



## 2008 Results and Outlook

February 27, 2009

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# Agenda

- **2008 Highlights**
- **Financial Results**
- **Outlook**

## 2008 Highlights: Key accomplishments

- Reported revenue and EBITDA growth, of 20% and 17%, despite sustained depreciation of local currencies and reductions in investments
- Significant growth in constant currency (25% revenues and 24% EBITDA) reflecting strong operating performance
- Expansion in machine portfolio to 54,818 (+11%) and bingo halls to 137 (+7%)
- Growth in Mexico and Argentina, and reduction of losses in other operations compensating slowdown in Spain
- Tight discipline on capital investment and focus on maintaining ample liquidity
- Achievement of EBITDA target for 2008 : €234.5 million

**Strong performance in face of difficult global environment**

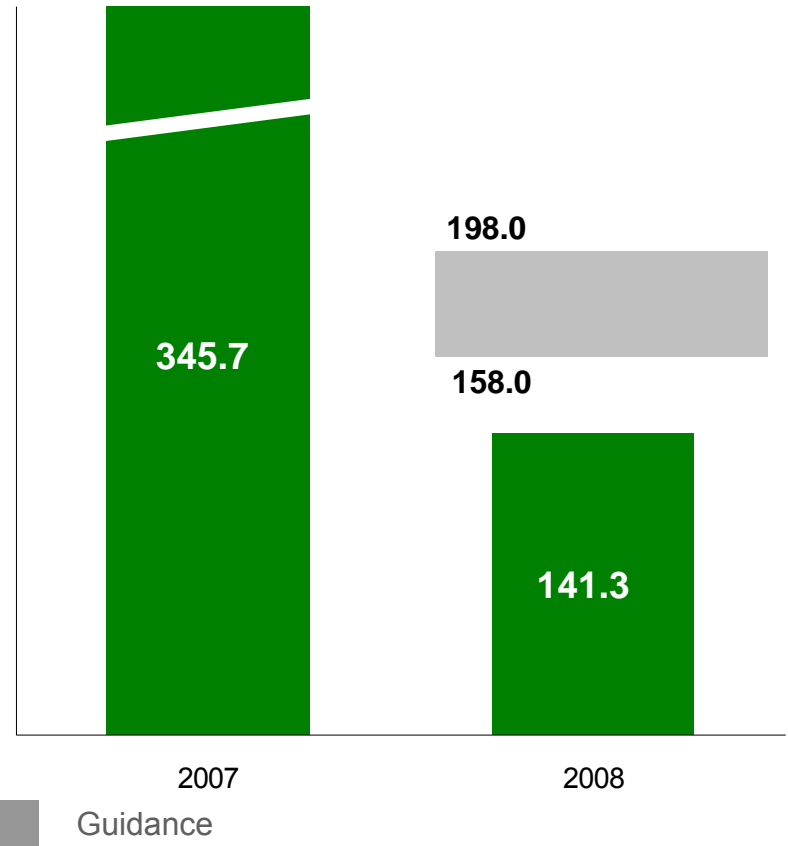
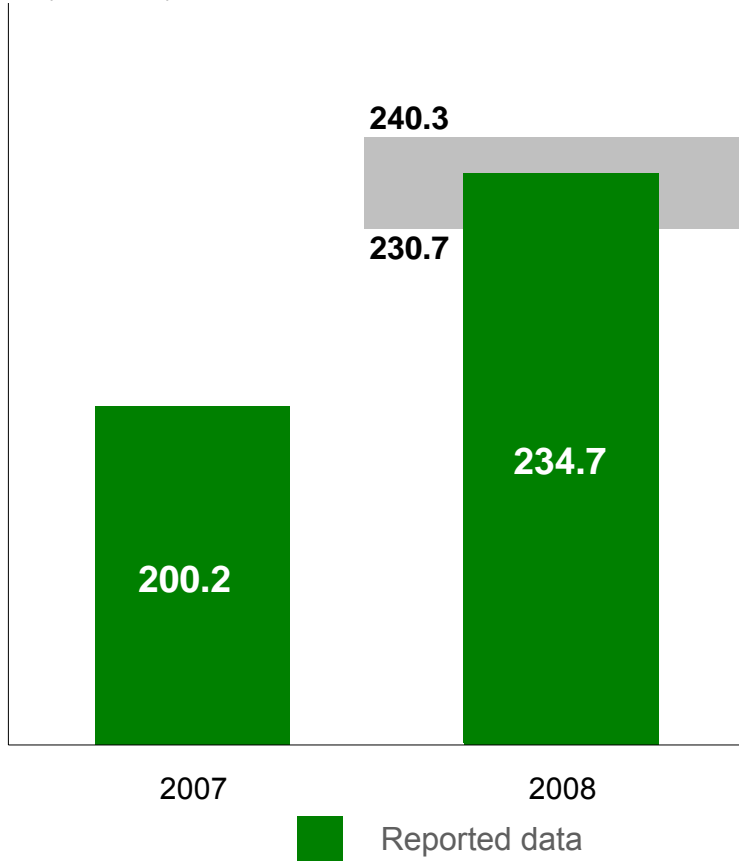
# 2008 Highlights : Achievement of EBITDA target

## EBITDA

## CAPEX

(€ millions)

(€ millions)



Excludes Discontinued operations

**EBITDA on target despite reduced investment**

## 2008 Highlights: Consolidated results

(in € millions)

	2007	2008 Reported	% change	2008 At constant currency	% change
<b>Revenues<sup>1</sup></b>	880.3	1,054.3	19.8%	1,103.7	25.4%
<b>EBITDA<sup>1</sup></b>					
Spain AWP	72.9	63.6	(12.8%)	63.6	(12.8%)
Argentina	98.5	110.0	11.7%	119.5	21.3%
Mexico	57.9	69.0	19.2%	73.2	26.4%
Others	(4.1)	27.8	<i>n.a.</i>	28.3	<i>n.a.</i>
Corp. overhead	(25.0)	(35.7)	<i>n.a.</i>	(35.7)	<i>n.a.</i>
<b>Reported EBITDA<sup>1</sup></b>	<b>200.2</b>	<b>234.7</b>	<b>17.2%</b>	<b>248.9</b>	<b>24.3%</b>
<b>Net Income</b>	<b>(9.9)</b>	<b>(10.6)</b>	<b><i>n.a.</i></b>	<b>(4.8)</b>	<b><i>n.a.</i></b>

1-Excludes Discontinued Operations

**Strong evolution of the business in a challenging environment**

# 2008 Highlights: Progress on 2008 strategic objectives

<b>Spain</b>	<ul style="list-style-type: none"> <li>● Increase AWP portfolio through new sign ups and selective acquisitions</li> <li>● Commercialize sports betting with William Hill</li> </ul>	 	<ul style="list-style-type: none"> <li>● Increased park by 3%</li> <li>● Began operations in Madrid and Basque region</li> </ul>
<b>Argentina</b>	<ul style="list-style-type: none"> <li>● Continue optimization of hall locations, increase capacity and introduction of TITO</li> <li>● Finalize license renewal process</li> </ul>	 	<ul style="list-style-type: none"> <li>● TITO installed in halls representing 61% machine seats</li> <li>● Pending</li> </ul>
<b>Mexico</b>	<ul style="list-style-type: none"> <li>● Continue deployment of EBTs</li> <li>● Develop the remaining permits</li> </ul>	 	<ul style="list-style-type: none"> <li>● Increased park by 21%</li> <li>● Opened 10 halls</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>● Maximize our leading position in mature markets (i.e. Uruguay, Panama and Colombia)</li> <li>● Consolidate positions in new gaming markets (i.e. Brazil, Sports Betting)</li> </ul>	 	<ul style="list-style-type: none"> <li>● Increased park in these countries by 3% and opened a new casino in Panama</li> <li>● Began operations in Madrid and Basque region</li> </ul>
<b>Corporate</b>	<ul style="list-style-type: none"> <li>● Assure liquidity and capital base for continued growth</li> <li>● Continue to refine fiscal structure</li> </ul>	 	<ul style="list-style-type: none"> <li>● Maintained prudent leverage and coverage ratios</li> <li>● Increased intercompany transfers to €57 million</li> </ul>

**2008 targets achieved through focus on successful growth strategy**

## 2008 Highlights : Addressing investor concerns

Concerns	Actions taken
<p><b>High dependency on cash from Argentina</b></p>	<ul style="list-style-type: none"> <li>• Rapid conversion of cash from Argentina to € or US\$ (44% as February 09)</li> <li>• €53 million and €24 million in cash upstreamed from Argentina and Mexico to HQ in 08 (up from €38 million and -€1.1 million, respectively in 07)</li> <li>• Decreased weight of Argentina in groups EBITDA (44% 07→ 41% 08)</li> </ul>
<p><b>Large percentage of minorities</b></p>	<ul style="list-style-type: none"> <li>• Purchase of Argentine minority via deferred installment purchase</li> </ul>
<p><b>Losses in Other Operations</b></p>	<ul style="list-style-type: none"> <li>• Sale of sports betting JV in Italy</li> <li>• Restructuring of direct AWP operation in Italy</li> <li>• Reduction of losses in Brazil</li> <li>• Return to profitability in Colombia</li> </ul>
<p><b>Foreign exchange risk</b></p>	<ul style="list-style-type: none"> <li>• Maintained policy of contracting foreign exchange forwards on a rolling forward four-quarter basis for approximately 50% of projected Argentina and Mexico EBTIDA</li> <li>• Recorded a gain of €2.2 million on the Mexican peso and nil on the Argentine peso in 2008</li> </ul>
<p><b>Protection of minority investors</b></p>	<ul style="list-style-type: none"> <li>• Reinforcement of corporate governance mechanisms, including expanded audit committee formed by independent members</li> <li>• Appointment of stock liquidity agent (specialist) in January 2009</li> </ul>

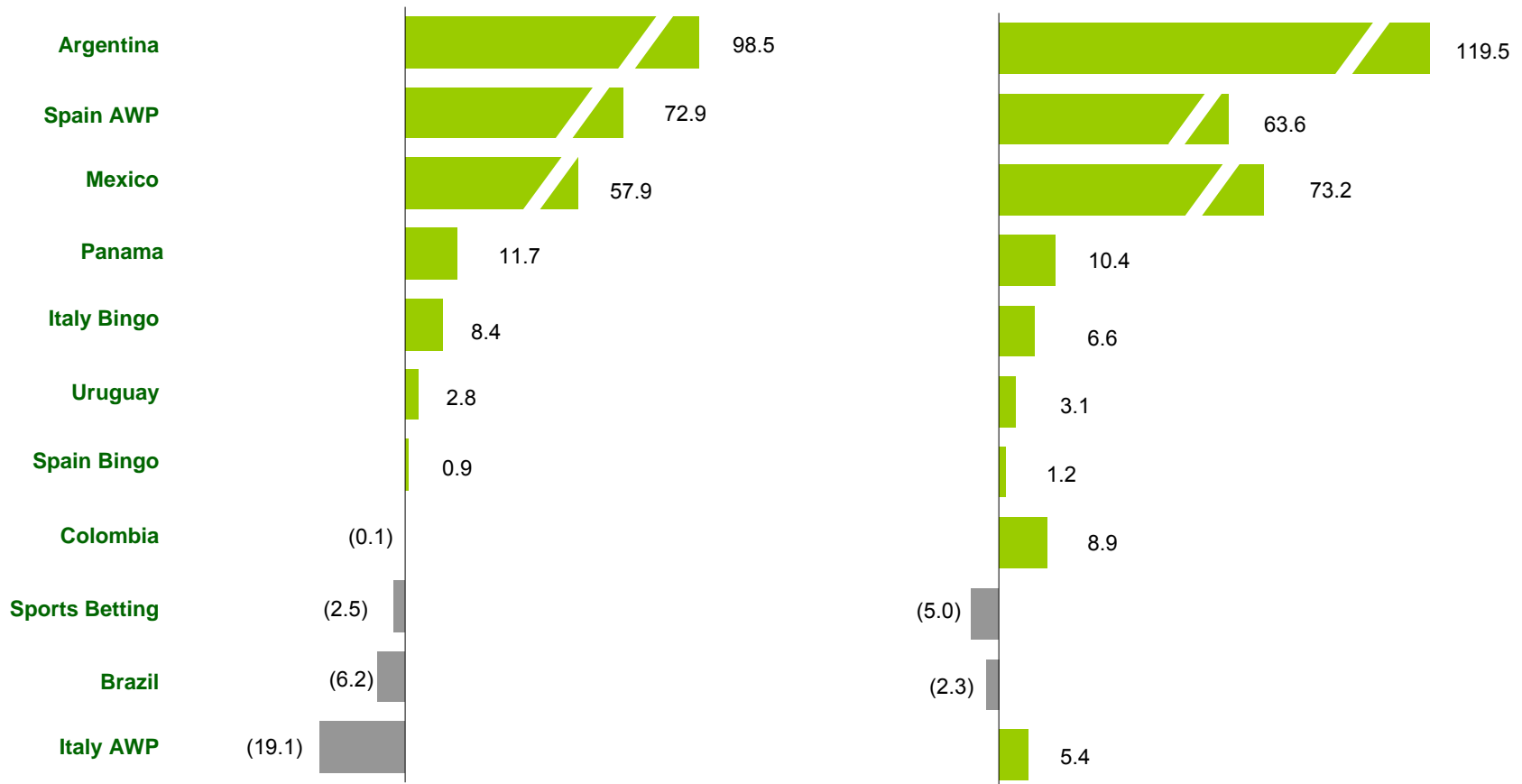


# Financial Results: EBITDA by business unit

(€ millions)

**2007**

**2008 (at constant currency)**



**Notable growth in key Latin American markets and reduction of loss-making businesses with negative EBITDA in 2007**

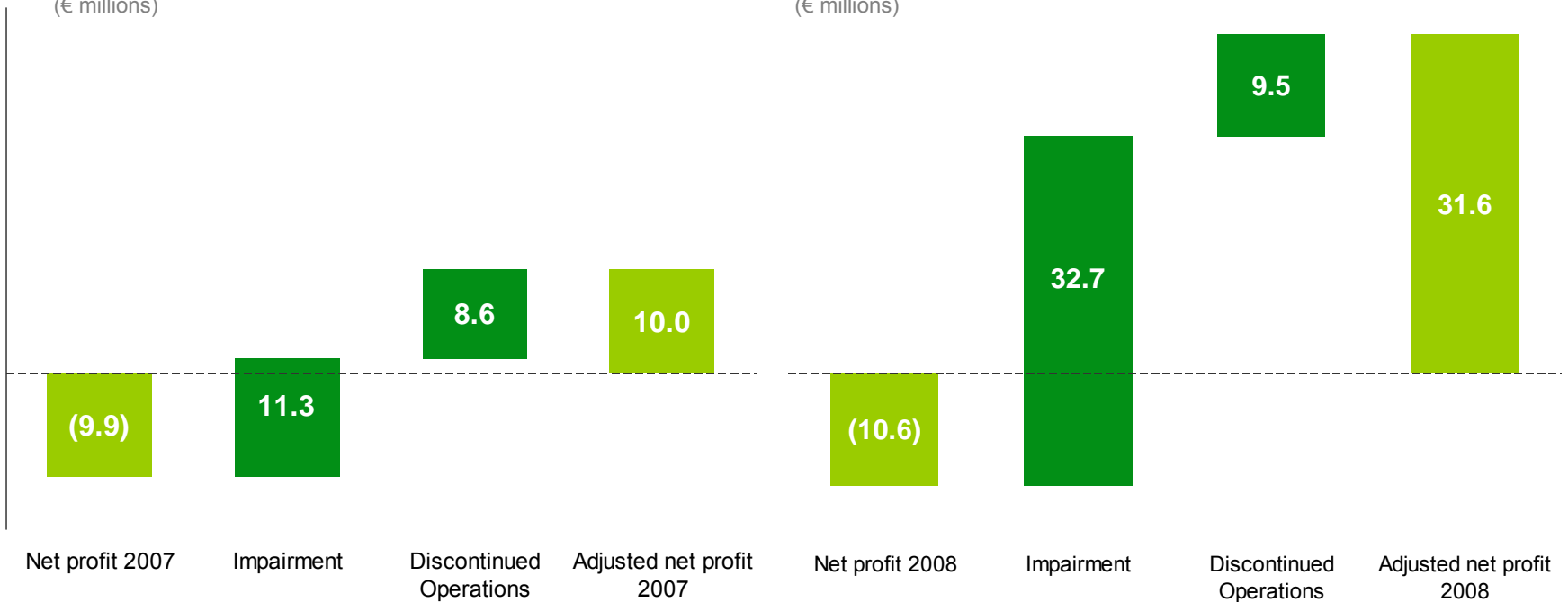
# Financial Results: Net income

2007

2008

(€ millions)

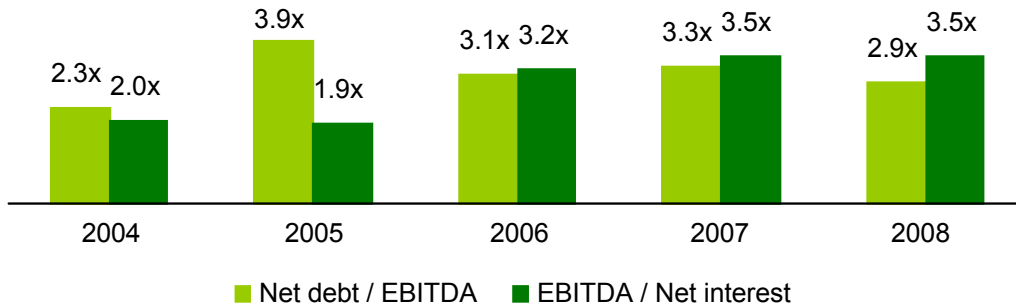
(€ millions)



**Net income has been negatively impacted by impairment charges and losses associated with discontinued operations**

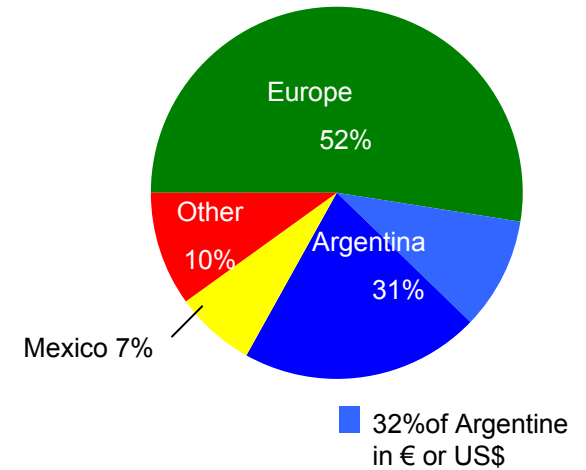
# Financial Results: Debt profile and cash

## Prudent leverage



## Cash at FYE 2008

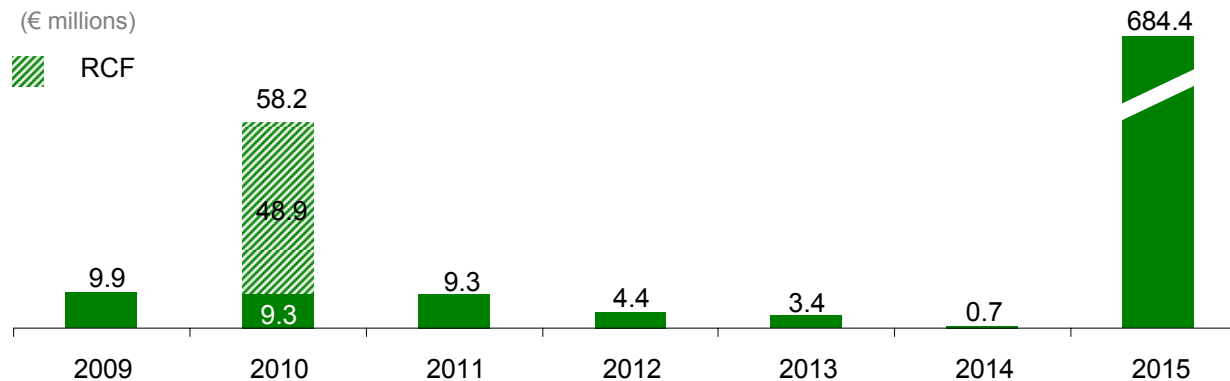
€83.3 million



## Maturity profile

(€ millions)

▨ RCF



## Prudent leverage and long-dated debt maturity profile

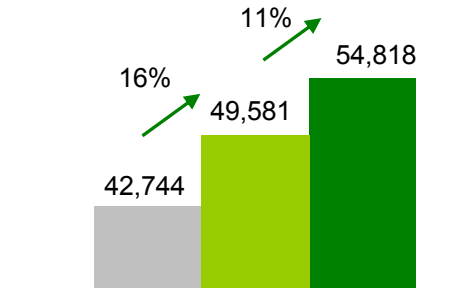
## Financial Results: Improved cash flow generation

(€ millions)	2007	2008	% Change
<b>EBITDA</b>	<b>200.2</b>	<b>234.7</b>	<b>17.2%</b>
- Net interest	55.1	66.4	20.5%
- Taxes	<u>40.9</u>	<u>46.8</u>	14.4%
<b>Operating Cash Flow</b>	<b>104.2</b>	<b>121.5</b>	<b>16.6%</b>
- Maintenance Capex	<u>74.0</u>	<u>80.0</u>	8.1%
<b>Discretionary Free Cash Flow</b>	<b>30.2</b>	<b>41.5</b>	<b>37.4%</b>
- Growth Capex	<u>271.7</u>	<u>61.3</u>	(77.4%)
<b>Free Cash Flow</b>	<b>(241.5)</b>	<b>(19.8)</b>	<i>n.a.</i>

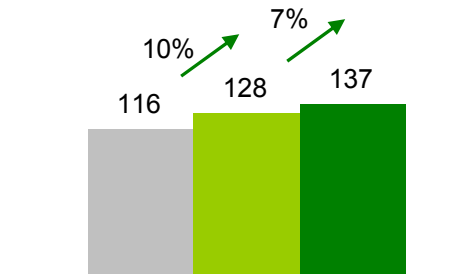
**Strong growth in discretionary free cash flow**

# Financial Results: Capex and KPIs

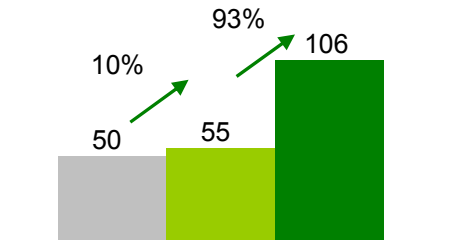
## # of machines



## # of bingo halls



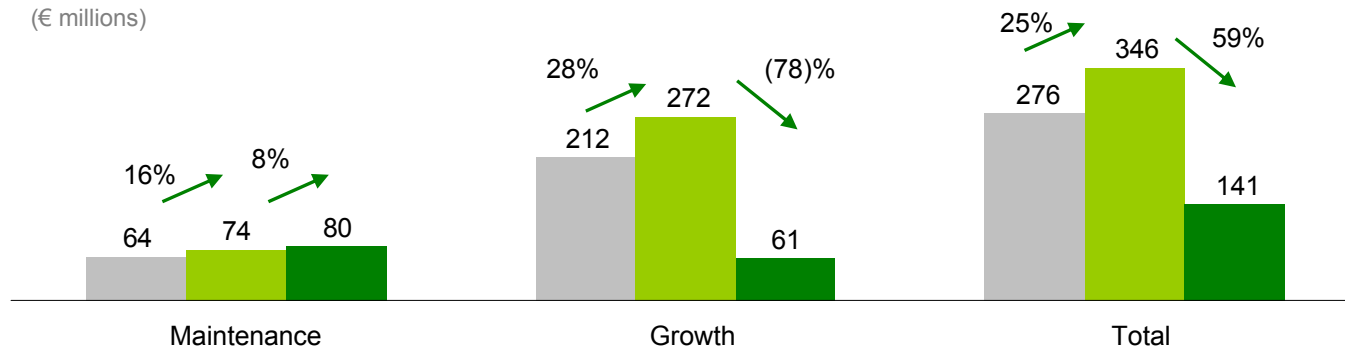
## # of OTBs



■ 2006 ■ 2007 ■ 2008

## Capex evolution

(€ millions)



■ 2006 ■ 2007 ■ 2008

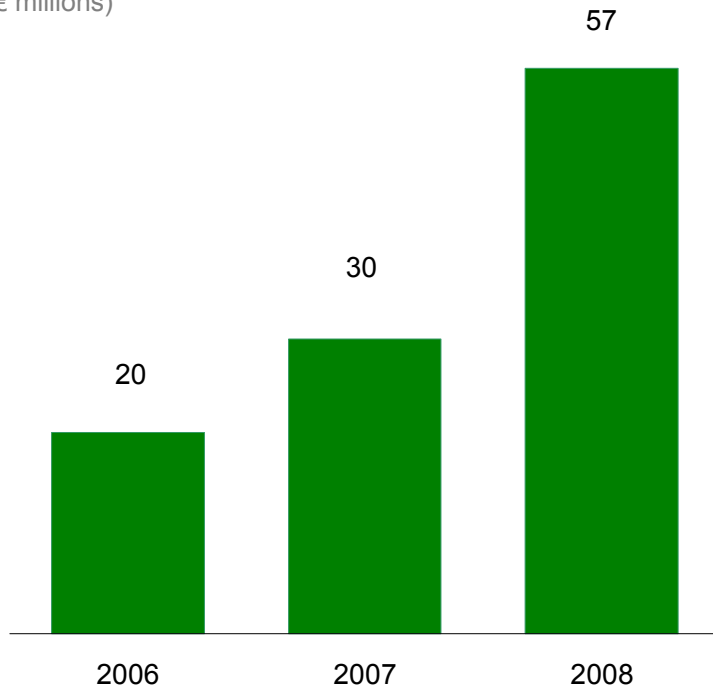
Excludes Discontinued operations

**Expansion of installed capacity, despite significant reduction in capex**

# Financial Results: Intercompany charges

## Intercompany charges

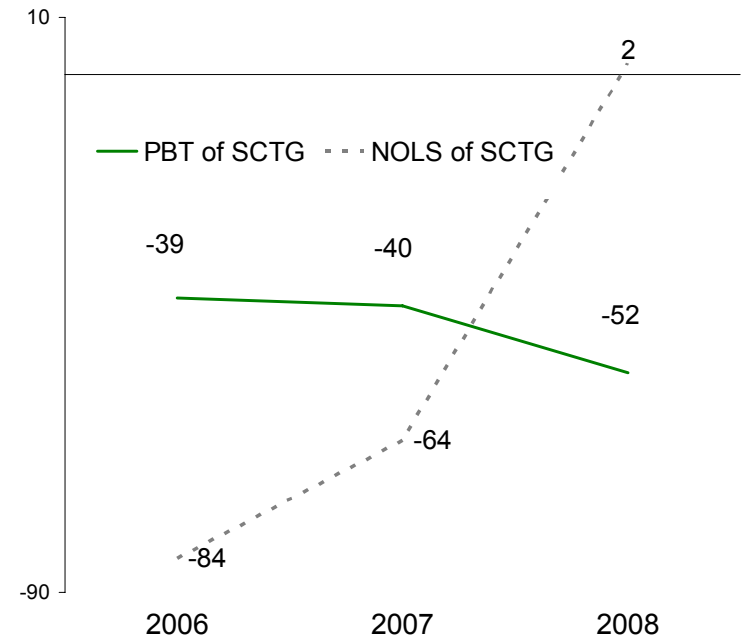
(€ millions)



In 2008 intercompany transfers increased by 92% to €57 million

## PBT vs. NOLs of SCTG

(€ millions)



The significant increase in intercompany charges has reduced the fiscal gap in the Spanish Consolidated Tax Group (SCTG), resulting in the use €1.9 million of NOLs

# Outlook: Underlying assumptions and expectations

- Focus on cash generation
  - Reduction in capital expenditures
  - Cost reductions
- Relative stability in KPIs in subsequent quarters, given limited investment
- First quarter EBITDA expected in range of €50-€52 million
- For the year, growth in Mexico and Argentina expected to offset softness in Spain
- Forward rates predict significant devaluation of key currencies, specially the Argentine peso

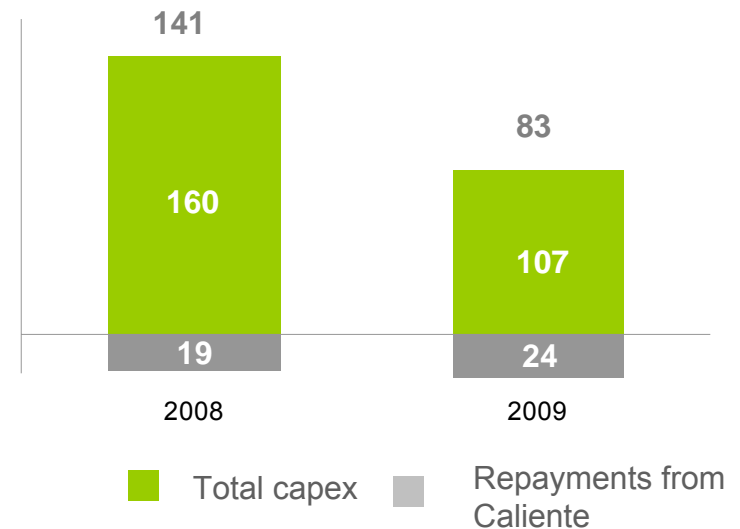
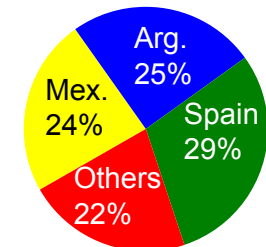
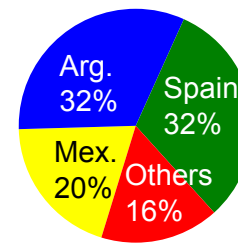
	4Q 08	FX forwards as of December 15, 2008					% change 4Q08 vs. 4Q09
		1Q 09	2Q 09	3Q 09	4Q 09	Avg. 09	
AR\$/€	4.79	5.18	5.94	6.70	7.47	<b>6.32</b>	+55.9%
MXP/€	19.17	18.41	18.77	19.06	19.31	<b>18.89</b>	+0.74%
US\$/€	1.40	1.36	1.36	1.36	1.36	<b>1.36</b>	-2.86%

# Outlook: 2009 Capex

Country	% change in # of machines vs. FYE08	Comment
Spain	-5% - 0%	<ul style="list-style-type: none"> <li>Focus on maintenance of park</li> <li>Adjust exclusivity contract to lower wins</li> <li>Madrid regulation, potential new machines</li> </ul>
Argentina	0% - 5%	<ul style="list-style-type: none"> <li>Relative stability in park</li> <li>Potential investment in license renewals</li> <li>Completion of TITO installation</li> </ul>
Mexico	8% - 10%	<ul style="list-style-type: none"> <li>Continued build-out of permits and increase in park</li> <li>Repayments from Caliente of €24 million</li> <li>Potential need to adapt halls to anti-tobacco regulation</li> </ul>

## Capital Expenditure

2008	2009
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Limited investment focused in key markets



## Outlook: 2009 management agenda

### Argentina

- Continue implementation of TITO and other coinless systems
- License renewals

### Mexico

- Continued build-out of permits and installation of machines
- Improvement of performance of ICELA operations
- Potential implementation of anti-tobacco regulation

### Spain

- Severe macroeconomic downturn will continue to drive wpd softness
- Introduction of Madrid regulation-Q4 effect
- Potential technological innovation

### Other Operations

- Sports Betting- Ongoing discussion with William Hill about strategic direction
- Italy- Monitor regulatory developments

### Corporate

- Reduction in corporate overhead expenses
- Focus on liquidity
- Continued improvement of intercompany charges



For further information, please contact:

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