



**Arkansas
Scholarship Lottery
Vendor Committee
Meeting**

October 16, 2013

Global Gaming Company

- **40 Years of Leadership**

A world leading provider of fully integrated, player-engaging products and services to lottery and gaming organizations around the globe

- **Customer Driven**

Operations based on customer demand with state-of-the-art manufacturing and operational facilities in North America, Asia, Europe and South America

- **Creative Content**

Largest portfolio of licensed games and other creative content for the lottery industry

- **Innovative**

Introduced many lottery industry "firsts" – from breakthrough printing technologies to new game concepts, cooperative service programs, software systems, lottery game and gaming terminals, and marketing research products

- **Commitment to Excellence**

Industry-leading levels of security, integrity, business compliance, quality and ethical standards

Player-Engaging Products & Services

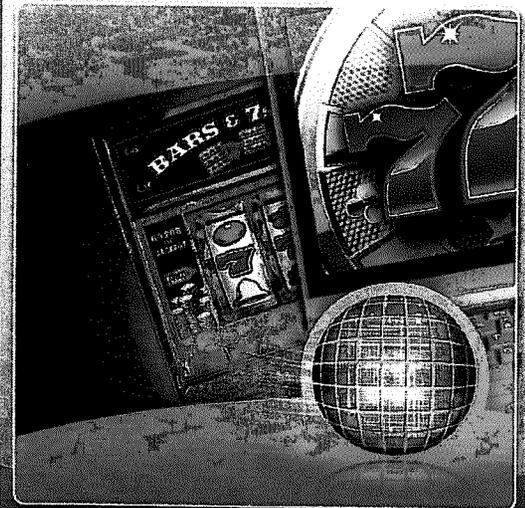
PRINTED PRODUCTS

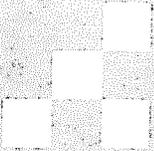


LOTTERY SYSTEMS



GAMING





Global Presence



Pending Acquisition of WMS Industries



- In January 2013, Scientific Games entered into an agreement to acquire WMS, which is expected to be completed in fall 2013, subject to the satisfaction of closing conditions
- WMS serves the gaming industry in the U.S. and internationally by designing, manufacturing and marketing games, video and mechanical reel-spinning gaming machines and video lottery terminals
- WMS also develops and markets digital gaming content, products, services and end-to-end solutions for global online wagering and play-for-fun social, casual and mobile gaming
- The offerings of the merged company will offer a one-stop service for lottery, casino and interactive gaming — and will be designed to offer complete gaming solutions that will allow lottery and gaming customers to reach players wherever they are, whenever they want to play, in any channel
- The larger company will offer new solutions to help customers extend their reach, keep players more connected and create new marketing, promotional and revenue opportunities

Lottery Instant Games



A World Leader in Instant Games

- Capacity to print 44 billion+ instant tickets annually
- Five highly sophisticated, secure printing facilities on four continents
- Cooperative Services Program (CSP) for integrated instant product category management
- A leading provider of game design, retail analysis and marketing services
- Extensive experience in emerging markets

Licensed Properties

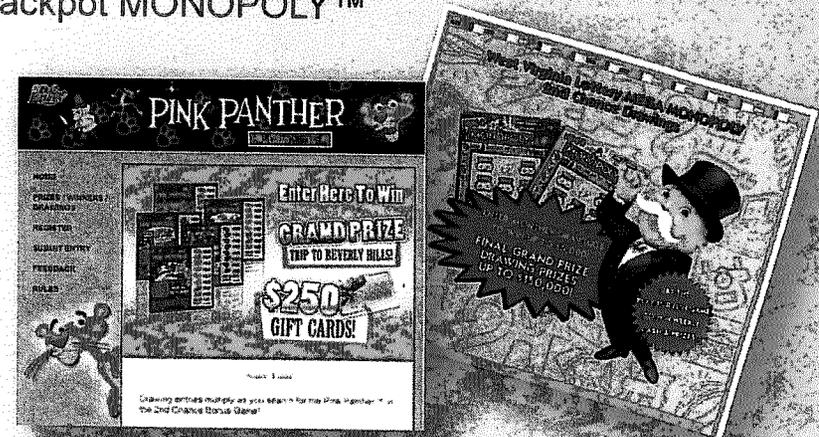


Largest Library of Licensed Lottery Games



- Rights to nearly 150 popular brands
- More than 170 games launched worldwide in 2012
- Pioneer of multi-jurisdictional linked games like Wheel of Fortune[®], \$1 Million Las Vegas Game Show Experience (featuring popular game show brands) and Jackpot MONOPOLY™

- 2nd Chance drawings and promotional games



Lottery Loyalty and Rewards Programs



Properties Plus®

- 2009: MDI launches the first North American lottery loyalty program for the Arkansas Lottery
- Today: MDI provides Properties Plus to five additional lotteries: Kentucky, Maryland, Missouri, North Carolina and Tennessee
- Over 1 million players now belong to Properties Plus loyalty clubs

As allowed by all applicable laws, rules and regulations

Internet-based Services for Lotteries



Interactive solutions, content and product innovations to capture the next generation of players:

- Interactive instant win games
- iLottery gaming platform
- 2nd Chance websites
- 100+ 2nd Chance and FunPlay™ games
- Loyalty and rewards programs
- Social media content
- Mobile applications and mobile web solutions
- Electronic instant tickets
- iGaming (casino-style games)
- Sports betting

As allowed by all applicable laws, rules and regulations

Customized Internet and Mobile Solutions

- Secure, open platform for third-party content integration
- Player funds management including bonusing
- Full support for mobile
- Turnkey suite of managed services including analytics and marketing
- Centralized administrative back-office toolset including business analytics
- Customer Relationship Management (CRM) and responsible gaming tools
- Player support services

Loyalty and Rewards iLottery iGaming



As allowed by all applicable laws, rules and regulations

Marketing Services & Research

- MAP™ patented system featuring 34,000+ games, nearly 1.5 million data points of weekly sales data and 25,000 ticket images
- Completed over 1,000 research projects
- Needs analysis, retail performance assessment and consumer research
- Global performance trends from game launch through entire life cycle
- Customized marketing plans for strategic account management and revenue growth
- SalesMaker™ retail development program has driven up to 20-30% sales increases with participating retailers

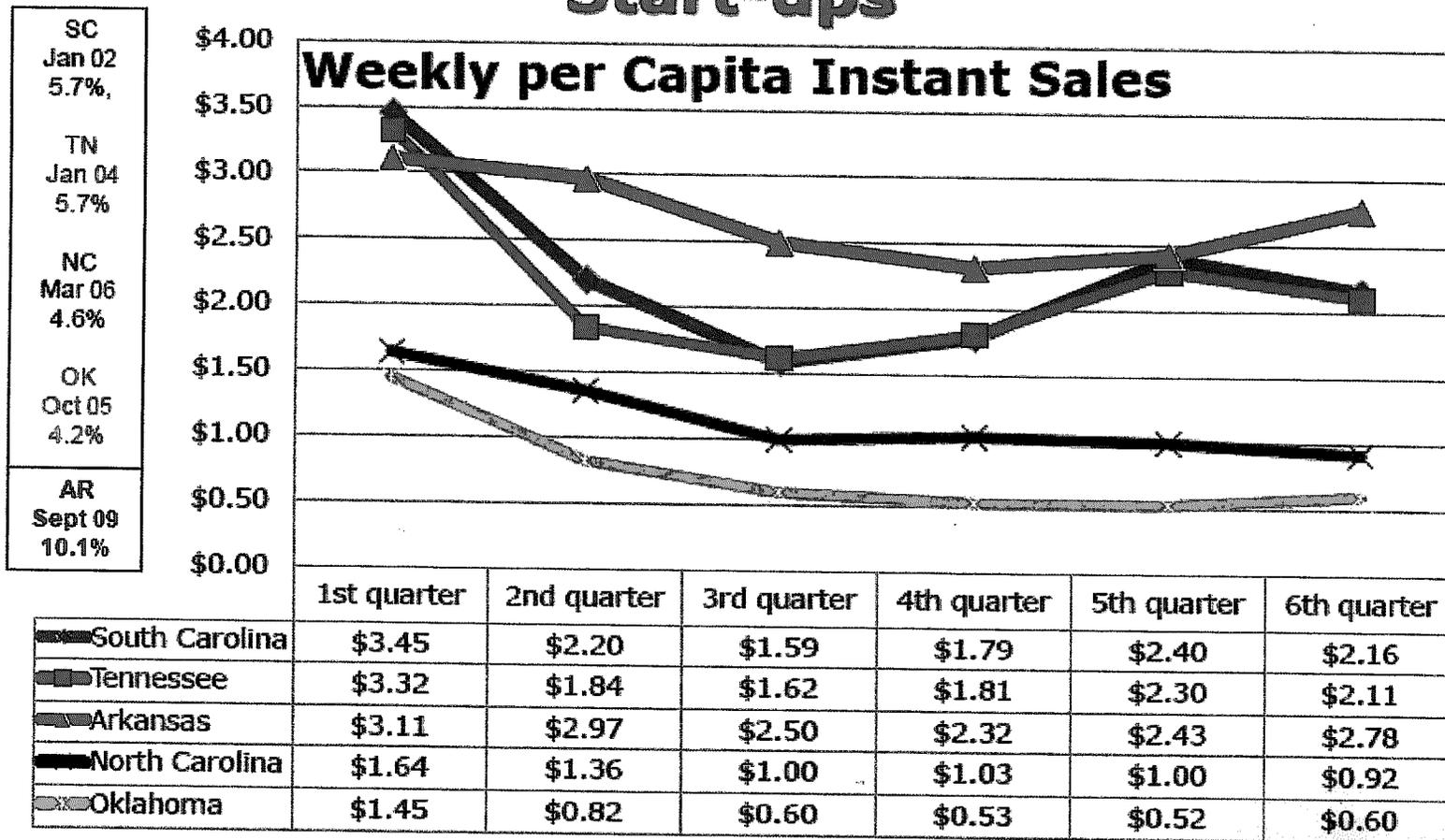




SGI in Arkansas

AN OUTSTANDING START

Arkansas Has Outperformed Other Recent Start-ups



SGI in Arkansas

- **Our Focus**
 - Product, Price, Place, Promotion
 - 15 Determinants of Demand
- **What we do in Arkansas**
 - Warehousing, Distribution and Tel-sell
 - Sales and Marketing Support
 - Sales Training
 - Player Loyalty Program (Over 312,000 registrants)
 - Licensed Products
 - Research and Analysis
 - Industry Best Practices and Trends



Driving performance for
lottery and regulated gaming
worldwide

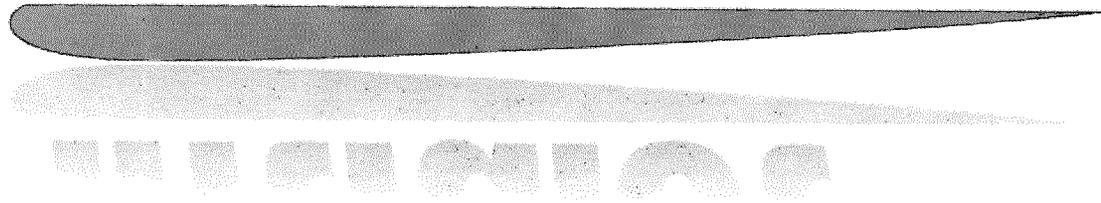
Questions?

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A review of Intralot in partnership with Arkansas Lottery

ARKANSAS LOTTERY

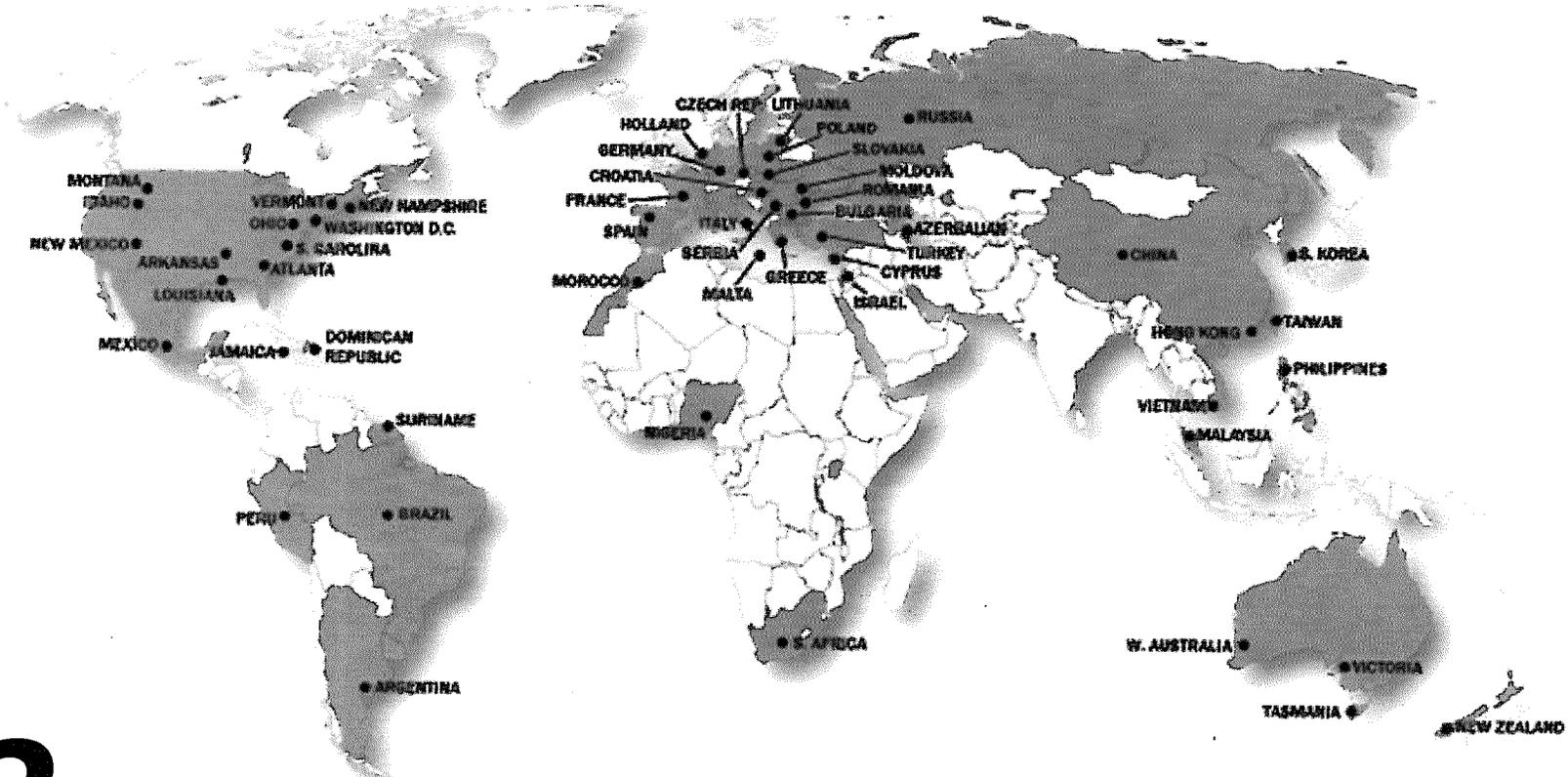
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INTRALOT- Who we are

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INTRALOT Global Presence



53 countries

65 Subsidiaries

more than **5,500** employees
worldwide

\$1.83 Billion-2012 revenues

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Intralot USA

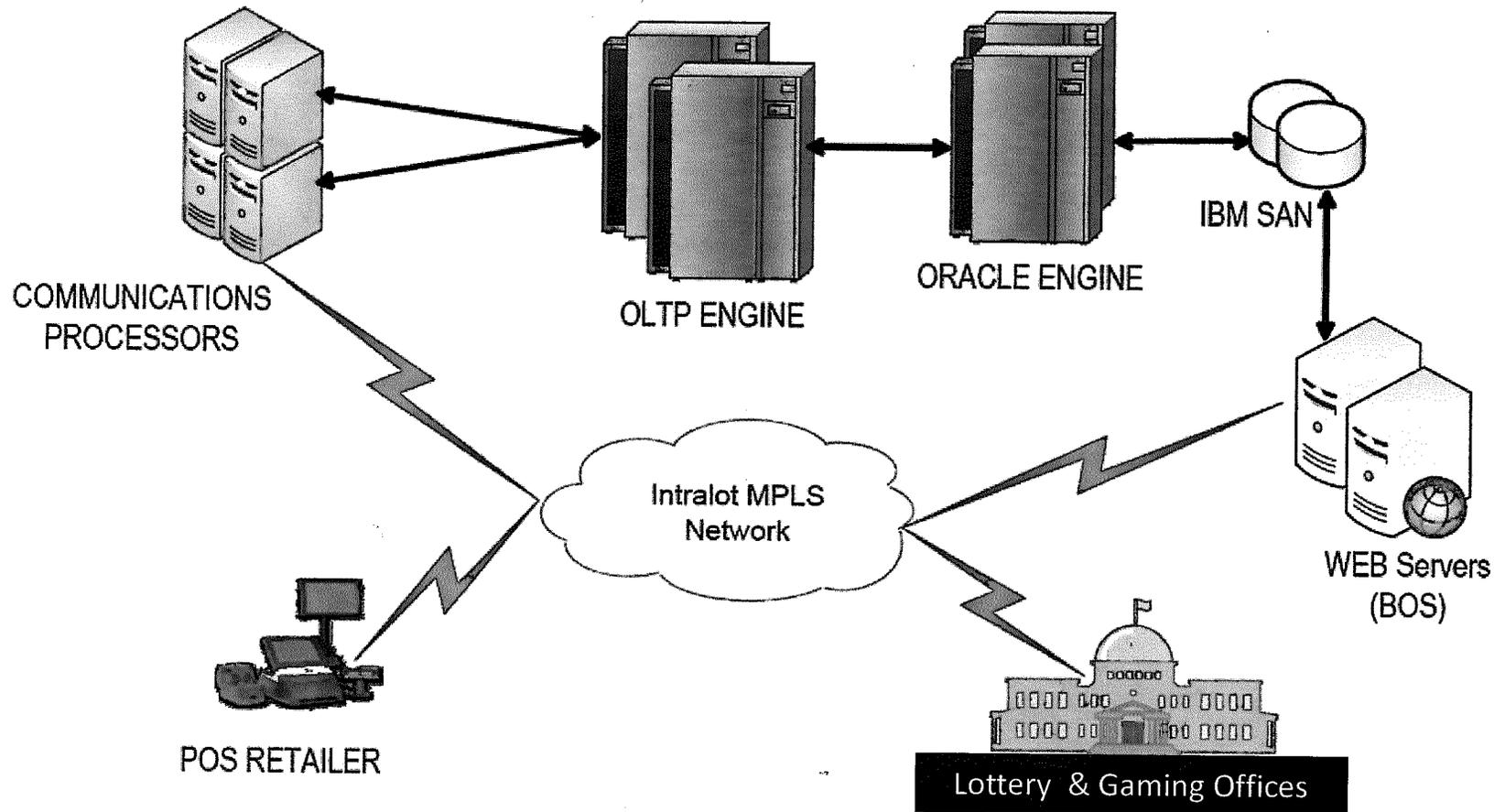
- Intralot USA Jan 2002
- Lotteries:
 - Nebraska 2003-2010
 - Montana 2004
 - 2005 Idaho,
 - 2008 New Mexico and South Carolina
 - 2009 Ohio and Arkansas
 - 2010 Louisiana, Vermont, New Hampshire and Washington DC

US Facilities and Locations

- Primary Data Centers In State: ID, MT, SC, OH, AR, LA, VT
- Primary Out of state: NM(-ID), NH(-VT), DC(-OH)
- Backup data Centers:
 - From Ohio – LA, AR, VT, NH, MT, From Idaho – MT, SC
 - Ohio Backup – at Ohio Lottery HQ
- Duluth, GA - Executive, Financial, Software Development
- Cincinnati, OH – Manufacturing Self Service Vending
- Intralot S.A. Parent – Athens, Greece

Systems High Level View

LOTOS O/S OVERVIEW



A Relevant Analysis: Arkansas Lottery-Oklahoma experience

- New Lottery Startup 2005
- No previous sales history to work from
35% mandated state return
- Two bidders for System & Terminals

A Relevant Analysis: Arkansas Lottery-Oklahoma experience

- GTECH bid 8.4999% and SGI bid 2.5920%
- Results did not meet expectations

Year	OK Sales	OK Gtech 8.4999%	OK SGI 2.5920%	DIFF
2006	\$191.0	\$16.2	\$5.0	\$11.3
2007	\$203.5	\$17.3	\$5.3	\$12.0
2008	\$204.6	\$17.4	\$5.3	\$12.1
2009	\$193.3	\$16.4	\$5.0	\$11.4
2010	\$199.9	\$17.0	\$5.2	\$11.8
2011	\$198.3	\$16.9	\$5.1	\$11.7
2012	\$200.0	\$17.0	\$5.2	\$11.8
2013	\$200.2	\$17.0	\$5.2	\$11.8
Total	\$1,590.8	\$135.2	\$41.2	\$94.0

Arkansas Lottery-Where we have come from

- New Lottery Startup 2009, with no previous sales history
- # of OK retailers: 1970 , AR estimated # of retailers: 2000
- AR Population: 2.9mm, OK Population: 3.8mm
- Intralot bids AR at 2.45%, OK is at 2.592%
- Based on information available at the time, one can reason why SGI and GTECH submitted no bids (Ref: GTECH Bid Response letter to ALC).
- Intralot committed to the ALC partnership and took potential material risk in the spirit of the relationship

Arkansas Lottery- Where we have come from

- Intralot commits nearly \$20 million in up front capital to fund the Arkansas lottery project
- Intralot commits 120 people to the Arkansas project. GOAL: to begin a multi-million dollar business from nothing to live operations in 42 days.
- Together the Arkansas Lottery and Intralot achieve successful startup in 42 days – an unheard of accomplishment for the lottery industry!

Arkansas Lottery –Where we are Today

A success story from any perspective

- Rapid startup , 42 days promised and delivered a sustained technology solution built to grow with the lottery
- Over \$1.7 billion in gross revenue and \$340 million net revenue equals success
- A transfer of \$382,000,000 to date, an amount that exceeds initial estimates
- Intralot's capital investment of just under \$20 million, initially projected over 10 years, will now be returned in just under seven years.
- Clearly a win for all constituencies

Arkansas Lottery – Where we can go from here

- Intralot believes that the online-to-instant ratio (80/20) can be improved.
- Improvement will increase the return to the state.
- Intralot is prepared to address the following options and investments as a means to assist the lottery commission in meeting it's scholarship goals

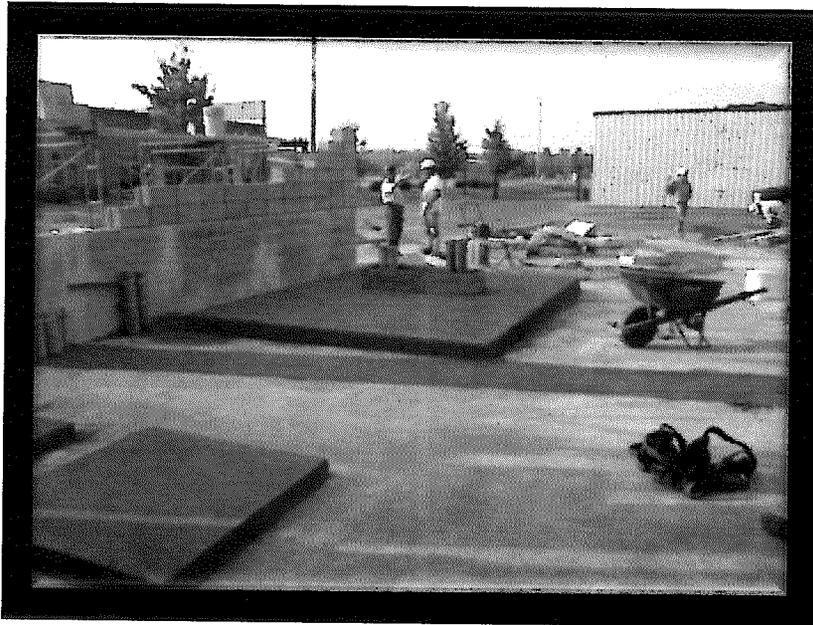
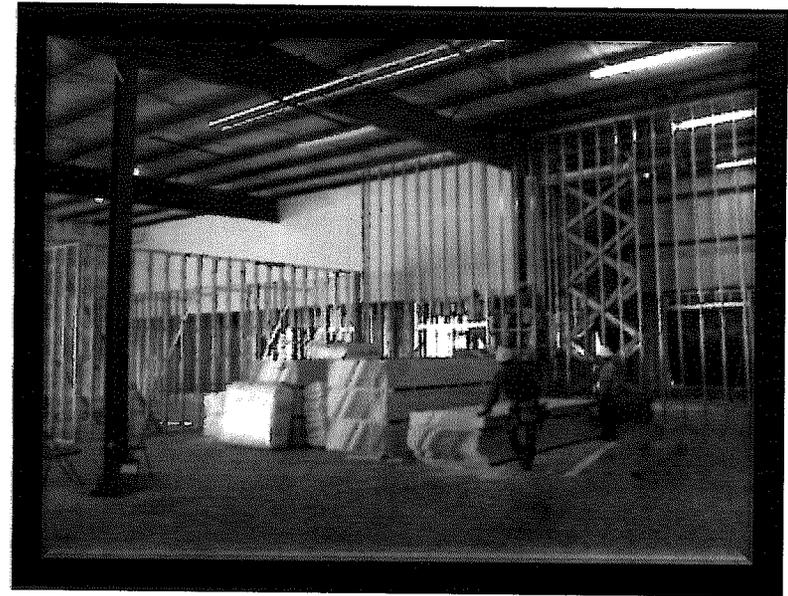
Arkansas Lottery – Where we can go from here

1. Deploy and maintain efforts to increase online sales with new games & products, including monitor games
2. Work together to improve retailer density by adding several hundred additional locations.
3. Deploy Player Advertising Displays at all retailers, currently only at 600.
4. Install facility appropriate sized monitors for new or existing retailers as needed for monitor games

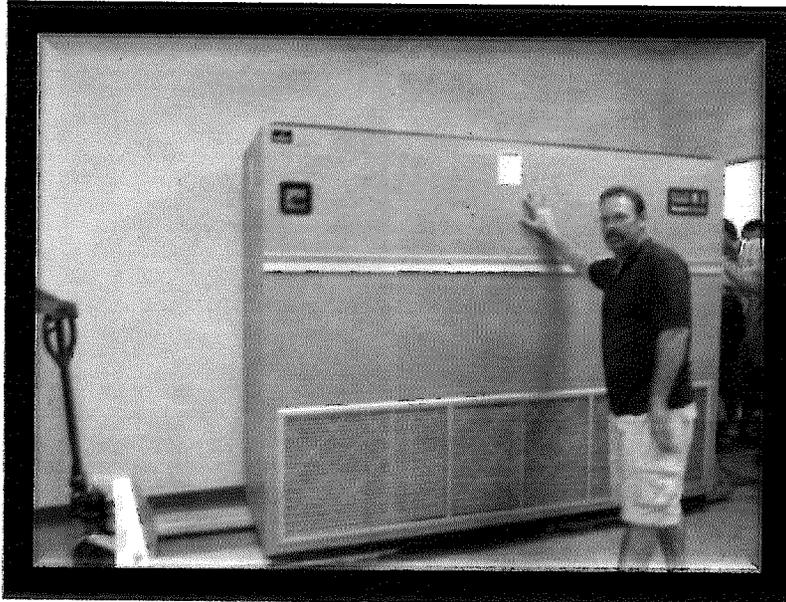
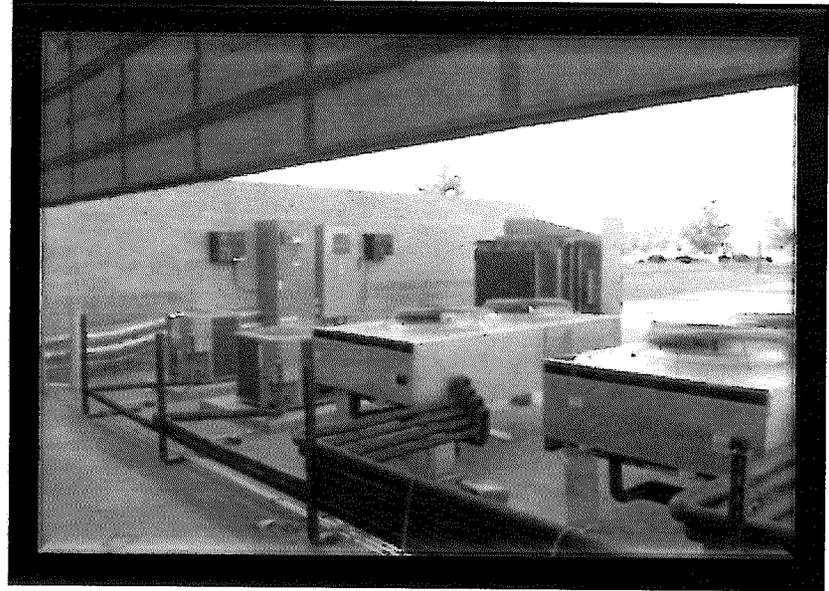
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Intralot Offices

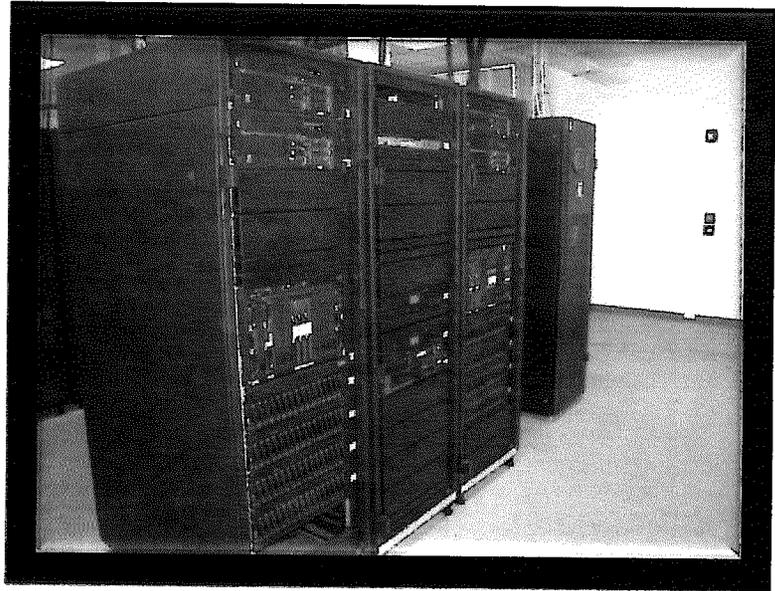
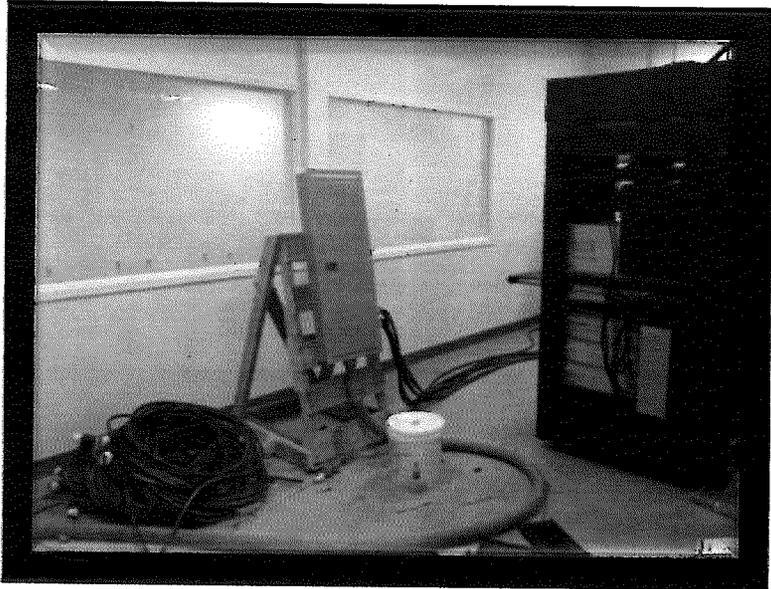




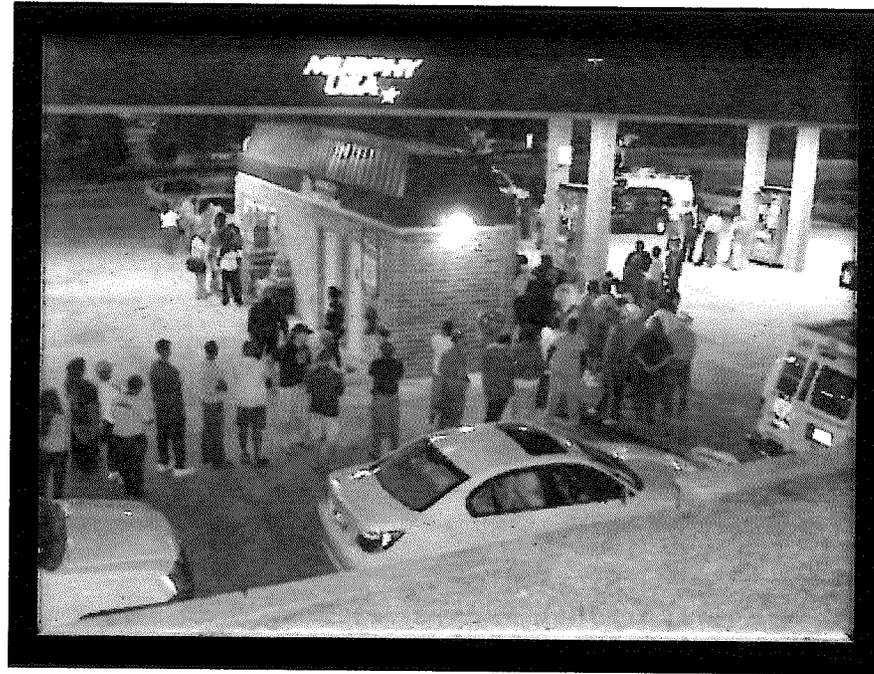
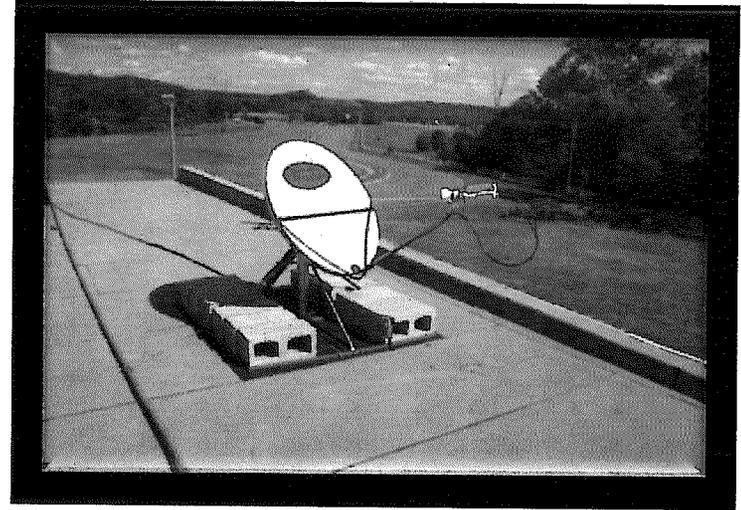
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