



# THIRD QUARTER 2020 EARNINGS PRESENTATION





# Continued Focus on Free Cash Flow<sup>\*(1)</sup> Generation and Strong Liquidity



**Increased free cash flow<sup>\*(1)</sup> to \$62M**, ~22% year-over-year growth driven by cost mitigation efforts, sequential growth in revenue & AEBITDA\* and working capital improvements in light of a challenging operating environment



Amended our credit agreement to **extend the covenant relief period through and including Q1 2022** for enhanced flexibility



**Positioning business for success in all operating environments** through breadth of portfolio, enhanced operational efficiencies and innovative solutions for our partners



**No significant debt maturities** until 2024



**Maintaining strong liquidity of \$1.2B** as of September 30, 2020, including SciPlay



Estimated **~\$1.6B U.S. NOL balance** at year-end 2020 minimizes future cash taxes and increases free cash flow<sup>\*(1)</sup>

• For this entire presentation (\*) denotes that the item is a non-GAAP financial measure that is separately reconciled in the Appendix.

• (1) Calculation of free cash flow, a non-GAAP financial measure, have been recast to further adjust our previously presented measure, free cash flow, to exclude changes in restricted cash, substantially associated with the recent expansion of iLottery operations, that impacts working capital, and align such calculation with the revised management view and definition of such non-GAAP financial measure.



# Diverse Portfolio Positions SGMS for Strong Financial Performance



## GAMING

- North American casinos are now open, with coin-in trending up year-over-year in machines currently in operation
- The majority of our revenue is attributable to regional and tribal markets, which are growing at a faster pace than destination markets
- Continued product innovation with introduction of new cashless and contactless gaming solutions
- Pipeline and demand for Electronic Table Games (ETG) products remain robust



## LOTTERY

- Lottery remains resilient with stable consumer sales in open essential retail outlets, with potential upside from recovery in instant ticket sales globally
- Continued outperformance in Scientific Games Enhanced Partnership (SGEP) program, with instant game per capita sales outpacing the broader industry by 40%
- Success with retail solutions internationally with strong sales in Turkey and Italy



## DIGITAL

- SGMS iGaming revenue in NJ was up 100% over the prior year period
- Announced multiple partnerships in Q3 2020 across sports betting and iGaming
- Aggressively pursuing additional opportunities to position SGMS as a leader in rapidly expanding sports betting and iGaming markets
- Flexible product suite to drive growth without relying on big new contract wins



## SCIPLAY

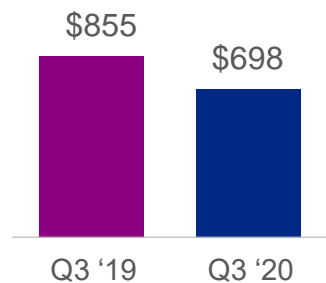
- Revenue of \$151M, representing 30% year-over-year growth that outpaced industry, and AEBITDA of \$49M, representing 54% year-over-year growth
- Robust player baseline, with 7.3M average MAUs and 2.6M average DAUs during Q3 2020
- Focus on live operations driving increased player engagement
- Acquisition of Come2Play expands product offering into large casual gaming genre

# SG SGMS Q3 & YTD Performance Update

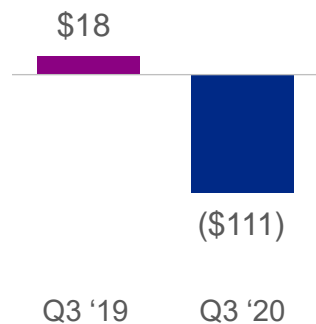
## Sustainable Competitive Advantage – Full Solution Provider for Customers/Players

### CONSOLIDATED PERFORMANCE (YOY COMPARISON)

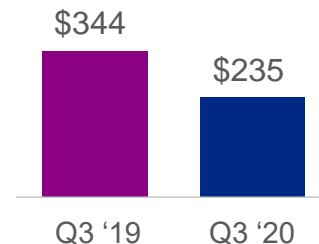
Q3 REVENUE



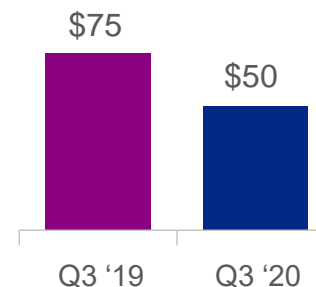
Q3 NET INCOME (LOSS)



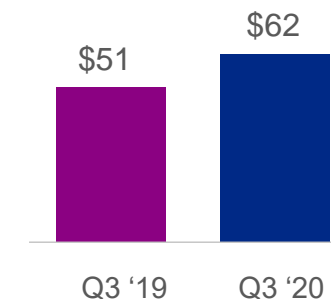
Q3 CONSOLIDATED AEBITDA\*



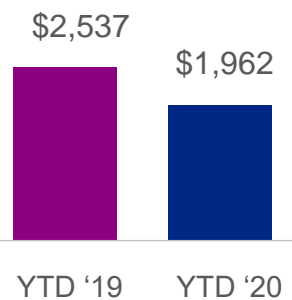
Q3 CAPEX



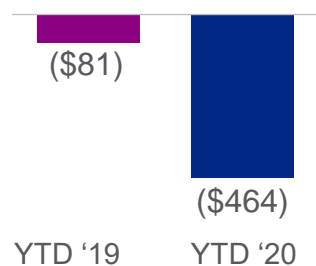
Q3 FREE CASH FLOW(1)\*



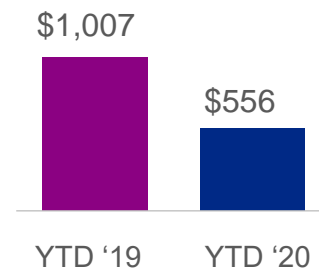
YTD REVENUE



YTD NET LOSS



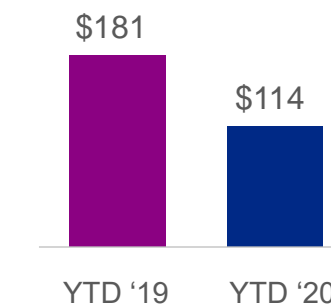
YTD CONSOLIDATED AEBITDA\*



YTD CAPEX



YTD FREE CASH FLOW\*



Note: U.S. Dollars in millions.

(1) Calculation of free cash flow, a non-GAAP financial measure, has been recast to further adjust our previously presented measure, free cash flow, to exclude changes in restricted cash, substantially associated with the recent expansion of iLottery operations, that impacts working capital, and align such calculation with the revised management view and definition of such non-GAAP financial measure.



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# LOOKING AHEAD



## Leveraging energized board, team and culture

- Reconstituted board includes experienced industry leaders who share the executive team's vision
- Renewed focus on corporate governance and attracting institutional shareholders
- Attracting the best people at all levels to deliver on Scientific Games significant long-term value creation opportunities



## Reinforcing robust product pipeline across all business segments

- Kascada cabinet – the next generation of our top-selling TwinStar J43 series, launching with Coin Combo, from the creators of our most highly successful games series
- Relaunching our highly successful multi-state Willy Wonka linked instant ticket game
- Solitaire Pets Adventure marks entrance into casual genre with large \$20B TAM
- Leveraging great brands in the Digital space with solid line-up of titles rolling out in Q4 2020



## Executing near-term business objectives

- Achieve solid Q4 2020 and 2021 results despite uncertainty in the macro environment
- Continued shift towards higher recurring revenue mix, which generates higher margins
- Planned improvements in procurement, supply chain and inventory to enhance free cash flow<sup>\*(1)</sup>



## North America Premium Gaming Operations Segment

Focus on commercial execution of Dancing Drums Explosion

## North America Product Sale Segment

Focus on growing share in the replacement segment and continuing to secure our strong share of new openings and expansions



# Gaming | Drive Share Growth in Critical Electronic Gaming Machine Segments



## AVAILABLE THEMES

- 88 Fortunes – Lucky Gong
- Fiery Hot Jackpots
  - Golden India
  - Silver Stallion
- Power Strike
  - Golden Scarab
  - Spirit Hawk

## GAMING OPS

- Penny Pier
  - Step Right Up
  - Pete the Sweet



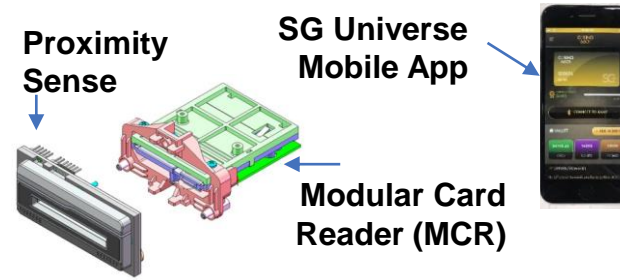
## AVAILABLE THEMES

- Dancing Drums Reels
- Quick Hit Black Gold Wild
- Quick Hit Triple Blazing 7s

# More New Hardware Coming!

## Solutions to support the new normal

### CASHLESS & UNIFIED WALLET



Create a cashless gaming environment through Unified Wallet by giving players the power to instantly access funds to play slots and tables through use of a mobile app

### SOCIAL DISTANCING MODULE



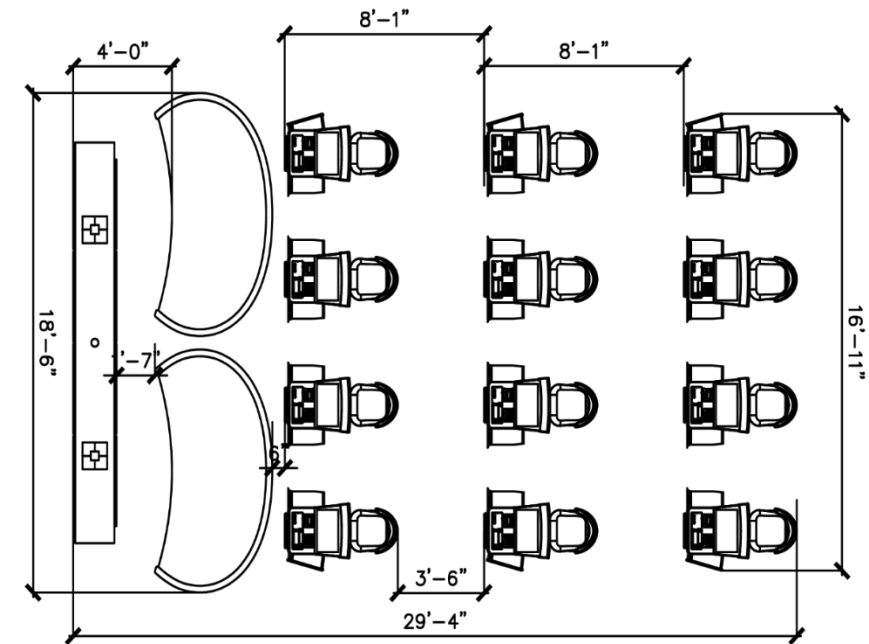
Adhere to the necessary safety measures required post COVID-19 through our Social Distancing Module

### SANITIZATION MODULE



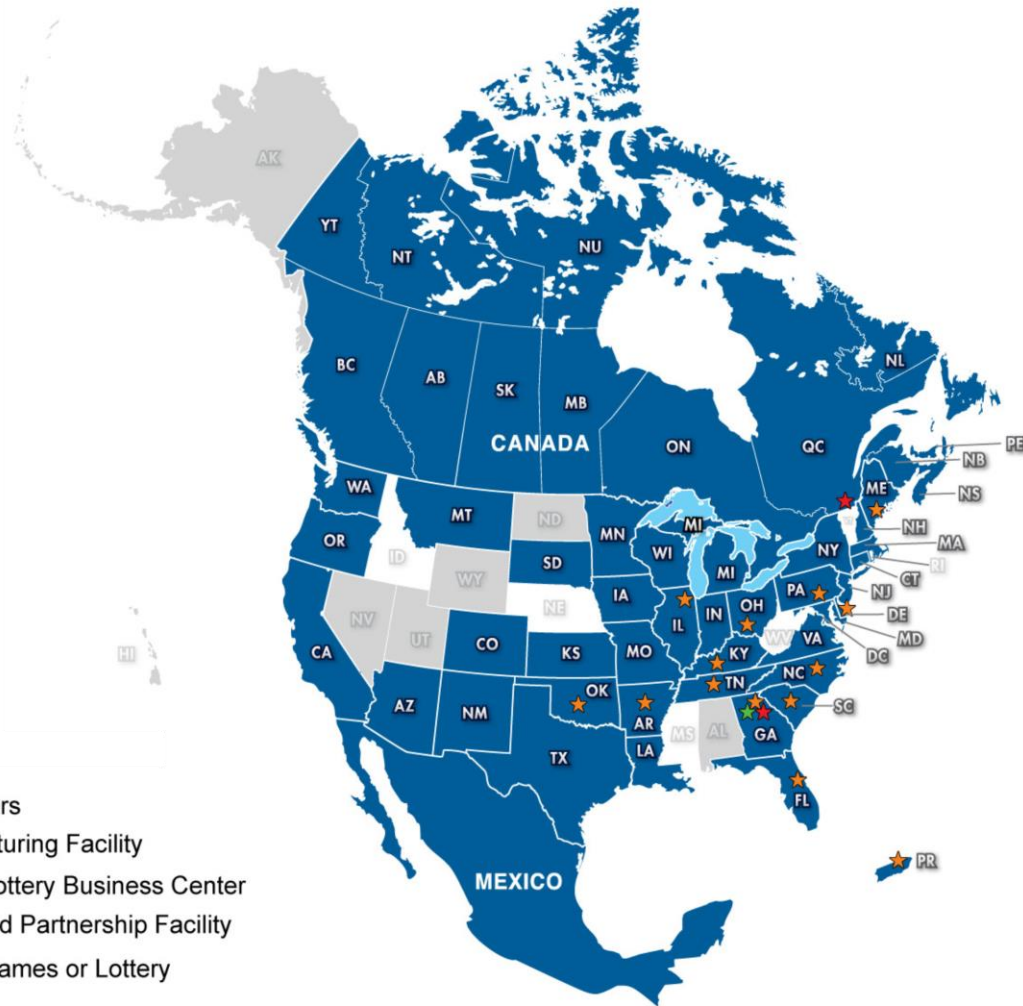
Streamline cleaning and sanitization efforts using our rules-based Automated Game Sanitization module

Innovative Gaming Solution in Post-COVID 19 World





# Lottery | North American Instant Products



## SGMS is Primary Supplier to All Top 10 Instant Game Lotteries Ranked by 2019 Per Capita Sales

	SGMS Primary Supplier	SGEP
#1 Massachusetts Lottery	■	
#2 Georgia Lottery	■	■
#3 South Carolina Education Lottery	■	■
#4 Florida Lottery	■	■
#5 Pennsylvania Lottery	■	■
#6 New York Lottery	■	
#7 New Jersey Lottery	■	
#8 Connecticut Lottery	■	
#9 Tennessee Education Lottery	■	■
#10 New Hampshire Lottery	■	

20+ *Scientific Games Enhanced Partnership Program (SGEP)* customers globally – including the **top performing lotteries in the world**

In the U.S., instant game per capita sales for lotteries using *SGEP* **outpace the industry by over 40%**

The Ohio lottery converted to *SGEP* on July 1, 2019 and total instant retail sales **grew 13% in their first year**



## Digital lottery games, programs & technology – mobile and web



- **iLottery**  
Pennsylvania Lottery most successful iLottery launch in North America a collaborative effort by Lottery & Digital teams
- Demonstrated player loyalty
- Promotions & 2nd chance games

## Retail Innovation



- **PlayCentral™ 54**  
2019 Walmart Supplier of the Year for Product  

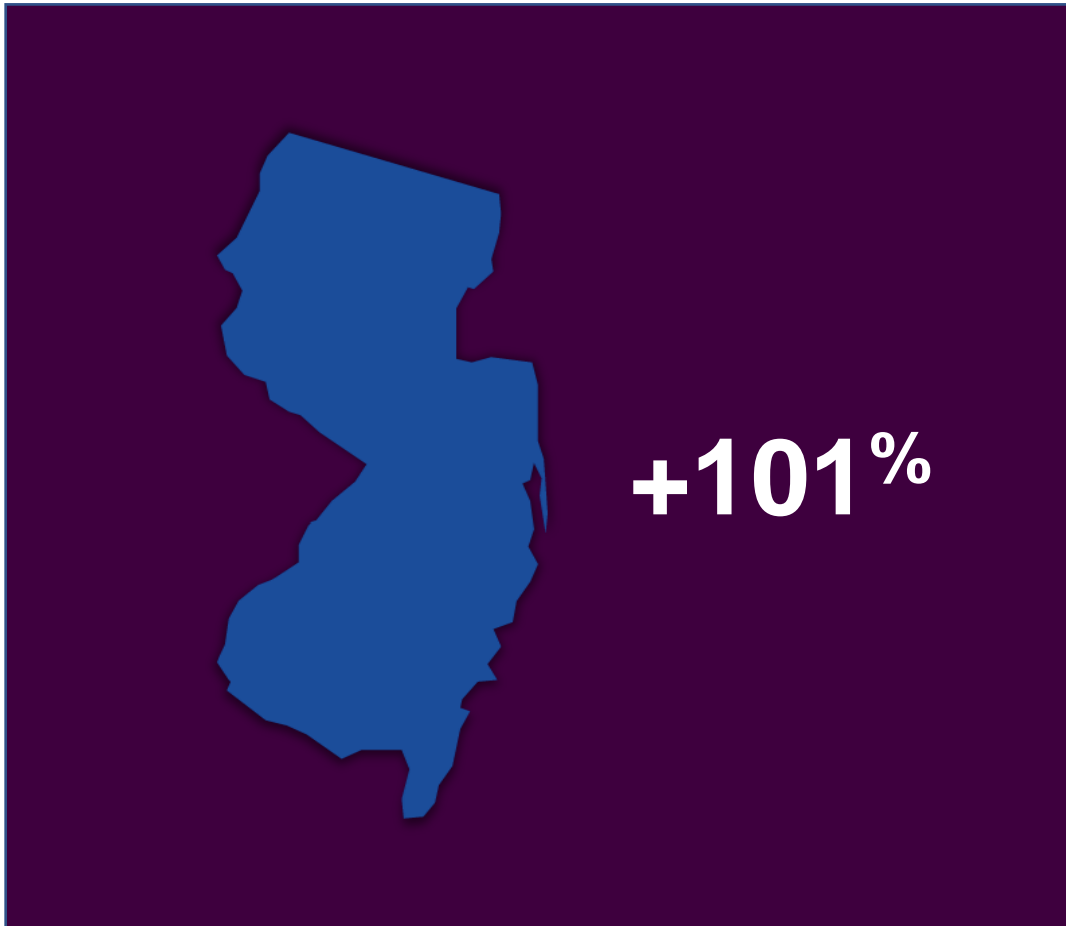
- **SciQ®**  
New Retail technology ecosystem

## SG VISION

- Age verification
- Responsible gaming
- Self-service kiosk personalization
- Upsell capabilities
- Complete retail ecosystem

We are an **industry leading** sports betting, digital casino and iLottery supplier working with the **largest brands across the globe**





- Leading share of bets processed and top 3 content provider in the state **with total market share of 40%**
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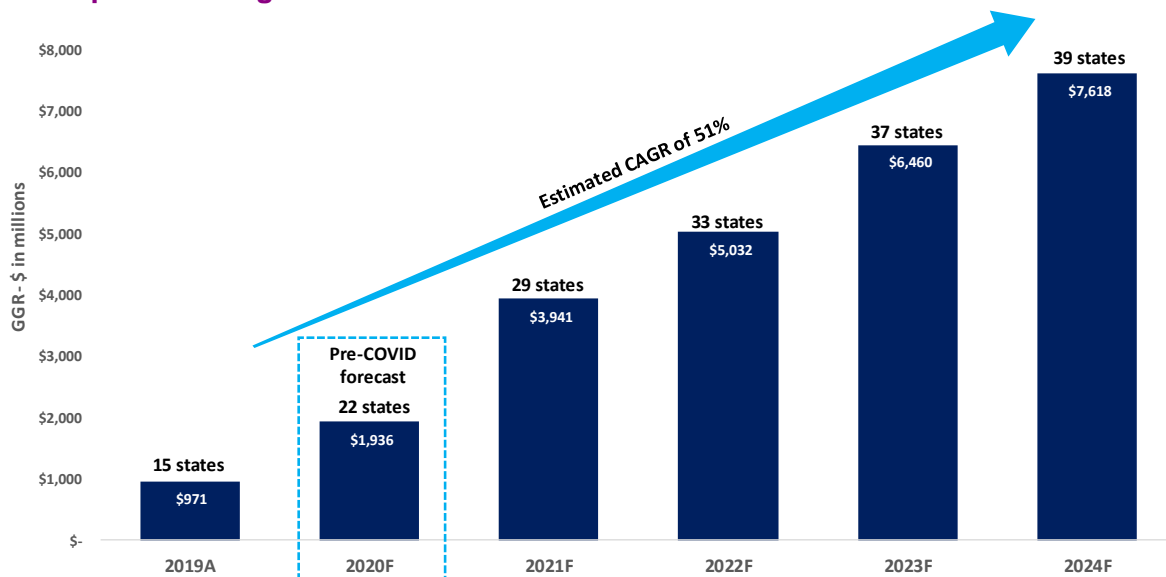
- Implied U.S. iGaming market size based on NJ GGR is **\$22B at maturity**
- 

- Expect to launch with **additional customers in Q4**

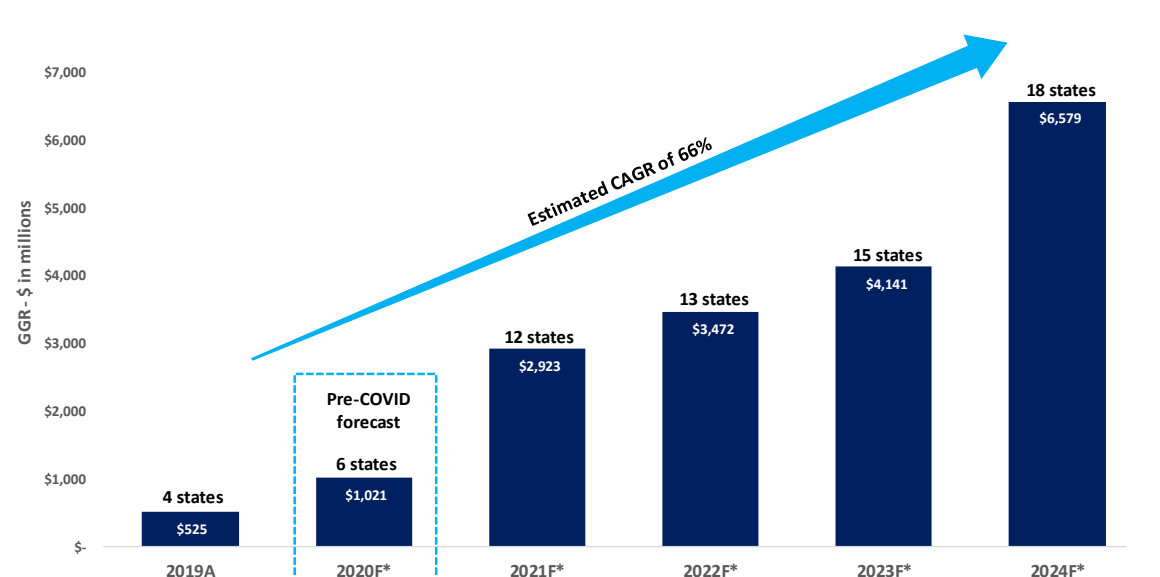


## Industry Leader Poised to Gain Share in Rapidly Growing US Digital Markets

### US Sports Betting Market GGR – Forecast



### US iGaming Market GGR – Forecast



### SGD US Sports Customers



### Key Notes:

Live with Caesars in 5 states in 2019  
Signed deals with many significant players to be delivered in 2020

### SGD US iGaming Customers



+ more customers

+ more customers

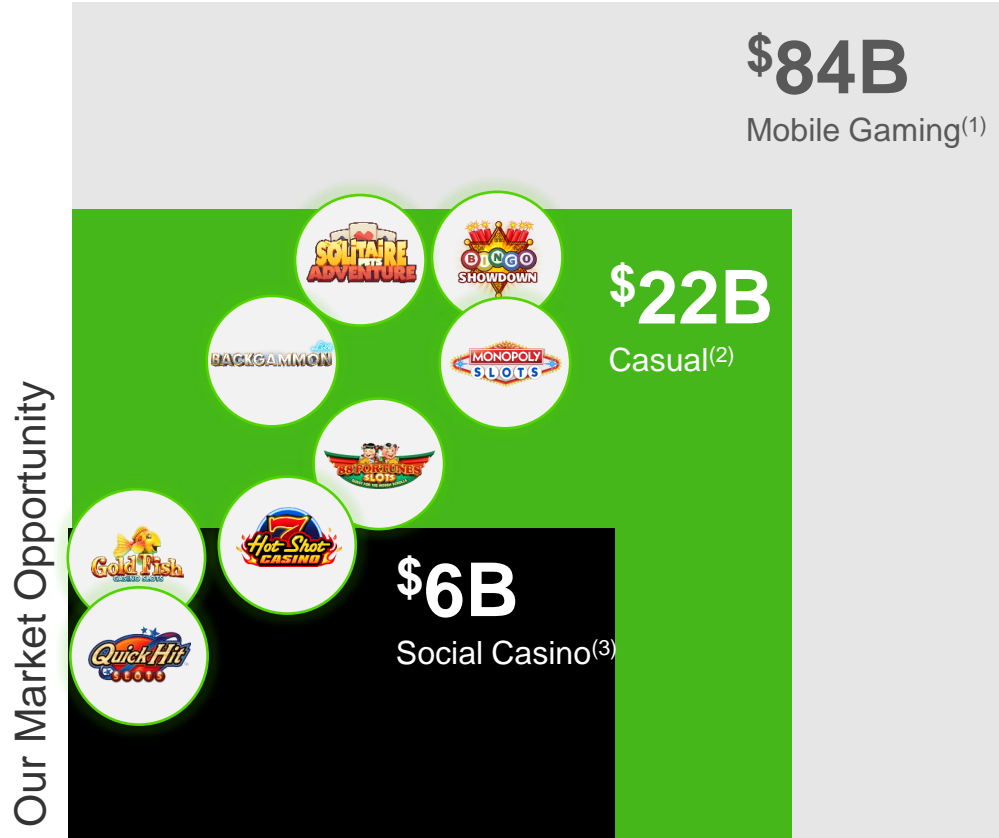
### Key Notes:

Legalized States: DE, NV, NJ, PA, WV, MI  
Legislation Proposed: CO, KY, MA, NE, NY, VA  
Possible States: NH, IN, IA, CA, DC and IL

Source: H2 Gambling Capital and Eiler's

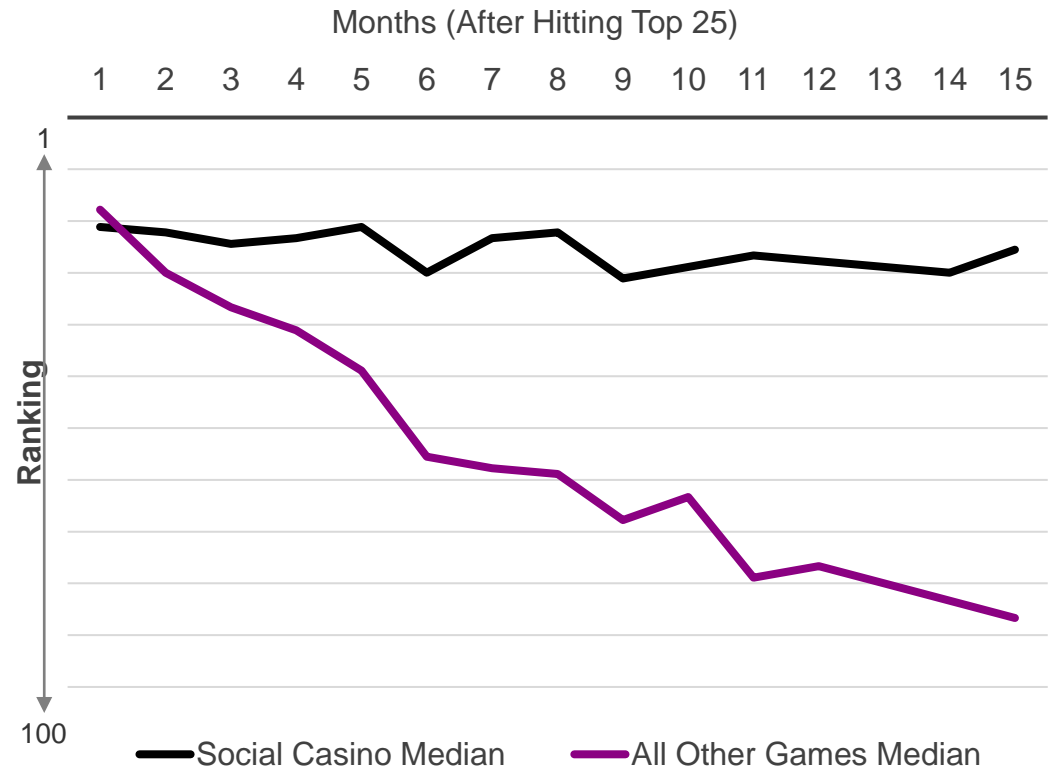
# SciPlay | Expanding Market Across Attractive Genres

## Further Expansion into Growing Casual Genre...



## ...Anchored by Evergreen Social Casino

### Top Grossing iOS Games' Rank Trajectory After Hitting Top 25<sup>(4)</sup>



(1) Source: IDC Worldwide Mobile and Handheld Gaming Forecast, 2019 –2023. Total projected worldwide market in 2019 for smartphone and tablet gaming revenue.

(2) Source: Eilers & Krejcik. Total projected market in 2019 for social casino mobile games and other casual mobile games, such as puzzle, card and match three games.

(3) Source: Eilers & Krejcik. Total projected market in 2019 for social casino mobile games.

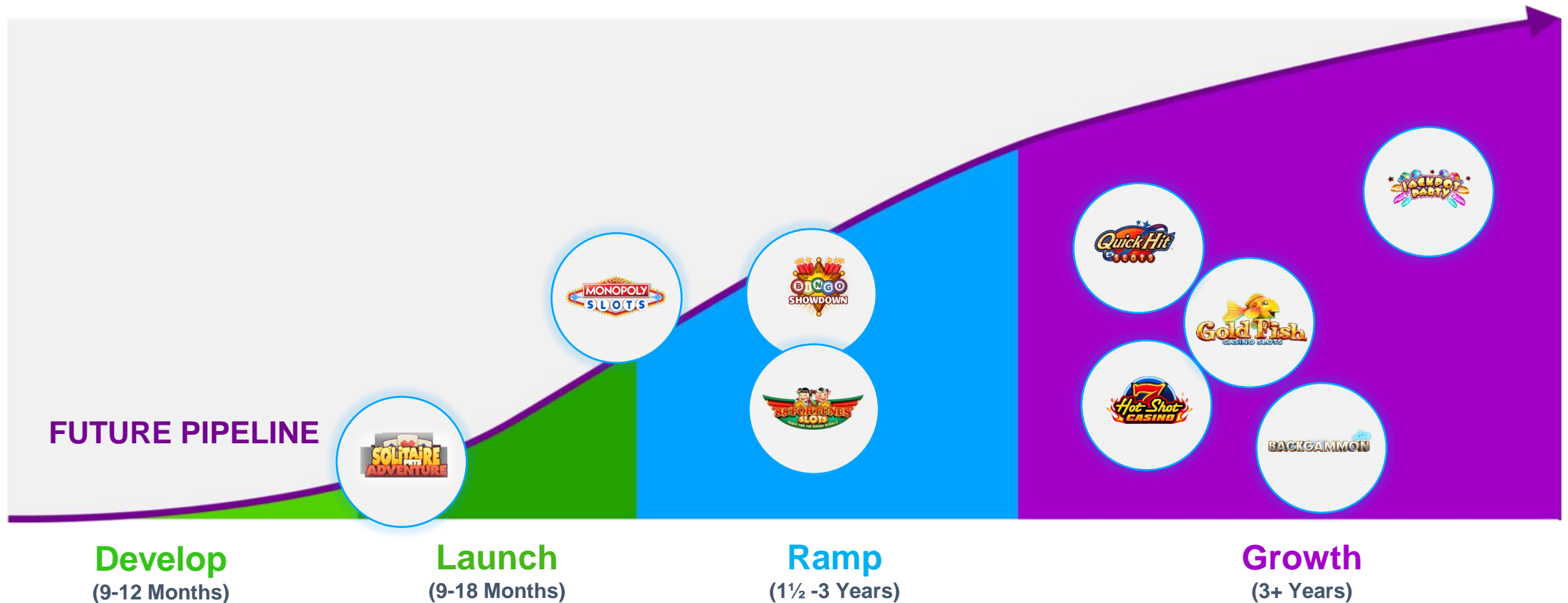
(4) Source: App Annie for top grossing games in the US on iPhone (as of October 2018). Includes only games that first achieved top 25 US grossing rank within the time period of 1/1/2012 through 7/1/2017.

# SciPlay | Games in Various Stages of Growth

All Games Go Through a Similar Life Cycle

Most Games in Early Stages of Life Cycle

Margins Improving as Games Progress Along a Predictable Trajectory



# SciPlay | Mobile Revenue Continuing to Drive Results

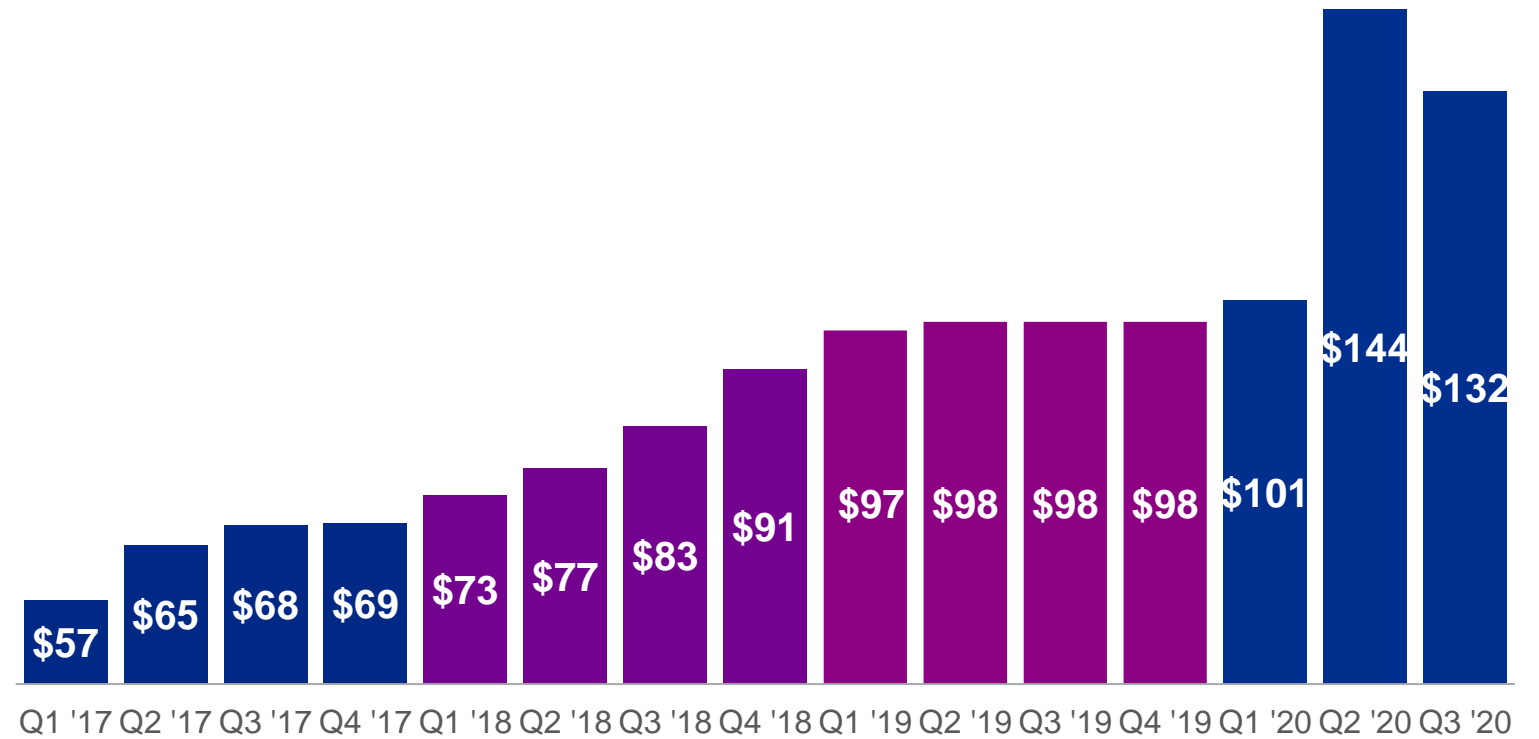
Mobile penetration now at **87%**

**\$98M**  
3Q '19 MOBILE REVENUE

**+35%**

**\$132M**  
3Q '20 MOBILE REVENUE

## Mobile Revenue (\$ in millions)



(1) Includes 2019 Q4 out of period adjustment of \$2.4 million.

# SciPlay | Significant Growth Opportunities

**Selective M&A**

Untapped strategic growth opportunities

**New models**

Growth from new monetization models

**International**

International growth and expansion focus

**New games**

Evaluate opportunities that fit SciPlay culture and values

**Existing games**

Continue to grow DAU, payer conversion rate and ARPDAU



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# APPENDIX



# Forward-Looking Statements

In this presentation, Scientific Games Corporation (“Scientific Games,” “SGMS” or the “Company”) makes “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements describe future expectations, plans, results or strategies and can often be identified by the use of terminology such as “may,” “will,” “estimate,” “intend,” “plan,” “continue,” “believe,” “expect,” “anticipate,” “target,” “should,” “could,” “potential,” “opportunity,” “goal,” or similar terminology. These statements are based upon management’s current expectations, assumptions and estimates and are not guarantees of timing, future results or performance. Therefore, you should not rely on any of these forward-looking statements as predictions of future events. Actual results may differ materially from those contemplated in these statements due to a variety of risks and uncertainties and other factors, including, among other things: the impact of the COVID-19 pandemic and any resulting unfavorable social, political, economic and financial conditions, including the temporary and potentially recurring closure of casinos and lottery operations on a jurisdiction-by-jurisdiction basis; natural events and health crises that disrupt our operations or those of our customers, suppliers or regulators; incurrence of restructuring costs; changes in demand for our products and services; dependence on suppliers and manufacturers; dependence on key employees; goodwill impairment charges including changes in estimates or judgments related to our impairment analysis of goodwill or other intangible assets; level of our indebtedness, higher interest rates, availability or adequacy of cash flows and liquidity to satisfy indebtedness, other obligations or future cash needs; inability to reduce or refinance our indebtedness; restrictions and covenants in debt agreements, including those that could result in acceleration of the maturity of our indebtedness; stock price volatility; competition; U.S. and international economic and industry conditions; slow growth of new gaming jurisdictions, slow addition of casinos in existing jurisdictions and declines in the replacement cycle of gaming machines; ownership changes and consolidation in the gaming industry; opposition to legalized gaming or the expansion thereof and potential restrictions on internet wagering; inability to adapt to, and offer products that keep pace with, evolving technology, including any failure of our investment of significant resources in our R&D efforts; inability to develop successful products and services and capitalize on trends and changes in our industries, including the expansion of internet and other forms of interactive gaming; laws and government regulations, both foreign and domestic, including those relating to gaming, data privacy and security, including with respect to the collection, storage, use, transmission and protection of personal information and other consumer data, and environmental laws, and those laws and regulations that affect companies conducting business on the internet, including online gambling; the continuing evolution of the scope of data privacy and security regulations, and our belief that the adoption of increasingly restrictive regulations in this area is likely within the U.S. and other jurisdictions; significant opposition in some jurisdictions to interactive social gaming, including social casino gaming and how such opposition could lead these jurisdictions to adopt legislation or impose a regulatory framework to govern interactive social gaming or social casino gaming specifically, and how this could result in a prohibition on interactive social gaming or social casino gaming altogether, restrict our ability to advertise our games, or substantially increase our costs to comply with these regulations; legislative interpretation and enforcement, regulatory perception and regulatory risks with respect to gaming, especially internet wagering, social gaming and sports wagering; reliance on technological blocking systems; expectations of shift to regulated online gaming or sports wagering; expectations of growth in total consumer spending on social casino gaming; SciPlay’s dependence on certain key providers; inability to win, retain or renew, or unfavorable revisions of, existing contracts, and the inability to enter into new contracts; protection of our intellectual property, inability to license third-party intellectual property and the intellectual property rights of others; security and integrity of our products and systems, including the impact of any security breaches or cyber-attacks; reliance on or failures in information technology and other systems; challenges or disruptions relating to the implementation of a new global enterprise resource planning system; failure to maintain adequate internal control over financial reporting; inability to benefit from, and risks associated with, strategic equity investments and relationships; inability to achieve some or all of the anticipated benefits of SciPlay being a standalone public company; implementation of complex new accounting standards; fluctuations in our results due to seasonality and other factors; risks relating to foreign operations, including anti-corruption laws, fluctuations in currency rates, restrictions on the payment of dividends from earnings, restrictions on the import of products and financial instability, including the potential impact to our business resulting from the continuing uncertainty around the U.K.’s withdrawal from the European Union; possibility that the 2018 renewal of the LNS concession to operate the Italian instant games lottery is not final (pending appeal against existing court rulings relating to third-party protest against the renewal of the concession); the impact of U.K. legislation approving the reduction of fixed-odds betting terminals maximum stakes limit on LBO operators, including the related closure of certain LBO shops; changes in tax laws or tax

rulings, or the examination of our tax positions; difficulty predicting what impact, if any, new tariffs imposed by and other trade actions taken by the U.S. and foreign jurisdictions could have on our business; the discontinuation or replacement of LIBOR, which may adversely affect interest rates; and litigation and other liabilities relating to our business, including litigation and liabilities relating to our contracts and licenses, our products and systems, our employees (including labor disputes), intellectual property, environmental laws and our strategic relationships.

Additional information regarding risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated in forward-looking statements is included from time to time in our filings with the SEC, including the Company’s Current Reports on Form 8-K, Quarterly Reports on Form 10-Q and its latest Annual Report on Form 10-K filed with the SEC on February 18, 2020 (including under the headings “Forward Looking Statements” and “Risk Factors”). Forward-looking statements speak only as of the date they are made and, except for our ongoing obligations under the U.S. federal securities laws, we undertake no and expressly disclaim any obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

Due to rounding, certain numbers presented herein may not precisely agree or add up on a cumulative basis to the totals previously reported.

## Additional Notes

This presentation may contain references to industry market data and certain industry forecasts. Industry market data and industry forecasts are obtained from publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed. Although we believe industry information to be accurate, it is not independently verified by us and we do not make any representation as to the accuracy of that information. In general, we believe there is less publicly available information concerning the international gaming, lottery, social and digital gaming industries than the same industries in the U.S.

# SG Non-GAAP Financial Measures

The Company's management uses the following non-GAAP financial measures in conjunction with GAAP financial measures: Consolidated AEBITDA, Consolidated AEBITDA margin, free cash flow, EBITDA from equity investments, and net debt and net debt leverage ratio (each, as described more fully below). These non-GAAP financial measures are presented as supplemental disclosures. They should not be considered in isolation of, as a substitute for, or superior to, the financial information prepared in accordance with GAAP, and should be read in conjunction with the Company's financial statements filed with the SEC. The non-GAAP financial measures used by the Company may differ from similarly titled measures presented by other companies.

Specifically, the Company's management uses Consolidated AEBITDA to, among other things: (i) monitor and evaluate the performance of the consolidated Company's business operations; (ii) facilitate management's internal and external comparisons of the Company's consolidated historical operating performance; and (iii) analyze and evaluate financial and strategic planning decisions regarding future operating investments and operating budgets.

In addition, the Company's management uses Consolidated AEBITDA and Consolidated AEBITDA margin to facilitate management's external comparisons of the Company's consolidated results to the historical operating performance of other companies that may have different capital structures and debt levels.

The Company's management uses EBITDA from equity investments to monitor and evaluate the performance of the Company's equity investments. The Company's management uses net debt and net debt leverage ratio in monitoring and evaluating the Company's overall liquidity, financial flexibility and leverage.

The Company's management believes that each of these non-GAAP financial measures are useful as they provide management and investors with information regarding the Company's financial condition and operating performance that is an integral part of management's reporting and planning processes. In particular, the Company's management believes that Consolidated AEBITDA is helpful because this non-GAAP financial measure eliminates the effects of restructuring, transaction, integration or other items that management believes is less indicative of the Company's ongoing underlying operating performance and are better evaluated separately. Management believes Consolidated AEBITDA margin is useful for analysts and investors as this measure allows an evaluation of the performance of our ongoing business operations and provides insight into the cash operating income margins generated from our business, from which capital investments are made and debt is serviced. Moreover, management believes EBITDA from equity investments is useful to investors because the Company's Lottery business is conducted through a number of equity investments, and this measure eliminates financial items from the equity investees' earnings that management believes has less bearing on the equity investees' performance. Management believes that free cash flow provides useful information regarding the Company's liquidity and its ability to service debt and fund investments. Management also believes that free cash flow is useful for investors because it provides them with an important perspective on the cash available for debt repayment and other strategic measures, after making necessary capital investments in property and equipment and necessary license payments to support the Company's ongoing business operations and taking into account cash flows relating to the Company's equity investments. See Supplemental Information- Recast Quarterly Calculation of Free Cash Flow above for the recast of free cash flow, which further adjusts our previously used measure, free cash flow, to exclude changes in restricted cash, substantially associated with the recent expansion of iLottery operations, that are impacting working capital, and align such calculation with the revised management view and definition of such non-GAAP financial measure. Such restricted cash is excluded because it is not available to fund debt repayments or other initiatives and therefore management believes this calculation better aligns with the reason management uses this non-GAAP information.

## Consolidated AEBITDA

Consolidated AEBITDA, as used herein, is a non-GAAP financial measure that is presented as supplemental disclosure and is reconciled to net (loss) income as the most directly comparable GAAP measure, as set forth in the schedule titled "Reconciliation of Net (Loss) Income Attributable to SGC to Consolidated AEBITDA." Consolidated AEBITDA should not be considered in isolation of, as a substitute for, or superior to, the consolidated financial information prepared in accordance with GAAP, and should be read in conjunction with the Company's financial statements filed with the SEC. Consolidated AEBITDA may differ from similarly titled measures presented by other companies.

Consolidated AEBITDA is reconciled to consolidated net (loss) income and includes net (loss) income attributable to SGC with the following adjustments: (1) net income attributable to noncontrolling interest; (2) restructuring and other, which includes charges or expenses attributable to: (i) employee severance; (ii) management restructuring and related costs; (iii) restructuring and integration; (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition costs and other unusual items; (3) depreciation and amortization expense and impairment charges (including goodwill impairments); (4) change in fair value of investments and remeasurement of debt; (5) interest expense; (6) income tax expense; (7) stock-based compensation; (8) loss (gain) on debt financing transactions; and (9) other expense (income), net. In addition to the preceding adjustments, we exclude earnings from equity method investments and add (without duplication) our pro rata share of EBITDA of our equity investments, which represents our share of earnings (whether or not distributed to us) before income tax expense, depreciation and amortization expense, and interest (income) expense, net of our joint ventures and minority investees, which is included in our calculation of Consolidated AEBITDA to align with the provisions of our long-term debt arrangements. AEBITDA is presented exclusively as our segment measure of profit or loss.

## Consolidated AEBITDA Margin

Consolidated AEBITDA margin, as used herein, represents our Consolidated AEBITDA (as defined above) for the three and nine month periods ended September 30, 2020 and 2019, each calculated as a percentage of revenue. Consolidated AEBITDA margin is a non-GAAP financial measure that is presented as supplemental disclosure for illustrative purposes only and is reconciled to net (loss) income attributable to SGC, the most directly comparable GAAP measure, in a schedule herein.

## Free Cash Flow

Free cash flow, as used herein, represents net cash (used in) provided by operating activities less total capital expenditures (which includes lottery, gaming and digital systems expenditures and other intangible assets and software expenditures), less payments on license obligations, less contributions to equity method investments plus distributions of capital from equity investments, and adjusted for changes in restricted cash impacting working capital. Free cash flow is a non-GAAP financial measure that is presented as a supplemental disclosure for illustrative purposes only and is reconciled to net cash provided by operating activities, the most directly comparable GAAP measure, in a schedule above. See Supplemental Information- Recast Quarterly Calculation of Free Cash Flow above for the recast of free cash flow, which further adjusts our previously used measure, free cash flow, to exclude changes in restricted cash, substantially associated with the recent expansion of iLottery operations, that are impacting working capital, and align such calculation with the revised management view and definition of such non-GAAP financial measure. Such restricted cash is excluded because it is not available to fund debt repayments or other initiatives and therefore management believes this calculation better aligns with the reason management uses this non-GAAP information.

## EBITDA from Equity Investments

EBITDA from equity investments, as used herein, represents our share of earnings (whether or not distributed to us) plus income tax expense, depreciation and amortization expense (inclusive of amortization of payments made to customers for LNS), interest income, net, and other non-cash and unusual items from our joint ventures and minority investees. EBITDA from equity investments is a non-GAAP financial measure that is presented as supplemental disclosure for illustrative purposes only and is reconciled to earnings from equity investments, the most directly comparable GAAP measure, in a schedule herein.

## Net Debt and Net Debt Leverage Ratio

Net debt is defined as total principal face value of debt outstanding, the most directly comparable GAAP measure, less cash and cash equivalents. Principal face value of debt outstanding includes the face value of debt issued under Senior Secured Credit Facilities, Senior Notes and Subordinated Notes, all described in Note 15 of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, but it does not include long term obligations under financing leases or \$7 million in proceeds received from transactions completed in 2018 which are presented as debt. In addition, principal face value of debt outstanding with respect to the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes are translated at the constant foreign exchange rate at issuance of these notes as those amounts remain payable at the original issuance amounts in Euro. Net debt leverage ratio, as used herein, represents net debt divided by Consolidated AEBITDA (as defined above).



# SGMS Reconciliation of Net (Loss) Income Attributable to SGC to Consolidated AEBITDA

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
<b>Net (loss) income attributable to SGC</b>	\$ (117)	\$ 14	\$ (479)	\$ (87)
Net income attributable to noncontrolling interest	6	4	15	6
<b>Net (loss) income</b>	<b>(111)</b>	<b>18</b>	<b>(464)</b>	<b>(81)</b>
Restructuring and other	20	11	58	24
Depreciation, amortization and impairments	136	162	414	497
Goodwill impairment	-	-	54	-
Other expense, net	3	9	8	7
Interest expense	131	146	379	447
Income tax expense (benefit)	5	(3)	11	8
Stock-based compensation	17	9	41	33
Loss on debt financing transactions	1	-	1	60
Loss (gain) on remeasurement of debt	24	(19)	26	(21)
EBITDA from equity investments <sup>(1)</sup>	11	15	25	50
(Earnings) loss from equity investments	(2)	(4)	3	(17)
<b>Consolidated AEBITDA</b>	<b>\$ 235</b>	<b>\$ 344</b>	<b>\$ 556</b>	<b>1,007</b>

Note: U.S. Dollars in millions.

(1) EBITDA from equity investments is a non-GAAP financial measure reconciled to (loss) earnings from equity investments on slide 26

# SG SGMS Calculation of Free Cash Flow <sup>(1)</sup>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Net cash provided by operating activities</b>	\$ 140	\$ 141	\$ 312	\$ 403
Less: Capital expenditures	(50)	(75)	(142)	(207)
(Less)/Add: Distributions of capital from equity investments, net of contributions	-	-	(1)	17
Less: Payments on license obligations	(6)	(13)	(21)	(26)
Less: Change in restricted cash impacting working capital	(22)	(2)	(34)	(6)
<b>Free cash flow<sup>(1)</sup></b>	\$ 62	\$ 51	\$ 114	\$ 181

	SUPPLEMENTAL INFORMATION - RECAST QUARTERLY CALCULATION OF FREE CASH FLOW						
	FY 2020		FY 2019				
	Q1	Q2	Q1	Q2	Q3	Q4	FY
<b>Free cash flow, as previously reported</b>	\$ 59	\$ 5	\$ 96	\$ 38	\$ 53	\$ 56	\$ 243
Adjust for change in restricted cash impacting working capital	(4)	(8)	(1)	(3)	(2)	(4)	(10)
<b>Recast free cash flow<sup>(1)</sup></b>	\$ 55	\$ (3)	\$ 95	\$ 35	\$ 51	\$ 52	\$ 233

Note: U.S. Dollars in millions.

(1) Calculation of free cash flow, a non-GAAP financial measure, have been recast to further adjust our previously presented measure, free cash flow, to exclude changes in restricted cash, substantially associated with the recent expansion of iLottery operations, that impacts working capital, and align such calculation with the revised management view and definition of such non-GAAP financial measure.



# SGMS Reconciliation of Earnings (Loss) from Equity Investments to EBITDA from Equity Investments

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
<b>Earnings (loss) from equity investments</b>	\$ 2	\$ 4	\$ (3)	\$ 17
Add: Income tax expense	-	2	2	7
Add: Depreciation and amortization	9	9	23	25
Add: Interest income, net and other	-	-	3	1
<b>EBITDA from equity investments</b>	\$ 11	\$ 15	\$ 25	\$ 50