



## 2010 Results and Outlook

February 25, 2011

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## Agenda

- **2010 Highlights**
- **Financial Results**
- **Outlook**

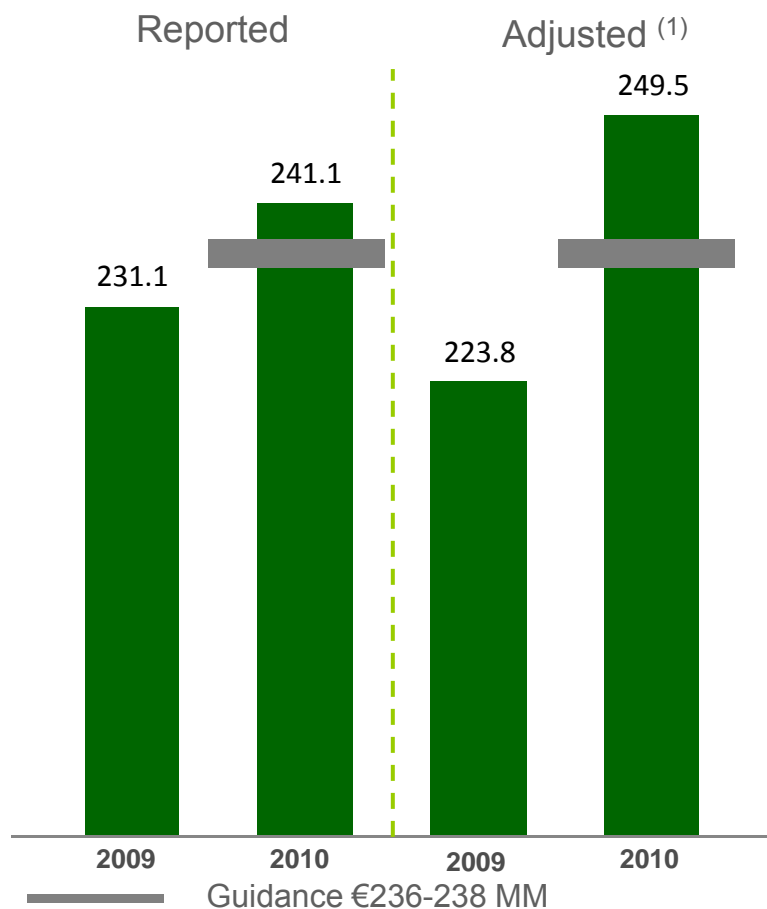
## 2010 Highlights: Key accomplishments

- Exceeded EBITDA target for 2010 : €241.1 million, compared to guidance of €236-238 million
- Adjusted for non-recurring items, EBITDA was €249.5 million, an increase of 11.5% compared to €223.8 in 2009
- Expansion in machine portfolio in Argentina and Mexico (8% and 11%, respectively), bingo halls to 129 (+2%) and sports betting locations to 597 (+109%)
- Renewed San Martin and Puerto licenses in Argentina through June 2021
- Launch of VLTs in Italy
- Signed agreements with Caliente
- Acquisition of six casinos in Panama
- Launched online gaming in Italy
- Signed enlarged multicurrency, multi-borrower Senior Facilities Agreement
- Issued €100 million 8.25% Senior Notes due 2015

**Important achievements in 2010, well positioned for growth in 2011**

## 2010 Highlights: EBITDA target exceeded

### EBITDA



Quarter	Guidance	Reported
(€ millions)		
1 <sup>st</sup>	48-50	54.4
2 <sup>nd</sup>	51-53	55.9
3 <sup>rd</sup>	58-60	61.9
4 <sup>th</sup>	64-66	68.9

(1) Adjusted by non recurring items

Consistently delivered on expectations...

# 2010 Highlights: Capex in line with 2008 levels

## Total Capex

## Maintenance and Growth Capex



Capex slightly below guidance due to carry overs into 2011

## 2010 Highlights: Progress on management agenda

### Argentina

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

### 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 markets

### Others

- Italy- deployment of VLTs
- Colombia – Conduct strategic review
- Sports Betting- Continue deployment in Madrid and Basque region and monitor regulatory development in other regions
- Analyze opportunities in existing or adjacent markets and products

### Corporate

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

- ✓ ● TITO installed in halls representing 85% machine seats
- ✓ ● San Martin and Puerto renewed through June 2021
- ✓ ● Seats increased by 364 including expansion of Ramos Mejia hall, which added 172 seats
- ✓ ● Signed definitive agreement with Caliente in July
- ✓ ● Number of machines in operation increased in 1,878
- ✓ ● 94% of the Mexican portfolio is Class III or similar
- ● Achieved by most of the halls except those part of Caliente transaction (in progress)
- ● Net win maintained in €49.2
- ✓ ● Video machines increased from 8.2% of the portfolio in 2009 to 21.7% in 2010
- ✓ ● The contract renovations of the park were renewed under new conditions
- ✓ ● Began operating VLTs in October
- ✓ ● EBITDA increased by 17% compared to 2009
- ✓ ● Betting locations more than doubled in 2010 and launch of operations in Navarra
- ✓ ● Launch of Internet activity
- ✓ ● Reduced by 2% (on adjusted basis)
- ✓ ● Renewal RCF and issued €100 million 8.25% Senior Notes
- ✓ ● Increased to €68.2 MM in 10 from €54.7MM in 09
- ✓ ● Reduced to 60.1% in '10 from 63.4% in '09

## Financial results: Consolidated results

(in € millions)	2009	2010 Reported	% change	2010 At constant currency <sup>(1)</sup>	% change <sup>(2)</sup>
<b>Revenues<sup>2</sup></b>	967.9	1,126.5	16.4%	1,096.5	13.7%
<b>EBITDA<sup>2</sup></b>					
Argentina	110.1	135.8	23.3%	141.0	28.6%
Mexico	60.5	63.6	5.1%	60.0	4.9%
Spain AWP	44.5	50.3	13.0%	50.3	13.0%
Italy	15.3	14.2	(7.2%)	14.2	(7.2%)
Others	15.7	2.1	(86.6%)	0.9	(94.3%)
Corp. overhead	(15.0)	(24.9)	<i>n.a.</i>	(24.9)	<i>n.a.</i>
<b>Reported EBITDA<sup>2</sup></b>	<b>231.1</b>	<b>241.1</b>	<b>4.3%</b>	<b>241.5</b>	<b>6.2%</b>

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

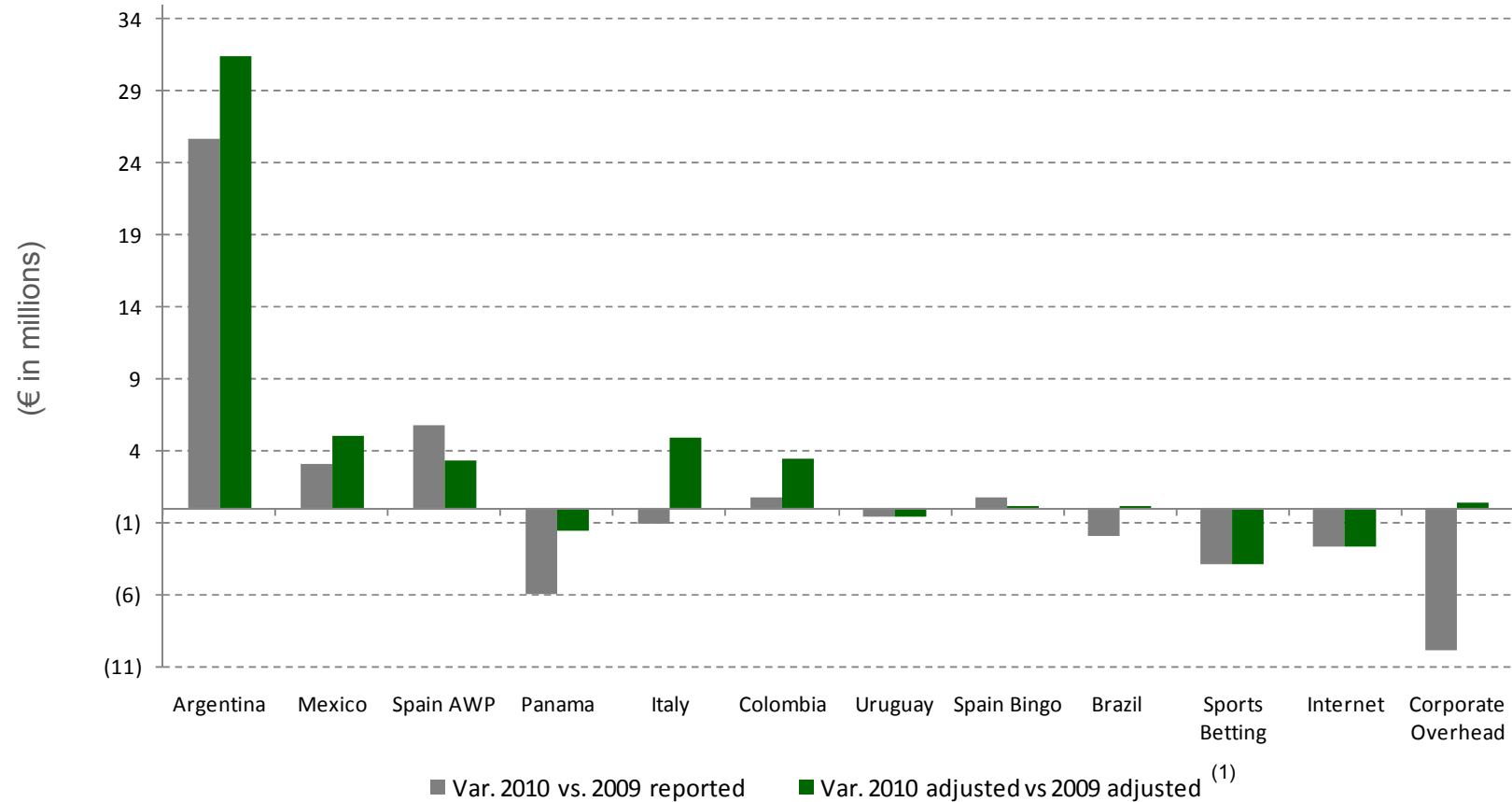
(2) Variations are calculated against 2009 figures also adjusted by the gain or loss in the foreign exchange contracts (gains of €0.5 million and €3.3 million in Argentina and Mexico respectively)

**Strong consolidated results**



# Financial Results: EBITDA by business unit

## Ebitda variation per business unit



(1) Figures adjusted by non recurring items and gains or losses in foreign exchange contracts

**Positive evolution across the majority of businesses, on an adjusted basis**

## Financial Results: Reported vs. Adjusted EBITDA



Non Recurring Items					
€Millions	1Q 10	2Q 10	3Q 10	4Q 10	TOTAL
EBITDA reported	54.4	55.9	61.9	68.9	241.1
Reversal of provision in Mexico				2.1	2.1
Others	0.5				0.5
<b>Positive non recurring items</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>2.1</b>	<b>2.6</b>
Fiscal contingencies in Argentina and Brazil	(1.0)		(1.0)		(2.0)
Caliente transaction costs		(0.8)	(0.4)		(1.2)
Panama casinos acquisition transaction cost		(0.3)	(1.6)		(1.9)
Closure of Casino Colón	(0.6)	(0.6)	(0.6)		(1.8)
Others	(0.3)		(1.3)	(2.5)	(4.1)
<b>Negative non recurring items</b>	<b>(1.9)</b>	<b>(1.7)</b>	<b>(4.9)</b>	<b>(2.5)</b>	<b>(11.0)</b>
<b>TOTAL non recurring items</b>	<b>(1.4)</b>	<b>(1.7)</b>	<b>(4.9)</b>	<b>(0.4)</b>	<b>(8.4)</b>
<b>Adjusted EBITDA</b>	<b>55.8</b>	<b>57.6</b>	<b>66.8</b>	<b>69.3</b>	<b>249.5</b>
Gains or losses on foreign exchange contracts	(4.2)	(3.4)	(1.3)	(1.5)	(10.4)
<b>Adjusted EBITDA ex hedges</b>	<b>60.0</b>	<b>61.0</b>	<b>68.1</b>	<b>70.8</b>	<b>259.9</b>

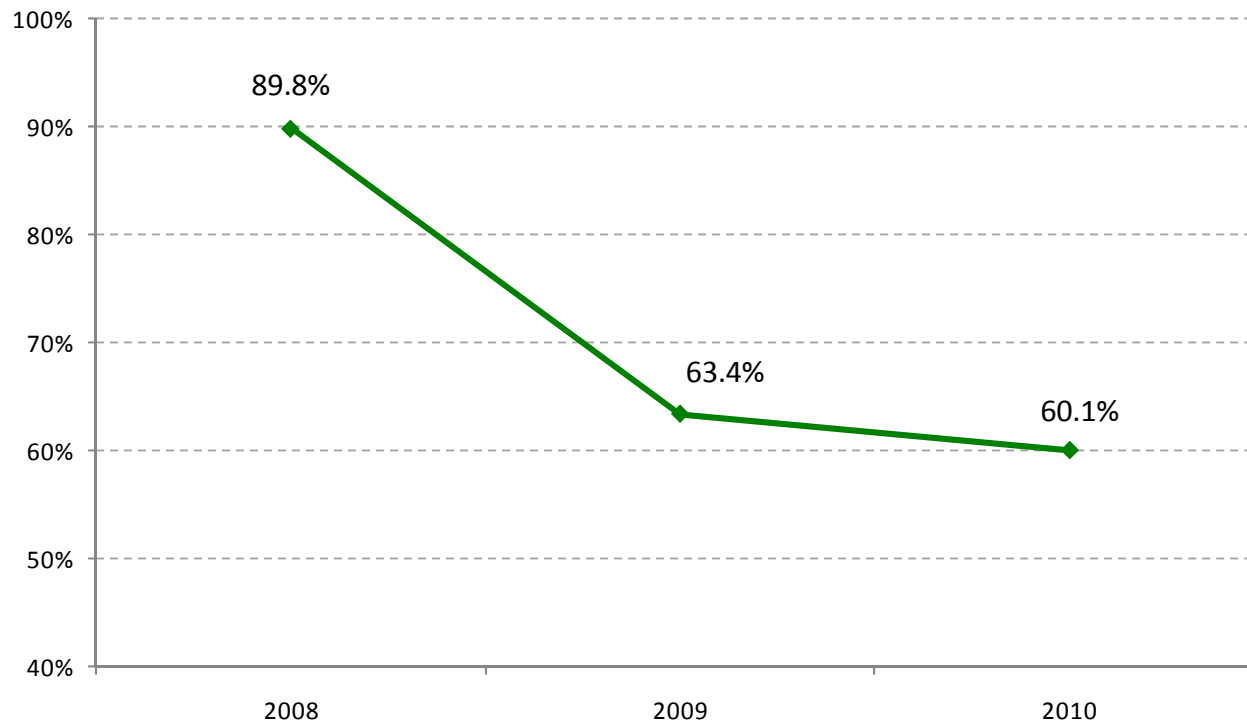
## Financial Results: Cash flow generation

(€ millions)	2009	2010	% Change
<b>EBITDA</b>	231.1	241.1	4.3%
- Net interest	68.5	69.3	1.2%
- Taxes	<u>36.6</u>	<u>45.4</u>	24.0%
<b>Operating Cash Flow</b>	<b>126.0</b>	<b>126.4</b>	<b>0.3%</b>
- Maintenance Capex	<u>63.4</u>	<u>46.5</u>	(26.7%)
<b>Discretionary Free Cash Flow</b>	<b>62.6</b>	<b>79.9</b>	<b>27.6%</b>
- Growth Capex	<u>23.0</u>	<u>94.8</u>	n.a.
<b>Free Cash Flow</b>	<b>39.6</b>	<b>(14.9)</b>	<b>n.a.</b>

**Strong growth in discretionary free cash flow**

## Financial Results: Effective tax rate

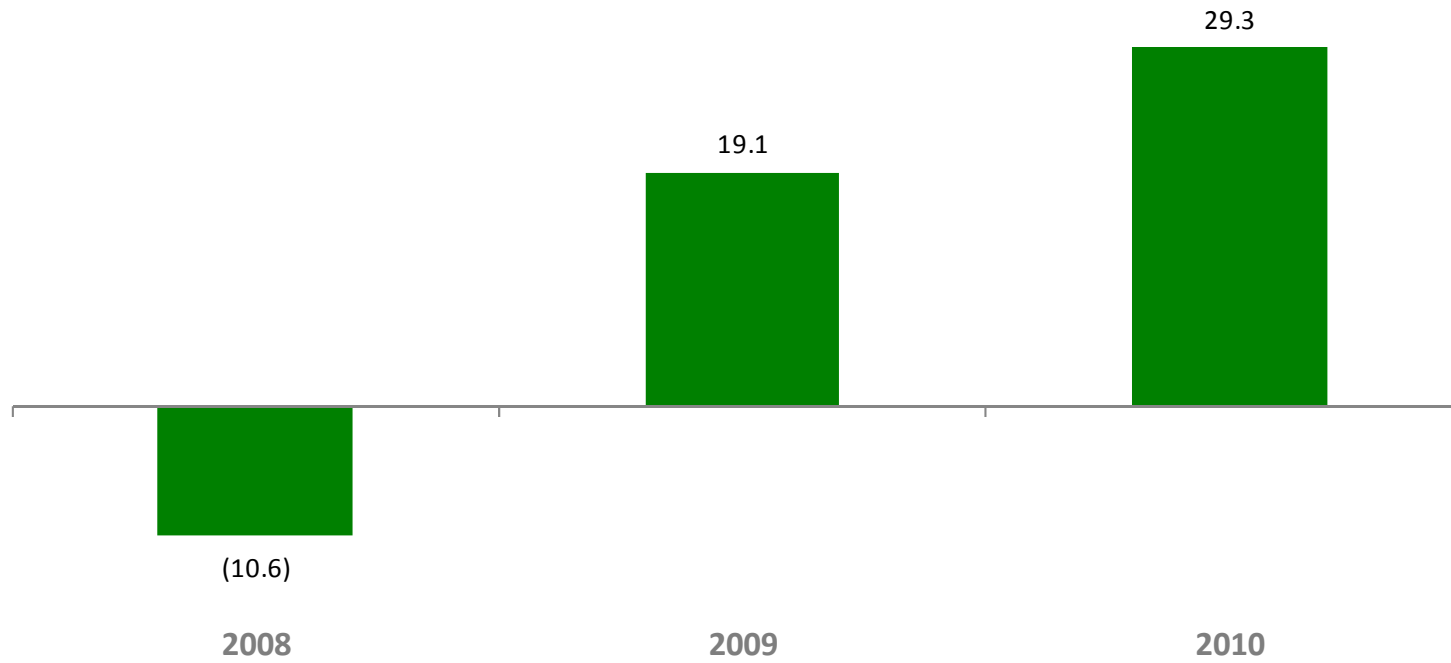
### Effective tax rate evolution



**Continued improvement of the tax rate due to tax optimization initiatives and the activation of NOLs**

## Financial Results: Net profit

### Reported net profit evolution



### Increase in net profit

## Operating data

### # of Machines

	2009	2010	% change
Argentina	4,679	5,043	7.8%
Mexico <sup>(1)</sup>	17,421	19,299	10.8%
Spain <sup>(2)</sup>	15,669	15,452	(1.4%)
Italy AWP <sup>(3)</sup>	1,688	1,698	0.6%
Italy Bingos AWP	493	480	(2.6%)
Italy Bingos VLT	n.a.	402	n.a.
Panama <sup>(4)</sup>	1,620	3,377	108.5%
Colombia	6,556	6,179	(5.8%)
Uruguay	<u>1,604</u>	<u>1,642</u>	2.4%
<b>Total</b>	<b>49,730</b>	<b>53,572</b>	<b>7.7%</b>

### Net Win per Machine per day

	2009	2010	% change
<b>Euros</b>			
Argentina <sup>(5)</sup>	189.8	236.2	24.4%
Mexico <sup>(1)(5)</sup>	47.0	52.9	12.6%
Spain AWP	49.2	49.2	0.0%
Italy AWP <sup>(3)</sup>	67.8	74.6	10.0%
Italy Bingo AWP	97.0	123.5	27.3%
<b>Local Currency</b>			
Argentina <sup>(5)</sup>	989	1,223	23.7%
Mexico <sup>(1)(5)</sup>	883	881	(0.2%)

1. As a result of the Caliente transaction signed on July 16, 2010 data shown for the Caliente part of our Mexican operations corresponds only to the halls included in these new agreements. Data for 2009 and previous quarters of 2010 has also been adjusted to reflect this change.

2. Includes 82 machines deployed in Canoe Bingo in 2009 and 105 in 2010

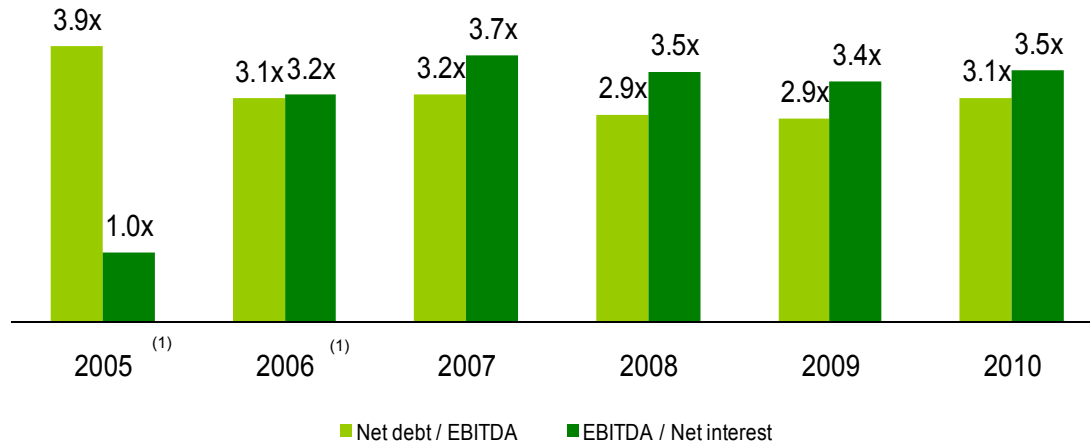
3. Does not include Future Games, purchased in December 2010

4. 2010 data includes 1,804 machine seats located in the six casinos purchased in August 2010

5. Net wins were negatively affected by the hall closures in Argentina and Mexico in Q3 2009 and Q2 2009, respectively due to the H1N1 virus.

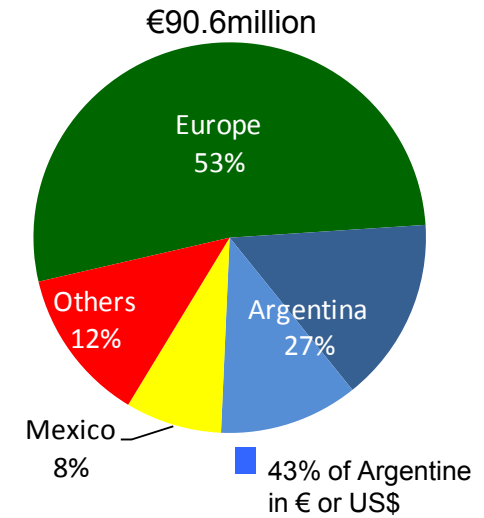
# Financial Results: Debt profile and cash

## Prudent leverage

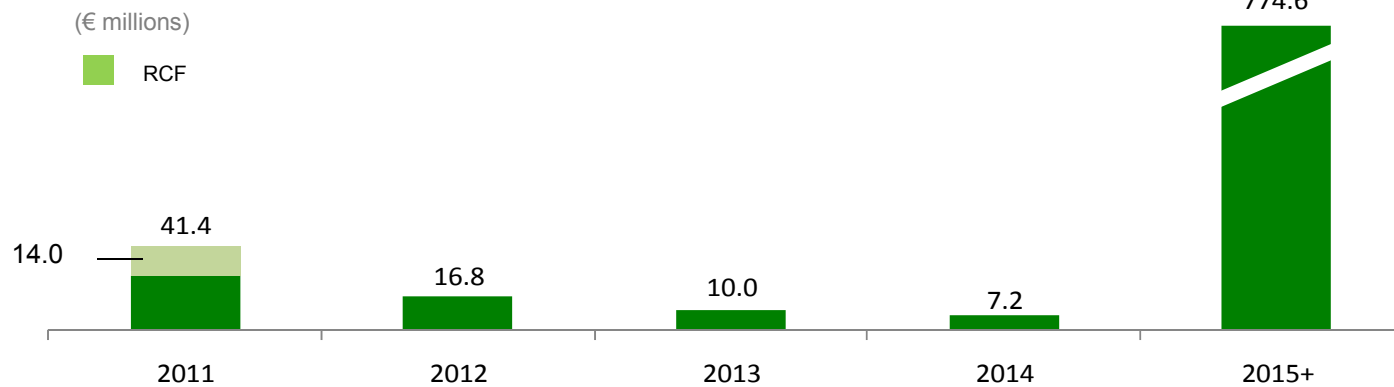


(1) 2005-2006 EBITDA not adjusted for gains or losses on asset disposals

## Cash at FYE 2010



## Maturity profile



## Prudent leverage and long-dated debt maturity profile

## Outlook 2011: Growth drivers in key markets

Country	Growth drivers		Comment
	# machines	Net win per machine	
Argentina	+	+	<ul style="list-style-type: none"> <li>● Increase in net win driven by continued implementation of coinless systems (i.e. TITO)</li> <li>● Growth in machine park, including a hall relocation</li> </ul>
Mexico	+	+ / =	<ul style="list-style-type: none"> <li>● Increase in net win driven by continued adoption of halls to anti-tobacco regulation and roll-out of Class III machines (particularly in Joint Opcos)</li> <li>● Small increase in machine park</li> </ul>
Spain	= / -	-	<ul style="list-style-type: none"> <li>● Decrease in net win driven by national anti-tobacco regulation implemented January 1, 2011</li> <li>● Stability in machine park</li> </ul>
Italy	+	+	<ul style="list-style-type: none"> <li>● Increases driven primarily by deployment of VLTs</li> </ul>

**Positive outlook for principal KPIs**



## Outlook 2011: Underlying assumptions and expectations

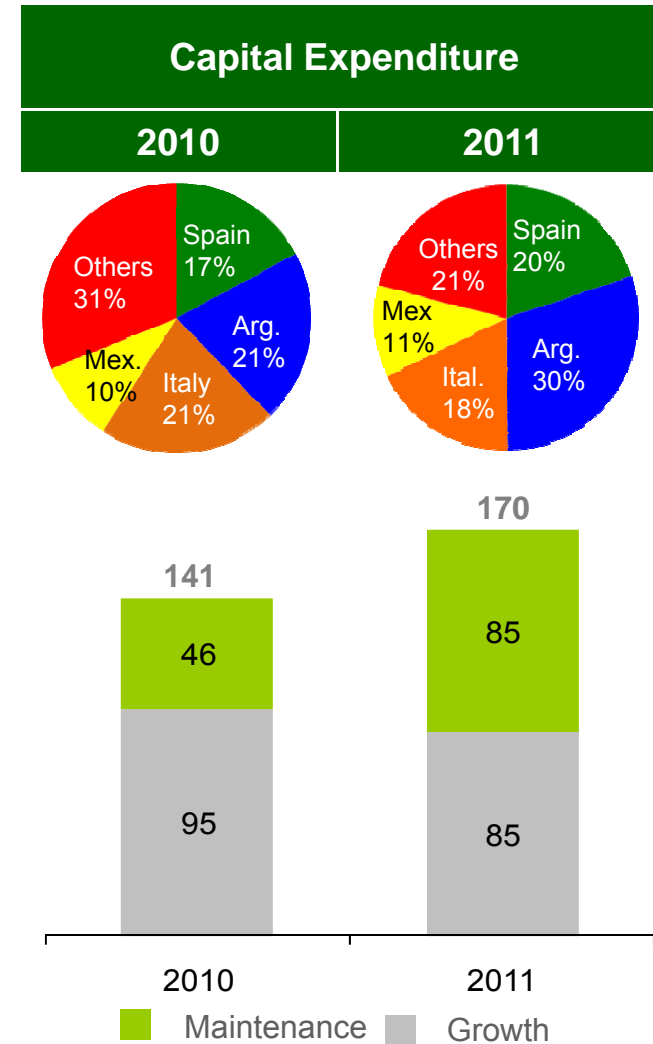
- Assumptions
  - Foreign exchange rates based on forward rates on February 9, 2011
  - Considers consolidation of halls purchased pursuant to Caliente transaction as of April 1, 2011.

	Avg.	Averages based on FX forwards as of February 9 <sup>th</sup> , 2011					% change 10 vs. 11
	FY 10	1Q 11	2Q 11	3Q 11	4Q 11	Avg. FY 11	
€/AR\$	5.19	5.53	5.73	5.79	5.94	<b>5.75</b>	10.8%
€/MXP	16.74	16.52	16.63	16.75	16.89	<b>16.70</b>	(0.2%)
€/US\$	1.32	1.36	1.37	1.37	1.36	<b>1.37</b>	3.8%

- Expectations
  - Reported EBITDA expected in range of €305-€320 million
  - EBITDA projected to improve throughout the year as positive factors progressively outweigh negative factors impacting 2011.
    - Positive factors:
      - Consolidation of halls purchased pursuant to Caliente transaction (expected beginning Q2)
      - Consolidation of Panama casinos
      - Increases in machine park in Argentina and Mexico
      - Increases in net win in Argentina and Mexico
      - Deployment of VLTs in Italy.
    - Negative factors:
      - Implementation of anti-tobacco legislation at national level in Spain on January 1, 2011
      - Costs associated with new ventures (Carrasco in Uruguay, Internet, Sports Betting in new regions)
      - Latent losses (as of February 9, 2011) on existing foreign exchange contracts
  - First quarter reported EBITDA expected in range of €64-€67 million, compared to €69 million in Q4 2010 and €54 million in Q1 2010
    - Expected variation between Q4 2010 and Q1 2011 due principally to decrease in net win in Spain (anti-tobacco) and the absence of \$1 million monthly fee associated with the management agreement relating to the Caliente transaction.

# Outlook 2011: Capex

Country	Principal investments
Argentina	<ul style="list-style-type: none"> <li>Increase in machine park (14%-18%)</li> <li>Continued TITO installation</li> <li>Hall refurbishments</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>Increase in machine park (2%-4%)</li> <li>Hall refurbishments, including adaptation to anti tobacco regulation</li> <li>Hall expansions</li> </ul>
Spain	<ul style="list-style-type: none"> <li>AWP machine renewals and exclusivity contracts</li> <li>Increase in self-service sports betting terminals and deployment in new regions</li> </ul>
Italy	<ul style="list-style-type: none"> <li>Selected acquisitions (machines operators, halls and/or VLT rights)</li> <li>Bingo hall refurbishments, including adaptation of halls for VLTs</li> </ul>
Other	<ul style="list-style-type: none"> <li>Uruguay- investment in Carrasco project</li> </ul>



**Stable investment plan focused in key markets**

## Outlook: 2011 management agenda

### Argentina

- Continue implementation of TITO and other coinless systems
- Optimization of hall location and capacity increases

### Mexico

- Consolidate halls purchased pursuant to Caliente transaction (assuming Cofeco approval)
- Continue build-out of permits and installation of machines
- Finalize rollout of Class III machines
- Continue adaptation of halls to anti-tobacco regulation

### Spain

- Manage effect of anti-tobacco regulation
- Achieve synergies from combination of business (AWP, Sports Betting and Bingo)
- Consolidate sports betting operations in existing regions and monitor regulatory developments in other regions.

### Italy

- Continue deployment of VLTs in Codere-managed and third party locations
- Analyze growth opportunities

### Other Operations

- Uruguay- Continue build-out of Carrasco
- Panama- Consolidate synergies following casinos acquisition
- Analyze opportunities in existing or adjacent markets and products

### Corporate

- Continue optimization of intercompany charges
- Maintain the effective tax rate
- Analyze alternatives to match currency of debt to cash flows
- Explore opportunities to crystallize the value of the business



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