

2020 Second Quarter Results

Ended June 30, 2020

August 4, 2020



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Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures, including adjusted EBITDA, 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 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 2020 are calculated using the same foreign exchange rates as the corresponding 2019 period.

Management uses non-GAAP financial measures to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, and to evaluate the Company’s financial performance. Management believes these non-GAAP financial measures reflect the Company’s ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of business trends. These constant currency changes and non-GAAP financial measures should however be viewed in addition to, and not as an alternative for, the Company’s reported results prepared in accordance with U.S. GAAP.

Trademark Language

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Agenda

1

**Business
Update**

Marco Sala, CEO

2

**Financial
Results**

Max Chiara, CFO

3

Q&A

Q2'20: Proactively Managed Global Lockdown



Results reflect impact of global casino closures and mobility restrictions during the second quarter



Diversity of products and geographic reach support better-than-expected results

- NAGI, NALO, and Italy segments achieve positive EBITDA
- Benefit of cost-savings actions



Delivered positive free cash flow in tough circumstances



Strong customer and employee engagement



Reinforced Priorities & Enhanced Continuity Plans to Navigate the “New Normal”



People

- Global COVID-19 crisis management team **first priorities delivered**
- Employee safety remains top of mind on each initiative; **work from home** demonstrated effectiveness of approach
- Customer **service levels maintained** during the quarter



Cost Initiatives

- Executed on **temporary labor cost** measures, inclusive reduction of **discretionary expenses** (marketing, travel, outside services)
- On-going **CapEx and R&D re-prioritization** based on return/payback metrics
- Switching gears to **structural cost saving initiatives**



Cash Flow & Liquidity

- Generated **positive free cash flow** even with peak global lockdown during the quarter
- **Increased liquidity** position and **reduced near-term debt maturity**

All actions focused on maintaining flexibility to manage uncertainty and prepare for “new normal”

Lottery: Remarkable Resilience Confirmed



Global SSR ex-Italy down 2%

- 6% growth in North America SSR
- 27% decrease in International SSR; several markets closed during period



Italy wagers down ~40% on shutdown of Lotto games in April, POS closures, and severe mobility restrictions

- Swift, progressive recovery since May



Important YTD contract wins/extensions

- Multi-year extensions in Tennessee and Czech Republic
- Virginia instant ticket printing



Gaming: Global Activities Closed for Most of Period



Revenue and profits down on full impact of global lockdown



Major markets progressively re-opening since late May; early indications are encouraging

- 85% of U.S. casinos now open
- Italy gaming halls open since June
- Strong machine productivity largely compensating for capacity restrictions and social distancing protocols



Good progress on key initiatives

- Entry into historical horseracing market
- Launch of PeakBarTop cabinet
- Emerald Queen I-5 casino system



Gaming: Growing Interest and Progress in Digital & Betting Activities



All digital activities continue to post strong growth rates

- Italy digital wagers up 33%
- Global B2B digital wagers up 75%; 100%+ in NA



Significant commitment from Svenska Spel across multiple solutions

- Remote game server, digital content; cashless play



Bolstering status as leading U.S. sports betting technology provider

- IGT present in 14 states; 30%+ share of 2019 wagers



FanDuel multi-year sports betting and iGaming agreement



SVENSKA SPEL



FANDUEL

New Org Structure Maximizes Growth Potential



Announced new streamlined organization on July 1 with reporting on new segmentation scheduled for Q3

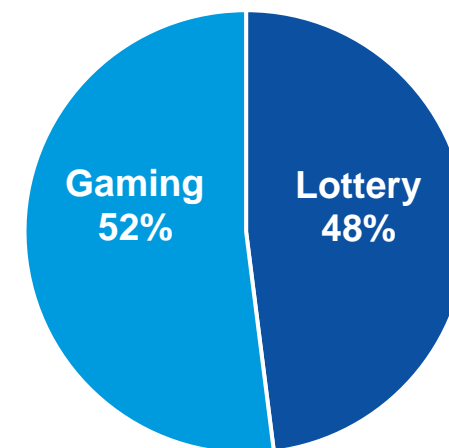
Simplified structure grounded in core competencies and global leadership positions; main objectives:

- Provide greater responsiveness to customers and players
- Harmonize best practices across both B2B and B2C channels in each product category
- Reduce complexity and increase organizational efficiency to support IGT's intrinsic value

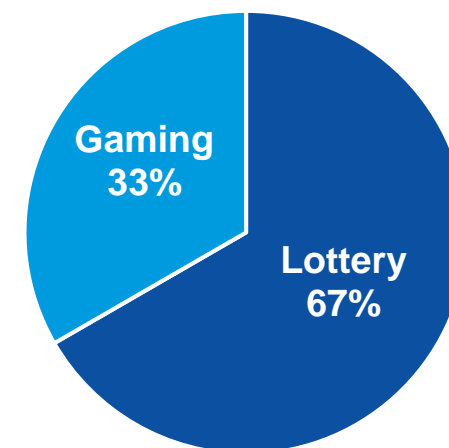


Leverage key learnings and novel approaches from COVID-19 pandemic

2019 Pro-Forma Revenue



2019 Pro-Forma Operating Income



Focus on Driving Efficiency and Process Optimization

Working on several initiatives to drive \$200M+ in structural/discretionary cost savings:

- Eliminate duplicative functions / streamline back office activities
- Global technology optimization to re-focus on value accretive know-how
- Rationalizing R&D investment based on risk/return priorities
- Supply chain optimization focused on design to cost efficiency



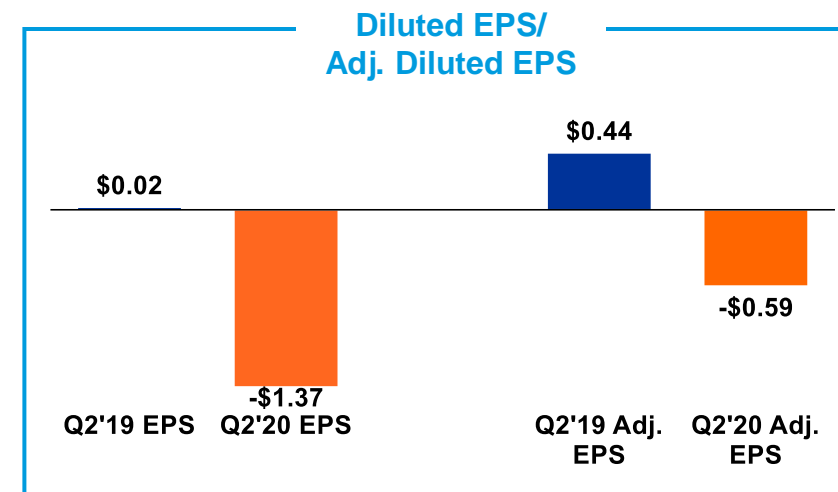
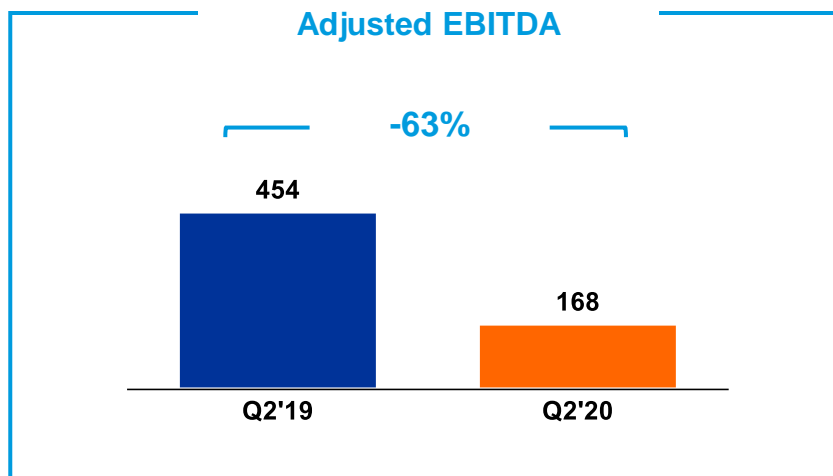
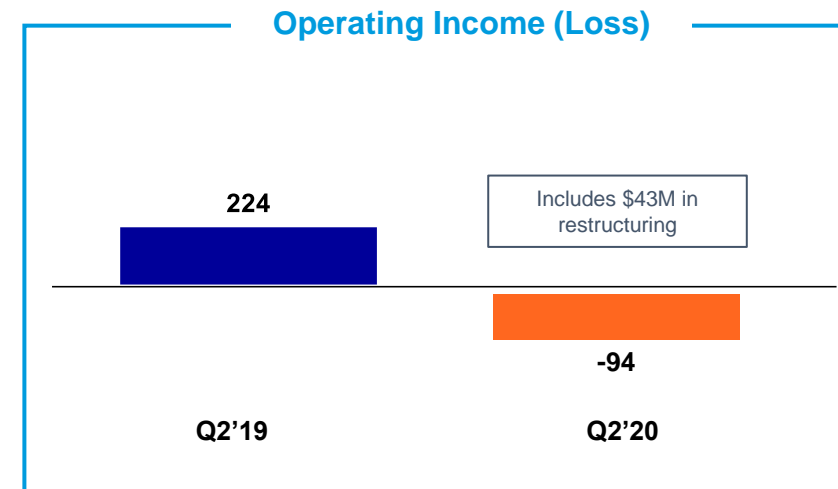
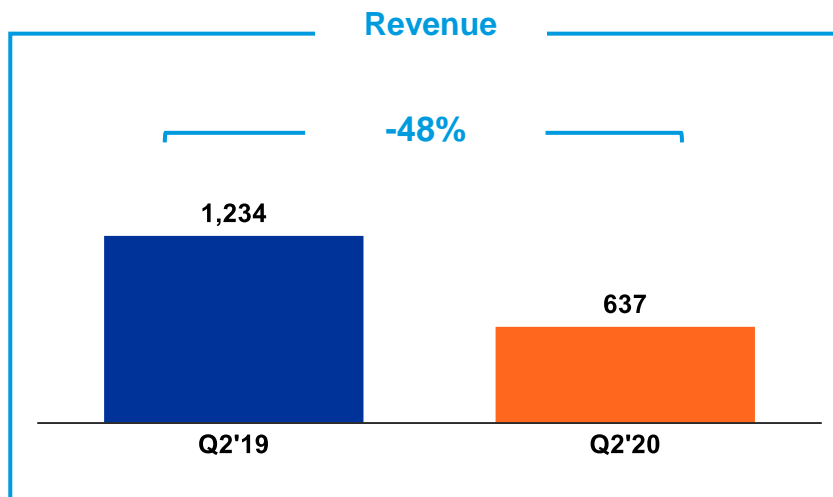
Improving trends are encouraging; we remain prudent with expectations





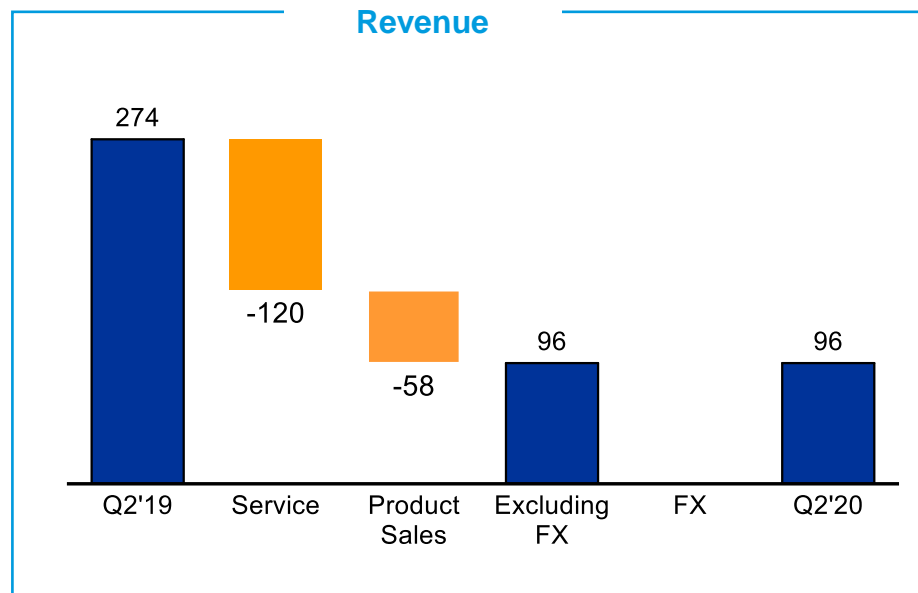
Financial Results

Q2'20 Financial Highlights



Note: Adjusted results remove impact of purchase price amortization, impairment charges, restructuring expense and transaction expense (see appendix for details)
 EUR/USD FX daily average: 1.12 in Q2'19; 1.10 in Q2'20

Q2'20 North America Gaming & Interactive Highlights



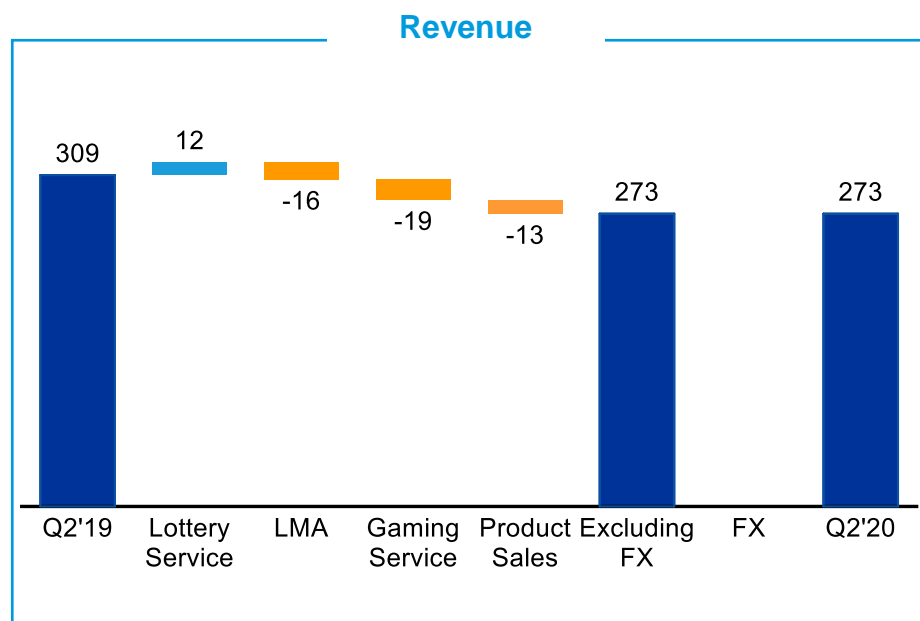
Key Performance Indicators

	Q2'19	Q2'20	% Change as Reported	% Change at Constant FX	
Revenue	274	96	-65%	-65%	
Operating income/(loss)	85	-20	NM	NM	
Machine Units Shipped					
	Q2'19	Q2'20			
New & expansion	438	1,382			
Replacement	4,223	1,344			
Total	4,661	2,726			
Casino Installed Base					
	Q2'19 ⁽¹⁾	Q3'19 ⁽¹⁾	Q4'19	Q1'20	Q2'20
Installed base (units)	21,073	21,071	20,493	18,676	18,410
L/T lease installed base (units) ⁽²⁾				917	930
Total	21,073	21,071	20,493	19,593	19,340

⁽¹⁾ 2,076 and 147 unit reductions in Q2 '19 and Q3 '19, respectively, per OK strategic agreement
⁽²⁾ Yield calculations should exclude these units due to accounting treatment as sales-type leases

- Service revenue impacted by casino closures and multi-year poker contract in PY
- New & expansion units driven by 977 HHR units; higher systems revenue in PY
- Shipped 1,344 replacement units, ahead of internal expectations
- Operating loss reflects casino closures as well as OK strategic transaction and high-margin poker and systems sales in PY, partly offset by cost-saving initiatives

Q2'20 North America Lottery Highlights



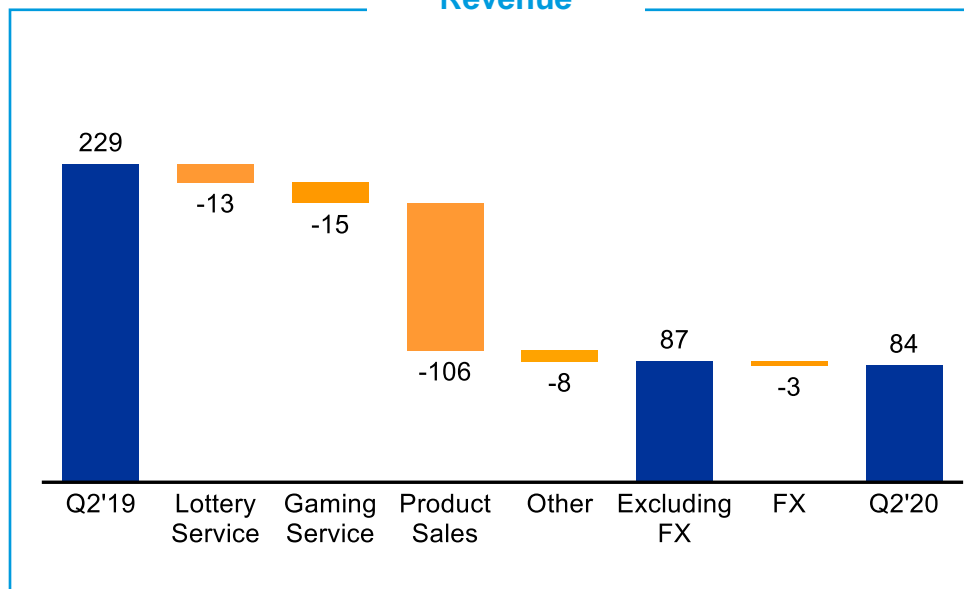
Key Performance Indicators

	Q2'19	Q2'20	% Change as Reported	% Change at Constant FX	
Revenue	309	273	-12%	-11%	
Operating income	78	75	-4%	-3%	
Same-store revenue growth					
	Q2'19	Q2'20			
Instant ticket & draw games	5.4%	10.5%			
Multistate jackpots	23.8%	-28.0%			
Total SSR growth	7.2%	6.2%			
<hr/>					
VLT installed base (units)	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
	14,215	14,294	13,553	13,559	13,559

- Strong SSR growth for instant ticket and draw games despite mobility restrictions and lower jackpot activity
- LMA reflects reduced play levels in NJ and lower pass-through revenue
- Gaming service down on VLT venue closures, partly offset by growth in Canada iGaming
- Product sales primarily reflects lower systems revenue
- Operating income roughly in-line as same-store revenue growth offsets higher-margin LMA and gaming machine contributions in the prior year are largely offset by cost-saving initiatives

Q2'20 International Highlights

Revenue



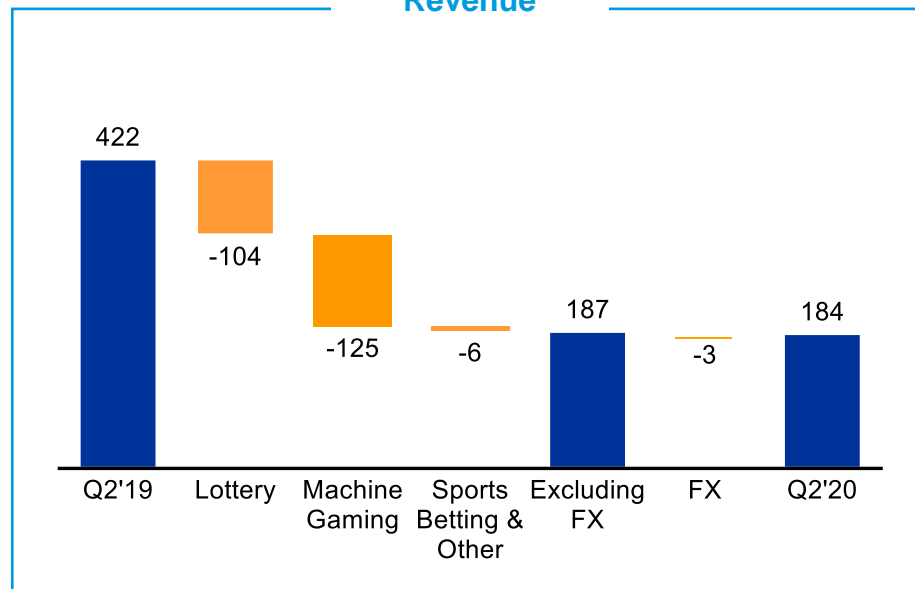
Key Performance Indicators

	Q2'19	Q2'20	% Change as Reported	% Change at Constant FX	
Revenue	229	84	-64%	-62%	
Operating income/(loss)	30	-20	NM	NM	
Machine Units Shipped					
	Q2'19	Q2'20			
New & expansion	700	61			
Replacement	5,863	208			
Total	6,563	269			
Same-store revenue growth					
	Q2'19	Q2'20			
Instant ticket & draw games	2.4%	-28.2%			
Multistate jackpots	11.0%	-7.8%			
Total SSR growth	2.8%	-27.1%			
Installed base (units)					
	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
Installed base (units)	14,475	14,332	14,857	14,763	14,834

- Product sales lower on fewer unit shipments, primarily in LAC, as well as higher Sweden VLT shipments and software sales in PY
- Lottery SSR trends improving month after month
- Service revenue down on casino closures; Installed base stable
- Operating loss reflects margin impact of lower unit volume and revenue mix, partly offset by cost-saving initiatives

Q2'20 Italy Highlights

Revenue

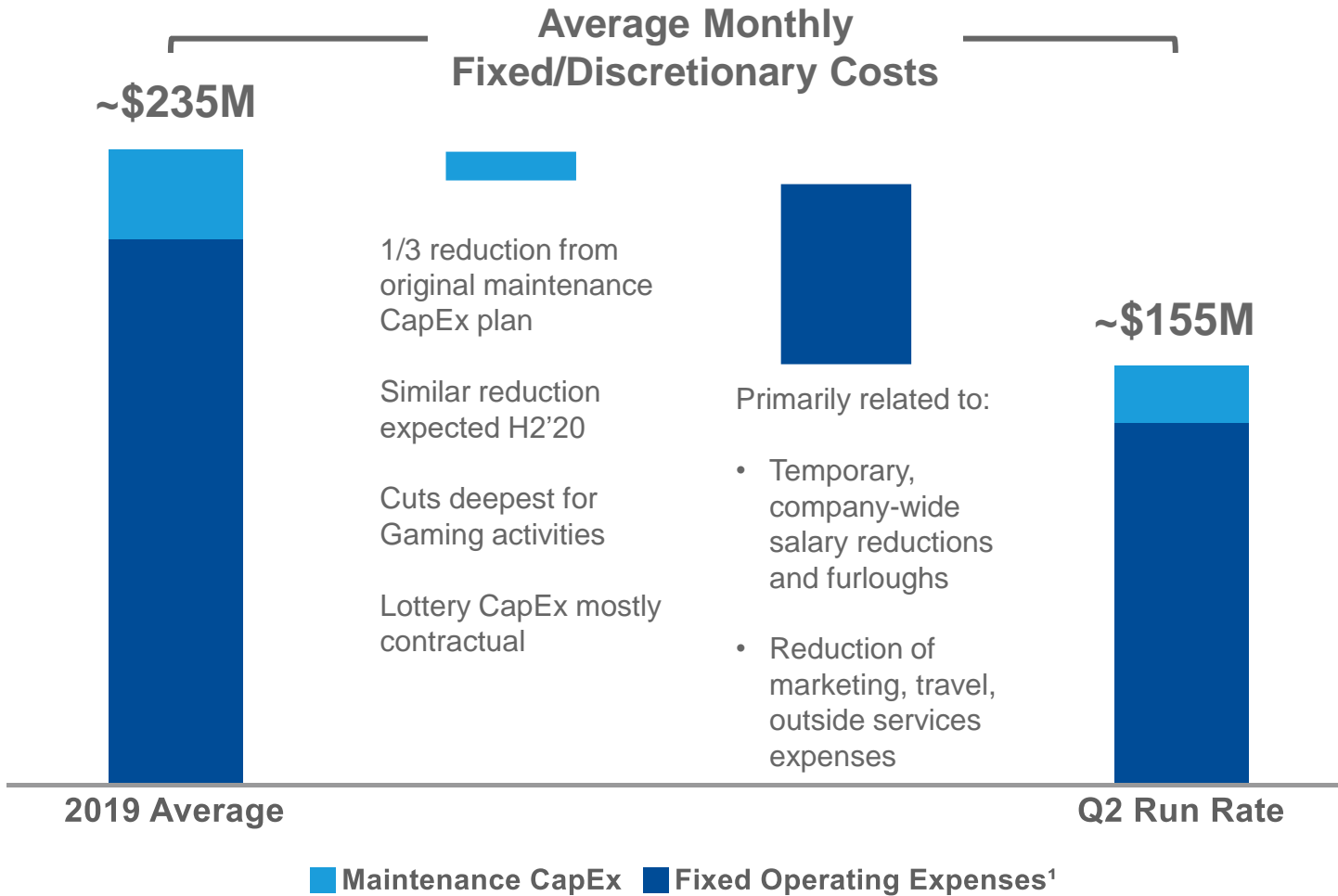


Key Performance Indicators

	Q2'19	Q2'20	% Change as Reported	% Change at Constant FX
Revenue	422	184	-56%	-56%
Operating income/(loss)	133	-7	NM	NM
€M	Q2'19	Q2'20	% Growth	
Lotto wagers	2,064	914	-55.7%	
10eLotto	1,507	610	-59.5%	
Core	479	256	-46.5%	
Late numbers	31	21	-32.4%	
MillionDAY	47	26	-43.6%	
S&W wagers	2,257	1,649	-27.0%	
Gaming wagers				
VLT - operator (B2C)	1,427	150	-89.5%	
AWP	916	83	-90.9%	
Interactive	508	729	43.7%	
Sports betting wagers	252	79	-68.5%	
Sports betting payout	82.2%	88.1%	5.9 pp	

- Lottery wagers reflect timing of game reopening and POS restrictions; trends improved each month in period
- Machine gaming affected by closure of gaming halls through the middle of June
- Interactive wagers up a sound 44%
- Increase in commercial services revenue more than offset by lower sports betting due to lack of sporting events
- Operating loss primarily reflects COVID-19 restrictions, partly offset by cost-saving initiatives

On Track to Deliver \$500M in 2020 Cost Savings/Avoidance



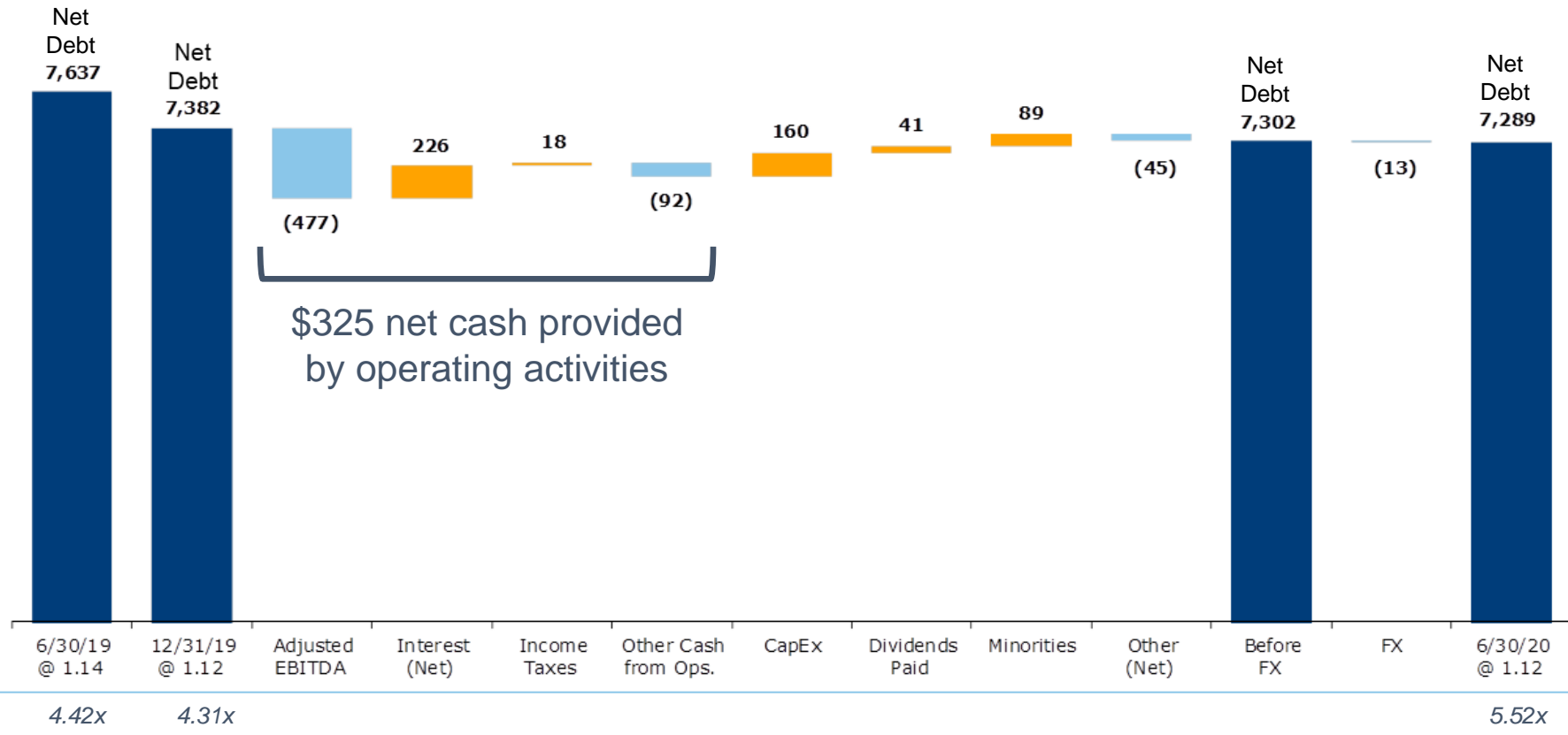
Achieved Q2 run rate in-line with expectations

Expect normalization of certain expenses in H2'20 (up from \$155M run rate) as recovery continues

- March – December 2020 average monthly run rate of \$185M

⁽¹⁾ Excludes variable costs and restructuring expense; operating expenses include fixed costs, discretionary costs, incentive compensation, and interest payments on debt

Cash Flow, Net Debt and Leverage Profile



- Delivered \$325 million in operating cash flow; \$165 million in free cash flow
- \$93 million in net debt reduction since 12/31/19 as reported; \$80 million at constant currency
- Leverage (net debt/LTM EBITDA) of 5.52x compared to 4.31x at 12/31/19 and 4.42x at 6/30/19

Ample Liquidity, No Significant Near-Term Maturities



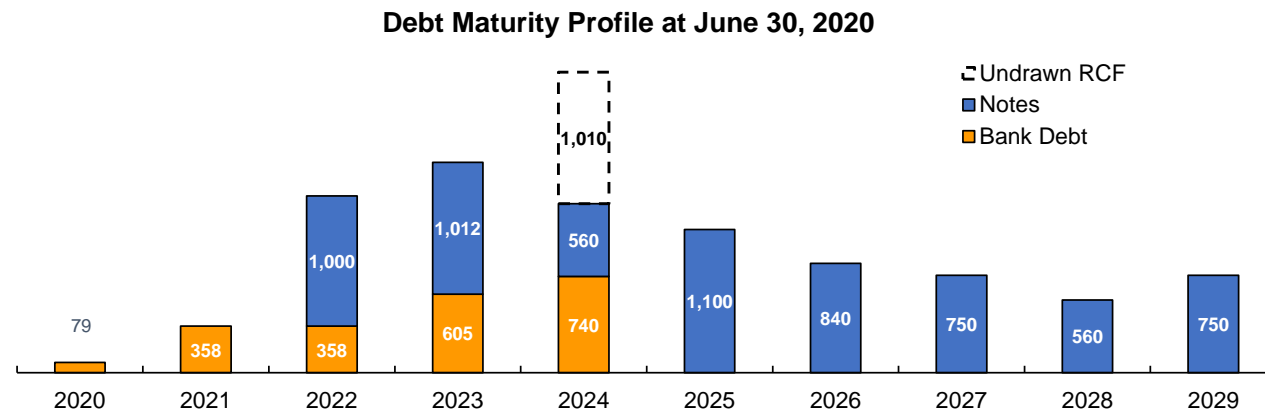
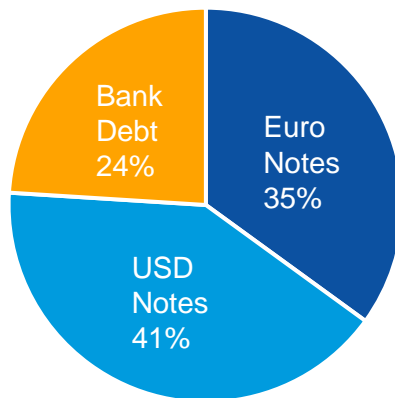
Total liquidity of \$2.3 billion as of 6/30/20

- \$1.3 billion in unrestricted cash; \$1.0 billion in additional borrowing capacity



Issued \$750 million 5.25% Notes due 2029 in the quarter

- \$500 million of net proceeds used to fund partial tender of 6.25% Notes due 2022
- Lowest USD-denominated coupon ever issued by company
- Longest duration issuance since 2015



Key Messages



Resilient, diversified business model

- Large, geo-diversified revenue base
- Resilience in lottery evident in improving wager trends



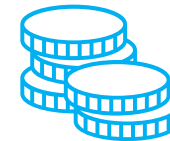
Strong liquidity position

- \$2.3 billion in total liquidity provides buffer against an economic downturn
- Ample resources to cover maturities through 2022



Disciplined cost management

- On track to meet \$500 million cost savings target for 2020
- Focused on structural changes to drive permanent savings



Delivered positive EBITDA and FCF

- Despite extremely challenging market conditions
- Allows for execution of deleveraging strategy



Q & A



Appendix

Q2'20 Income Statement (As Reported)

Income Statement	Q2'20	Q2'19	% Change
<i>Service revenue</i>	560	980	-43%
<i>Product sales</i>	77	254	-70%
Total Revenue	637	1,234	-48%
Adjusted EBITDA	168	454	-63%
Operating (Loss) Income ⁽¹⁾	(94)	224	NM
<i>Interest expense, net</i>	(96)	(104)	
<i>Foreign exchange</i>	(74)	(41)	
<i>Other</i>	(29)	24	
Financial Charges, Net	(199)	(121)	
(Loss) Income Before Tax	(293)	102	
Net (Loss) Income	(282)	39	
Net (Loss) Income attributable to IGT PLC	(280)	5	
Diluted EPS	(1.37)	0.02	

(1) Includes \$43 million and \$2 million in restructuring charges, respectively

Q2'20 Reconciliation of Non-GAAP Measures

\$ in thousands	As Reported	
	Q2'20	Q2'19
Net (loss) income	(282)	39
(Benefit from) provision for income taxes	(11)	63
Interest expense, net	96	104
Foreign exchange loss, net	74	41
Other non-operating expense (income), net	29	(23)
Operating (loss) income	<u>(94)</u>	<u>224</u>
Depreciation	100	104
Amortization - purchase accounting	42	48
Amortization - non-purchase accounting ⁽¹⁾	75	73
Restructuring expense	43	2
Stock-based compensation	1	3
Other ⁽²⁾	1	-
Adjusted EBITDA	<u>168</u>	<u>454</u>
Cash flows from operating activities	168	445
Capital expenditures	<u>(61)</u>	<u>(112)</u>
Free Cash Flow	<u>107</u>	<u>333</u>

(1) Includes amortization of upfront license fees

(2) Primarily includes transaction-related costs

Q2'20 Reconciliation of Non-GAAP Measures

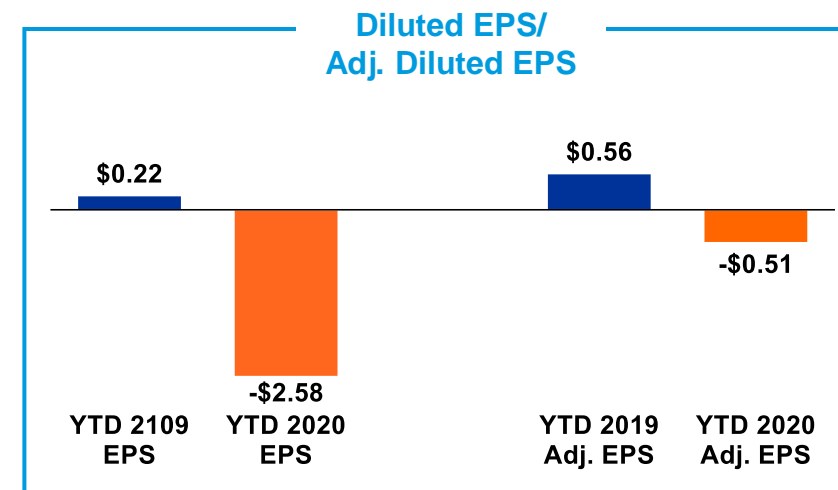
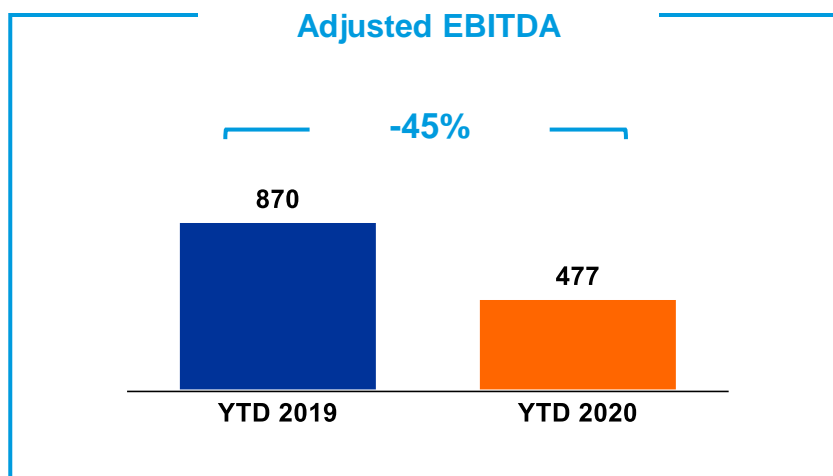
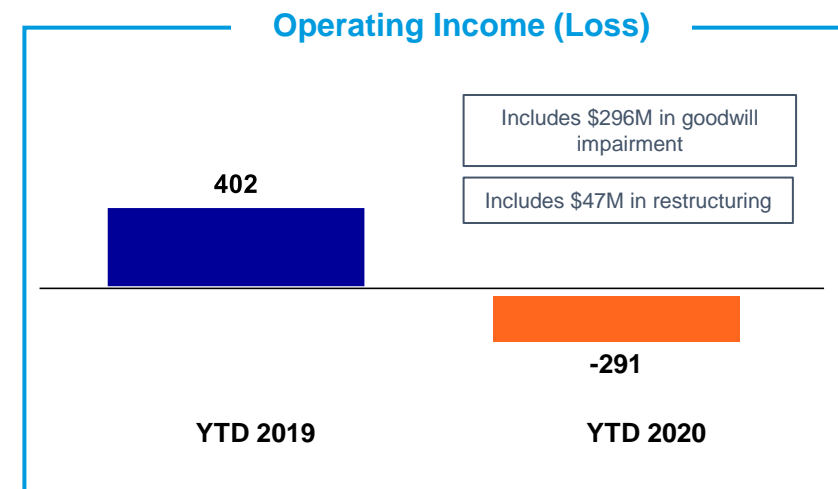
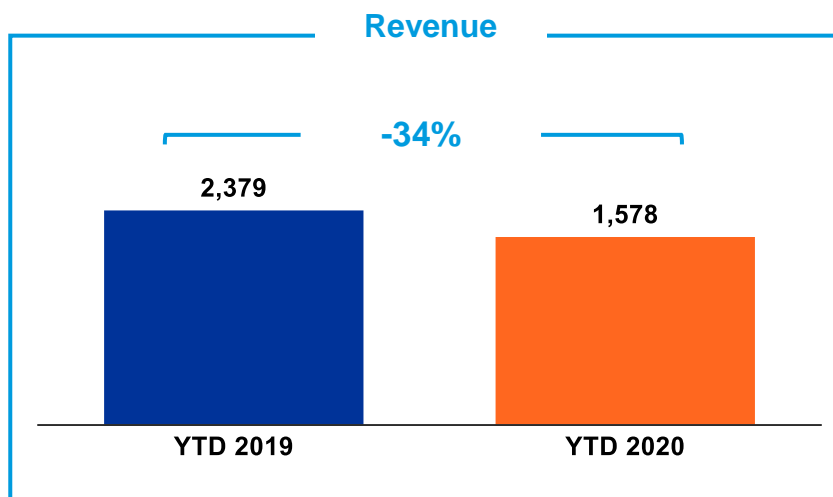
\$ and shares in thousands, except per share amounts	As Reported	
	Q2'20	Q2'19
Net (loss) income attributable to IGT PLC	(280)	5
Foreign exchange loss, net	74	41
Depreciation and amortization - purchase accounting	43	48
Restructuring expense	44	2
Loss on extinguishment of debt	23	10
Other ⁽²⁾	1	-
Income tax impact on adjustments ⁽³⁾	(26)	(15)
Adjusted net (loss) income attributable to IGT PLC	(121)	91
Weighted-average shares - diluted	204,748	204,412
Adjusted weighted-average shares - diluted ⁽⁴⁾	204,748	204,412
Net (loss) income attributable to IGT PLC per common share - diluted	(1.37)	0.02
Adjusted net (loss) income attributable to IGT PLC per common share - diluted	(0.59)	0.44

(2) Primarily includes transaction-related costs

(3) Adjustments for income taxes are determined based on the statutory tax rate in effect in the respective jurisdiction where the adjustment originated

(4) Adjusted weighted-average shares - diluted includes shares that were excluded from the GAAP computation, due to the net loss as reported

YTD '20 Financial Highlights



Note: Adjusted results remove impact of purchase price amortization, impairment charges, restructuring expense and transaction expense (see appendix for details)
EUR/USD FX daily average: 1.13 YTD in 2019; 1.10 YTD in 2020

YTD '20 Cash Flow Statement

Cash Flow	YTD '20	YTD '19
Net Cash Flows from Operating Activities	325	592
CapEx	(160)	(231)
Free Cash Flow	165	361
Debt Proceeds/(Repayment), Net	591	33
Other - Net	(129)	(245)
Other Investing/Financing Activities	462	(212)
Net Cash Flow	627	149
Effect of Exchange Rates/Other	8	(4)
Net Change in Cash and Restricted Cash	635	145
Cash and Restricted Cash at End of the Period	1,530	657