



2009 Results and Outlook

February 26, 2010

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Agenda

- **2009 Highlights**
- **Financial Results**
- **Outlook**

2009 Highlights: Key accomplishments

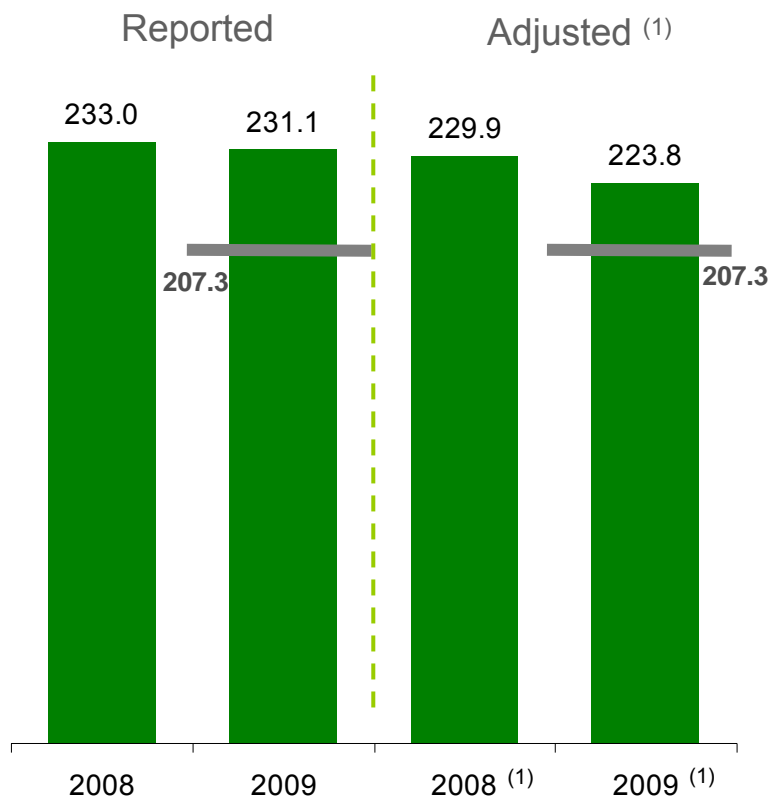
- Exceeded EBITDA target for 2009 : €231 million (€224 million adjusted), compared to guidance of €207 million
- Achieved 9% EBITDA growth in constant currency reflecting strong operating performance
- Reduction of losses in corporate overhead and other operations compensating slowdown in Spain
- Expansion in machine portfolio in Argentina and Mexico (4% and 5%, respectively), bingo halls to 141 (+3%) and sports betting locations to 238 (+125%)
- Tight discipline on capital investment and focus on maintaining ample liquidity
- Settlement of long standing Ballesteros litigation resulting in €10.2 million cash payment to Codere
- Renewed La Plata license in Argentina through June 2021
- Resolution of shareholder dispute eliminating uncertainty over potential sale

Important achievements despite difficult global environment

2009 Highlights : EBITDA target exceeded

EBITDA

(€ millions)



(1) Adjusted by non recurring items

Quarter	Guidance	Reported	Adjusted
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(€ millions)

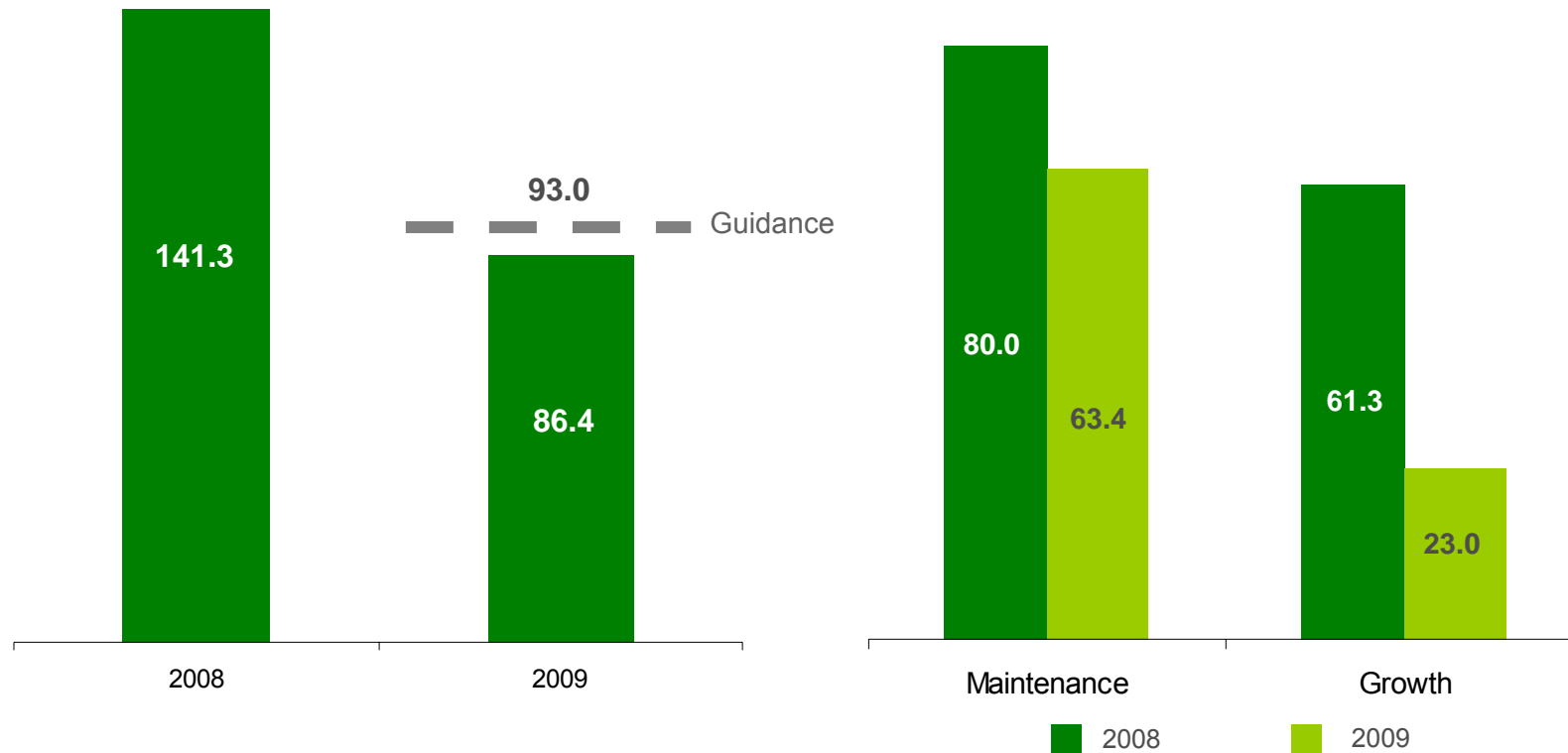
1 st	50-52	55.4	57.1
2 nd	45-47 (including 3-5 impact of H1N1 virus in Mexico)	49.6	54.8
3 rd	44-45 (including 5.5-6.0 impact of H1N1 virus in Argentina)	52.3	55.1
4 th	50 range	73.8	56.8

Consistently delivered on expectations...

2009 Highlights : Capex in line with guidance

Total Capex

Maintenance and Growth Capex



... despite significant reduction in investments, particularly growth

2009 Highlights: Progress on management agenda

Spain

- Introduction of Madrid regulation-Q4 effect
- Potential technological innovation

- ✓ Completed renovation of AWP portfolio in Madrid (c. 3,700 machines)
- ✓ Increase of video to 8% of AWP portfolio

Argentina

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

- ✓ TITO installed in halls representing 75% machine seats
- La Plata renewed (pending Puerto and San Martín)

Mexico

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

- ✓ Number of halls in operation increased in 4
- ✓ Net win in local currency +3% for Mexican operation

Others

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

- ✓ Purchase of WH's stake completed in Jan. 2010
- ✓ VLT (published June '09)
- ✓ Bingo (effective Nov. 2009)

Corporate

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

- ✓ Reduced by €10MM in '09
- ✓ €56.7MM in '08 to €54.7MM in '09
- ✓ Increase in FCF from (€21.2MM) in '08 to €39.6MM in '09

2009 targets achieved through focus on maximizing operational efficiency

2009 Highlights : Significant progress on other issues

Issues	Actions taken
Shareholder dispute	<ul style="list-style-type: none"> • July 2009 the Martinez Sampedro reached an agreement with the Francos settling longstanding shareholder dispute by granting the Francos's 2MM shares (3.6% stake) • There are no remaining claims among the shareholders
High dependency on cash from Argentina	<ul style="list-style-type: none"> • Rapid conversion of cash from Argentina to € or US\$ (48% as February 2010) • €42 million and €50 million in cash upstreamed from Argentina and Mexico to HQ in 09 (from €53 million and €24 million, respectively in 08)
High % of euro debt	<ul style="list-style-type: none"> • Reduced to 89% in '09 of total debt from 94% in '08 • Signed Mx\$637.5 million (€33.9 million at December 31, 2009) loan in Mexico (used to pay down RCF)
High effective tax rate	<ul style="list-style-type: none"> • Reduced to 63% in 09 from 90% in '08 and 79% in '07 • Activation of NOLs in Mexico, Italy AWP and Italy Bingo
Litigations	<ul style="list-style-type: none"> • Won appeal in Ballesteros case resulting in €10 million in cash • Settled claim (from 2006) relating to a machine malfunction in Argentina
Foreign exchange risk	<ul style="list-style-type: none"> • Maintained policy of contracting foreign exchange forwards on a rolling forward four-quarter basis for approximately 50% of projected Argentina and Mexico EBITDA • Recorded a gain of €3.3 million on the Mexican peso and €0.5 million on the Argentine peso in 2009
Corporate Governance	<ul style="list-style-type: none"> • Appointed a new Member of the Board (Mr. Fernando Lorente Hurtado) and an advisor to the Board (Robert A. Gray, ex-CFO Codere)

Financial results: Consolidated results

(in € millions)

	2008	2009 Reported	% change	2009 At constant currency ⁽¹⁾	% change
Revenues²	1,050.0	967.9	(7.8%)	1,038.7	(0.7%)
EBITDA²					
Argentina	110.0	110.1	0.1%	124.8	13.5%
Mexico	68.9	60.5	(12.2%)	66.6	(0.1%)
Spain AWP	65.1	44.5	(31.6%)	44.5	(31.6%)
Others	24.7	31.0	25.5%	30.6	23.9%
Corp. overhead	(35.7)	(15.0)	<i>n.a.</i>	(15.0)	<i>n.a.</i>
Reported EBITDA²	233.0	231.1	(0.8%)	251.5	9.0%
Net Income	(10.6)	19.1	<i>n.a.</i>	26.9	<i>n.a.</i>

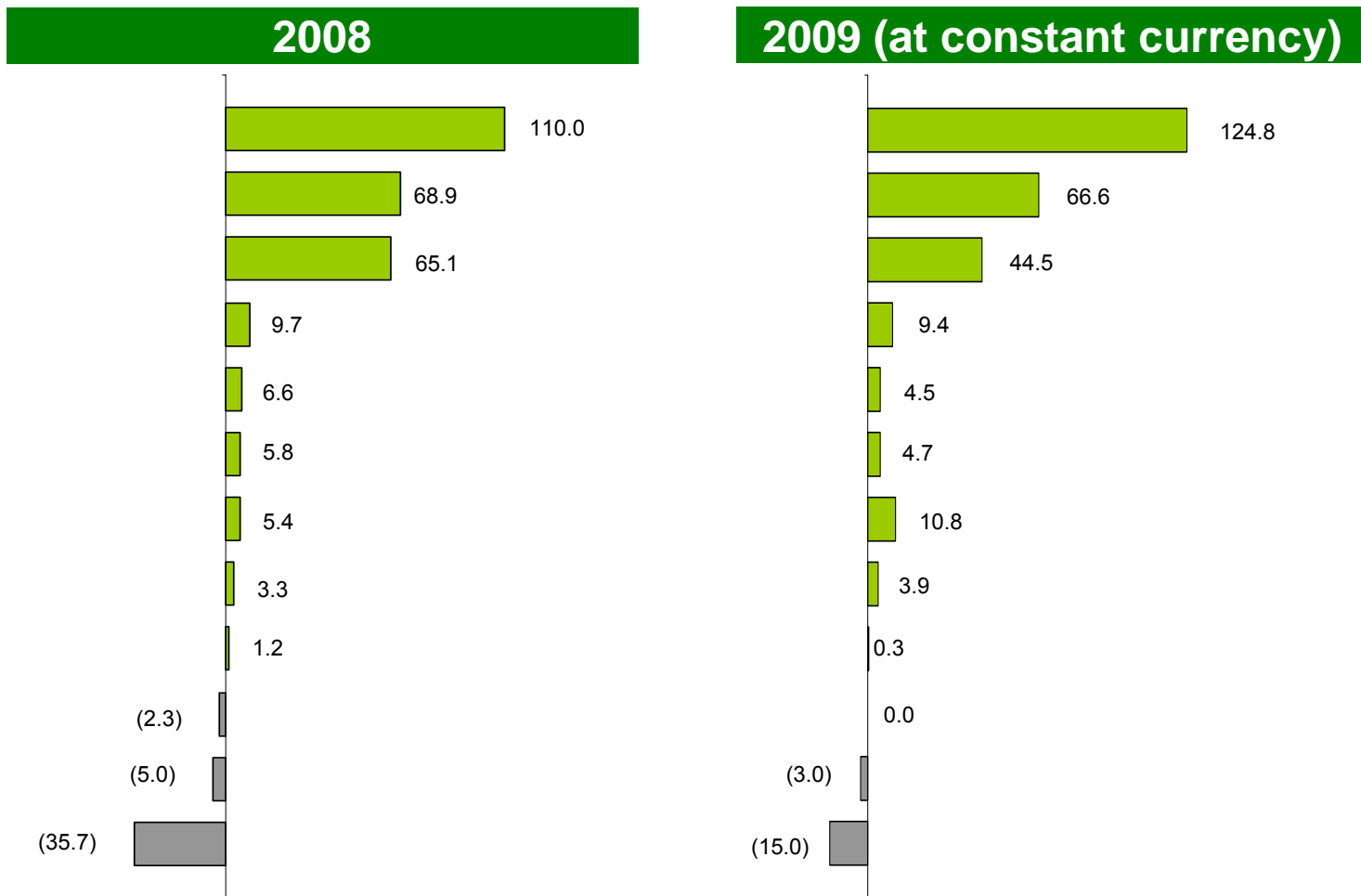
(1) Adjusted to eliminate the gain or loss in the foreign exchange contracts

(2) Excludes the effect of the gains or losses on assets disposals, which are now reflected as a separate line item, and the discontinued operations in 2008

Strong consolidated results in a challenging environment

Financial Results: EBITDA by business unit

(€ millions)



Solid performance in key Latin American markets and reduction of corporate overhead and loss-making businesses

Financial Results: Reported vs. Adjusted EBITDA



Non Recurring Items					
€ Millions	1Q 09	2Q 09	3Q 09	4Q 09	TOTAL
EBITDA reported	55.4	49.6	52.3	73.8	231.1
Settlement of Ballesteros litigation				10.2	10.2
Reversal of 0.5% Codere Network service fee provision			6.0		6.0
Reversal of La Plata canon tax surcharge accrued Jan. '07-Sept. '09				6.2	6.2
Reversal of provisions in Brazil and Colombia			1.1	2.6	3.7
Positive non recurring items			7.1	19.0	26.1
Impact of H1N1 virus		(3.5)	(6.0)		(9.5)
La Plata canon tax surcharge accrued Jan. – Sept. '09	(0.7)	(0.7)	(0.6)		(2.0)
Closure of Casino Colón		(0.2)	(0.6)	(0.6)	(1.4)
Restructuring expenses	(0.4)	(0.3)	(2.1)	(1.1)	(3.9)
Others	(0.6)	(0.5)	(0.6)	(0.3)	(2.0)
Negative non recurring items	(1.7)	(5.2)	(9.9)	(2.0)	(18.8)
TOTAL non recurring items	(1.7)	(5.2)	(2.8)	17.0	7.3
Adjusted EBITDA	57.1	54.8	55.1	56.8	223.8
Gains or losses on foreign exchange contracts	1.4	1.8	1.8	(1.2)	3.8
Adjusted EBITDA ex hedges	55.7	53.0	53.3	58.0	220.0

Financial Results: Principal markets

(€ millions)	Argentina	Mexico	Spain
2008 Adj. EBITDA	110.0	70.7	66.5
Reported EBITDA 2009	110.1	60.5	44.5
- Non operational items 2009 ⁽¹⁾	(2.1)	(7.0)	(2.3)
- Gains or losses on foreign exchange contracts	0.5	3.3	-
2009 Adj. EBITDA	111.7	64.2	46.8
2009 Adj. EBITDA in constant currency	126.7	74.2	46.8
% change reported EBITDA	0%	(12%)	(32%)
% change adj. EBITDA	2%	(9%)	(30%)
% change adj. EBITDA in constant currency	15%	5%	(30%)

(1) Includes non-recurring items and sales to Caliente

Positive operational performance of Argentina and Mexico partially compensating softness in Spain AWP

Financial Results: Improved cash flow generation

(€ millions)	2008	2009	% Change
EBITDA	233.0	231.1	(0.8%)
- Net interest	66.4	68.5	3.2%
- Taxes	<u>46.8</u>	<u>36.6</u>	(21.8%)
Operating Cash Flow	119.8	126.0	5.2%
- Maintenance Capex	<u>80.0</u>	<u>63.4</u>	(20.8%)
Discretionary Free Cash Flow	39.8	62.6	57.3%
- Growth Capex	<u>61.3</u>	<u>23.0</u>	(62.5%)
Free Cash Flow	(21.5)	39.6	n.a.

Strong growth in free cash flow

Financial Results: Items below EBITDA

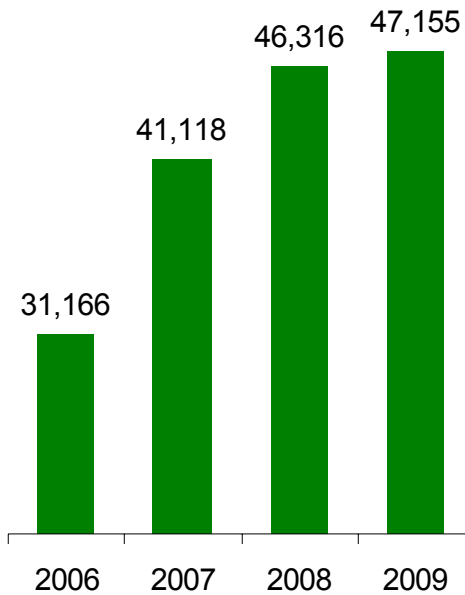
(€ millions)	2008	2009	Var. %
EBITDA	233.0	231.1	(0.8%)
- D&A	92.6	92.8	0.2%
- Impairment	32.7	14.0	(57.2%)
± Others (variation in provisions for trade transactions – gains or losses on assets disposals)	0.6	8.1	n.a.
Operating income	107.1	116.2	8.5%
- Financial expenses	77.2	76.2	(1.3%)
+ Financial revenues	10.8	7.7	(28.7%)
± Exchange gains (losses) net	<u>11.4</u>	<u>10.0</u>	(12.3%)
PBT of continuing activities	52.1	57.7	10.7%
- Corporate income tax	<u>46.8</u>	<u>36.6</u>	(21.8%)
Profit after tax of continuing activities	5.3	21.1	n.a.
- Minority interest	<u>6.4</u>	<u>2.0</u>	(68.8%)
Net Income ⁽¹⁾	(10.6)	19.1	n.a.

(1) Net income in 2008 includes a loss of €9.5 million from discontinued operations

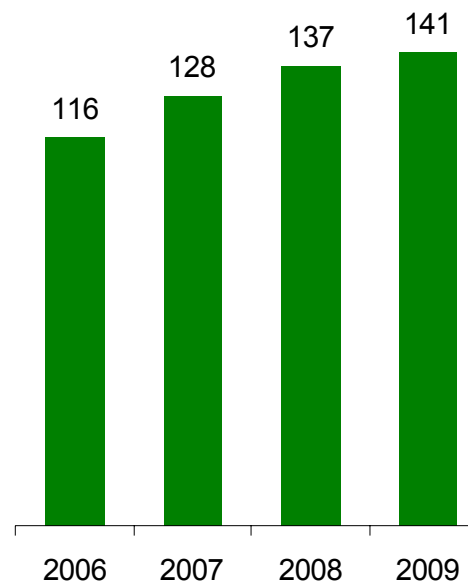
Increase in net income through decrease in items below the line

Financial Results: KPIs

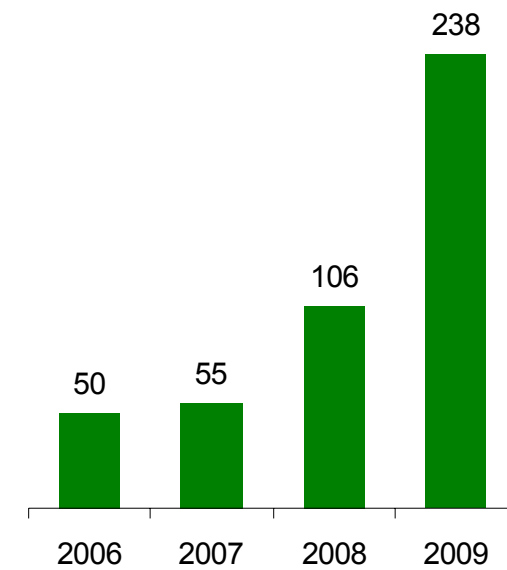
of machines ⁽¹⁾



of bingo halls



of betting locations

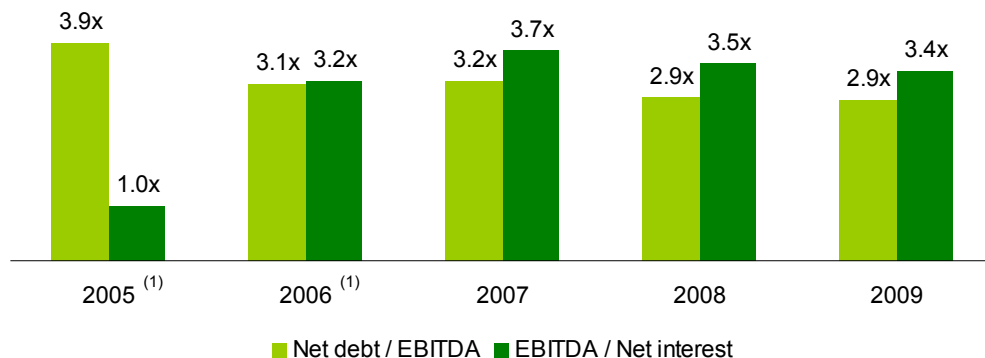


(1) Excludes machines in Colombia, as a result of focus on hall operation vs. machine operation

Expansion of installed capacity, despite significant reduction in capex

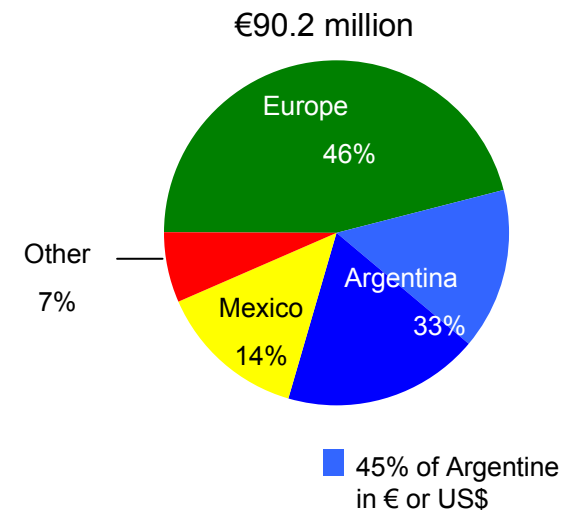
Financial Results: Debt profile and cash

Prudent leverage



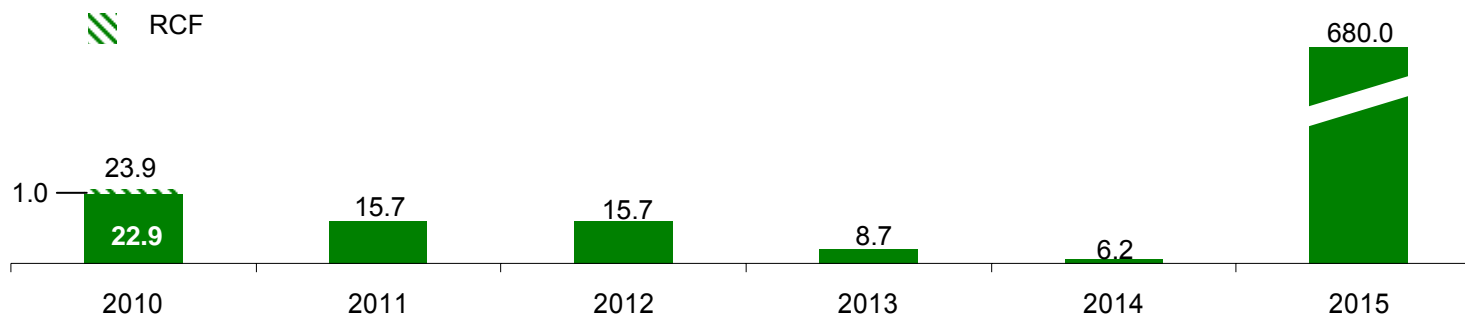
(1) 2005-2006 EBITDA not adjusted for gains or losses on asset disposals

Cash at FYE 2009



Maturity profile

(€ millions)



Prudent leverage and long-dated debt maturity profile

Fiscal situation

Situation in 2008	Measures to improve fiscal efficiency	2009 Efforts	Outlook
<p>Profitable business units which pay corporate taxes</p> <ul style="list-style-type: none"> ● Argentina ● Mexico ● Panama ● Italy indirect machines 	<ol style="list-style-type: none"> 1. Increase intercompany charges and reduce PBT <ul style="list-style-type: none"> - as permitted by local regulation and transfer pricing guidelines 2. Increase debt (interco –HQ to subs, or third party) <ul style="list-style-type: none"> - In Argentina debt can only be deducted if used to fund investment 3. Tax consolidation of profitable and unprofitable businesses 	<ul style="list-style-type: none"> ● Maintained at €54.7MM (vs. €56.7MM in '08) ● Cancelled €53MM loan from Argentina To HQ ● Contracted local debt in Mexico (used to pay HQ debt) ● HQ loaned c€5.0 MM to Argentina for La Plata renewal payment ● Consolidation of Italy Network and indirect machine operations 	<ul style="list-style-type: none"> ● Expect to continue to consolidate interco charges ● Expect to continue to contract local debt, including RCF refinancing ● Expect to make loans for San Martin and Puerto renewals
<p>Loss making business units which pay corporate tax (due to AMT, or other)</p> <ul style="list-style-type: none"> ● Italy bingo and Italy Network ● Brazil ● Spain Sports betting ● Colombia ● Spanish consolidated tax group <ul style="list-style-type: none"> Spain AWP > 75% -Spain AWP subsidiaries <75% + Spain bingo <hr/> = Total EBT of Spain - Corporate overhead Net financial expenses Corporate overhead expenses <hr/> = Deficit -Intercompany charges <hr/> = GAP 	<ol style="list-style-type: none"> 4. Improve PBT <ul style="list-style-type: none"> - Ability to use/activate NOLs 5. Purchase minorities 6. Decrease net financial expenses 7. Reduce corporate overhead 1. Increase intercompany charges 	<ul style="list-style-type: none"> ● Reduction of losses in Sports betting ● Maintained at €68.5MM (vs. €66.4MM in '08) ● Reduced by €10MM 	<ul style="list-style-type: none"> ● Expect improvement in: <ul style="list-style-type: none"> - Italy Bingo - Spain AWP - Spain Bingo ● Expect will improve as local debt used to pay down HQ debt ● Expect will remain relatively constant

Outlook 2010: Growth drivers in key markets

Country	Growth drivers		Comment
	# machines	Net win	
Argentina	+	+	<ul style="list-style-type: none"> ● Increase in net win driven by continued implementation of coinless systems (i.e. TITO) in 14% of park ● Resumption of growth in machine park ● Increase in gaming tax in renewed halls
Mexico	+	+	<ul style="list-style-type: none"> ● Increase in net win driven by roll-out of Class III machines offsetting negative impact of national (ex DF) anti-tobacco regulation implemented Aug. '09 ● Small increase in machine park ● Increase in gaming tax, VAT and CIT
Spain	=	+	<ul style="list-style-type: none"> ● Recovery of net win driven by: <ul style="list-style-type: none"> ○ Madrid regulation (Aug. '09) affects 22% of park ○ Wins touched bottom in Q3 '09 ● Margin increase driven by operating leverage of business and restructurings in 2009
Italy	+	+	<ul style="list-style-type: none"> ● Increases driven by deployment of VLTs, primarily in bingo halls

Positive outlook for principal KPIs

Outlook 2010: Underlying assumptions and expectations

- Assumptions

- Foreign exchange rates based on forward rates on November 26, 2009
- Considers Mexican operations prior to giving effect to transaction contemplated in MOU with Caliente
- Refinancing of RCF and relative stability of financial debt
- Roll-out of VLTs expected in 2H 2010

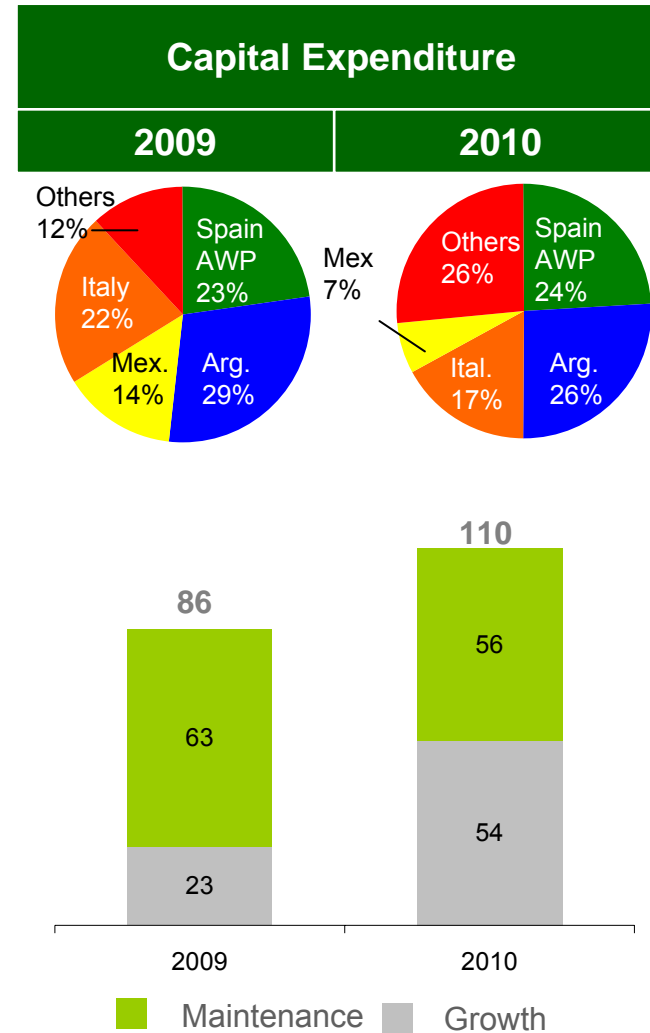
	Avg.	Averages based on FX forwards as of Nov 26, 2009					% change 09 vs. 10	Avg. YTD
	FY 09	1Q 10	2Q 10	3Q 10	4Q 10	Avg. FY 10		
AR\$/€	5.22	5.80	5.94	6.11	6.29	6.03	+15.51%	5.35
MXP/€	18.83	19.66	19.89	20.13	20.38	20.02	+6.32%	18.00
US\$/€	1.39	1.50	1.50	1.50	1.50	1.50	+7.91%	1.40

- Expectations

- Reported EBITDA expected in range of €230-€240 million
- EBITDA projected to improve throughout the year as increases in machines and improvements in net wins progressively outweigh negative effects impacting 2010.
 - Selected items impacting in 2010, compared to 2009:
 - Increased gaming taxes resulting from regulatory changes in Mexico, Colombia and Panama beginning in Q1 2010
 - Increased gaming tax associated with canon tax surcharge related to license renewals in Argentina (La Plata since Nov. 2009 and San Martin and Puerto expected in Q2 2010)
 - Implementation in Q3 2009 of anti-tobacco legislation at national level (ex D.F.) in Mexico expected to affect wins through Q2-Q3 2010
 - Investments in new ventures (Carrasco in Uruguay, on-line gaming)
 - 100% consolidation of Sports Betting following purchase of William Hill's stake in January 2010
 - Latent losses (as of February 25, 2009) on existing foreign exchange contracts
 - First quarter reported EBITDA expected in range of €48-€50 million, compared to €58 million (€56.8 million adjusted and excluding €1.2 million hedge loss) in Q4 2009 and €55.7 million (€57.1 million adjusted and excluding €1.4 million hedge gain) in Q1 2009

Outlook 2010: Capex

Country	Principal investments
Argentina	<ul style="list-style-type: none"> Increase in machine park (8%-10%) Continued TITO installation Hall refurbishments Build-out for hall relocation in 2011
Mexico	<ul style="list-style-type: none"> Increase in machine park (10%-12%) Hall refurbishments, including adaptation to anti tobacco regulation Hall expansions
Spain	<ul style="list-style-type: none"> Machine renewals Renewals of exclusivity contracts
Italy	<ul style="list-style-type: none"> Remaining 50% of VLT rights Bingo hall refurbishments, including adaptation for VLTs
Other	<ul style="list-style-type: none"> Uruguay- investment in Carrasco project Panama- Casino refurbishments and expansion Sports Betting- increase in self-service terminals



Stable investment plan focused in key markets

Outlook: 2010 management agenda

Argentina

- Continue implementation of TITO and other cashless systems
- Finalize license renewals
- Optimization of hall location and capacity increases

Mexico

- Finalize agreement with Caliente
- Continued build-out of permits and installation of machines
- Rollout of Class III machines
- Manage effect of anti-tobacco regulation

Spain

- Achieve increase in net win resulting from Madrid regulation
- Continue active test and deployment of market leading machines
- Continue to adapt exclusivity payments to bar owners to current market conditions

Other Operations

- Italy- Deployment of VLTs
- Colombia-Conduct strategic review
- Other- Analyze opportunities in existing or adjacent markets and products
- Sports Betting- Continue deployment in Madrid and Basque Region, and monitor regulatory developments in other regions

Corporate

- Consolidation of savings in corporate overhead expenses
- Focus on liquidity
- Consolidation of improvements of intercompany charges
- Consolidation of reduced effective tax rate



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