

# 3Q 2016 Earnings Results

November 11, 2016



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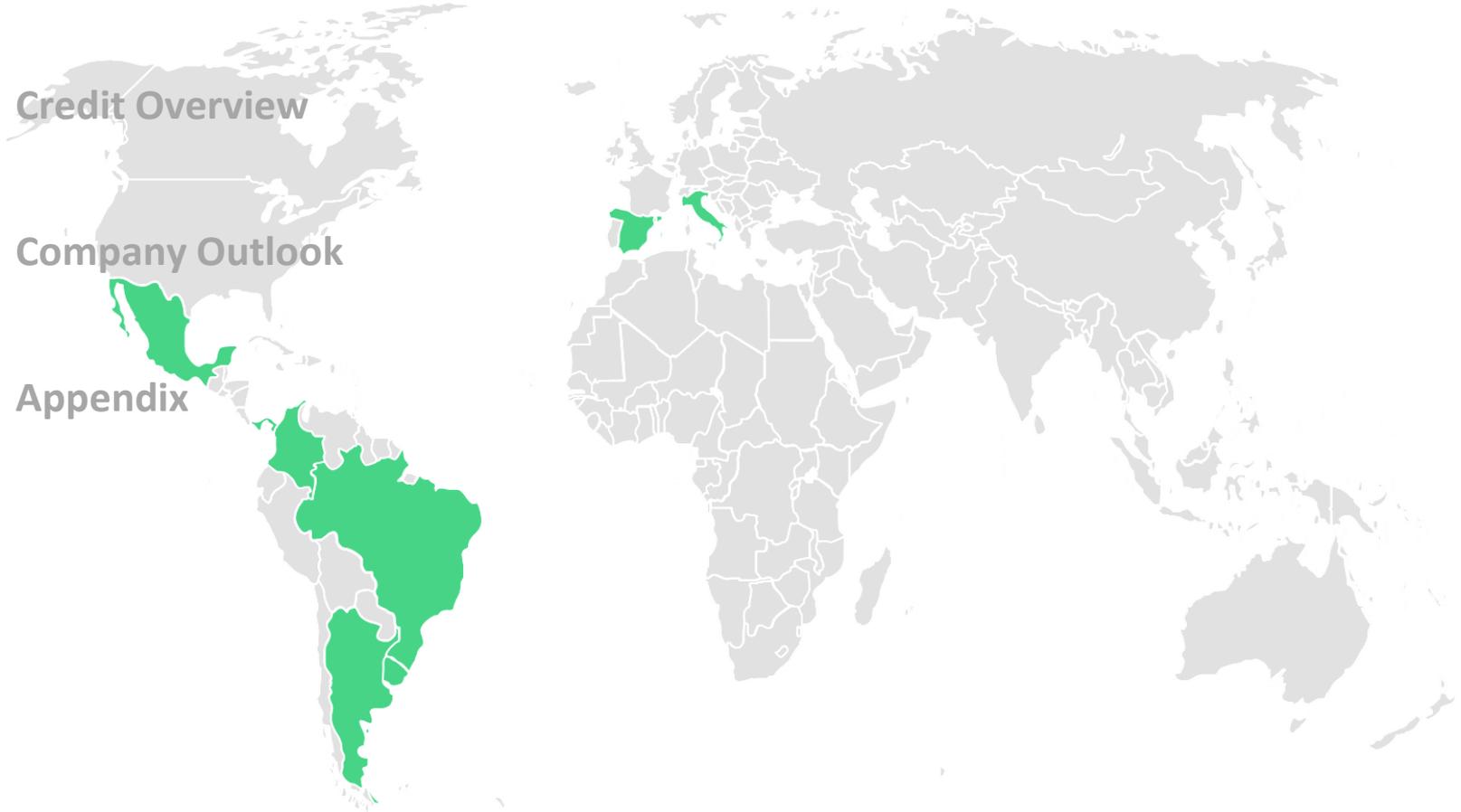
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- **Operating Results**

- **Credit Overview**

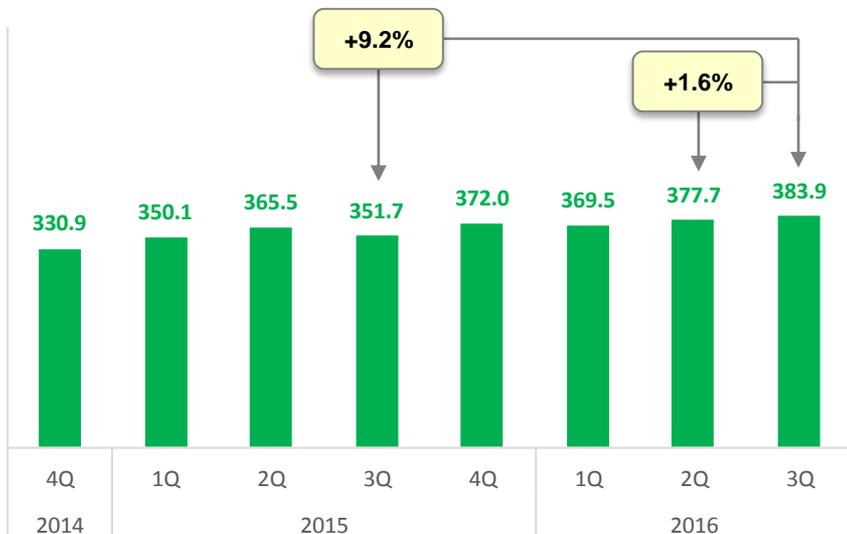
- **Company Outlook**

- **Appendix**

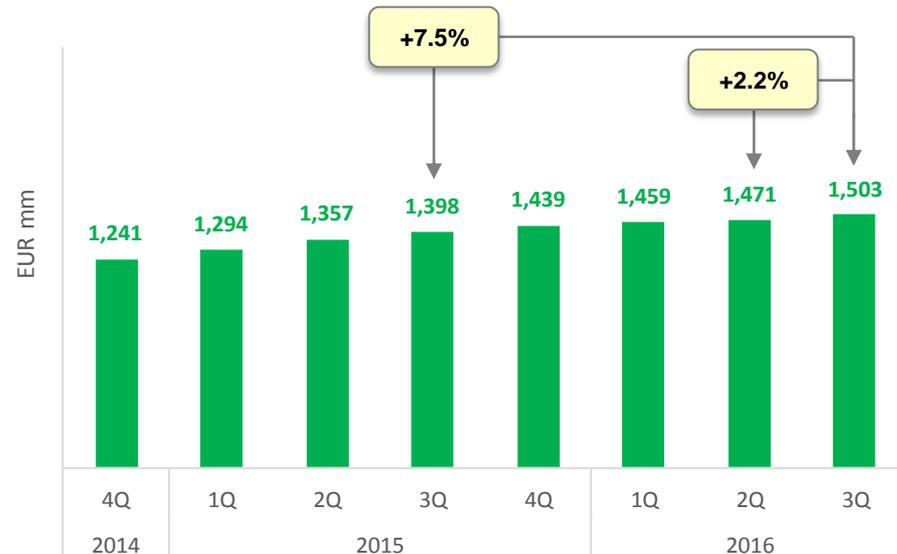


# Total Revenue (ARS @ Blue Rate) <sup>(1)</sup>

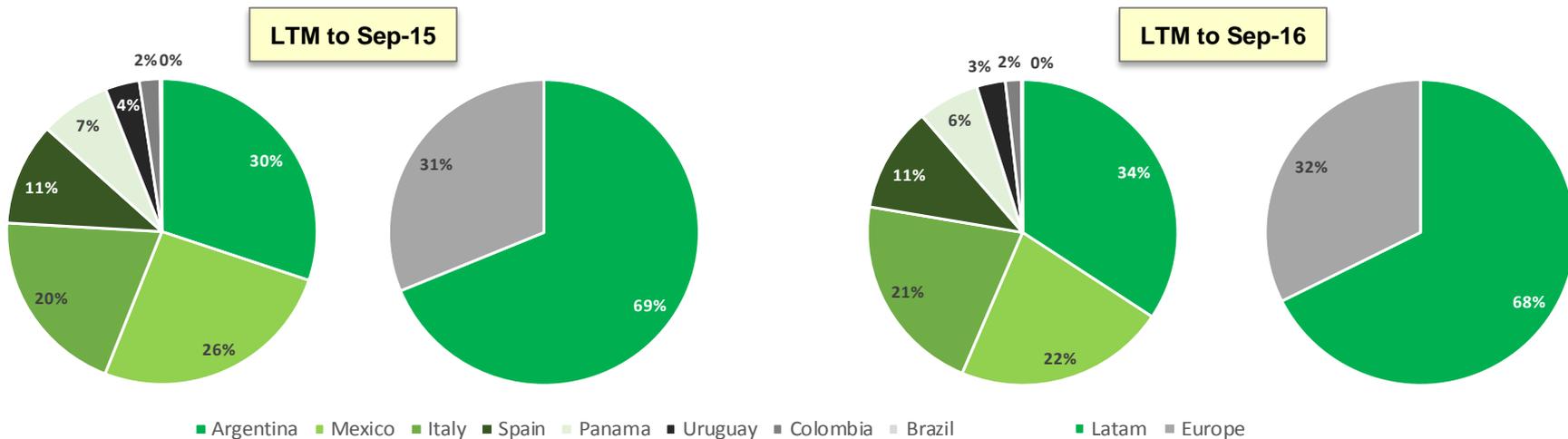
## Quarter



## LTM



## Geographic Mix

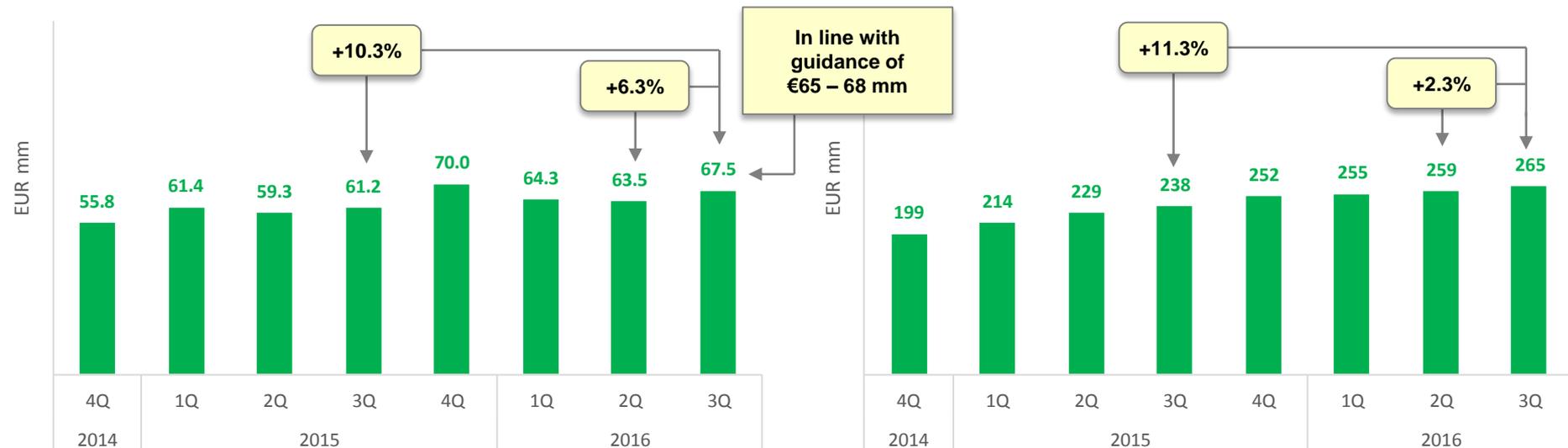


(1) Figures reflect Company consolidated revenue plus 50% of HRU (unconsolidated joint venture accounted for under equity method) revenue.

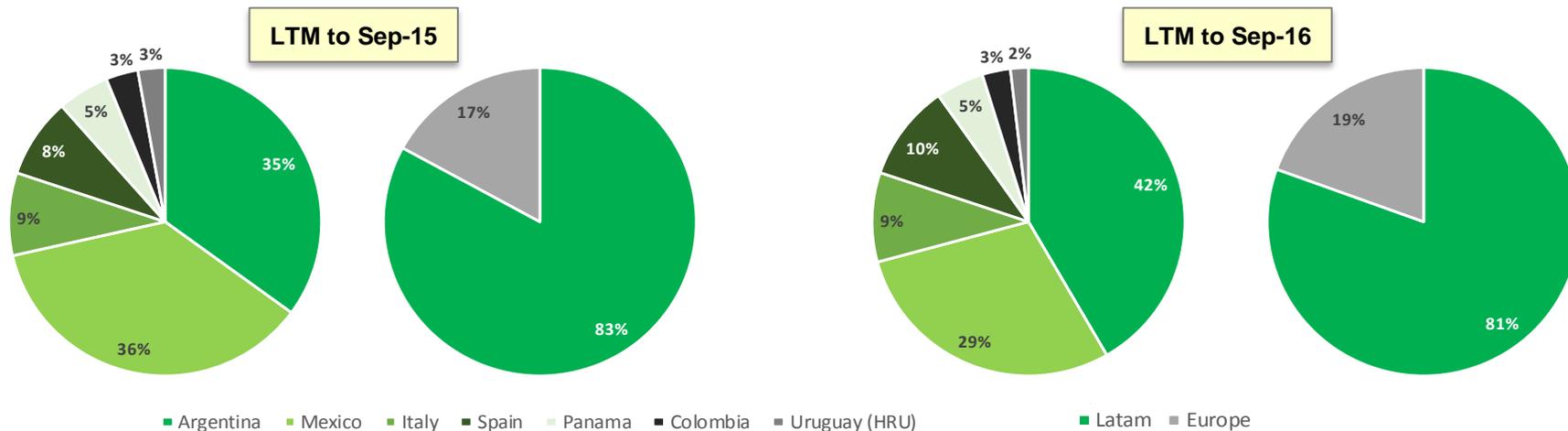
# Total Adjusted EBITDA (ARS @ Blue Rate) <sup>(1)</sup>

## Quarter

## LTM



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

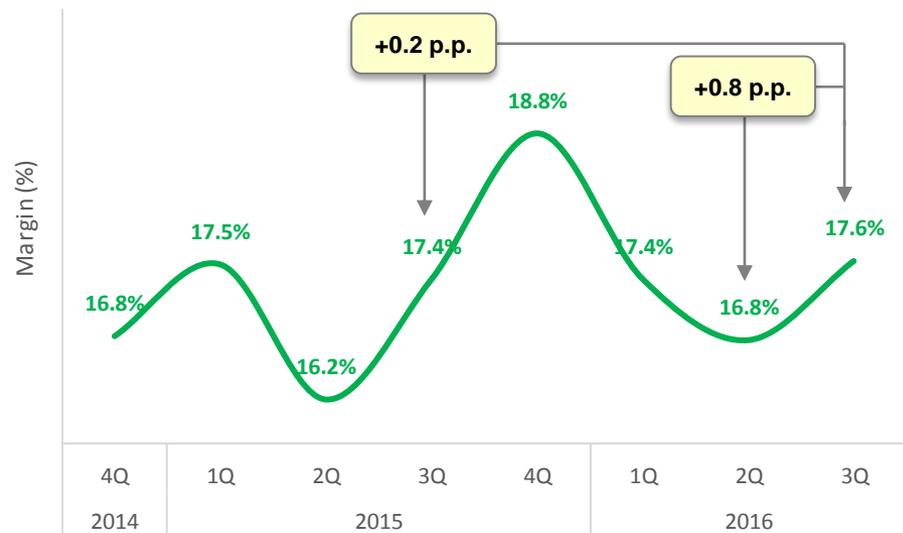


(1) Figures reflect Company consolidated adjusted EBITDA plus 50% of HRU (unconsolidated joint venture accounted for under equity method) adjusted EBITDA.

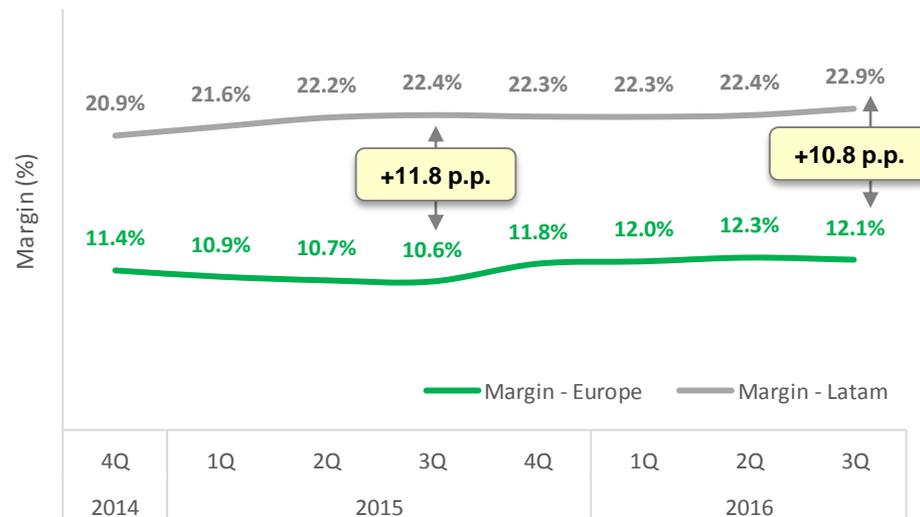
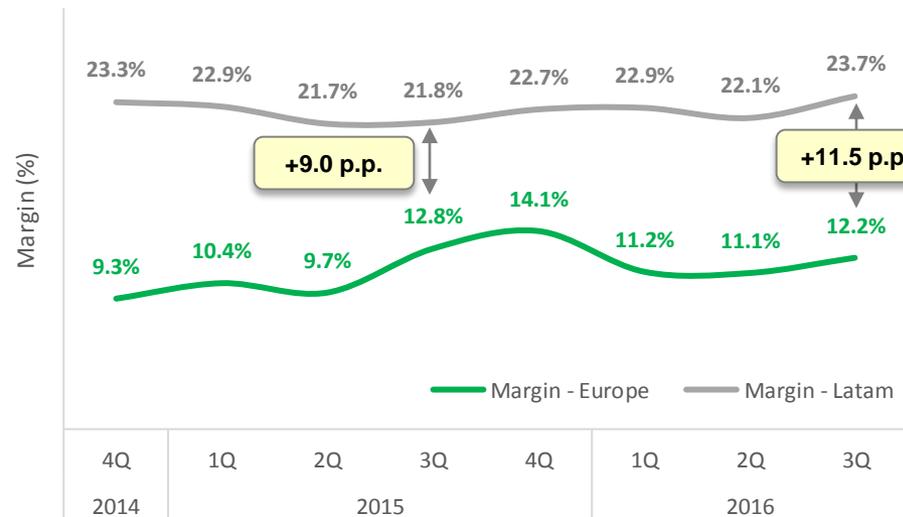
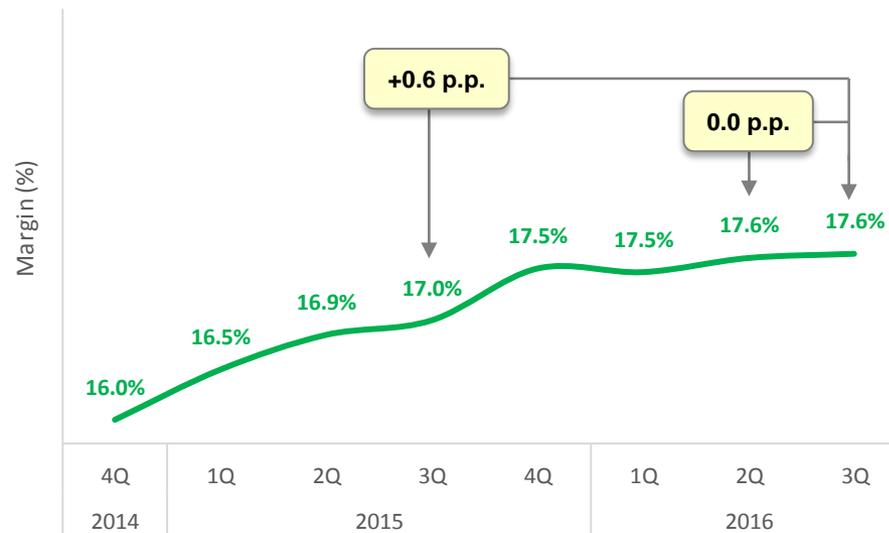
(2) Figures reflect contribution to total adjusted EBITDA before Corporate Overhead and excluding Brazil and Carrasco Nobile due to negative adjusted EBITDA.

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

## Quarter



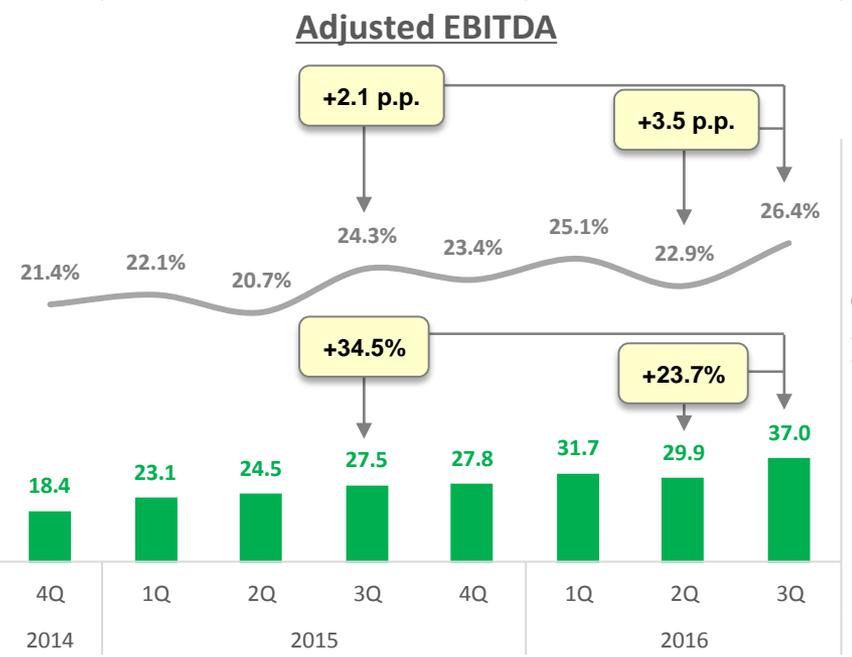
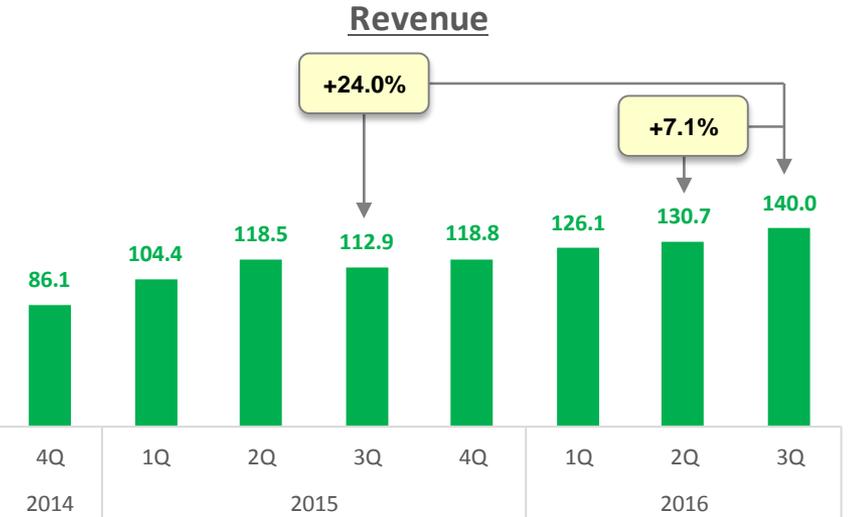
## LTM



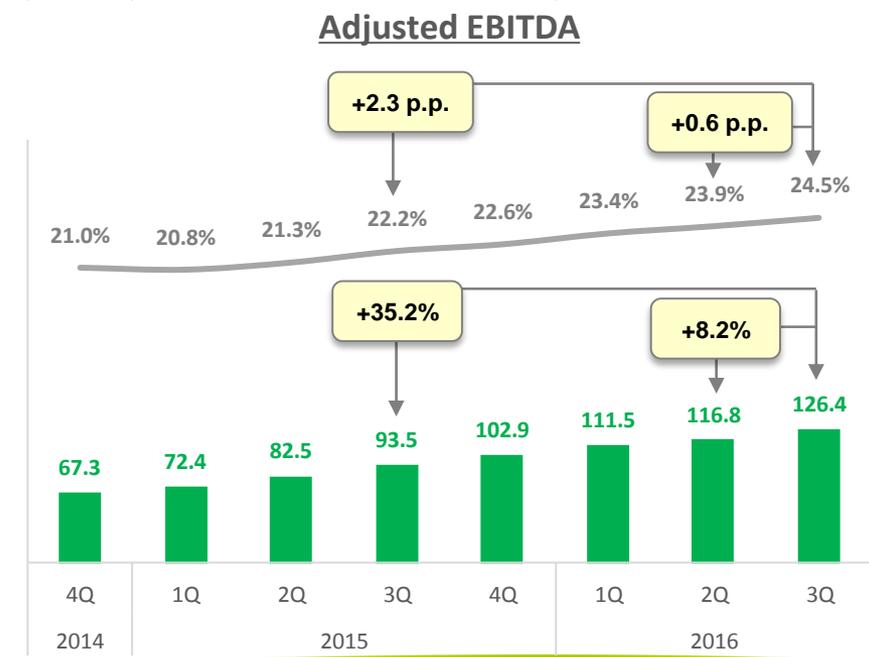
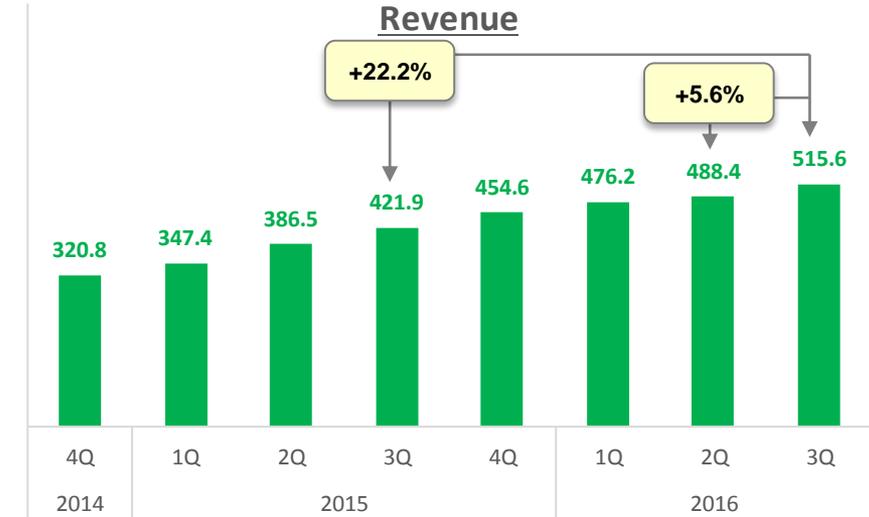
(1) Figures reflect Company consolidated adjusted EBITDA plus 50% of HRU (unconsolidated joint venture accounted for under equity method) adjusted EBITDA.



Quarter

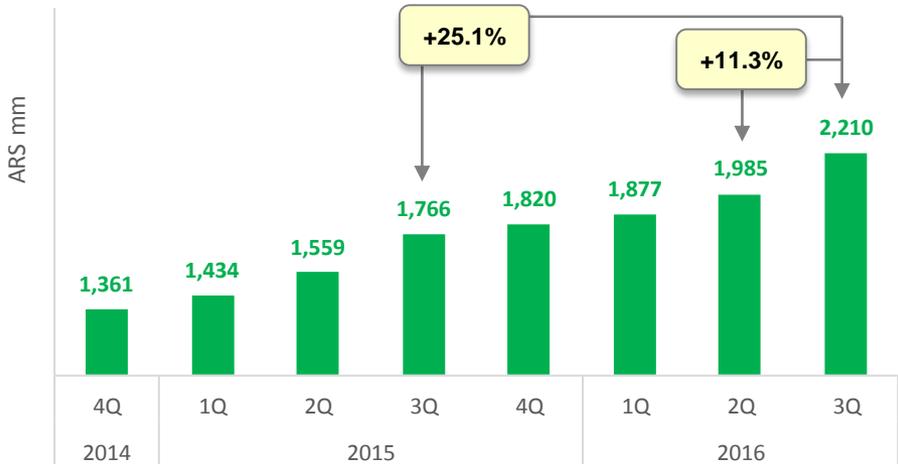


LTM

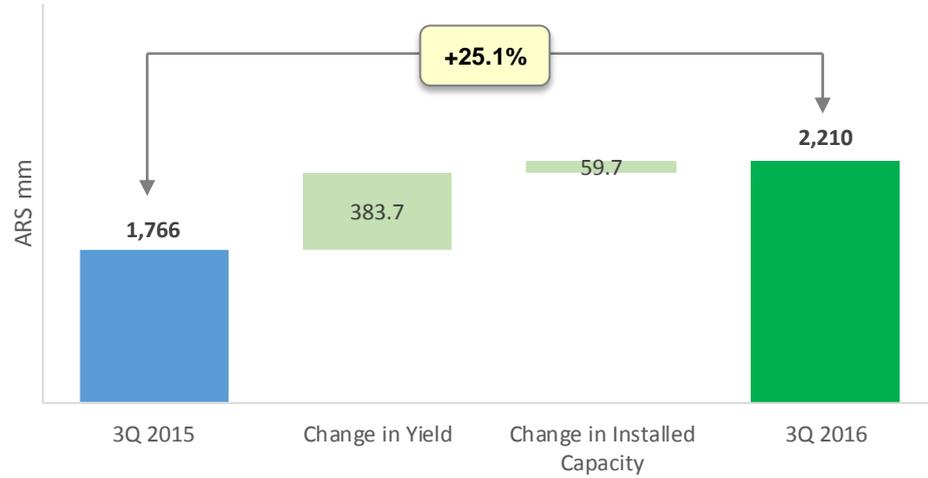




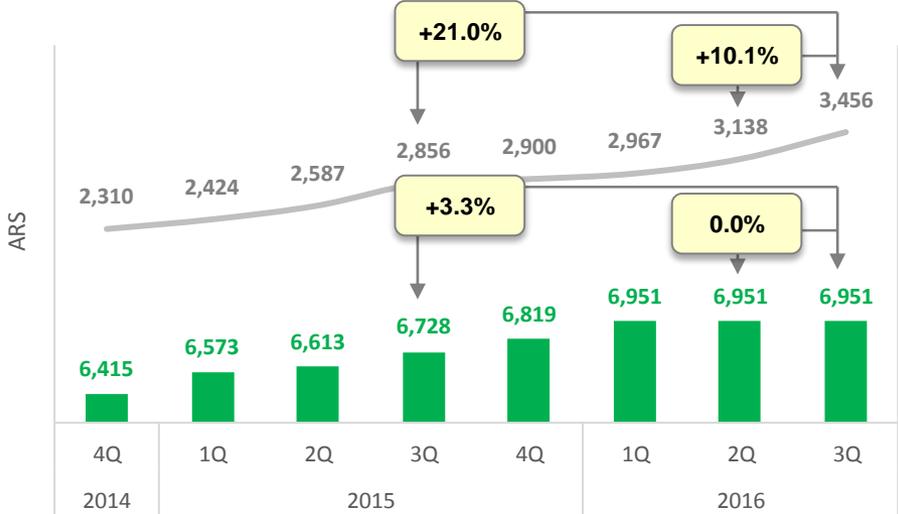
### Slots Operating Revenue



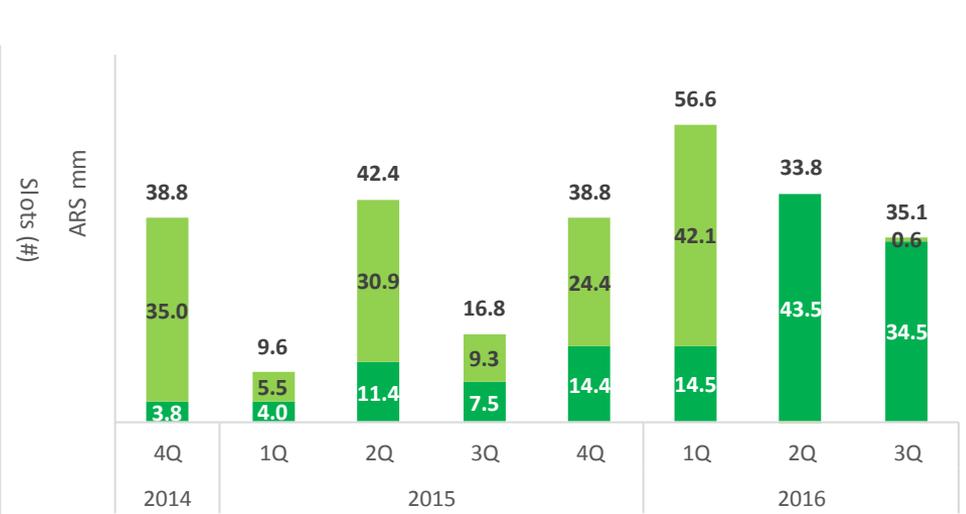
### Slots Operating Revenue Bridge



### Operating KPIs



### Total Capex



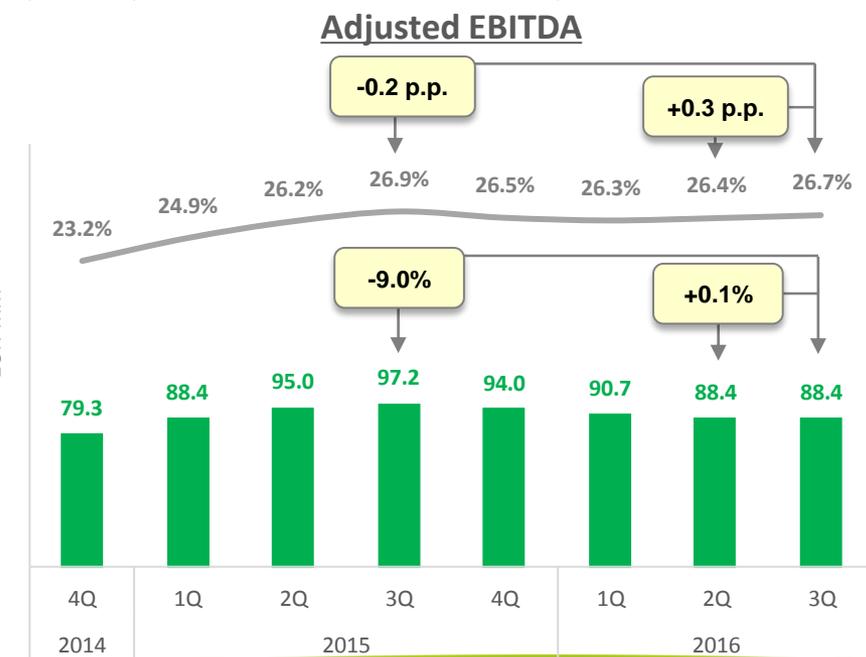
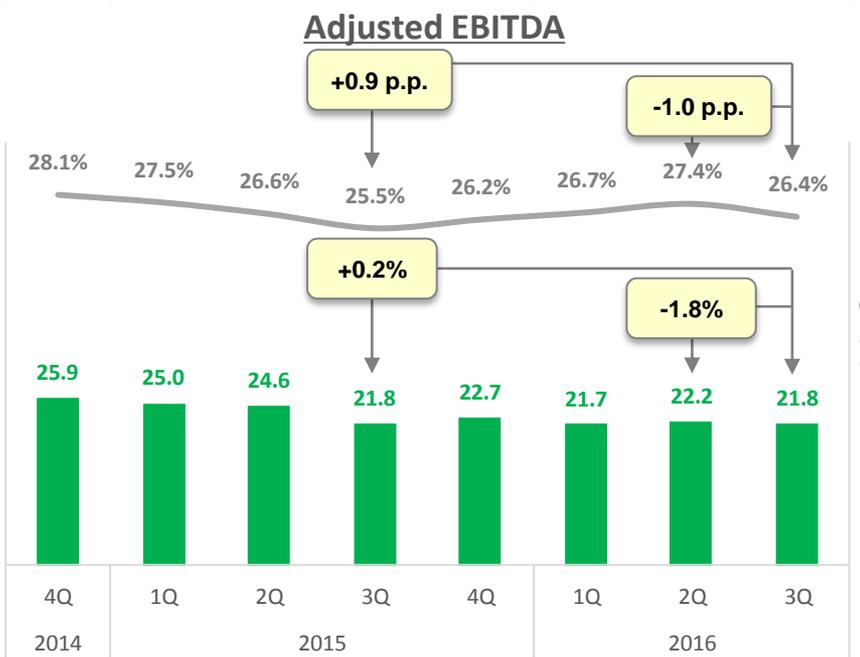
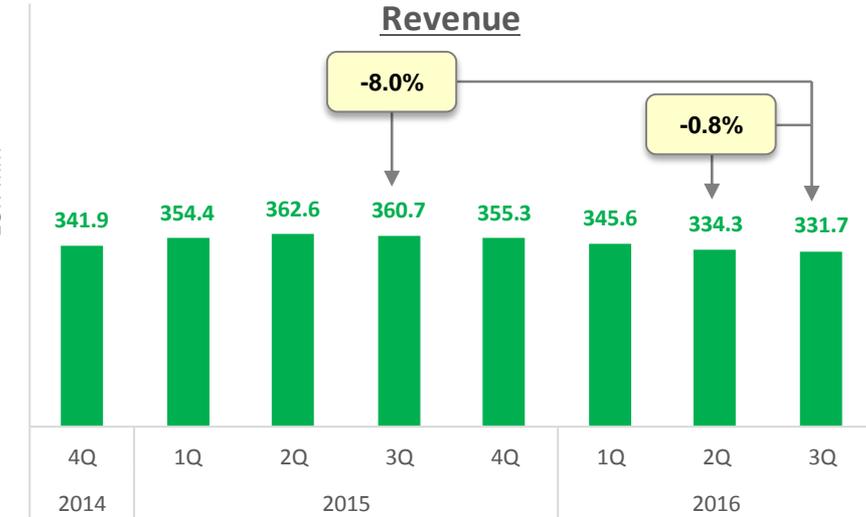
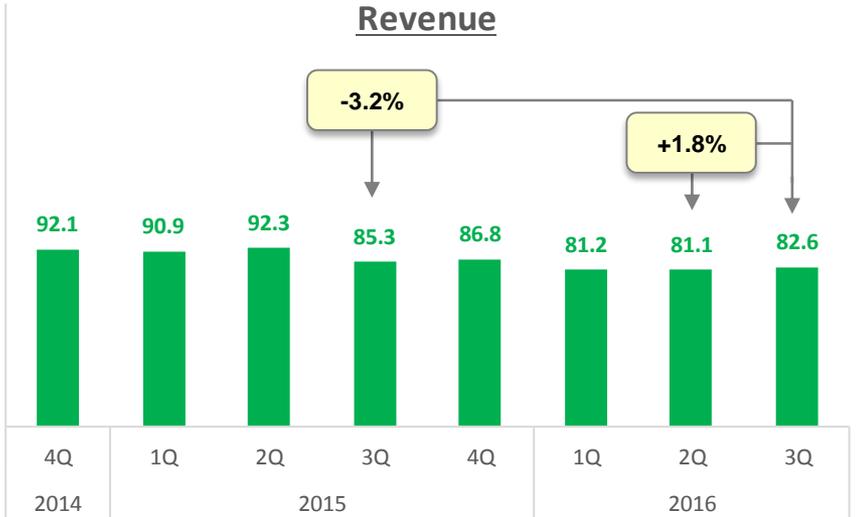
■ Avg. Installed Slots (#)    
 — Gross Win / Slot / Day

■ Maintenance Capex    
 ■ Growth Capex



Quarter

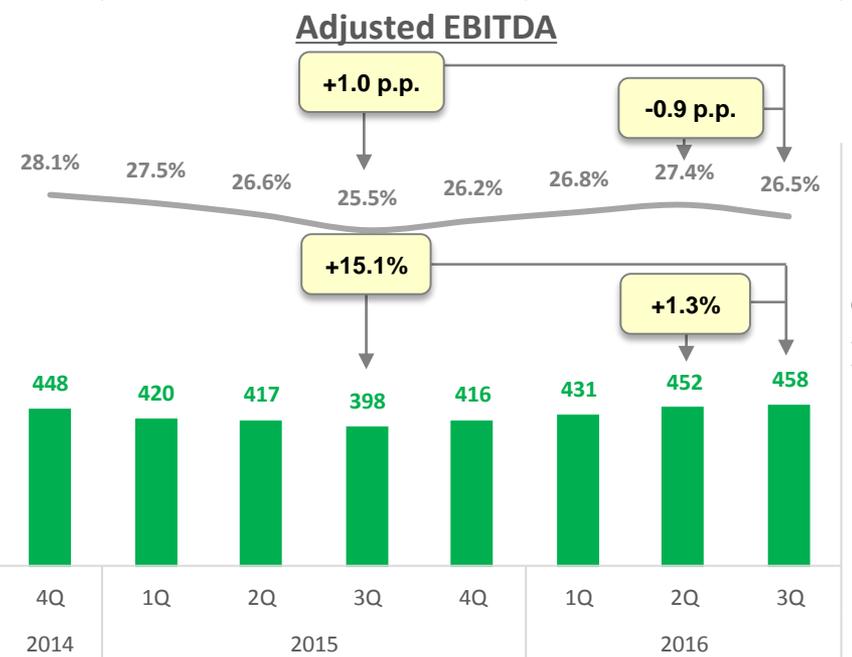
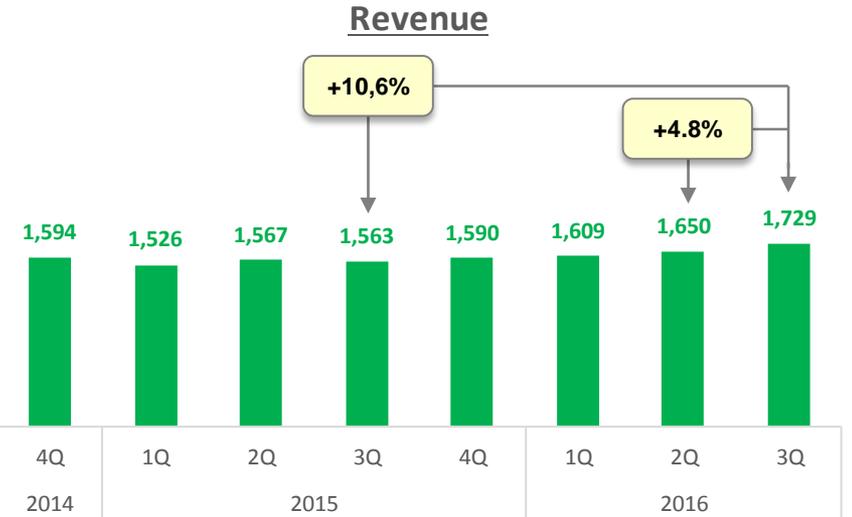
LTM



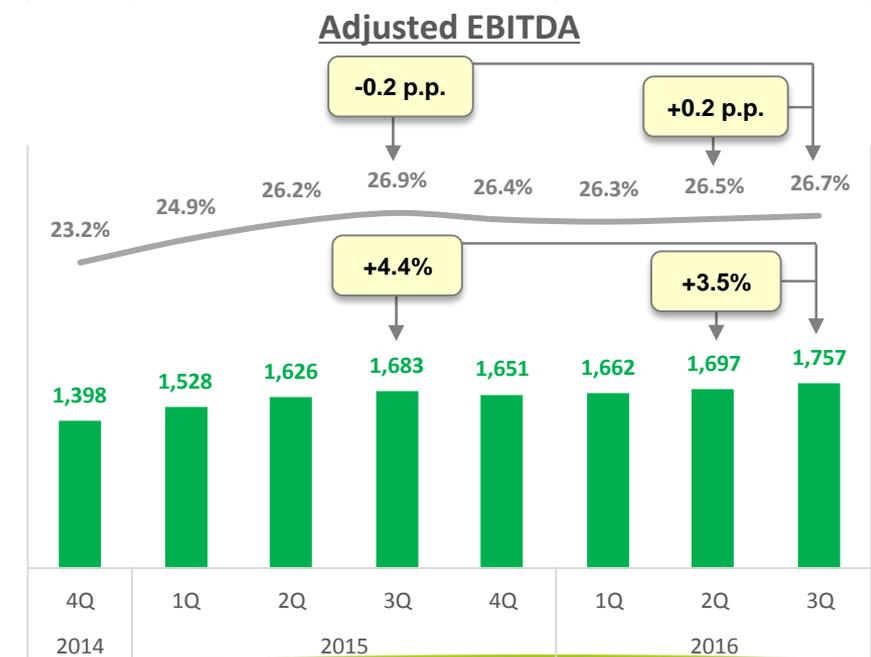
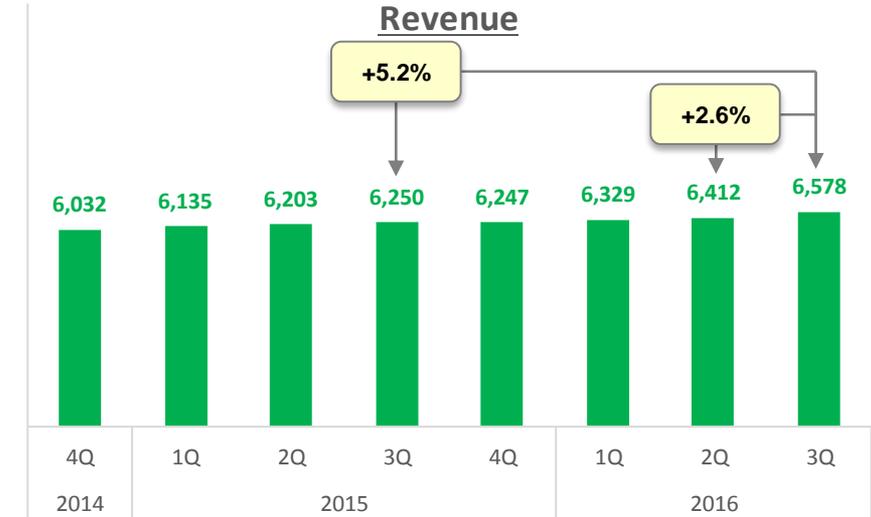
# Operating Results Mexico (Local Currency)



## Quarter



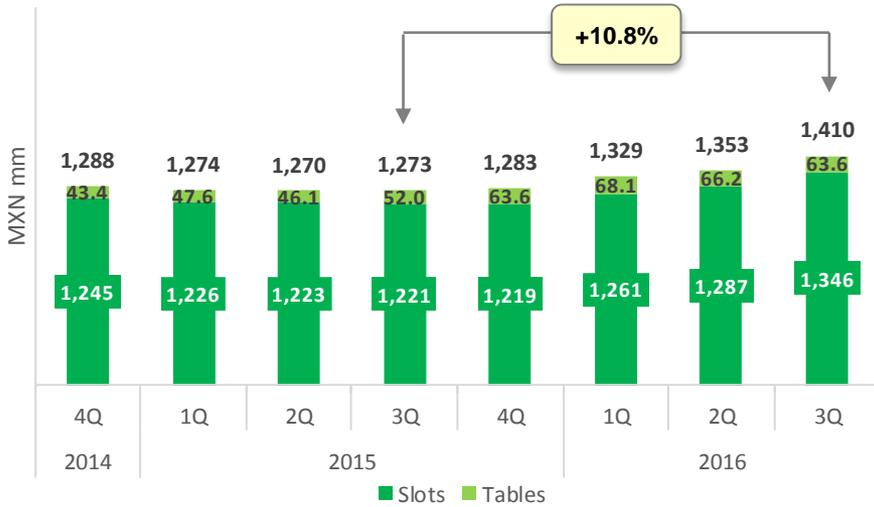
## LTM



# Operating Results Mexico (Local Currency)



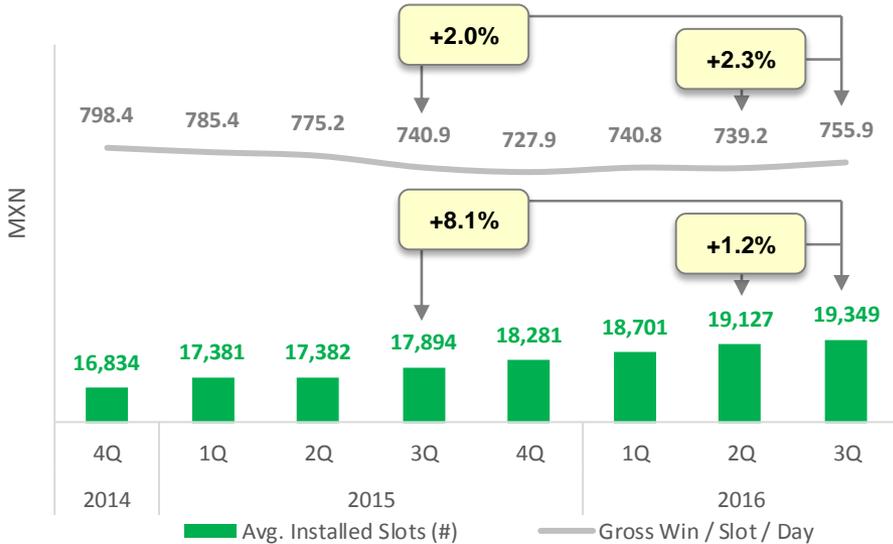
## Slots + Tables Operating Revenue



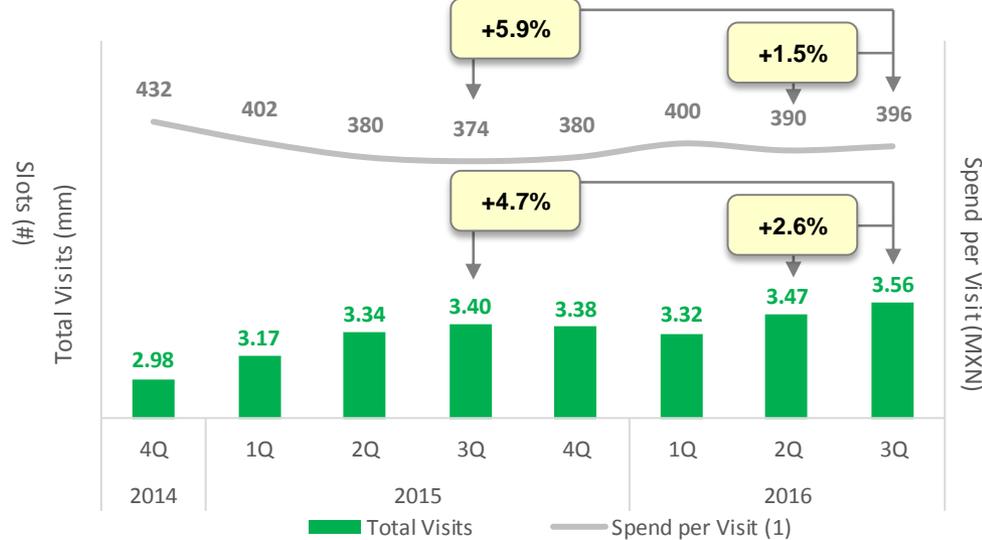
## Slots Operating Revenue Bridge



## Operating KPIs



## Customer KPIs

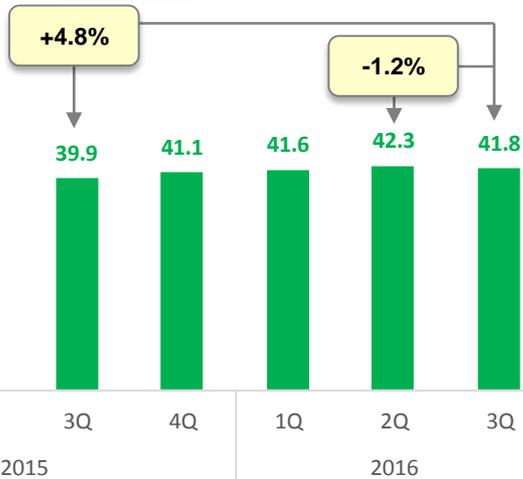


(1) Figures reflect average slot and table gross win per visit.

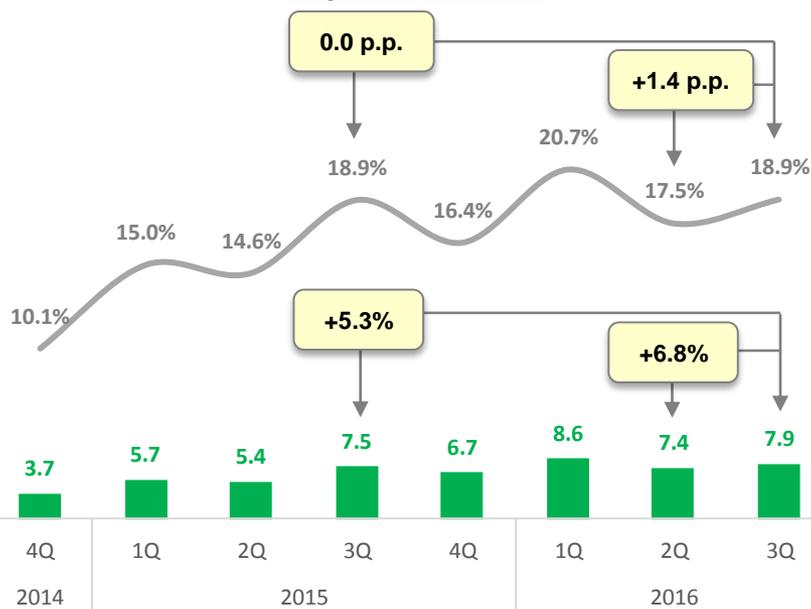


## Quarter

### Revenue

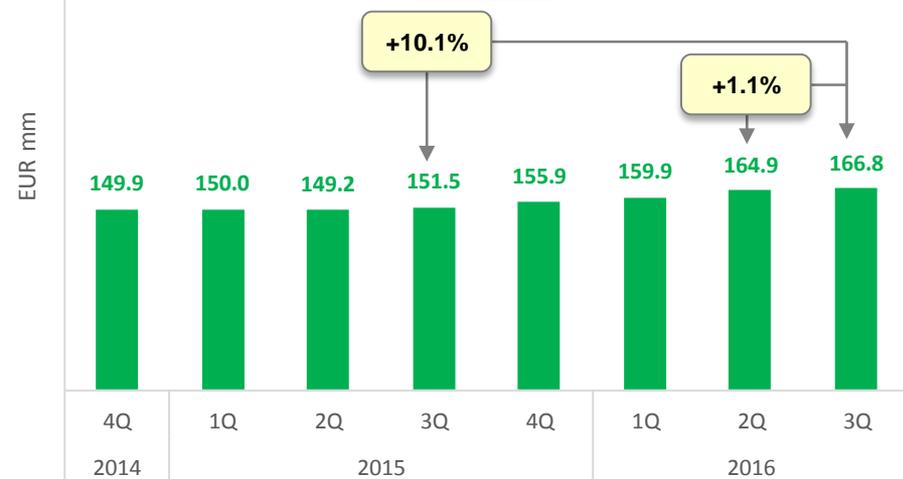


### Adjusted EBITDA

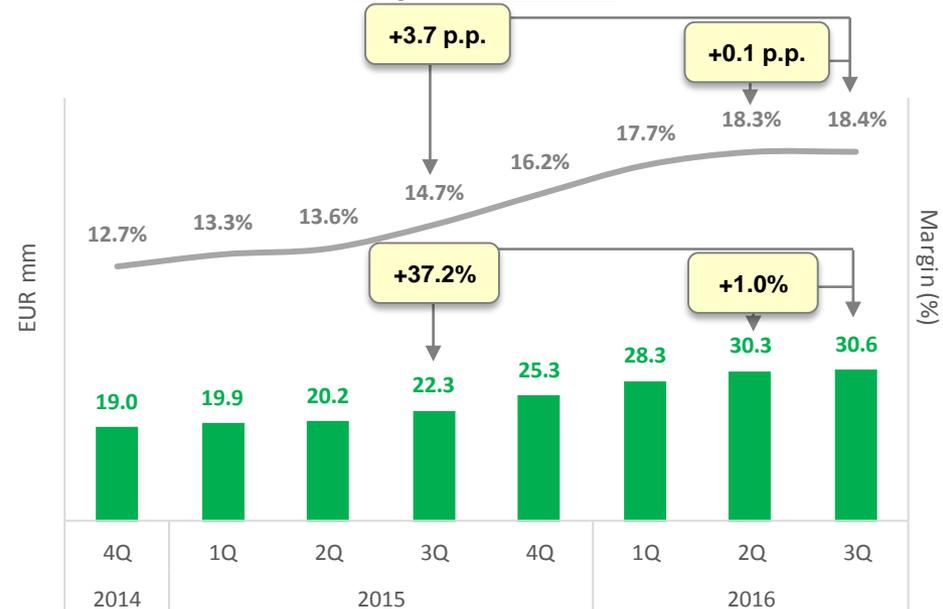


## LTM

### Revenue



### Adjusted EBITDA





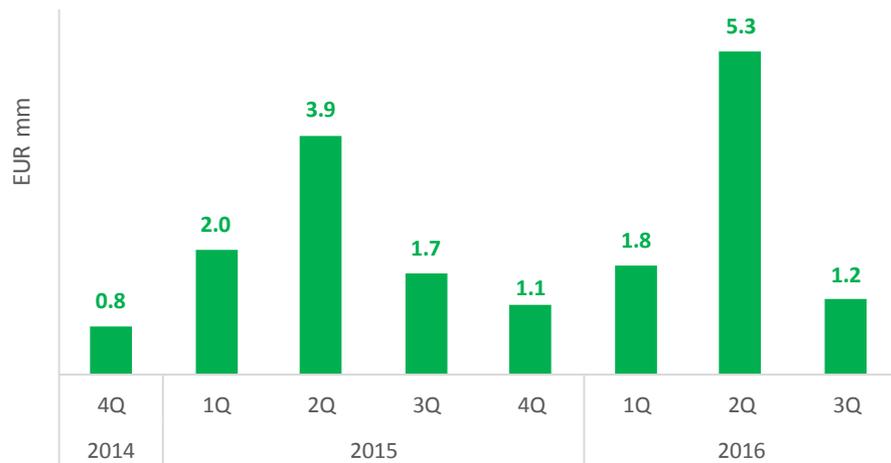
## AWP Units – Average Age



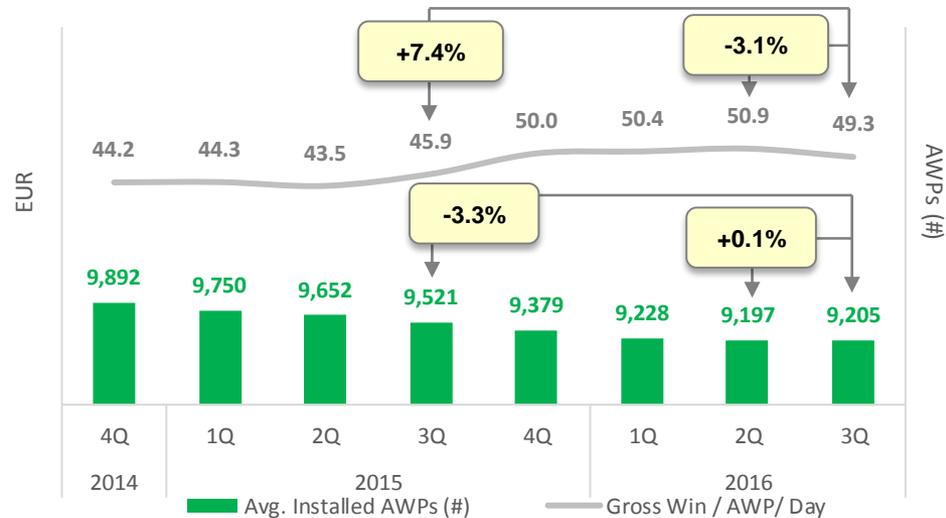
## AWP Operating EBITDA <sup>(1)</sup>



## AWP Maintenance Capex (Product Investment)



## Operating KPIs – AWP

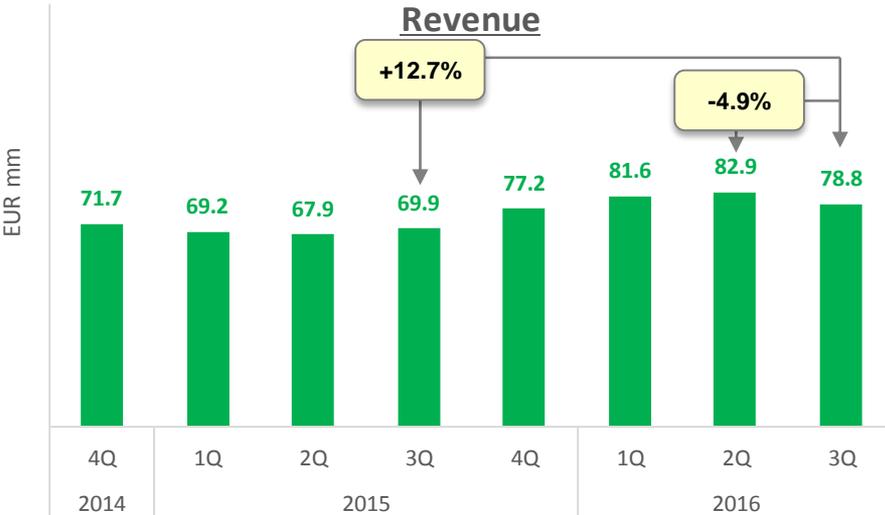


(1) Figures reflect segment Operating EBITDA before business unit (Spain) overheads.

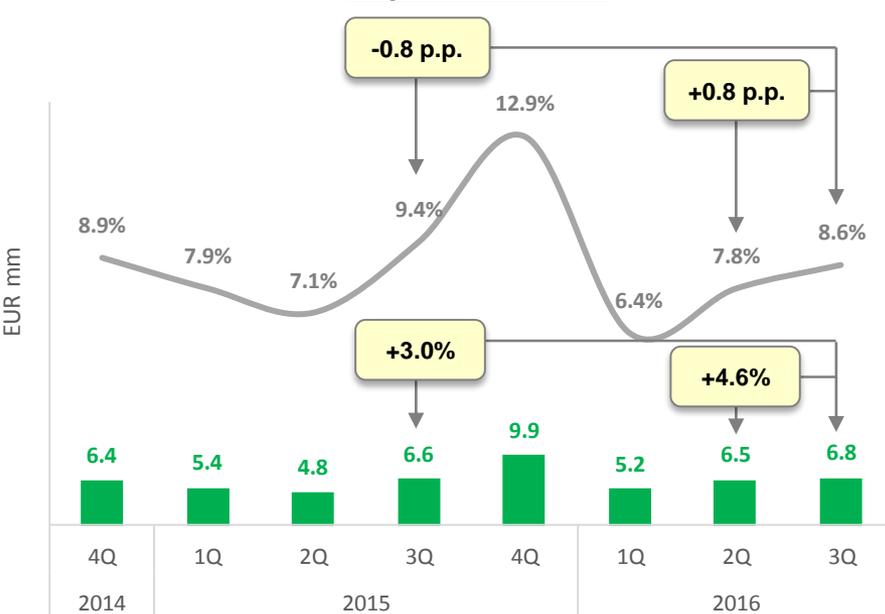


## Quarter

### Revenue

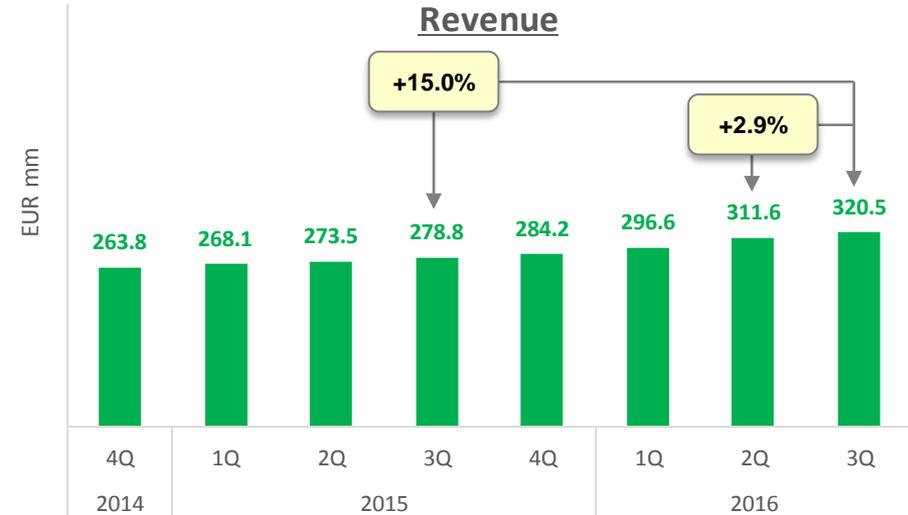


### Adjusted EBITDA

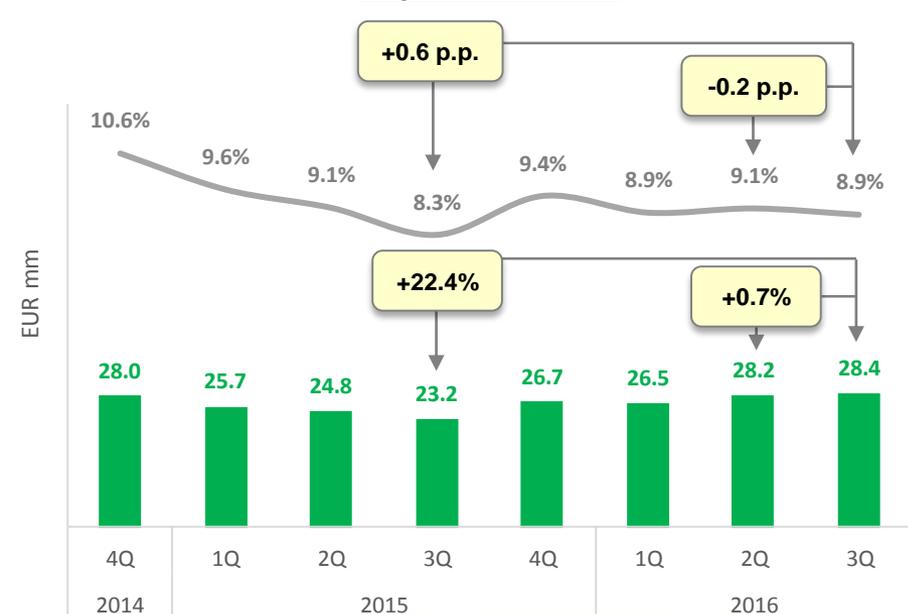


## LTM

### Revenue

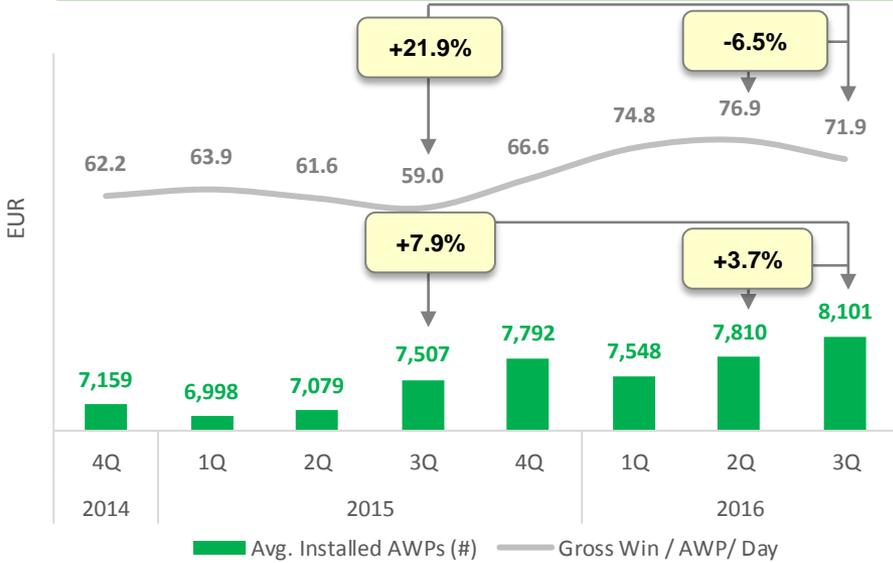


### Adjusted EBITDA

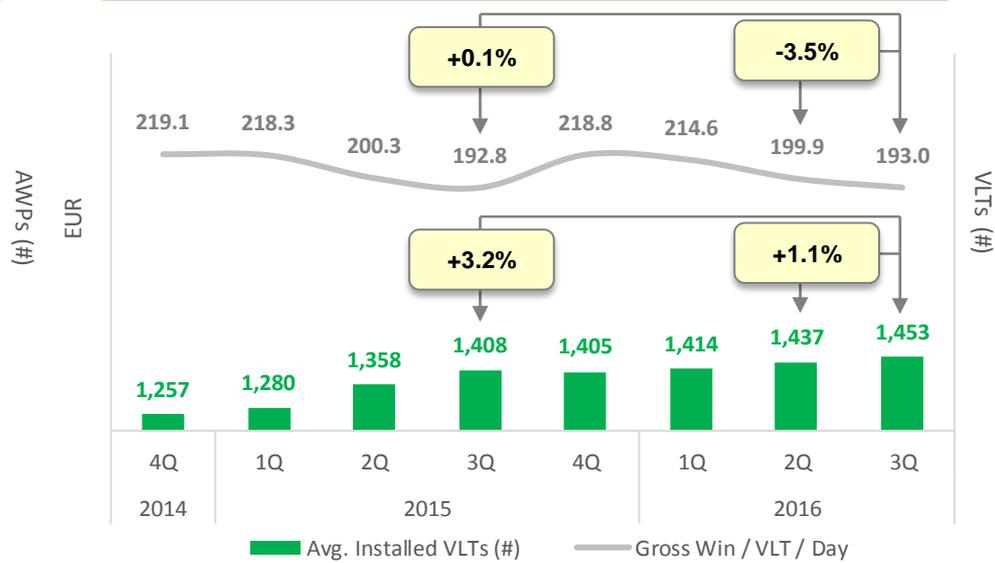




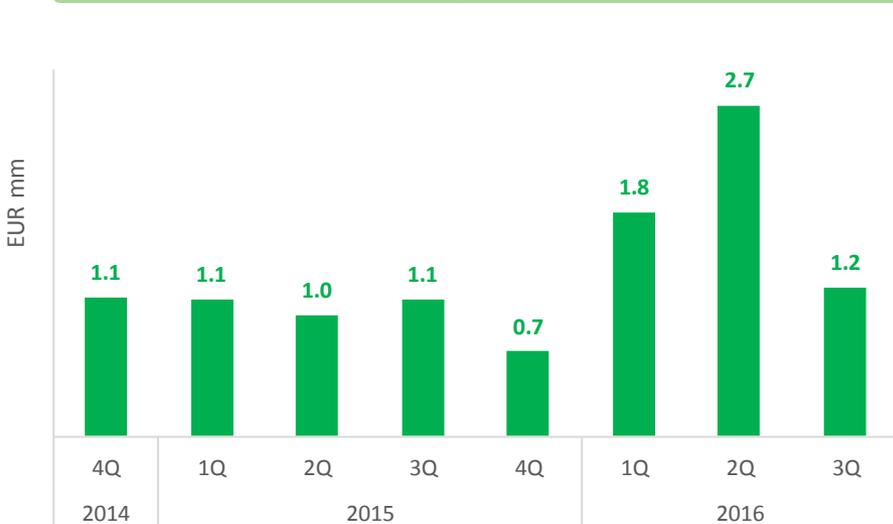
## Operating KPIs – AWP



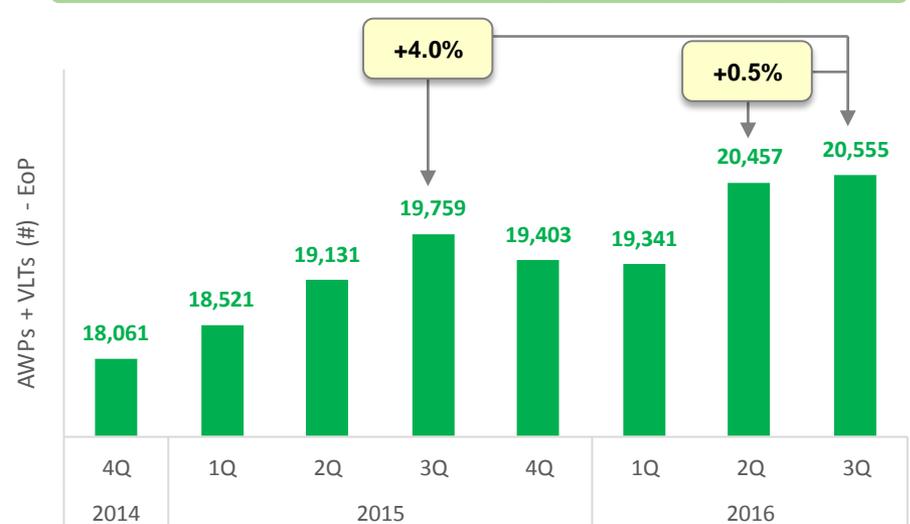
## Operating KPIs – VLT

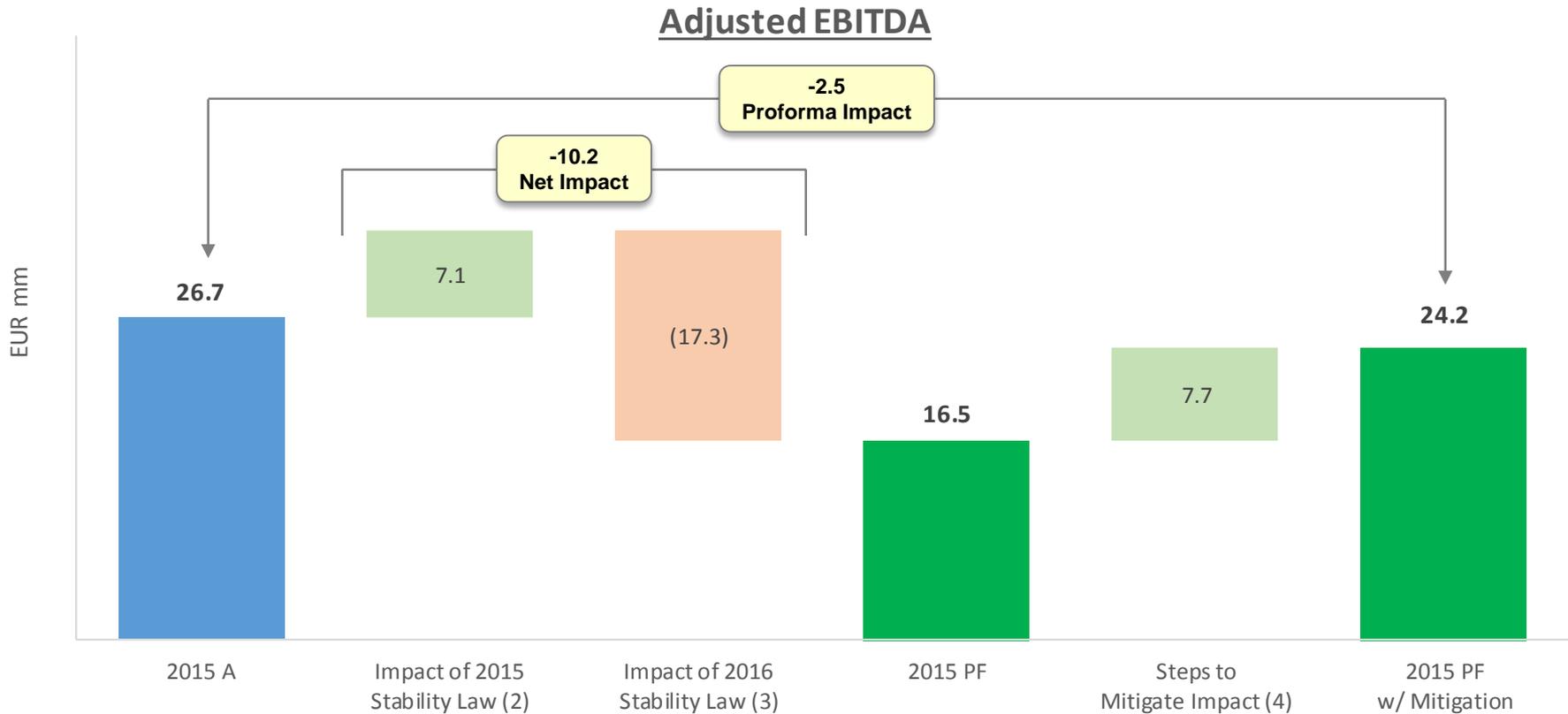


## AWP Maintenance Capex



## Network Connected Units (AWPs + VLTs)



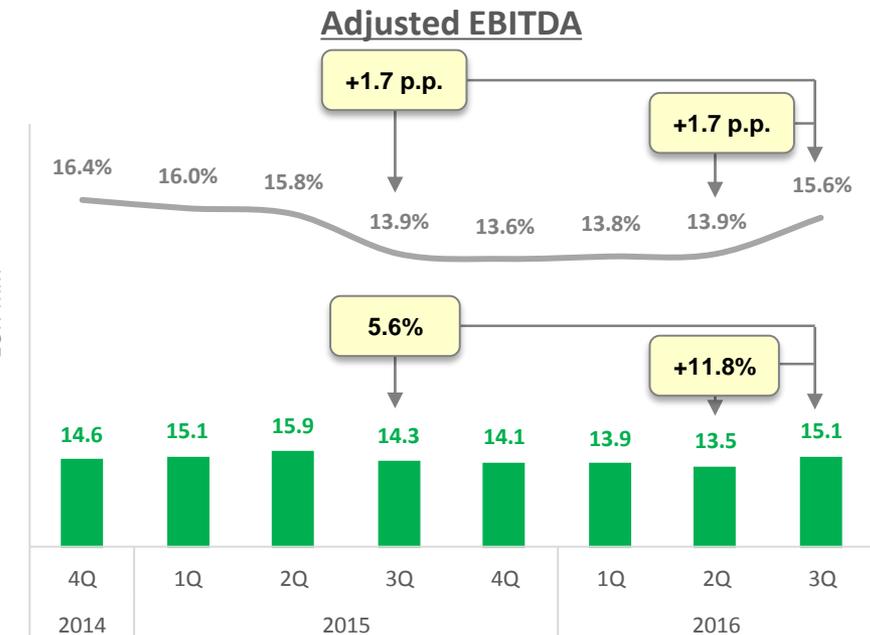
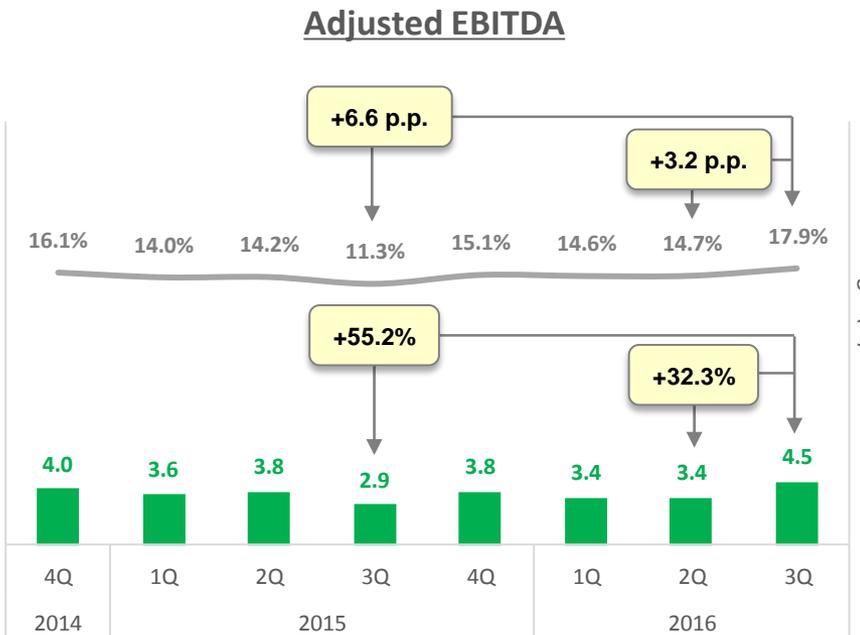
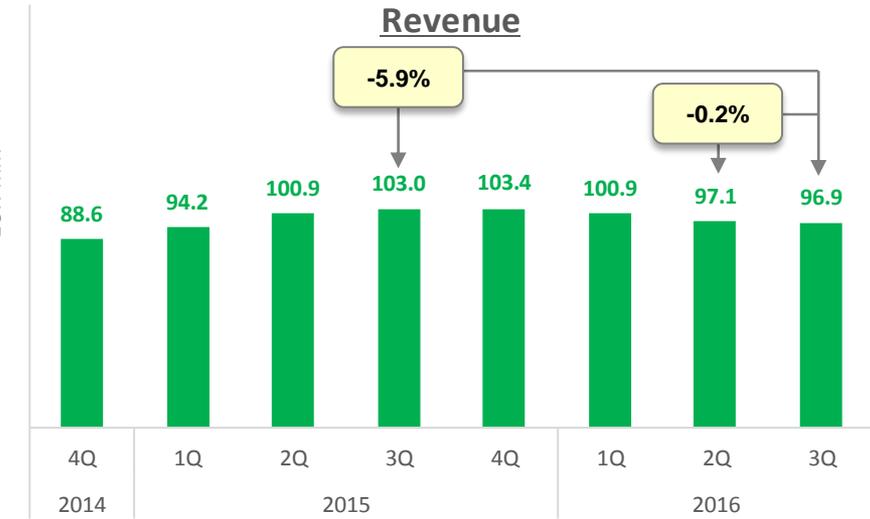
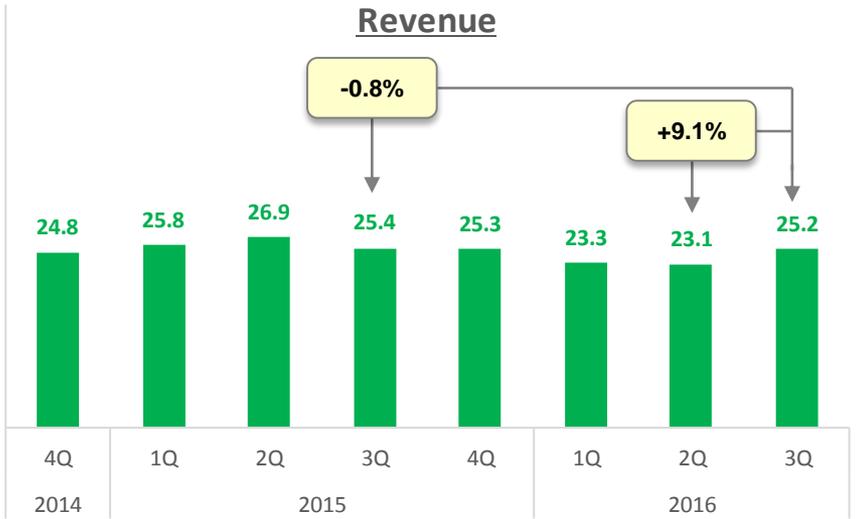


(1) Increase in gaming taxes, effective January 1, 2016, including 4,5% on AWP's (to 17,5%) and 0,5% on VLT's (to 5,5%).  
 (2) Figure reflects actual impact on 2015 results.  
 (3) Figure reflects proforma impact (ie. as if 2016 Stability Law was in place on January 1, 2015).  
 (4) Figure reflects expected impact on EBITDA from a reduction in machine payout to 70%, from 74%; previous guidance was a range between €6.2 – 7.8 mm.



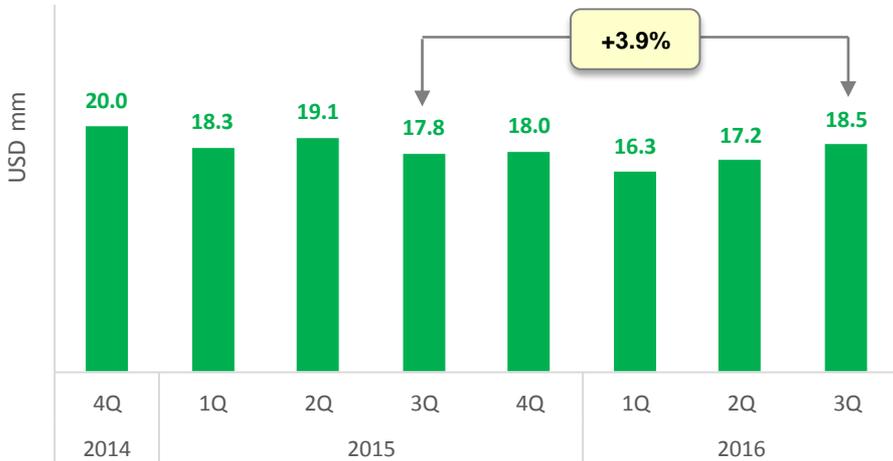
Quarter

LTM

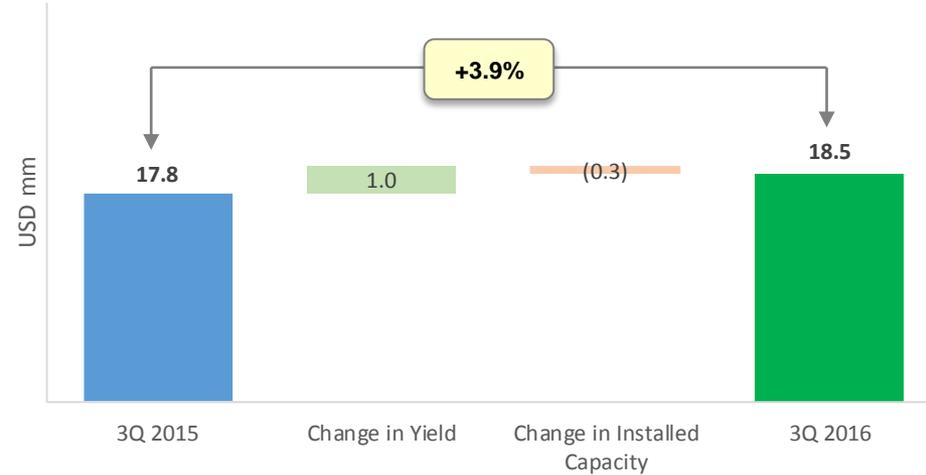




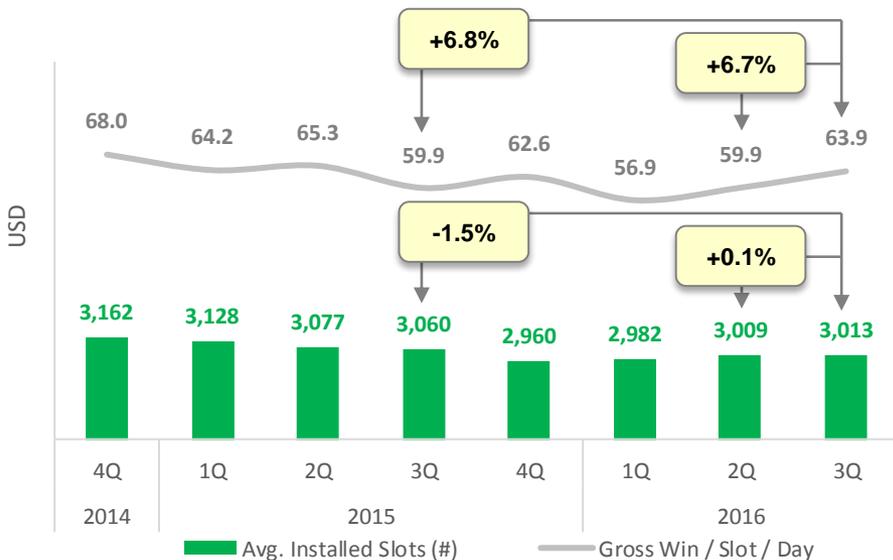
### Slots Operating Revenue



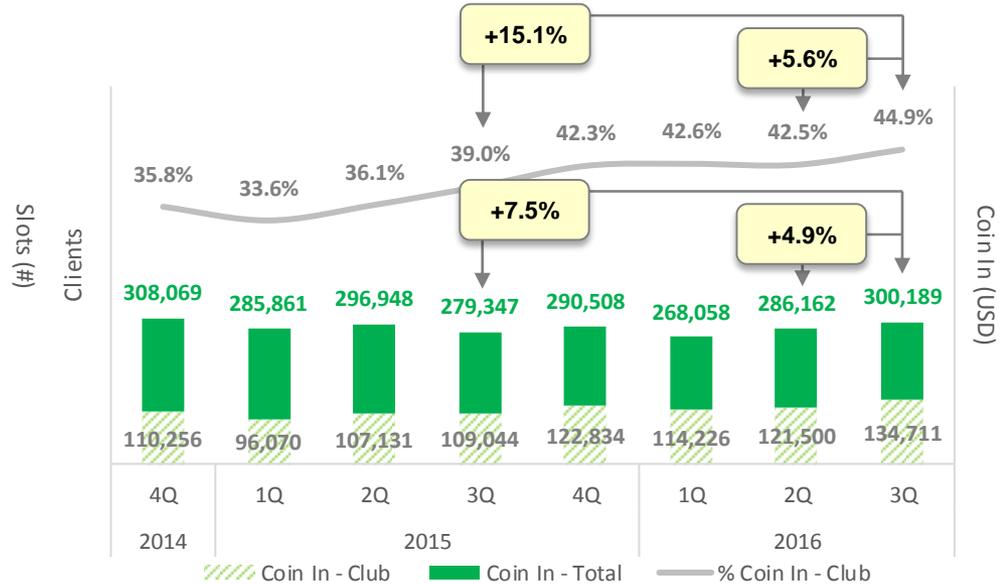
### Slots Operating Revenue Bridge



### Operating KPIs



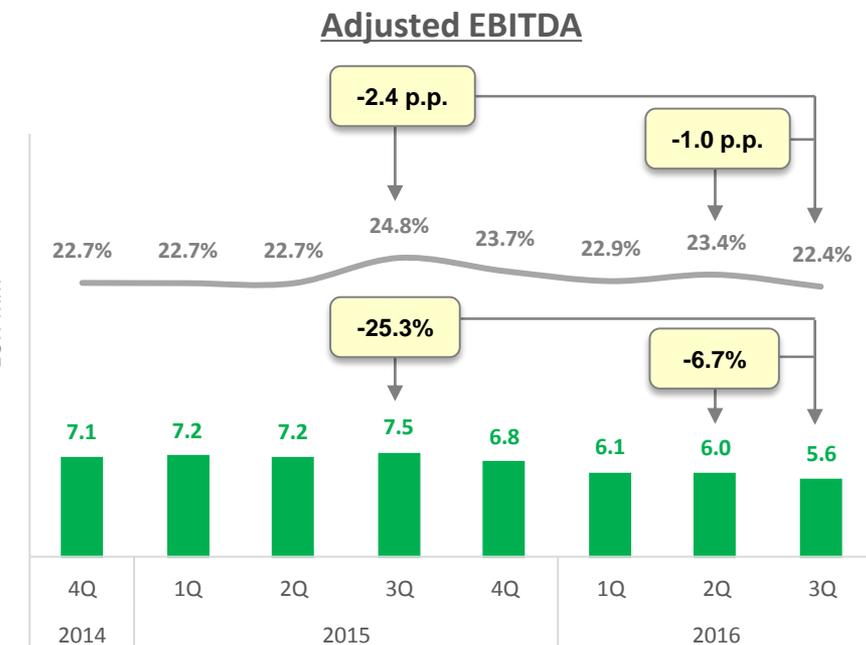
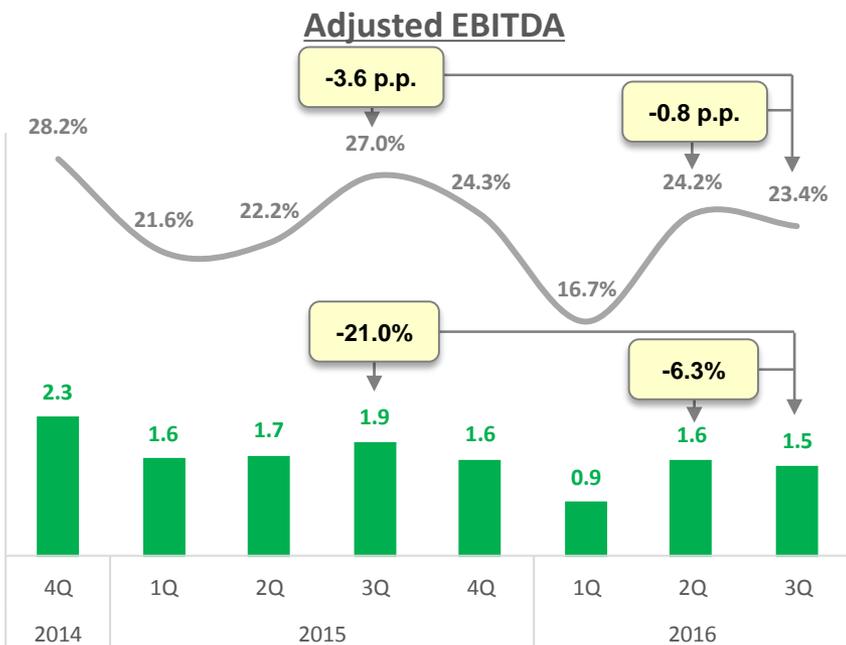
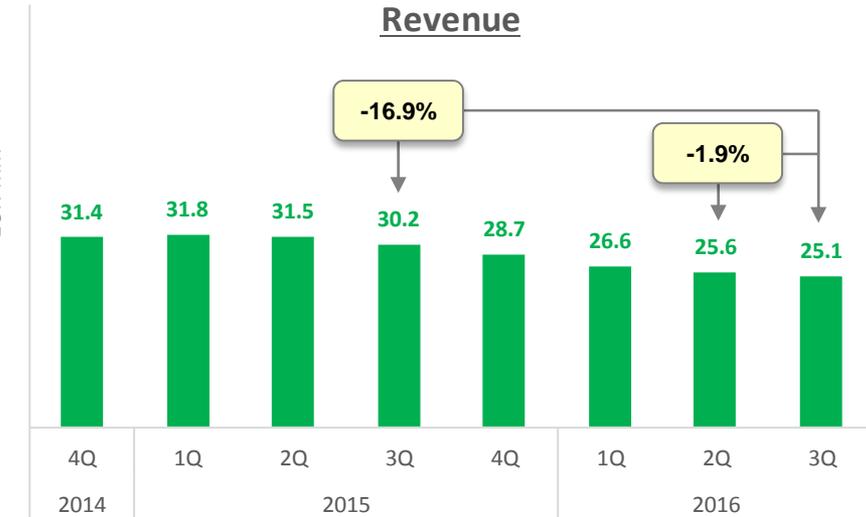
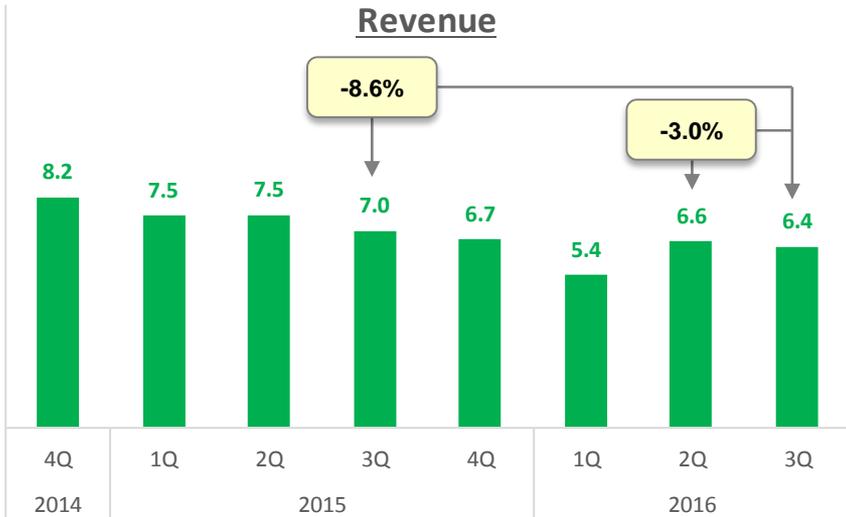
### Player Loyalty Club





Quarter

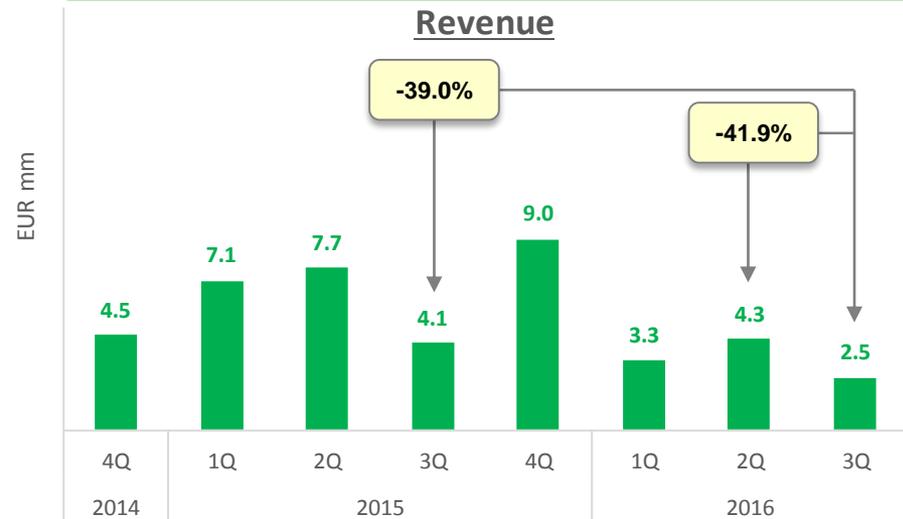
LTM





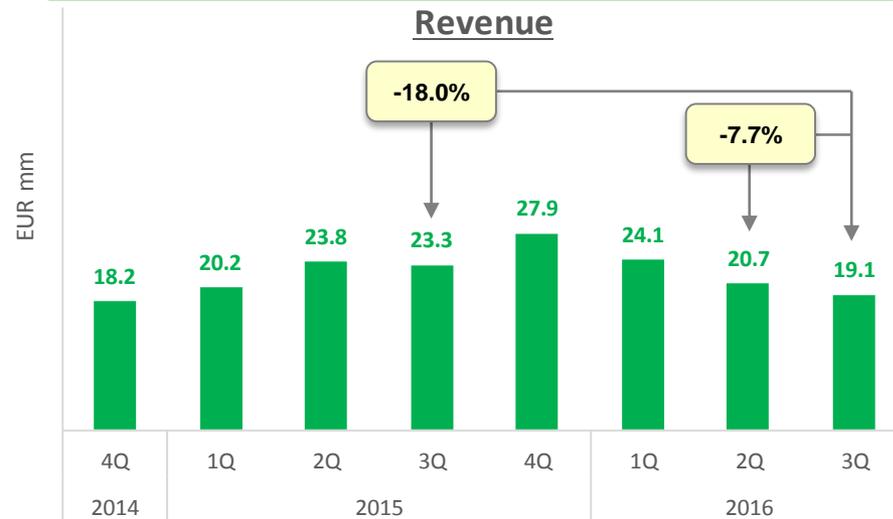
## Quarter

### Revenue

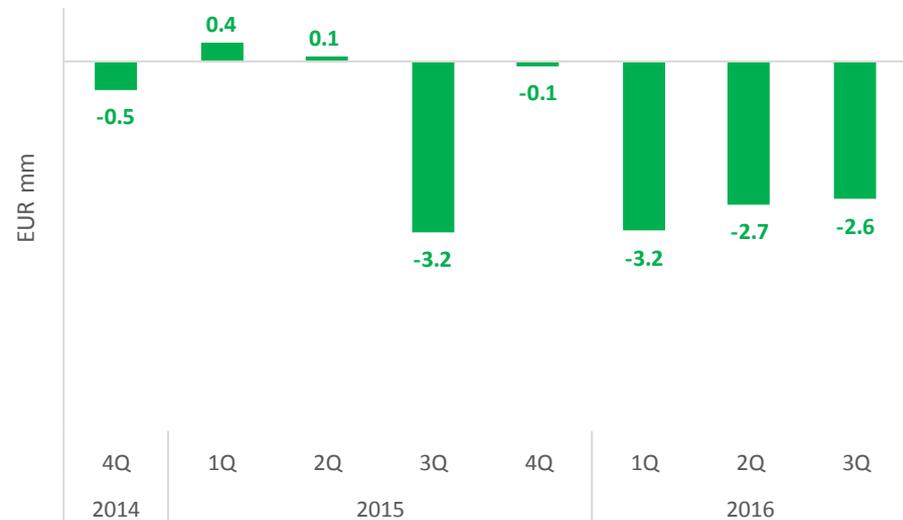


## LTM

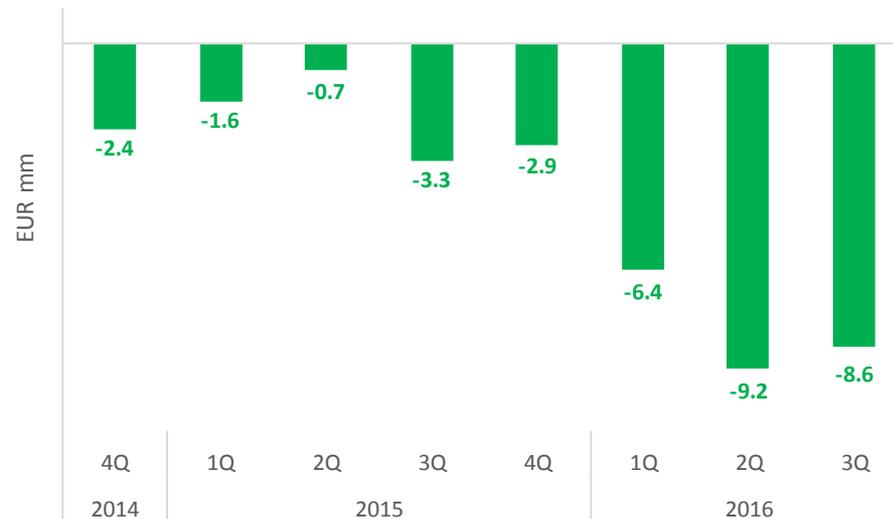
### Revenue



### Adjusted EBITDA



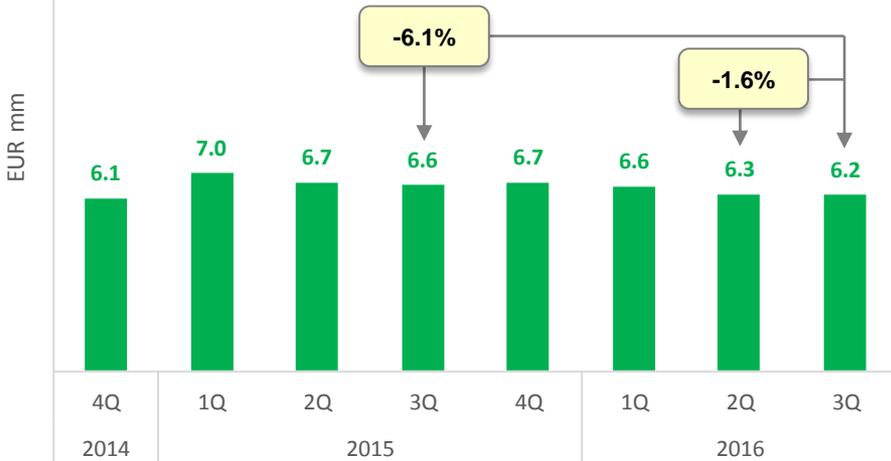
### Adjusted EBITDA





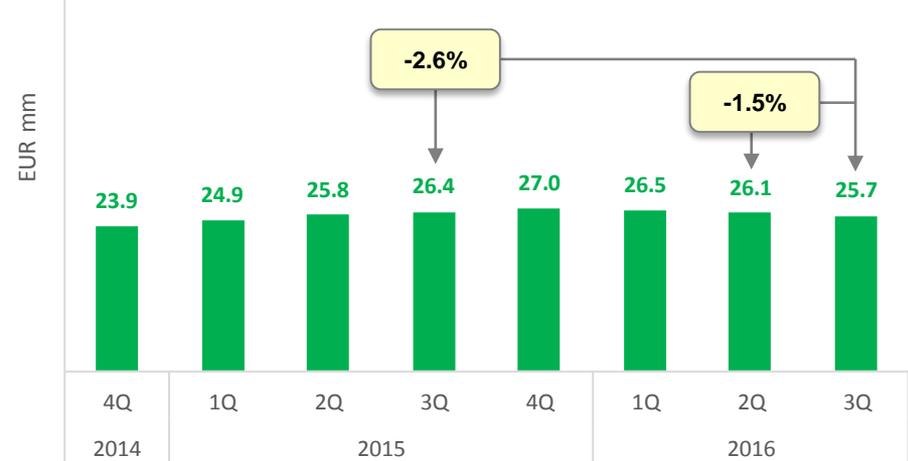
**Quarter**

**Revenue**

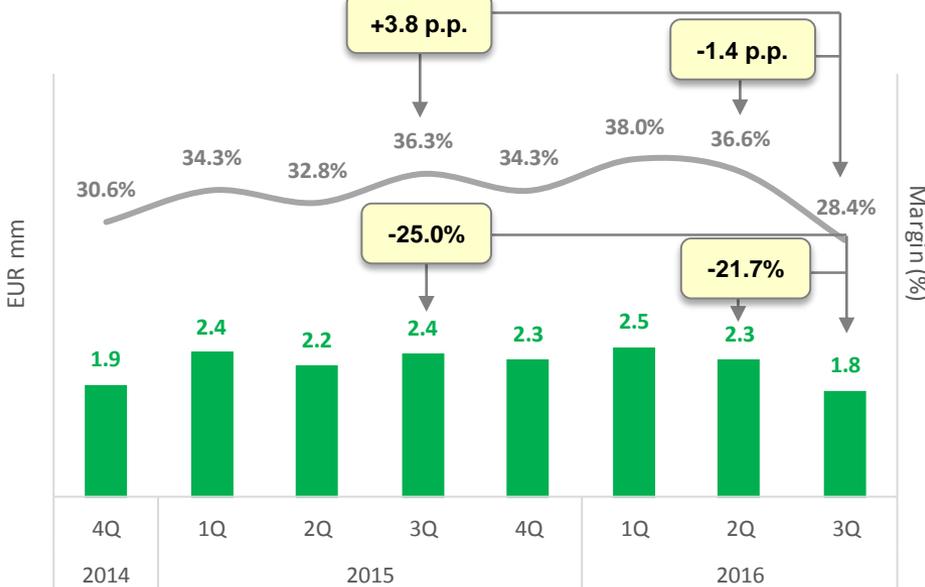


**LTM**

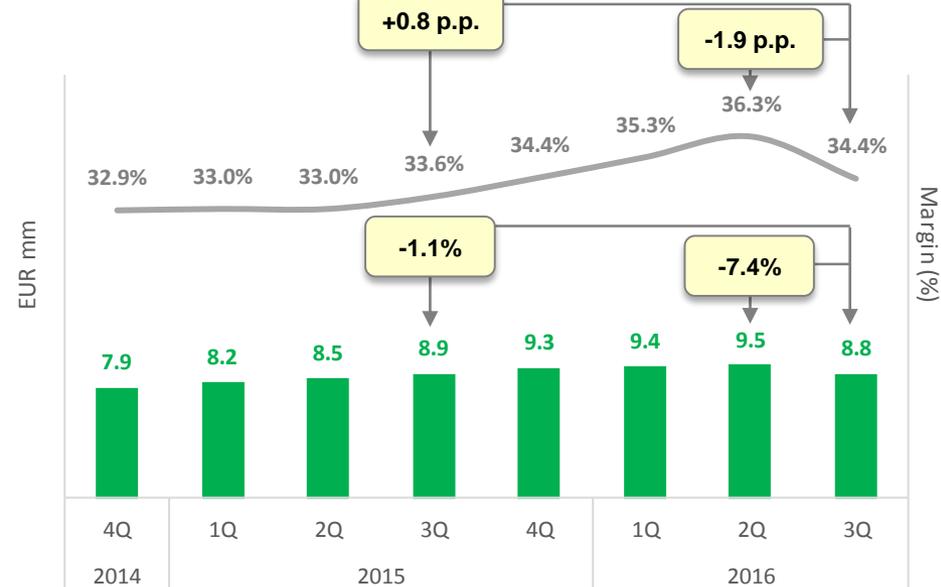
**Revenue**



**Adjusted EBITDA**



**Adjusted EBITDA**

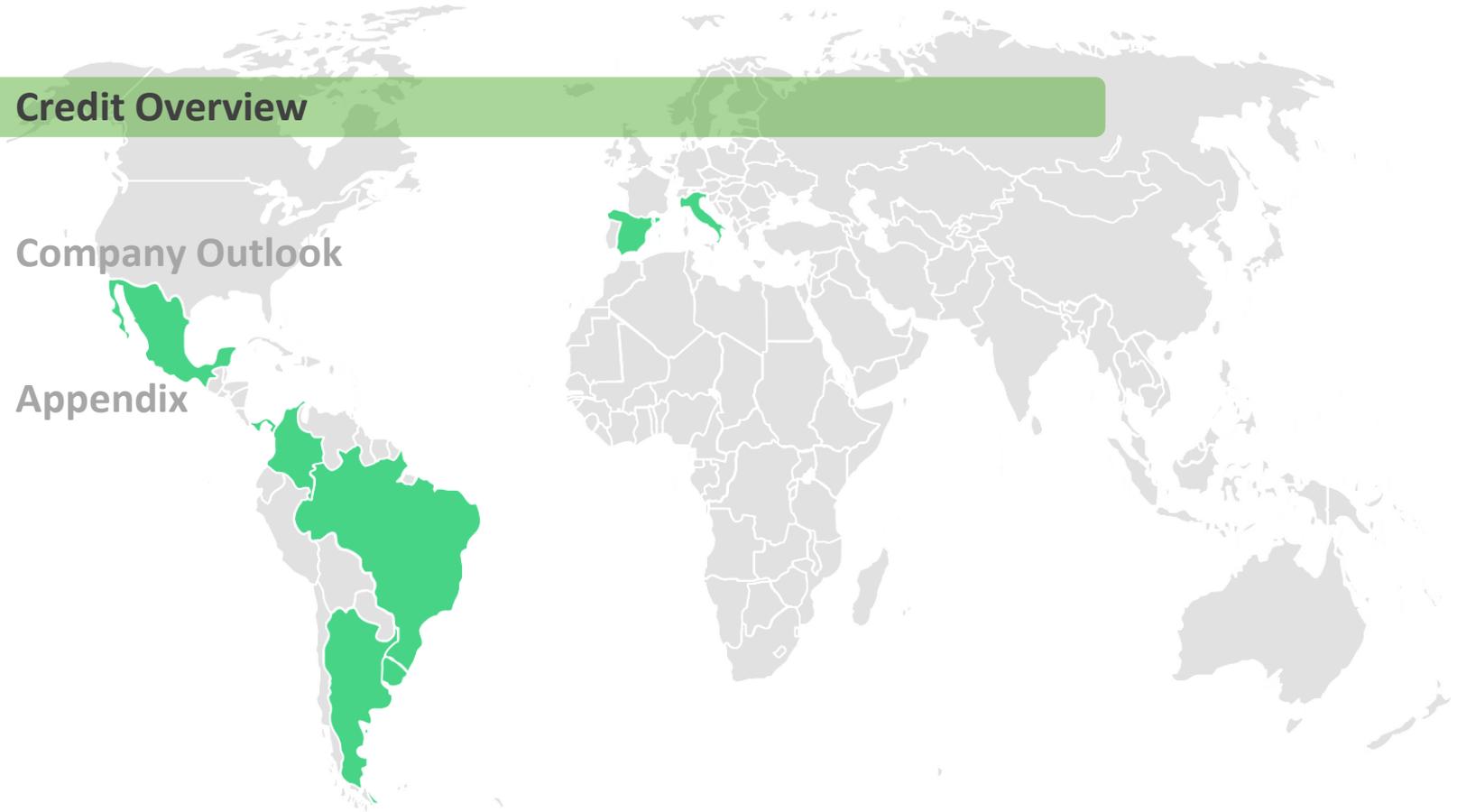


- Operating Results

- **Credit Overview**

- Company Outlook

- Appendix

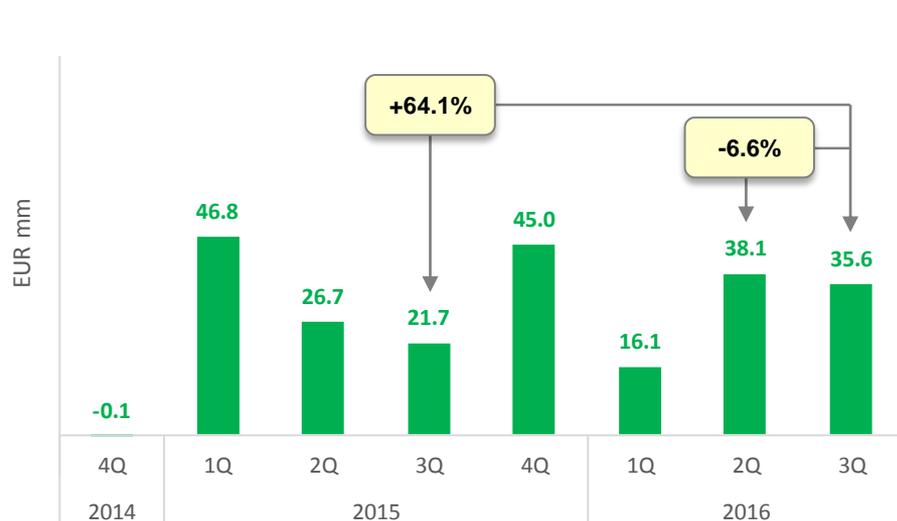


# Consolidated Free Cash Flow (ARS @ Blue Rate) <sup>(1)</sup>

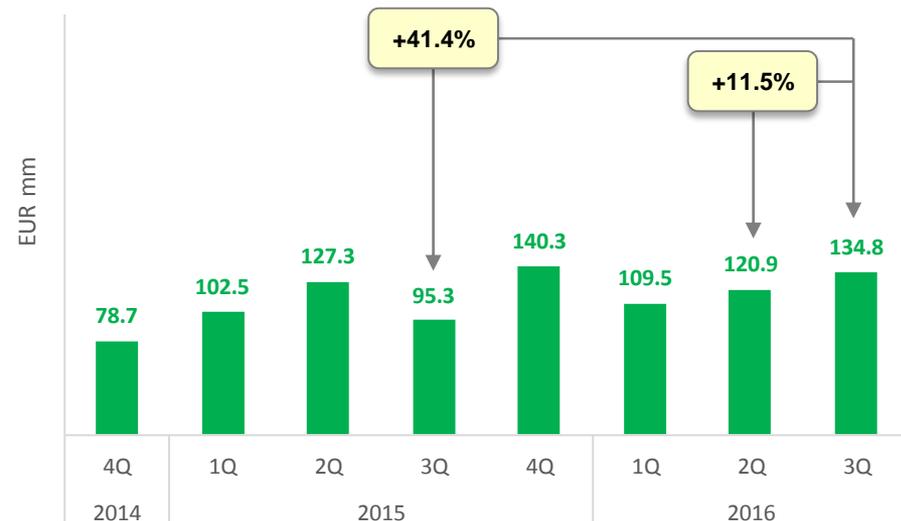
Figures in EUR mm, except where noted otherwise.

	2014	2015				2016		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Adjusted EBITDA</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>	<b>65.7</b>
(-) Corporate Income Tax Paid	(7.1)	(5.8)	(10.4)	(7.9)	(8.7)	(8.3)	(18.5)	(12.2)
(-) Maintenance Capex	(10.2)	(8.1)	(14.1)	(11.3)	(12.4)	(20.7)	(21.0)	(14.0)
(-) Increase in Net Working Capital	(27.0)	3.8	(0.1)	(13.3)	3.0	(12.4)	17.5	(0.9)
<b>FCF before Growth Capex</b>	<b>9.5</b>	<b>49.0</b>	<b>32.5</b>	<b>26.3</b>	<b>49.6</b>	<b>20.3</b>	<b>39.2</b>	<b>38.6</b>
(-) Growth Capex	(9.6)	(2.1)	(5.8)	(4.6)	(4.6)	(4.3)	(1.1)	(2.9)
<b>FCF</b>	<b>(0.1)</b>	<b>46.8</b>	<b>26.7</b>	<b>21.7</b>	<b>45.0</b>	<b>16.1</b>	<b>38.1</b>	<b>35.7</b>

## Quarter



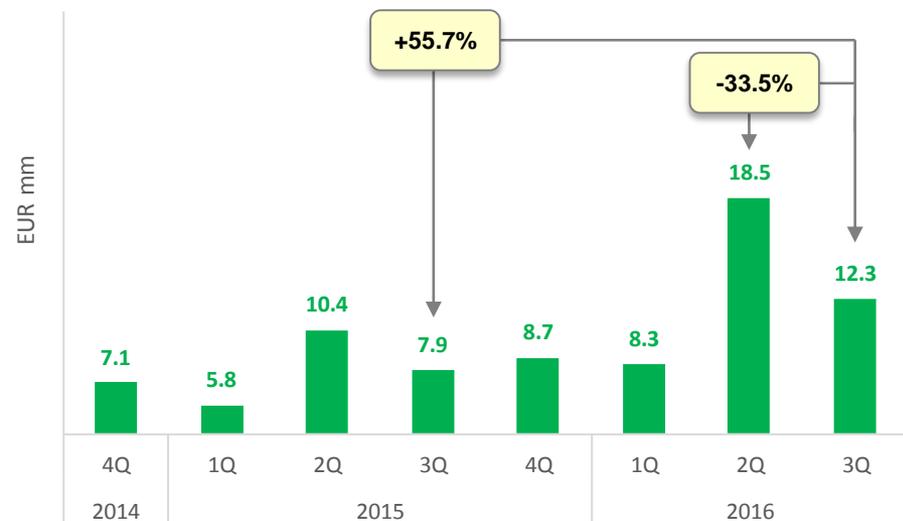
## LTM



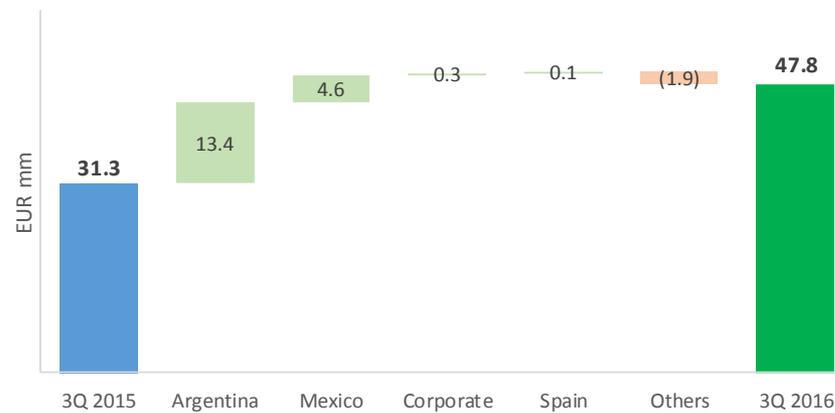
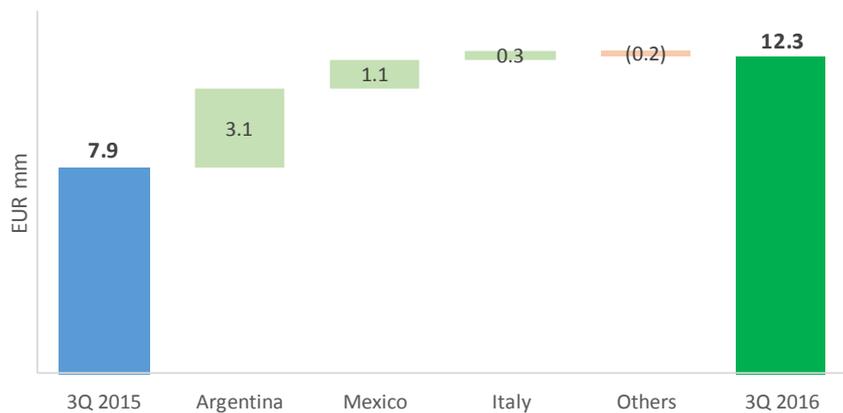
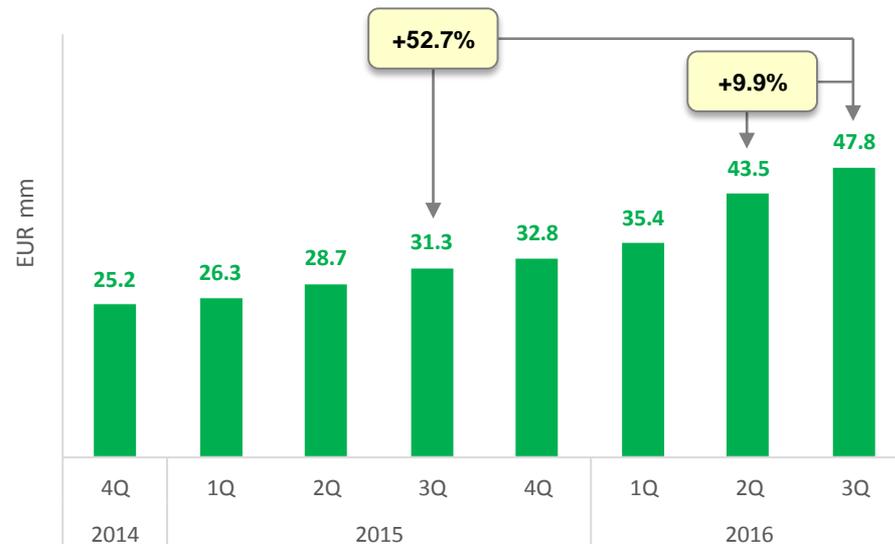
(1) Consolidated free cash flow, as defined herein, reflects consolidated adjusted EBITDA less i) corporate income taxes paid, ii) total capital expenditures and iii) increases in net working capital.

# Corporate Income Taxes Paid (ARS @ Blue Rate)

## Quarter



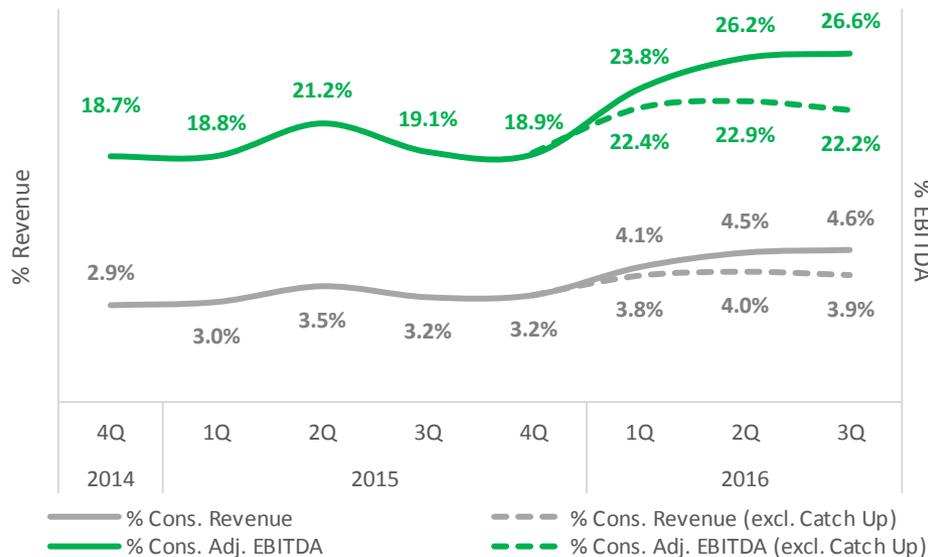
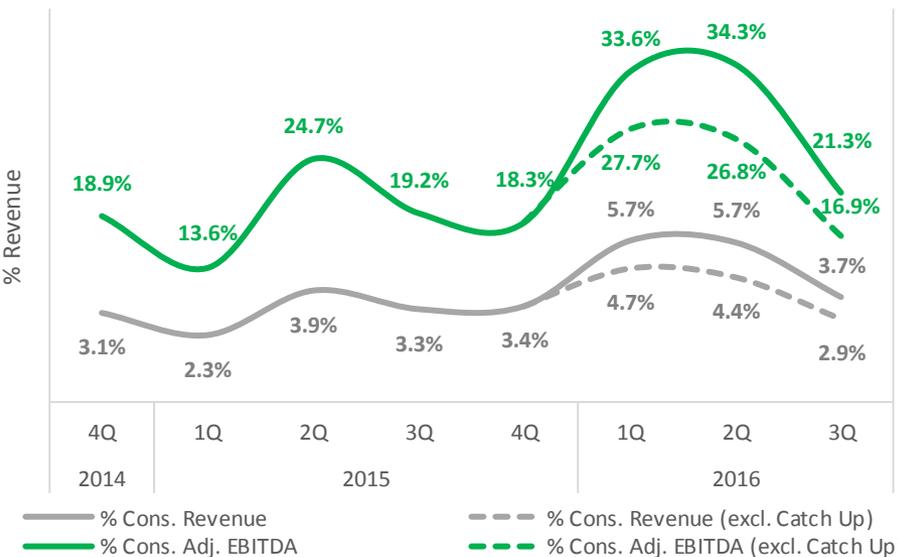
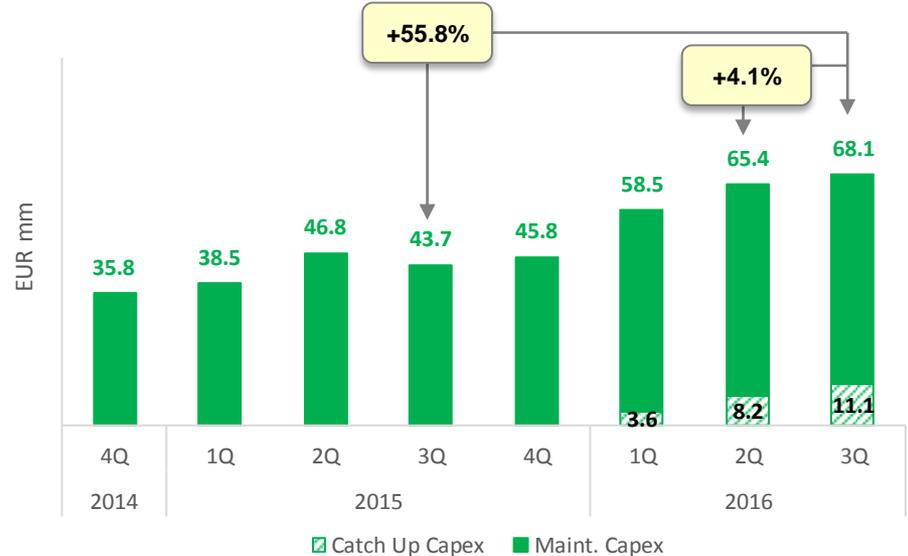
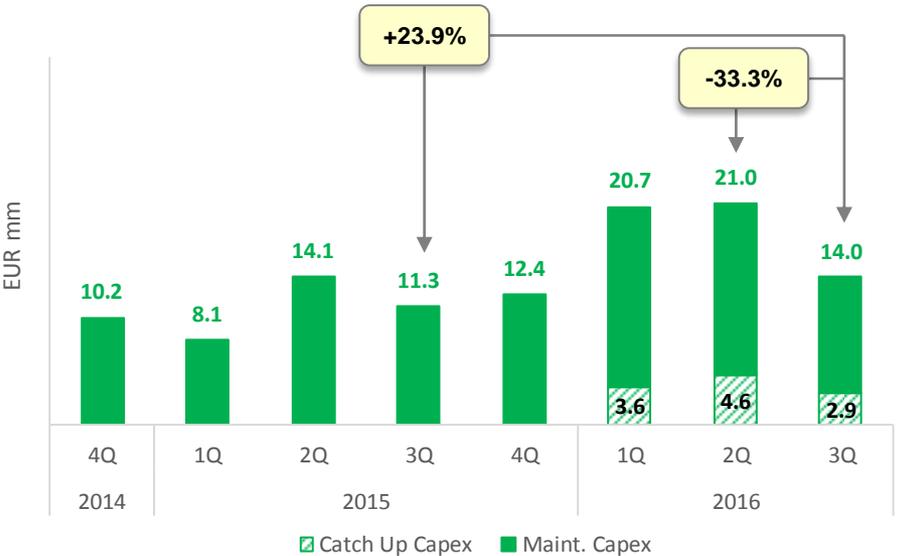
## LTM



# Maintenance Capital Expenditures (ARS @ Blue Rate)

## Quarter

## LTM

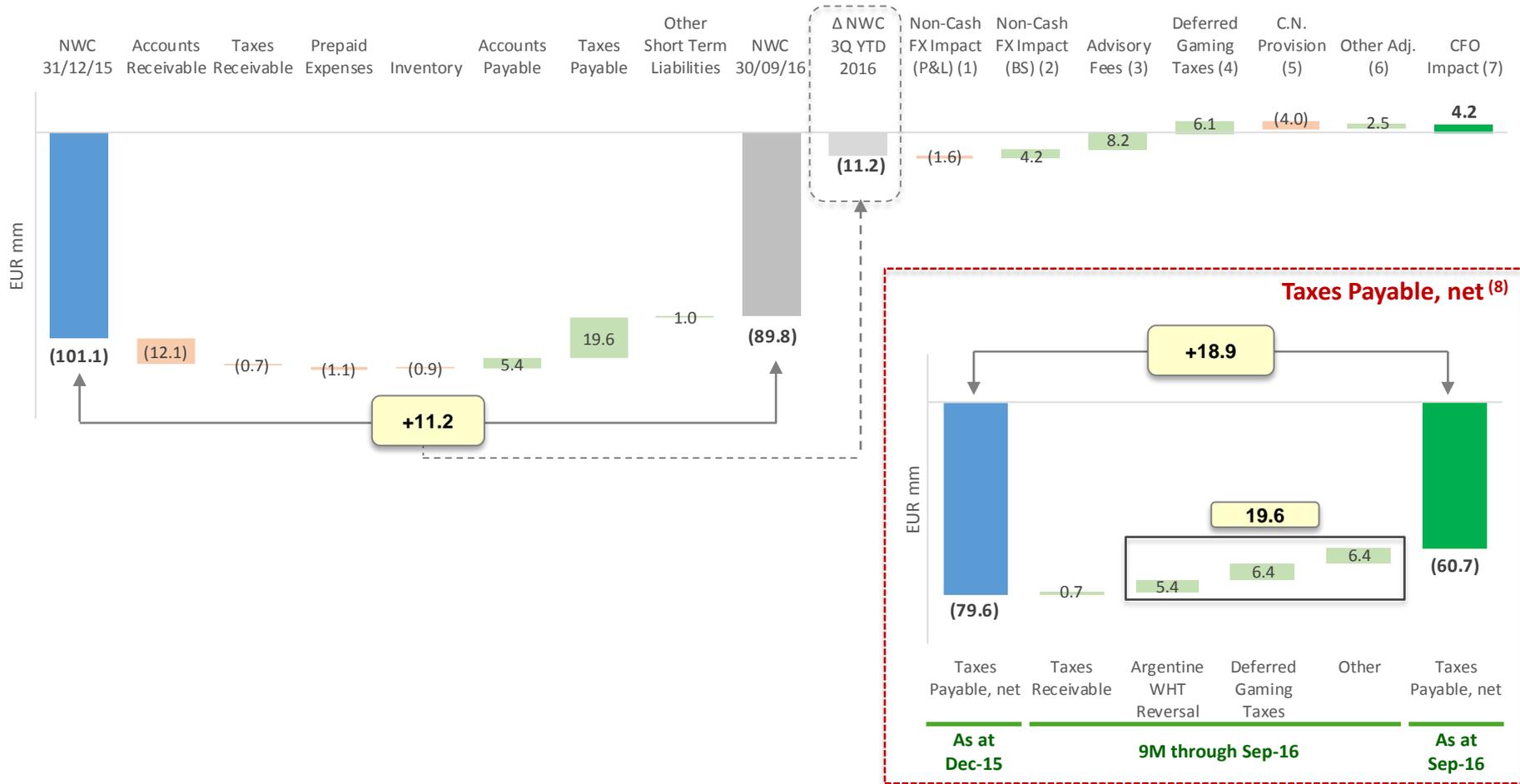


# Change in Net Working Capital

## Balance Sheet Cash Flow Statement

### Assets

### Liabilities



- (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 €4.0 mm in provisions related to payment of certain professional fees related to completion of the restructuring transaction.
- (4) Figure reflects variation between management reporting of NWC and accounting (cash flow statement) presentation related to authorized deferred gaming taxes in Spain.
- (5) Figure reflects €4.0 mm in provisions related to amounts due (i.e. accounts receivable) from VIPs at Carrasco Nobile (included in Impairment Charges).
- (6) Figure reflects other adjustments to reconcile BS evolution with CFS.
- (7) Figure reflects total cash impact on cash flow from operation.
- (8) Figure reflects taxes payable net of taxes receivable.

# Refinancing Transaction

- On November 8, 2016, the Company completed its previously announced offering of €500 mm aggregate principal amount of senior secured notes due 1 November 2021 (the “Euro Notes”) and \$300 mm aggregate principal amount of senior secured notes due 1 November 2021. The Euro Notes will bear interest at a rate of 6.750% per annum and the USD Notes will bear interest at a rate of 7.625% per annum.
- The aggregate principal amount of the Notes, along with existing cash on balance sheet, will be used to refinance €872 mm of existing bonds <sup>(1)</sup> including:
  - \$218.9 mm in New Senior Private Notes;
  - \$389.6 mm in Second Lien Notes;
  - \$371.3 mm in Third Lien Notes.
- The Notes have issue ratings from Moody’s Investor Services and S&P Global Ratings of B2 <sup>(2)</sup> and B, respectively, in-line with the Moody’s Corporate Family and S&P Corporate Credit ratings of B2 (stable) and B (stable), respectively.
- Bank of America Merrill Lynch has acted as Global Coordinator for the issuance of the Notes, with Barclays, Jefferies and Morgan Stanley acting as joint bookrunners.
- In regards to this refinancing of the €872 mm of existing bonds, on 25 October 2016, subsidiaries of the Company called for redemption, subject to the issuance of the Notes, the entire aggregate principal amount of the existing New Senior Private Notes due 2021 on the redemption date of 8 November 2016 (which has been completed) and the entire aggregate principal amounts of the Second Lien Notes due 2021 and Third Lien Notes due 2021 on the redemption date of 24 November 2016.
- In addition, and as announced on 21 October 2016, the Company, as parent guarantor, and Codere Newco, S.A.U., as borrower, amongst others, have entered into a €95 mm multi-currency Super Senior Revolving Credit Facility Agreement (the “SSRCF”) on 24 October 2016.

(1) Figure reflects principal amount outstanding (as at September 30, 2016) at EUR/USD 1.1235 (per Bloomberg).

(2) Provisional issue rating until redemption of Second Lien Notes and Third Lien Notes.

# Sources & Uses and Proforma Capital Structure

Strong downside protection to bondholders (secured with Subsidiary share pledges and double Luxco holding company structure)

## Sources & Uses

Sources of Funds	€mm	Uses of Funds	€mm
Cash from balance Sheet	138.0	Refinance Existing Notes <sup>(1)</sup>	872.1
SSRCF (€ 95 mm)	-	Rollover Other Debt <sup>(2)</sup>	83.1
New Senior Secured Notes (€/\$)	767.0	Fees and Expenses	32.9
Rollover Other Debt <sup>(2)</sup>	83.1		
<b>Total</b>	<b>988.2</b>	<b>Total</b>	<b>988.2</b>

## Proforma Capital Structure

	Maturity	Amount (€ mm)	% Cap	x Total Adj. EBITDA
SSRCF (€ 95 mm)	5 Years	-		
New Senior Secured Notes (€/\$)	5 Years	767.0	90%	2.9x
Other Debt <sup>(2)</sup>		83.1	10%	0.3x
<b>Total Debt</b>		<b>850.2</b>	<b>100%</b>	<b>3.2x</b>
Cash <sup>(3)</sup>		(192.7)	(23%)	(0.7x)
<b>Net Financial Debt <sup>(4)</sup></b>		<b>657.5</b>	<b>77%</b>	<b>2.5x</b>
				<b>LTM ended Sep-16</b>
Total Adj. EBITDA <sup>(5)</sup>				265.2
Maintenance Capital Expenditures <sup>(6)</sup>				71.5
PF Interest Expense <sup>(7,8)</sup>				60.2
<b>Total Adjusted EBITDA / PF Interest Expense</b>				<b>4.4x</b>
<b>(Total Adj. EBITDA - Maintenance Capex) / PF Interest Expense</b>				<b>3.2x</b>

(1) Existing bonds principal amount outstanding as of September 30, 2016 at EUR/USD 1.1235 (per Bloomberg).

(2) Figures reflect debt at OpCos including capital leases.

(3) Figure proforma for €138mm used for refinancing of existing bonds and funding of the transaction fees and expenses.

(4) Excludes 50% of HRU net debt of €7.4mm; leverage metrics would remain unchanged if included.

(5) Total adjusted EBITDA defined as EBITDA converted using the ARS Blue Rate, plus 50% of the EBITDA reported by our Uruguayan joint venture HRU (€8.8mm) and excluding all non-recurring items.

(6) Figures reflect Company consolidated maintenance capex plus 50% of HRU (unconsolidated joint venture accounted for under equity method) maintenance capex of €3.3mm.

(7) Proforma interest expense is adjusted to give effect to the offering and the use of proceeds therefrom as if it had occurred on July 1, 2015. Includes interest expense on new notes, OpCo debt and 50% HRU debt.

(8) Excludes fee on undrawn (i.e. available) amounts under SSRCF.

# Strategic Rationale

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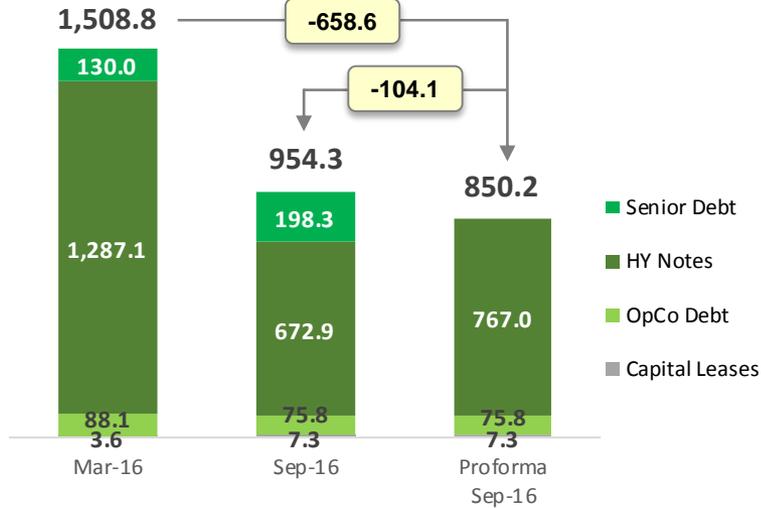
- The refinancing transaction has allowed the Company to reengage with the capital markets after a protracted financial restructuring process and following several quarters of intense rebuilding of relationships with both high yield and equity investors. The strategic rationale for this refinancing transaction is as follows:
  - i. Normalize capital structure and increase financial flexibility:
    - Incorporation of a committed and revolving credit facility (€95 mm, with up to €47.5 mm available for issuance of letters of credit).
      - Availability under revolver to compensate a significant part of the reduction of cash on hand utilized in the refinancing transaction;
      - Reduce significantly the cost of carry related to cash on hand (fee on unused revolver availability = 1,6% versus 8% + opportunity cost of excess cash on hand);
      - Access to letters of credit, on a committed basis, to meet on-going and ordinary course regulatory (guarantee) requirements.
    - Flexibility to introduce a committed surety bond facility.
      - Surety bond facility to share Transaction Security, on a super senior basis, with revolving credit facility;
      - Improved efficiency (in terms of both management resources and cash collateral needs) versus current unstructured network of surety bond instruments.
  - ii. Reduce corporate cost of funding:
    - Significant reduction in interest expense (€23 mm) between actual and proforma capitalization as at September 30, 2016, and a 1.7 percentage point reduction in corporate cost of funding from 8.8% to 7.1%. This €23 mm in savings equates to about a 1.5 year payback on total estimated transaction fees and expenses of €32.9 mm;
    - Eliminates interest rate risk on floating rate New Senior Private Notes (L+700 bps, subject to 1% floor); on November 8, 2016, the 6 month LIBOR rate was 1.25% (per Bloomberg), already well through the 1% floor;
    - Subject to final negotiations with surety bond facility providers, we are expecting a lower all-in cost of funding for surety bonds issued within the surety bond facility.
  - iii. Transition the corporate debt capital structure from medium term focused “alternative” investors to long term focused “traditional” institutional investors.

# Credit Overview

## Credit Profile (1)

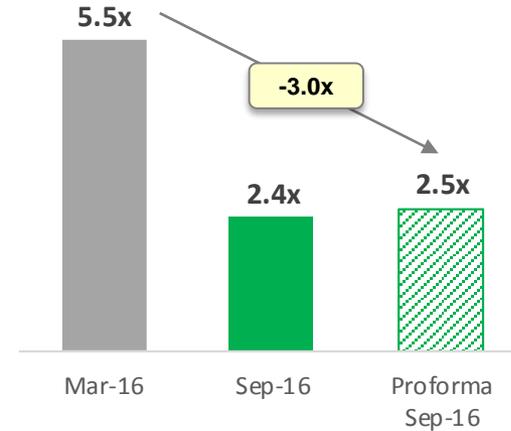
Figures in EUR mm, except where noted otherwise.

### Total Debt



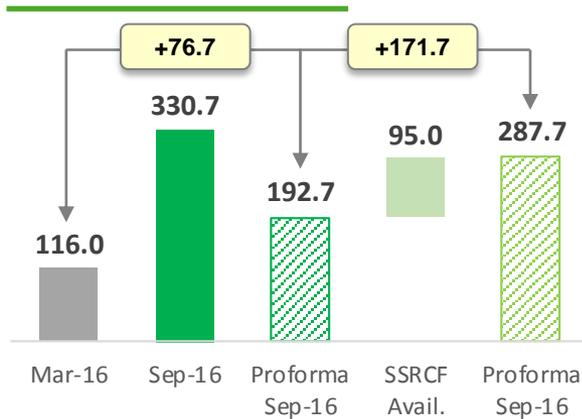
### Leverage Ratio

(Net Debt / LTM Adjusted EBITDA) <sup>(2, 3)</sup>

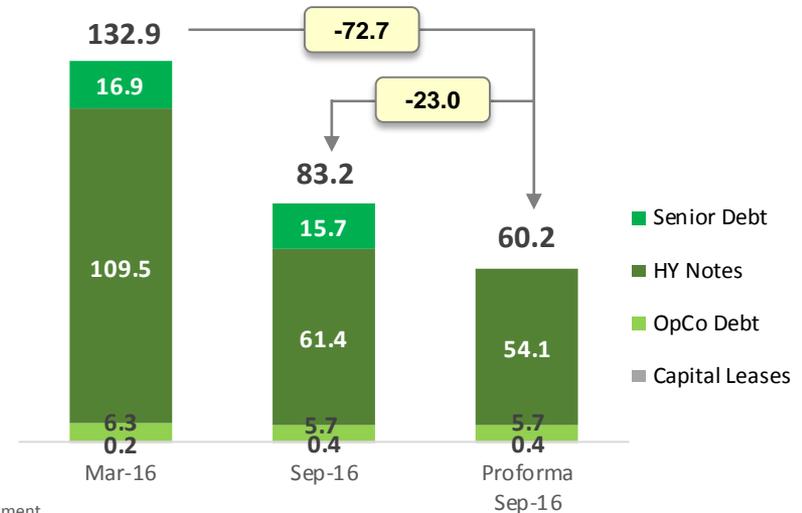


### Total Liquidity

#### Cash



### Interest Expense <sup>(4)</sup>



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

(2) Figures include 50% of HRU debt (€10.4mm), cash (€3.0mm), and LTM Adjusted EBITDA (€8.8mm), as per NSPN Issuance Agreement.

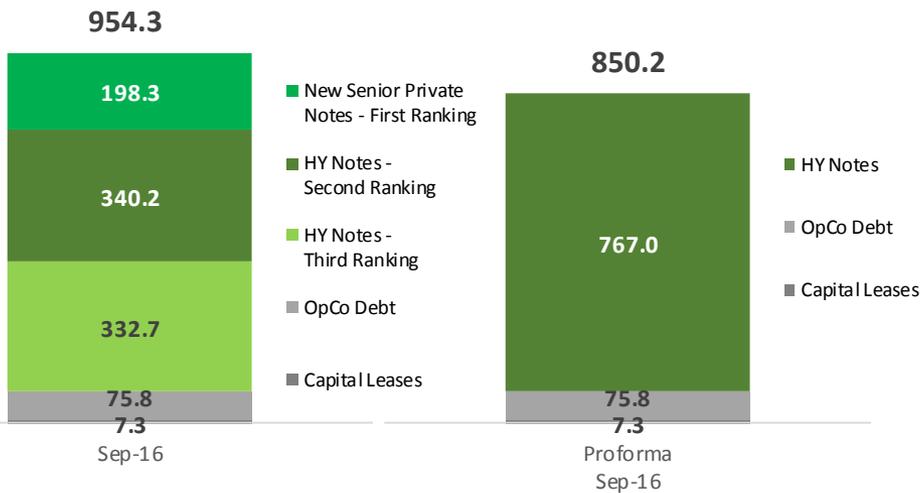
(3) Figures reflect ARS @ Blue Rate.

(4) Figures reflect full year figure based on debt capitalization as at March 31<sup>st</sup> and September 30<sup>th</sup> (as applicable); excludes fee on undrawn (i.e. available) amounts under SSRCF.

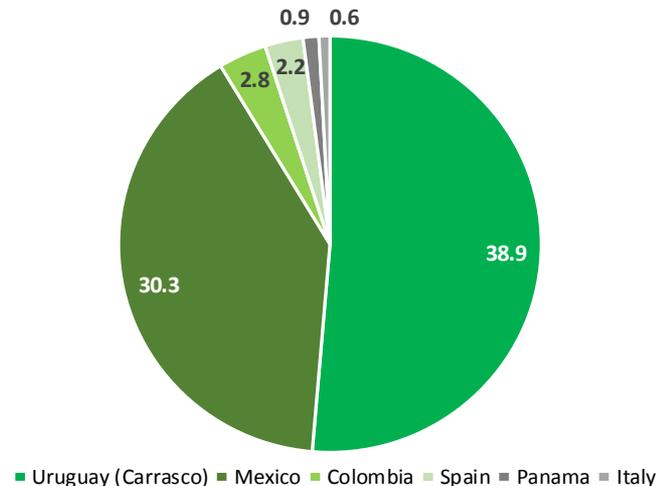
# Debt Capitalization (as at September 30, 2016) <sup>(1)</sup>

Figures in EUR mm, except where noted otherwise.

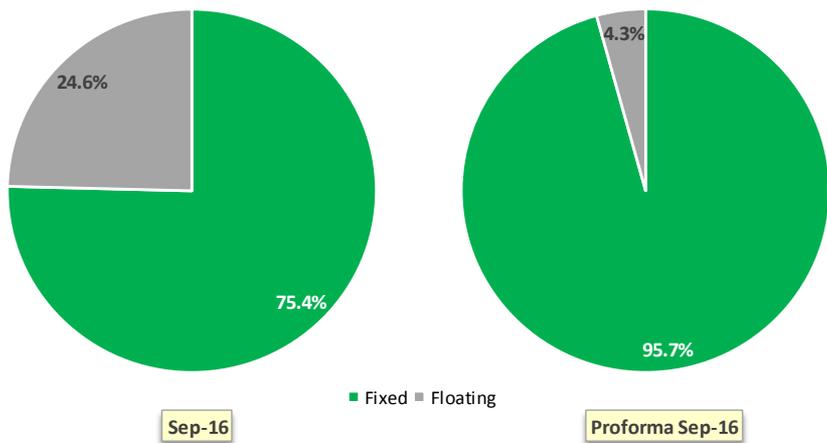
## Total Debt



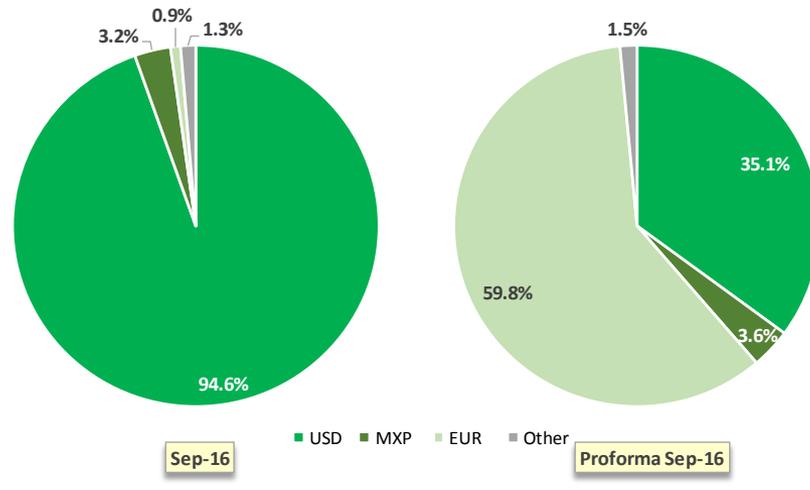
## OpCo Debt



## Fixed vs Floating



## Currency

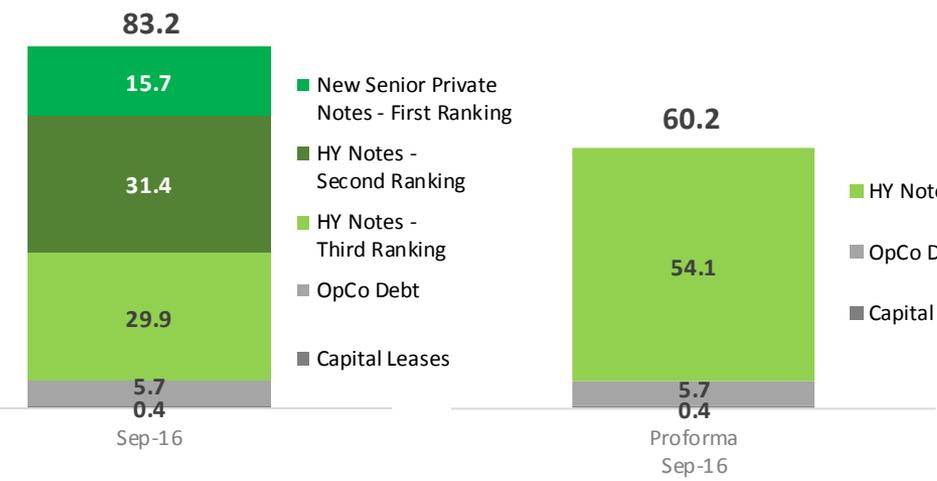


(1) Figures reflect consolidated accounts.

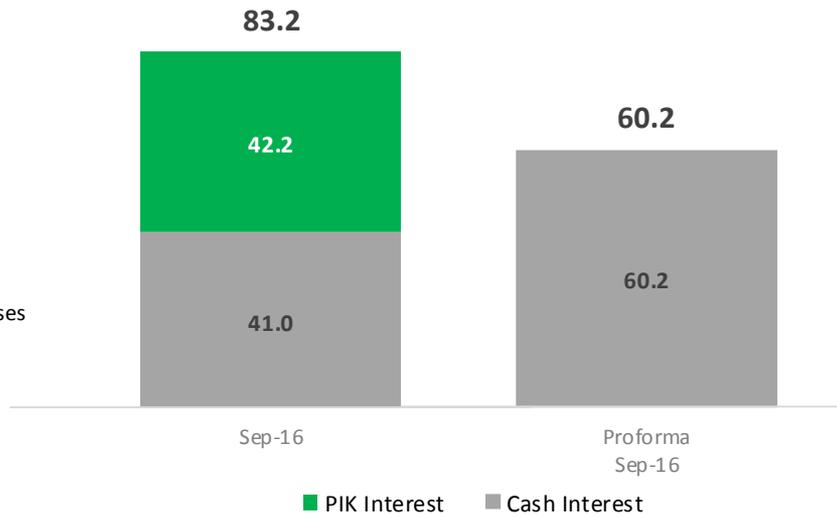
# Interest Expense (based on Debt Capitalization as at September 30, 2016) <sup>(1)</sup>

Figures in EUR mm, except where noted otherwise.

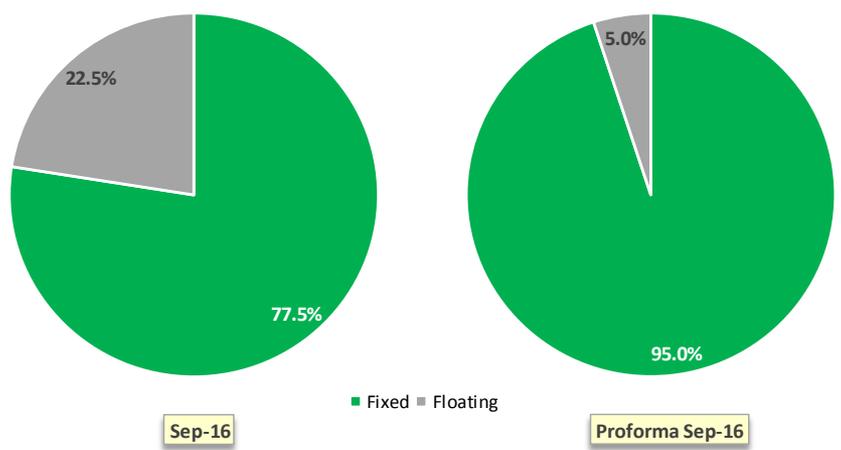
## Total Interest (Consolidated)



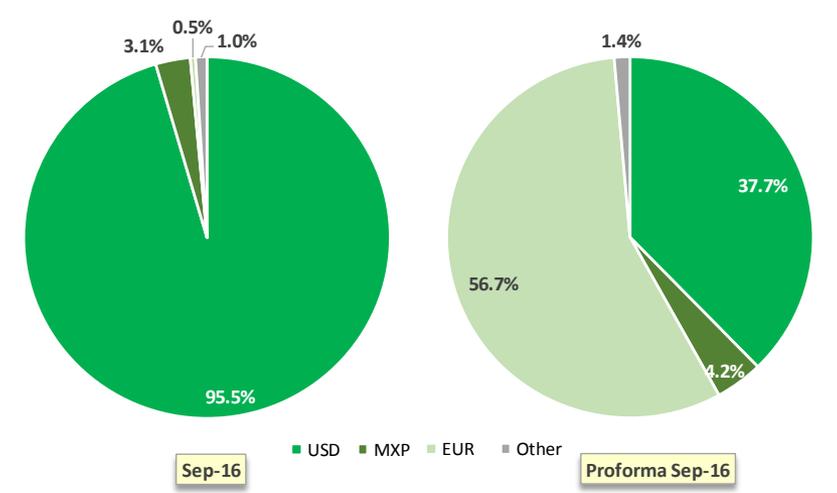
## PIK vs Cash Interest



## Fixed vs Floating

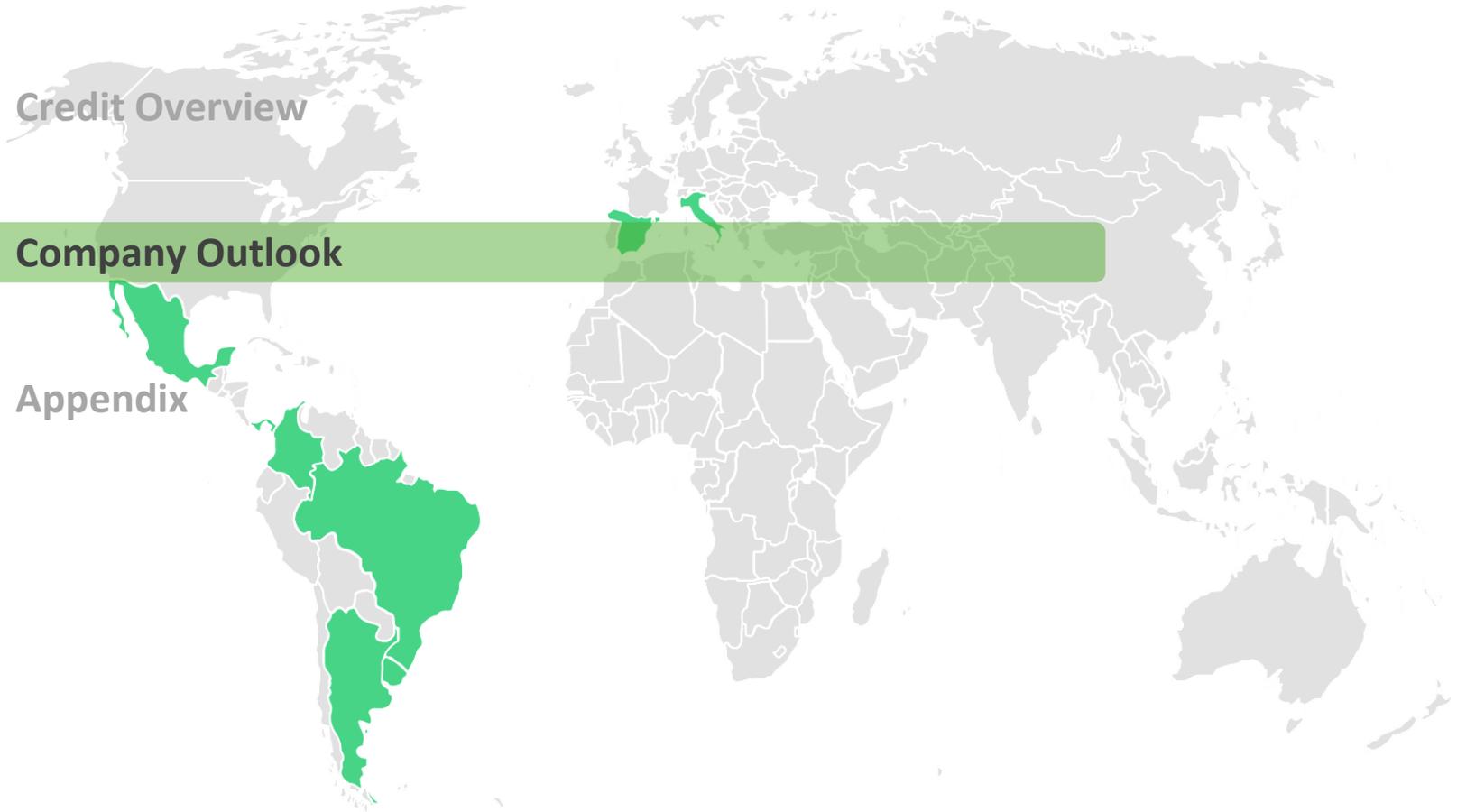


## Currency

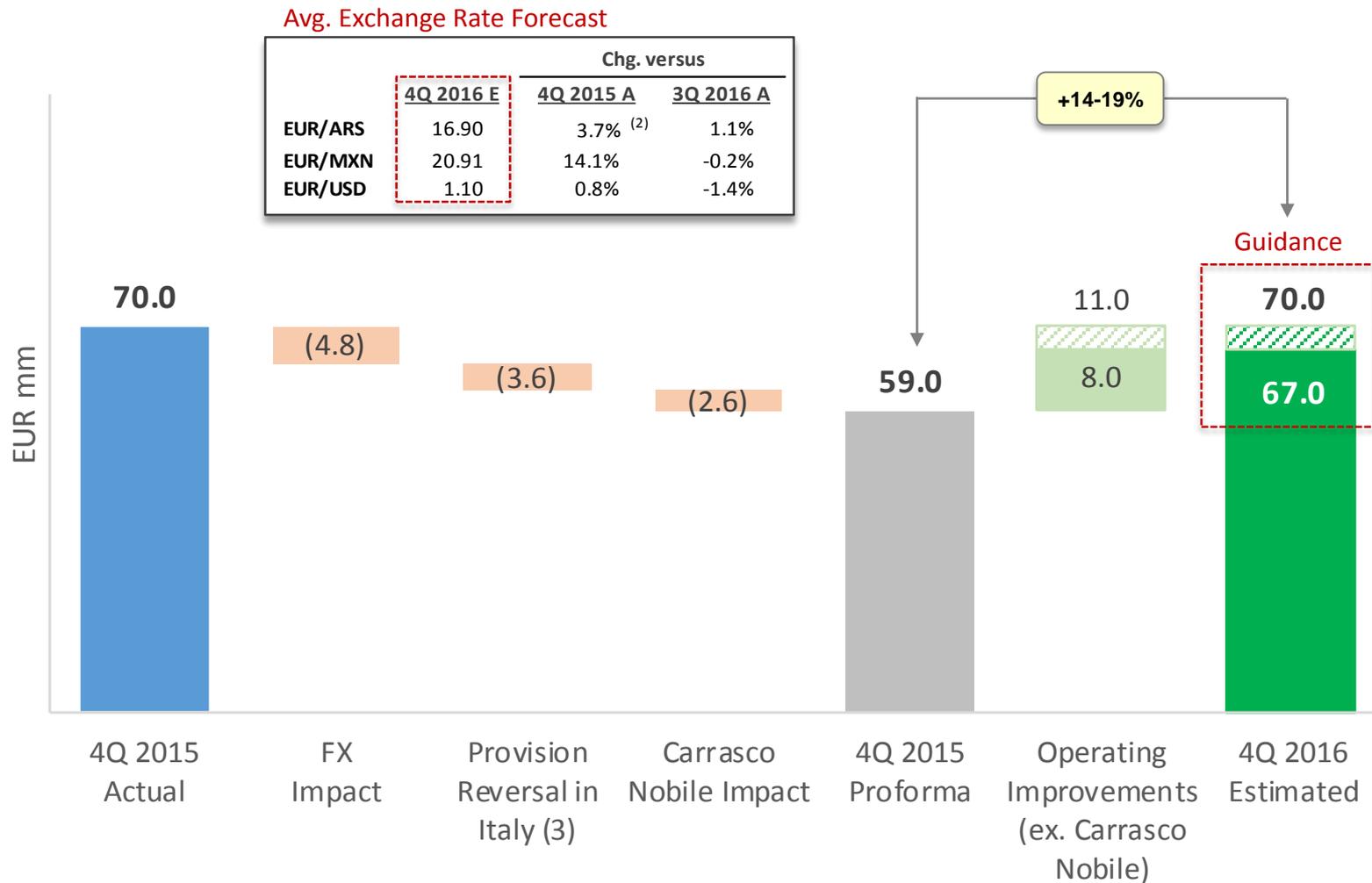


(1) Figures exclude fee on undrawn (i.e. available) amounts under SSRCF.

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



# 4Q 2016 Total Adjusted EBITDA Guidance <sup>(1)</sup>

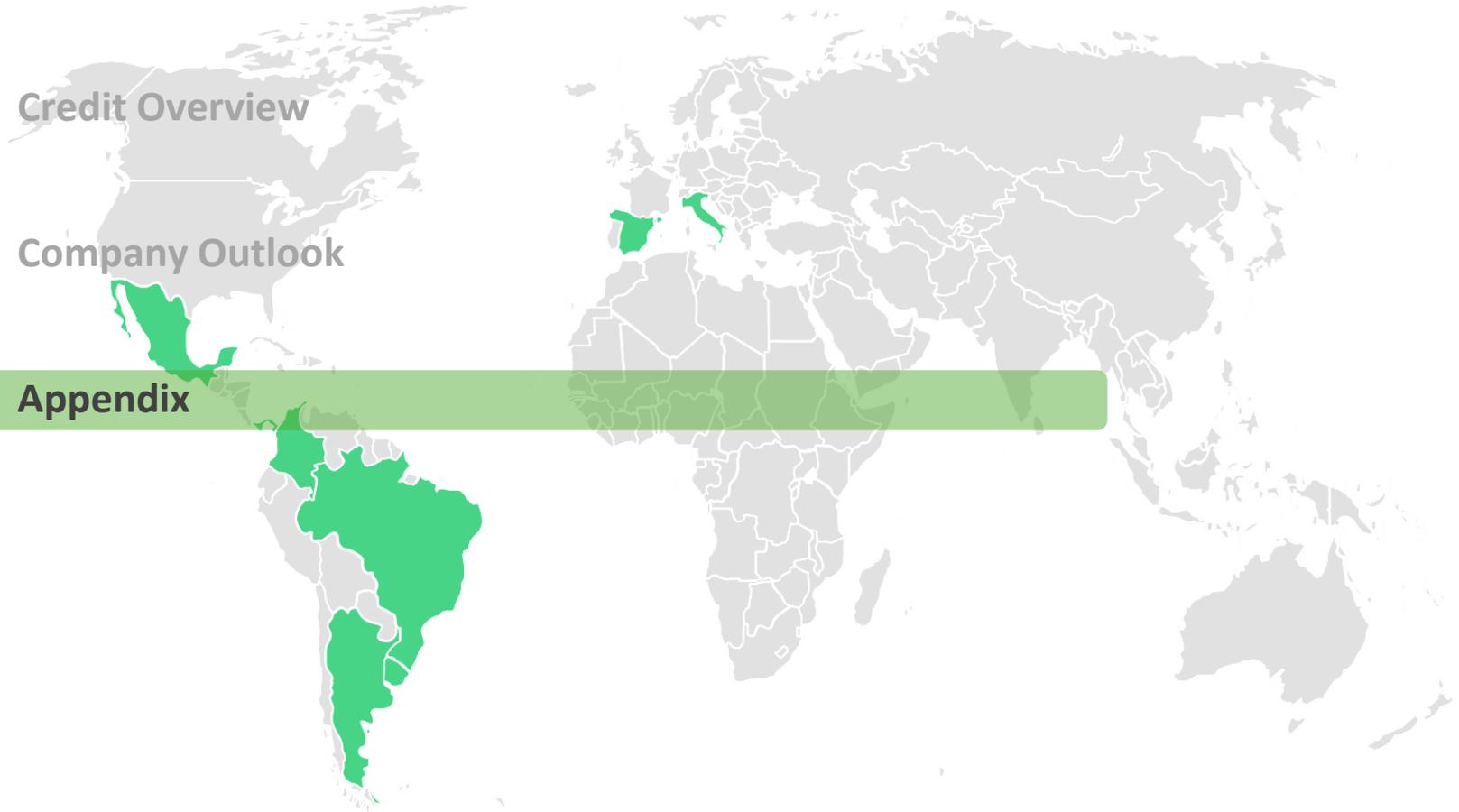


(1) Total adjusted EBITDA figures include 50% of HRU.

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

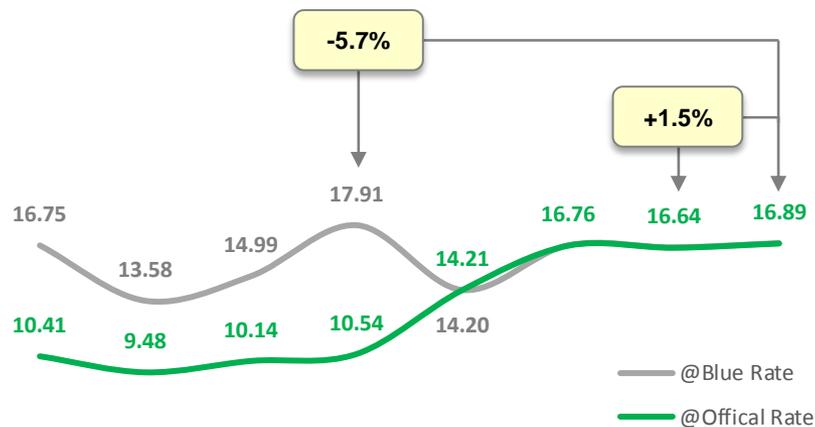
(3) Figure reflects 4Q 2016 reversal of provisions (previously booked in 1Q – 3Q 2015) for potential amounts uncollected from third parties related to the 2015 Stability Law.

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



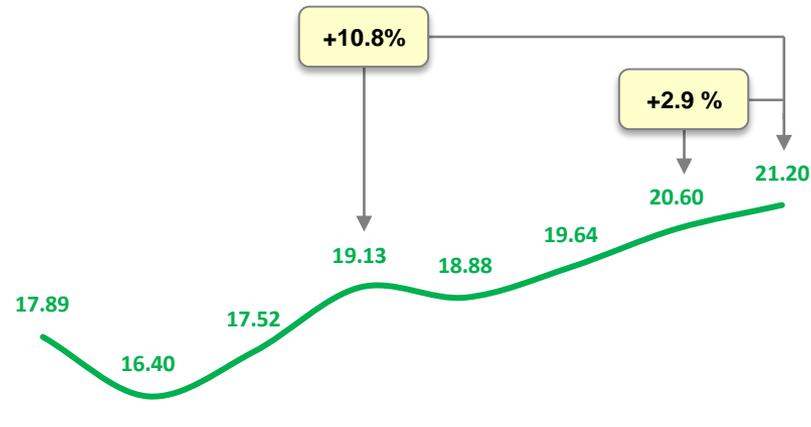
# Exchange Rate Evolution (End of Period)

## EUR / ARS



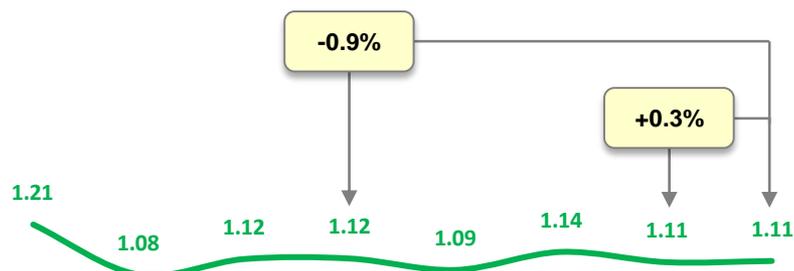
4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
2014			2015			2016	

## EUR / MXN



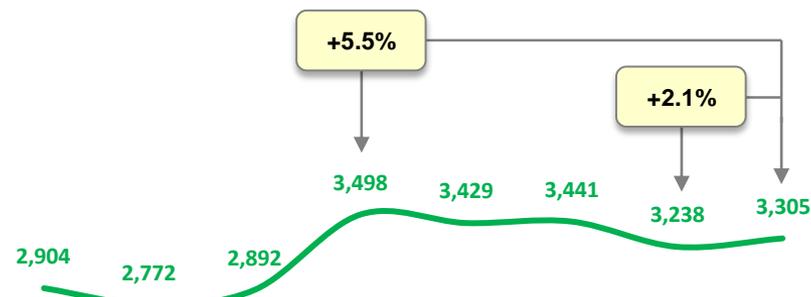
4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
2014			2015			2016	

## EUR / USD



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

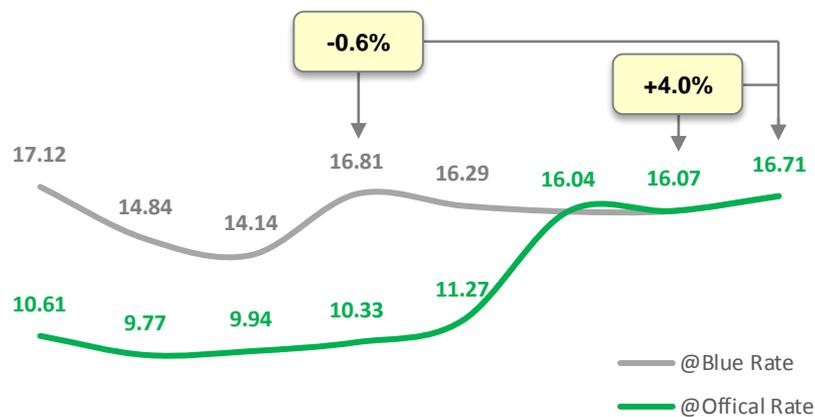
## EUR / COP



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

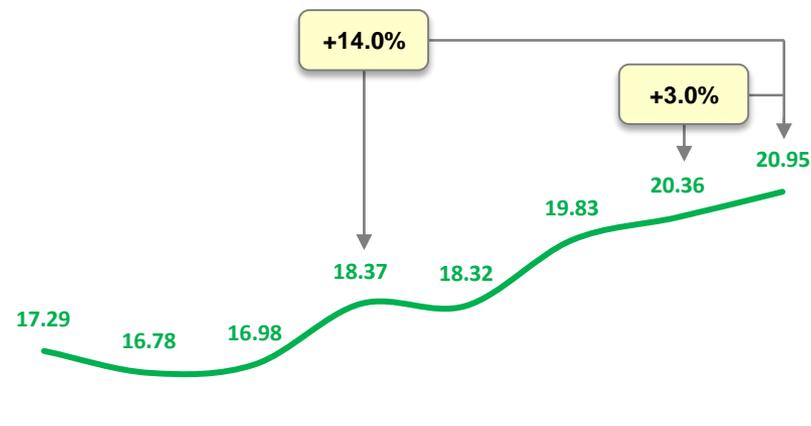
# Exchange Rate Evolution (Period Average)

## EUR / ARS



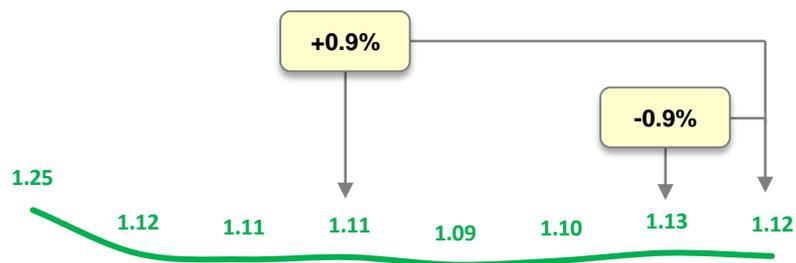
4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
2014			2015			2016	

## EUR / MXN



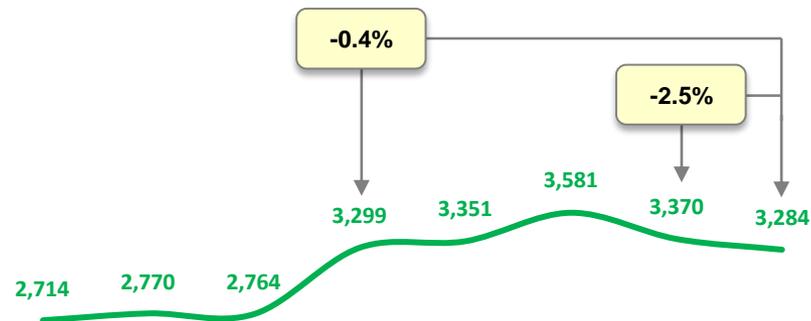
4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
2014			2015			2016	

## EUR / USD



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

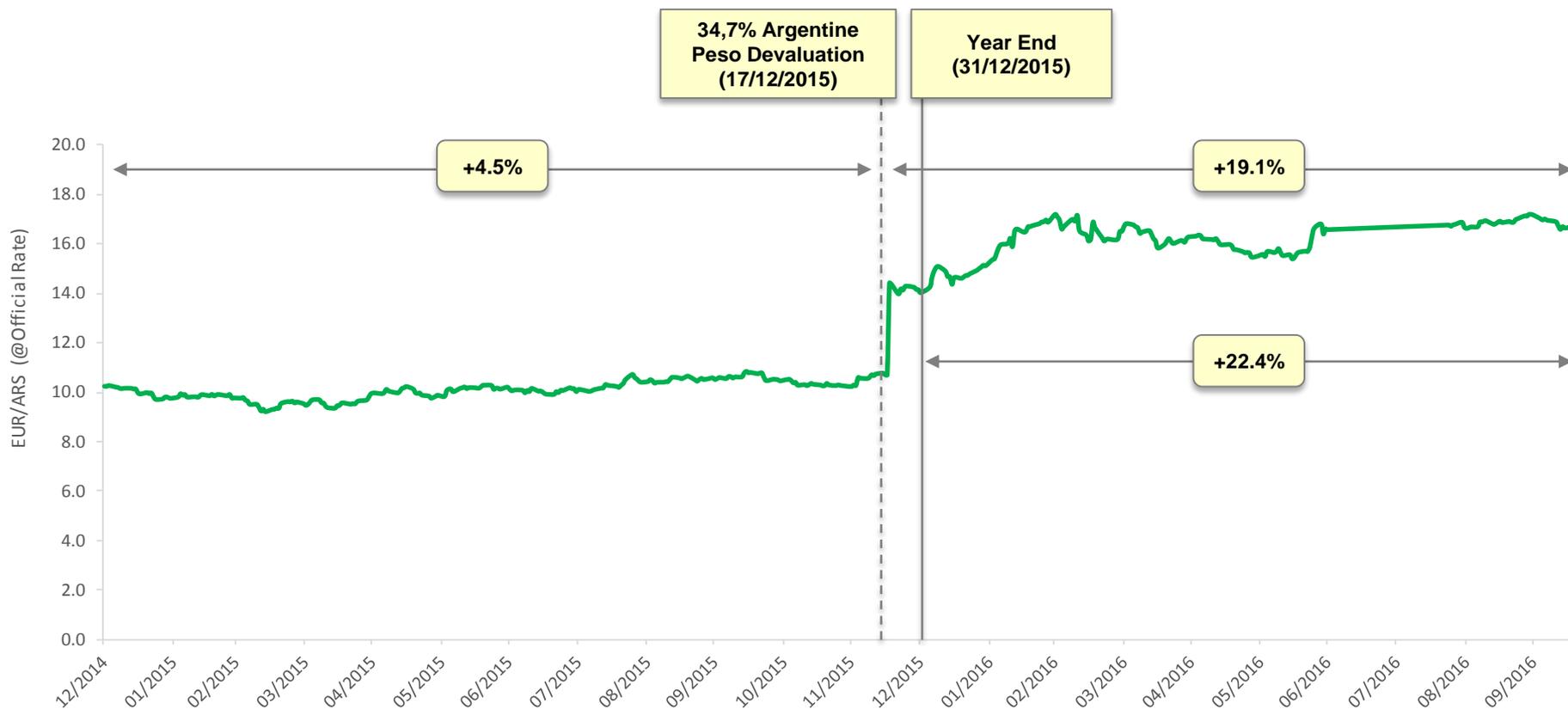
## EUR / COP



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

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

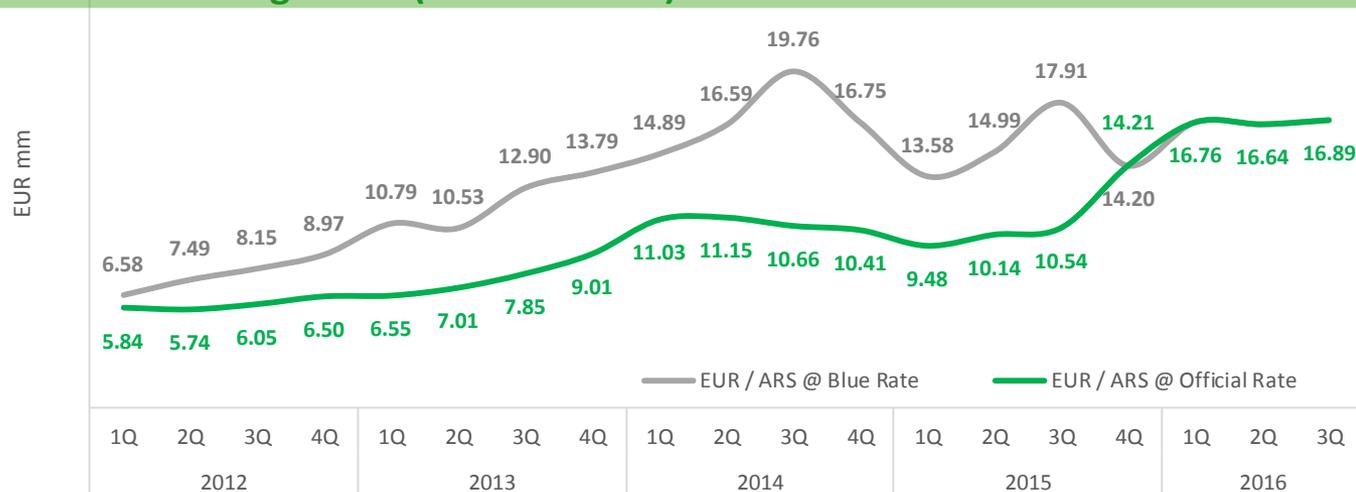
On December 17, 2015, the Argentine government lifted currency controls (thereby allowing the ARS to trade freely) which resulted in a 34,7% devaluation against the EUR.



## 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)

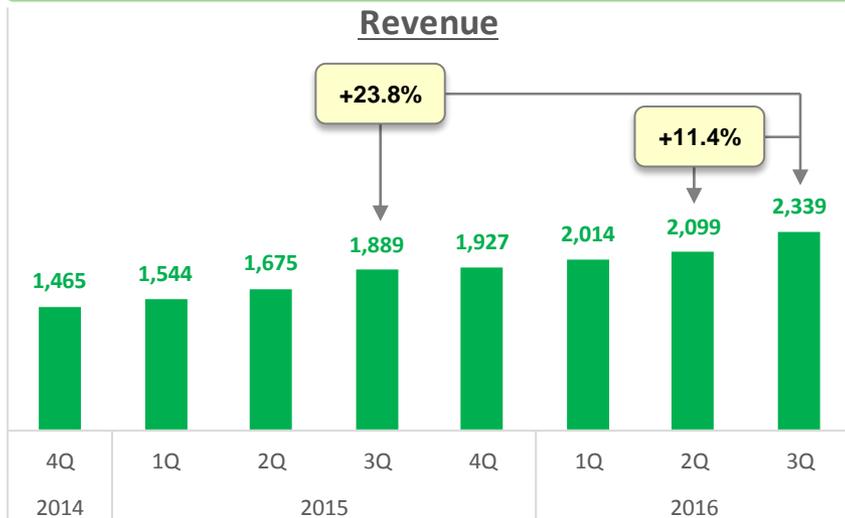




## Quarter

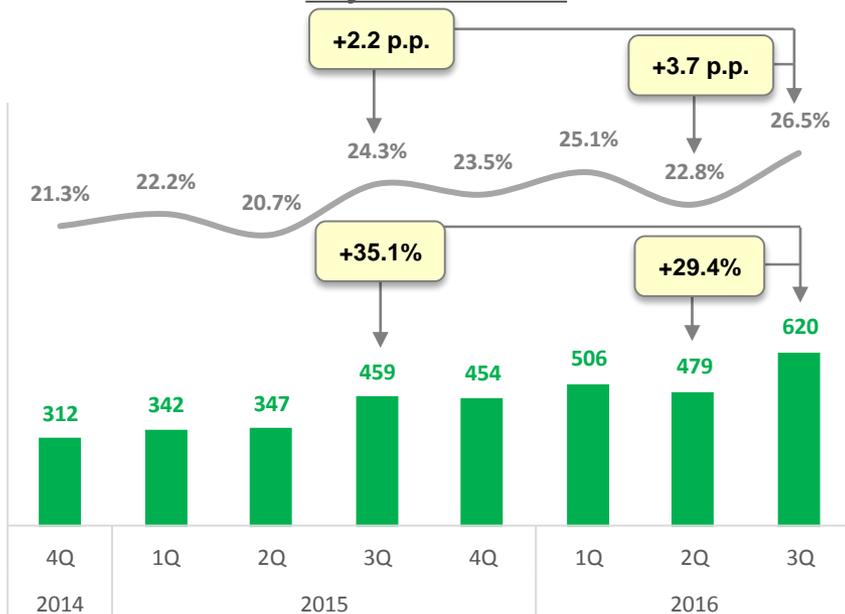
## Revenue

ARS mm



## Adjusted EBITDA

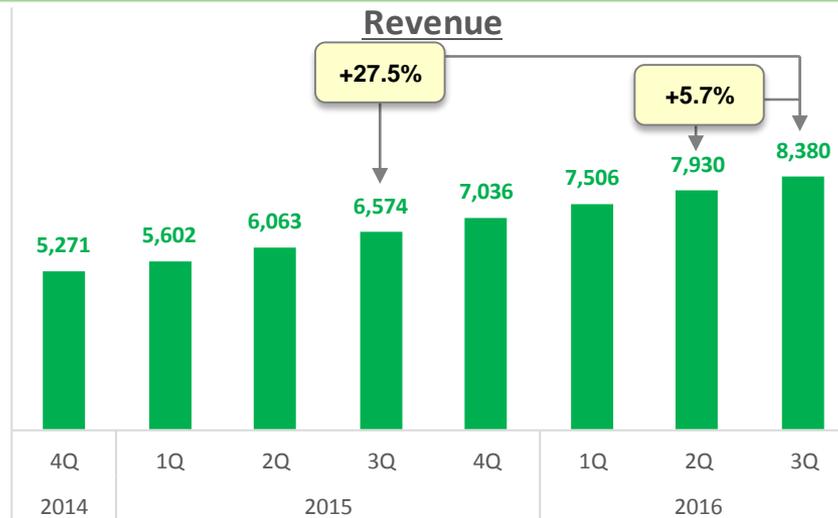
ARS mm



## LTM

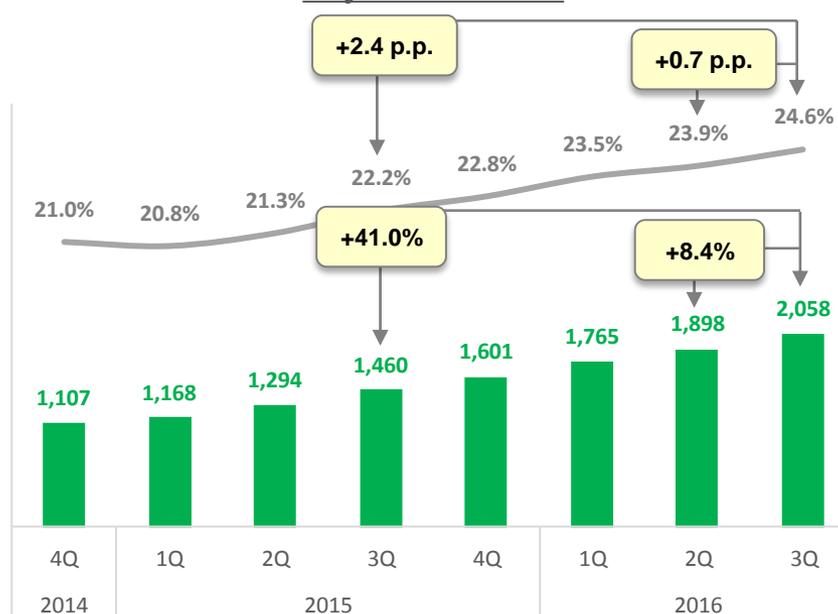
## Revenue

ARS mm



## Adjusted EBITDA

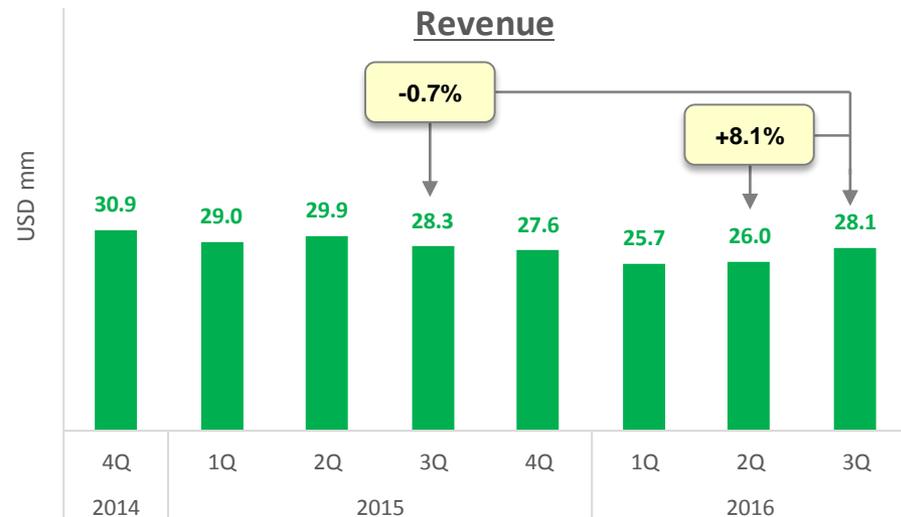
ARS mm





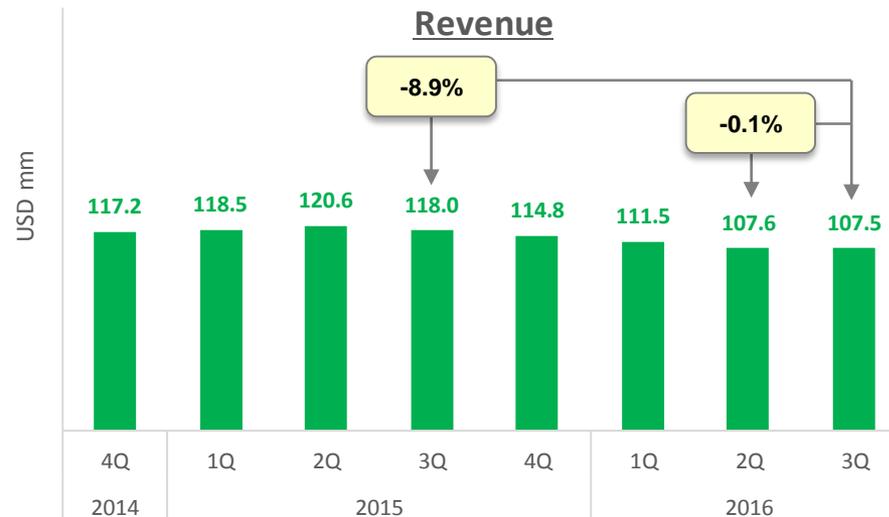
## Quarter

## Revenue

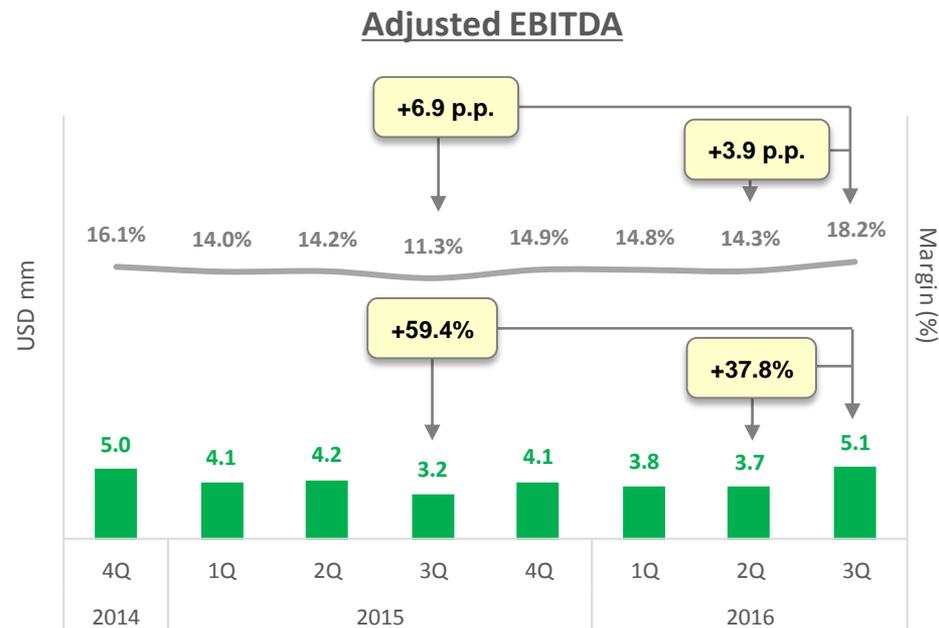


## LTM

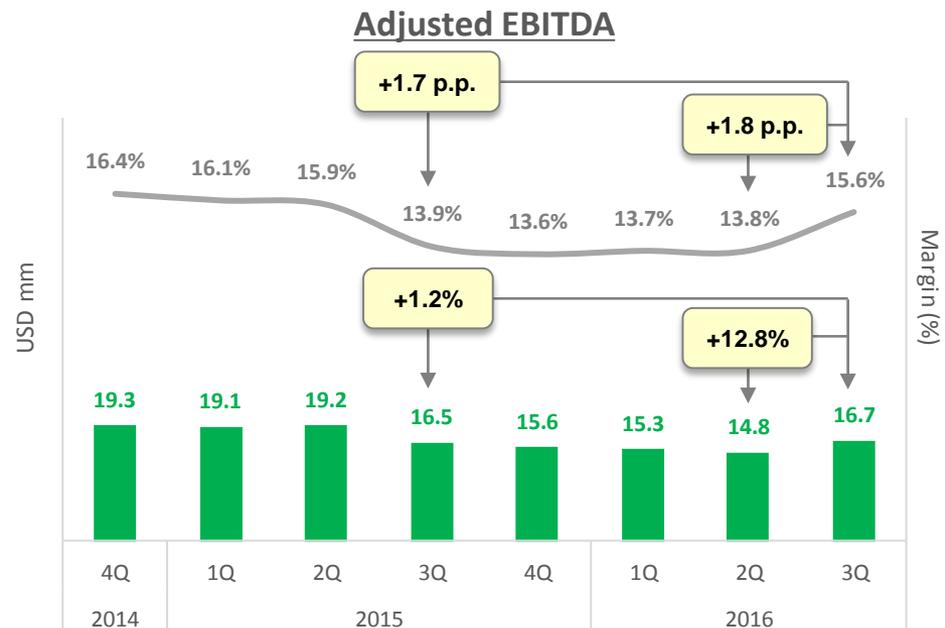
## Revenue



## Adjusted EBITDA

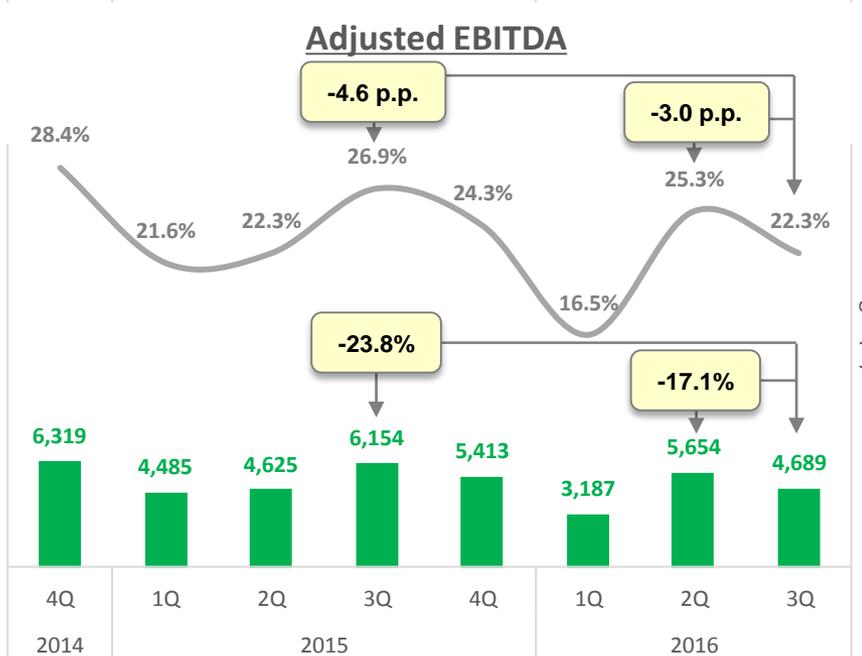
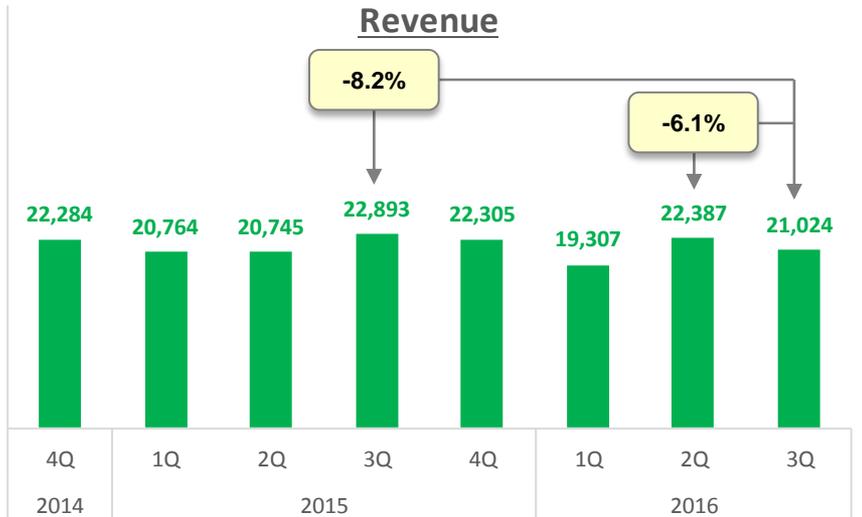


## Adjusted EBITDA

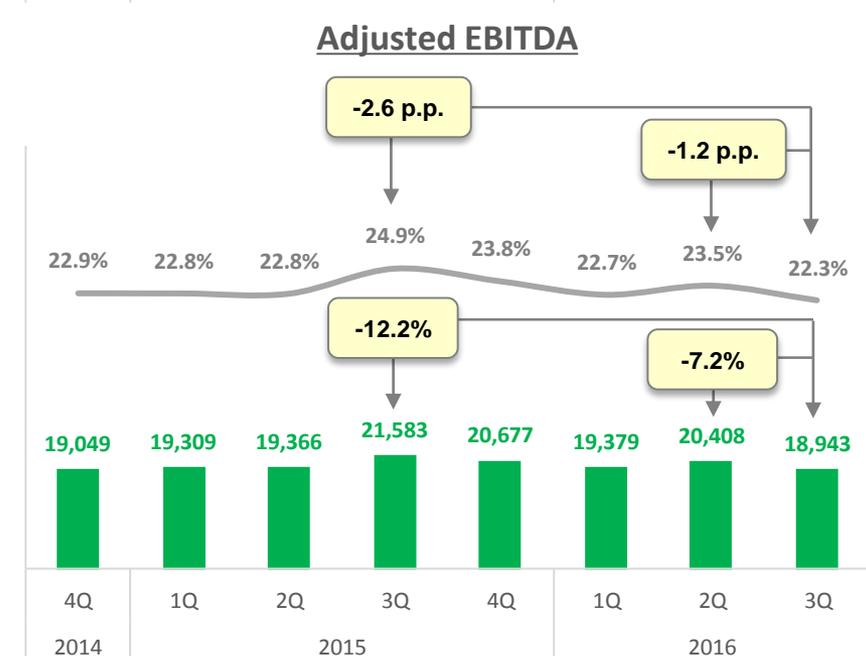
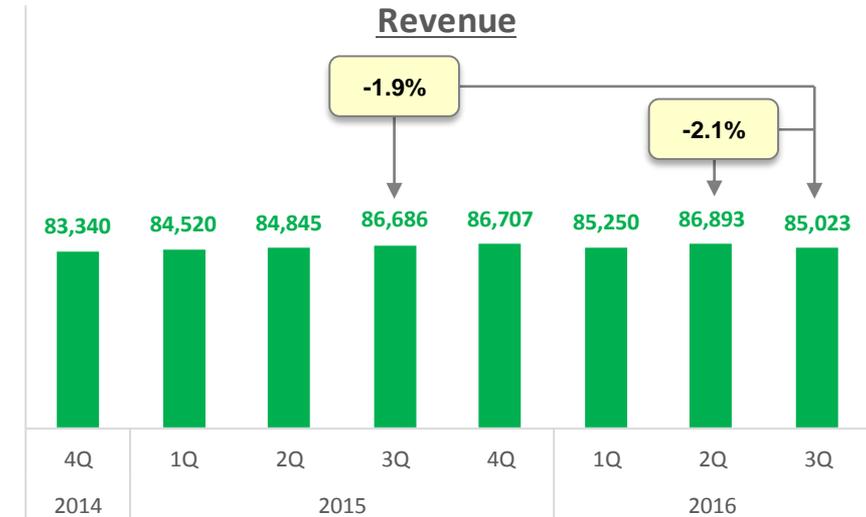




## Quarter



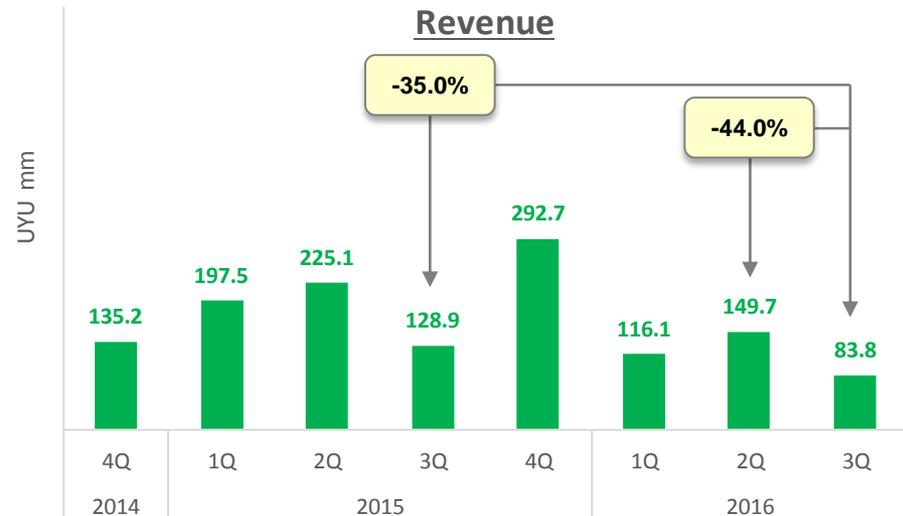
## LTM



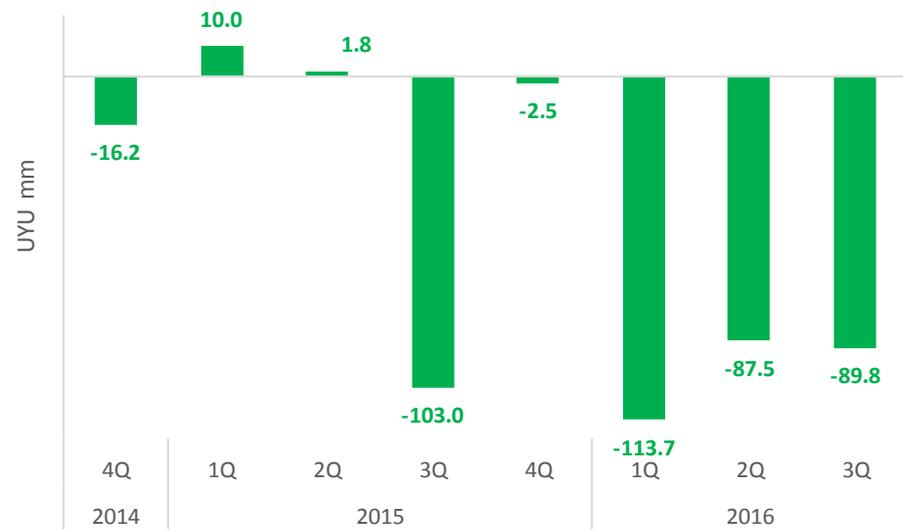


## Quarter

Revenue

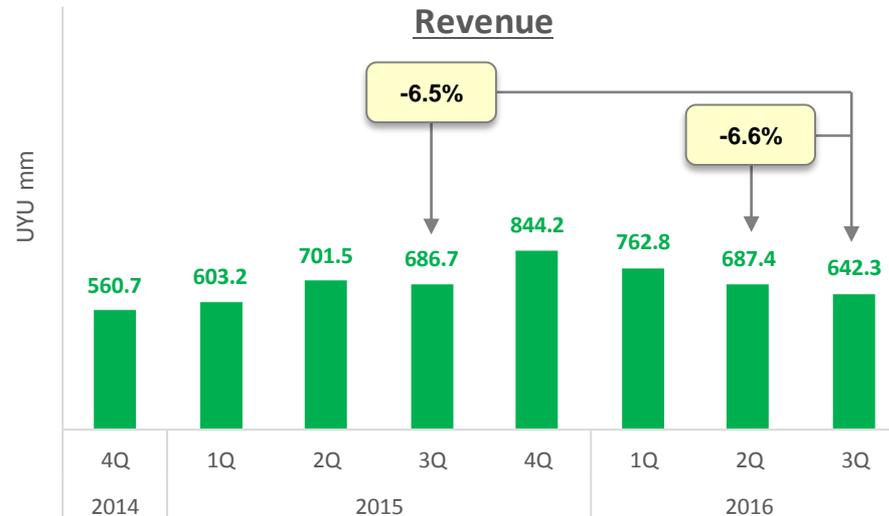


Adjusted EBITDA

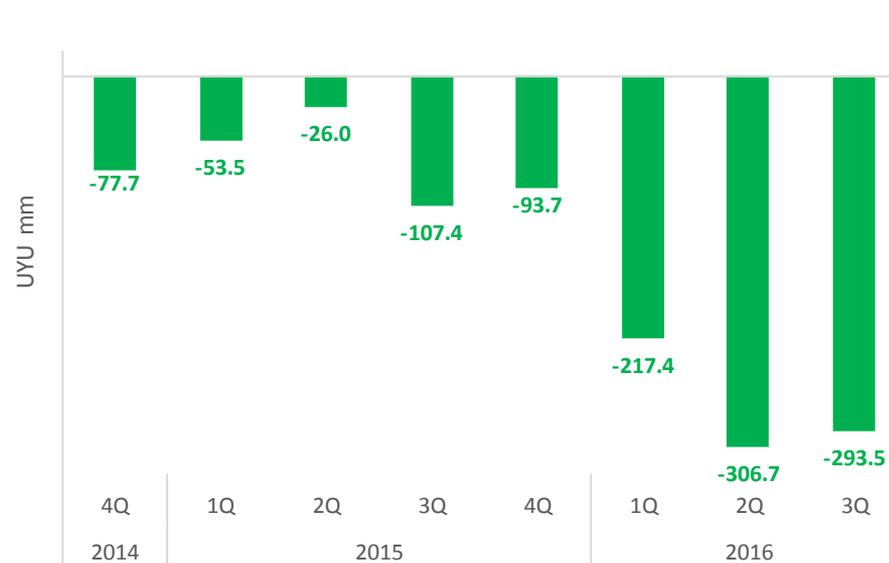


## LTM

Revenue



Adjusted EBITDA





**For additional information, please contact:**



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