

20/20 VISION

With Ever Expanding Global
Business, Future is Bright at
Scientific Games

U.S.-based Scientific Games is experiencing international growth like never before. In 2019, the 45-year old company's leaders solidified significant new relationships with lotteries in Turkey and Italy, saw its consortium successfully bid for the concession for the greenfield national instant lottery opportunity in Brazil, and is aggressively pursuing contract negotiations for new business in Asia and Africa.

A responsible gaming supplier, Scientific Games currently provides games, technology and services to lotteries on four continents – just about every U.S. and Canadian lottery, and lotteries in 50 other countries.

Pat McHugh, who took over the reins as EVP and Group Chief Executive Lottery just one year ago, said, "These new contracts represent some of the industry's largest awards globally in 2019, with each one based on generating maximum

gaming returns to their respective governments. They demonstrate Scientific Games' commitment to delivering the best products and services to maximize funding of lotteries' beneficiary programs."

Over the decades, long-term leadership including Lottery Chairman Jim Kennedy (35 years), Global Strategic Accounts President Michael Conforti (16 years) and McHugh (25 years), have consistently nurtured trust in international jurisdictions, leading global teams to drive performances through systems and retail technology innovation and data-backed game portfolio management.

Just off a record year of driving performance for its instant game customers – and record retail point-of-sale technology sales in Europe – the company's laser focus continues to be maximizing lotteries' profits for beneficiaries.

TURKEY

In early September, the winning joint venture for the Turkish National Lottery chose Scientific Games to exclusively supply instant games, retail technology and supporting systems in the nation of more than 80 million.

The company is providing up to 15,000 of its latest generation *WAVE™* retailer terminals, a secure instant ticket validation system and its world-leading instant games for the new Lottery's launch in 2020.

The 10-year concession was awarded to the joint venture in a competitive tender with three other qualified bidders. The joint venture is comprised of Şans Dijital, an affiliate of Demirören Holding, one of Turkey's largest companies with significant business interests in energy, real estate and media, and SISAL S.p.A., one of Italy's largest and most prominent gaming operators holding significant market-share in lottery, sports betting,

our significant growth objectives in the market, which rely in large part on developing retail engagement and a very substantial instant ticket business."

Days later, the company's joint venture kicked-off an exclusive national sports betting program won earlier in the year in Turkey, one of the world's largest state-sponsored fixed odds sports betting markets. Scientific Games' full turnkey sports betting solution went live across its retail sports operation and through the companies licensed to provide interactive sports betting.

McHugh said, "Our national sports betting systems launch in Turkey combined industry-leading products and services from Scientific Games' Lottery and Digital teams. Since week one of launching through a national network of our *WAVE* retailer terminals and digital channels, we have shattered previous records for sports betting sales and profits in one

of Turkey's largest companies with significant business interests in energy, real estate and media.

"Leveraging the unique combined strength of our Lottery and Digital teams, we developed a fully-integrated sports betting solution selected by Şans Dijital and the Government of Turkey to maximize profits," said McHugh.

Demirören Holding previously commented that after evaluating many of the leading companies in the global sports betting industry, it selected Scientific Games as its joint venture partner based on the company's proven track record in driving sales and profits for state-sponsored sports betting, and its advanced, technology-based sports solution and risk management services.

Şans Dijital's Oktay said, "Our teams have collaborated very well on this important project. We value Scientific Games'



AWP machines, VLTs and digital gaming. Marco Caccavale, Managing Director of SISAL's Lottery business unit, said, "We have a trusted, 25-year relationship with Scientific Games and selected their products to support as the best possible option for our strategic and high-profile project in Turkey."

Sinan Oktay, Board Member of Şans Dijital, said, "The success of gaming entertainment in any market is led by exciting game content, innovative products and technology. We selected Scientific Games to support our National Lottery operation because we are convinced they are the only company capable of helping us achieve

the world's largest regulated sports betting programs."

The company's central gaming systems technology launched with nearly 5,000 *WAVE* retail betting terminals and six virtual live betting sites licensed to provide interactive sports betting. The retail and digital sports betting solutions are fully traded by Scientific Games through its *OpenSports™* managed trading services.

The joint venture, named Şans Girişim, was awarded the 10-year exclusive sports betting IDDAA concession in Turkey. Along with Scientific Games, the lead partner in the joint venture is Şans Dijital, an affiliate of Demirören Holding,

commitment to maximizing returns to the Turkish government, and we look forward to our long-term partnership with one of the world's best gaming entertainment companies."

Scientific Games is an operator or supplier in 35 sports betting markets, and provided the first full-scale sports betting offering in the U.S. in Delaware following the U.S. Supreme Court's PASPA ruling. This success was followed by contracts to provide sports betting solutions in Indiana, Iowa, Mississippi, New Jersey, New York and Pennsylvania in the U.S., as well as internationally in Canada, Denmark, Netherlands and Turkey.



ITALY

In September 2019, the company also announced that its wholly-owned subsidiary, Scientific Games Worldwide Ltd., entered into an agreement with SISAL, the operator of pari-mutuel games – or GNTN – in Italy for the exclusive supply of its WAVE retailer terminals and associated services. It is one of the largest lottery terminal point-of-sale networks in the world.

The company won a private, limited tender conducted by SISAL in preparation for a public tender to operate the next GNTN license tender, which SISAL was awarded as announced by regulator Agenzia delle Dogane e dei Monopoli. SISAL plans to install Scientific Games terminals throughout Italy from April/ May of 2020.

SISAL's Caccavale said, "The unique combination of Scientific Games' laser sharp operations team and their innovative product portfolio helped SISAL achieve the best technical score possible on the license tender. We are extremely proud to be the operator of the GNTN concession in Italy for the next nine years."

As the largest provider of lottery systems technology in Europe, Scientific Games has provided lottery retail technology to SISAL since 1997, and in the last several years has helped the operator expand its leadership in the Italian online gaming space.

McHugh said, *"This new agreement with SISAL demonstrates the value of our award-winning retail products in one of the largest and most competitive markets. We are honored they chose us as their business partner. It also confirms that Scientific Games is on the right path to execute our global strategy to serve our gaming and lottery customers across multiple gaming verticals."*

To support SISAL's execution of its new GNTN license, Scientific Games will deliver advanced, integrated latest generation WAVE lottery retail technology, which combines features from its flagship family of WAVE terminals with new innovations for speed, reliability and increased operator productivity. In 2010, SISAL was one of Scientific Games' first customers globally to place a major order for WAVE terminals, 20,000 in total.





BRAZIL

The company also expanded its presence in South America, where it has already proven its ability to drive sustainable growth through instant game best practices with over 10 customers in the region, including Uruguay, Peru and Chile.

In October 2019, Brazil's government announced the LOTEX lottery concession award to the Scientific Games/ IGT joint venture. McHugh and Walter Bugno, IGT CEO International, issued a joint statement on their companies' joint venture in the country of 211 million people.

"The award of the Brazilian LOTEX concession represents an important step towards the privatization of lottery instant games in Brazil, the world's eighth-largest economy," said the two business leaders.

"We are excited and honored by this opportunity for IGT and Scientific Games to help define the evolution of instant lottery in Brazil through a 50-50 joint venture over the next 15 years. This business partnership will benefit the people and government of Brazil and brings together the vast experience and market leadership of global leaders in the instant game market to help position LOTEX for success."

Brazil is one of the remaining greenfield lottery markets in the world. An update on the business is anticipated from the joint venture this spring.

