ALTERNATIVE PERFORMANCE MEASURES (APMs)

In compliance with ESMA directives about alternative performance measures ("APM"), we are including this additional information which will enable comparability, reliability and overall improve the understanding of our reported financial information.

Our results are presented under IFRS accounting principles, but we consider that additional APMs offer better metrics to assess the company's performance. Moreover, these metrics are used internally to take financial, operating and planning decisions. We believe these metrics reflect a more accurate image of the company's performance and its financial information.

Tables with reconciliation between IFRS and reported metrics are provided at the end of the document.

EBITDA: Operating Profit plus i) impairment charges, ii) gains / (losses) on asset disposals, iii) Variation in Provisions for Trade Transactions, and iv) depreciation & amortization.

- **Usage rationale**: This metric is widely used in the industry, as it helps analyze operating results excluding depreciation and amortization, which is a non cash item which can vary substantially between companies. EBITDA is the best proxy for operating cash flows before corporate income tax.

Attributable EBITDA: EBITDA as defined above adjusted by the percentage of total ownership held in the entity.

- **Usage rationale:** We use this metric to reflect more accurately the EBITDA that is effectively generated by group.

Adjusted EBITDA: Consolidated EBITDA excl. all non-recurring items.

- **Usage rationale:** We use this metric to adjust for extraordinary items which we do not expect to incur on a go forward basis in the ordinary course of business. For instance, the main adjustment in 2016 relates to restructuring costs which we consider to be extraordinary in nature.

Total EBITDA: Reported EBITDA, as defined above, converted using the unofficial Blue Exchange rate for Argentine Peso to the Euro/U.S. Dollar plus the 50% EBITDA reported by our Uruguayan Joint venture HRU.

- **Usage rationale:** We believe that using the ARS Blue reflects more accurately the contribution of our Argentine operation to group EBITDA prior to the lift of the capital controls in Argentina on December 17, 2015.
- **Additional background**: 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). Additionally the Total EBITDA incorporates the 50% EBITDA of our Uruguayan joint venture (HRU), as it is accounted for under the equity method and otherwise we would not reflect consistent figures with the economic reality of our business

Total Adjusted EBITDA: Total EBITDA, as defined above, adjusting for extraordinary items which we do not expect to incur on a going forward basis in the ordinary course of business.

- **Usage rationale**: We use this metric to adjust for extraordinary items which we do not expect to incur on a going forward basis in the ordinary course of business taking in consideration i) The argentine contribution at Blue rate (which is a better proxy to the effective exchange rate, applicable during the capital controls in Argentina), ii) the HRU contribution to the Group. Overall we consider this metric to be the alternative performance measure that reflects most accurately the economic performance of the group.

Total Adjusted EBITDA ex Uruguay: Total Adjusted EBITDA as defined above excluding the 50% EBITDA contribution of or Uruguayan joint venture HRU.

- **Usage rationale:** We use this metric to represent the performance of the group taking into consideration the applicable accounting methodology of our Uruguayan JV which is accounted for under the equity method and therefore not consolidated in the groups financials.

EBITDA margins (Adjusted/ Total Adjusted/ Total Adjusted ex Uruguay): Respective EBITDAs, as defined above, as a percentage of Total Revenue.

- **Usage rationale:** EBITDA margins are a measurement of a company's operating profitability. We look at all of them to understand profitability at different levels (ie, before non-recurring items, at ARS Blue, and so on).

Total revenue: [Consolidated revenue plus Codere's 50% attributable interest in HRU operating revenue.

- **Usage rationale**: We use this metric to include our 50% stake in our Uruguayan joint venture, as it is consolidated under the equity method and we would otherwise not reflect a significant revenue figure which is attributable to the company.][1]
- [Please insert reconciliation]

Net financial debt: Long and short term financial debt (borrowings) minus Cash and Cash equivalents

- **Usage rationale:** We use this industry standard metric to assess the company's financial liabilities taking into account available cash. This metric is useful

Attributable net debt: Net financial debt as defined above adjusted for by the percentage of total ownership held in the entity.

- **Usage rationale:** We use this metric to reflect more accurately the financial debt that is effectively owed by group.

Total Non-Recurring Ex Financial Restructuring: Non recurring operating expenses excluding those related to the financial restructuring.

- **Usage rationale:** We provide this metric to differentiate between those non-recurring items which are more related to the business from the significant non-recurring costs related to the financial restructuring, which are much more extraordinary in nature and significant in size.

Total Non-Recurring: operating expenses (or revenues) that we do not expect to incur on an ongoing basis.

- **Usage rationale:** we provide this metric to be able to exclude it from EBITDA, as defined above, and have a better understanding of the business performance on a like for like basis, not being disrupted by extraordinary impacts (whether positive or negative)

Leverage ratio: net financial debt, as defined above, divided by Adjusted EBITDA, as defined above.

- **Usage rationale:** we use this industry standard ratio to assess the company's financial liabilities against its cash generation capability.

Total Liquidity: Cash and cash equivalents excluding €70mm of cash intended as a minimum level to operate the business.

- **Usage rationale:** This metric provides a better understanding to the cash that the company could freely use without affecting its capacity to run the business.

Liquidity consolidated (pro forma): Total liquidity as defined above after the implementation of the restructuring plan which entailed a cash inflow of $437.8.

- **Usage rationale:** This metric provides a better understanding of the cash that the company could freely use without affecting its capacity to run the business, after the financial restructuring.

Working Capital Assets: The sum of accounts receivable, Taxes Receivable (excl. corporate income taxes receivable), prepaid expenses, inventory and other current assets (excluding security deposits).

- **Usage rationale**: we use this metric in order to calculate net working capital, as defined below.

Working Capital Liabilities: The sum of accounts payable, S-T provisions for trade transactions, Taxes Payable (excl. corporate income taxes payable), Deferred Payments (excl. Capex Financing) and other current liabilities (excl. security deposits).

- **Usage rationale**: we use this metric in order to calculate net working capital, as defined below.

Net Working Capital: The difference between Working Capital Assets and Working Capital Liabilities.

- **Usage rationale**: Working capital is a measure of both a company's efficiency and its short-term financial health.

Free Cash Flow (available to service Opco debt): Also refered to as FCF: Adjusted EBITDA less corporate income taxes paid less Total Capital Expenditures less Increases in Net Working Capital.

- **Usage rationale**: This metric provides the level of cash generated by the business after all obligations (financial, investing and operational) have been met.

Reconciliation tables

Reported revenues to Total Revenues

Country	2014	2015	2016	CAGR	2015				2016	
	FY	FY	Q2LTM	12-16	1Q	2Q	3Q	4Q	1Q	2Q
Argentina	*489*	*682*	*612*	*(1%)*	*158*	*168*	*183*	*172*	*126*	*131*
Mexico	*342*	*355*	*334*	*(6%)*	*91*	*92*	*85*	*87*	*81*	*81*
Panama	*89*	*103*	*97*	*1%*	*26*	*27*	*25*	*25*	*23*	*23*
Colombia	*31*	*29*	*26*	*(7%)*	*7*	*8*	*7*	*7*	*5*	*7*
Uruguay CN	*18*	*28*	*21*	*n.m*	*7*	*8*	*4*	*9*	*3*	*4*
Brazil	*3*	*2*	*2*	*(12%)*	*1*	*1*	*1*	*1*	*0*	*0*
Spain	*150*	*156*	*165*	*2%*	*38*	*37*	*40*	*41*	*42*	*42*
Italy	*264*	*284*	*312*	*4%*	*69*	*68*	*70*	*77*	*82*	*83*
Reported Revenues	**1,386**	**1,640**	**1,568**	*(1%)*	**397**	**409**	**415**	**419**	**363**	**371**
- ARS at Blue Rate Adjustment	*(168)*	*(227)*	*(124)*	*(1%)*	*(54)*	*(50)*	*(70)*	*(53)*	*0*	*0*
+ 50% HRU	*24*	*27*	*26*	*0%*	*7*	*7*	*7*	*7*	*7*	*6*
Total Revenues	**1,241**	**1,439**	**1,471**	***(1%)***	**350**	**365**	**352**	**372**	**369**	**378**

Reported EBITDA to other EBITDAs

Country	2014	2015	2016	CAGR	2015				2016	
	FY	FY	Q2LTM	12-16	1Q	2Q	3Q	4Q	1Q	2Q
Reported EBITDA	**164**	**255**	**202**	*(7%)*	**66**	**62**	**68**	**58**	**53**	**23**
- ARS at Blue Rate Adjustment	*(33)*	*(49)*	*(27)*	*(3%)*	*(12)*	*(10)*	*(17)*	*(11)*	*0*	*0*
+ 50% HRU	*8*	*9*	*9*	*5%*	*2.4*	*2.2*	*2.4*	*2.3*	*2.5*	*2.3*
Total EBITDA	**139**	**215**	**184**	*(7%)*	**57**	**54**	**54**	**50**	**55**	**25**
- Non Recurring Expenses	*(60)*	*(37)*	*(75)*	*23%*	*(4)*	*(5)*	*(8)*	*(20)*	*(9)*	*(39)*
Total Adjusted EBITDA	**199**	**252**	**259**	***(2%)***	**61**	**59**	**61**	**70**	**64**	**63**
(-) Uruguay JV Adjustment	*(8)*	*(9)*	*(9)*	*5%*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*
Total Adjusted EBITDA ex Uruguay	**191**	**243**	**250**	*(2%)*	**59**	**57**	**59**	**68**	**62**	**61**
EBITDA Margin - Reported	*16%*	*18%*	*18%*		*17%*	*15%*	*16%*	*14%*	*15%*	*7%*
EBITDA Margin Ex Uruguay JV	*16%*	*17%*	*17%*		*16%*	*15%*	*15%*	*13%*	*15%*	*7%*

Free Cash Flow

	2014 FY	2015 FY	2016 Q2LTM	*CAGR 12-16*	2015 1Q	2015 2Q	2015 3Q	2015 4Q	2016 1Q	2016 2Q
Total Adjusted EBITDA[1]	**199**	**252**	**259**	***(2%)***	**61**	**59**	**61**	**70**	**64**	**63**
(-) Uruguay JV Adjustment	*(8)*	*(9)*	*(9)*	*5%*						
Total Adjusted EBITDA - Ex Uruguay JV	**191**	**243**	**250**	*(2%)*	**59**	**57**	**59**	**68**	**62**	**61**
(-) CIT Paid	*(25)*	*(33)*	*(44)*	*(10%)*	*(6)*	*(10)*	*(8)*	*(9)*	*(8)*	*(19)*
(-) Maintenance Capex	*(36)*	*(46)*	*(65)*	*(19%)*	*(8)*	*(14)*	*(11)*	*(13)*	*(21)*	*(21)*
(-) Growth Capex	*(16)*	*(17)*	*(14)*	*(46%)*	*(2)*	*(6)*	*(4)*	*(5)*	*(4)*	*(1)*
(-) Increase in NWC	*(36)*	*(7)*	*(5)*	*(28%)*	*4*	*(0)*	*(13)*	*3*	*(12)*	*18*
FCF Available to Service OpCo Debt (pre one-offs)	**79**	**140**	**121**	***n.m***	**47**	**27**	**22**	**45**	**16**	**38**

Net Debt and Leverage

Net debt calculation	**Dec-15**	**Jun-16**
S-T Financial Debt	*1,425*	*35*
L-T Financial Debt	*77*	*919*
Total debt	**1,503**	**954**
Cash & Equivalents(-)	*(110)*	*(321)*
Total net debt	**1,392**	**633**
LTM Adjusted EBITDA[1]	**252**	**259**
Net Debt/LTM Adjusted EBITDA	**5.5x**	**2.4x**