

# 2Q 2016 Earnings Results

Aug 26, 2016



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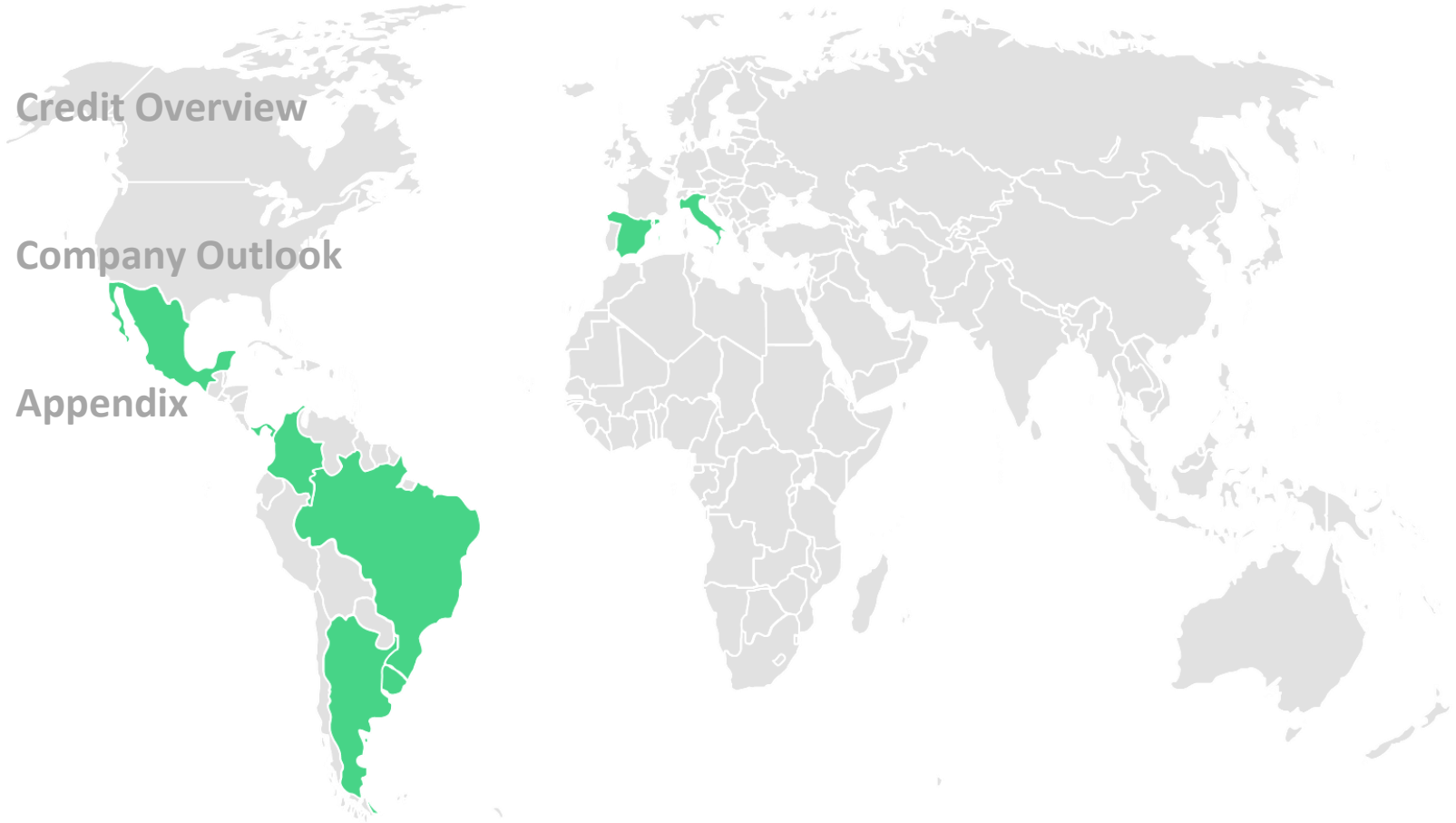
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- **Operating Results**

- **Credit Overview**

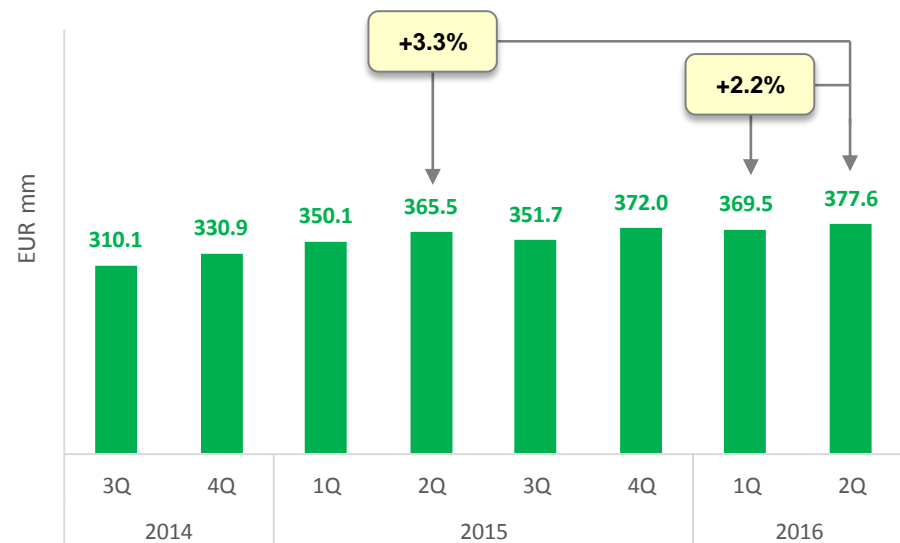
- **Company Outlook**

- **Appendix**

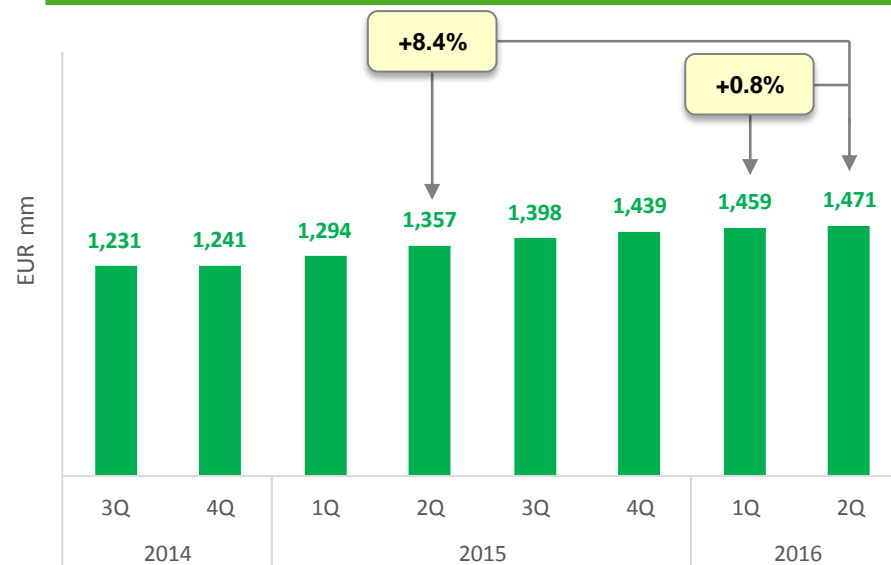


# Total Revenue (ARS @ Blue Rate) <sup>(1)</sup>

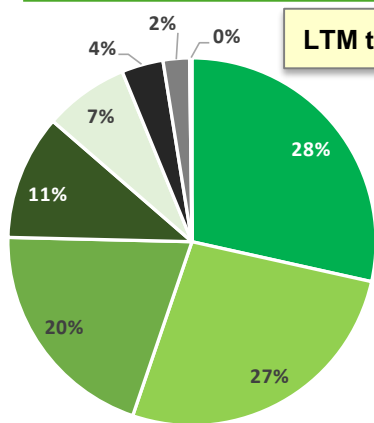
## Quarter



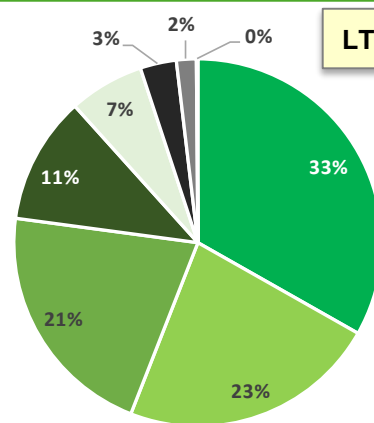
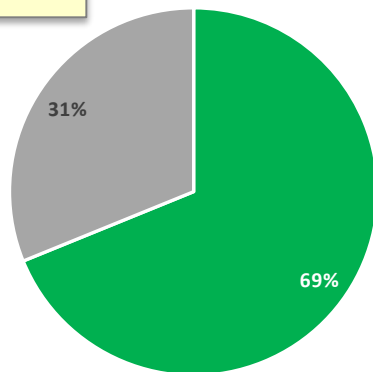
## LTM



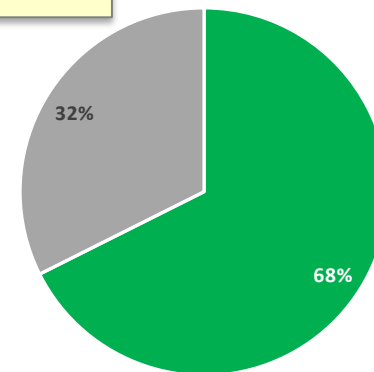
## Geographic Mix



LTM to Jun-15



LTM to Jun-16



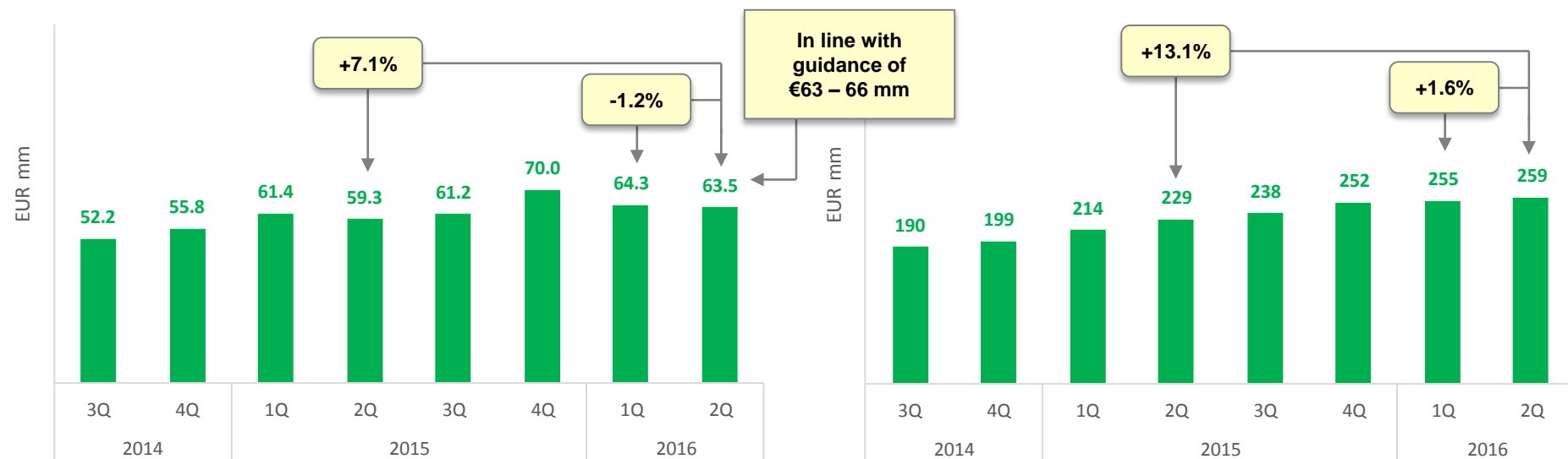
■ Argentina ■ Mexico ■ Italy ■ Spain ■ Panama ■ Uruguay ■ Colombia ■ Brazil ■ Latam ■ Europe

(1) Figures reflect Company consolidated revenue plus 50% of HRU (unconsolidated joint venture accounted for under equity method) revenue.

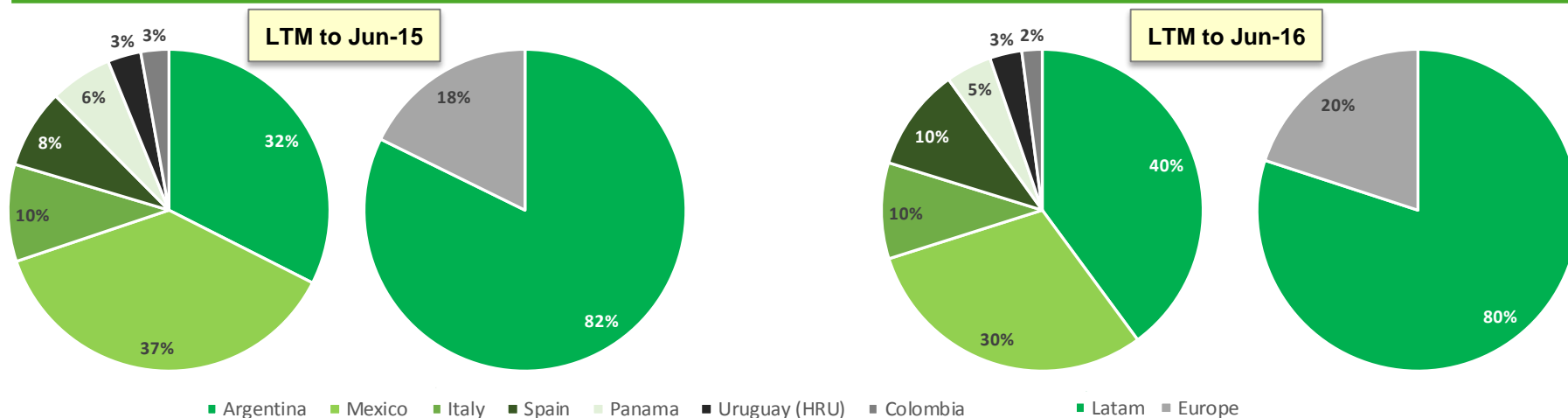
# Total Adjusted EBITDA (ARS @ Blue Rate) <sup>(1)</sup>

## Quarter

## LTM



## Geographic Mix <sup>(2)</sup>

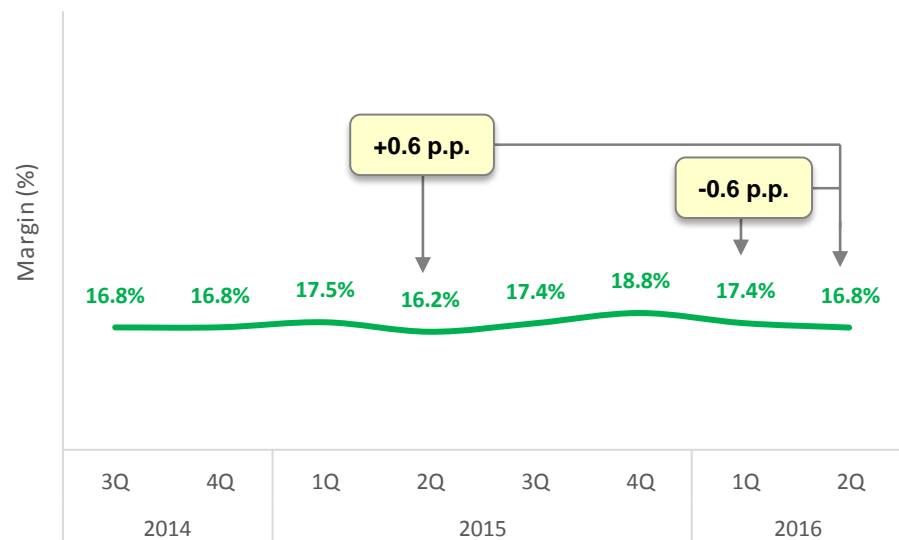


(1) Figures reflect Company consolidated adjusted EBITDA plus 50% of HRU (unconsolidated joint venture accounted for under equity method) adjusted EBITDA.

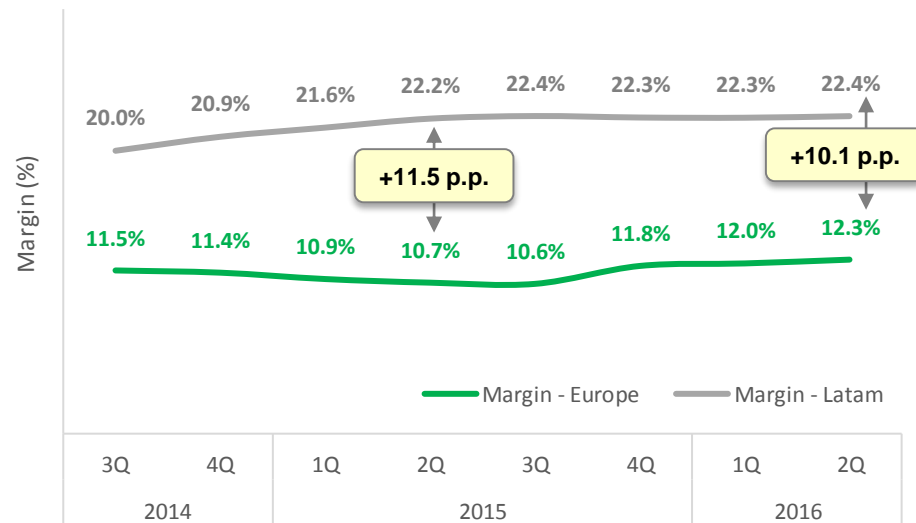
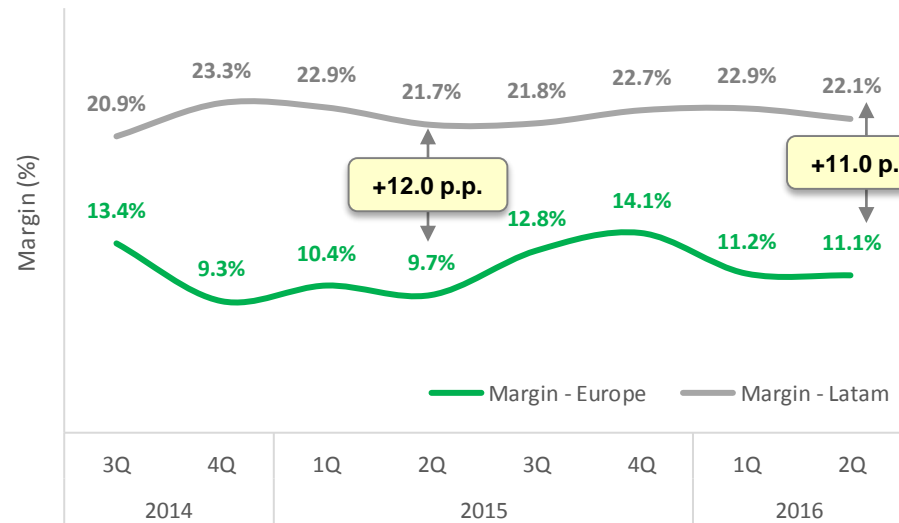
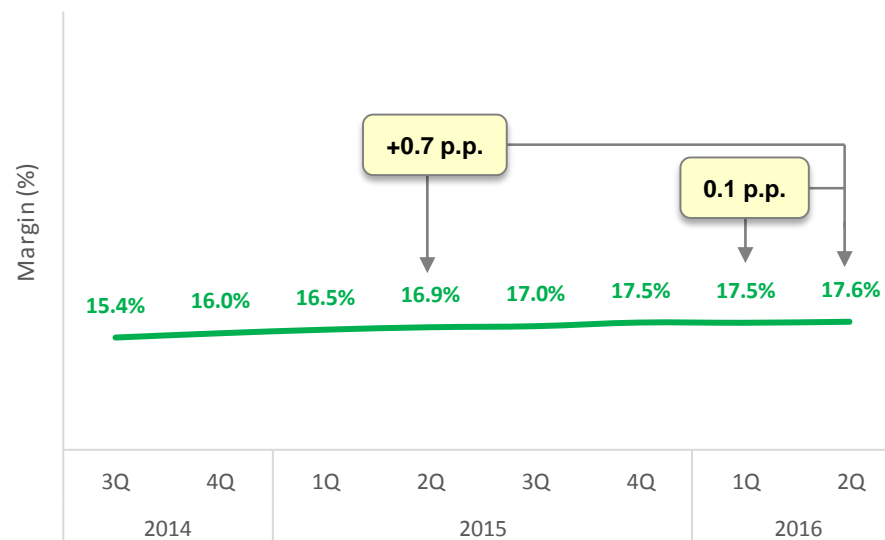
(2) Figures reflect contribution to total adjusted EBITDA before Corporate Overhead and excluding Brazil and Carrasco Nobile due to negative adjusted EBITDA.

# Total Adjusted EBITDA Margin (ARS @ Blue Rate) <sup>(1)</sup>

## Quarter



## LTM



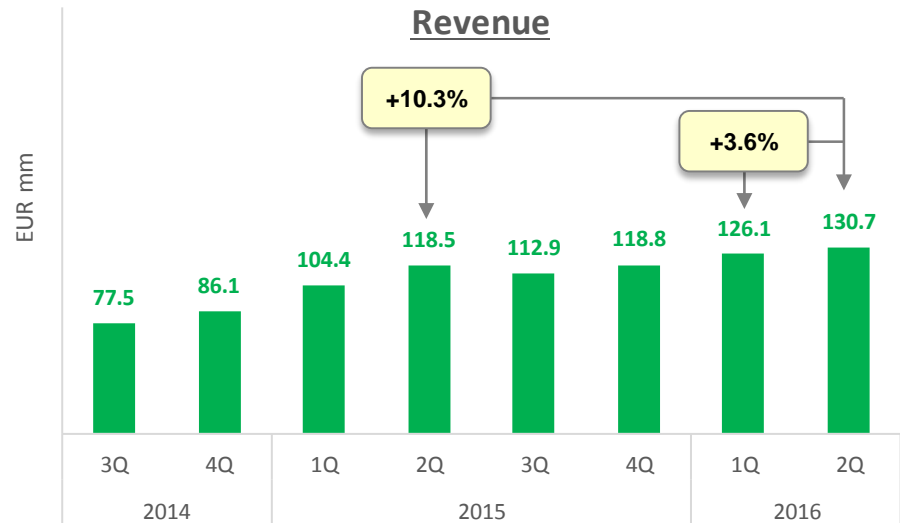
(1) Figures reflect Company consolidated adjusted EBITDA plus 50% of HRU (unconsolidated joint venture accounted for under equity method) adjusted EBITDA.

# Operating Results

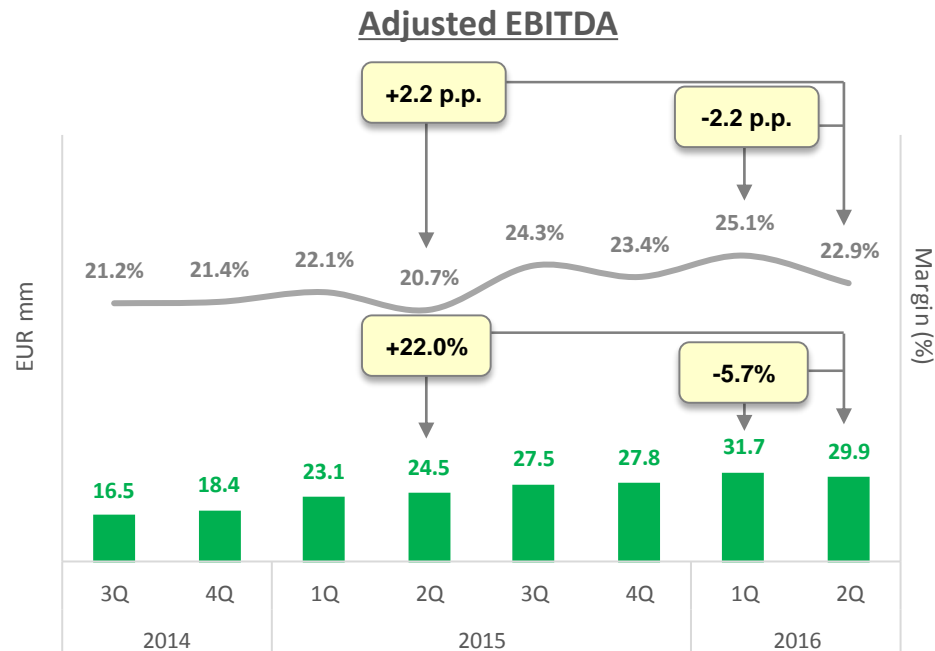
## Argentina (ARS @ Blue Rate)

### Quarter

#### Revenue

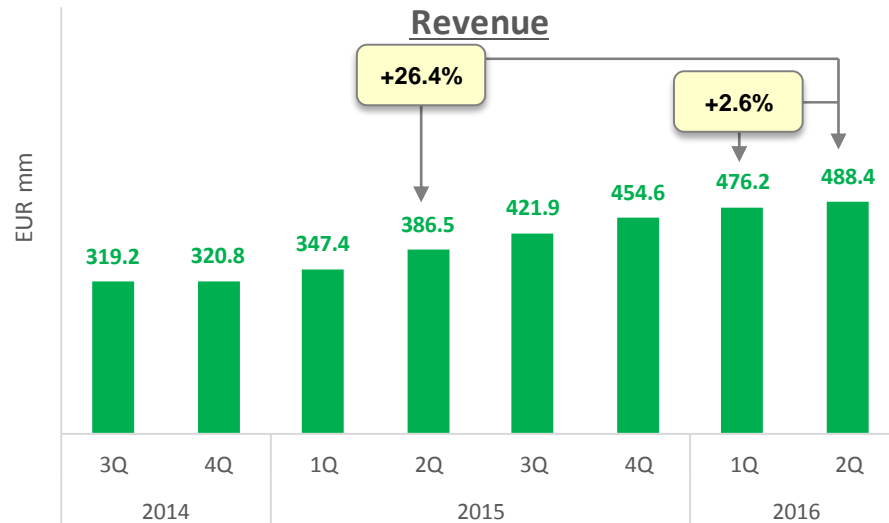


#### Adjusted EBITDA

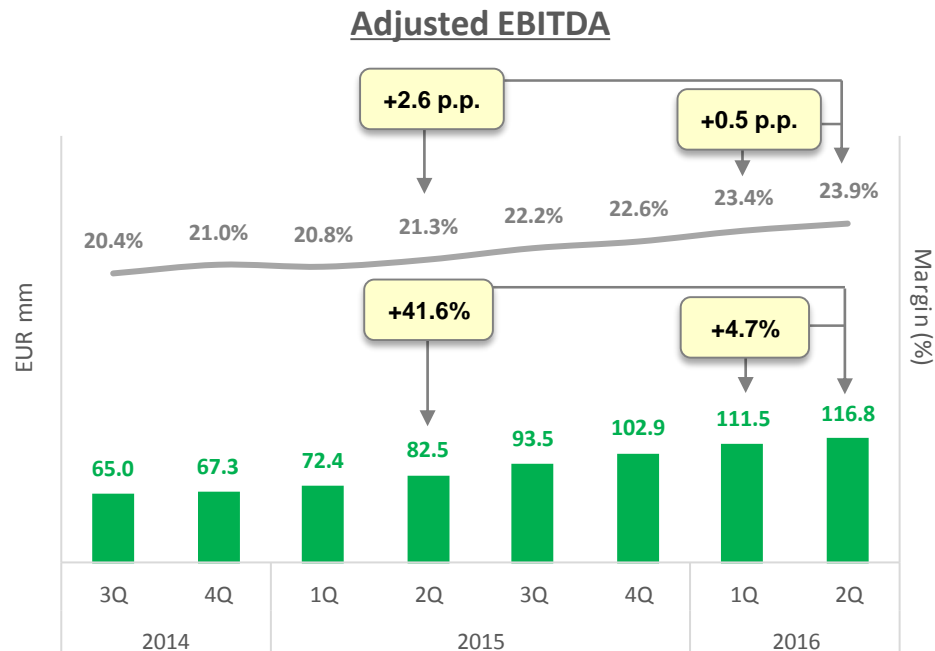


### LTM

#### Revenue



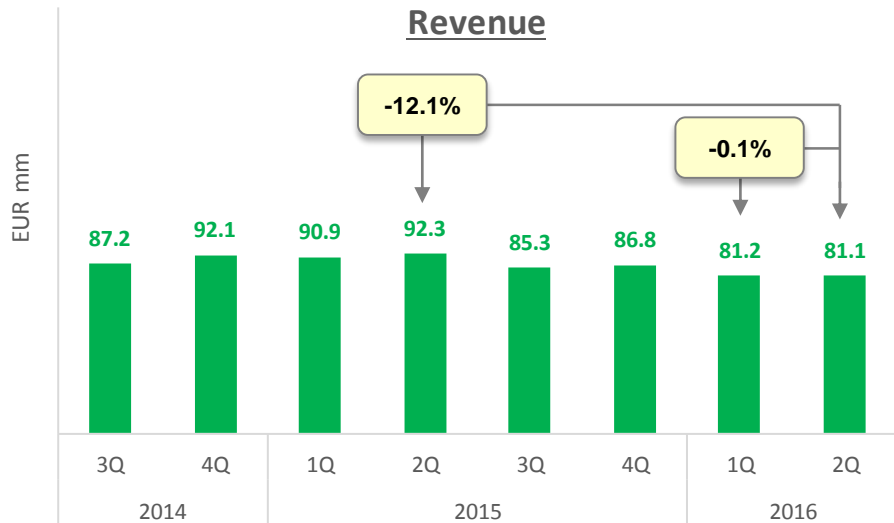
#### Adjusted EBITDA



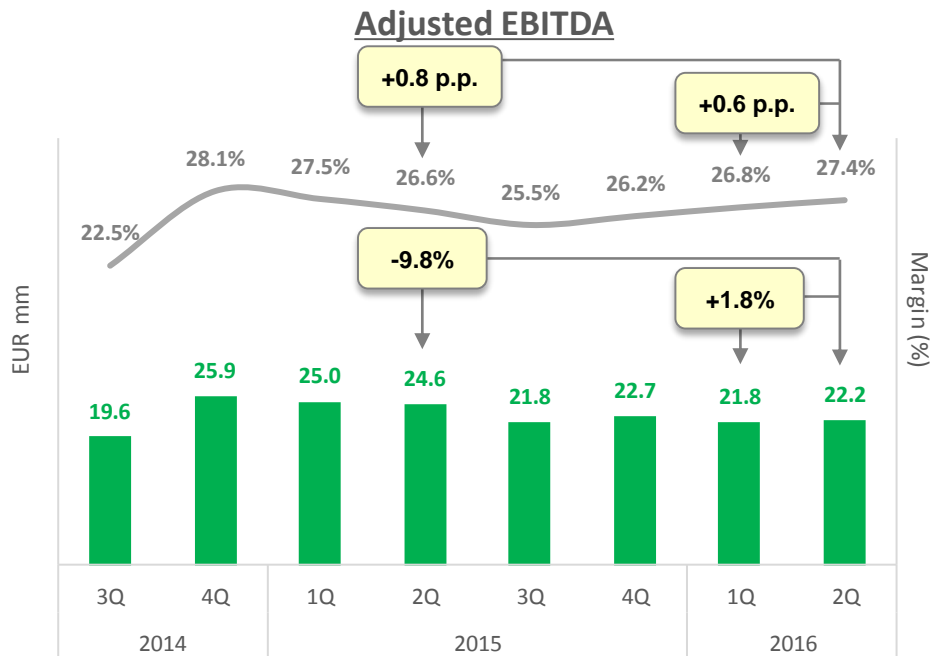
# Operating Results Mexico

## Quarter

### Revenue

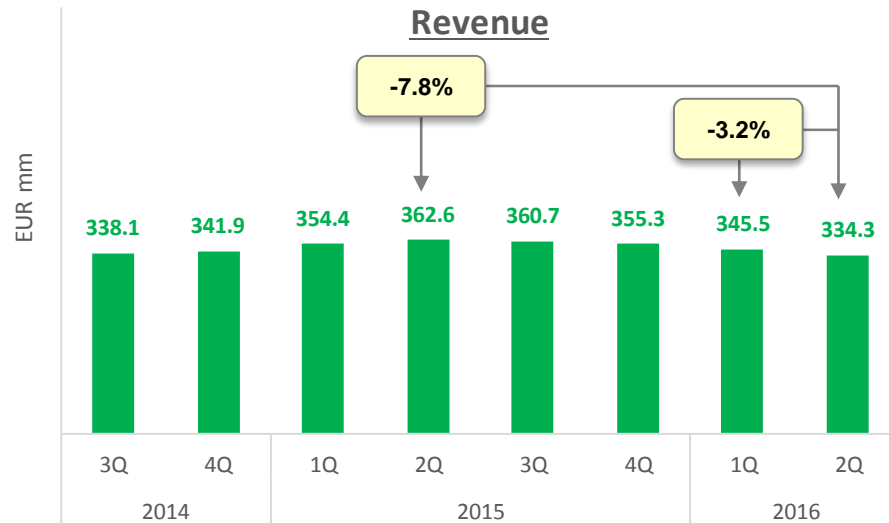


### Adjusted EBITDA

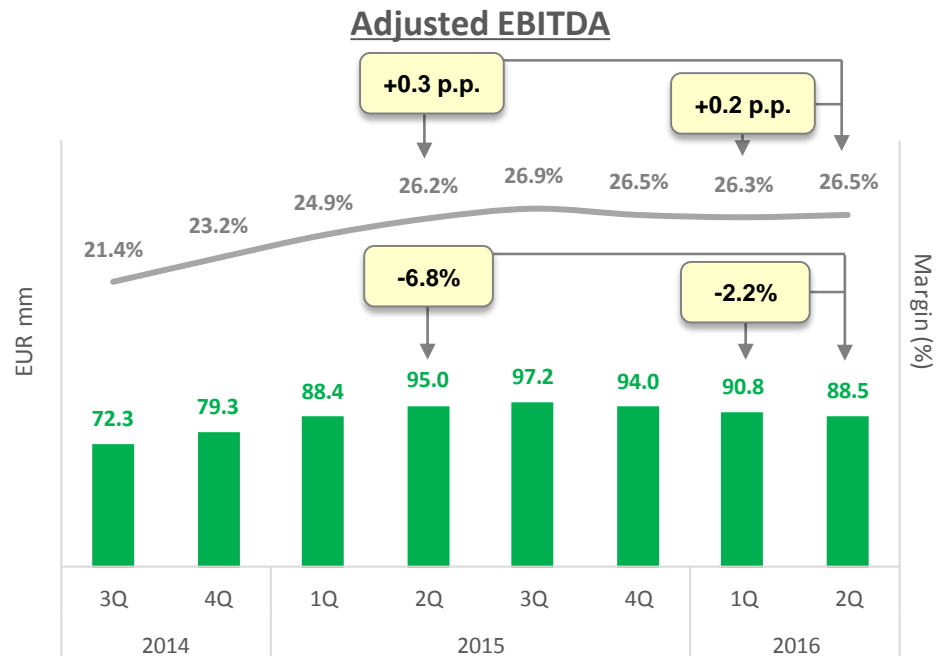


## LTM

### Revenue



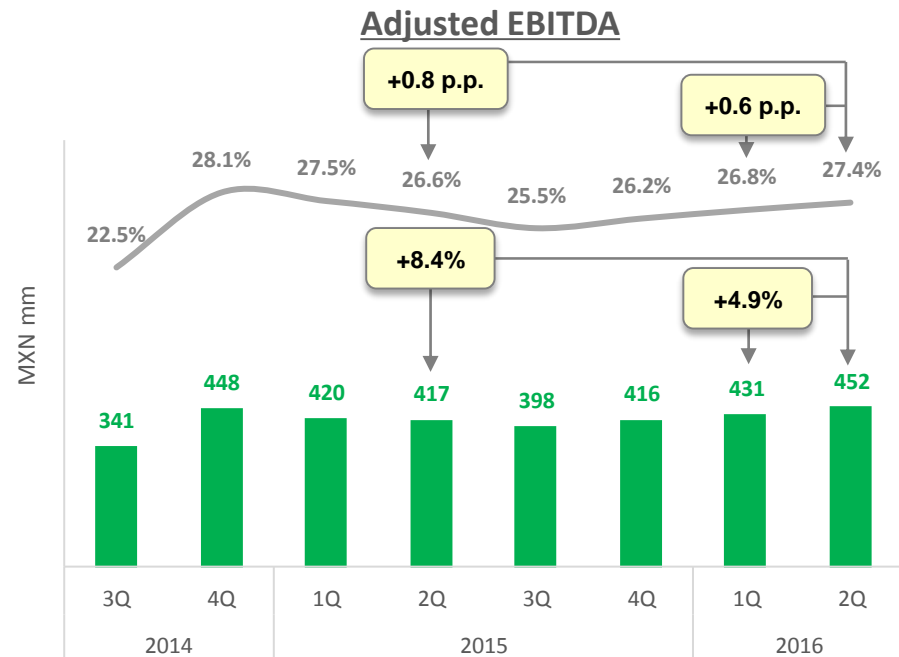
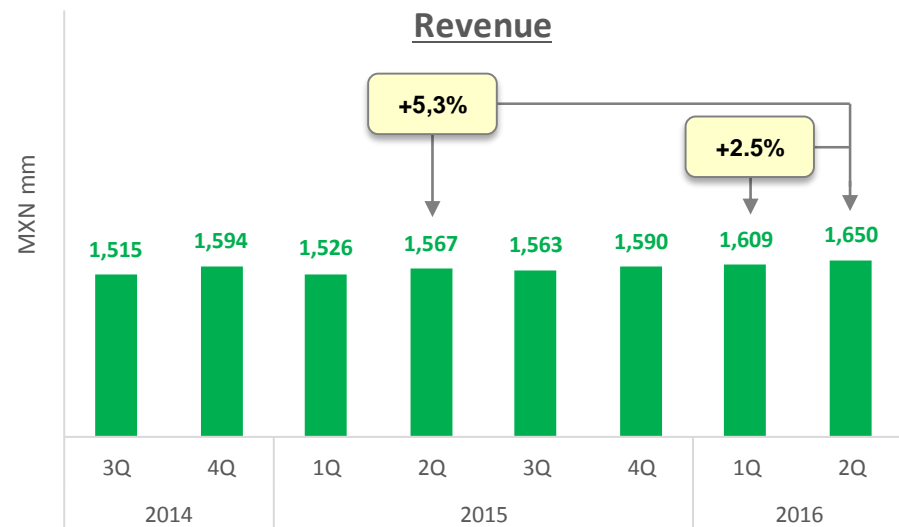
### Adjusted EBITDA



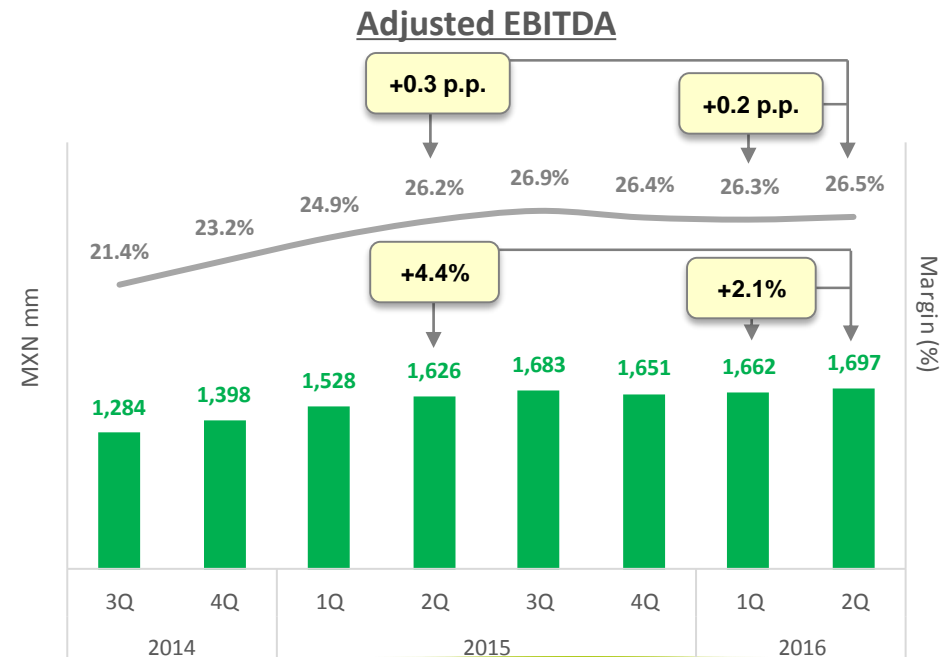
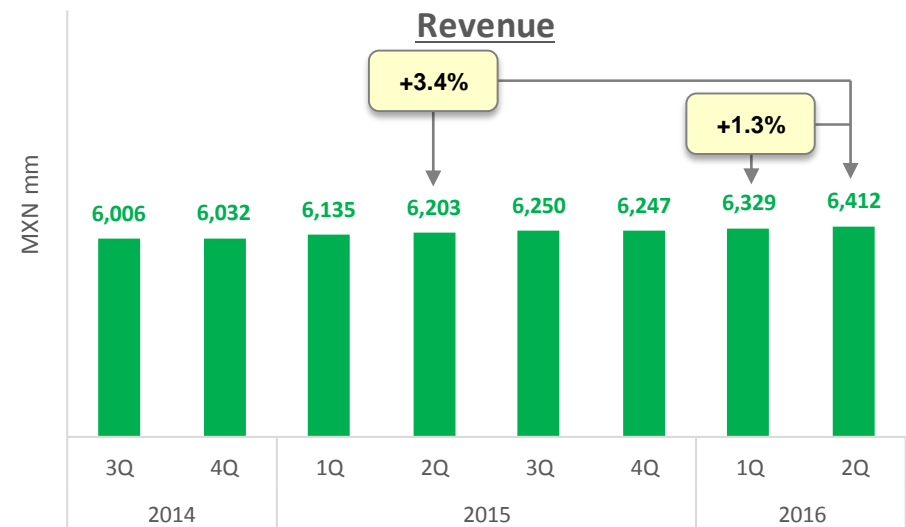


# Operating Results Mexico (Local Currency)

## Quarter

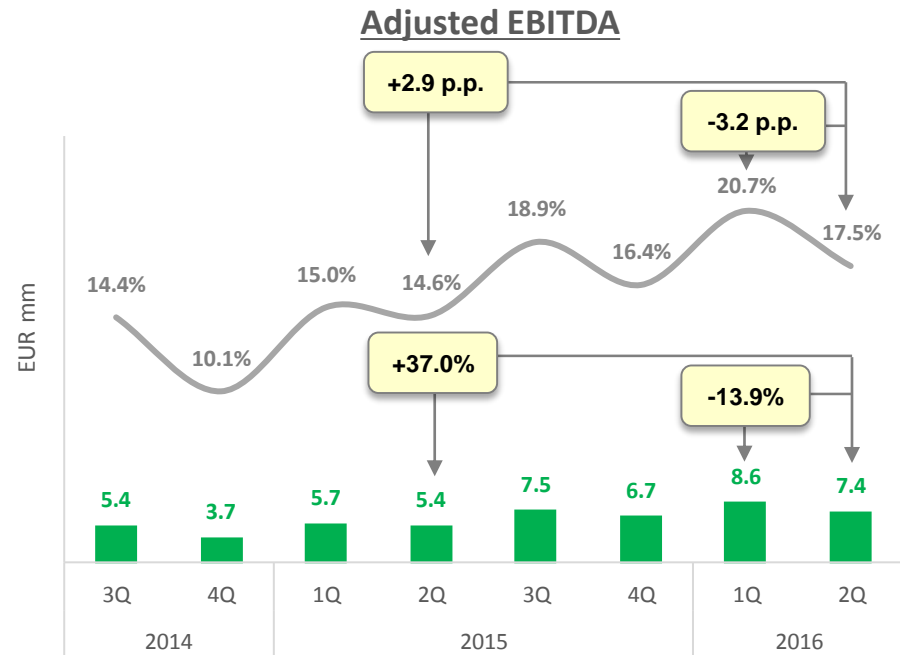
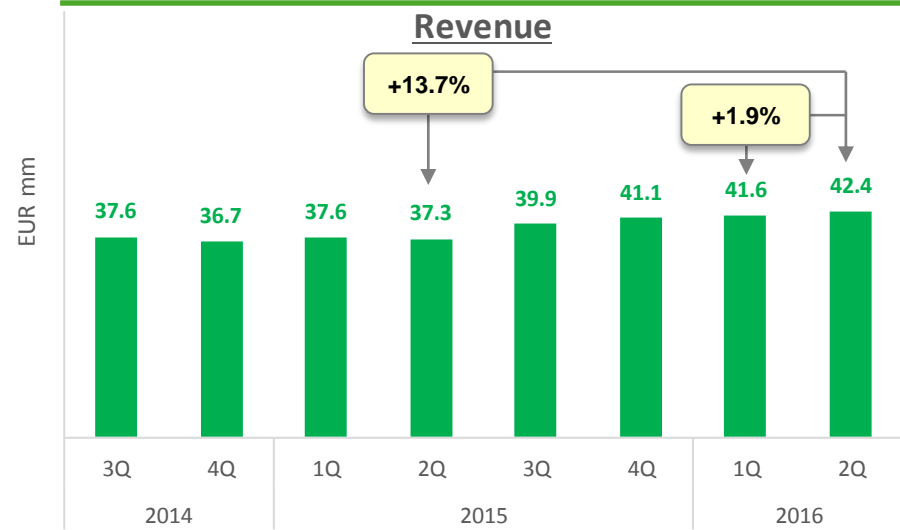


## LTM

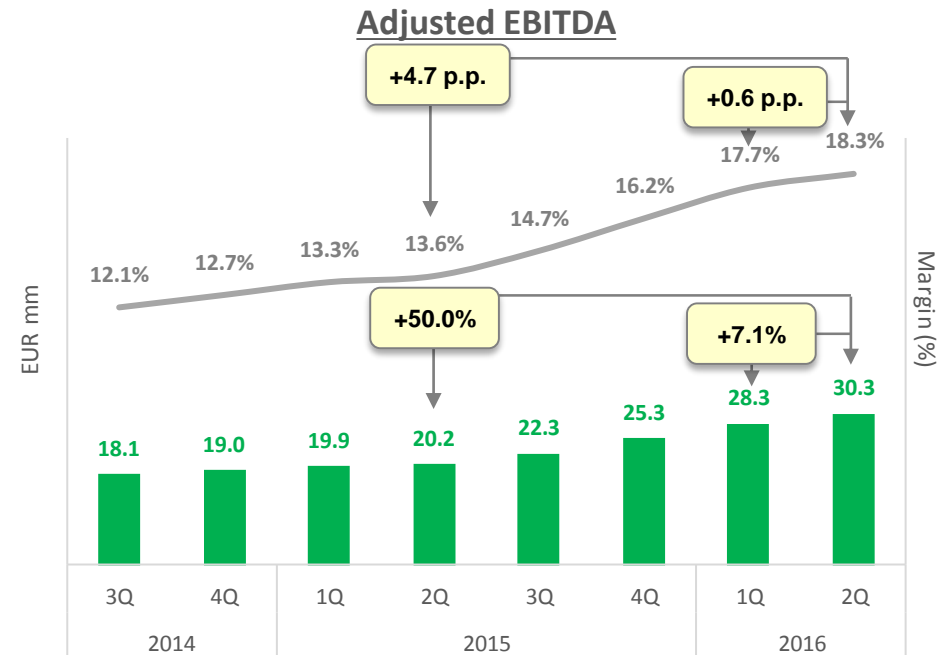
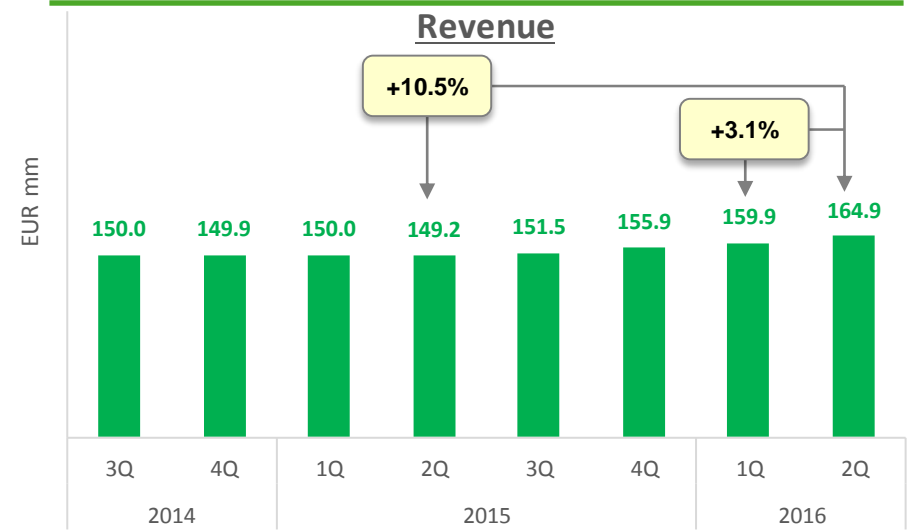


# Operating Results Spain

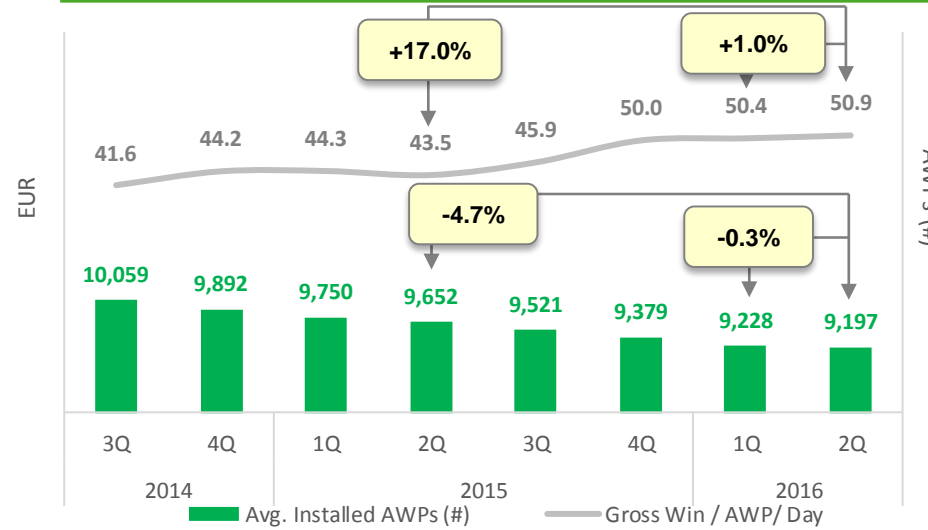
## Quarter



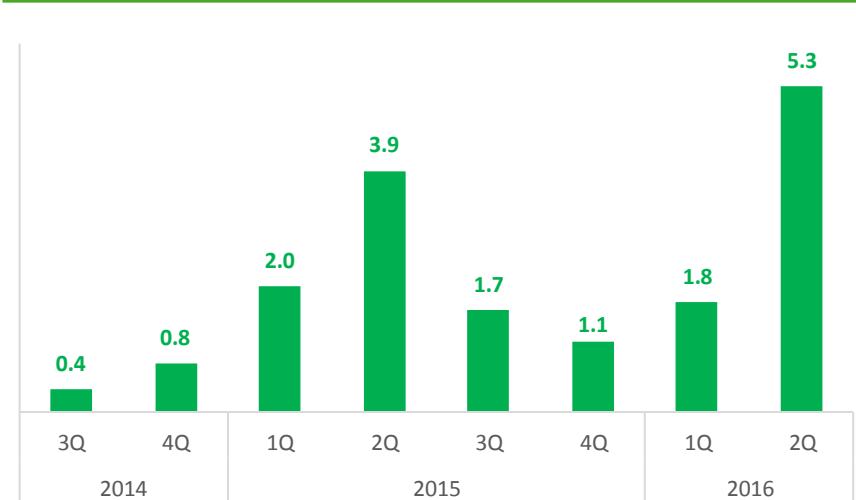
## LTM



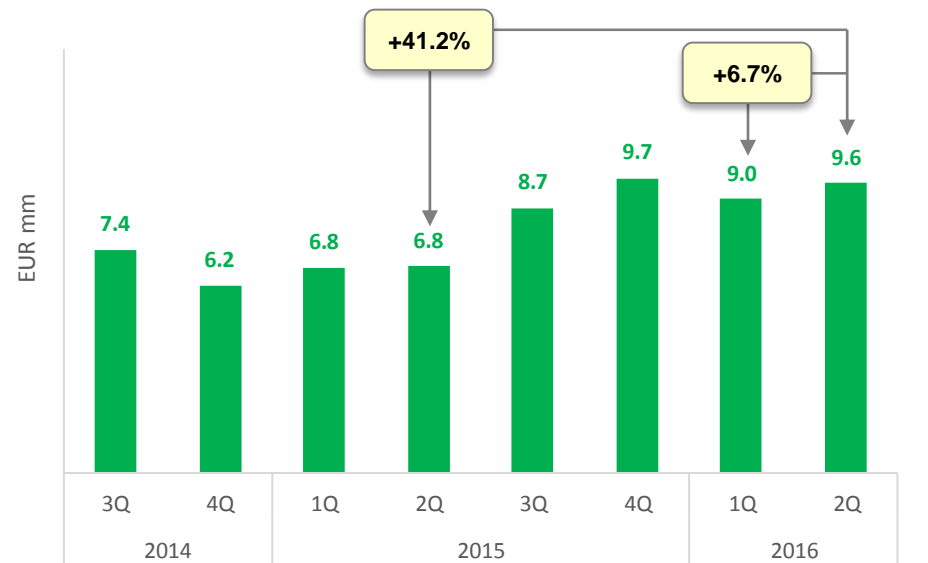
### Gross Win / AWP / Day



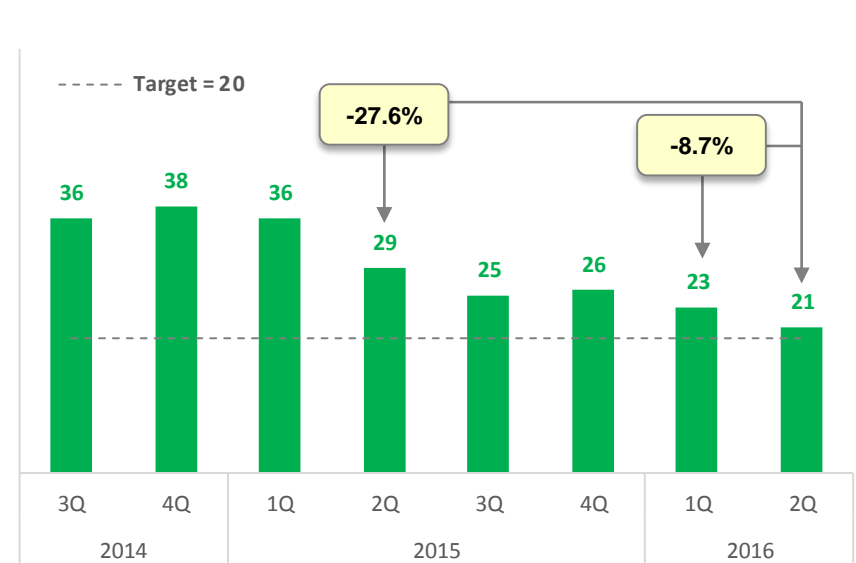
### AWP Capex – Product Investment



### AWP Operating EBITDA (1)

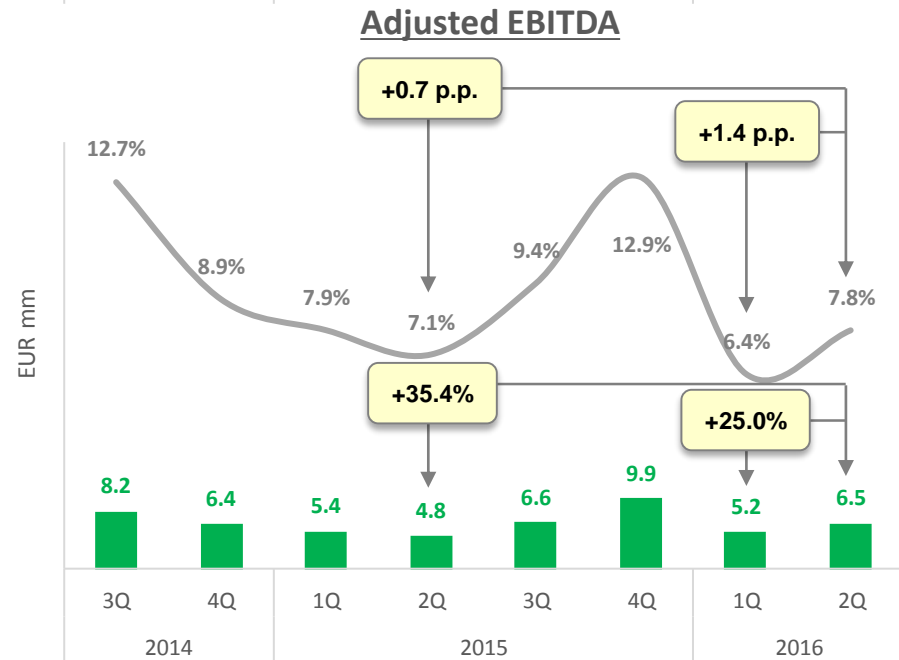
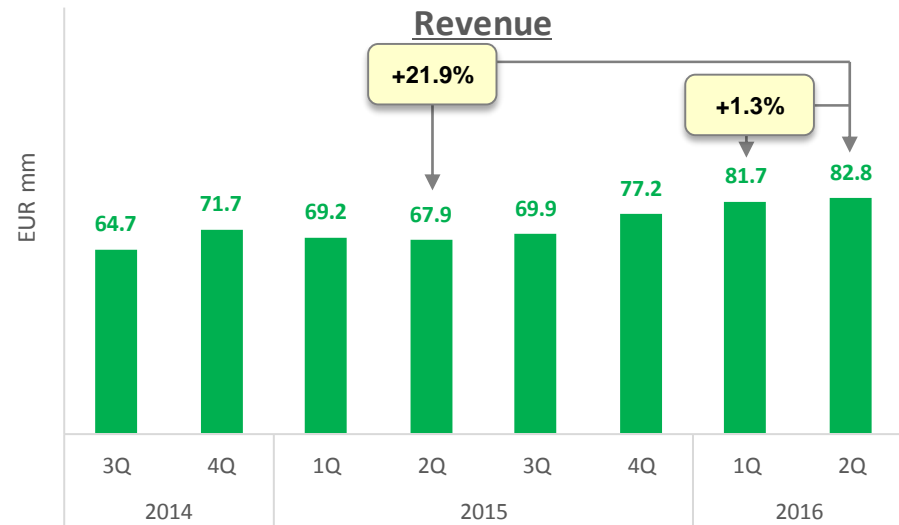


### AWP Units – Average Age

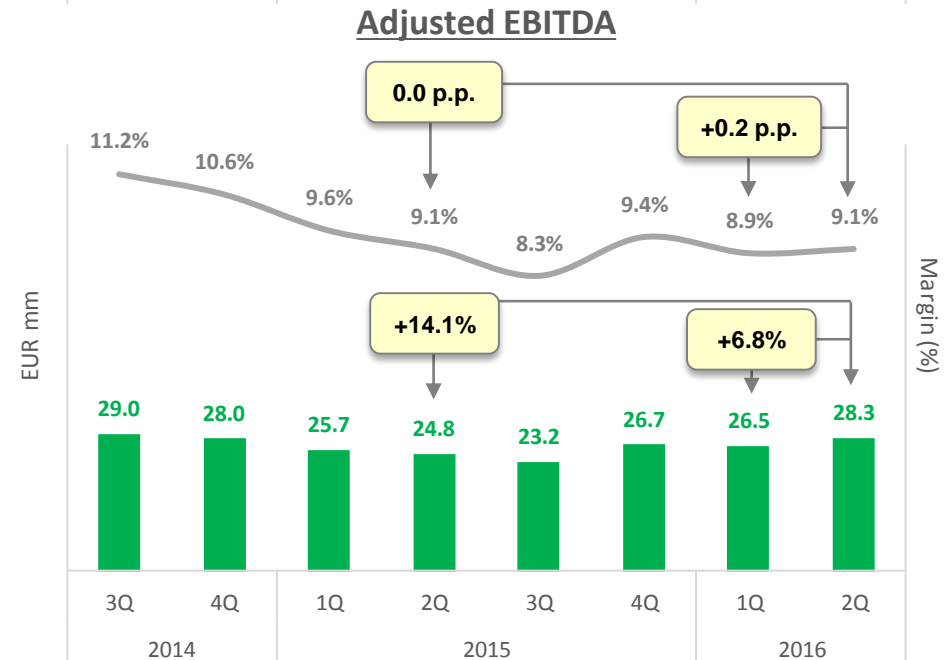
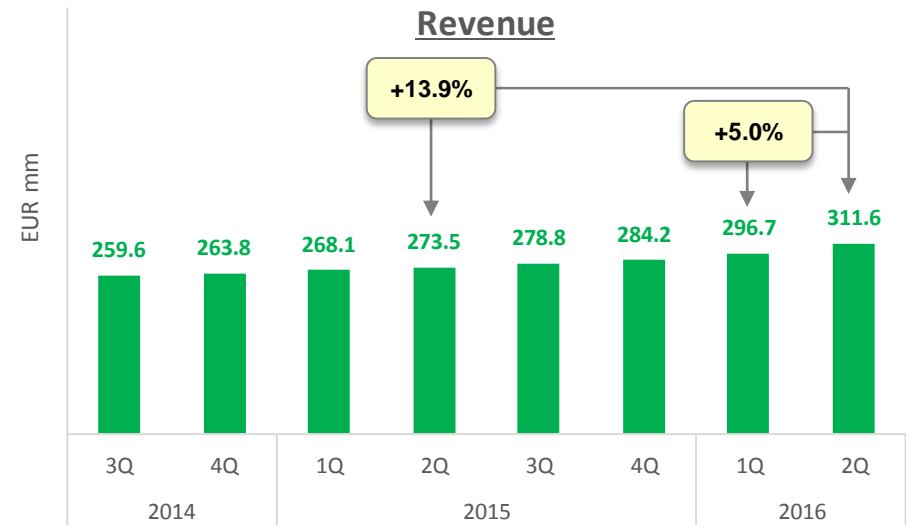


(1) Figures reflect segment Operating EBITDA before business unit (Spain) overheads.

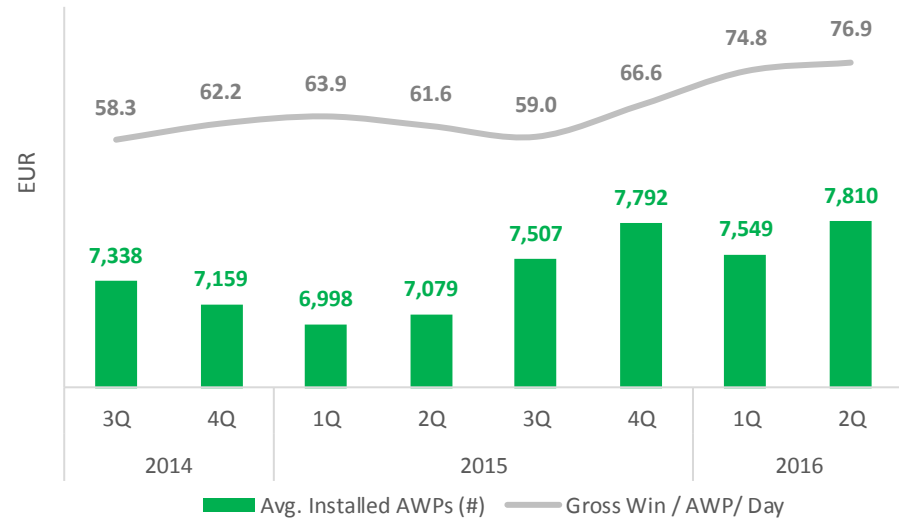
## Quarter



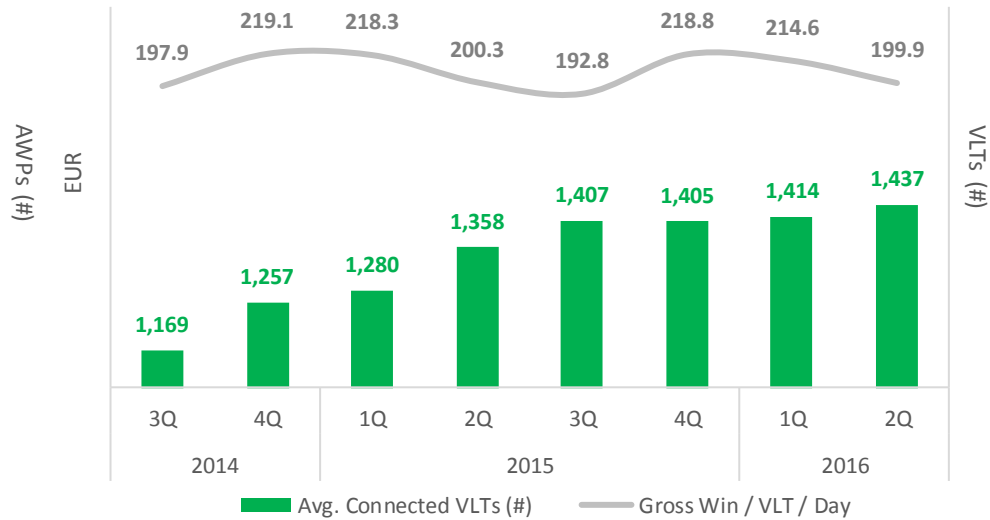
## LTM



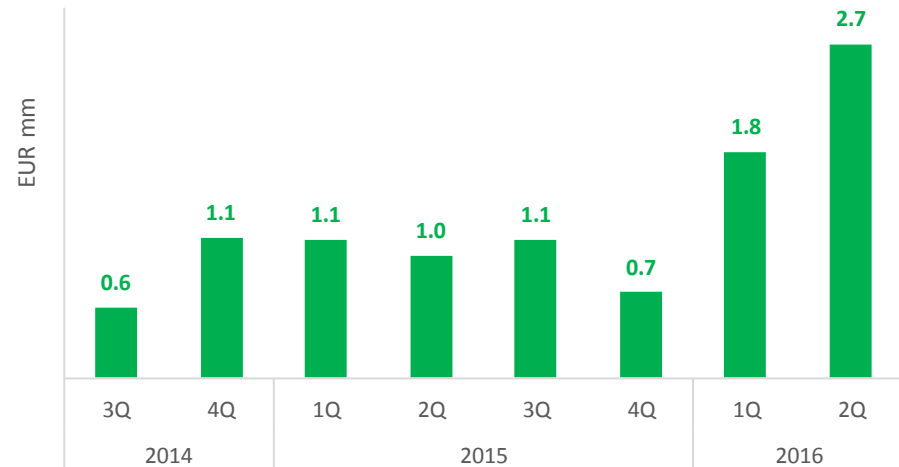
### Gross Win / AWP / Day



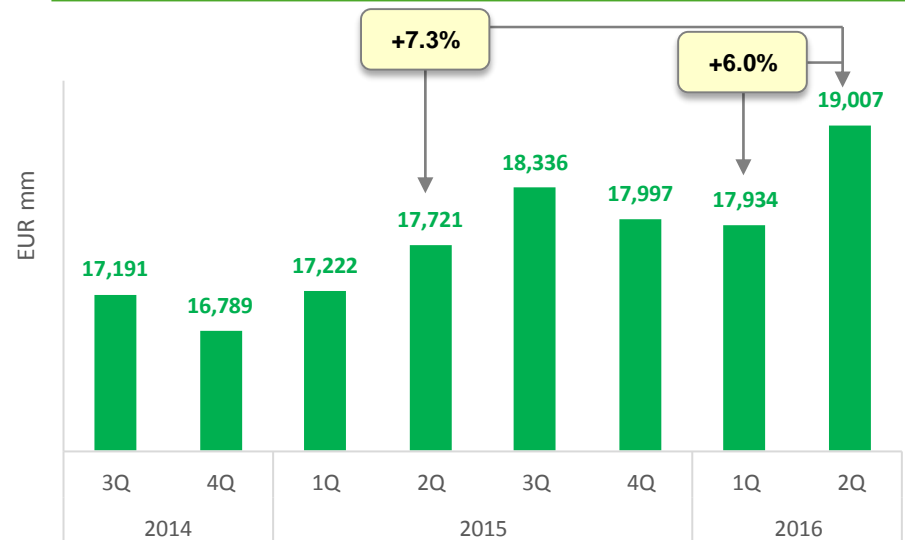
### Gross Win / VLT / Day



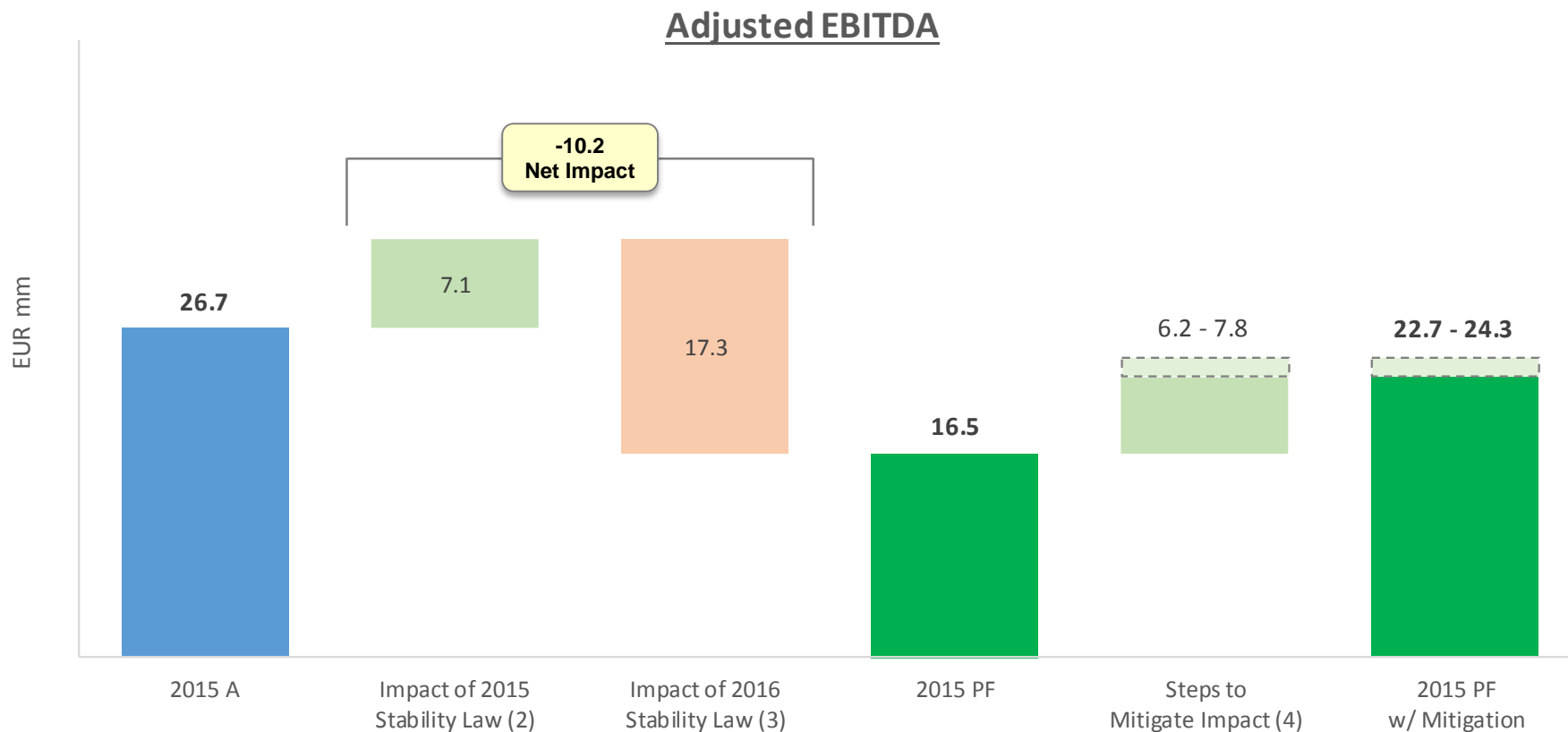
### AWP Maintenance Capex



### Network Connected Units (AWPs + VLTs)



# Italy – Impact of 2016 Stability Law <sup>(1)</sup>



(1) Increase in gaming taxes, effective January 1, 2016, including 4,5% on AWP's (to 17,5%) and 0,5% on VLT's (to 5,5%).

(2) Figure reflects actual impact on 2015 results.

(3) Figure reflects proforma impact (ie. as if 2016 Stability Law was in place on January 1, 2015).

(4) Figure reflects expected impact on EBITDA from a reduction in machine payout to 70%, from 74%; previous guidance was a range between €4 – 7.3 mm.

Quarter

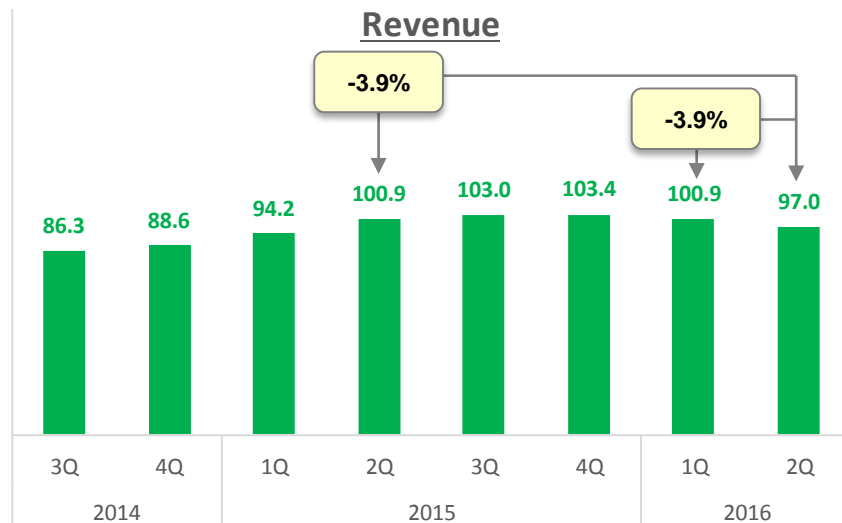
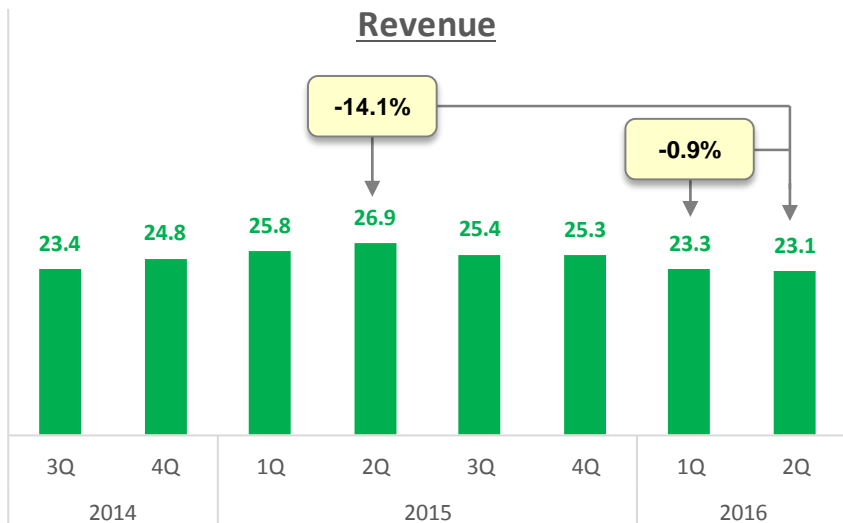
LTM

Revenue

Revenue

EUR mm

EUR mm

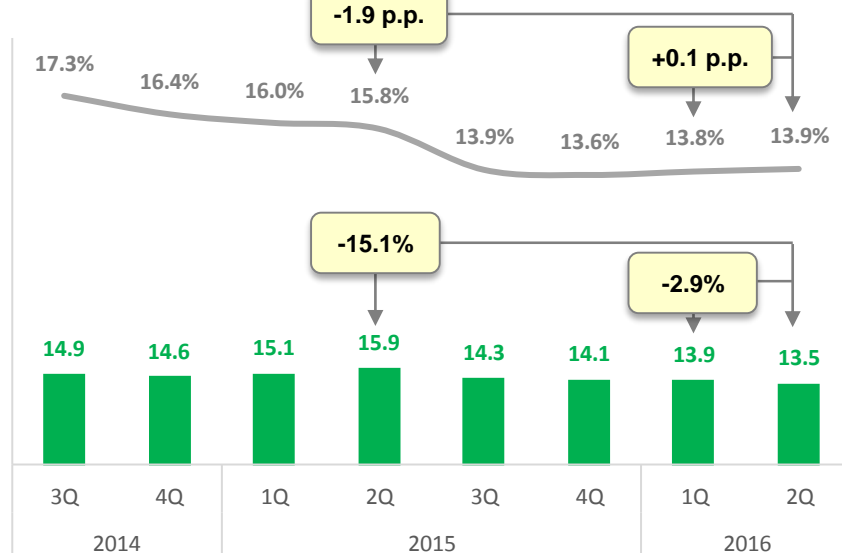
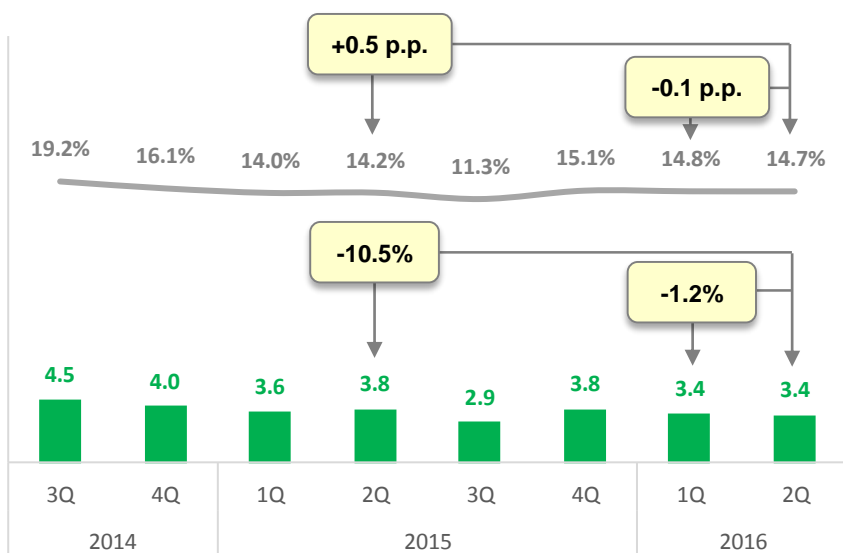


Adjusted EBITDA

Adjusted EBITDA

EUR mm

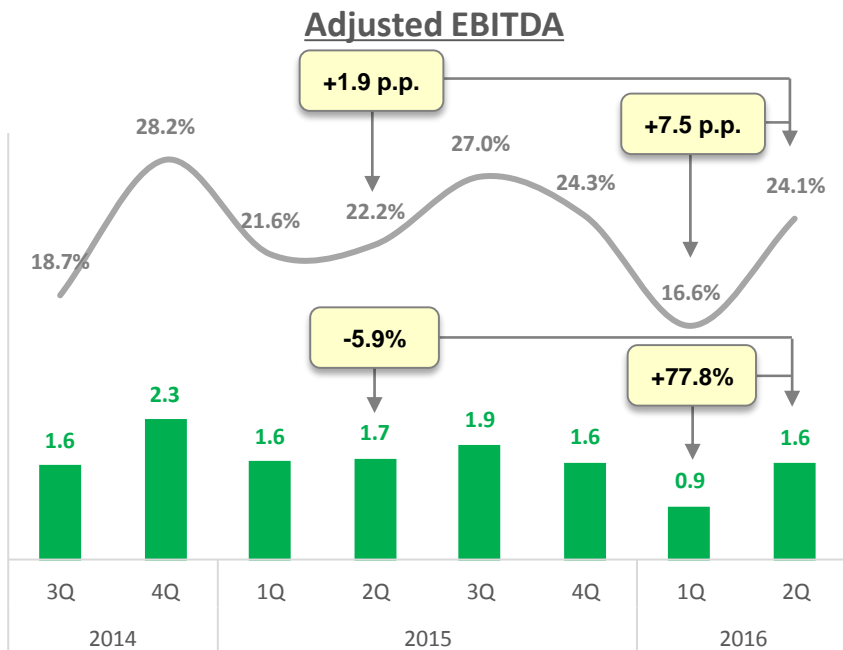
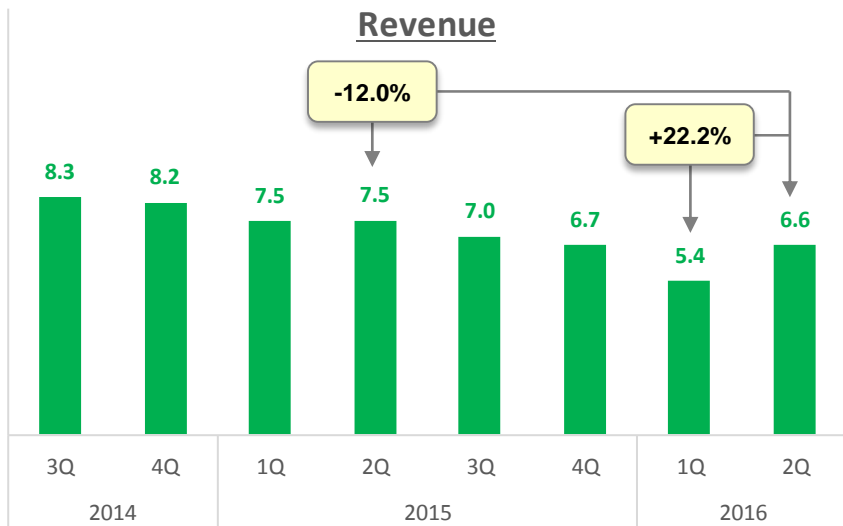
EUR mm



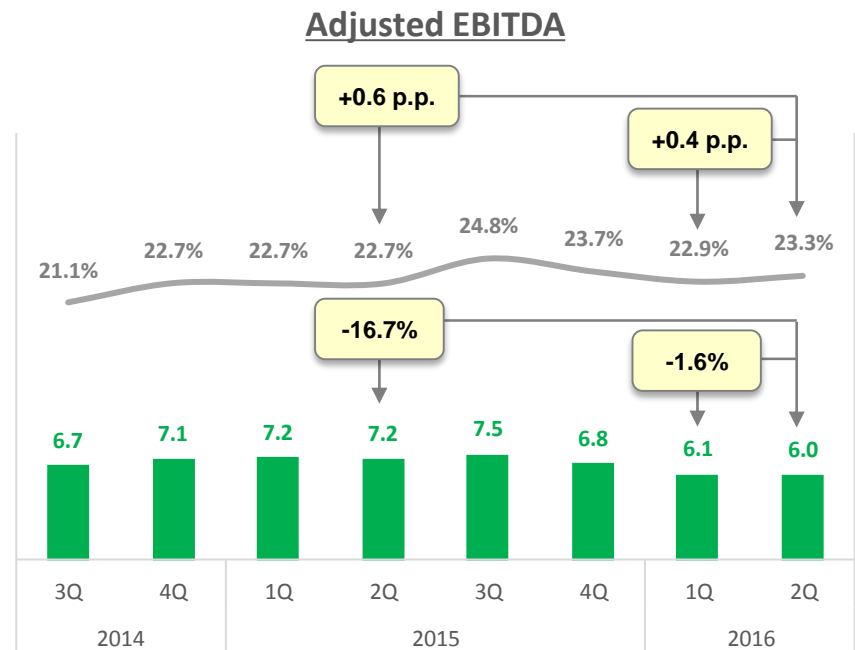
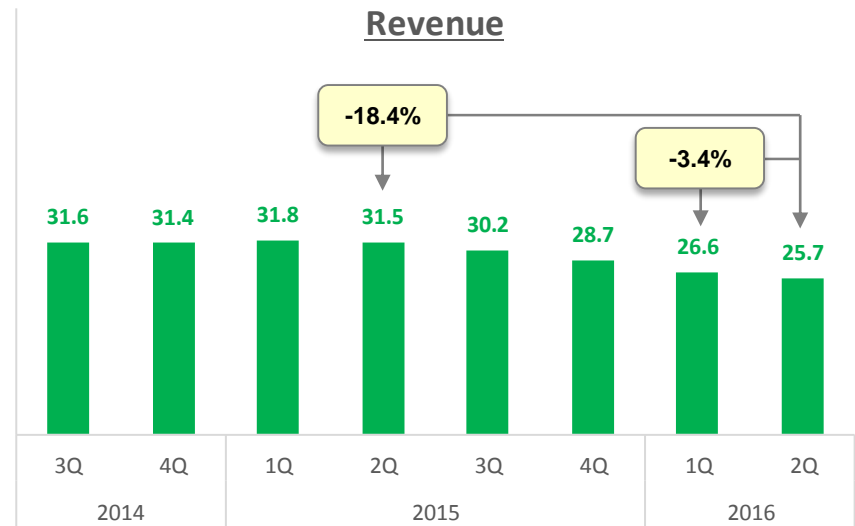
Margin (%)

Margin (%)

Quarter



LTM



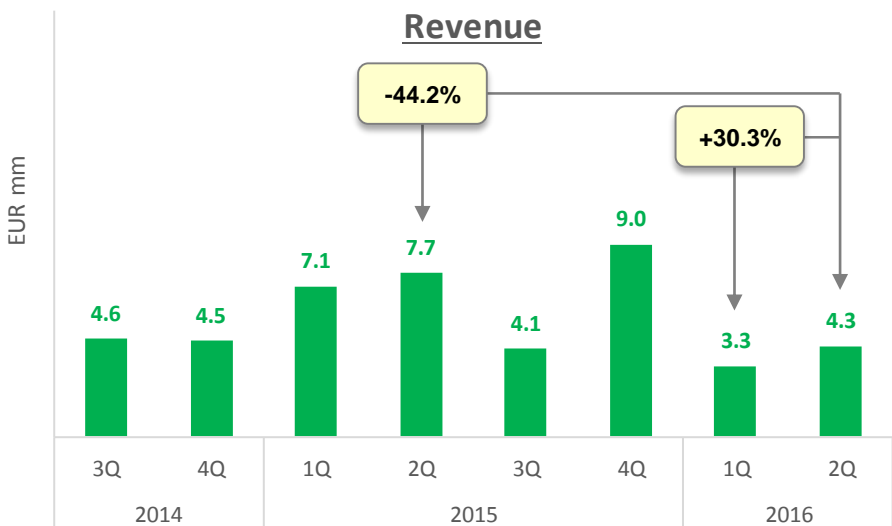


# Operating Results

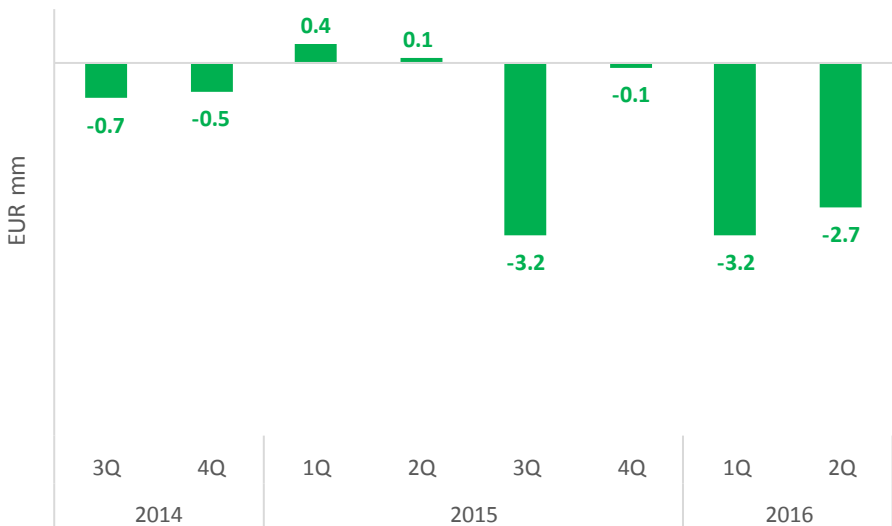
## Uruguay (Carrasco Nobile)

### Quarter

#### Revenue

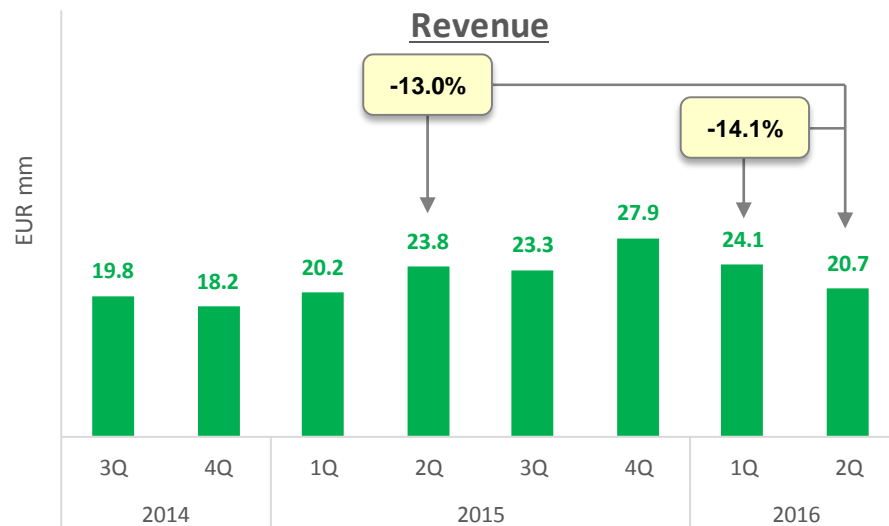


#### Adjusted EBITDA

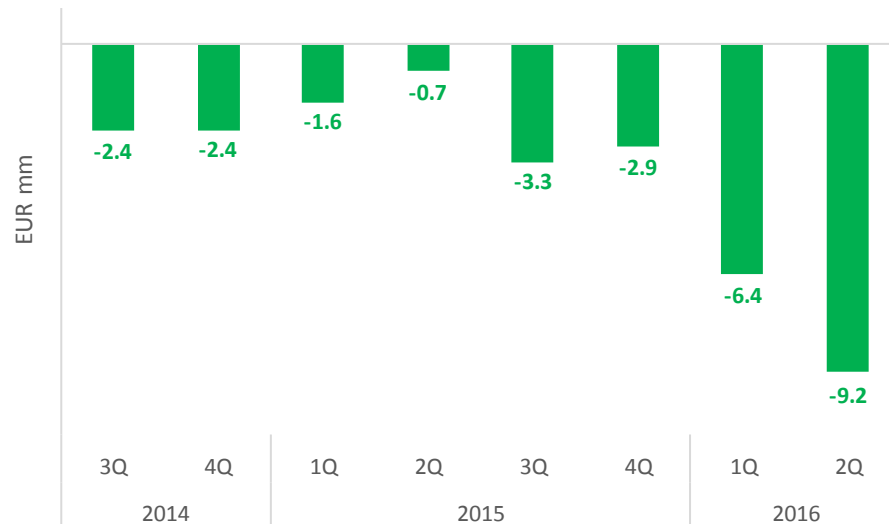


### LTM

#### Revenue



#### Adjusted EBITDA

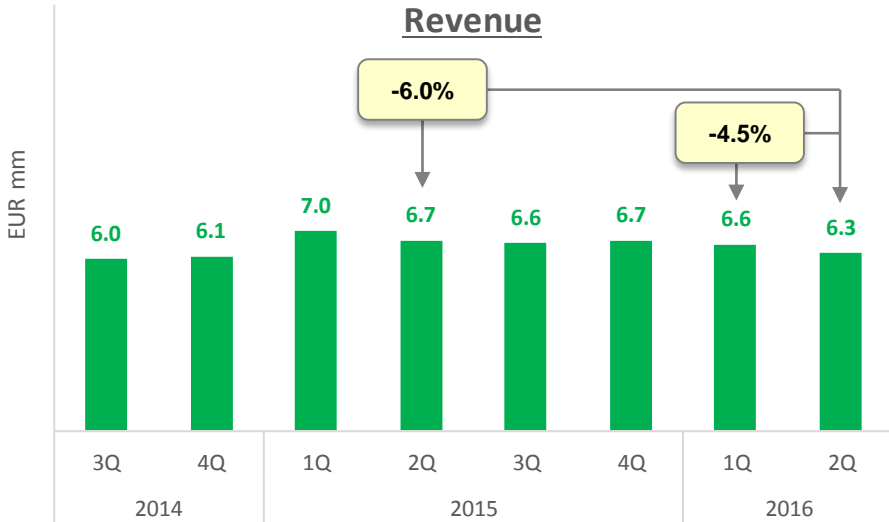


# Operating Results

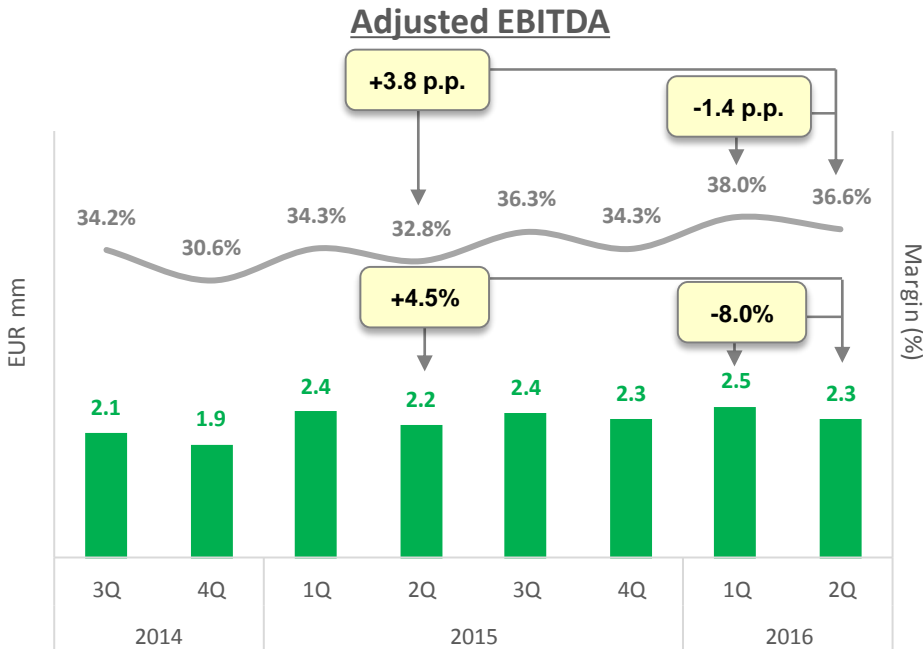
## Uruguay (HRU) – Codere 50% Interest

### Quarter

#### Revenue

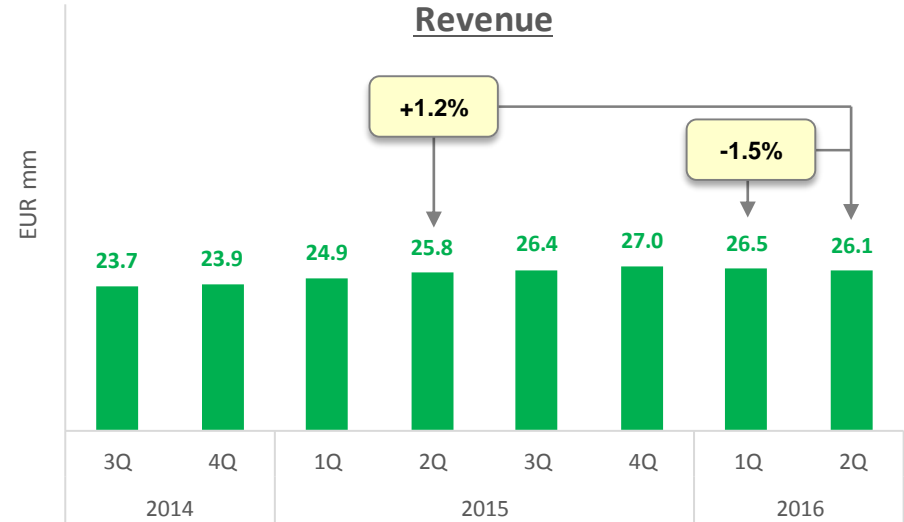


#### Adjusted EBITDA

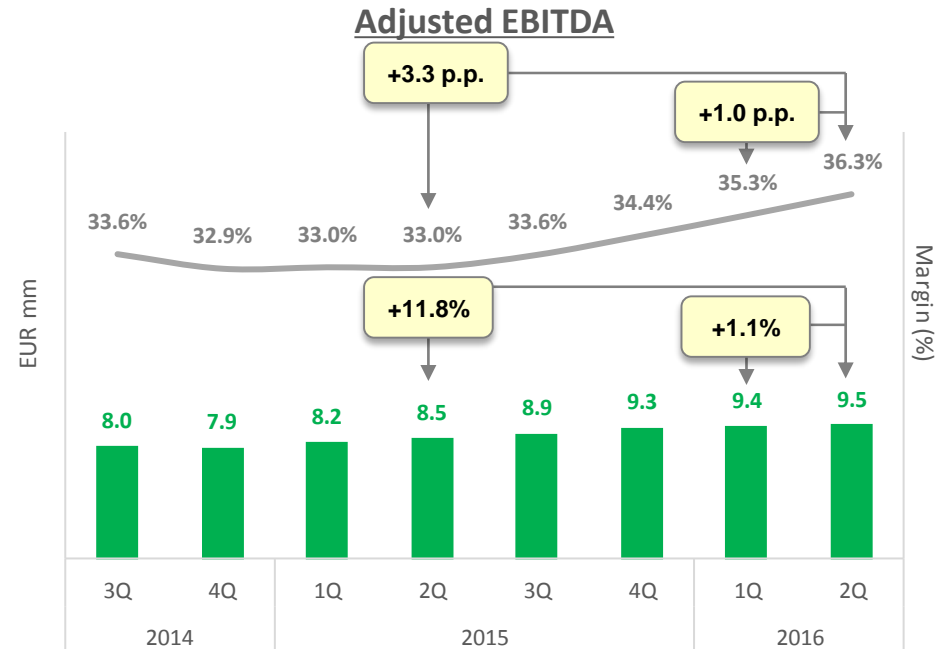


### LTM

#### Revenue



#### Adjusted EBITDA

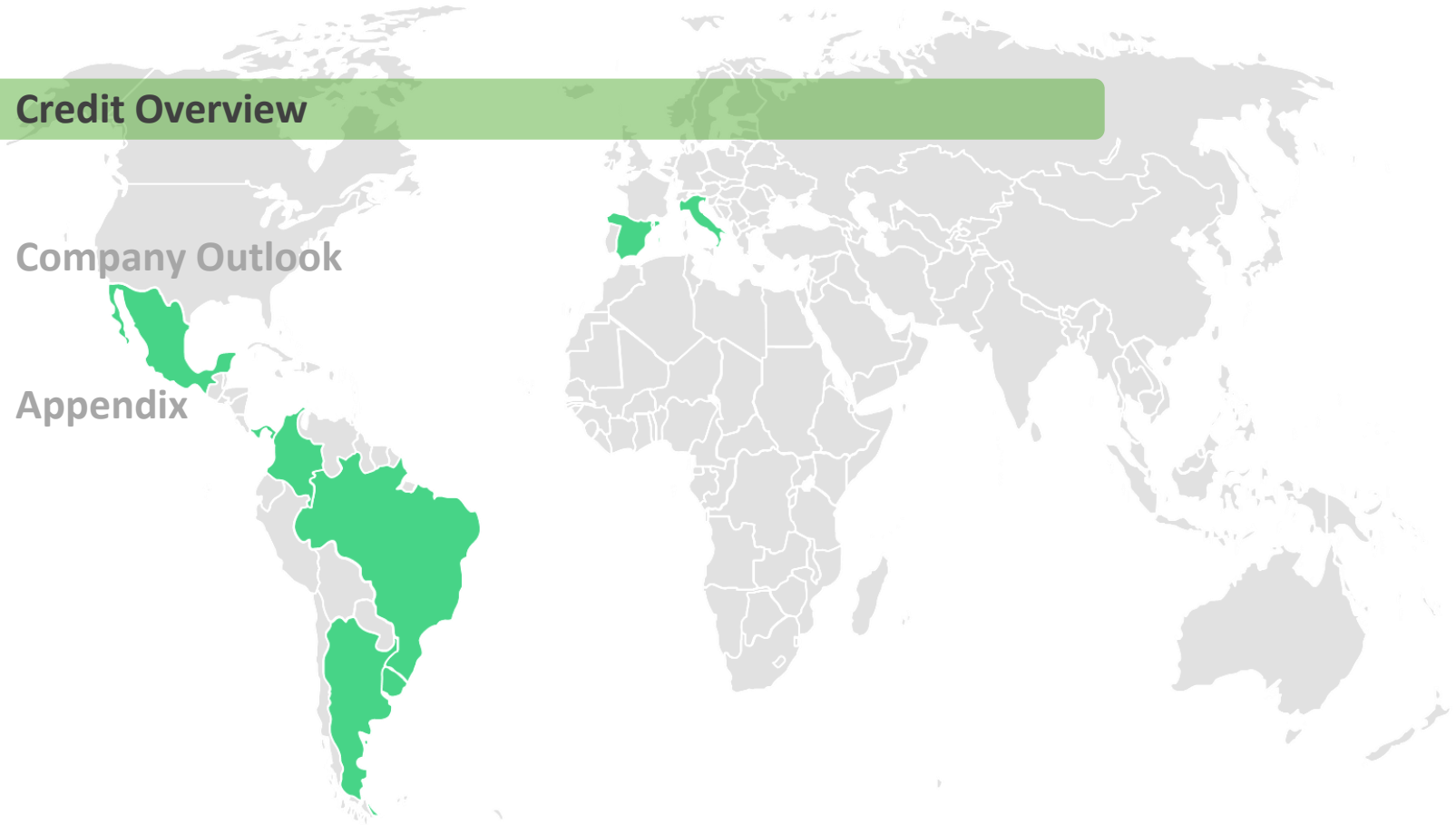


- Operating Results

- **Credit Overview**

- Company Outlook

- Appendix



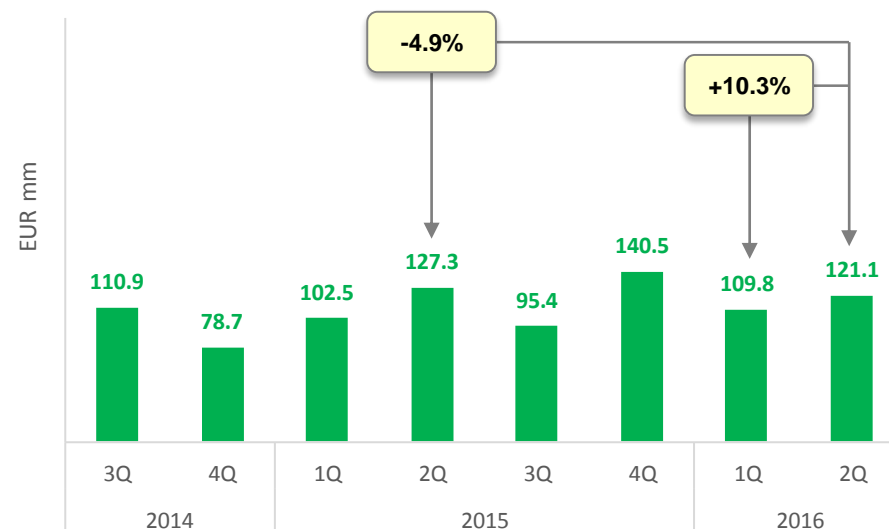
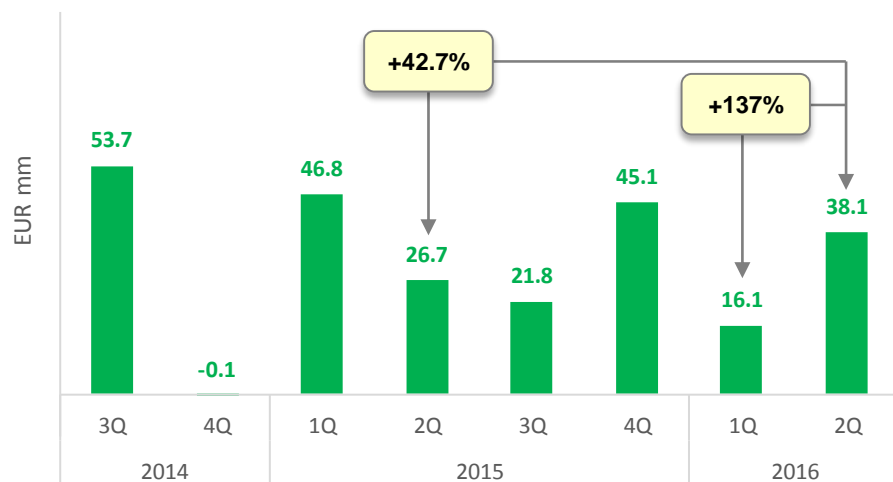
# Consolidated Free Cash Flow (ARS @ Blue Rate) <sup>(1)</sup>

Figures in EUR mm, except where noted otherwise.

	2014		2015				2016	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Adjusted EBITDA</b>	<b>50.1</b>	<b>53.9</b>	<b>59.0</b>	<b>57.2</b>	<b>58.8</b>	<b>67.7</b>	<b>61.8</b>	<b>61.2</b>
(-) Corporate Income Tax Paid	(5.3)	(7.1)	(5.8)	(10.4)	(7.9)	(8.7)	(8.3)	(18.6)
(-) Maintenance Capex	(14.4)	(10.2)	(8.1)	(14.1)	(11.3)	(12.4)	(20.7)	(21.0)
(-) Increase in Net Working Capital	25.9	(27.0)	3.8	(0.1)	(13.3)	3.0	(12.4)	17.5
<b>FCF before Growth Capex</b>	<b>56.3</b>	<b>9.5</b>	<b>49.0</b>	<b>32.5</b>	<b>26.3</b>	<b>49.6</b>	<b>20.4</b>	<b>39.1</b>
(-) Growth Capex	(2.5)	(9.6)	(2.1)	(5.8)	(4.5)	(4.5)	(4.3)	(1.1)
<b>FCF</b>	<b>53.7</b>	<b>(0.1)</b>	<b>46.8</b>	<b>26.7</b>	<b>21.8</b>	<b>45.1</b>	<b>16.1</b>	<b>38.1</b>

## Quarter

## LTM

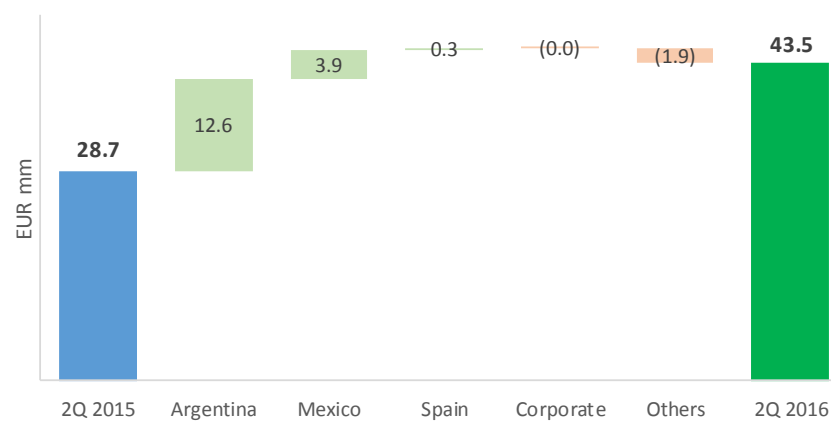
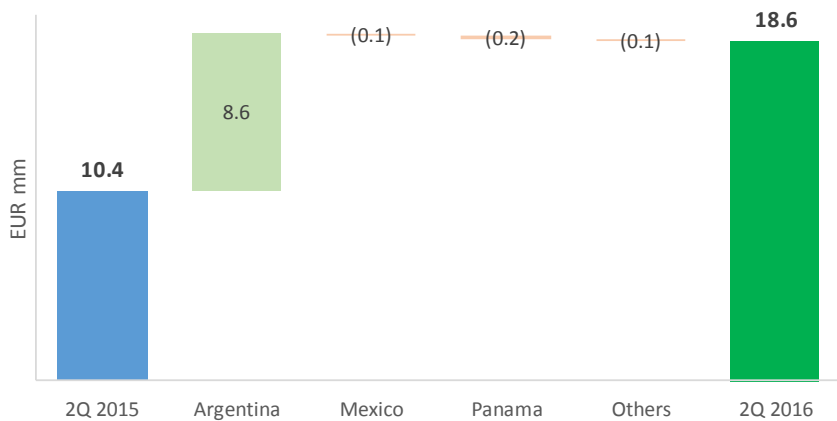
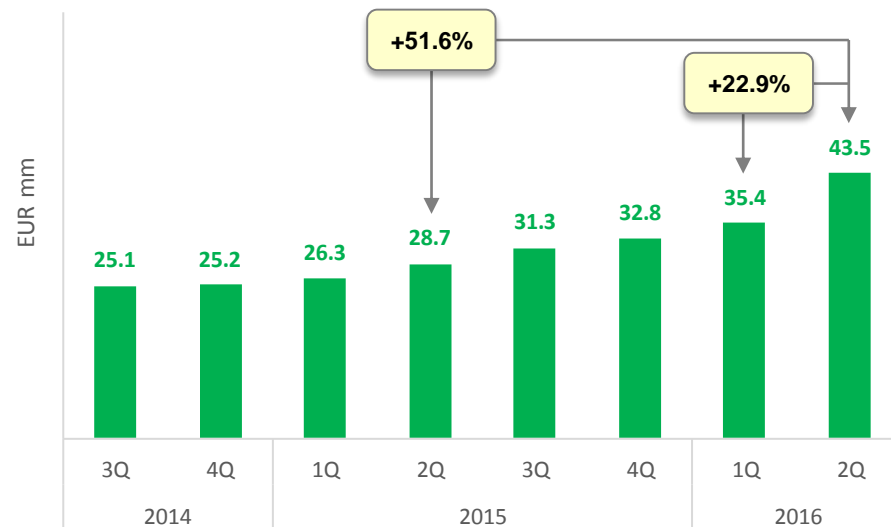
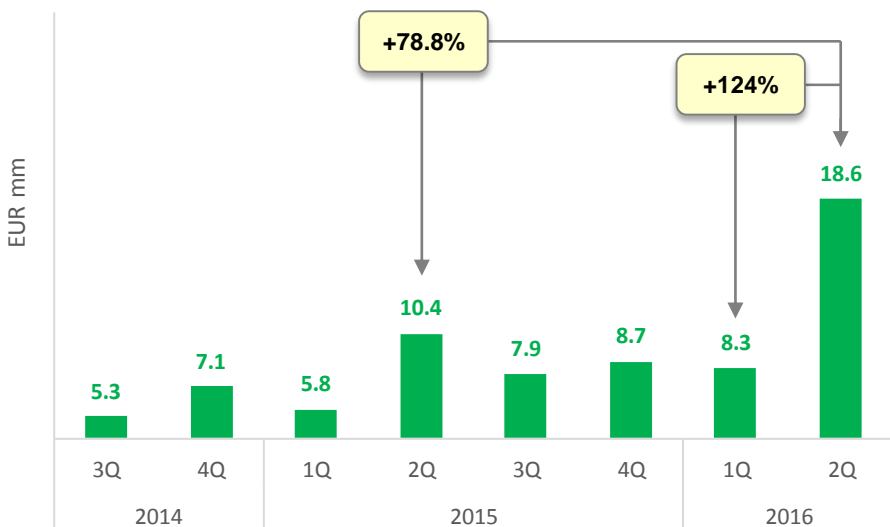


(1) Consolidated free cash flow, as defined herein, reflects consolidated adjusted EBITDA less i) corporate income taxes paid, ii) total capital expenditures and iii) increases in net working capital.

# Corporate Income Taxes Paid (ARS @ Blue Rate)

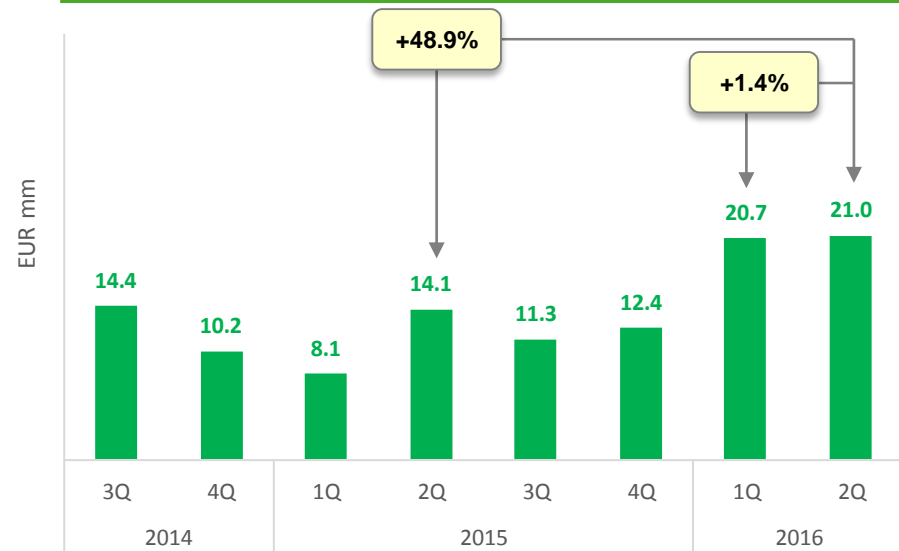
## Quarter

## LTM

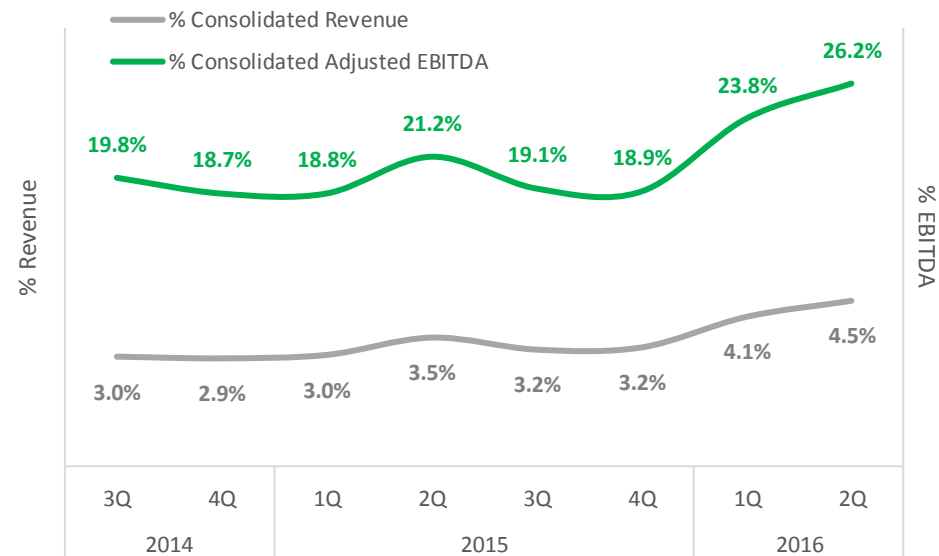
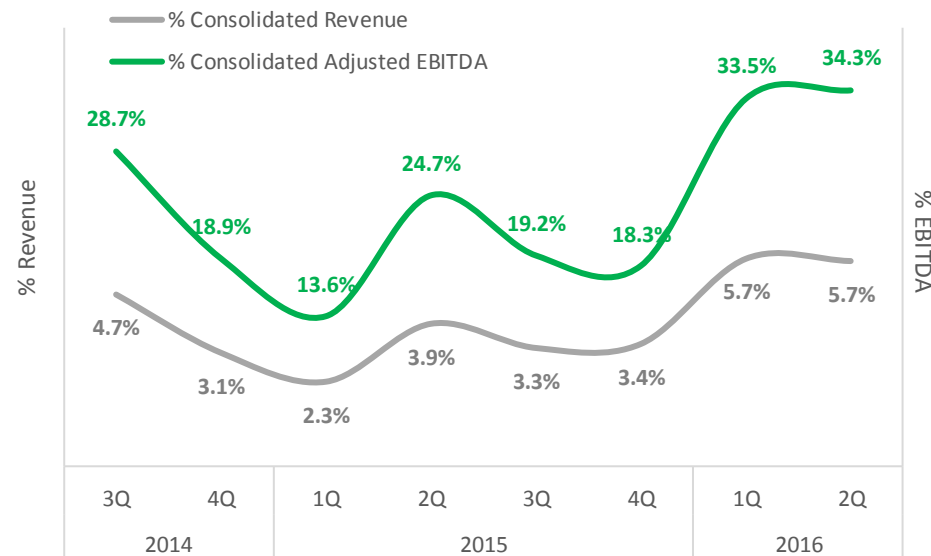


# Maintenance Capital Expenditures (ARS @ Blue Rate)

## Quarter

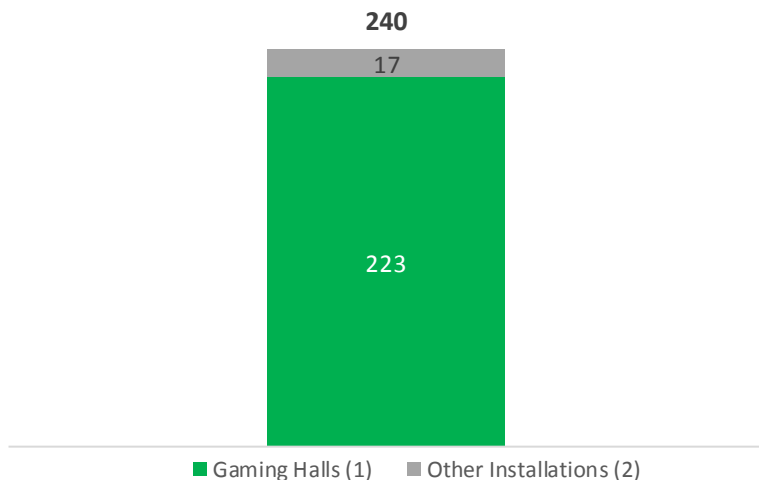


## LTM

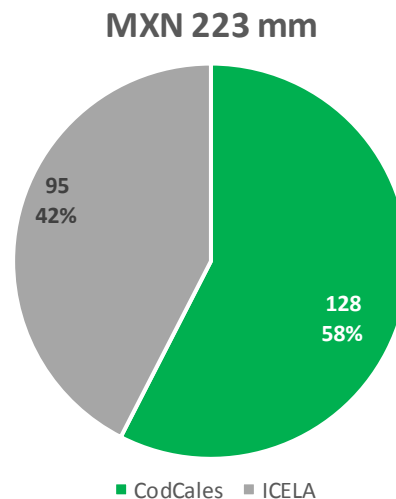


## Gaming Halls Renovation (i.e. Catch-up Maintenance Capex)

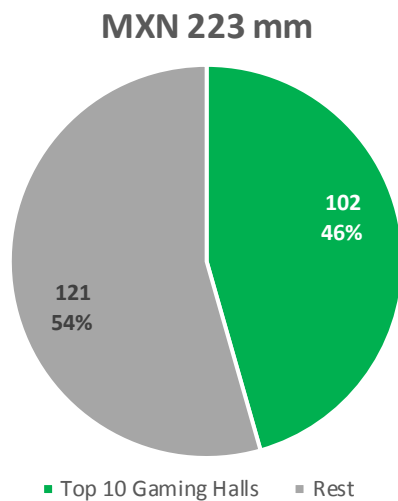
### Investment (MXN mm)



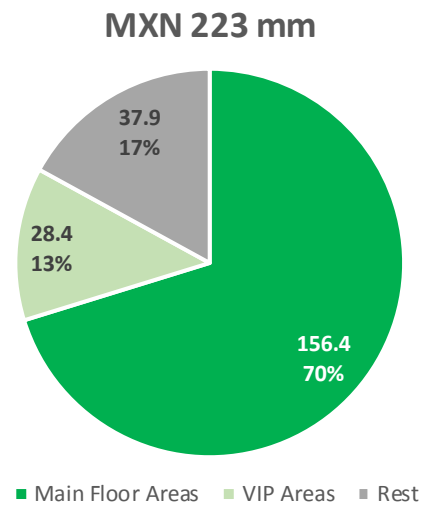
### Gaming Halls – Investment by B.U.



### Gaming Halls – Investment (Top 10)



### Gaming Halls – Investment by Use



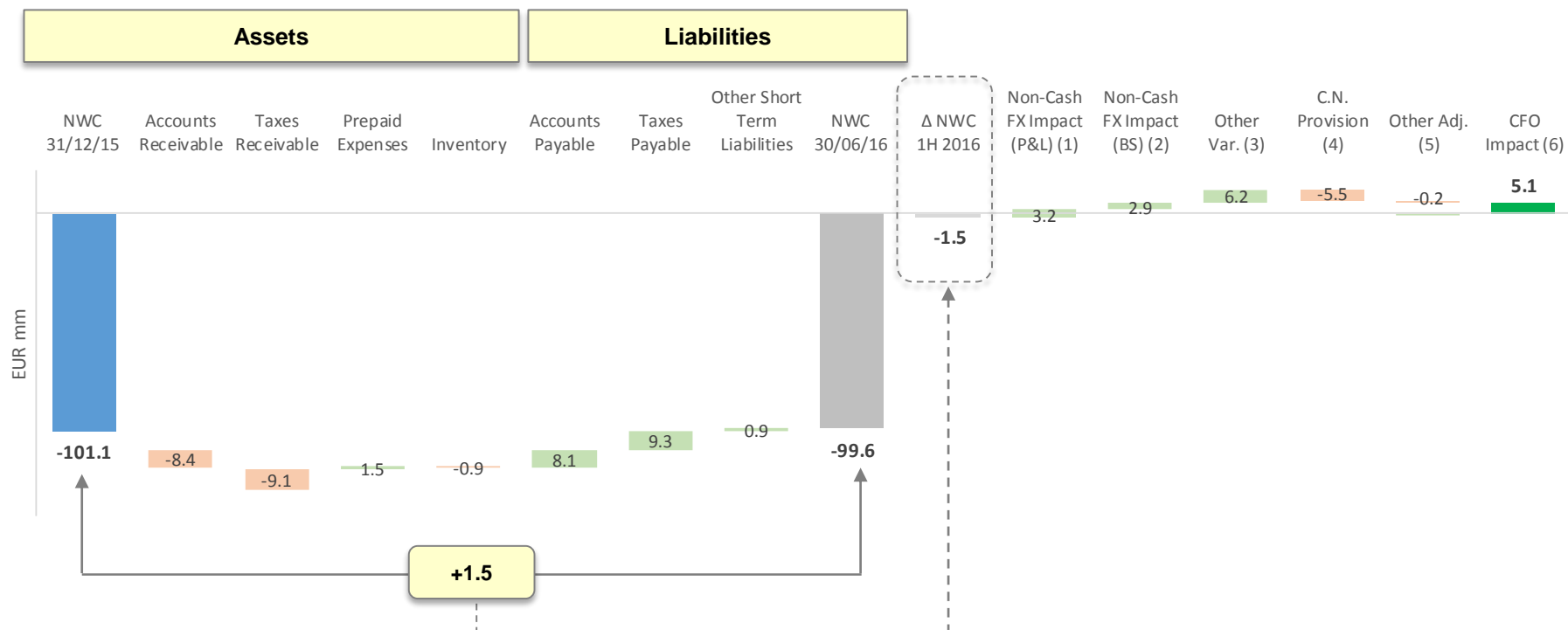
(1) In total, 42 of Codere Mexico's 91 gaming halls will be renovated over the 2016-17 period.

(2) Primarily include improvement of the Hipodromo de las Americas racetrack.

# Change in Net Working Capital

## Balance Sheet

## Cash Flow Statement



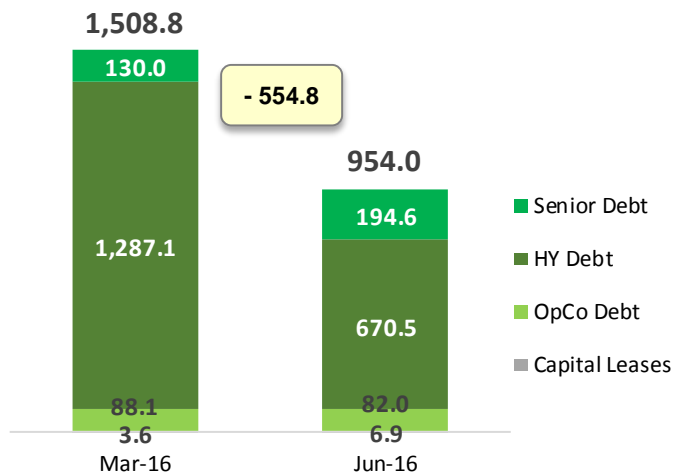
- (1) Figure reflects the non-cash portion of income statement exchange gains (losses).
- (2) Figure reflects the non-cash impact on shareholders equity of exchange rate fluctuations upon consolidation (ie. conversion of local accounts to EUR).
- (3) Figure reflects variation between management reporting of NWC and accounting (cash flow statement) presentation related to authorized deferred gaming taxes in Spain.
- (4) Figure reflects €5.5 mm in provisions related to amounts due (i.e. accounts receivable) from VIPs at Carrasco Nobile (included in Impairment Charges).
- (5) Figure reflects other adjustments to reconcile BS evolution with CFS.
- (6) Figure reflects total cash impact on cash flow from operation.



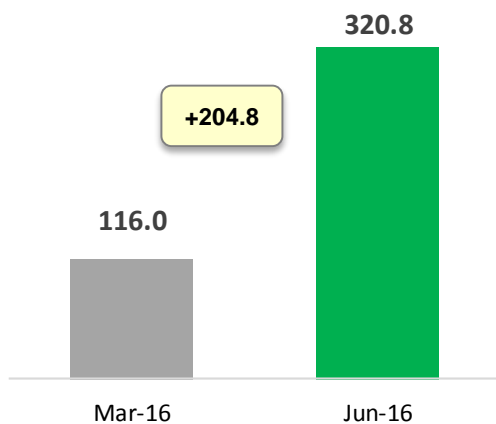
# Credit Profile (1)

Figures in EUR mm, except where noted otherwise.

## Total Debt

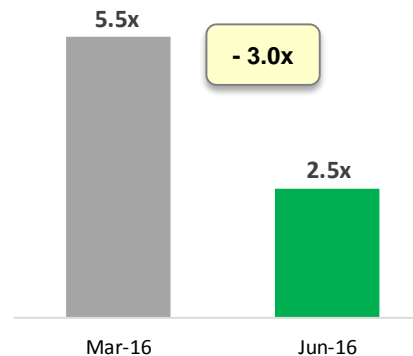


## Total Cash

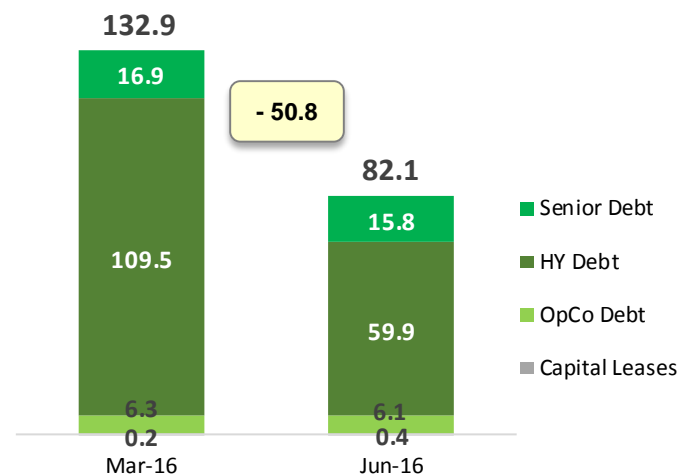


## Leverage Ratio

(Net Debt / LTM Adjusted EBITDA) (2, 3)



## Interest Expense (4)



(1) Figures reflect consolidated accounts, except where noted otherwise.

(2) Figures include 50% of HRU debt (€10.1mm), cash (€3.0mm), and LTM Adjusted EBITDA (€9.5mm), as per NSPN Issuance Agreement.

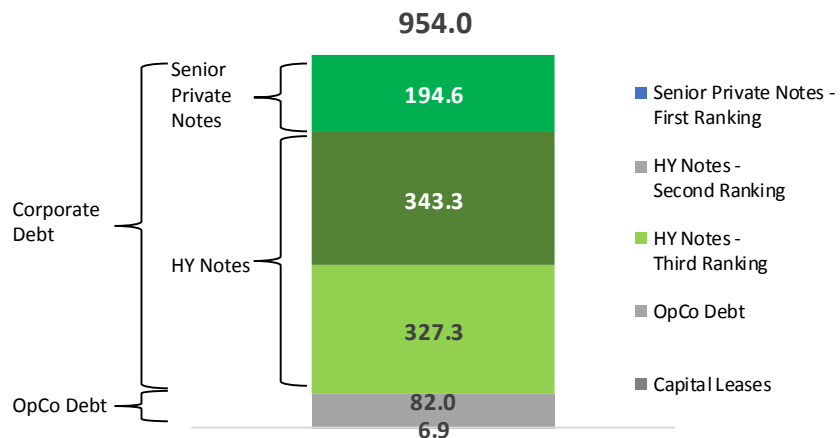
(3) Figures reflect ARS @Blue Rate.

(4) Figures reflect full year figure based on debt capitalization as at March 31<sup>st</sup> and June 30<sup>th</sup> (as applicable).

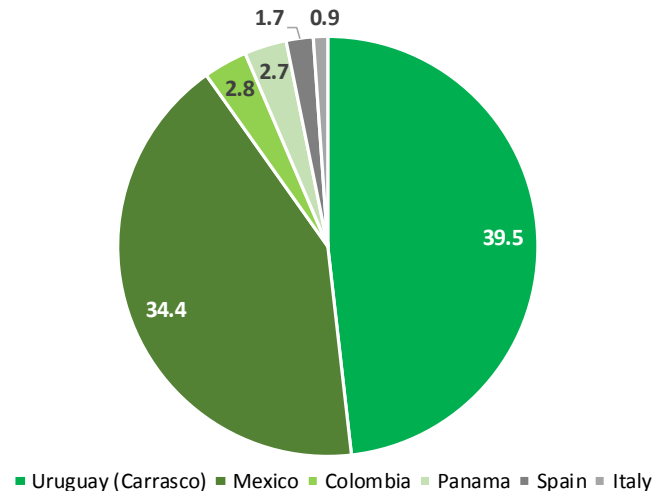
# Debt Capitalization (as at June 30, 2016) <sup>(1)</sup>

Figures in EUR mm, except where noted otherwise.

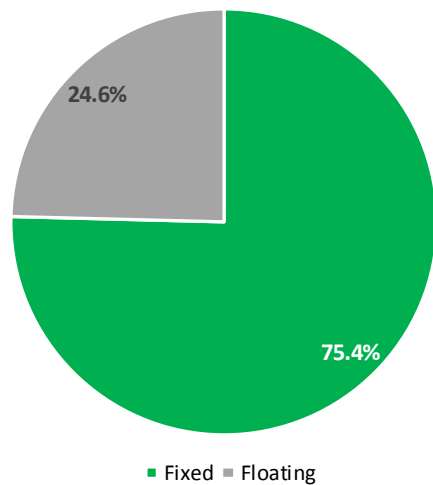
## Total Debt



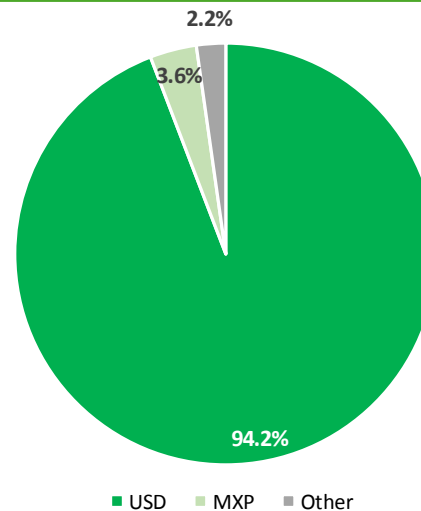
## OpCo Debt



## Fixed vs Floating



## Currency

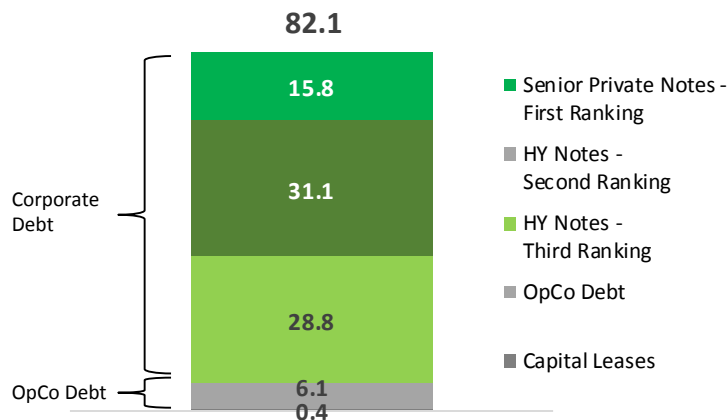


(1) Figures reflect consolidated accounts.

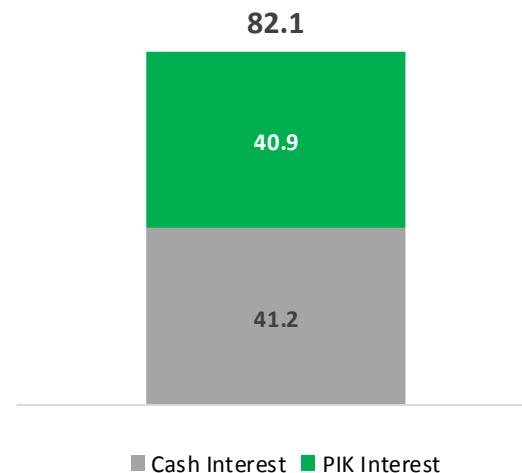
# Interest Expense (based on Debt Capitalization as at June 30, 2016)

Figures in EUR mm, except where noted otherwise.

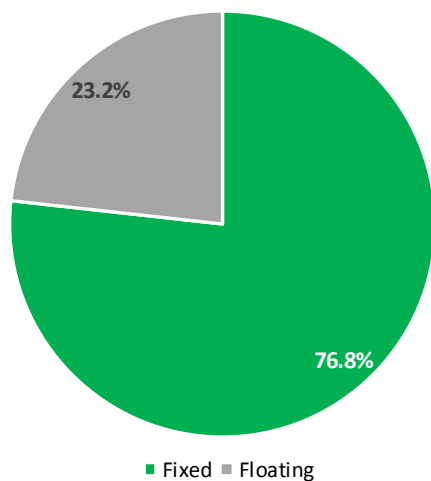
## Total Interest (Consolidated)



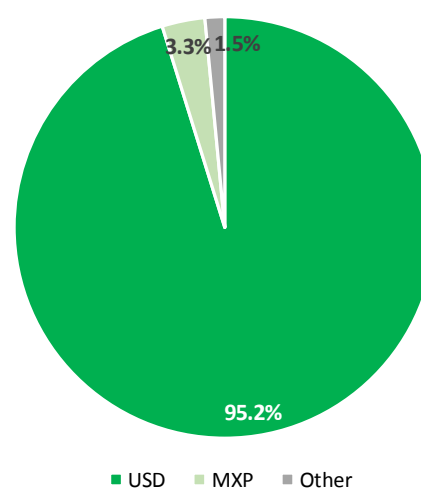
## PIK vs Cash Interest



## Fixed vs Floating



## Currency



# Capital Structure (as at June 30, 2016) <sup>(1)</sup>

Figures in EUR mm, except where noted otherwise.

	Amount	Leverage	Interest Rate			Total	Maturity	Comments
			Libor	Spread / Coupon				
	O/S		Cash	PIK				
OpCo Debt (2)	82.0		-	-	-	7.4%	Various	39.5 mm in Uruguay and 34.4 mm in Mexico
OpCo Capital Leases (2)	6.9		-	-	-	5.2%	Various	-
<b>OpCo Debt</b>	<b>88.9</b>	<b>0.36 x</b>						
NSPNs (3)	194.6		1.00%	7.00%	-	8.00%	Apr-21	USD 218.9 mm par value; callable @ par
<b>Sub-Total</b>	<b>283.5</b>	<b>1.14 x</b>						
2nd Lien Notes	343.3		-	5.50%	3.50%	9.00%	Jun-21	USD 383.1 mm par value; callable 102 / 102 / 101 / 100
<b>Sub-Total</b>	<b>626.8</b>	<b>2.51 x</b>						
3rd Lien Notes	327.3		-	0.00%	9.00%	9.00%	Jun-21	USD 355.8 mm par value; callable 102 / 102 / 101 / 100
<b>Sub-Total</b>	<b>954.0</b>	<b>3.82 x</b>						
Total Debt	954.0		-	-	-	8.6%		-
(-) Cash	-320.8		-	-	-	-		-
<b>Net Debt</b>	<b>633.2</b>	<b>2.54 x</b>						
(+) 50% of HRU Net Debt	7.2							
<b>Total Net Debt</b>	<b>640.4</b>	<b>2.47 x</b>						
LTM Total Adjusted EBITDA (4)	249.5							
(+) 50% of HRU LTM EBITDA	9.5							
<b>LTM Total Adjusted EBITDA (5)</b>	<b>259.0</b>							
<b>Coverage</b>								
PF Total Interest Expense (6)	82.5							
<b>EBITDA / Interest Expense (7)</b>	<b>3.14 x</b>							

(1) Figures reflect consolidated accounts for restructuring transaction and based on exchange rates as at June 30, 2016.

(2) Interest rate reflects blended interest rate for all OpCo debt as at June 30, 2016.

(3) Libor rate reflects the 1% floor, as established in the NSPNs Issuance Agreement; Libor on June 30, 2016 was below 1%.

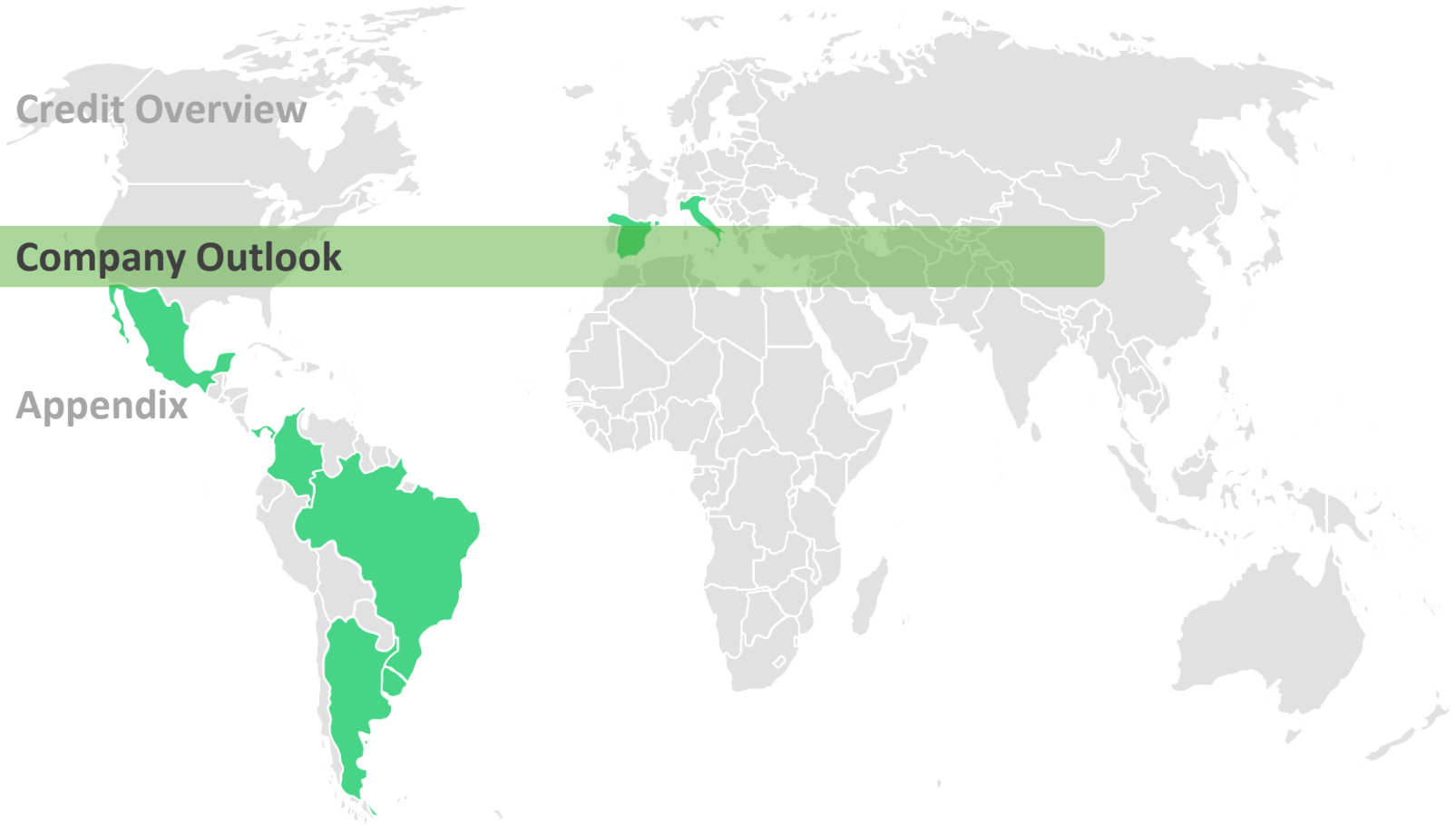
(4) Figure reflects LTM consolidated figure through June 30, 2016 (ARS @ Blue rate).

(5) Maintenance covenant: Net Debt / EBITDA of 6.0x (as per NSPNs Issuance Agreement).

(6) Figure reflects proforma interest expense based on financial debt and interest rates as at June 30, 2016; includes 50% of HRU proforma interest expense.

(7) Figure reflects LTM Total Adjusted EBITDA divided by proforma total interest expense.

- Operating Results
- Credit Overview
- **Company Outlook**
- Appendix



**Total Adjusted EBITDA:**

€65 – 68 mm

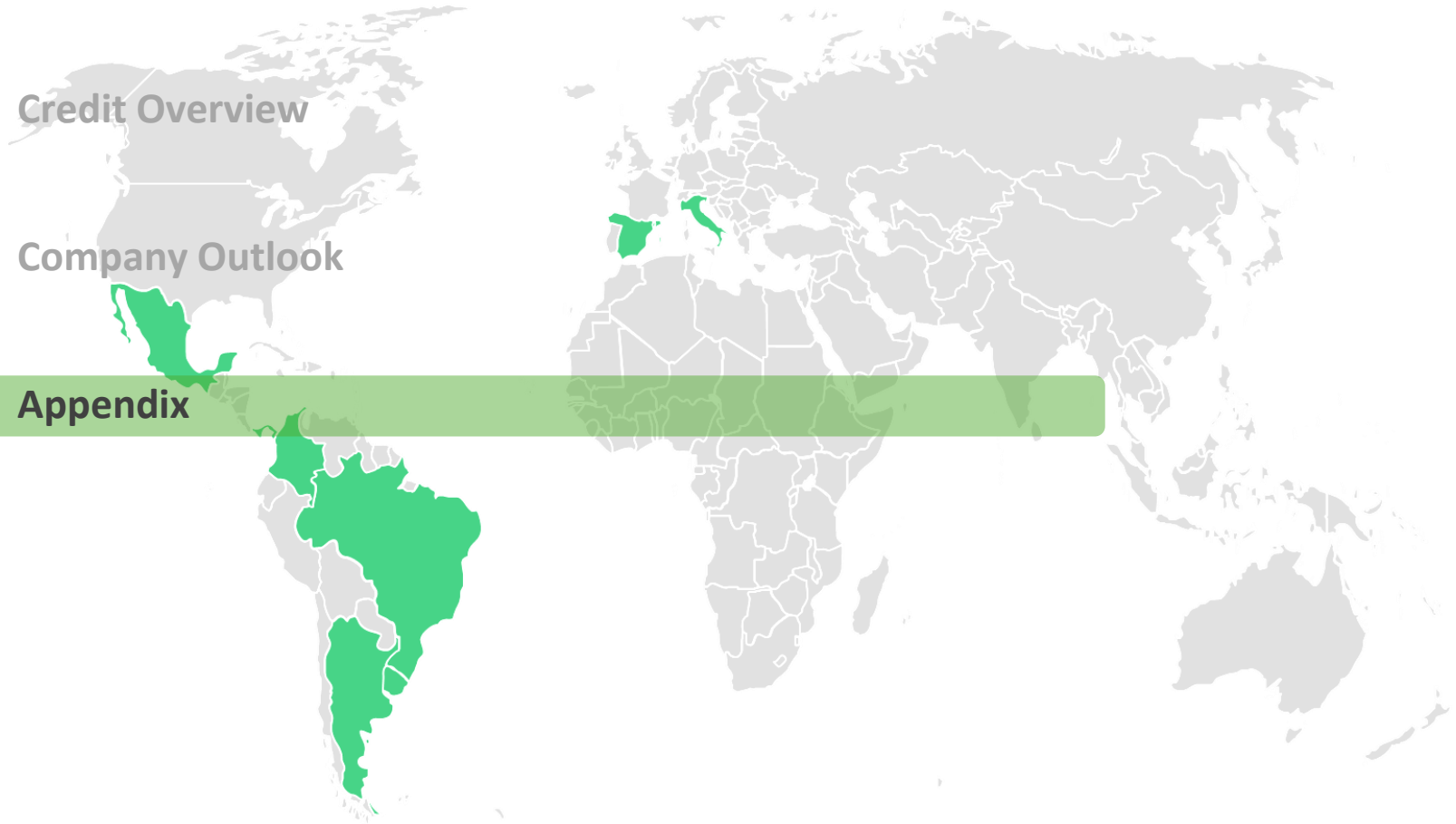
**Exchange Rates versus EUR (avg.)**

	3Q 2016	Chg. versus	
		3Q 2015	2Q 2016
ARS	17.00	1.1% <sup>(2)</sup>	5.8%
MXP	20.72	12.8%	1.8%
USD	1.12	0.5%	-0.6%

(1) Total adjusted EBITDA figures include 50% of HRU.

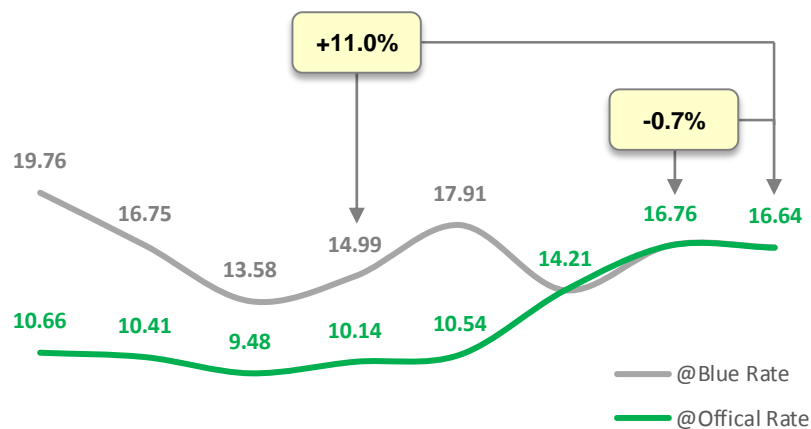
(2) Figures reflect change versus period ARS @ Blue Rates.

- Operating Results
- Credit Overview
- Company Outlook
- **Appendix**



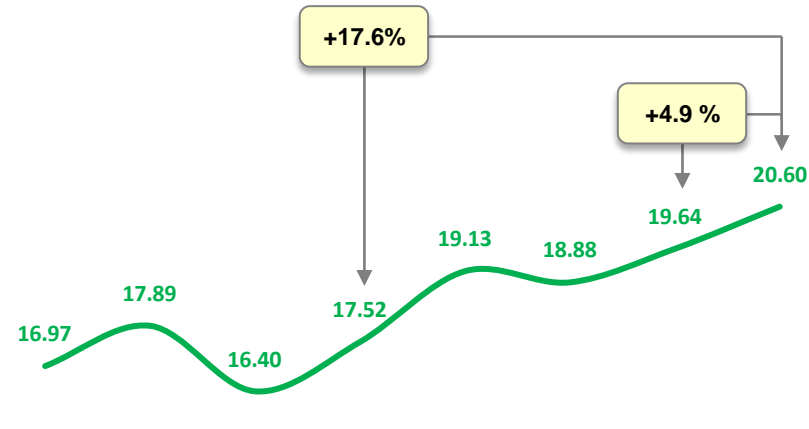
# Exchange Rate Evolution (End of Period)

## EUR / ARS



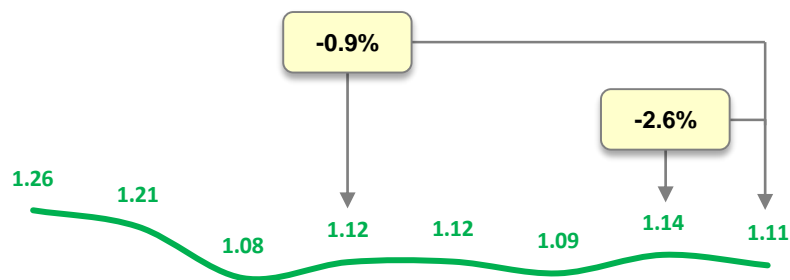
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2014		2015				2016	

## EUR / MXN



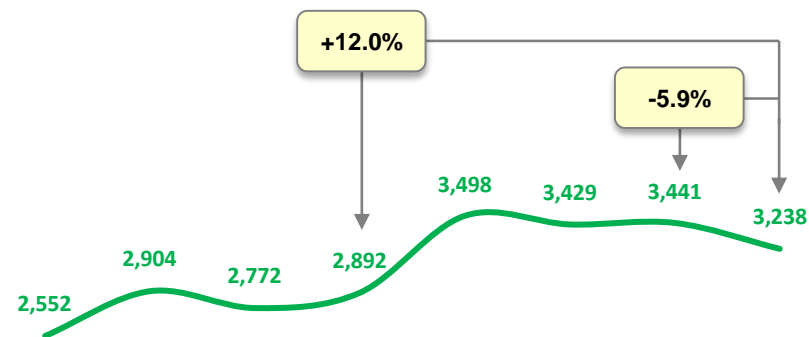
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2014		2015				2016	

## EUR / USD



3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2014		2015				2016	

## EUR / COP

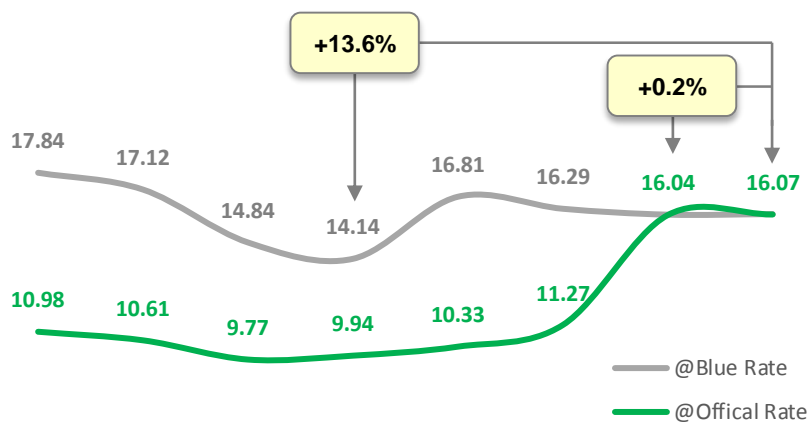


3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2014		2015				2016	



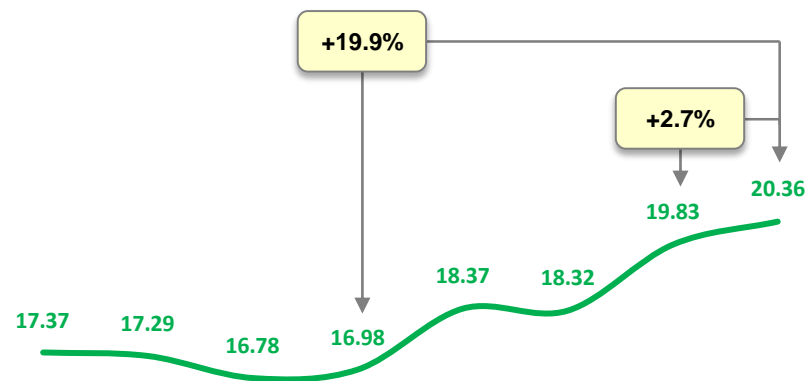
# Exchange Rate Evolution (Period Average)

## EUR / ARS



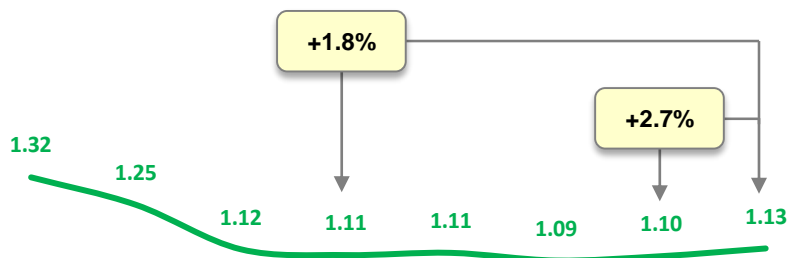
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2014		2015				2016	

## EUR / MXN



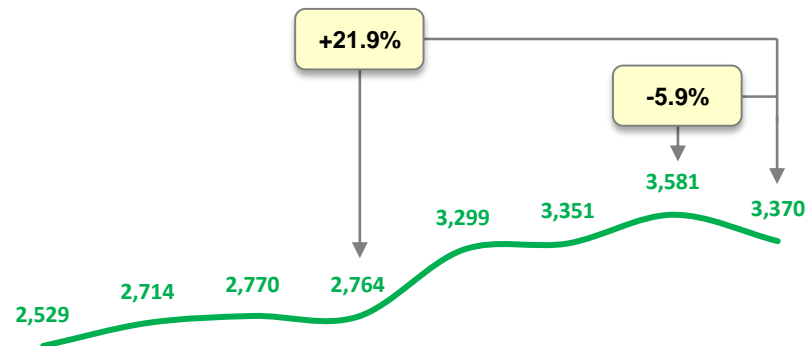
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2014		2015				2016	

## EUR / USD



3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2014		2015				2016	

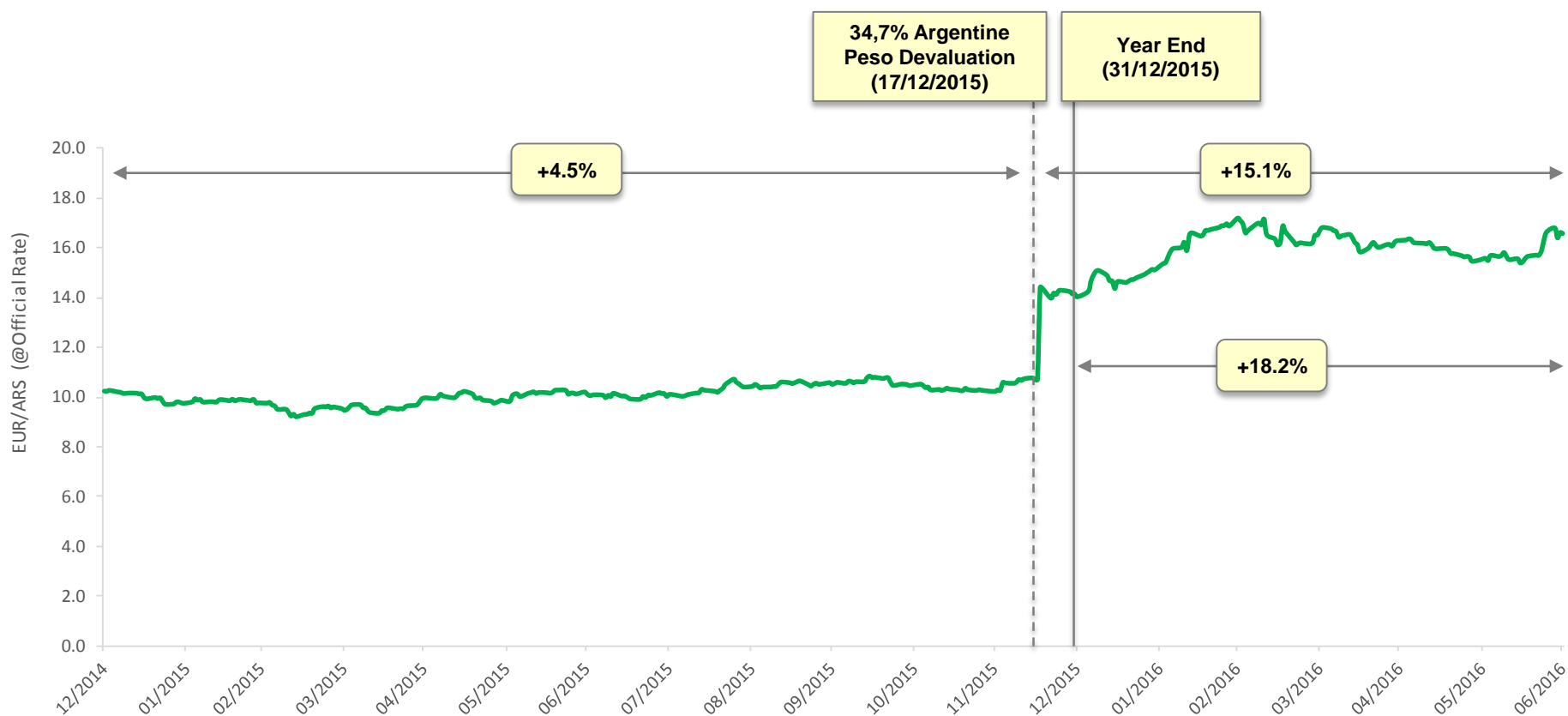
## EUR / COP



3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2014		2015				2016	

## Argentine Peso Devaluation (thru June 30, 2016)

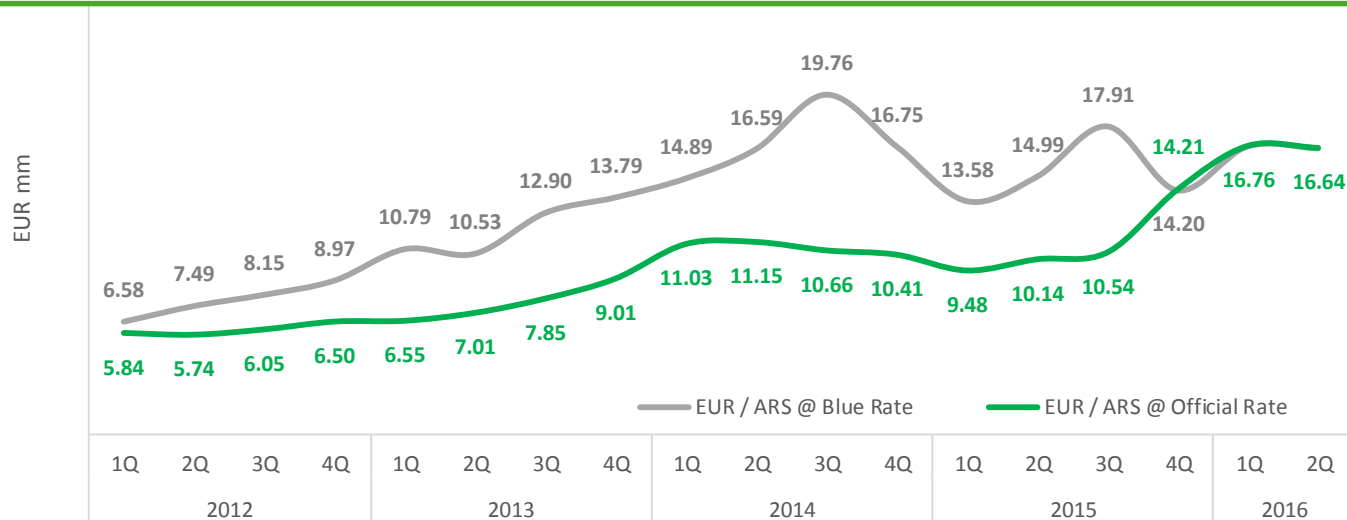
On December 17, 2015, the Argentine government lifted currency controls (thereby allowing the ARS to trade freely) which resulted in a 34,7% devaluation against the EUR.



## ARS Blue Rate (Argentina)

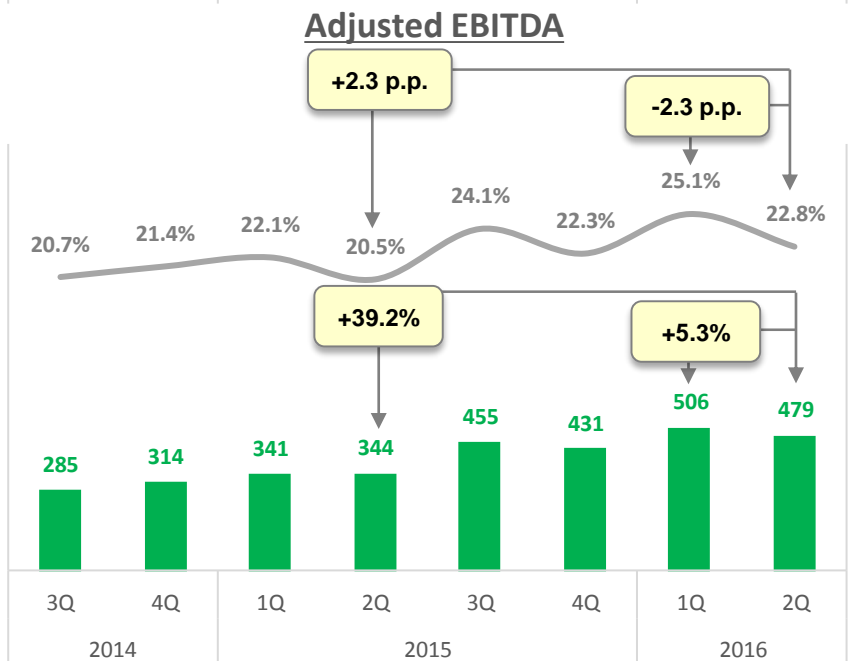
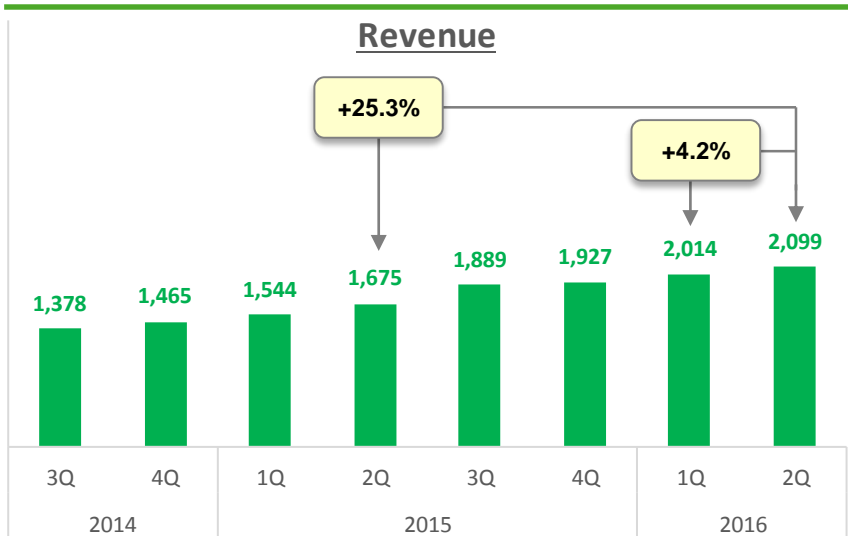
- In October 2011, in response to the negative macroeconomic situation of Argentina and resultant capital flight, the government introduced foreign exchange (“capital”) controls.
- This weak economic environment eventually led to runaway inflation which both reduced Argentine citizen purchasing power and demand for local savings.
- Due to the capital controls in place, these individuals were unable to move their savings to hard currency safe havens (e.g. USD), at least not at official exchange rates, which led to the emergence of an unofficial foreign currency market (to satisfy this demand to shift savings out of ARS and into, for example, USD).
- The rate at which the USD traded versus the ARS in this unofficial rate was referred to as the USD Blue Rate.
- For multi-national companies with operations in Argentina, the primary channel utilized to upstream cash during this period was through the purchase of Argentine sovereign bonds in ARS followed by, after meeting minimum hold period requirements, the sale of these bonds in USD (incurring a cost approximately equal to the difference between the ARS Official Rate and ARS Blue Rate, or a similar alternate effective rate).
- On December 17, 2015, following the election of a new national government in Argentina, the foreign exchange controls were lifted, resulting in a 36% devaluation in the USD/ARS exchange rate.

## EUR / ARS Blue Exchange Rate (End of Period)

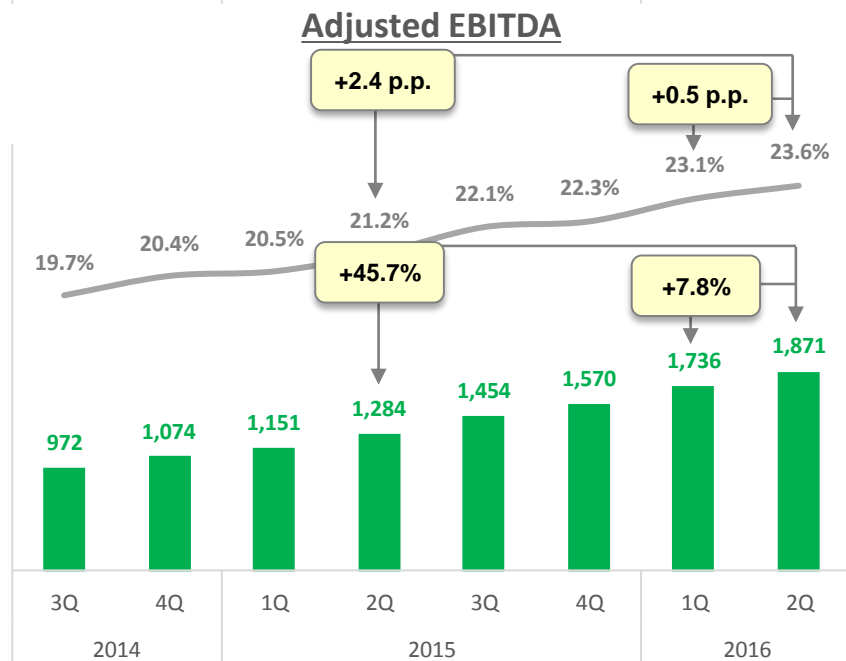
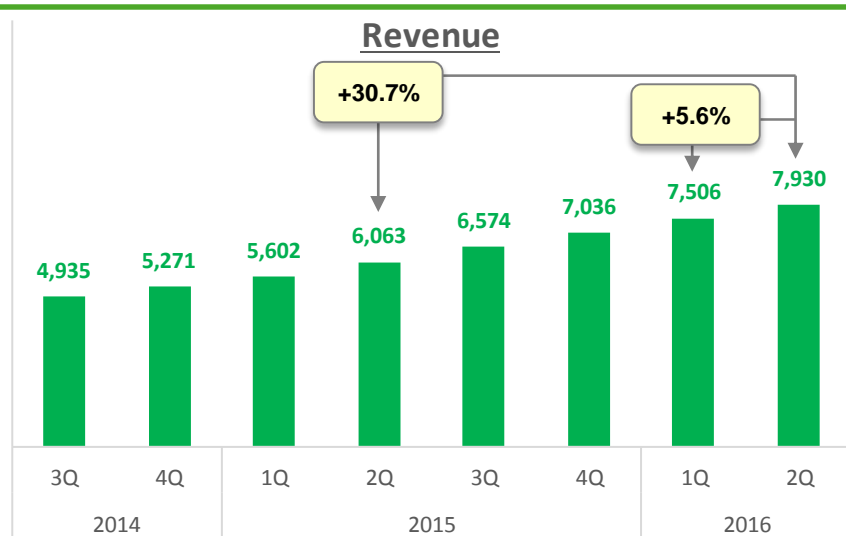


# Argentina (Local Currency)

## Quarter



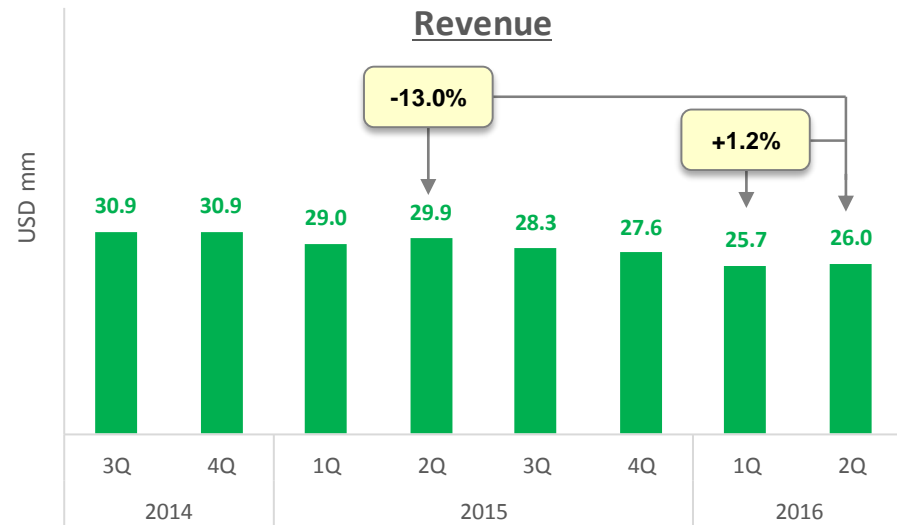
## LTM



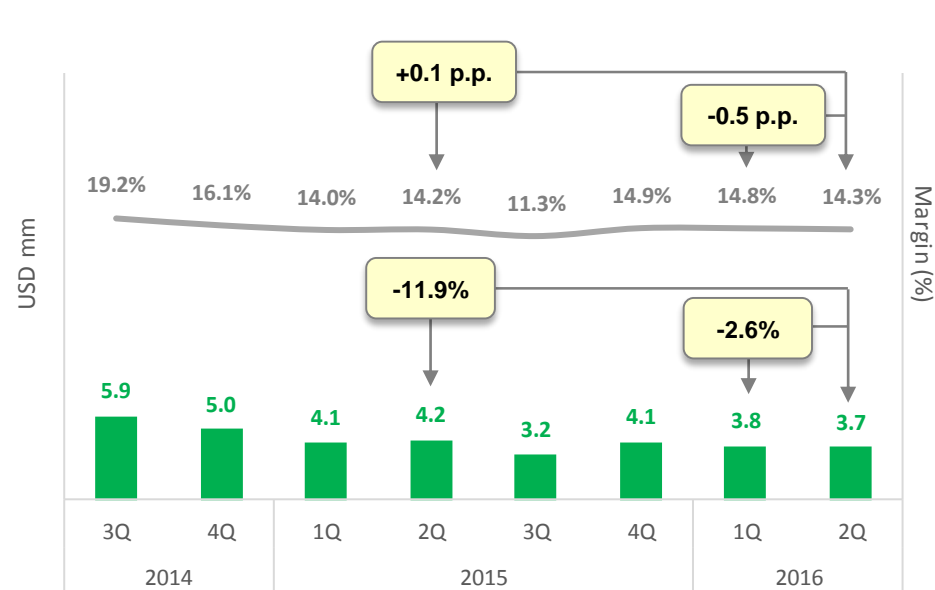
## Panama (Local Currency)

## Quarter

## Revenue

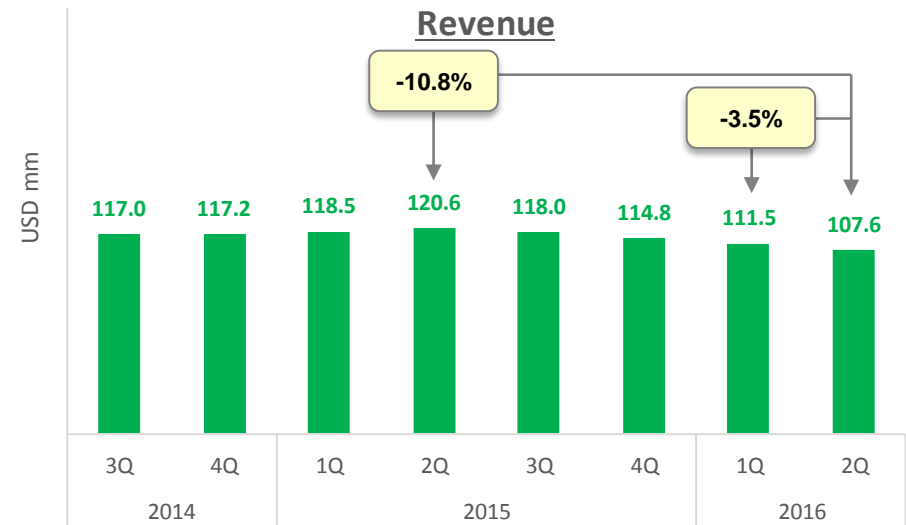


## Adjusted EBITDA

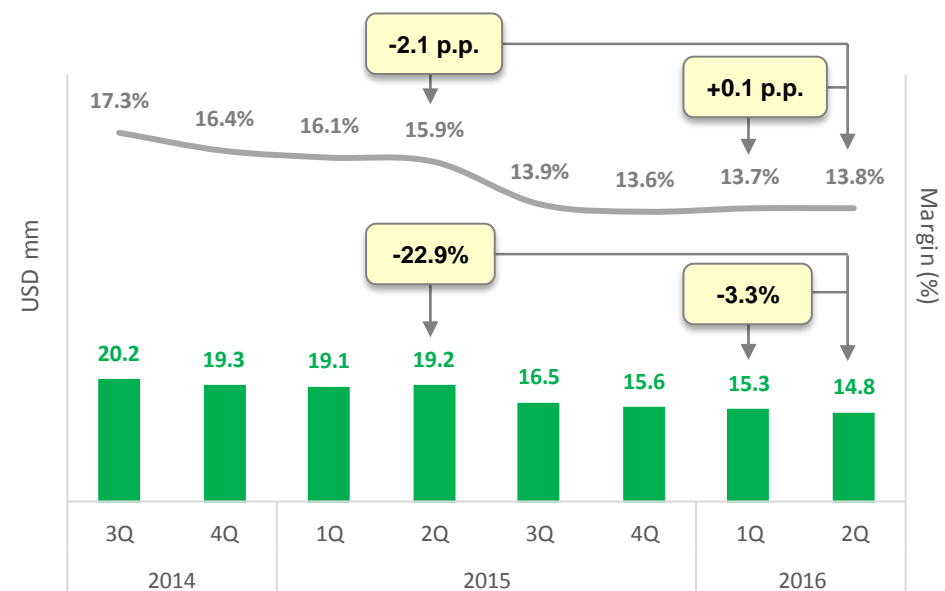


## LTM

## Revenue



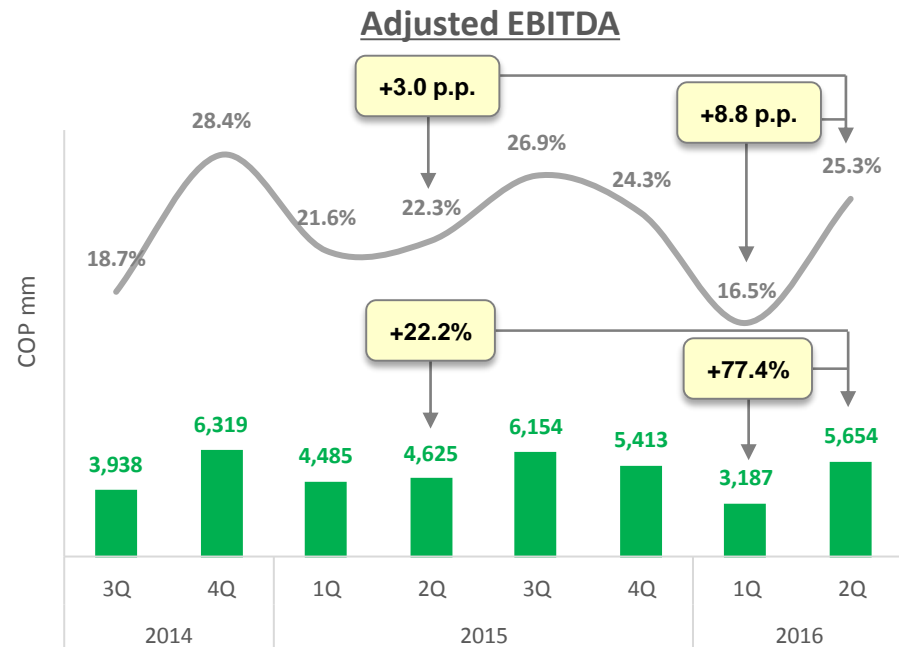
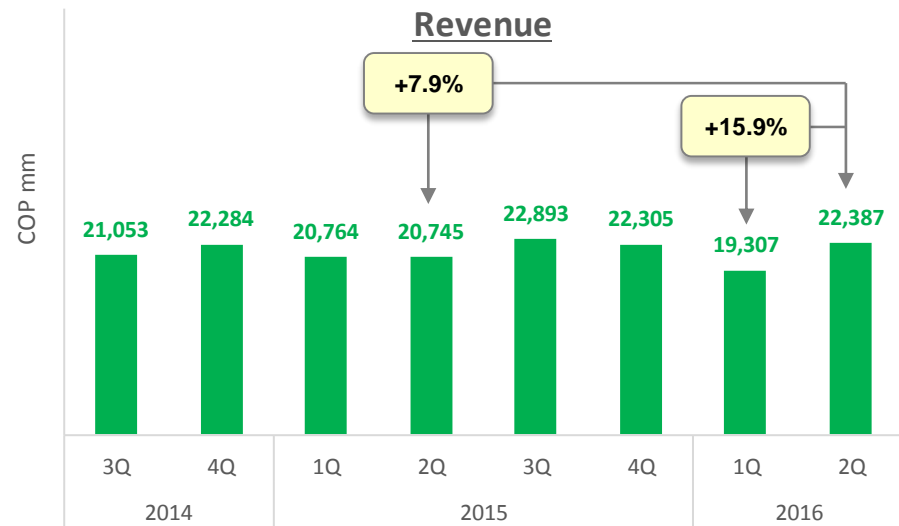
## Adjusted EBITDA



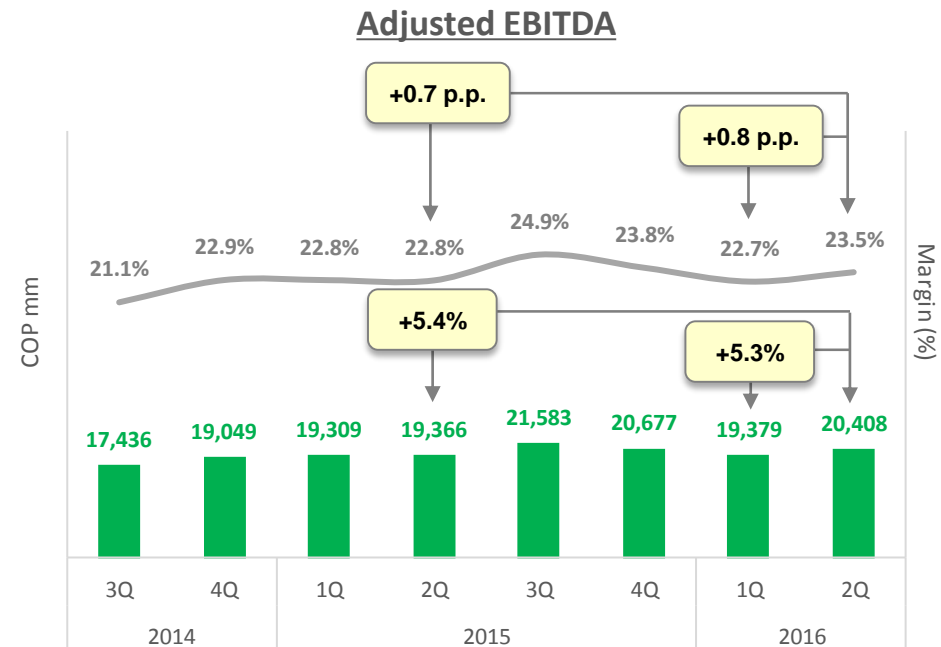
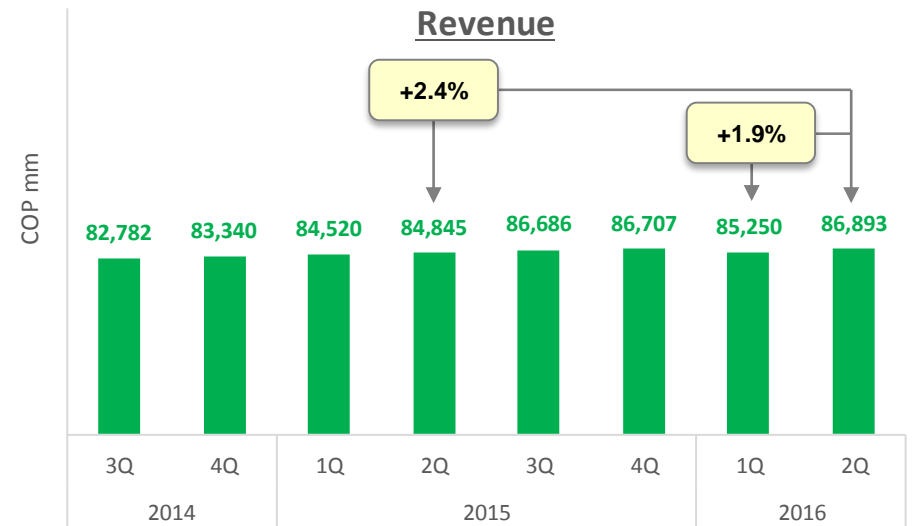
# Appendix

## Colombia (Local Currency)

### Quarter



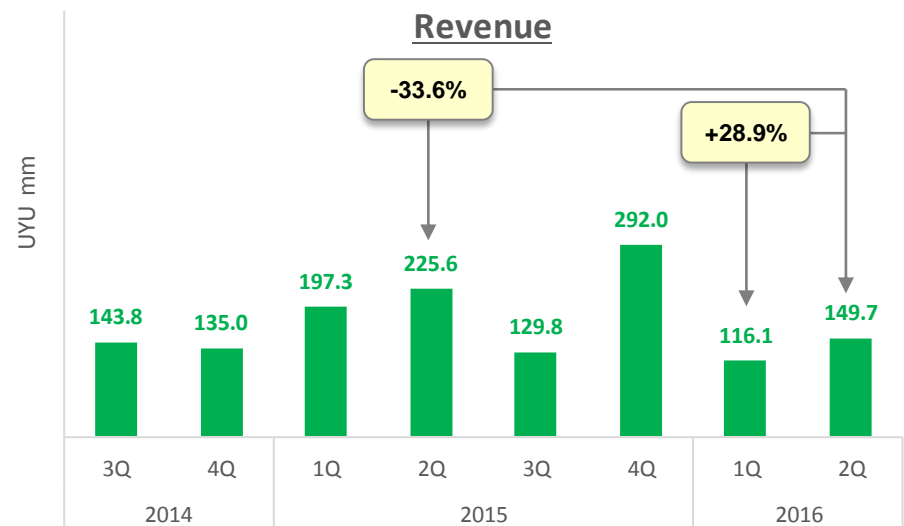
### LTM



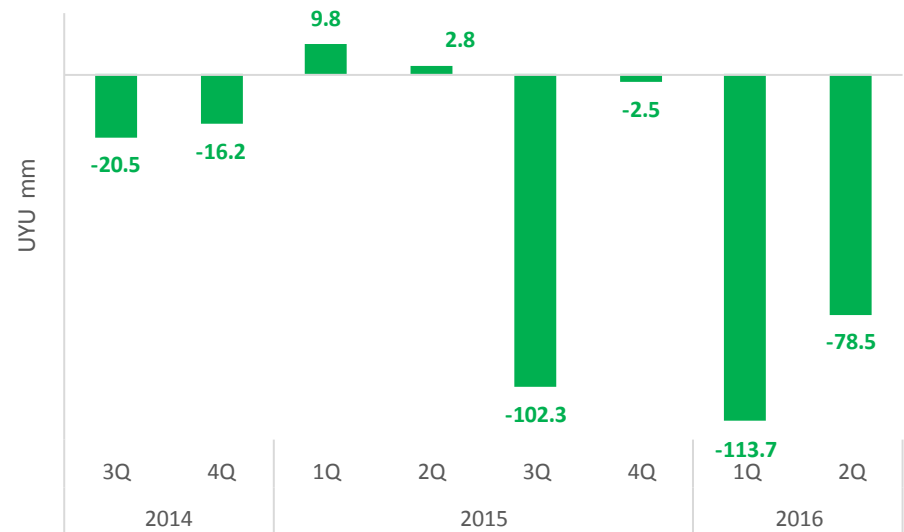
# Uruguay – Carrasco Nobile (Local Currency)

## Quarter

### Revenue

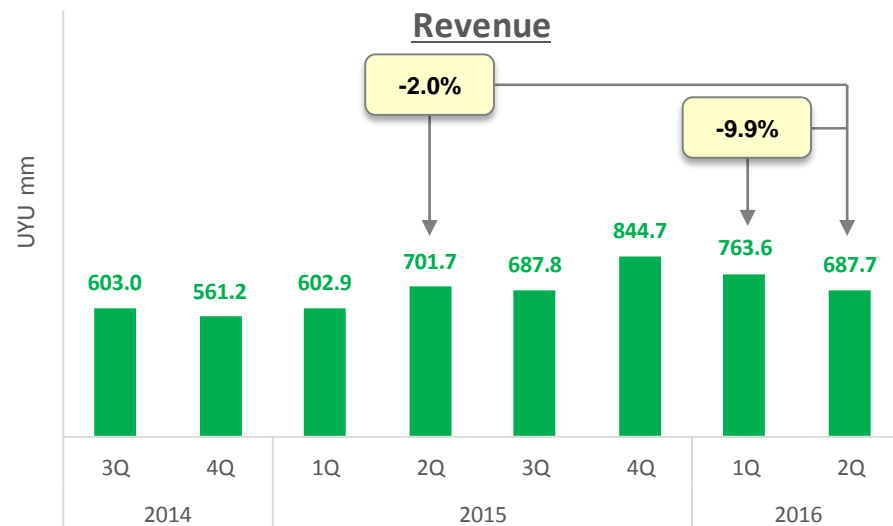


### Adjusted EBITDA

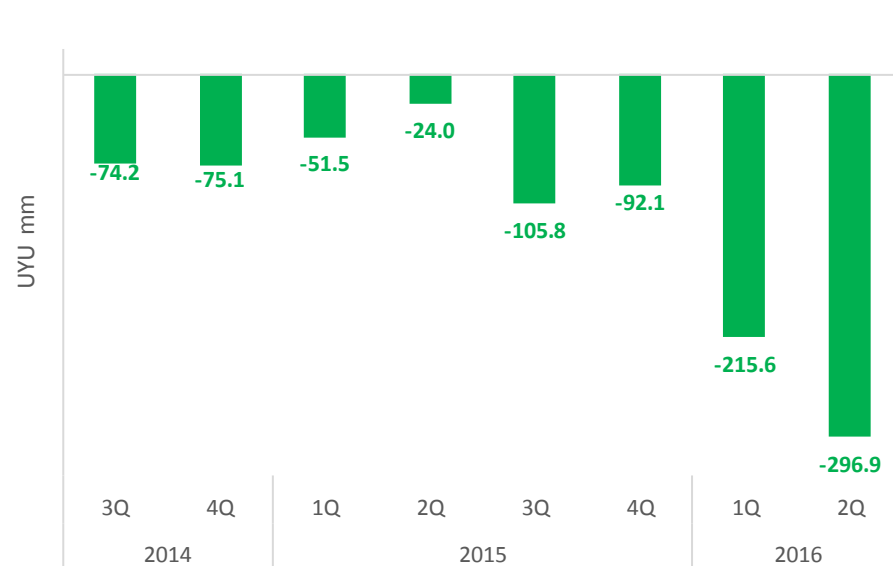


## LTM

### Revenue



### Adjusted EBITDA





For additional information, please contact:



**codere Investor Relations**

[inversor@codere.com](mailto:inversor@codere.com)

**+34 91.354.2819**