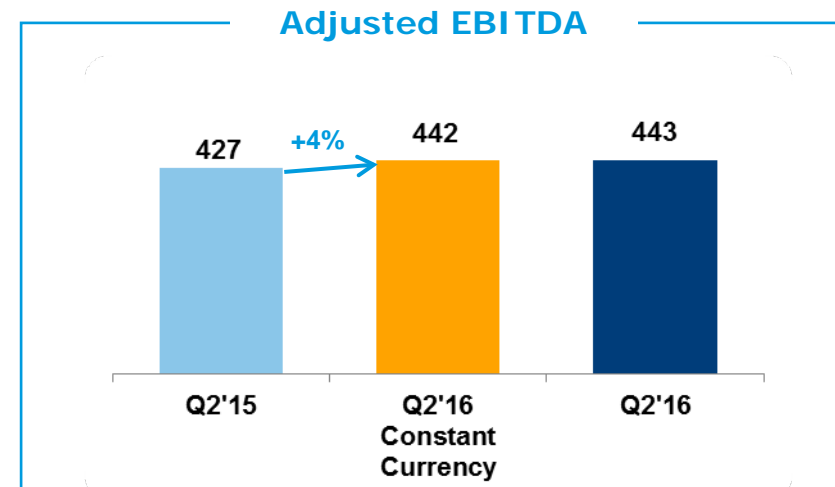
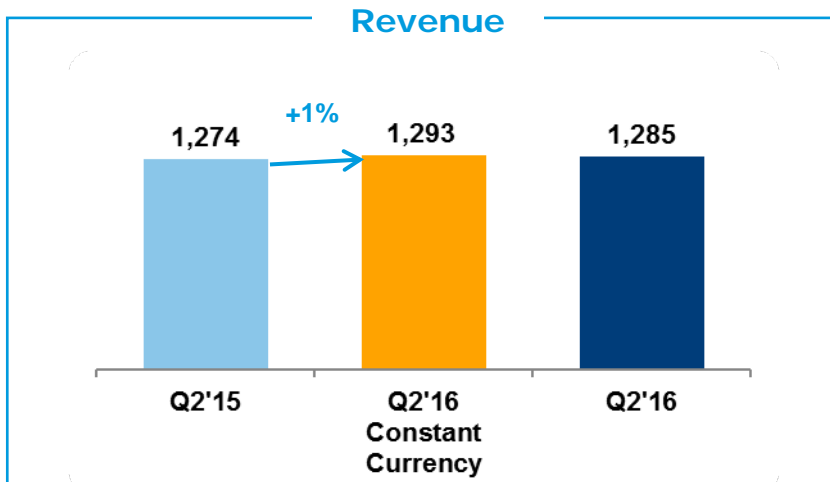


2016 SECOND QUARTER FINANCIAL RESULTS



Q2'16 Financial Highlights

\$ M except EPS

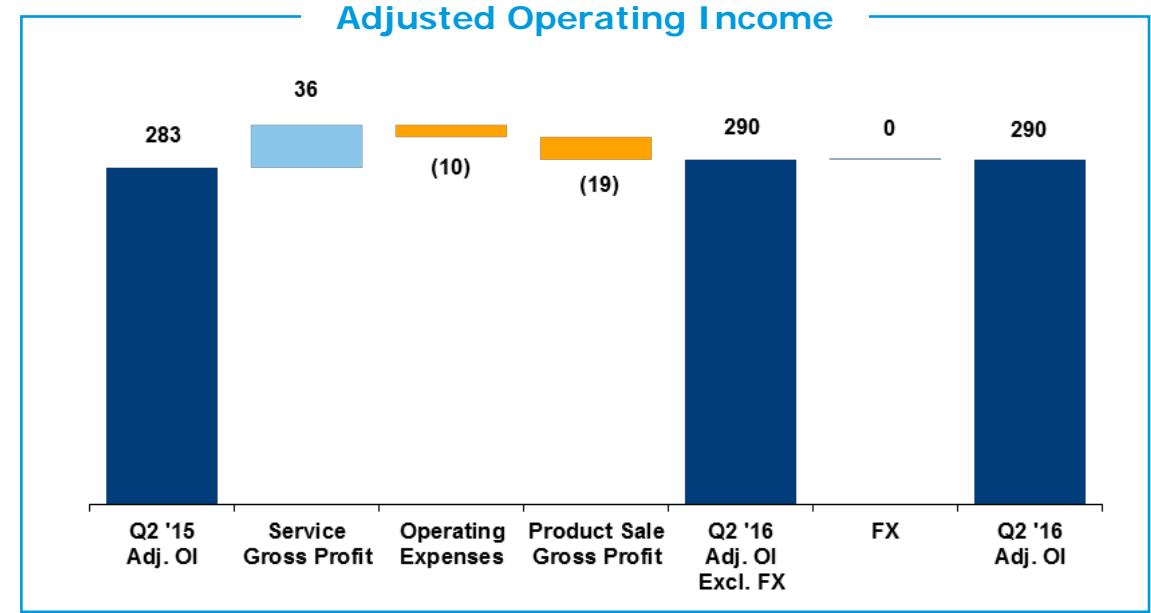
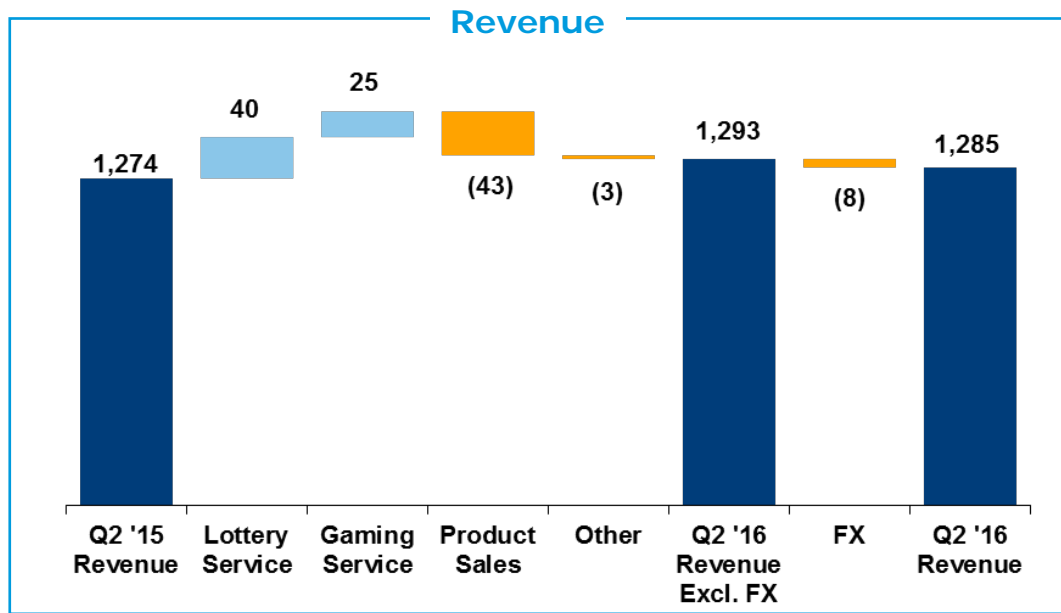


Note: As adjusted results remove impact of purchase accounting, impairment charges, restructuring expense and transaction expense (see appendix for details)
Note: \$/€FX daily average: 1.13 in Q2'16; 1.11 in Q2'15



Q2'16 Revenue & Operating Income

\$ M

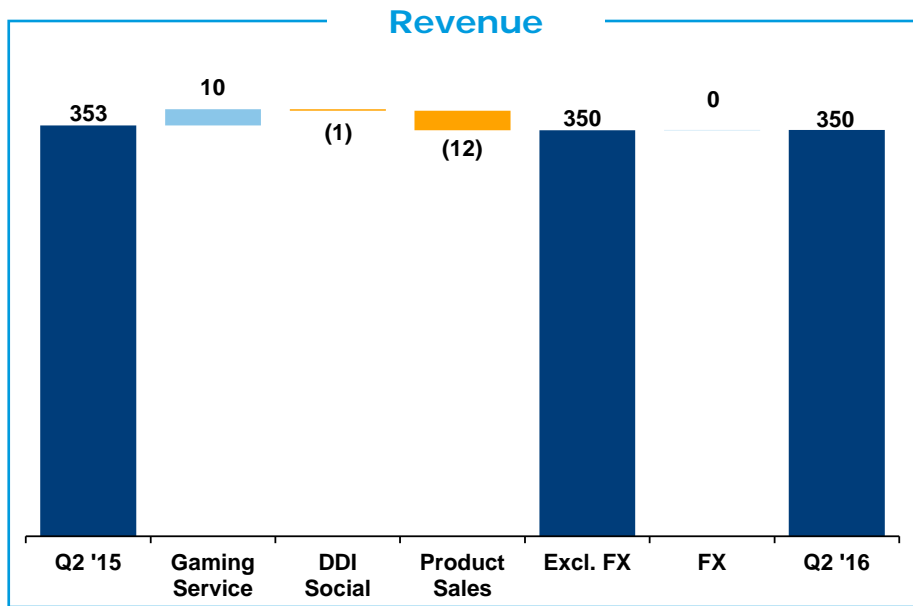


- Lottery driven by strong same-store revenue growth (Italy, North America, Latin America)
- Gaming service revenue up primarily on increased software contribution, partially offset by a lower global installed base
- Challenging product sales comparison with prior year (significant lottery product sales in South Africa and large Canada VLT replacements), lower New & Expansion shipments in Q2'16
- Adjusted Operating Income up on revenue growth and synergy savings, partially offset by higher operating expenses



Q2'16 North America Gaming & Interactive Highlights

\$ M



Key Performance Indicators

	Q2'16	Q2'15	% Change		
Revenue	350	353	-1%		
Operating Income	87	96	-9%		
DDI Social					
Revenue	72	73	-1%		
Bookings per DAU	\$0.48	\$0.45	5%		
Machine Units Shipped					
	Q2'16	Q2'15			
New & Expansion	1,277	974			
Replacement	3,886	5,244			
Total	5,163	6,218			
Casino Installed Base					
	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
	25,516	25,237	25,418	24,958	24,171

Developments

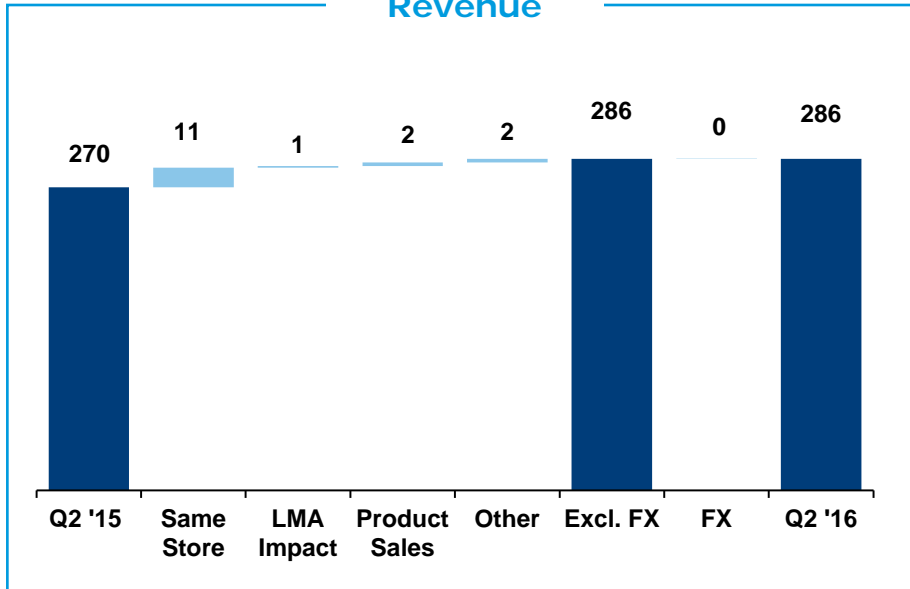
- Gaming service revenue up on increased contribution from software, partially offset by lower installed base
- *Aladdin* and *Plants vs. Zombies™* among top performing games; rollout of highly anticipated games in H2'16: *Wheel of Fortune 3D®*, *Wheel of Fortune® Gold Spin*, *TMZ™*
- Product sales declined primarily due to sizeable VLT sales in Q2'15; higher New & Expansion units and increased systems sales in Q2'16
- Operating Income impacted by lower revenues from terminal sales and increased investment to support Gaming turnaround



Q2'16 North America Lottery Highlights

\$ M

Revenue



Key Performance Indicators

	Q2'16	Q2'15	% Change		
Revenue	286	270	6%		
Operating Income	62	47	31%		
Same-store revenue growth					
	Q2'16	Q2'15			
Instants & Draw Games	3.1%	7.6%			
Multistate Jackpots	40.1%	-2.6%			
Total SSR Growth	7.3%	6.4%			
VLT Installed Base					
	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
	15,981	15,398	15,241	15,331	15,355

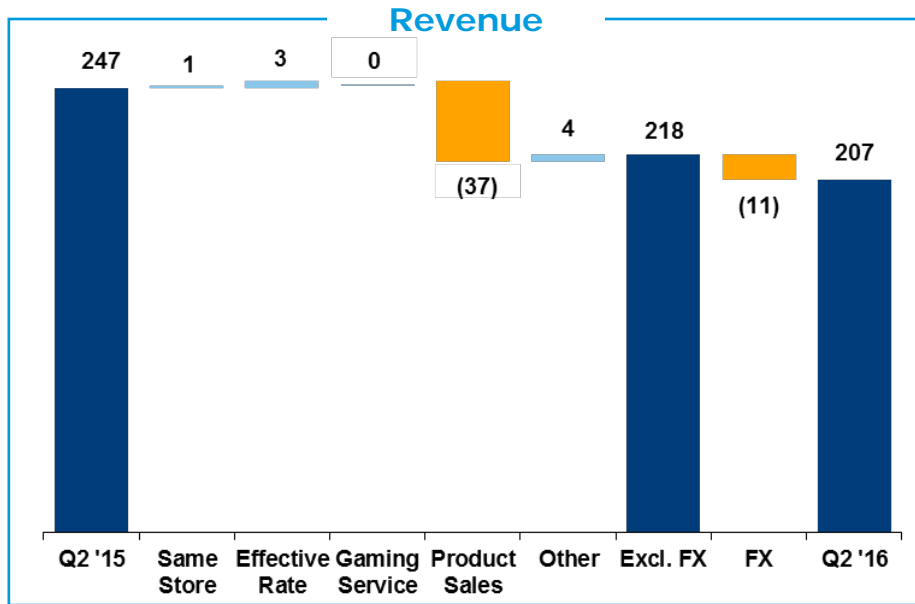
Developments

- 7.3% same-store revenue growth fueled by continued strength in Jackpot games (Mega Millions, Powerball)
- Many of the largest lotteries were among the best performers: California, New Jersey, North Carolina, and Texas
- Consumer preference for high price point tickets an important driver of instants growth; highly successful *Wheel of Fortune*[®] instant ticket launch in Florida demonstrates portability of proven brand franchise
- Operating Income up on revenue growth, reflecting the strong operating leverage profile of this business; product mix and favorable LMA comparisons also contributed to profit growth



Q2'16 International Highlights

\$ M



Key Performance Indicators

	Q2'16	Q2'15	% Change		
Revenue	207	247	-16%		
Operating Income	28	47	-39%		
Machine Units Shipped					
	Q2'16	Q2'15			
New & Expansion	170	1,213			
Replacement	2,819	2,716			
Total	2,989	3,929			
Same-store revenue growth					
Instants & Draw Games	3.3%	9.0%			
Multistate Jackpots	-10.5%	-2.0%			
Total SSR Growth	2.2%	8.1%			
Installed Base					
	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
	10,066	9,768	9,400	9,506	9,478

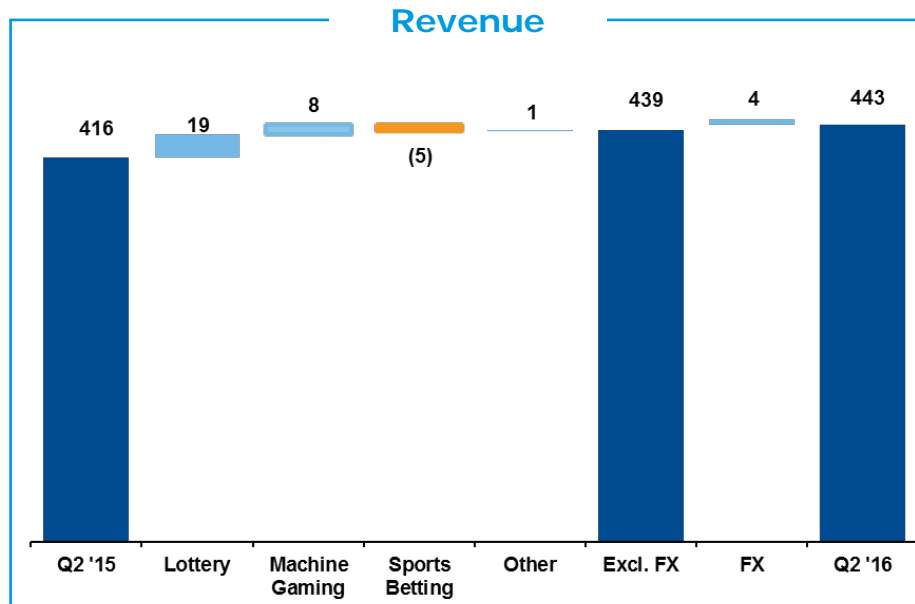
Developments

- Lottery same-store revenue up on strength in Latin America and Eastern Europe, partially offset by weak draw-based games in the UK; total lottery revenue benefited from a higher effective rate in the period
- Gaming service revenue unchanged at constant currency as stronger EMEA performance partially offset a lower Latin America installed base (conversion sales in late 2015)
- Lottery product sales reflect comparison with large South Africa terminal and systems sales in Q2'15
- Solid Gaming Replacement unit product sales, lower New & Expansion units
- Operating income down on lower product sales and unfavorable foreign exchange impact



Q2'16 Italy Highlights

\$ M



Key Performance Indicators

	Q2'16	Q2'15	% Change
Revenue	443	416	6%
Operating Income	161	141	14%
€M			
Lotto Wagers	2,056	1,728	19.0%
10eLotto	1,191	1,056	12.7%
Core	542	566	-4.3%
Late Numbers	324	106	206.5%
S&W Wagers	2,200	2,215	-0.7%
Sports Betting Wagers	206	205	0.6%
Sports Betting Payout	86.5%	82.9%	3.6 pp
Gaming Wagers			
VLT - Operator (B2C)	1,324	1,306	1.4%
AWP	1,034	1,072	-3.5%
Interactive	398	414	-3.8%

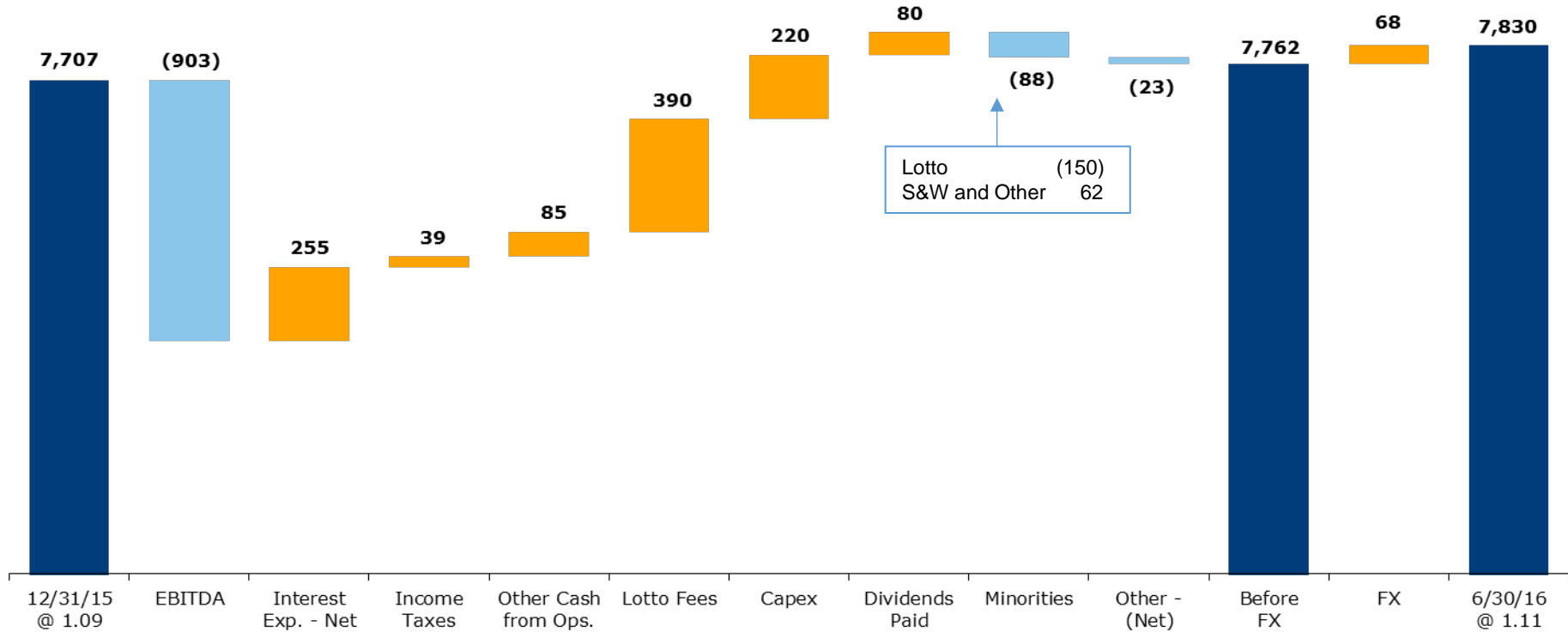
Developments

- Strong Lottery and resilient Gaming support continued growth in sales and profits
- 19% Lotto wager growth achieved on top of double-digit increase in Q2'15, supported by 13% 10eLotto growth and a significant Late Numbers contribution; Lotto wagers increased 7% excluding Late Numbers
- Higher wagers per machine and lower return to player drive Machine Gaming growth, more than offsetting decline in AWP units installed and Stability Law taxes
- Sports Betting down on higher payout (+360 bps)
- Operating Income up on Lotto growth, a shift in timing of certain marketing expenses, and the VAT credit; partially offset by higher gaming machine taxes



Net Debt & Leverage

\$ M



Lotto (150)
S&W and Other 62

Net Debt/LTM EBITDA **4.52x** **4.43x**

- Excluding the impact of FX, net debt essentially flat with year-end 2015 level despite Lotto upfront concession payment
- Leverage ratio improved vs. Q4'15 and stable when compared to Q1'16



H1'16 Cash Flow Statement

\$ M

Cash Flow	H1'16
Net Cash Flows from Operating Activities	524
Capex	(220)
Lotto upfront concession payment	(390)
Free Cash Flow	(86)
Minority capital contribution (Lotto)	150
Debt Proceeds/(Repayment), Net	(237)
Dividends Paid	(80)
Other - Net	3
Other Investing/Financing Activities	(164)
Net Cash Flow	(250)
Effect of Exchange Rates/Other	13
Net Change in Cash	(237)
Cash at End of the Period	390

H1'16 Free Cash Flow Impacts

- Strong Operating Cash Flow in Q2'16
 - Includes approximately \$256 million in cash interest paid during the period
 - Cash interest payments are concentrated in the first and third quarters
- CapEx reflective of normalized run-rate
- Net Lotto upfront concession payment of \$240 million
 - \$390 million upfront concession payment
 - \$150 million contributed by minority partners





2016 Financial Outlook

Adjusted EBITDA of \$1,740-\$1,790 million

- First half benefited from significant lottery wager growth (Powerball and Italy Late Numbers), one-offs (Italy VAT credit), and timing of marketing expenses
- Second half considerations include Italy seasonality and normalized lottery wager growth

Capital Expenditures of \$550-\$580 million

- Includes ~\$35 million in Lotto-related infrastructure upgrades
- Down from prior expectation of \$575-\$625 million, which did not include Lotto-related infrastructure upgrades
- Reflects shift in timing of Florida Lottery and Italy sports betting investments

2016 Lotto concession upfront payments: €600 million gross, €370 million net

Net Debt of \$7,700-\$7,900 million at year end

- Implied Net Debt / LTM EBITDA leverage of 4.30-4.54x
- Leverage at or below 2015 level

APPENDIX



Q2'16 Income Statement (As Reported)

\$ M

Income Statement	Q2'16	Q2'15	% Change	Constant Currency	
				Q2'16	% Chg.
<i>Service Revenue</i>	1,089	1,034	5%	1,096	6%
<i>Product Sales</i>	196	240	-18%	197	-18%
Total Revenue	1,285	1,274	1%	1,293	1%
Adjusted EBITDA	443	427	4%	442	4%
Operating Income	171	116	48%	170	48%
<i>Interest Expense, Net</i>	(115)	(115)			
<i>Foreign Exchange</i>	88	(102)			
<i>Other</i>	(1)	-			
Financial Charges, Net	(28)	(217)			
Income Before Tax	143	(101)	<i>n.m.</i>		
Net Income (Loss)	83	(112)	<i>n.m.</i>		
Net Income (Loss) - Owners	73	(117)	<i>n.m.</i>		
Diluted EPS	0.36	(0.59)	<i>n.m.</i>		



Q2'16 Reconciliation of Non-GAAP Measures

\$ M

	Q2'16 As Reported	Adjustments			Q2'16 As Adjusted
		Purchase Acctg.	Foreign Exchange	Impairment/ Restructure	
Total Revenue	1,285	1	-	-	1,286
Cost of Services	638	(45)	-	-	593
Cost of Sales	144	(29)	-	-	115
SG&A	239	(35)	-	-	204
R&D	84	-	-	-	84
Restructuring	7	-	-	(7)	-
Impairment	2	-	-	(2)	-
Total	1,114	(109)	-	(9)	996
Operating Income	171	110	-	9	290
Foreign Exchange	88	-	(88)	-	-
Other Expense (Net)	(1)	2	-	-	1
Interest Expense (Net)	(115)	2	-	-	(113)
Total	(28)	4	(88)	-	(112)
Income Before Taxes	143	114	(88)	9	178
Income Taxes	60	42	(23)	2	81
Net Income	83	72	(65)	7	97
Minority Interest	10	-	-	-	10
Attributable to IGT	73	72	(65)	7	87
EPS - Diluted	0.36				0.43
WASO - Diluted	201.6				201.6



Q2'16 Reconciliation of Non-GAAP Measures

\$ M

	As Reported	
	Q2'16	Q2'15
Net Income (Loss)	83	(112)
Provision for Income Taxes	60	11
Non-Operating Expenses	28	217
Depreciation	100	93
Amortization	128	119
Impairment	2	-
Amortization of Upfront Payments to Customers	28	27
Transaction Expense, Net	-	32
Restructuring Expense	7	16
Non-Cash Purchase Accounting (Excluding D&A)	-	19
Stock Compensation	7	5
Adjusted EBITDA	<u>443</u>	<u>427</u>