

**2013**  
**ANNUAL REPORT**





# **2013** **ANNUAL REPORT**



## Letter from the chairman

Dear Shareholders,

In 2013 CODERE's financial statements reflected a combination of several adverse circumstances: a generalized deterioration of the macroeconomic environment in Argentina, the economic impact of smoking bans on our gaming establishments, higher taxes, the closure of gaming facilities in Monterrey – Mexico – and the increasing financial costs of our debt.

Globally, our accounting records report revenues of €1,546.7 billion, decreasing by 7% - €117.2 million - over 2012. Operational cash flow –EBITDA- decreased by €81.2 million, reaching to €206.1 million, 28.3% less than the previous year when it amounted to €287.3 million, although it would be worthwhile indicating that it includes €36.5 million in terms of non-recurring costs as a consequence of the financial restructuring process and labor adjustment policies steadily implemented throughout the year.

In Argentina, our most important market to date, the deterioration of the exchange rate of the local currency, close to 40%, combined with the restrictive smoking regulations and tax increases caused a decline in EBITDA by 31%, namely a decrease of around €50 million.

On the other hand, in Italy tax increases resulted in a fall of our local EBITDA by 38.9%, which meant another €13.6 million less.

Finally, the closure of our Mexican gaming facilities in Monterrey has also negatively affected our business results, albeit to a lesser extent, subtracting 7.6% to the 2012 EBITDA, i.e. €6.5 million.

The Company has responded to this scenario with various costs and investment adjustment policies, seeking to offset falling revenues and certain costs increases. We have managed to lower our operating expenses to €55.7 million, i.e. 3.5%, the most relevant indicator being the personnel downsizing. Thus in 2013, the Company's workforce declined from 21,637 employees to 17,892, that is to say 3,745 layoffs. This trend continued during the first quarter of 2014, registering to year end a total of 16,657 employees, representing a cumulative decline of 23% compared to January 2013. These painful measures to maintain the Company's viability will help to improve margins, further noticeable throughout 2014 and 2015.

On the financial side, events have been especially unfavorable. The Senior debt the Company had entered into with Credit Suisse, Barclays and BBVA, as well as the guarantees with Houston Casual Company, were transferred to Investment Funds, while CODERE expected the corresponding renewal and maturity extension of this debt. The consequences of this transfer have been first a consistent rise in the effective cost of this debt, and secondly, the start of several negotiations to restructure the Company's overall debt. On June 12<sup>th</sup>, 2013, CODERE and its new financial creditors signed a new Senior Credit, whose annual interest rate exceeded 40%, almost multiplying by 10 the previous cost of this debt. On September 13<sup>th</sup>, 2013, the existing credit line of €60 million was extended by €35 million more – a total of €127.1 million guarantees included - maturing on January 5<sup>th</sup>, 2014 and allowing additional extensions linked to potential refinancing agreements with the Noteholders.

On January 2<sup>nd</sup>, 2014 and considering the Company's difficult financial situation, CODERE's Board of Directors decided to file for the Article 5bis of the Spanish Insolvency Act in order to ensure business continuity and provide a legal framework for the negotiations process.

Since then, protected by the four months pre-insolvency period and successive *stand still* agreements with the creditors, the financial obligations have not been yet completed and a restructuring agreement is still pending.

The Board of Directors will submit to the General Shareholders Meeting those points of the agreement that the Company would reach with its financial creditors which have to be considered by the General Shareholders Meeting according to the company by laws and applicable law.

Sincerely,

José Antonio Martínez Sampedro





**1. THE COMPANY****17**

CODERE Group	18
Our values	20
CODERE worldwide	22
Countries CODERE	24
Highlights of our history	28
2013 milestones	30
Our organization	34
Key figures	36

**2. MANAGEMENT REPORT****39**

Executive analysis	40
Corporate analysis	41
Marketing: Building a client-oriented culture	44
Communication	46

**3. BUSINESS AREAS****51**

Gaming Machines	52
Gaming Halls	58
Betting Shops	64
Racetracks	70

**4. CORPORATE GOVERNANCE****75**

CODERE Shareholders	76
Governing bodies	78
Standards of Good Governance	80

**5. INNOVATION****83**

Innovation	84
------------	----

**6. RESPONSIBLE GAMING****87**

Responsible gaming	88
Compliance	102
CODERE Foundation	108
CODERE and society	112

**7. AUDITOR'S REPORT****121**

Auditor's report	122
CODERE S.A. and subsidiaries	124



# Our 2013 goals

## Viability

---

For CODERE it is extremely important to constantly identify and implement initiatives so as to capitalize on new business opportunities in an industry as dynamic and highly potential as it is the private gaming sector.

This year, facing a difficult macroeconomic context, the Company has made significant efforts to enhance and streamline its processes in order to achieve efficiencies as for its overall business, adjusting its structure to suit this new business climate, thus ensuring the viability of the Company's project.











## Reliability

---

With a longstanding business history backed by more than thirty years of activity, the Company has been expanding over time its business model in eight countries perfectly adjusted to these different environments and implementing new product lines - gaming machines in bars, bingo halls, casinos, racetracks and sports betting -.

CODERE is the only Spanish gaming operator that made a full-scale transparency drive deciding to expose itself to public scrutiny, being listed on the Madrid Stock Exchange.

This business model is based on the permanent cooperation with the corresponding Governments in order to appropriately adapt gaming regulations, relying on the professionalism and accountability as for this business activity.



## Soundness

---

Along the way, CODERE has steadily built leading positions in most of the markets where it operates its business activity.

Its product lines diversification and business expansion in different markets provide greater stability and resistance to cope with the economic and regulatory cycles that all business projects must inevitably face.











## A client-oriented business culture

---

In this extremely dynamic and competitive business environment, the client is offered plenty of choices, and this is why the Company is actively committed to get in-depth knowledge of its clients, identifying all relevant aspects and orienting the Company's business management toward them. The next step involves capitalizing this information so that the Company could get the loyalty of its clients, improving their experiences whenever they visit our gaming facilities.





incode



# The Company

---

CODERE is a leading Spanish multinational Company in the private gaming sector, operating in eight countries and employing around 17,890 people as per December, 31<sup>st</sup>, 2013.

# CODERE Group

Operating in eight countries in Europe and Latin America, CODERE manages 54,010 gaming machines, 179 gaming halls, 1,568 betting shops y 4 racetracks. The Company's revenues, with a 73.4% deriving from its business in Latin America, exceeded €1,546 million. Capex in 2013 reached €76.3 million and focused on projects with direct impact on profitability.

CODERE holds a leading position within its core business areas and countries where it operates. CODERE is the first and only Spanish company in the gaming industry listed on the stock exchange since October, 19th, 2007 and continues to develop its activity in this complex industry with complete transparency and accountability.

The Company is the leading gaming halls operator in the province of Buenos Aires (Argentina), Mexico and Italy, and a leading gaming operator in other emergent markets, such as Panama, Colombia, Brazil and Uruguay, and in AWP machines in Spain.

Since its foundation thirty-three years ago, CODERE has continuously adapted itself to market conditions, reinvesting its benefits into new business opportunities and adjusting its costs efficiently against income loss.

CODERE Group closed 2013 with revenues of €1,546.7 million and EBITDA of €206.1 million, reflecting a fall in incomes, tax increases in Italy, Argentina and Mexico, and other non-recurrent expenses related to the financial restructuring process.





# Our Values

CODERE Group's vision is based on the values of: **Professionalism, Transparency, Innovation, Excellence, and Responsibility**, representing the Company's firm commitments. These commitments, far from being a mere declaration of principles, are extended to our daily practice and are fully integrated into the daily management of the Group in all areas of activity.

The Company considers that professional performance under the values described is the best guarantee of the Company's commitment to creating value for its shareholders and main stakeholders.

## Transparency

CODERE stands out as an expert Group, not only in strict compliance with all regulatory requirements of the gaming business in each country in which we operate, but also as a specialist collaborator with regulatory authorities.

CODERE is a transparent and reliable company, the only listed company in the gaming industry in Spain and operates in highly regulated markets, subject to strict administrative control.



## Professionalism

The sound and stable growth of CODERE is due to the operational quality of a highly specialized management team.

The Company has a differentiated business model, diversified by geographic areas and business units, and where the growth, results orientation and efficiency of the workforce are the keys to success.

Accordingly, the selection, training and care as for the personnel are essential in order to achieve the Company's business goals.





# Responsibility

CODERE cooperates with the governments of all countries where it operates, and its own Foundation works to improve the industry's development.

The Company provides guarantees to users and tax revenues to the Administration, while limiting the social impact that this activity may have through responsible management of gaming.



# Excellence

CODERE makes the latest generation of gaming devices available to its clients to improve the user experience. This is accompanied by a top level customer service in excellent facilities and completed by catering services and first class entertainment.

CODERE stands out for providing comprehensive, quality care based on flexible and personalized service.



# Innovation

For CODERE, innovation is the foundation for growth, sustainable development and differentiation in the market. The Company is committed to the new technologies and performs research to obtain the best products.

CODERE's relationships with leading suppliers in technological developments, combined with its experience in various markets and activities, allow the Company to have the best technology platforms within the industry.





# CODERE worldwide

## ARGENTINA

Gaming machines: 6,282

Gaming halls: 14

## BRAZIL

Betting shops: 7

## COLOMBIA

Gaming machines: 5,932

Gaming halls: 51

## SPAIN

Gaming machines: 11,070

Gaming halls: 1

Betting shops: 1,395

## ITALY

Gaming machines: 8,374 (including  
1,193 VLTs)

Gaming halls: 13

Gaming machines network conces-  
sions: 1

## MEXICO

Gaming machines: 16,970

Gaming halls: 82

Betting shops: 73

Racetracks: 1

## PANAMÁ

Gaming machines: 3,225

Gaming halls: 12

Betting shops: 66

Racetracks: 1

## URUGUAY

Gaming machines: 2,157

Gaming halls: 6

Betting shops: 27

Racetracks: 2



## STRATEGY

CODERE Group continues to focus on maintaining the profitability of its business and is actively looking for operational efficiencies. Following the efforts made in recent years, cost containment measures continue in place and the Company is promoting growth initiatives, consolidating some of its business lines. CODERE expects to continue its growth thanks to the development of the opportunities offered in the different markets in which it operates.

Similarly, the Company works with the regulatory authorities to promote the development of a legal channel for new gaming methods, technological innovations and channels that allow remote gaming, but with safeguards for users.

The Company participates in these new markets by itself or jointly with those that can ensure the utmost professionalism for our clients.

# Countries CODERE



## BRAZIL

### Market of opportunities

CODERE entered the Brazilian market in 2006 by means of a partnership with the main leading jockey clubs in the country through a horse racing betting start-up. At present, CODERE operates seven sports betting shops under the brand name Turff Bet&Sports Bar. CODERE hopes to further expand its business in Brazil as new gaming modalities are legally authorized, this way adding extra value to its business. In 2012, CODERE signed an agreement with United Tote that enables the Company to extend its services to Brazil and Latin America racetracks, as well as to its off-track betting network throughout the entire region. In 2013, CODERE signs an agreement with Jockey Club São Paulo and Bandeirantes Group (Band), in order to provide content and technological services to Jockey Club in São Paulo. In November, CODERE sponsored the Brazilian Gaming Conference.

### Business activities

Betting shops: 7

### Start of operations

2006

### 2013 key figures

Income: €2.9 million

EBITDA: €(0.8) million

### 2013 milestones

In May 2013, CODERE signs an agreement with Jockey Club São Paulo and Bandeirantes Group (Band), to provide product and technological services to Jockey Club in São Paulo. In November 2013, CODERE sponsored the Brazilian Gaming Conference, a high level Brazilian institutional meeting attended by key market agents. André Gelfi took part in the seminar "Plans and opportunities to leverage the major sports events in Brazil in a drive to regulate sports betting in the country". At the end of 2013, CODERE progresses its negotiations process with Jockey Club do Paraná in order to become its provider of betting content & services.

## ARGENTINA

### Maintenance of the main business market

Argentina represents CODERE's main market and the Company is the largest gaming halls operator in the province of Buenos Aires, with 14 gaming halls and 6,282 gaming machines, a 7.3% more than in 2012. In 2013, the Company renewed licenses for five of its gaming halls, in force until 2022 (two gaming halls), until 2024 (other two gaming halls) and until 2031 (one gaming hall).

The Company, committed to social responsibility matters in this country, is part of the Corporate Network Against Child Labor since 2010. In 2013, it also supported the race on the World Day Against Child Labor and sponsored the Master degree in Corporate Social Responsibility within San Martin National University.

### Business areas

Gaming machines: 6,282

Gaming halls: 14

### Start of operations

1991

### 2013 key figures

Income: €584.7 million

EBITDA: €110.8 million

### 2013 milestones

Licenses renewal for five gaming halls. Providing support to several initiatives related to corporate social responsibility and different activities against child labor.





## COLOMBIA

### CODERE strengthens its presence in the colombian market

CODERE consolidates its leading position in the market as the major gaming machines and gaming halls operator in this country. In 2013, the Company celebrates the 4<sup>th</sup> CrowN Casinos anniversary and incorporates the cashless system in more than 300 gaming machines, enabling the optimization of the commercial activities, clients management and the client gaming experience improvement. At the end of 2013, the Company opens the first gaming hall under the concept "Fantasía Royal Light" in Medellín and Montería, further enhancing this business unit which is the most representative one within this popular segment.

#### Business areas

Gaming machines: 5,932  
Gaming halls: 51

#### Start of operations

1984

#### 2013 key figures

Income: €34 million  
EBITDA: €3.6 million

#### 2013 milestones

CrowN Casinos enhancement and cashless system implementation



## SPAIN

### Sports betting as an engine of business growth

CODERE began to operate sports betting shops in Galicia in March, and later, in July, in the Region of Murcia. At present, the Company leads the market, being the only company present in all autonomous communities legally regulated at this purpose. In addition, in 2013, the Company signed the entrepreneurial commitment advocating for a clean and fair sport and supporting the best practices of sports sponsorship. At the end of the year, CANOE celebrated its 35<sup>th</sup> anniversary.

#### Business areas

Gaming machines: 11,070  
Gaming halls: 1  
Betting shops: 1,395

#### Start of operations

1980

#### 2013 key figures

Income: €151.6 million  
EBITDA: €17 million

#### 2013 milestones

CODERE Apuestas (CODERE Sports Betting) opens sports betting shops in Galicia and Murcia and continues with the implementation of sports betting shops in the Autonomous Community of Valencia started on the second quarter of 2012. CANOE celebrates its 35<sup>th</sup> anniversary. CODERE Foundation presents el "Anuario del juego en España 2012" ("Spanish Gaming Yearbook 2012") and other such gaming publications at the seminar "Today Gaming in Spain" chaired by the State Secretary for Infrastructure, Transport and Housing within the Minister of Public Works.



## ITALY

### Gaming legality

In 2013, CODERE Italy increased its fleet of AWP gaming machines in a 4% and the number of VLTs in a 3.1%. In 2013, at the Library of the Italian House of Deputies and along with CODERE Foundation, the Company presented the study *"La disciplina dei giochi in Italia tra monopolio pubblico e mercato"* together with Bruno Visentini Foundation and Ceradi University - LUISS Guido Carli. Furthermore, CODERE Italy organized a new workshop within the conference *"Nel nome della legalità"* on responsible gaming in several cities in Italy.

### Business areas

Gaming machines: 8,374 (1,193 VLTs & 7,181 AWP)

Gaming halls: 13

Gaming machines network concessions: 1

### Start of operations

2001

### 2013 key figures

Income: €259.7 million

EBITDA: €21.4 million

### 2013 milestones

Study presentation: *"La disciplina dei giochi in Italia tra monopolio pubblico e mercato"* along with Bruno Visentini Foundation and LUISS Guido Carli University. The workshop carried out in several cities in Italy- *"Nel Nome della legalità"* – on responsible gaming, closed this cycle of debating sessions during the first quarter of 2014.



## MEXICO

### Consolidation of operations

In March 2013 the Racetrack of Las Americas celebrated its 70<sup>th</sup> anniversary through various events and races. The Company has been operating the racetrack since 2007, and it is considered as one of the most representative icons of the country. In July, the company, by means of an agreement with Churchill Downs, allowed simultaneous broadcasting of races held at the Las Americas Racetrack in Mexico City throughout the entire North America via TwinSpires.com. The First Regional Meeting of the Regional Council of Latin America (CEAL) entitled *"The Consolidation of the Rule of Law in Latin America: Challenges and Obstacles"* was held in April. The Good Governance Forum was held in November, in León City, Guanajuato, in order to reflect on a transparent municipal government.

### Business areas

Gaming machines: 16,970

Gaming halls: 82

Betting shops: 73

Racetracks: 1

### Start of operations

1998

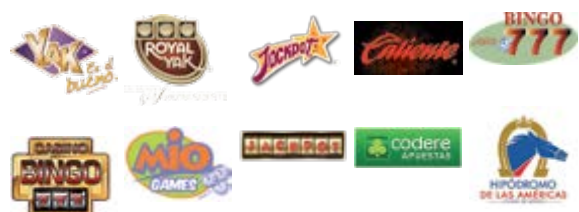
### 2013 key figures

Income: €382.4 million

EBITDA: €78.6 million

### 2013 milestones

The Racetrack of the Americas celebrated its 70th anniversary. The Company allowed simultaneous broadcasting of races held at the Racetrack of the Americas throughout the entire North America by means of an agreement with Churchill Downs.





## PANAMA

### Business significant boost

In Panama, CODERE operates a broad range of business lines: gaming machines, casinos, sports betting shops and a racetrack. The results of these areas of activity are driven by continuous improvements CODERE performs inside its gaming halls in order to ensure excellence in service to its customers. In 2013, CrowN and Fiesta Casinos celebrated their 15<sup>th</sup> anniversary. The new CrowN El Panama Casino opened in April.

### Business areas

Gaming machines: 3,225

Gaming halls: 12

Betting shops: 66

Racetracks: 1

### Start of operations

2005

### 2013 key figures

Income: €90.3 million

EBITDA: €14.6 million

### 2013 milestones

The 15<sup>th</sup> anniversary of CrowN and Fiesta Casinos.  
The inauguration of the CrowN El Panama Casino.



## URUGUAY

### Wide range of activities

CODERE concentrates its operations in Uruguay in Montevideo area and its surroundings, operating the National Racetrack of Maroñas along with its partner SLI through HRU and the Racetrack Las Piedras and its related activities: horse betting system, entertainment halls with gaming & sports betting machines. The strong technological commitment in both racetracks makes them be the main ones in Latin America to offer simulcasting, a unique simultaneous satellite TV betting system enabling the broadcasting of the horseraces all over Europe, North America and Latin America. In March 2013, Hotel Casino Carrasco reopened its doors as Sofitel Montevideo Casino Carrasco & Spa., after an intensive renovation process carried out by Carrasco Nobile consortium mainly integrated by CODERE Group.

### Business areas

Gaming machines: 2,157

Gaming halls: 6

Betting shops: 27

Racetracks: 2

### Start of operations

2002

### 2013 key figures

Income: €41.1million

EBITDA: €(1.2) million

### 2013 milestones

In 2013, HRU expanded its business in Uruguay by reopening the Racetrack Las Piedras to the public, after being granted a new operating license for a 30 years - time period. During 2012, Hotel Casino Carrasco renovation process went on, the hotel's reopening being celebrated on the 7<sup>th</sup> of March, 2013.



# Highlights of our history

CODERE Group has been active for 33 years, developing its entertainment activity in the private gaming industry. The Company expects to maintain a leading position in its core business areas in the future, and continues its growth thanks to the development of the opportunities offered by the markets where it operates.

## 1980-1984

- CODERE began operations in Madrid.
- Entered into the markets in Catalonia and Valencia.
- CODERE begins its international expansion in Colombia.

## 1990-1998

- Start of the management of gaming halls in Argentina.
- Began operations in Mexico with Grupo Caliente and CIE.

## 2006

- Operations begin in Brazil.
- Launch of €160 million and €165 million bond issues.
- Acquisition of Bingo Palace and CODERE Network in Italy.
- Withdrawal from the market in Peru
- Acquisition of Recreativos MAE in Mallorca (Spain).
- Acquisition of Promojuegos in Mexico.
- The Martinez Sampedro family buys the shares of the Franco brothers and of the funds ICG and MCP.
- Exchange of assets between Chile and Panama.

## 2007

- CODERE IPO.
- Acquisition of 49 % of ICELA in Mexico.
- Acquisition of Maxibingo in Italy.
- Renewal of some bingo licenses in Argentina.
- CODERE and its partners are licensed for sports betting in the Basque Country (Spain).

## 2008

- Start of the introduction of coinless systems (TITO) in Argentina.
- VICTORIA awarded the license to operate sports betting in the Community of Madrid and opens the first betting shop in Spain.
- Opening of a new casino in Panama.
- Start of sports betting operations in the Basque Country (Spain).

## 2009

- CODERE renews the license of the La Plata Bingo Hall (Argentina).
- CODERE awarded the contract for the reconstruction of the Carrasco Casino Hotel in Montevideo (Uruguay).
- CODERE inaugurates the Crown Casino Palatino in Bogota (Colombia).

## 2010

- CODERE consolidates its position in Mexico and announces an agreement with Grupo Caliente.
- Acquisition of six casinos in Panama.
- Start of sports betting operations in Navarre (Spain).
- Launch of the first online bingo operation in Italy through [www.codere.it](http://www.codere.it) and installation of VLT in the gaming halls.

**1999**

- Syndicated loan of €45 million.
- First acquisition of a bingo hall in Denia.
- Authorization of the installation of gaming machines in bingo halls in Argentina, boosting profitability.

**2000**

- Expansion in Chile.
- Award of a syndicated loan of €72 million.
- Acquisition of Bingo CANOE in Madrid.
- Acquisition of Operibérica adding 3,500 new machines to the business in Spain.

**2001-2002**

- CODERE awarded a contract to manage the services in 16 bingo halls in Italy.
- Monitor Clipper Partners invests €40 million in CODERE.

**2003**

- CODERE ESPAÑA S.L. contracted a mezzanine credit facility for €135 million.
- Awarded the management and reopening of Hipódromo Maroñas de Montevideo (Uruguay).
- Segregation of the business: Spain and International.

**2004-2005**

- Start of the management of gaming terminals in Italy.
- Start of the management of EBT in Mexico.
- Acquisition of Royal Group in Argentina.
- Launch of €335 million bond issue.
- Acquisition of Operbingo in Italy.

**2011**

- The CODERE Group signs an Purchase Option on an additional 35.8 % of ICELA.
- CODERE Italy closes the purchase of FG Slot Services, Gap Games and Gaming Re over 2011.
- CODERE became the exclusive distributor of international simulcasting following its agreement with Jockey Club do Parana (Brazil).
- CODERE approved the group-wide Code of Ethics and Professional Conduct
- Start of the rehabilitation of Hotel Casino Carrasco.

**2012**

- CODERE places U.S.\$300 million bond issue.
- Acquisition of 60% of the operator Dalla Pria Service SRL in Italy.
- The Company obtained the license for the ownership, use and exploitation of the Hippodrome de las Piedras in Uruguay for 30 years and continues with the restoration work at the Hotel Casino Carrasco.
- Inauguration of CrowN Casino Zona T in Bogota, Colombia.
- Renewal, until 2028 and 2029, of five of the licenses for the gaming halls that

**CODERE operates in the province**

- of Buenos Aires (Argentina).
- Award of online gaming licenses for Madrid and Spain.

**2013**

- Casino Carrasco and Las Piedras Racetrack reopening in Uruguay.
- The 70th anniversary celebration of the Americas Racetrack in Mexico. Horse racing simultaneous broadcasting in North America directly from the Las Americas Racetrack.
- Renewal of the corresponding operating licenses for five gaming halls in Argentina.

# 2013 milestones

In 2013, CODERE undertook several activities enabling the enhancement of its position within the gaming industry.



## January and February

**January, 6<sup>th</sup>:** Grand Prize José Pedro Ramirez 2013 at Maroñas Racetrack in Montevideo.

**February, 12<sup>th</sup>:** CODERE Foundation presented the "*Anuario del juego en España 2012*" ("*Spanish Gaming Yearbook 2012*") and other such gaming publications at the seminar "Today Gaming in Spain" chaired by the State Secretary for Infrastructure, Transport and Housing within the Minister of Public Works.

**February, 5<sup>th</sup>:** CODERE attended the ICE 2013, one of the top international gaming fairs in London, taking part in several debates and workshops on gaming.

## March

**March, 6<sup>th</sup>:** the 70<sup>th</sup> anniversary of the Las Americas Racetrack in Mexico.

**March, 7<sup>th</sup>:** CODERE reopened Sofitel Montevideo Casino Carrasco & Spa in Uruguay, managed by Carrasco Nobile consortium mainly integrated by CODERE Group.

**March, 12<sup>th</sup>:** CODERE Apuestas (CODERE Sports Betting) opened its first sports betting shops in Galicia, Spain.



# April

**April, 3<sup>rd</sup>:** CODERE presented its CSR activities within the 15<sup>th</sup> edition of the Andean Gaming Trade Show in Colombia.

**April, 4<sup>th</sup>:** CODERE Argentina sponsored the Master degree in Corporate Social Responsibility within San Martín National University along with other companies members of the Global Compact Network in Argentina.

**April, 15<sup>th</sup>:** CIPPEC Anniversary Dinner to celebrate 30 years of democracy in Argentina.

**April, 17<sup>th</sup>:** The First Regional Meeting of the Regional Council of Latin America (CEAL) entitled "*The Consolidation of the Rule of Law in Latin America: Challenges and Obstacles*" was held at Banamex centre in Mexico.

**April, 22<sup>th</sup>:** CODERE Italy organized a new workshop session within the cycle of conferences "*Nel nome della legalità*" on responsible gaming at Palazzo Gnudi in Bologna, Italy.

**April, 25<sup>th</sup>:** Inauguration of Crown El Panama casino in Panama.



# May

**May, 9<sup>th</sup>:** CODERE Brasil signed an agreement with Jockey Club São Paulo and Bandeirantes Group (Band) in order to provide content and technological services to Jockey Club in São Paulo.

**May, 18<sup>th</sup>:** Reopening of Las Piedras Racetrack in Uruguay.

**May, 22<sup>th</sup>:** CODERE Colombia took part in the 7<sup>th</sup> edition of the Human Capital Forum 2013 in Bogota.

**May, 30<sup>th</sup>:** CODERE presented the study "*La disciplina dei giochi in Italia tra monopolio pubblico e mercato*" at the Library of the Italian House of Deputies in Rome.



## June

**June, 2<sup>nd</sup>:** Celebration of the 48<sup>th</sup> edition of Longines Handicap Las Americas, the most representative horse racing annual event at Las Americas Racetrack in Mexico.

**June, 9<sup>th</sup>:** CODERE Argentina supported the 2<sup>nd</sup> race on the World Day against Child Labor.

**June, 20<sup>th</sup>:** The 3<sup>rd</sup> Annual Latin American Economic Journalism Award was granted to Jesús Rangel, columnist of the Milenio newspaper, for his contribution on gaming regulations.

**June, 27<sup>th</sup>:** CODERE held the Annual General Shareholders Meeting 2013.

**June, 29<sup>th</sup>:** 10<sup>th</sup> Anniversary of the reopening of Maroñas National Racetrack.



## July and August

**July, 3<sup>rd</sup>:** CODERE Apuestas launched sports betting in Murcia, Spain.

**July, 9<sup>th</sup>:** CODERE signed the Entrepreneurial Commitment advocating for a clean and fair sport and supporting the best practices of sports sponsorship based on "zero tolerance" on doping, promoted by the World Antidoping Agency (WADA) and the Antidoping State Agency (AEA).

**July, 24<sup>th</sup>:** The Company, by means of an agreement with Churchill Downs, started simultaneous broadcasting of horse races held at Las Americas Racetrack in Mexico City across North America.

**August, 14<sup>th</sup>:** CODERE held an Extraordinary Annual General Shareholders Meeting.





# September and October

**September, 18<sup>th</sup>:** CODERE Foundation sponsored the 11<sup>th</sup> Spanish Congress of Political Science and Administration titled *"Politics in uncertain times"*.

**October, 14<sup>th</sup>:** CODERE Foundation sponsored the 8<sup>th</sup> edition of the "Festival della Filosofia in Magna Grecia" (Philosophy Festival in Magna Greece) in Lecce (Italy), a cultural experience aiming to stimulate critical thinking skills among high school students.

**October, 15<sup>th</sup>:** CODERE took part in Expojoc Valencia (Spain), the first gaming Expo Congress.

# November

**November, 5<sup>th</sup>:** CODERE and Evolution Gaming announced an agreement to add Live Roulette (live roulette games) to all gaming machines.

**November, 12<sup>th</sup>:** CODERE Argentina took part in the 2013 edition of Yogonet Meetings Event (EY!13) in Costa Salguero, discussing on the *"Assets Laundering Prevention: Practical aspects for gaming operators"*.

**November, 18<sup>th</sup>:** CODERE Brazil sponsored and took active part in the Brazilian Gaming Conference. CANOE celebrated its 35th anniversary in Madrid (Spain).

**November, 26<sup>th</sup>:** The creation of CEJUEGO (Entrepreneurial Gaming Council), a new council counting with CODERE's membership and aiming to standardize the gaming sector.

**November, 28<sup>th</sup>:** The Good Governance Forum was held in León City, Guanajuato in Mexico.

# December

**December, 2<sup>nd</sup>:** Maroñas National Racetrack opened a new Villa Hípica centre.

**December, 14<sup>th</sup>:** Presidente Remon Racetrack celebrated the XLVI edition of the International Caribbean Classic.

**December, 19<sup>th</sup>:** Reopening of the Fiesta Casino Hotel Soloy in Panama.



# Our organization

CODERE Group is structured by geographic regions and business units. The Company operates in Latin America and Europe.

CODERE Europe includes Spain - gaming machines, gaming halls and sports betting- and Italy -gaming machines and gaming halls-. The control of the operations of each of the business areas in CODERE America is also organized by country. Madrid is the home of the Group headquarters and central services, responsible for overall strategy and corporate policies, management of joint activities and coordination of the activity of the geographic business units.

There are two corporate areas that provide direct management support: One covering institutional services, such as Chairman's Office, General Secretariat, Audit, Corporate Development, Business Development, Latin America Institutional Relations, and

Marketing and Corporate Communications, and another functional with services for Finance, Information Technology, Human Resources and Safety and Compliance.

**D. José Antonio  
Martínez Sampedro**  
CODERE'S Chairman  
and President

**Chairman's office**  
David Jiménez

**Product & Technology**  
Felipe Ludeña

**Human Resources**  
Rafael López Enríquez

**Infrastructure**  
Rafael Ocejo

**Finances**  
Ángel Corzo Uceda

**Marketing &  
Communication**  
Italo Durazzo

**Business Development**  
Fernando Ors

**Security & Compliance**  
Serafín Gómez

**Audit and Control**  
Adolfo Carpena

**CODERE America**  
Javier Martínez  
Sampedro

**CODERE Europe**  
Jaime Estalella  
Pedro Echevarría

**ARG**

Bernardo  
Chena

**MEX**

Rodrigo  
González

**BRA**

André  
Gelfi

**COL**

Diego  
Felipe  
Navarro

**PAN**

Miguel  
de la  
Marta

**URU**

H. Casino  
Carrasco,  
Robert  
Heller

**ESP**

Olga  
Rodrigo

**ITA**

Alejandro  
Pascual

# Key Figures

## Racetracks

TOTAL

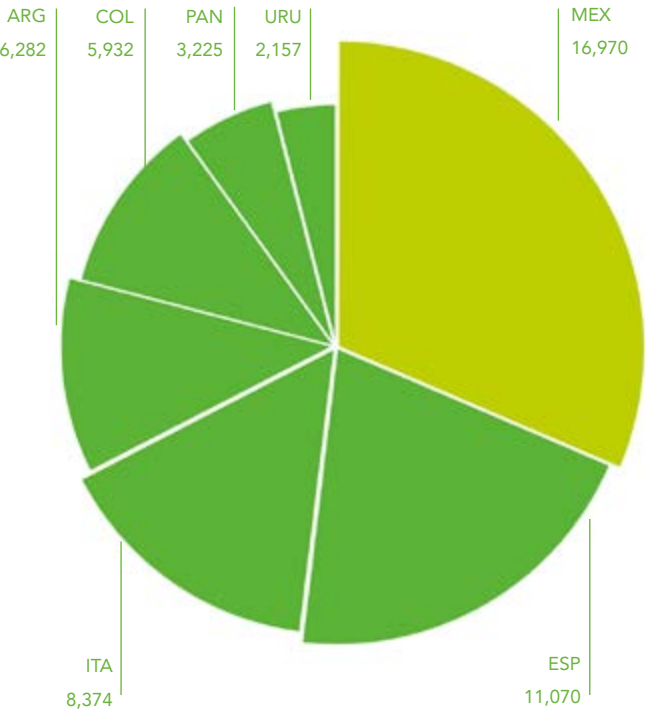
4



## Gaming Machines

TOTAL

54,010



## Revenues

Units expressed in millions of euros

IFR: International Financial Reporting Standard  
 SPANISH GAAP: General Accepted Accounting Principles in Spain  
 CAGR: Compound Annual Growth Rate

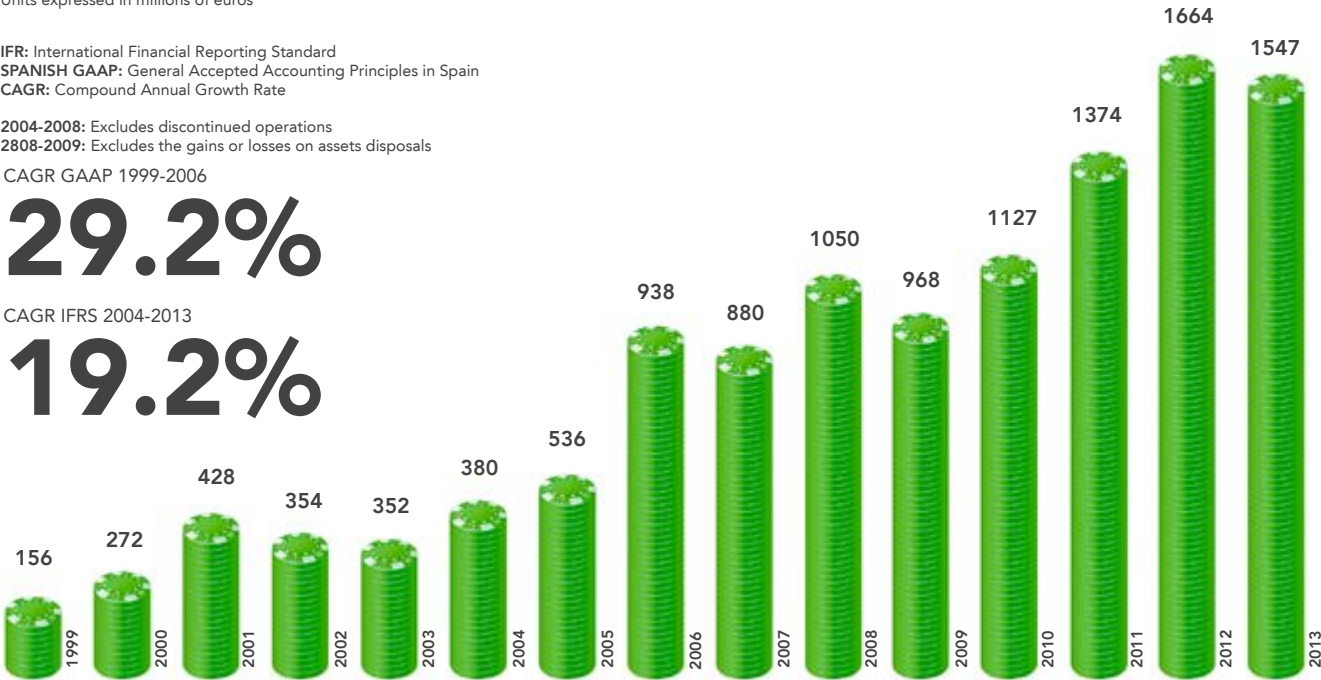
2004-2008: Excludes discontinued operations  
 2808-2009: Excludes the gains or losses on assets disposals

CAGR GAAP 1999-2006

29.2%

CAGR IFRS 2004-2013

19.2%

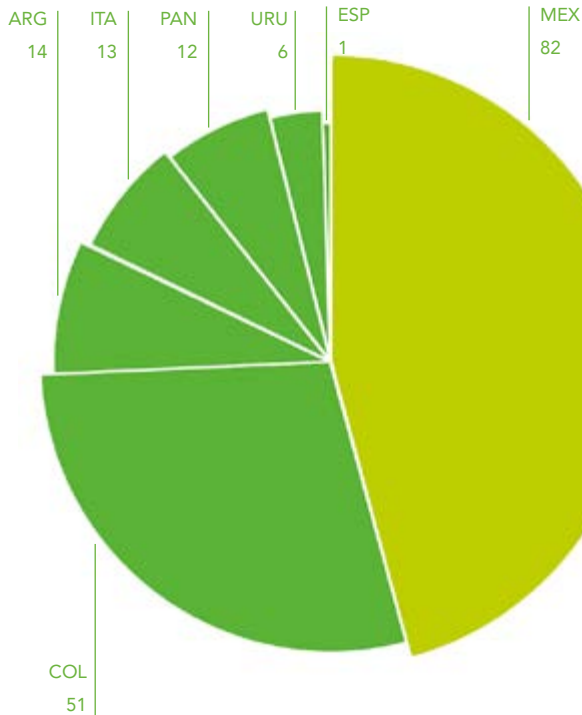




## Gaming Halls

TOTAL

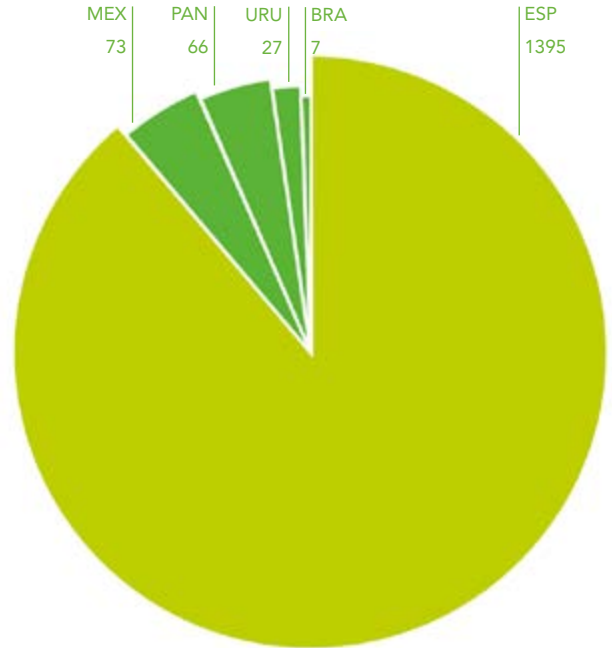
# 179



## Betting Shops

TOTAL

# 1,568



## EBITDA

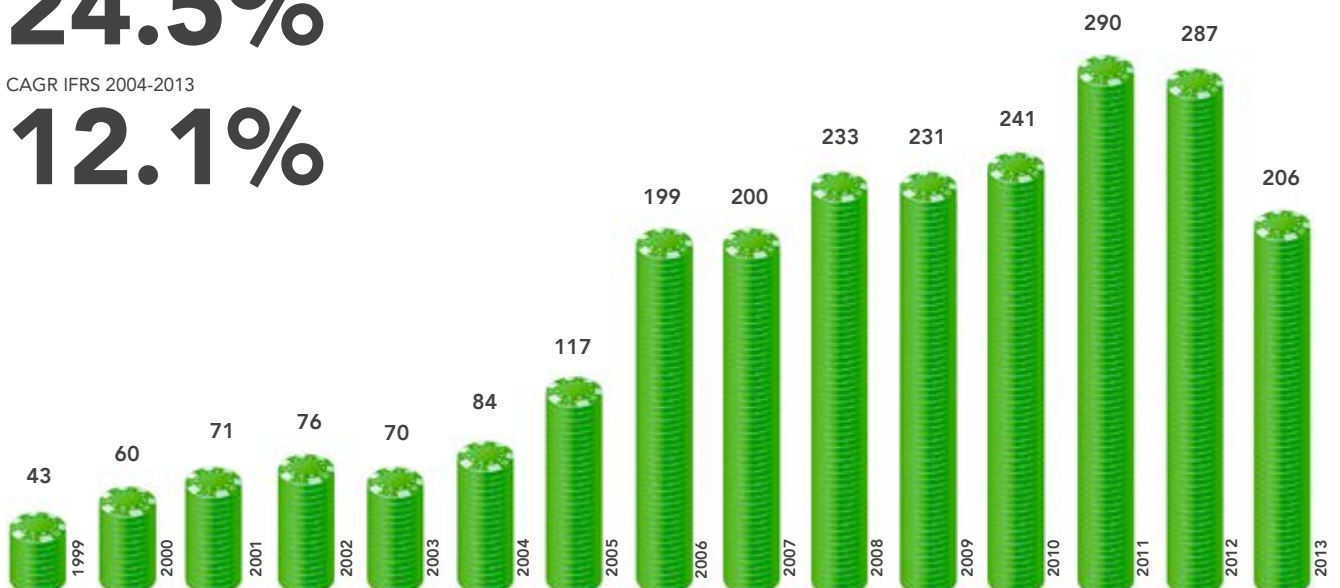
Units expressed in millions of euros

CAGR GAAP 1999-2006

# 24.5%

CAGR IFRS 2004-2013

# 12.1%







# Management report

---

CODERE Group closed 2013 with revenues of €1,546.7 million and EBITDA of €206.1 million, 28.3% less than in 2012. During 2013, the Company carried out a costs adjustment strategy to safeguard margins amid falling revenues.

# Executive analysis

Revenues have been affected by the international macroeconomic crisis and regulatory changes in Argentina, Italy and Mexico, by the sharp devaluation of the Argentine peso, the smoking ban in Argentina and the temporary closure of gaming facilities in Mexico, circumstances which have been reflected in the Company's 2013 consolidated results.

**Revenues at year end** amounted to €1,546.7 million, 7 % less than in 2012 and **gross operating profit** (EBITDA) reached €206.1 million, 28.3% less than in 2012, reflecting a falling revenues tendency in Argentina justified by the smoking ban and the devaluation of the Argentine peso against the euro; the same tendency in Italy because of tax increases and in Mexico because of the temporary closure of gaming facilities.

In 2013, the total number of gaming machines declined by 4.4% down to 54,010, this total amount reflecting the closure of gaming facilities and streamlining of the gaming machines fleet in Spain. However, in Uruguay, the number of gaming machines increased by 18.2 % and in Argentina and Italy by 7.3% and 3.8% respectively. CODERE's business portfolio at the end of 2013 counted with 179 gaming halls, 1,568 betting shops, 4 racetracks, 54,010 gaming machines, online gaming in Italy and licenses for online gaming in Spain.

Throughout 2013, the Company focused its **investments** on activities with strong impact on business profitability and totalled

€76.3 million, €45.7 million of which went to maintenance (including the €12.9 million related to license renewal in Argentina), and the remaining €30.6 million were reinvested in growth business opportunities.

At the end of 2013, CODERE Group available **cash balance** totaled €102.6 million, having completely exhausted the SFA credit line. Business operations in Argentina, Mexico, Italy and Spain generated most of CODERE's revenues during 2013, followed by those of Panama, Uruguay, Colombia and Brazil.

## MARKETS EVOLUTION

### Argentina

**Argentina** represents CODERE's main market. In 2013 revenues totalled €584.7 million, 10.6% less than in 2012 because of the depreciation of the Argentine peso against the euro, and despite the increase in the average daily revenue expressed in local currency and the growth in the number of gaming machines by 7.3%. At constant exchange rates, revenues would have increased 10.6%. EBITDA reached €110.8 million, 31% less than in 2012 because of



the local currency high devaluation and the implementation of the smoking ban.

### Mexico

In **Mexico** revenues amounted to €382,4 million in 2013, 12.5% less than in 2012, because of the temporary closure of gaming halls, the Banamex operational outsourcing, the fall in the average daily revenue per gaming machine due to increased competition within the sector and finally to the implementation of the Anti-Money Laundering Act in the last quarter. EBITDA totalled €78,6 million, 7.6% less compared to the previous year, but EBITDA margin increased from 19.5% to 20.6%. Falling revenues were partly offset by a significant reduction in operational expenses due to the measures undertaken to generate operating efficiencies and lower costs as a result of the closure of gaming halls.

### Italy

In **Italy** revenues in 2013 amounted to €259.7 million, 0.5% less than in 2012 because of the fall in private consumption and the country macroeconomic context. EBITDA fell by 38.9% down to €21.4 million, mainly because of falling revenues and increasing costs due to higher gaming taxes for VLTs which increased from 4% to 5%. In 2013, gaming machines fleet increased by 3.1% as for the VLTs up to 1,193 gaming machines and by 4% as for the AWP's up to 7,181 gaming machines.

### Spain

Total revenues in **Spain** reached €151.6 million, falling by 1.7% compared to 2012, mainly due to the decline of the traditional gaming machines business and offset by the progressive implementation of sports betting business in Galicia and Murcia. In 2013 the Company also increased its sports betting

business in the Autonomous Communities of Valencia and Madrid, being the only sports betting company present in all Spanish autonomous communities legally regulated at this purpose. 2013 EBITDA increased by 6.9%, amounting to €17 million due to the Company's costs optimization strategy and the profitability generated by its land-based sports betting business.

### Other business operations

In **Panama** revenues fell by 2.4%, mainly because of the dollar depreciation against the euro. Expenses fell €2.9 million compared to 2012 by reducing the personnel costs.

In **Colombia** revenues fell by 4.8% because of a reduction in the total number of gaming machines and the depreciation of the local currency against the euro partially offset by the opening of Crown Zona T casino in Bogota.

Revenues in **Uruguay** increased in €15.1 million due to the casino activity inside Hotel Casino Carrasco and other such activities related to the opening of Las Piedras Racetrack.

### CORPORATE ANALYSIS

CODERE is currently the first and only Spanish company within the gaming industry listed on the stock exchange since October 2007. The Company carries out its business strategy with complete transparency and accountability.

As per December, 31<sup>st</sup>, 2013, EBITDA would have amounted to €229.0 million, 11% more than the €206.1 million reported, if we exclude 4Q non-recurring elements mainly related to the financial restructuring, personnel restructuring and tax payments in Mexico and

Below:  
Campeche Gaming Hall.  
Mexico



Colombia, thus reaching the “guidance” level of €224-227 million.

As per September, 13<sup>th</sup>, 2013 the existing €60 million loan facility was additionally increased by €35 million up to €95 million (€127.1 million including guarantees) maturing on January, 5<sup>th</sup>, 2014. This loan facility was fully exhausted during the 4Q of 2013.

As per December, 31<sup>st</sup>, 2013, our cash balance amounted to €102,6 million, having fully exhausted the SFA, nevertheless, faced with difficulties in meeting the established future payment deadlines, on January, 2<sup>nd</sup>, 2014, CODERE’s Board decided to seek protection under the article 5 bis of the Spanish Insolvency Act in order to ensure business continuity and provide a legal framework for the negotiations with the bondholders.

Investments in 2013 amounted to €76.3 million, €45.7 million of which went to maintenance (including the €12.9 million related to license renewal in Argentina), and the remaining €30.6 million were reinvested in growth business opportunities.

## INVESTOR RELATIONS

CODERE actively works to gain the trust of investors in its business project. During 2013, and given the Company’s complex situation, CODERE’s Investor Relations department focused its activities on face-to-face meetings and conference calls with the Company’s investors, financial analysts and other stakeholders, providing them with clear and totally transparent information.

## CODERE’s MARKET PERFORMANCE

The Company’s share value reflected the Company’s financial troubles to meet future payments deadlines and therefore fell by 81.66% at the end of the year. Its benchmark index increased by 42.3% in 2013. This index gathers 30 small cap Spanish companies, including CODERE.

During 2013, CODERE renewed the liquidity agreement signed with Crédit Agricole Cheuvreux to increase liquidity and promote the regularity of the share price, according to the criteria established by the CNMV. The results of this agreement have been positive, therefore the Company decided to renew it until 2014.

CODERE’s other publicly-traded instruments, the bonds maturing 2015 y 2019, had been also affected by the risk of default and fell by 34.0% and 30.5%, respectively, during 2013.



# Marketing: Building a client-oriented culture

CODERE's business model focuses itself on a client-centered approach, considering clients as being the company's major asset and able to add extra value and meaning to the company. To this end, the Company is strengthening the relationship with its clients through Loyalty Clubs and is also carrying out a research program to identify clients' motivations in order to ensure a satisfactory experience in the gaming halls.

## LOYALTY CLUBS

The Company's main priority is to strengthen the relationship with its clients and ensure their long-term loyalty, and therefore our main activity is the implementation and development of loyalty clubs, currently active in our core markets and businesses, always adjusting the clubs' mechanics to the legislation in force in each country. During 2013, our gaming halls in different markets registered over 50 million visits from more than 5 million clients. More than 2 million of them are members of our loyalty clubs. The membership is continually growing every year and through the loyalty clubs the Company manages today more than a quarter of its business.

The activities related to loyalty clubs are hogging the most important part of our marketing investments and business management, with an increasing trend year by year, given CODERE's clear commitment to its clients' loyalty. Through this kind of programs, clubs members are being reimbursed a part of the profits that the company reports with their gaming expenditures.

The content of loyalty programs is focused on providing its members with the benefits they most value, this way rewarding their loyalty to CODERE. Loyalty programs vary depending on the membership level, market, business segment and are always adjusted to the legal restrictions that may apply in each case:





- Free play or directly cash
- Customized offers based on the client's profile in terms of visits frequency and gaming habits.
- A varied offer of rewards.
- Free food & beverage coupons & other such courtesies.

In order to effectively manage the loyalty members -this valuable business asset-, CODERE has consistently invested in the development of its own powerful CRM information system, called SPACE, allowing the full integration of all customers management oriented activities through a centralized homogenous platform, providing significant benefits to the entire business process:

- Monitoring in great detail the behavior & gaming habits of each member by means of a thorough analysis of the clients' profile and key metrics.
- Automatic launching of customized offers/campaigns
- Rewards management

#### CLIENT EXPERIENCE INVESTIGATION

Both in our contemporary society, in general, and in the gaming sector, in particular, clients are increasingly demanding, better informed and their opinions and recommendations to others are highly valued in our increasingly globalized and connected world. We are witnessing a shift of paradigm that triggers the client to look not only for covering his/her basic needs, but also to raise his/her consumption processes to a higher level: that of emotions and the further level of experiences.

In light of this scenario, CODERE is committed to identify the driving motivations and emotions of its clients in order to make their experience inside casinos and gaming halls as pleasant as possible and get their further recommendation to other potential new clients. We are evolving from a strictly transactional criterion with the client towards the establishment of an emotional connection with him/her by means of a positive experience while visiting our gaming halls.

With all this in mind, we have developed a robust clients research model to continuously understand aspects such as their level of

recommendation, loyalty and satisfaction. Traditional models focused solely on measuring customer satisfaction, something that, given the increased complexity of the environment and the power influence of nowadays clients, should be adequately supplemented with other binding variables.

At the same time, we keep delving into identifying the most relevant drivers and variables that could result in the best client experience. Through this identification process, CODERE operational management could achieve greater client orientation or "client-centered" approach in the ongoing operational improvement process. That, in its turn, would allow the Company to make approaches and work methodologies accessible to all its subsidiaries worldwide in order to generate an emotional long-term relationship with its clients.



# Communication

CODERE maintains an active communication policy with its main stakeholders, both in Spain and in the countries where the Company operates its business, and works closely with the media promoting its business activity, providing information about this complex industry and at the same time improving the general image and perception of gaming.

From mid-2013 until the present date, the media have actively covered the extremely complex and long Company's debt restructuring process with its creditors. CODERE performed an exercise of transparency, informing the regulators of financial markets about any new breakthrough in the negotiations process. These communications have been widely covered in the media.

Moreover, several other corporate activities had a considerable impact during 2013:

In February, CODERE attended the **ICE Totally Gaming 2013** in London, one of the top international gaming fairs, taking part in several debates and workshops on gaming. Jaime Estalella, COO of CODERE Europe partook in the conference "*Gaming in Spain*". André Gelfi, the CEO of CODERE Brazil, took part at the round table titled "*Brazil & Argentina: impact of European regulatory developments on iGaming regulation in Latin America*" and Iñigo Escorial, CODERE's CRM area manager, attended the conference "*Integrating the customer into the IT architecture*".

In **Spain**, besides all the activities meant to boost sports betting business in Galicia and Murcia and to ensure its expansion in Valencia and Madrid, the Company carried

out a series of events of great relevance along with CODERE Foundation. On February 12<sup>th</sup>, CODERE Foundation presented its latest publications on the gaming industry along with Aranzadi and the Institute for Policy and Governance of the Carlos III University (the Spanish IPOLGOB) at the seminar "**Today Gaming in Spain.**"

On June 20<sup>th</sup>, 2013, the awards ceremony for the **3<sup>rd</sup> Annual Latin American Economic Journalism Award** took place in Madrid at Casa de America. The journalist Jesús Rangel, from MILENIO de MEXICO newspaper won the runner-up prize of CODERE Foundation titled "*Innovation in entertainment, leisure and tourism industry*" for his journalistic work approaching various topics of great relevance in the field of gaming industry in Mexico.

In October, the Company took part in **I Expojoc Valencia**, the first gaming Expo Congress which gathered more than 500 gaming specialists and dealt with topics related to gaming tax and the complex gaming licenses system in Spain.

In **Italy**, at the Library of the Italian House of Deputies, the Company presented the study "**La disciplina dei giochi in Italia tra monopolio pubblico e mercato**" together with Bruno Visentini Foundation and LUISS Guido Carli University. The event was

attended by a number of local Administration representatives and several gaming associations and companies.

CODERE also sponsored the 8<sup>th</sup> edition of the **"Festival della Filosofia in Magna Grecia"** (*Philosophy Festival in Magna Greece*) in Lecce (Italy), a cultural educational experience aiming to stimulate critical thinking skills among high school students, propelling further actions in order to promote responsible gaming.

In September, CODERE Italy launched **CODERE NEWS "Il nostro mondo tutto da leggere"** for those establishments equipped with CODERE's gaming machines.

In **Uruguay** there were many activities of great media coverage such as the reopening of Las Piedras Racetrack, the second main equestrian scenario in the country, or the 10<sup>th</sup> anniversary of the reopening of Maroñas National Racetrack.

But certainly, the official reopening of the Hotel Casino Carrasco, declared as part of the Uruguay National Heritage, on March, 7<sup>th</sup>, was one of the most important milestones in this country.

In **Mexico**, the Racetrack of Las Americas celebrated its 70<sup>th</sup> anniversary, and besides the Company took part in important events such as the **First Regional Meeting of the Regional Council of Latin America (CEAL)** entitled **"The Consolidation of the Rule of Law in Latin America: Challenges and Obstacles"**

**held** on April, 17<sup>th</sup> aiming to analyze the legal, political, economic and social situation of the Latin American countries.

On November 28<sup>th</sup> and 29<sup>th</sup>, the **Good Governance Forum** was held in Leon City, Guanajuato, chaired by Esther Santos de Anda as President of Leon Anti-Corruption Commission, in order to stimulate the creation of a transparent, legal, efficient and responsible government.

In **Argentina**, the Company is mainly involved in Social Responsibility projects and is part of the Corporate Network against Child Labor since 2010. In 2013, it also supported the race on the **World Day against Child Labor** and sponsored the Master degree in Corporate Social Responsibility within San Martin National University.

In **Brazil**, André Gelfi, the CEO of Codere Brazil, took part in the seminar: *"Plans and opportunities to leverage the major sports events in Brazil in a drive to regulate sports betting in the country"*, at the **Brazilian Gaming Conference** held on November.

Throughout the year, **CODERE Colombia and CODERE Panama** carried out lots of activities inside the gaming halls. On April, 25<sup>th</sup>, the new CrowN El Panamá casino reopened its doors, positioning the Company as the largest casinos network in the country.

CODERE's company information was widely reported in the general media, economic, financial and specialized media, both national and international. Similarly, the Company's events and milestones throughout the year were also widely covered by the audiovisual media.

Below:  
"La disciplina dei giochi in Italia tra monopolio pubblico e mercato".  
Italy





Reforma. 06/03/2013

FIESTA EN EL 'ÓVALO DE SOTELO'

# Es setentón

>>Cumple hoy siete décadas  
el Hipódromo de Las Américas

Capital Financiero. 17/04/2013

Crown El Panamá estrena nueva  
imagen

El grupo Codere para ello invertirá \$4 millones.

## MÉXICO

Codere Offers Mexican Races on  
TwinSpires.com

BloodHorse.com 24/07/2013



Codere's new Crown Casino Cali,  
its fifth in Colombia

Colombian market  
growth prospects  
remain strong

International Casino Review,  
2013

## BRASIL

Band fecha parceria para modernizar Jockey  
Club de São Paulo.

O Grupo Bandeirantes, em parceria com o grupo  
espanhol CODERE e o grupo norte-americano  
Churchill Downs vão trabalhar na modernização  
do Jockey Club.

BNL Data. 20/05/2013

APUESTAS

Las apuestas deportivas presenciales, motor  
de crecimiento del juego en España

Sector del Juego. 25/11/2013

"Nel nome della legalità": a Bologna la prima  
tappa nel 2013 del workshop itinerante di  
Codere

Jamma.it 15/04/2013

## MÉXICO

"CODERE, listo para nueva  
regulación Vs. lavado de dinero"

Excélsior. 01/11/2013

## URUGUAY

La actividad hípica da dividendo social.

Las Piedras: Una escuela de jockeys esta lista para  
funcionar, desde marzo, con alumnos de todo el  
país. Un CAIF, una policlínica y un centro cultural ya  
están instalados en el hipódromo.

El País. 16/12/13

DOMANI WORKSHOP A PALAZZO GNUDI

Codere, quando il gioco  
non è una scommessa persa

'NEL NOME della legalità': è il workshop organizzato dal gruppo Code-  
re (uno dei dodici concessionari autorizzati dallo Stato per la raccolta  
del gioco attraverso gli apparecchi da intrattenimento come slot machine  
e videolotterie) per domani alle 10,30 a Palazzo Gnudi. Bologna è la  
sesta città toccata, e il seminario è una parte del progetto di gioco re-  
sponsabile dell'azienda che in tutte le città è patrocinato dai Monopoli  
di Stato e vede tra i relatori gli organi di controllo preposti: carabinieri,  
Questura, Guardia di finanza, cui si aggiungono politici e amministra-

Bologna Cronaca. 21/04/2013

## ECONOMÍA/EMPRESAS

La sala de bingo Canoe ha pagado unos  
400 millones en tasas al juego en sus 35  
años de historia

El Economista. 18/11/2013



Desde 2010, forma parte de la Red de Empresas Contra el Trabajo Infantil

# Codere Argentina apoya la carrera contra el trabajo infantil



Más de 2.500 personas y empresas líderes participaron, a partir de las 9hs., de una jornada de apoyo y concienciación sobre la problemática del Trabajo Infantil en la Argentina.



La joya de la noche de Carrasco. Así luce desde el Hotel Casino Carrasco, inaugurado ayer en la nueva etapa de este emblemático edificio patrimonial de la ciudad que cumple 100 años.

## Nueva era con el antiguo esplendor

**Hotel Casino Carrasco.** Con las mejores galas se inauguró la nueva etapa del mítico hotel

12/03/2013

Cuando una tarde en el club de verano de Carrasco se celebró el aniversario de la ciudad, se inauguró el Hotel Casino Carrasco. A un siglo de su primer fundación, con una renovación completa, se reanuda su historia en un edificio que ha sido testigo de la historia de la ciudad.

Desde su fundación, el hotel ha sido un lugar de encuentro y celebración. En su historia, ha sido testigo de momentos importantes de la ciudad y de la vida de sus habitantes.

Para, este año, de la inauguración de la nueva etapa del hotel, se celebró una gran fiesta en el club de verano de Carrasco.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.



**Apertura con todo el glamour y emoción**

Esta la primera etapa de la renovación del hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

El hotel, que ha sido renovado por completo, cuenta con una gran variedad de servicios y comodidades para sus huéspedes.

## ESPAÑA

"CODERE promotes safety and transparency in gaming"

Soloazar. 19/04/2013

## 30 GALICIA

## Comar y Codere se unen para poner en marcha el mercado de apuestas deportivas en Galicia

La alianza entre ambas refuerza su establecimiento en la comunidad

DEBACCIÓN A COMAR

El principal operador de juego en Galicia, Comar, se une a Codere Apuestas, única empresa del sector que opera apuestas deportivas en todas las comunidades que cuentan con regulación en España, para poner en marcha este servicio en Galicia, según informa la compañía en su comunicado.

Gracias a la alianza de estas dos grandes empresas del juego, Codere confirma su presencia como único operador de apuestas con presencia en las seis comunidades que cuentan con regulación en España.

**SALAS OPERATIVAS**

Tras la aprobación del Reglamento de Apuestas Deportivas en Galicia el pasado 2 de agosto, y tras la formalización de la licencia y la autorización por parte de la Xunta, Codere Apuestas, de la mano de Comar, comenzará a operar esta semana con salas de juego.

Tras de las salas de juego operativas desde el pasado día 8 en A Coruña en las salas Comar.

El director general de Comar, Javier Gómez, explica la satisfacción que produce "colaborar con el principal operador de apuestas deportivas en España". Gómez añadió que "alegría, gracias a este acuerdo, reforzamos nuestra posición en Galicia, nuestro mercado natural, que será una de las comunidades de mayor desarrollo de esta actividad en 2013".



Una de las salas en la compleja avenida de Rubén

FOTOGRAFÍA

Por su parte, Javier Fernández, de Codere España, añadió que "estamos muy satisfechos de nuestro acuerdo con Comar, que tiene un profundo conocimiento del juego gallego y gran experiencia en Galicia y que complementa la oferta de Codere".

El País. 08/03/2013

El Ideal Gallego. 13/03/2013







# Business areas

---

CODERE develops its business in different areas of activity, adapting its operations to the peculiarities of the eight markets where it performs its business.

We should mention the broad and diverse regulation to which CODERE's business activity is subject to, depending on each country. In some cases, the Company must face tight controls, with limited licensing, high taxation, while in others, there are too much competition and lower taxes. Therefore, flexibility and adjustment to the environment are key aspects in CODERE.

# Gaming machines

At the heart of CODERE's business activity within the gaming sector are the gaming machines which represent the Company's main business area.

At the end of 2013, CODERE operated 54,010 gaming machines located in Mexico, Spain, Italy, Argentina, Colombia, Panama and Uruguay, very different markets but with different stages of maturity.

The Company considers continuous innovation in the market as essential and offers its customers the latest technology and most competitive models.

## GAMING MACHINES OPERATED BY CODERE

The gaming machines (also called entertainment machines or slot machines, among others), are located in gaming halls, bars, casinos and racetracks, and offer cash prizes according to the bets made by the users.

The different types of gaming machines are adapted to suit the characteristics of each market:

**AWP Machines (Amusement With Prize):** Machines that pay cash prizes as a result of a percentage of total bets on a predetermined cycle of games. In Spain, CODERE operates Type B machines and in Italy operates Comma 6A machines.

**Casino Slots:** Casino or gaming machines. These machines, in exchange for a particular bet, provide the user with playing time

and eventually, a prize that will depend on chance. CODERE operates these terminals in Argentina, Panama, Colombia, Mexico and Uruguay.

**Electronic Bingo Terminals (EBT):** Machines incorporating games similar to those using bingo cards within licensed bingo halls. CODERE operates EBTs mainly in Spain.

**VLT (Video Lottery Terminal):** Gaming machines with cash prizes based on a percentage of the total amount played using a random statistical system; CODERE operates these machines in Italy.

**Electronic Bingo:** A bingo game mode that takes place through the use of electronic and computer systems in establishments interconnected and attached to a distribution network (interconnected rooms playing together at the same time). Clients involved with virtual cards acquired through gaming terminals and participate in a lottery based on random number generation through an electronic system. It has an innovative structure of rewards where clients can enjoy bingo games for fun while chatting and having a drink.

Year after year, the Group's specialists analyze the clients' tastes and preferences and the needs of establishments to meet these demands and to provide clients and





PLUS III

14774778

PLUS III

14774778

PLUS III

14774778

LA GALAXY BINGO

25.367.65

LA GALAXY BINGO

7.65

users an integral quality service. Analysis, renewal and rotation of machine models, commercial services, revenue management, technical service and private administrative services are some of the elements of the integral activities of the Company.

## SPAIN

Gaming machines represent the origin of CODERE Group's business which maintains a leading position as for the type B gaming machines market despite stiff competition and gaming market circumstances in Spain. In 2013, gaming machines business recorded lower revenues due to a streamlining of machines portfolio by 9.2%. At year end, the Company totaled 11,070 gaming terminals in Spain.

## ARGENTINA

CODERE concentrates its gaming machines activity in the province of Buenos Aires as one of the industry leaders. The Company operates 6,282 gaming machines in this country with the number of machines installed increasing by 7.3% during last year. Similarly, the average daily net win increased by 1.3%.

Inside its gaming halls, CODERE counts with the latest model of slots, progressive terminals, video poker slots and electronic roulettes. The slots incorporate the payment system *Ticket In-Ticket Out* providing a major comfort to the player, and, inside

all gaming halls, the Company counts with interconnected slots accumulating a common prize with each playing input. Among the different levels of progressive terminals, we would mention: *Beat The Field*, *Doggie Cash*, *Party Time 2* or *Star Wars*, among others.

Among other innovations we highlight the incorporation of the new designated smoking areas outdoors, the renovated spaces in the VIP roulette area inside the gaming halls Morón, Lanús, San Justo and Ramos Mejía, plus the implementation of the new online system Vento inside the gaming halls San Miguel and Ramos Mejía.

## MEXICO

CODERE started its business operations in Mexico in 1998 through the business partnership with CIE and Caliente Group. Since it started its operations in Mexico, CODERE has pioneered the field of betting games and lotteries. In 2012, due to its nationwide presence in the major cities such as Mexico City and the metropolitan area, Guadalajara, Cancun, Puebla and Veracruz, among others, CODERE positioned itself as a leader within the private gaming industry.

The local business operation is possible thanks to the 7 licenses that the Mexican gaming regulatory body (*Dirección General de Juegos y Sorteos*) granted to the Company authorizing the opening of gaming halls, betting shops and a racetrack. In addition to



these licenses, CODERE Mexico undertakes the necessary procedures in order to get the corresponding local approvals Mexico to open betting gaming facilities.

CODERE operates in Mexico gaming terminals located inside the gaming halls and the racetrack. During 2013, the number of gaming machines fell by 11.7% over the previous year, reaching to 16,970 terminals. In November 2013, CODERE announced the agreement signed with Evolution Gaming, the world leader in live dealer games broadcasted by streaming, in order to introduce *Live Roulette* (Roulette games live) inside the electronic gaming machines. The initial deployment was carried out in several CODERE gaming halls in Latin America in October.

### ITALY

CODERE operates a large network of interconnected gaming machines in this country called CODERE Network, as well as AWP gaming machines and VLTs.

The Group continues its development in the Italian market and, at the end of the year, had a fleet of 8,374 gaming machines, 3.8% more than in 2012. The number of AWP gaming machines increased by 4% up to 7,181 terminals, compared to previous year, while the VLTs (Videolottery) increased by 3.1%. This type of gaming machine entered the Italian market due to regulatory changes in 2009.

The fall in private consumption in Italy, as well as the reduction in the average net win of the gaming machines, was partially offset by a greater number of VLT terminals and an increase of third-party machines connected to CODERE's Network. During the fourth quarter of 2013, due to the higher number of AWP terminals connected, 250 additional VLT licenses were obtained to expand the operation, according to the new licenses availability ordered by the Italian regulator AAMS (Agenzia delle Dogane e dei Monopoli).

### COLOMBIA

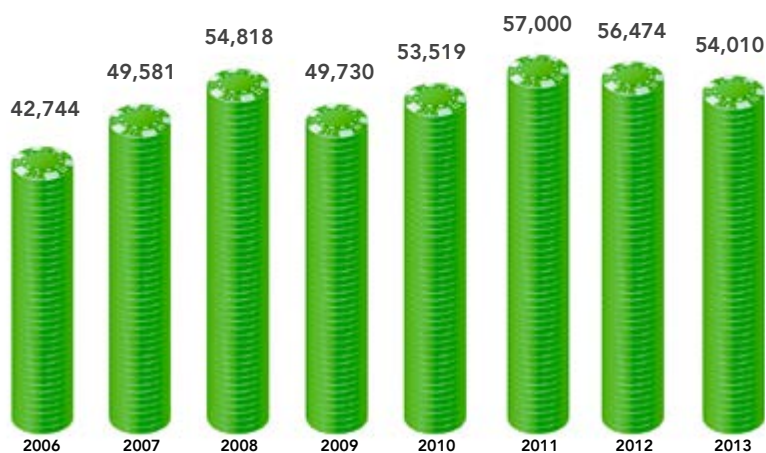
CODERE has been active in the Colombian gaming market since 1984, the date on which this activity was legalized, and is the largest AWP gaming machines operator in the country so far.



At the end of 2013, the Company operated in Colombia 5,932 gaming machines through shops, bars, gaming halls and casinos, 1.8% less than in 2012, and spread over more than 100 Colombian cities and villages.

Above:  
Interior of Crown Casino  
Zona T. Colombia

## Evolution of the number of gaming machines



Data from 2009 and 2010 adjusted after various agreements and acquisitions made in México, Italy and Panama.  
2010-2012 data are for gaming machines seats.



The Company implemented the *Cashless System* in 2013, enhancing processes and improving the clients' playing experience. Through this system, clients can not only make the charges and payments, speeding up the time they spend inside the gaming halls, but also, their money is kept safe and non-transferable.

By using the card, the loyalty plans management is enhanced as by using the card the clients accumulate points (*Coronas*) that can be redeemed for money or gaming bonuses. So far, this system has been implemented in more than 300 gaming machines nationwide belonging to the Crown business line.

In 2013, CODERE Colombia also launched a management model in the form of participation, which allowed **renewing 30% of the terminals belonging to the traditional line**, whose average transaction is more than 10 years of use, hindering the possibility of games renewal and generating a competitive disadvantage. About 1,200 gaming machines from leading manufacturers are part of this model by means of *revenue sharing*, thus improving revenues, the business relationship with the managing partners and it also allowed that this business line continued the procedures as for the opening of new gaming halls.

During 2013, CODERE Colombia also started to work in SGB CODERE project, which involves installing games from different providers on the same platform and cabinets developed by CODERE with dynamic and updatable content. In October the first gaming machine under the SGB system was installed in the city of Bogotá (as a prototype) and thereafter the first 21 gaming machines that are part of this project were assembled.

## PANAMA

Gaming machines are the source of CODERE Panama business activities in the field of gaming. In 2013 the number of gaming terminals amounted to 3,225 nationwide.

Since January 2013, the Company invested in technology inside the gaming halls, incorporating the best multilevel progressive machines with 3D HD graphics, community games and *stand alone* machines, offering to



its clients the best gaming offer. A total of 177 new gaming machines were installed.

Among the new features we would highlight the flagship product *Life of luxury Deluxe*, by WMS, a progressive 6 levels jackpot machine, installed in 10 of the 12 gaming halls, a new bank of *Pirate Battel*, for the sole use of CODERE Panama and available at the Crown Racetrack, Crown El Panama and Crown Sheraton. In the near future the Company will incorporate inside its gaming halls the *Reel'em In!*, *Greatest Catch* and the *Kingdom of the Titans* with seven levels of Jackpot.





Left:  
Interior of Casino  
Carrasco, Uruguay.

On March 14<sup>th</sup>, a new gaming machines corner was launched inside Crown Casinos Hotel Radisson, incorporating the latest TGM terminals.

## URUGUAY

In Uruguay CODERE operates five gaming halls under the *Entertainment Maroñas* brand: 18 de Julio, Montevideo Shopping, Las Piedras, Géant and Pando, around 1,800 gaming machines. In 2013, CODERE Uruguay kept implementing loyalty activities *Entertainment Plus* inside its gaming halls. The Company, which also operates the Maroñas National Racetrack, opened in 2013,

through Carrasco Nobile, the hotel **Sofitel Montevideo Casino Carrasco & Spa**, a luxury hotel holding a state-of-the-art casino of more than 3,000 square meters, with 23 casino tables, a VIP room, a restaurant and an entertainment hall. About 400 gaming machines complete its gaming offer to make it be the best casino in Montevideo.

# Gaming halls

CODERE is a leading international operator that manages 179 gaming halls in the countries where it operates its business, including: Bingo halls with gaming machines, casinos, gaming machines halls within the racetracks and branded gaming halls.

Along these last years, the Company has made significant investments in this segment of the gaming market and has become the leading operator in Latin America, particularly in Mexico, in Argentina –the province of Buenos Aires-, and in Colombia.

## SPAIN

CODERE operates a single gaming hall in Spain, CANOE. Although since its opening in 1978, bingo continues to be the most popular gaming activity, CANOE provides an important offer of multi-product gaming, entertainment and gastronomy.

CANOE has a privileged location in the financial center of the capital and in front of the Santiago Bernabeu Stadium in Madrid. It has about 3,000 m2 spread over two floors and is the largest gaming hall in Spain and one of the most important in Europe.

In 2013, CANOE celebrated its **35<sup>th</sup> anniversary**, and during all this time it has remained at the helm for his operational and management achievements, becoming an international reference. Throughout this period, more than sixteen million people have visited its gaming facilities.



One of the most important milestones of this gaming hall took place in 2008 when it starred the first in-shop sports betting in Spain. Since then, it has continued to adjust itself to the forefront of the gaming industry and it offers a wide variety of gaming and entertainment through type B gaming machines, black jack terminals, roulette terminals in electronic format, video bingo machines type B3 and electronic bingo all this combined with a varied and excellent cuisine.

In addition, the gaming hall is equipped with 20 large screens enabling to follow the major sports event live in an HD screen of more than 4 meters, which allows sports fans to enjoy live sporting events, especially football.

CANOE also attracts new clients thanks to its offer of live sports events and sports betting, becoming a meeting point for young people and football fans before and after major sporting events. All this, combined with an excellent customer service, consolidates CANOE's clientele.

#### Attractive prizes

CANOE grants the highest prizes in Madrid. About €60 million are distributed among the different gaming modalities every year. So far, the highest granted prize amounted to €30,000.

In 2013, CANOE carried out numerous activities and campaigns to celebrate special days such as: Valentine's Day "*On Valentine's Day CANOE takes you to Cancun,*" Women's Day, Mother's Day, etc., with numerous travel sweepstakes, prizes and gifts. In addition, the gaming hall conducted other campaigns especially related to football or betting such as Bingol, with drawings on the Real Madrid team playing at home or during the Copa del Rey, among others.

Undoubtedly, one of the most important actions was the **Rebingo**, a drawing among the one line or bingo winners that distributed prizes of €6,000, higher premiums and bingo higher than €5,000. This formula, which began in 2012, continued throughout 2013 with great success.

In 2013, the Company also promoted its activities and promotions through social media Facebook, Twitter or Foursquare.



In November, to celebrate the **35<sup>th</sup> anniversary** of the gaming hall, the "Great Anniversary Festival" campaign was launched, and at Christmas, CANOE launched different activities such as rebingos, drawings, special dinners, among many other surprises.

#### MEXICO

At the end of 2013, CODERE operated 82 gaming halls located in the best urban sites. All Company's activities are held under the trademarks Royal Yak, Yak, Jackpot, Mio Games, Bingo 777, Casino Bingo 777, Caliente and Las Americas Racetrack. Because of the activities distribution and the number of establishments, CODERE Mexico is the most important Company within the country's gaming industry.

Inside the gaming halls the Company organized lots of anniversary parties, shows, promotions, and parties. In January, the gaming hall **Jackpot Airport**, conceived under low cost casino format that offers a casino experience, including a wide variety of games (Electronic games, Sports Book, Traditional games), in a more accessible and friendly environment. Throughout the year, various theme parties were held at the Royal Yak Las Americas Racetrack. On May 16<sup>th</sup>, CODERE Mexico celebrated "*Royal Night Brazil*" party and on October 3<sup>rd</sup>, the "*Royal Medieval Night*" party was celebrated with great success.

#### COLOMBIA

CODERE Colombia operates 51 gaming halls, mainly located in Bogotá, Medellín and Cali and has become the first operator of bingo halls in the country.



A year after the opening of **Crown Casino Zona T** in Bogotá, the Company's efforts are oriented to clients' management (CRM), for greater market share, to commercial alliances with related brands, and to the development of promotional and entertainment events enabling clients to real feel a successful brand and entertainment experience.

Additionally, CODERE focuses its efforts on boosting its loyalty program EL CLUB and on the strategy of "*Obsesión por el Servicio*" (Obsession with Service), which differentiates the Company within the gaming sector, positioning the casino as a leader within the most demanding segments.

On the other hand, **Crown San Rafael** becomes a living example of the progress of the premium brand of CODERE in Colombia. Since December 2011 when it opened its doors to the public in San Rafael Shopping Center, this casino has managed to be a single reference in architecture and design, with an exceptional product offer and a highly qualified team to provide the best service to clients.

This casino's success is based on the excellent service, high quality food and beverage offer – at competitive prices - striking Buffet offer, plus a wide offer of first class product in the tables area with new games and high impact promotional strategies.

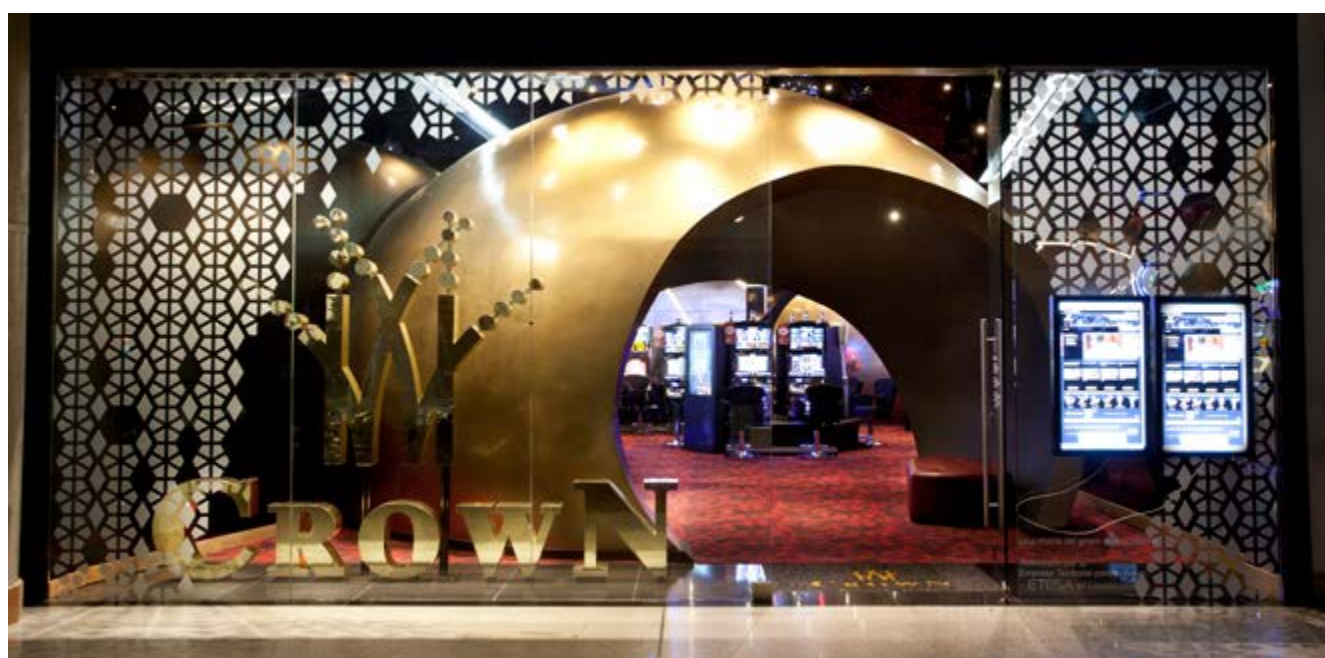


## 179 GAMING HALLS

82 Mexico  
51 Colombia  
14 Argentina  
13 Italy  
12 Panama  
6 Uruguay  
1 Spain

At the end of 2013, CODERE Colombia promoted **the variety of bingo prizes** with a flashy promotional scheme, thus increasing clients traffic in the gaming halls and a higher frequency of clients visits. Similarly, **food and beverage promotions** and the incorporation of a Buffet of excellent quality at competitive prices, has impacted significantly on the business, improving sales.

Below:  
Façade of CrowN San Rafael. Colombia





In 2013, the **Fantasía Royal Light** model was implemented for unbranded gaming halls with profitable economic performance. The first gaming halls operating under this concept at the end of the year were *La China*, in the city of Medellin and the *Sahara la 41* in Monteria. In the future, this model will be extended to other high potential gaming halls, in order to position and expand the coverage of the **Fantasía Royal** brand as a leader in this market.

During the month of August, CODERE Colombia celebrated **the fourth anniversary of Crown Casinos brand**, distinguished by its excellent service and powerful client loyalty scheme. The celebration was accompanied by several drawings and promotions.

At the end of 2013, the **Loyalty Plan (SISFIC) for Unbranded Gaming Halls**, called "*Sisfic Light*" was implemented, allowing the accumulation of points and recording the visits of players, setting a visit frequency indicator, which enables clients segmentation, and allows to develop a more structured promotional scheme.

## ARGENTINA

CODERE Argentina is the largest gaming hall operator in the province of Buenos Aires with its 14 active gaming halls. At the end of 2012 the Company completed the installation of TITO and other coinless systems in most of the gaming machines. The Smoking Ban in force since October, 1<sup>st</sup>, 2012 had a strong impact in the operation of the gaming halls and gaming machines.

Throughout 2013, the Company had been intensely active in the management of the gaming halls. During the first quarter, CODERE Colombia launched the commercial slogan "*Sensaciones únicas*" (*Unique sensations*) that summarizes the wide variety of activities such as anniversaries, special events or activities and gastronomic and loyalty activities to position the Company as the higher quality offer for fun and entertainment.

Through the **anniversary parties**, CODERE's gaming halls show all its glory with manicured settings, exquisite cuisine and shows designed to amaze the audience. In 2013, several events such as the 21<sup>th</sup> anniversary

of the San Miguel gaming hall, the 15<sup>th</sup> Anniversary of Morón gaming hall or the 21<sup>st</sup> Anniversary of Lanús were celebrated, among others.

In November, San Martin gaming hall, opened the **Smokers Club**, an exclusive space equipped with the latest generation of gaming machines, cafeteria and food service and excellent personalized attention, among other features.

The gaming halls also organized **special events** on Women's Day, Father's Day, San Valentine, Christmas events and culinary events such as the **International Gastronomy Week**. Besides, **the Oriental Week**, which included a gourmet experience with the renowned chef Iwao Kominaya, was also a very successful event.

The Company also boosted its loyalty program, EL CLUB, by launching exclusive promotions and campaigns such as "*Socios Referidos*" or "*Canjes por efectivo*." In addition, the clients of CODERE's gaming halls enjoyed new bingo drawings and more prizes in cash.

## ITALY

CODERE is the leading gaming hall operator in Italy with 13 halls and 8,374 gaming machines, including video lottery terminals (VLT). Three of these gaming halls are among the five largest in Italy and one of them, Bingo Re, is among the largest gaming halls in continental Europe. The Company completes its gaming offer with food service and entertainment activities.

In 2013, CODERE Italy launched the emotional campaign "*Solo da CODERE il Gioco è divertirti*" ("Only with CODERE Gaming is fun"), which seeks to position itself in the minds of the clients as the most fun and friendly gaming through friendly and familiar characters. Characters such as Mr.Fishy, Mr.King, Miss Bingy and Mrs.Slotty, embody positive aspects of socialization through gaming (make new friends, chat, drink, have fun and get excited over a wide range of games), the players becoming the real protagonists. This concept is perfectly in tune with the elements of brand identity and CODERE Responsible Gaming. The campaign allows implementation in various

formats and breaks with the conventional attitude within the gaming industry.

Moreover, throughout 2013, the Company continued to develop lots of **entertainment activities** inside the gaming halls with live concerts, events, contests and loyalty programs.

Since late 2012, CODERE started a very welcomed promotional activity "**Motorlottery**" in all gaming halls, with a drawing of 3 cars and 2 motorbikes for the clients.

## PANAMA

Throughout the year, Panama CODERE operated 12 casinos, under the brands Crown and Fiesta, a total of 123 gaming tables nationwide and a wide variety of games.

During 2013, CODERE Panama launched several initiatives aimed at improving casinos service and performance such as: the homologation of the operational procedures manual, remodeling and rebranding of the Crown El Panama, the enlargement of Crown Radisson, training for top and middle management on gaming technical skills or blackjack tournaments, among others.

Crown and Fiesta Casinos brands celebrated its **15 years of operational activity** in Panama, rendering a distinctive service, getting clients' trust and preference due to the opening of new casinos and a new entertainment offer including: gaming machines and table tournaments, theme nights, promotions, membership clubs, among others.

One of the most important milestones of the year was the launch of the new casino **Crown El Panama**, which took place on April 25<sup>th</sup>, 2013, and was a major investment of about \$4 million in infrastructure and equipment. This is the first of six casinos that will be remodeled soon. With this new opening, CODERE becomes the nation's largest casinos network.



Left:  
New casino Crown El Panamá.



On the reopening of CrowN El Panama, the Company implemented two main innovations inside the casino: the TITO System (*Ticket In-Ticket Out*) and the CrowN Club, with special benefits and promotions for the clients. The inaugural event hosted a big party, lots of promotional activities, free play for the gaming machines or tables, plus shows and music.

On December 19<sup>th</sup>, the reopening of the **Fiesta Casino Hotel Soloy** took place after remodeling its structure and the stage. Throughout the year many other anniversaries and parties were held inside the gaming halls.

In 2013, CODERE Panama carried out an intensive marketing activity inside the gaming halls, especially through promotional activities client-oriented. We would highlight the opening of Cash CLUB within Fiesta Casino Hotel Nacional. Besides, other activities such as cars raffles were carried out: at CrowN Casinos Hotel Sheraton, the prize was a Mercedes Benz and at CrowN Casino Hotel El Panama, a RAV 4.

## URUGUAY

In 2013, CODERE operated in Uruguay 6 gaming halls and 2,157 gaming machines. Carrasco Nobile, a consortium led by CODERE Group, was granted the concession of Hotel Casino Carrasco in 2009. After an intensive process of reconstruction and restoration and with an investment of more than \$75 million, this landmark building National Heritage of Uruguay, built by the French architects Dunant and Mallet in 1912, reopened its doors in March 2013 with the same original splendor.

Converted into a luxury hotel, it is operated by Sofitel and consists of 116 rooms, the Restaurant 1921, the Bar Thays, a spa and a state-of-the-art casino.

The 3,000 square meters casino is located in the two lower levels of the building and is equipped with 23 gaming tables and around 400 gaming machines. Sofitel Montevideo Casino Carrasco & Spa is the icon of entertainment and gaming in Latin America.

Below:  
Interior of Casino  
Carrasco. Uruguay.



# Betting shops

CODERE holds a state-of-the-art expertise as a sports betting operator internationally, developing this activity in five countries: Spain, Mexico, Panama, Uruguay and Brazil. In 2013, the number of betting shops within the Group amounted to 1,568; 13% more than in 2012.

The Company started its sports betting business with its arrival in **Mexico** in 1998, with the help of local partners. Most of these betting points are linked to gaming halls, which offers users a wide variety of entertainment options in gaming.

In the markets of **Panama and Uruguay**, gaming halls are linked to the management of the Presidente Remon Racetrack (Panama) and the Maroñas National Racetrack (Uruguay), and the Las Piedras Racetrack (Uruguay).

Since 2006, CODERE also operates betting shops in **Brazil** near the leading jockey clubs of the country-the Jockey Club in Rio Grande do Sul (Porto Alegre), the Brazilian Jockey Club (Rio de Janeiro) and, since 2011, the Jockey Club do Paraná (Curitiba). The Company offers clients betting on horse racing nationally and internationally.

In **Spain**, CODERE is the first company licensed to start sports betting operations in the country and opened the first betting shop on April, 16<sup>th</sup>, 2008 in Madrid. Spain represents the 89% of CODERE Group's betting shops.





## Types of Bets

Sports bets are a gaming modality that allows multiple options as for the type of establishment itself that could be either a specific betting shop or a shop associated with other forms of gambling, such as casinos, bingo halls, sports venues, racetracks, bars, etc. These very different types of gaming halls offer a state-of-the-art technology to ensure to their clients the optimum transparency and reliability.

Among the **types of bets** CODERE operates we would highlight the following ones:

### I.- Depending on timing:

- **Ante Post:** Closed a few minutes before or at the time the event starts.
- **Live betting:** Remain open after the event has already begun.

### II. - Depending on the number of bets and conditions:

- **Simple bets:** A single bet on an event.
- **Accumulator:** Two or more bets on multiple events. The bettor must win all of them. It can be double, triple or multiple.
- **Combined:** Three or more bets on various events. The bettor does not have to win all of them.

## SPAIN

CODERE Apuestas has the most comprehensive product and sports betting service within the Spanish sports betting market.

In Spain, CODERE experienced an increase of 18.6% as for the number of betting shops, reaching to 1,395. This figure highlights the significant boost for the Company in this business area that has been favored not only by the new regulations liberalizing the different markets but also by the outstanding growth up to 187.3% (in terms of coin-in) of the sports betting market in Spain during the last 5 years.

## CODERE Apuestas's intensive expansion plan

The Company started in 2008 an ambitious expansion plan through agreements with different experienced gaming partners and having a privileged local positioning. The "know-how" of the Company and the efforts of a professional multidisciplinary team consolidate CODERE Apuestas as a reliable company to clients and partners, and promote its high recognition within the

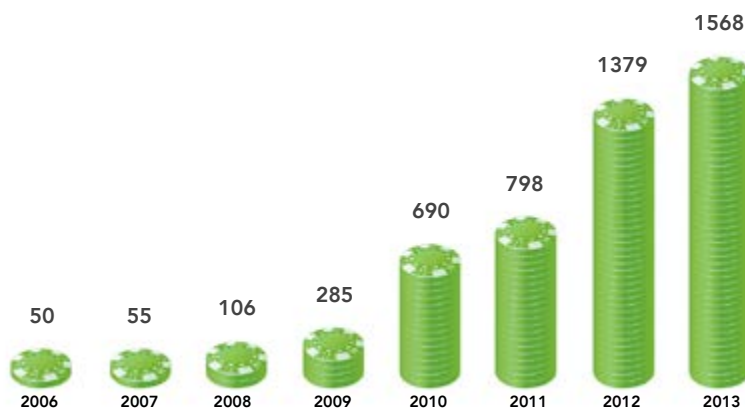
private gaming industry.

The evolution of the brand CODERE Apuestas has enabled to standardize the gaming facilities and provide increased visibility from the outside, and at the same time, to unify and give coherence to the deployment of this business line nationwide, and also for its further development.

CODERE promotes in-shop betting, not only in betting shops, but also in bars, complementing the current offer of AWP gaming machines, attracting new clients and improving the profitability of the hospitality channel (bars). The economic crisis, the smoking ban and limitations as for the commercial promotion of this activity are just some of the factors that have dented the offline betting industry that in the last five years has seen a fall in consumption by 27%. Therefore, the implementation of sports bets in bars, besides increasing its attractiveness to clients and the establishment itself, attracts a new player profile, in addition to the usual profile of gaming machines user, thus increasing the bar revenues, capitalizing on the bar's familiar atmosphere. By increasing the players' traffic and the time they spend inside the establishment, bar consumption it is also automatically promoted. This collaborative model brings benefits to all parties involved (licensees, bar and operators), as demonstrated in the different autonomous communities that have regulated sports betting in bars.

## Growth in number of betting shops

Data from 2009 and 2010 adjusted after various agreements and acquisitions made in Mexico, Italy and Panama





### Outstanding positioning throughout the Spanish Autonomous Communities

Throughout 2013, CODERE Apuestas continues with its intensive expansion plan and in March, and along with COMAR Group, among other local partners, it becomes the first company to operate in **Galicia**. CODERE has a privileged position in the region and provides a wide product distribution through the hospitality channel, gaming facilities, its own betting shops and gaming halls. In June, the expansion plan of CODERE Apuestas reached the region of **Murcia**.

In parallel, the Company continues completing its business deployment in other regions such as the **Valencia Community**, where it began to operate in the second half of 2012, reaching a leading position along with Matencio group or Orenes group, among others, with a deep knowledge within the private gaming industry. The expansion plan in Valencia supports its business deployment in both gaming facilities, and through the hospitality channel, covering the existing gaming demand and reaching to a different audience. The Company already holds in this community about 37% of the market share in terms of coin-in.

Similarly, during 2013, CODERE consolidates its leadership in **Madrid**, where it holds 50% market share in terms of the win, holding 39% of the betting shops in the capital. This increase was made possible by the change in the system of betting terminals, distribution

growth, which doubled the number of betting facilities in the last year and a half, and as a result of the consolidation of the brand.

### Sports excitement

CODERE Apuestas's business letter of introduction is made up of the passion for sports and the thrill of betting, that it conveys, together with its successful business experience, to its stakeholders. Throughout 2013, CODERE Apuestas supports the opening of new gaming halls and betting shops through different marketing activities such as promotions or advertising under the heading: *"La emoción está a un paso"* ("Excitement is just one step away.")

The Company promotes a number of actions that connect with the players such as *"El Golazo de CODERE Apuestas"* (CODERE Apuestas best scored goal), a successful campaign, communicated through the social networks to the supporters and fans of Hercules football team, drawing tickets and goal shots. The campaign had a great impact and attracted more than 75,000 followers and 60,000 Facebook fans.

In July, CODERE is the only company to enter into the **Entrepreneurial Commitment for clean sport**, along with 25 other companies, supporting best practice in terms of

Above:  
Interior of a CODERE Apuestas betting shop in Spain.

sponsorship based on “zero tolerance” to doping. This initiative of transparency was supported by the World Anti-Doping Agency (WADA) and the National Anti-Doping Agency (AEA). With this initiative, the Company strongly reaffirms its commitment to sport values: competitiveness, effort, responsibility and ability to overcome any limit, according to the Group corporate commitment as for **Responsible Gaming**.

In 2013, CODERE Apuestas carried out its business activity inside the gaming halls under the concept: “*La emoción está aquí*” (“Excitement is here”) through promotions, Playstation tournaments, campaigns, sporting events such as the U.S. Open, Wimbledon, NBA, greyhound racing, Moto GP or football, such as the Spanish Supercopa or Copa del Rey.

#### A successful product to ensure the Company's future

Currently, CODERE has the most comprehensive product and service in the market. Being such a competitive business, the challenge is to maintain the best offer and CODERE Apuestas knows how to do it thanks to its betting terminal, one of the most innovative in Europe, incorporating a touch interface and a wide variety of betting (with about 100,000 live events per year of the main sports events, 390 European and Latino football leagues, tennis, American sports, etc.).

It also allows bet live or ante post, being the only company able to broadcast greyhounds

racing and horse racing live directly from the screen.

Along with a successful product, CODERE Apuestas has its own professional team with specialists in training, trading and risk management, data/audiovisual editing, high quality customer service 365 days a year, this being the true business engine. Since it started its operations in Spain in 2008, the Company has grown steadily and currently maintains this leadership being the only company present in all Spanish autonomous communities with regulation in force. Its business management success is already being exported to other countries of the Group in order to convert CODERE Apuestas into a global brand.

#### A long-haul market

As confirmed by recent industry data, the exponential growth of the in-shop sports betting market in Spain seems unstoppable. For the next few years both the average expenditure and the number of players are expected to increase. The Company is prepared to maintain its leadership and continues with an ambitious expansion plan that has, among other goals, to further increase the number of betting terminals and betting shops in the regions in which it operates its business, to ensure proper management of the operator and get the best possible locations, trying to achieve maximum client proximity. In 2014, the Company will also operate in Castilla la Mancha and Cataluña.



#### MEXICO

CODERE operates 73 betting shops in Mexico on sporting events of all kinds. Most of these betting shops are linked to gaming halls, which offers users a wide variety of entertainment options in gaming.

Through **Sports Book** one can bet on the races held at major US racetracks, such as: Santa Anita, Hollywood Park, Lone Star Park, Los Alamitos, Sam Houston, as well as national and international sports (greyhounds, soccer, football, baseball and hockey).

#### PANAMA

CODERE operates 66 betting shops in Panama under the brand **Turff Bet & Sport Bar**, among which we would like to





highlight the following ones: Monte Carlos and Presidencial within Presidente Remon Racetrack, the Turff Bars at Radisson Casino, Sheraton Casino, Plaza Mirage Casino, El Panama Casino and inside the gaming machines hall at CrowN Racetrack where players can bet on local and international horse races, greyhound racing and other sports.

In 2013 the new betting shop Turff Bet & Sport Bar Fiesta Soloy was opened. The Company also operates under the brand CODERE Apuestas.

#### URUGUAY

In Uruguay CODERE operates 27 betting shops offering *simulcasting*. In Montevideo, the betting shops are located inside the gaming halls *18 de Julio* and *Montevideo Shopping Center* and at the *Maroñas National Racetrack* (whenever there is a horse race).

In 2013, CODERE expanded its business in Uruguay with the Las Piedras Racetrack, following the granting of a new operational license for a period of 30 years and where it also operates under the *racino model* (allowing the installation of gaming machines within the racetrack or the gaming halls connected to the racetrack in order to help

financing this activity by combining horse racing and casinos).

#### BRAZIL

In Brazil CODERE operates sports betting since 2006 along with the main country's equestrian clubs- the Jockey Club Rio Grande Do Sul (Porto Alegre), the Jockey Club Brasileiro (Rio de Janeiro) and, in 2011, it entered into an agreement with Jockey Club do Parana (Curitiba) to operate equestrian betting thereof.

In September 2012, CODERE signed an agreement with United Tote, a Churchill Downs group company, allowing it to expand its racetrack business in Latin America. Thanks to its new technological features, CODERE could extend its business to the Brazilian and Latin American racetracks, as well as its off-track betting network across the region.

In 2013, CODERE signed an agreement with the Jockey Club São Paulo and the Bandeirantes group to provide content services and technology to the Jockey Club São Paulo. The Company took a step further as for its negotiations with the Jockey Club do Parana to become a betting content and service provider.

At the end of 2013, CODERE operated seven betting shops in Brazil under the trademark

Above:  
Façade of Turff Bet &  
Sport Bar in Moinhos.



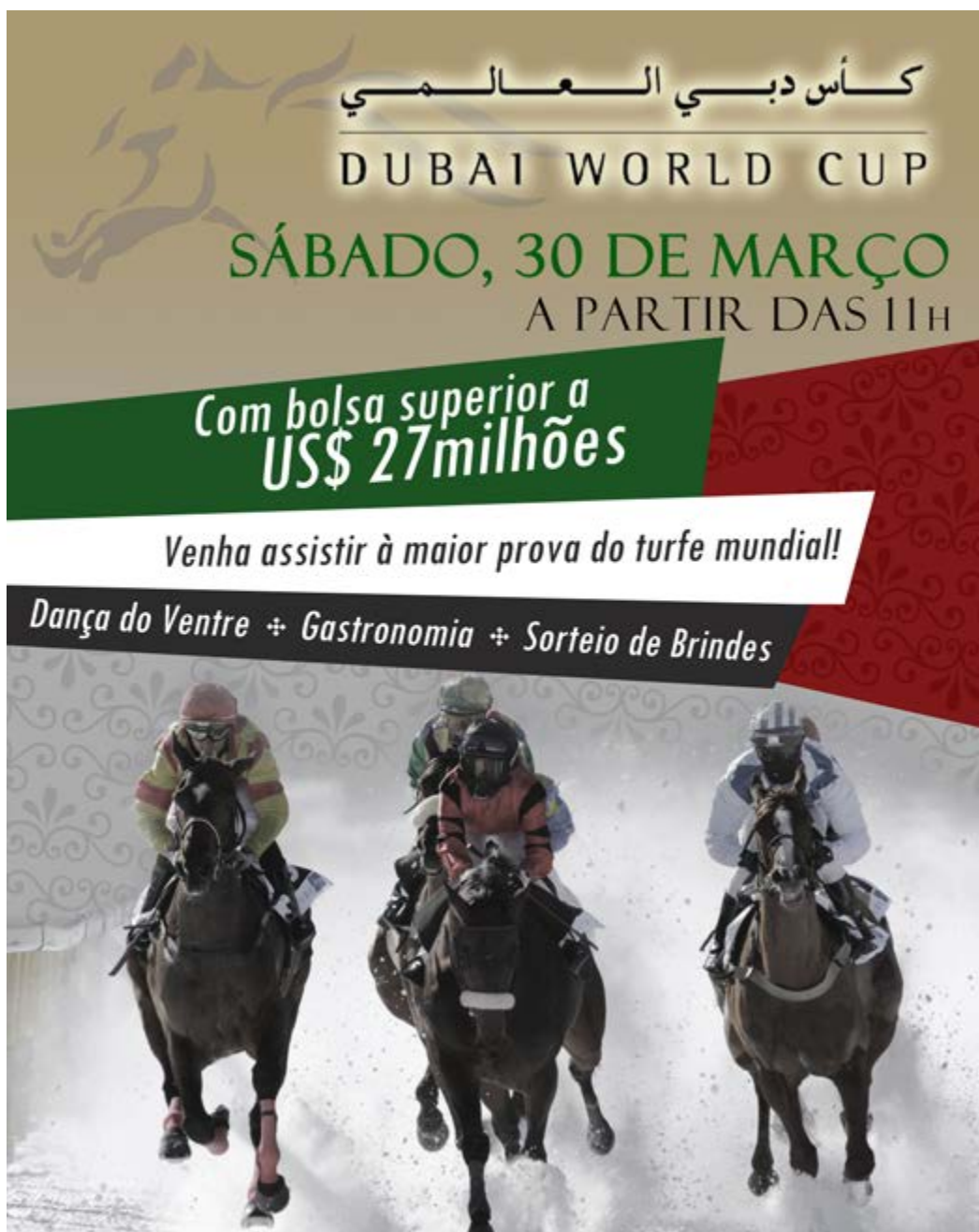
**Turff Bet & Sports Bar.** The Company expects to expand its business across the country once new gaming modalities are being approved, thus adding extra value to its business.

These betting shops offer clients the possibility to bet on national and international horse races. These latter are called international *simulcasting* and its arrival in the Brazilian market has contributed to the recovery of the turf across the country.

To boost sales in its betting shops, marketing actions with clients on large equestrian events intensify, such as the Brazil GP, GP Ramirez and Dubai World Cup. In 2013, the Company implemented the promotion

“**Gávea na palma da mão**” among clients and 10 tablets were drawn to attend the horse races through the JCB application.

The Company aims to foster and promote the equestrian activity for a further market growth, attracting more audience and celebrating high level turf shows, favoring the development of the betting business. This first step should be the beginning of a more structural reform to enable other resources for the sector, as for example, in Panama, Mexico and Uruguay.



A promotional poster for the Dubai World Cup horse race. The top section features the event name in Arabic 'كأس دبي العالمي' and English 'DUBAI WORLD CUP' in a serif font, with a stylized horse head logo to the left. Below this, the date 'SÁBADO, 30 DE MARÇO' is written in large green letters, followed by 'A PARTIR DAS 11H' in smaller black letters. A green banner with white text reads 'Com bolsa superior a US\$ 27 milhões'. Below that, a white banner with black text says 'Venha assistir à maior prova do turfe mundial!'. A black banner with white text lists 'Dança do Ventre ✦ Gastronomia ✦ Sorteio de Brindes'. The bottom section shows three jockeys on horses racing on a dirt track, kicking up dust.

كأس دبي العالمي  
DUBAI WORLD CUP  
SÁBADO, 30 DE MARÇO  
A PARTIR DAS 11H  
Com bolsa superior a  
US\$ 27 milhões  
Venha assistir à maior prova do turfe mundial!  
Dança do Ventre ✦ Gastronomia ✦ Sorteio de Brindes

# Racetracks

CODERE operates 4 racetracks: Las Américas Racetrack (Mexico), Presidente Remón Racetrack (Panama), and Maroñas National Racetrack and Las Piedras Racetrack, in Uruguay.

The horse racing industry has evolved over time. Today, along with horse racing and betting, it also operates under the *racino model*, which allows the installation of gaming machines in the equestrian enclosures or halls belonging to the racetrack, in order to help funding this activity.

The Company, thanks to its industry expertise and excellent management procedures, provides successful formulae to enhance this activity, which in the late 1990s found itself in recession in Latin America.

Las Americas Racetrack (Mexico), Presidente Remon Racetrack (Panama) and Maroñas National Racetrack (Uruguay) belong to the International Federation of Horseracing Authorities (IFHA), a prestigious international body that promotes good regulation and best practices in international horseracing matters.

## MEXICO 70 years' history of the Las Américas Racetrack

In March 1943, the Mexican president Manuel Avila Camacho opened the Las Americas racetrack in the northern part of Mexico City, in an area of nearly 60 acres of federal property. In 1997, the CIE Group obtained the concession to operate it and after a 3-year renovation process, it reopened its

doors to offer the live show of horse racings. In 2013, the 70<sup>th</sup> anniversary of this racetrack was celebrated with a big party, a lot of guests and surprises. To the anniversary celebrations, we should add the celebration of the **XLVIII Edition of the Longines Handicap of Las Americas**, the most important horse race of the year.

In 1943, one planned to organize annually a great race: the big **Handicap of Las Americas**, with the participation of horses coming from all over the continent. Despite the many difficulties such as the travel distances, time acclimatization of horses or the height of the city of Mexico (2,240 meters above sea level), this race positioned itself as "*the great race of Mexico*" (the one that everybody-owners, jockeys, trainers-want to win once in their life).

In the edition of 2013, 12 horses participated, and the winner was Dahy horse, one of the favorite horses, owned by San Jorge stable, trained by Fausto Gutiérrez and his jockey, José Luis Capos. The event was attended by famous business and entertainment personalities.

In 2013, several venues were set up at the racetrack such as **the Pool for racehorses**, helping horses to maintain and strengthen their physical condition, as high-performance



Left:  
Jose Pedro Ramirez Gran  
Prix. Uruguay

athletes. It is also used for the rehabilitation of various injuries and for therapeutic purposes, if stressed horses. The racetrack also features a **Horse Clinic**, which offers 24-hour service, 365 days a year for both racetrack horses and external ones (the latter are restricted to rule out any equine infection).

The clinic offers the latest technology in equipment such as the "Shut" in order to make minor surgery, laser for respiratory diseases, odontology motorized equipment, digital x-rays, clinical lab, operating room, among other facilities. In addition, through a project with the *UNAM*, students can do their social service to take care of the racetrack ponies, under the supervision of the veterinary team.

The Racetrack also developed some events of interest such as: the celebration on July 9<sup>th</sup> of the **Anniversary of the Independence of Argentina**, in an act involving the presence of the Argentinian ambassador in Mexico, Mrs. Patricia Vaca Narvaja, and of other personalities of the Argentinian community. In November, the **Melbourne Cup** race attended by the Ambassador of Australia, Mr. Tim George and the Ambassador of New Zealand, Mrs. Clare Kelly was broadcast. From 22<sup>th</sup> to 24<sup>th</sup> of November, the Ministry of National Defense held an exhibition to celebrate the **100 years of the Mexican Army**. The exhibition featured vehicles, aircraft, weapons, uniforms and, among

other activities, equestrian stunts were performed.

#### PANAMA

Currently CODERE Panama operates the only active racetrack in Central America, President Remon Racetrack, with capacity to accommodate over 20,000 people and counts with about 1,000 horses and has about 300 employees.

Throughout 2013, we have developed different events of great importance, such as the **XLVI International Classic Caribbean**, the most important equestrian event in the region, CODERE Panama being the organizer of this event for the second time.



## 4 RACETRACKS

- 1 Mexico
- 1 Panama
- 2 Uruguay





The event took place on December, 14<sup>th</sup>-15<sup>th</sup>, 2013 and consisted of various events: the *Speed Cup*, in which the winner was Franz horse controlled by the jockey Luis A. Contreras, the *Fellowship Cup*, the *Lady Caribbean Cup*, the *Invitational Caribbean Cup* and, the most expected one, the **International Caribbean Classic**, in which the winner was the Mexican pony Black Diamond. Different countries of Latin America and the Caribbean, including Mexico, Puerto Rico, Venezuela, Jamaica, Trinidad and Tobago, etc. took place at this event.

Furthermore, from the **Laffit Pincay Jr. Jockeys Training Academy**, 11 trainees graduated in 2013. This school, which opened on March 17<sup>th</sup>, 2009, aims to discover great jockeys and ensure complete education of its graduates. During the 24 months duration of the training, students are instructed in equestrian matters and receive academic training to ensure complete education. The recognition of this institution, internationally, promotes the image of Panama as - "*Home of the best jockeys in the world.*"

Near the racetrack, there are around 60 betting agencies in which, through simulcasting, one can live bet for the races conducted both in the country and abroad, in a friendly atmosphere and with high quality service. In Panama these agencies

operate commercially under the brand **Turff Bet & Sports Bar**.

#### URUGUAY

**Maroñas National Racetrack** is one of the most important tourist attractions in the region. In 2003, Hípica Rioplatense Uruguay (HRU), a company born of a strategic partnership between Sociedad Latinoamericana de Inversiones and CODERE, won the bid for the management of the racetrack.

Following the *racino model*, the activity of the HRU in Uruguay is currently concentrated in the capital of the country, where in addition to operating the racetrack; the Company operates a horse betting system and several entertainment halls.

In 2013 there were more than 100 equestrian meetings and more than 1,000 horse races at Maroñas. During 2013, the Company also expanded its betting and signal distribution network in the center of the country, and made progress in improving infrastructure and capacity of the racetrack to provide the best service to visitors.

On January 6<sup>th</sup>, 2013 the 115<sup>th</sup> edition of the **Jose Pedro Ramirez Gran Prix** was held, locally and internationally acknowledged for the participation of winning horses and

Above:  
Speed Cup. XLVI  
International Classic  
Caribbean. President  
Remon Racetrack.



the presence of prominent personalities from horse racing industry, politics and entertainment. This edition, which celebrated the **10<sup>th</sup> anniversary of the reopening of the racetrack**, welcomed more than 15,000 people who enjoyed a variety of shows, activities for all ages and a wide gastronomic offer.

In April, the Racetrack was the scene of the **5<sup>th</sup> edition of Maroñas Running**, a classic incorporating various athletics events. As a novelty, besides the well-known five-mile race, another four-mile race was added. The event was very successful and ended with more than 3,000 pre-registrations.

In 2013, CODERE expands its business in Uruguay with **the reopening of the Las Piedras Racetrack**, after having been granted a new operational license, for a period of 30 years. In this new stage, under the management of HRU, the racetrack will develop a dual activity: as a satellite training center of the Maroñas Racetrack, carrying out **training and taming** of about 500 horses, and a center of **horse racing** (estimated at around 500 per year).







# Corporate Governance

---

CODERE meets the Standards of Good Corporate Governance to protect the interests of the Company and its shareholders and monitors value creation and the efficient use of resources.



# CODERE shareholders

The IPO in October 2007 allowed CODERE to expand its shareholder base and access greater equity financing. As per December, 31<sup>st</sup>, 2013, 68.5% of the share capital was owned by the Martínez Sampedro family, both through their direct participation and indirectly through Masampe Holding B.V. and other companies. Other directors hold 0.635% of the Company's equity and the free float stands at 30.873%.

Masampe Holding B.V. is the company through which Martínez Sampedro family participates indirectly in the equity of CODERE. The chairman of CODERE, Mr. José Antonio Martínez Sampedro, directly and indirectly controls 63.8 % of the entire Group.

On June 27<sup>th</sup>, 2013 CODERE held its sixth Annual General Meeting of Shareholders following the flotation of the Company. A large percentage of share capital was present or represented, amounting to 42,934,887 shares or 77.972% of share capital. The Board of Directors counted with the majority support of the shareholders in the meeting and approved CODERE's Annual Accounts and Management Report as per December 31<sup>st</sup>, 2012. Similarly, the Remuneration Policy of the Board Directors for 2012 was submitted to the vote of the shareholders and received broad support with the approval of 99.9% of the capital present or represented at the meeting.

Prior to the Annual General Meeting of Shareholders, CODERE's Board of Directors unanimously agreed to withdraw the proposal of submitting to the vote of shareholders the approval of the Company's consolidated Annual Accounts and Management Report on the grounds they all needed further amendment.

Later, on August 14<sup>th</sup>, 2013 CODERE held an Extraordinary Annual General Meeting of Shareholders, submitting to the vote of the shareholders the Company's amended consolidated annual accounts and management report as per December, 31<sup>st</sup>, 2012. A large percentage of CODERE's share capital was present or represented therein, amounting to 43,420,075 shares or 78.893% of share capital and thereby approved the Annual Accounts and Management Report of the consolidated Group headed by Codere, S.A.

At the same time, the shareholders agreed to vest the Board of Directors with the powers that are legally required to fully execute, on the Company's behalf and for a maximum of five years following the adoption of this resolution, the issuance of debentures, corporate bonds, exchange notes, promissory notes or other securities that could be considered as debt, as well as other debt instruments; and to guarantee the previous mentioned securities issued by the Group's subsidiaries as well as to request listing for trading on secondary markets.

The Martínez Sampedro family is the major shareholder with 68.5 % of equity

# CODERE SHAREHOLDERS

As per December 31<sup>st</sup>, 2013.

DIRECTORS

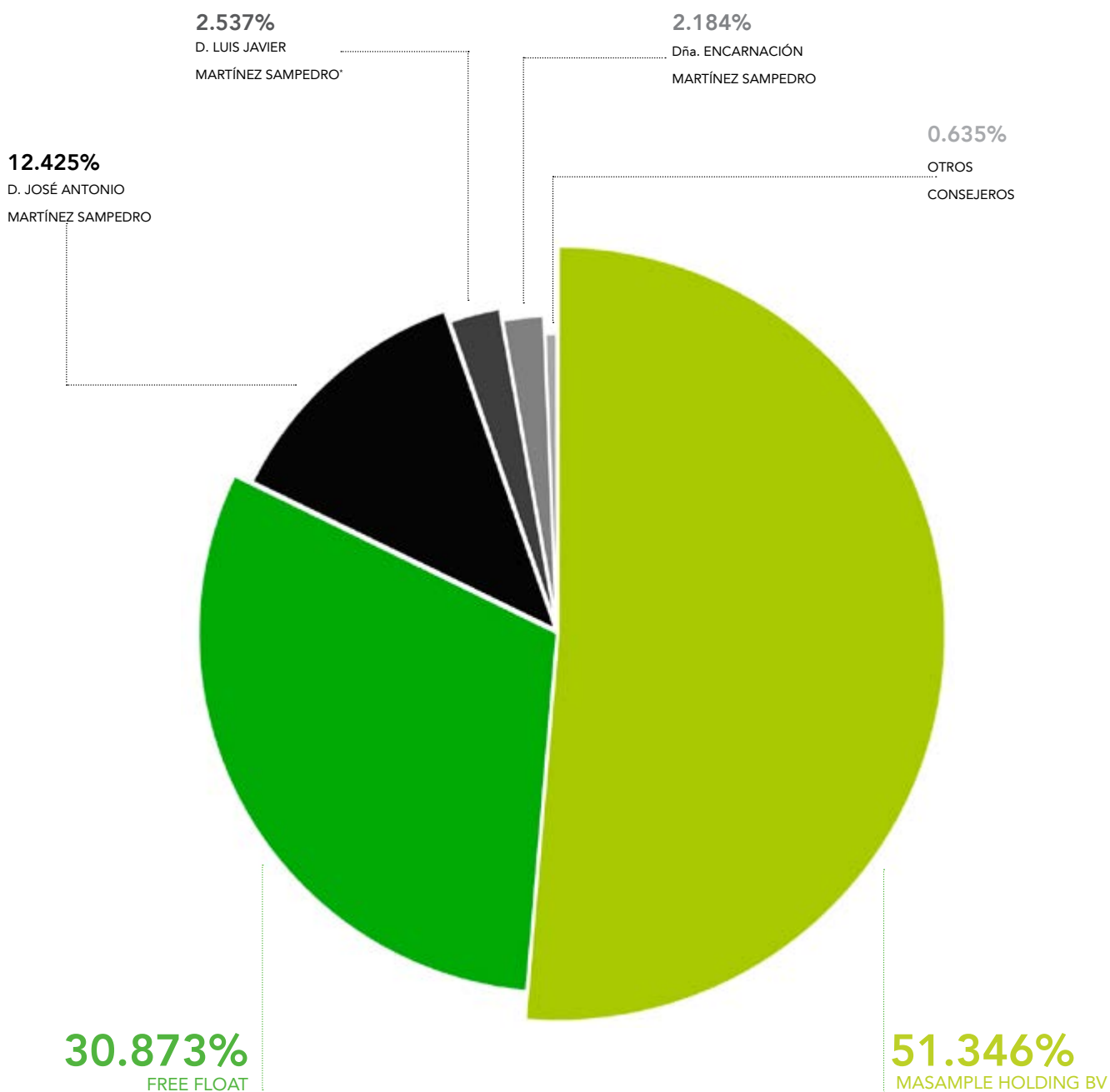
**17.781%**

MASAMPLE HOLDING BV

**51.346%**

FREE FLOAT

**30.873%**



(\*) Indirect voting rights on shares directly held by M LUXEMBOURG SIF GLOBAL ASSETS BRISA (2.355%) and Solgim Inversiones SICAV (0.182%).

# Governing bodies

## Governing bodies

The General Meeting of Shareholders and the Board of Directors, with executive and external directors, are the highest governing bodies of the Group.

The General Meeting of Shareholders and the Board of Directors are the highest governing bodies of the Group. The Company's Board of Directors consists of 10 members: Mr. José Antonio Martínez Sampedro, Mr. Luis Javier Martínez Sampedro and Ms. Encarnación Martínez Sampedro are executive directors; the remaining seven are external directors (three independent directors and three nominee ones) and have been appointed based on their high professional qualifications.

Among the functions and duties of the Board of Directors, without prejudice to the powers of management and representation attributed thereto, the Board has the core mission of approving the Company's strategy and organisation as required to put it into practice and to monitor and ensure that executive management meets the established objectives and respects the Company's best interests.

The Board meets as often as the company's interests require it or as stipulated by Law or the Bylaws. During 2013, CODERE's Board of Directors met eighteen times, and additionally took written agreements without meeting once, during the month of July.

Under current legislation, and in particular following the recommendations on good corporate governance contained in the Unified Code of Corporate Governance approved by the National Securities Market Commission (CNMV), the Board of Directors created

three committees with specific functions: Audit Committee, Corporate Governance Committee and Compliance Committee.

– **The Audit Committee** is made up of four directors (three independent and one nominee) and its main task consists in providing support to the Board of Directors in its financial oversight and, inter alia, to oversee the functioning of the Audit Department of the company, establishing standards for the financial control processes of CODERE and reporting on the annual accounts and other financial statements of the Group.

– **The Corporate Governance Committee** (which also incorporates the character and functions that the Unified Code of Corporate Governance of Listed Companies recommends for the Appointments and Remuneration Committees) consists of five members (two nominee and three independent). This committee assesses the skills, knowledge and experience of directors and reports on the appointment and dismissal of directors and senior company executives. It also proposes and oversees the Company's remuneration policy and monitors compliance with the Internal Code of Conduct in relation to the Securities Markets, making proposals for improvement and monitoring compliance with corporate governance rules applicable in this regard.

– **The Compliance Committee** is made up of five directors (two independent and three nominee). The main functions of this Committee include the monitoring of the Group's compliance with domestic and foreign law relating to gaming, and the evaluation of the internal control systems of the Company in relation to the gambling and money laundering requirements.

## BOARD OF DIRECTORS

NAME	POSITION	POSITION'S NATURE	DATE OF INITIAL APPOINTMENT	DATE OF APPOINTMENT TO CURRENT TERM	DATE OF TERMINATION OF CURRENT TERM
D. José Antonio Martínez Sampedro	Chairman and Managing Director	Executive	07/05/1999	25/06/2009	25/06/2015
Masampe, S.L. representada por D. José M <sup>a</sup> Lastras Bermúdez (*) (**)	Practising attorney Vice Chairman of the Board of Directors	Nominee	07/05/2008	07/05/2008	07/05/2014
D. José Ignacio Cases Méndez (*)	Former Secretary General of the National Gaming Commission.	Nominee	17/06/1999	25/06/2009	25/06/2015
D. Javier Martínez Sampedro	Director CODERE America	Executive	07/05/1999	25/06/2009	25/06/2015
Dña. Encarnación Martínez Sampedro	Director Grupo Codere	Executive	17/06/1999	25/06/2009	25/06/2015
D. Joseph Zappala	Former U.S. ambassador to Spain (1989-1992)	Independent	20/11/2002	25/06/2009	25/06/2015
D. José Ramón Romero Rodríguez (*)	Managing partner of the law offices of Loyra Abogados. Specialists in gambling legislation	Nominee	17/06/1999	25/06/2009	25/06/2015
D. Eugenio Vela Sastre	Chairman of Grupo Cosien S.A	Independent	17/06/1999	25/06/2009	25/06/2015
D. Juan José Zornoza Pérez	Professor of Tax Law at the University Carlos III of Madrid	Independent	17/06/1999	25/06/2009	25/06/2015
D. Juan Junquera Temprano	Former Secretary of State for Telecommunications and the Information Society. Managing partner of Ineersum.	Independent	10/05/2012	10/05/2012	10/05/2018
D. Luis Argüello Álvarez	Secretary: Non-member				

(\*) At the nomination/on behalf of José Antonio Martínez Sampedro

(\*\*) Replacing the former natural person representative of Masampe S.L. (Mr.Fernando Lorente Hurtado) in March 2014.

## MEMBERS OF THE BOARD OF DIRECTORS COMMITTEES

COMMITTEE	MEMBERS	POSITION
Audit Committee	D. Juan José Zornoza Pérez	Chairman
	D. Eugenio Vela Sastre	Member
	D. Joseph Zappala	Member
	D. José Ramón Romero Rodríguez	Member
	D. Juan Junquera Temprano	Chairman
Corporate Governance Committee	D. José Ignacio Cases Méndez	Member
	D. Eugenio Vela Sastre	Member
	Masampe SL (representada por D. José M <sup>a</sup> Lastras Bermúdez)	Member
	D. Juan José Zornoza Pérez	Member
	D. José Ignacio Cases Méndez	Chairman
Compliance Committee	D. José Ramón Romero Rodríguez	Member
	D. Joseph Zappala	Member
	Masampe SL (Representada por D. José M <sup>a</sup> Lastras Bermúdez)	Member
	D. Juan Junquera Temprano	Member





# Standards of Good Governance

The Standards of Good Corporate Governance are essential for the growth and development of the Group. CODERE focuses its Good Corporate Governance activities on two basic practices: A Control System and Standards of Compliance.

CODERE believes that the establishment of standards of Good Corporate Governance, undertaken by the Company, is essential for the development and growth of the Group. CODERE focuses its Good Corporate Governance activities on two basic practices:

- **Control System and Procedures.** The aim is to provide the Group with a fixed organisational structure and corporate culture, applicable to all entities regardless of their area of influence, establishing formal mechanisms of action, not bureaucratisation but aimed at establishing a pattern of controlled delegation to strengthen a culture of effective management and achieve the strategic coherence of the Group.

The Critical Operations Committee was the first tool developed within the system to ensure the flow of information from the peripheral business centres to senior management for coordinated and coherent decision making. The Committee is comprised of the executive directors of the company and reviews and approves the operations considered as critical and thus provides effective financial and legal control over the management of company's assets. Since its creation, the Committee has audited and verified more than 1,450 relevant operations.

The Procurement Office is the second tool implemented in order to provide a concrete structure for purchasing and contracting processes, establishing an action mechanism that promotes transparency, ensures the concurrence of suppliers and results in a reduction of acquisition costs for the company while promoting good corporate governance. Since its creation in mid-2009, the Procurement Office has managed over 576 significant procurement transactions at the corporate level, with a reduction in purchasing costs over 14% of the established budgets. In 2011 we completed the deployment in the different geographical areas where the company operates and during 2014 we plan to create the International Procurement Office.

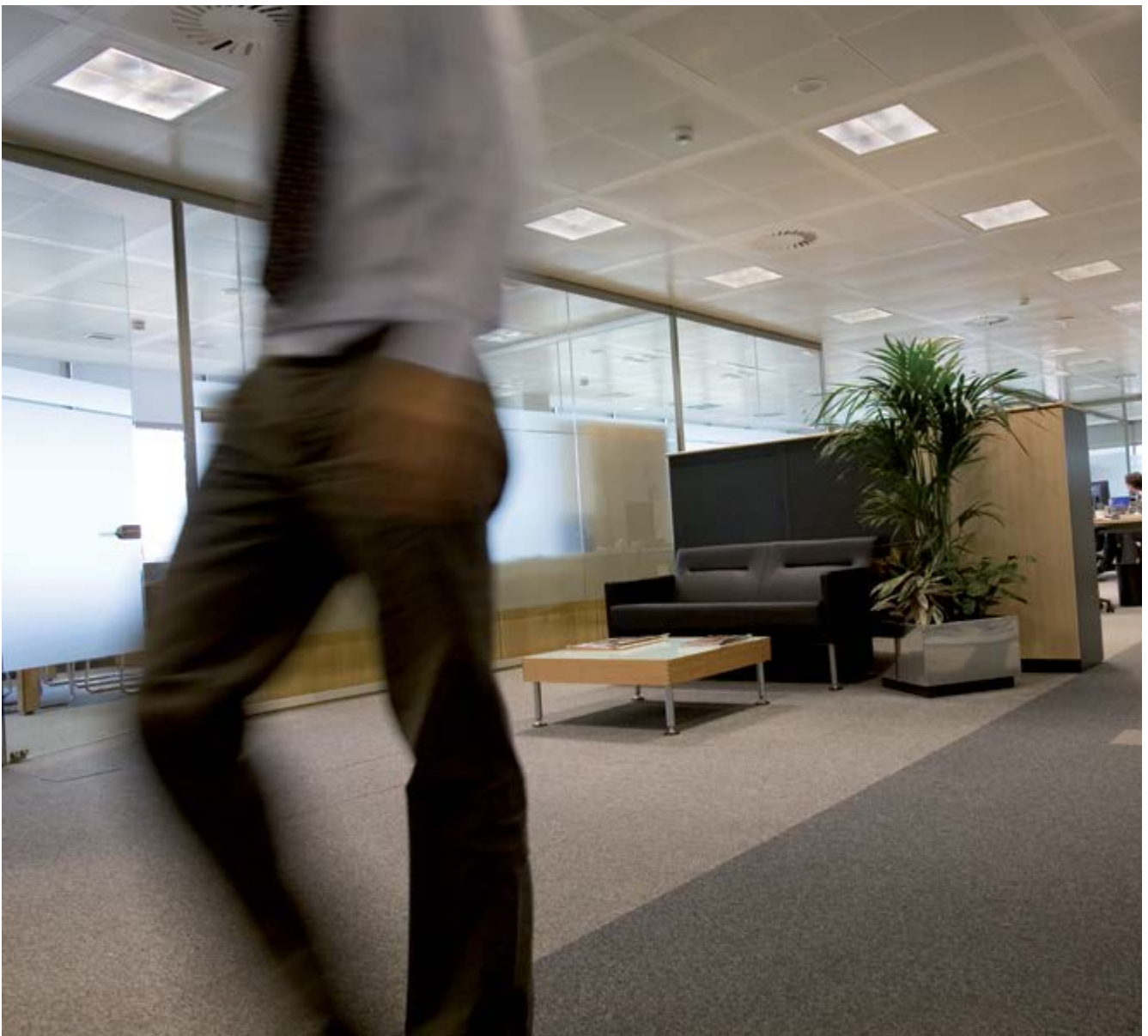
- **Standards of Compliance.** These Standards are an essential piece that shows the special commitment of the Group to good business practices in the gaming sector, a highly regulated and sensitive industry. The Group's strategy is to go beyond what is required by regulations and specific legislation and operate with a true spirit of fair play and responsible gaming.

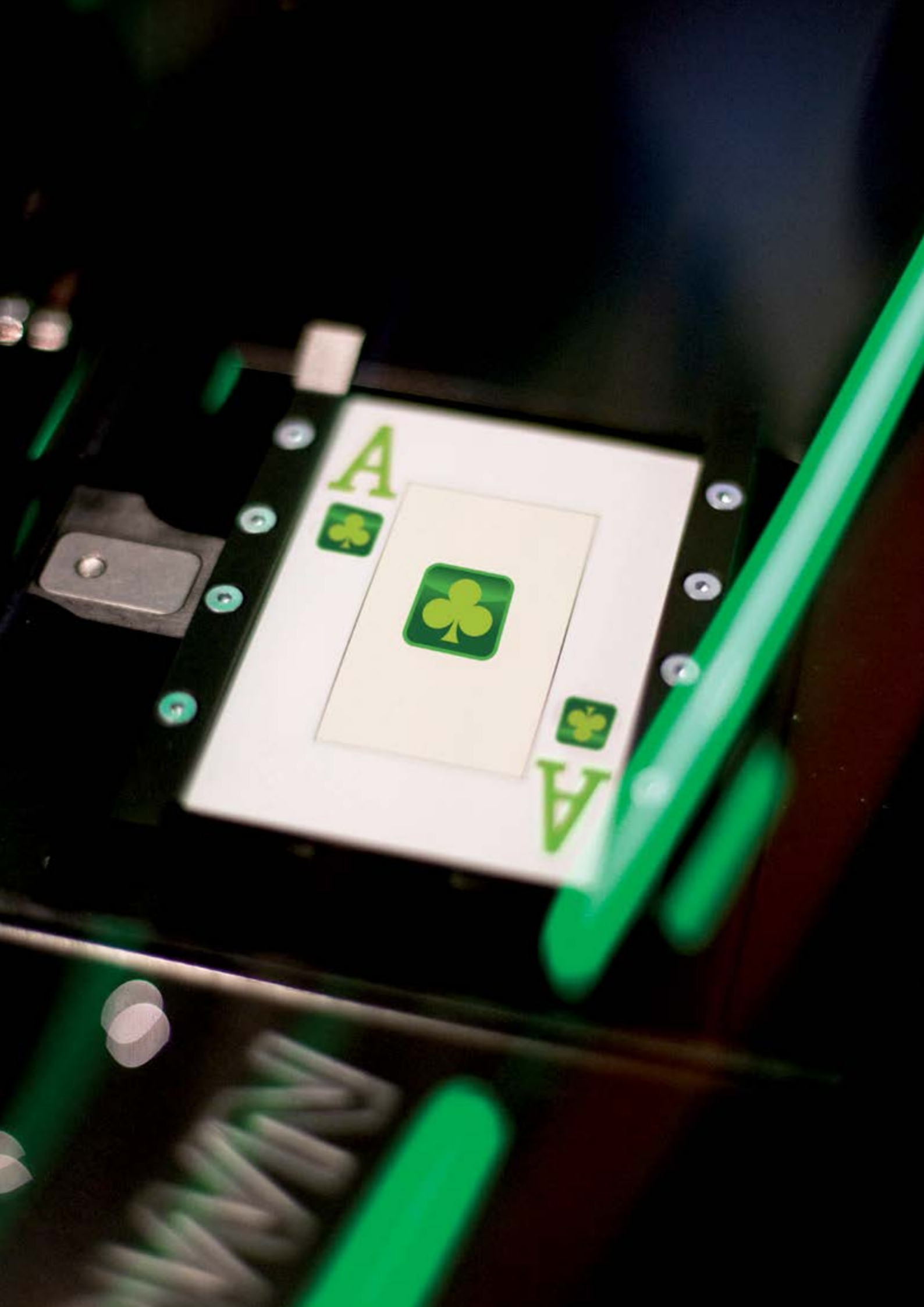
As Mr. Eugenio Vela's four-year term of office as Chairman of the Audit Committee had elapsed, in 2013 Mr. Juan Zornoza was appointed as the new Chairman of the Audit Committee, thus complying with the Eighteenth Additional Provision of the Securities Market Act, as well with the Company's internal rules that require the replacement of the Chairman of the Audit

Committee once his/her four-year term of office elapsed.

Furthermore, and given that the latest trends in Good Corporate Governance recommend, and even impose, the issuance of a periodic evaluation of the Board and the Directors, during 2013 the Corporate Governance Committee proceeded, as in previous years, to prepare an evaluation report of the Board, its Committees and of the Company's CEO, which was duly approved by the Board.

"The Standards of Good Corporate Governance are essential for the growth and development of the Group".







# Innovation

---

CODERE regards innovation as the basis of sustainable growth and market differentiation.



# Innovation

During 2013 the consolidation of the management systems inside the existing gaming halls in Mexico was completed following the merger of CoCal and AMH.

Within this project, there are two major milestones to be particularly highlighted:

- **The unification of the slot machines management system** connecting more than 17,000 machines throughout the country, simplifying this way the operational process of the casinos and allowing comply with the new federal regulation on reporting to the competent authority.
- The implementation of the CRM system developed by CODERE SPACE inside the Mexican gaming halls. SPACE is highly efficient for the following: Promotions and Campaigns Management, Enrollments of New Customers, Satisfaction Surveys, Customer Management inside the gaming hall, Events Management, Analysis of Customer information, and enhancement as for the Marketing Management processes.

Within the area of technology services we completed the extension of the **CRM SPACE system** to the online gaming in Spain, improving the Online players Management processes by mainly recording all the movements in the players account balance, as well as all the notifications, incidents, trade Marketing actions and the player profile.

The area of in-house product development has started with its pilot stage: the gaming platform called CODERE Server Based Gaming.

**CODERE Server Based Gaming** is a gaming platform consisting of a central system and gaming terminals connected to the central system allowing the mentioned centralized management process as for the gaming logic itself and the generation of random numbers.

Among many other features CODERE Server Based Gaming offers:

- Multi-Channel gaming, which allows players to access games from different platforms.
- Customization by using different players profiles.
- Instant access to any existing game in the catalog.
- Less need for hardware, software and maintenance costs per terminal.
- Responsible gaming features requiring advanced monitoring capabilities.

Right:  
Interior of Poza Rica  
Gaming Hall. Mexico.









# Responsible gaming

---

Promoting the values of Responsible Gaming is part of the commitment assumed by CODERE with society.



# Responsible gaming

CODERE's commitment to Responsible Gaming is based on strict regulatory compliance and the development of the communities wherever the Company operates. The Company's commitment to Corporate Social Responsibility has been integrated into the Group's business strategy and operational plan.

CODERE's business activity takes into account its relationship with the Company's main stakeholder groups- regulators, customers, shareholders and employees-who are the drivers of the Company's growth and allow the Company to be properly valued, all of whom are the targets of our Corporate Social Responsibility policy.

CODERE develops strategies that go beyond what is required by the competent business management and provide intangible reputational gains that allow us to obtain a clearly differentiating competitive advantage. Moreover, given that the company's business activity may have a social impact, CODERE requires its managers, employees and partners to fully cooperate with regulators and users to professionally respond to their concerns.

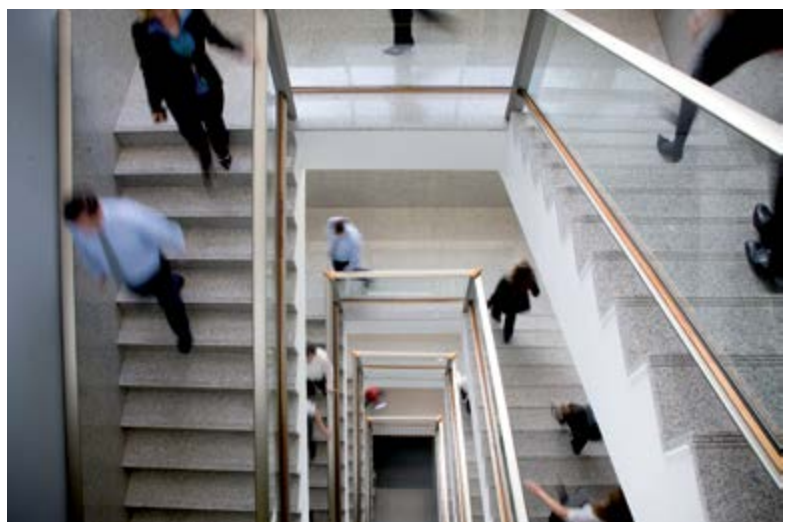
On January 27<sup>th</sup>, 2011, CODERE approved the Company's **Code of Ethics and Professional Conduct**, which reflects the Company's commitment to the principles of business ethics and transparency in all its areas of activity.

## Actively defending the gaming sector

CODERE cooperates with the corresponding government bodies and supports the

structures that reinforce the idea of "Responsibility", in addition to its similar labor efforts within CODERE Foundation. In 2013, the Company joined the Advisory Council of Responsible Gaming, aiming to define a common strategy for Responsible Gaming, supported by the Spanish General Directorate of Gaming Regulation (the Spanish DGOJ) and other representatives of the gaming industry.

Moreover, on November 26<sup>th</sup>, 2013, CEJUEGO was created – the Gaming Entrepreneurial



Council – an entity initially composed of eight companies belonging to the gaming sector (Recreativos Franco, Cirsá, Conei, CODERE, DC Group, Orenes, Acrismatic and Egasa), aiming to become a reference and support point for gaming associations and organizations, and seeking to standardize the gaming sector in Spain, enabling its development in a safe and responsible way.

#### CODERE AND ITS “CHALLENGES” WITHIN THE HUMAN RESOURCES AREA

The complex evolution of the gaming sector and the economic situation in some of the countries where CODERE operates marked the year 2013, making necessary an in-depth resources control and optimization. CODERE has opted to renew its efforts, to adjust, update and enhance the processes affecting its human resources through the development of new methodologies and quality tools based on technology directly benefiting the employees, and consequently, their further career development, as a key driver for the change required by the existing scenario.

Therefore, the Company implemented new methodologies in the areas of Recruitment, Training, Career Development, Remuneration Policy, Personnel Management and Internal Communication, as well as on the Occupational Risks Prevention policy, creating the pillars of a great future project in order to generate the required efficiency for a greater profitability within the Group’s business units.

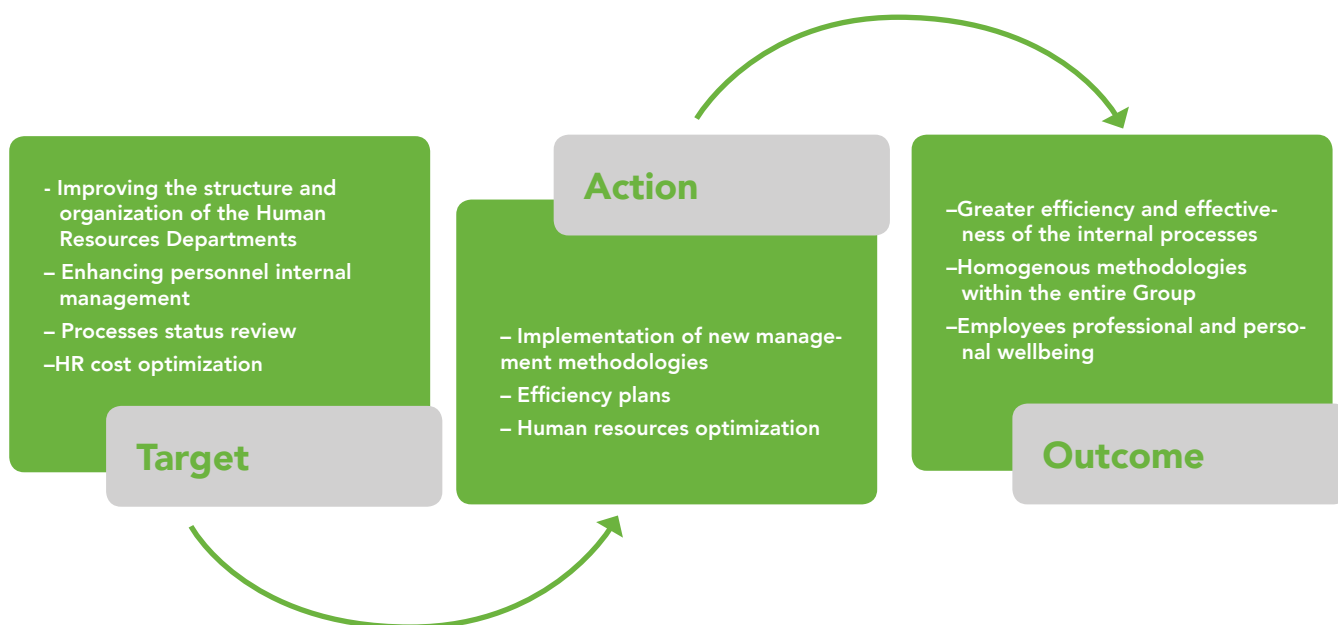
#### COMPANY’S STAFF

In addition, throughout 2013 the Company promoted a plan of efficiency in the countries in which the Group operates, monitored by the corporate headquarters as a strategic partner to the Company’s business units, without losing sight of the local idiosyncrasies and taking into account those initiatives and adjustments necessary for a better fit in the implementation of the previous mentioned plan.

#### MANAGEMENT AND OPTIMIZATION OF THE HUMAN RESOURCES PROCESSES AND PERSONNEL INVESTMENT

One of the 2013 milestones has been the optimization of personnel investment, through the monitoring of human resources costs in each of the business units. To this end, the Corporate Human Resources department launched several new tools in order to enable this monitoring task, being its ultimate goal the improvement of competitiveness for the Company to achieve a leadership position in the gaming sector.

In parallel, we have identified a number of key indicators within the HR function enabling us to take the best decisions in matters related to the company’s staff and also to improve and optimize the monitoring of local management teams through the analysis of the critical indicators.



This approach has resulted in a set of indicators called **Key Performance Indicators (KPIs)** selected according to the quality of information they can provide, and which have been shaped during the year 2013 in a monthly report that allows staff monitoring in areas such as: costs, investment, training, distribution by organizational areas, professional category, country, age, sex, seniority, etc.

*"A company is neither better nor worse than people who work there within"*

*(Kaoru Ishikawa)*

HR KPIs report provides an assessment of the situation to determine if there are deviations involving non-alignment with the business strategy. Thus, on the basis of this information, corrective measures may be taken to achieve the quantitative and qualitative standards required to serve as a driver in meeting business objectives.

This report counts with the direct cooperation and coordination of all local HR teams which provide, on time and in due form, all required and necessary information.

The KPIs report is not simply a compilation of information document; it is a valuable management tool that has been continuously evolving from being a mere compilation of staff and costs measurement tools to finally become a gauge of the staff's cultural and qualitative variables.

All these measurements and analysis that the KPIs report contains enable managers' decision-making process and maintain the focus on the Company's staff management.

Moreover, we have also created the **HR Budgets Report 2013** which for the first time, compiles the estimate of expected costs and the actual cost assigned to each of the general items as well as of the HR ones, at year-end.

This report is another management tool of methodological efficiency, focused on monitoring and adjustment of the costs associated with the human resources departments.

The report's findings concluded that, during

2013, most of our initiatives focused on the efforts made to improve the management of our main resource: people.

Among the points highlighted:

- Expenses related to size, structure and volume of human resources budget have been lowered.
- The total HR investment per employee reflects the effort made by the entire Group as for the global HR area to efficiently adjust to the Company's needs.
- The percentage of trained employees reached 88.20% of the Group's staff, although most of the training processes correspond to technical content necessary for the normal conduct of the business operations.
- The report clearly shows optimization as for the employees' recruitment and selection process, the cost of hiring having been reduced by 20%.
- In general, the total expenses amount represents a saving of up to 23% compared to the forecast stated at the beginning of the year.

During 2013, we maintained the **tax optimization** strategy implemented years ago, mainly through the **Flexible Payment Plan**, which allows the company to offer without any other additional cost - a flexible, voluntary and modifiable model of payment to its employees, each employee being given the opportunity to request services or products with economic and fiscal benefits allowing them to adjust their remuneration to their personal or family's needs.

The above mentioned program has been extended by another year and updated within the existing regulatory framework, also offering the "Public Transport Card" which seeks to promote public transport journeys from home to work and vice versa, through tax incentives.

We have also maintained the **Suma + Program**, part of the remuneration policy of CODERE Group, aiming to promote and maximize the tax advantages offered by the



current legislation to employees who work abroad.

### IMPLEMENTATION OF NEW HUMAN RESOURCES METHODOLOGIES

During 2013 special emphasis has been placed on the basic starting point of any company when establishing a methodology for efficient HR processes.

The Corporate Human Resources department developed a **new model of Jobs / Positions Description** within the entire Group to ensure consistency in the approach and concepts thereof. In addition, this new model has been **integrated** -via SAP- enabling the access to the information inside at any time and the extraction of a job description that has been previously loaded into the system according to the new model.

The analysis and updating of the above mentioned model has shown the necessary **homologation** and Group **alignment of both the content and the nomenclature of CODERE's existing job positions**. In 2013, under the guidance of the Corporate Human Resources department, the local human resources teams carried out a first review of the content of all job positions for homogenization.

This process will be further developed, along with our countries and / or business units, leading to a **common methodology** within the entire Group to improve the current one in order to obtain **greater homogeneity and standard criteria**, ensuring the exceptions that may occur, justified by local idiosyncrasies. In line with the above, and linked to the identification of the Corporate Human Resources department, the **Corporate Perimeter** has been defined as the group of key employees. For each of these employees, we have created individual records containing all personal, business, professional, educational and remuneration information that may be relevant to carry out a more comprehensive monitoring of this group thus facilitating their professional development in the Company.

### ATTRACTION, RETENTION AND TALENT DEVELOPMENT

Another important point that defines the new approach of quality as for the Human

Resources methodologies has been the development of the pillars necessary for the identification and development of talent inside the Group. The definition of the new model of CODERE competencies defines the new identification plans of management talent followed by the plans of career development and succession by managing key groups.

The new developed model is based on **Key Success Factors (KSF)**, which are part of CODERE Human Resources map of processes and allows building the profile of each job position / title within the Company. The KSF model includes the "DNA" of the Company through the **abilities, skills, behaviors and knowledge** that have been identified as **key factors** for an **optimal performance** of the diverse job positions within CODERE Group.

Two types of KSFs have been highlighted:

- Those related to **Behaviors** (37 behavioral competencies). Key factors related to the Company's internal values have been also included as they enable to find employees generic potential through content analysis in which each of those values are clearly defined, identifying the corresponding underlying skills/capacities.
- Those related to specific **Knowledge** (compilation of key technical business knowledge through the Technical Knowledge Map, 480 types of technical knowledge have been identified).

This new process was intended to provide a frame of reference competitive, innovative and adjusted to the Group's current needs.

### INTERNAL COMMUNICATION

During 2013 we took a step forward in the field of internal communication. Aware of the need to create Corporate Internal Communication channels that allow building bridges of communication between employees and the Chairman's office, we launched **CODERE Actualidad**. This is a bi-weekly newsletter in which CODERE's chairman analyzes the Company's current situation in a totally transparent, friendly and sincere way.

The main goal of this milestone was to provide firsthand accurate information about the key aspects of the progress in the Company's situation and to create a specific **Mailbox** to



which employees could send their questions or concerns which are received, analyzed and answered directly by the Chairman's office.

CODERE Actualidad offers not only a detailed and specific analysis of the Company's situation, but also compiles the main news in the media, as well as interviews with top executives to share business best practices and disclose the different business lines in the countries in which the Group operates, also emphasizing our shared values. Through articles written in a clear and didactic way, this newsletter also deals with complex legal, economic or entrepreneurial business issues. This communication tool has also allowed teams to see the relevance of the projects they are involved in, thereby generating a valid shared knowledge to tackle similar projects within the Group, providing success best practice information and teams presentations.

CODERE Actualidad is definitely a quick, clear and open channel through which employees can get feedback to their questions and concerns, in an honest and direct way.

## SPAIN

### RECRUITMENT AREA

During 2013 the recruitment and selection area focused its efforts on providing a quick and effective response to the needs of the different business units, based primarily on

the implementation of sports betting activity in new Spanish autonomous communities, as well as on the substantial increase of betting shops.

86 new employees were recruited in 2013, most of them in positions directly related to the business itself. We kept actively promoted the use of technological tools, such as the video-interview which offers the same service quality, but increases the speed of the selection process and reduces its corresponding costs.

Throughout 2013 an extra effort was made to know more in detail the staff directly linked to the commercial and operational area. We created the **Professional Map of the sales team** which has proved to be a valuable tool in the decision-making process related to job changes and internal promotions within the sales teams. During 2013, 27 internal promotions were realized in different business areas, thus confirming CODERE's ongoing commitment with internal talent.

## TRAINING

During 2013, CODERE Spain kept focusing on the development and growth of the company's employees considered to be as one of its main assets, strongly believing that through excellent people, excellent results can be achieved and an increasingly prompt



## Desde Presidencia

Hoy inicia su andadura "**Codere Actualidad**", un nuevo formato quincenal que nos permite, de una forma más atractiva, ampliar la información compartida para ayudarnos a comprender mejor el contexto de nuestro proyecto. Representa un paso más en nuestro compromiso por ofrecer una comunicación interna con nuestros colaboradores más clara y cercana.

[Leer +](#)



response could be effectively provided according to the needs of the business environment.

Following the same tendency of these last past years, we have especially encouraged internal training, conducting numerous training activities in the fields of Sports Betting and Human Resources.

The department of Training and Development in Spain designed and implemented, along with the Operations department, an internal program called "**Training of Trainers**", for those employees that, due to the tremendous growth in our country of the sports betting business, have begun to take on tasks of training partners and employees.

Similarly, this HR area also participated in training activities implemented by reputable organizations such as the Chamber of Commerce in Madrid and the Alcobendas city hall, especially in those related to tax and labor issues.

In order to meet all business needs and comply with the regulations in force, in Bingo Canoe we also carried out a training process on Occupational Risk Prevention and Food Handling.

Special emphasis has been placed on the training of our colleagues from the Business Development area, a relatively new area in CODERE created in 2012, in view of the expected future growth in sports betting. This training has been conducted in well-known business schools and universities, such as the European University of Madrid.

In 2013, attendance to training activities in CODERE Spain amounted to 243 employees, and the total of training hours reached 1,949 hours. The return on investment, nationally speaking, reached 100% through reductions in the Tripartite Foundation for Training in Employment (the Spanish FTFE).

### **OCCUPATIONAL RISK PREVENTION**

Throughout 2013 CODERE Occupational Risk Prevention area continued with the programs initiated in 2012, and carried out new actions to achieve the best possible health and safety work environment for all CODERE's employees in the performance of

their professional activities, also complying with the regulatory requirements contained in the existing legal framework.

During 2013 the Company's employees were provided with a customized copy of **CODERE Occupational Risk Prevention Policy** signed by the Group's chairman. All employees received an Information Risk Sheet and a document on Preventive Measures directly related to his/her job position.

The legal requirement of providing information to each and every employee about the risks and preventive measures related to his/her job position was carried out through the **Occupational Risk Prevention Portal** via intranet, by developing and updating both new content for plans prevention and, in particular, for the information risk sheets of all the Company's job positions.

A step forward was taken within **the integration plan of risk prevention** both in decision making and work processes of the Company, as the information sheets also incorporate the roles and responsibilities on Occupational Risk Prevention, the rights and obligations in this area, and the measures to be applied in case of an emergency at the workplace.

Within the legal framework on **Psychosocial Risk Prevention**, we issued and sent to all Group's employees, the **Protocol for the prevention and management of bullying at the workplace**, once approved by **CODERE's Board of Directors**, on April 17<sup>th</sup>, 2013. This Protocol responds to the legal obligations on prevention of psychosocial risks and, at the same time, meets CODERE ethical and conduct Code.

During 2013 lots of **Training actions on occupational risk prevention** were carried out to a large part of CODERE's employees, basically recycling actions aimed at updating knowledge in this area, and the same time always complying with the legal requirements in this area.

At this regard, a large number of employees within the Company's subsidiaries was duly trained on risk prevention and at headquarters 160 employees from both corporate and national area completed an online training

course. Similarly, training courses in the area of warehouses, service dealers and transportation were carried out for some subsidiaries' employees.

We have also implemented an **Updated Emergency Plan** in different work centers, which will be extended to all CODERE centers across the country. At CODERE's headquarters, Bingo CANOE and other work centers, we revised the existing emergency plan, we recomposed the emergency teams in each center and we conducted specific training in emergency situations and first aid according to the legislation in force. Similarly, several evacuation drills were held.

Following the **Robbery Prevention Program** started some years ago, significant progress was made in the implementation of the robbery prevention procedures prepared for each of the business units providing specific training to a group of around two hundred employees spread across 18 offices and 16 sports betting shops across the country.

In 2013 the **National Road Safety Plan** was launched, starting by the dissemination and distribution of information on defensive driving and e-learning selected by the Prevention area from the video material and road safety guidelines prepared by the Mapfre Institute of Road Safety and Fremap Occupational Accidents Mutual Insurance Company. All these actions pursued a first impact in terms of awareness and training of the employees on basic aspects of road safety, within a group of 450 employees who perform their work using a company car and therefore with high degree of exposure to the risk of road accidents.

The National Road Safety Plan includes further actions that will be developed throughout the year 2014, but taking into account the importance of road risks for the Company's business, this kind of actions will be continuously promoted and developed in the future.

In an effort to promote a **Culture of Prevention** within the Company and to progress in further actions within the field of **Corporate Social Responsibility**, we continued with the implementation of the **Cardio-protected Areas Program**. Once

installed the first defibrillator in 2012 at the Company's headquarters in Alcobendas, we proceeded to install a new one inside the Bingo CANOE. Therefore, complementary specific training was conducted for 25 employees belonging to Bingo Canoe being part of the corresponding emergency and first aid teams.

The remarkable revival experienced by the area of sports betting, as a business line in a real boom expansion, has also been a priority target for the occupational risk prevention area, trying to provide all necessary actions to contribute to its successful growth. At this regard, a **Betting sports risk prevention integral plan** has been undertaken including specific actions such as: new risk prevention plans for all the new betting shops, regular updates for all risk prevention plans, LBO's risk assessments, training on general risk prevention, robbery prevention and emergency risks for the shops staff stores and periodic inspections of facilities.

Finally, after the restructuring process at the operational level and various work centers across the country, such as the Andalucía center and the one in the central-western region, we have conducted reviews of risk prevention plans, risk assessments and emergency measures for new work centers and platforms.

## ITALY

Among the activities carried out in Italy, the following ones are to be highlighted:

**CODERE Academy:** mandatory training activities on safety and security issues, organizational model, Legislative Decree 231 and information system security, plus team building meetings, courses on communication (phone, etc.) and *shadow-coaching* and time management activities.

Also, a consolidated team of internal trainers carried out training sessions inside the gaming halls on the development of technical skills in the legal and administrative sector, in marketing / customer satisfaction.

**Employee of the month:** This project was created in order to motivate and retain employees so that they could feel they are part of a big family. The competition started



Above:  
CODERE Academy  
Team. CODERE Italy.

at the gaming hall Caserta in May 2012 as a pilot project and then was extended to all gaming rooms throughout 2013. Gaming halls managers decide which employees have excelled in their work in terms of CODERE values compliance and appoint the winner who receives a prize.

The Company organized a Christmas party for their employees inside a gaming hall.

#### COLOMBIA

30 employees from CODERE Colombia participated in the 10 kilometers running **Race of Heroes** in March 2013 in Bogotá, organized by Matamoros Corporation that aims to exalt the work of the soldiers, marines and policemen injured in combat. It is a genuine tradition for CODERE Group to take part in this race to honor all partners currently working with the company and having some form of disability.

**Bogota Half Marathon:** 83 employees trained by a professional instructor who defined a customized plan to improve their performance in the race.

**Talent development:** During 2013, we continued to create job positions with a

complex service focus adding to its own functions, a more commercial perspective that allows more effective interaction with the managing partners. There are currently 10 management supervisors in this position.

#### ARGENTINA TRAINING

During 2013 the following training programs and activities were conducted with our employees:

**Initial Training Program:** Getting familiar with the operational business processes and methodologies. It included various sessions:

- **Introduction to the gaming halls,** its main aim was to familiarize the newcomers and teach them basic concepts as well as to maximize their performance and adaptive capacity to their new tasks.
- **Money Laundering,** its main goal was to train all the company's staff in compliance with the current regulations of money laundering and terrorist financing. his e-learning training session addressed different operating positions within the gaming halls and the entire company's management staff.
- **ISO Standards** - teaching the main concepts and updates as for the Certification of the payment of prizes process. The on-site



training session addressed the managers, the head waiters inside the gaming halls, the PR staff, cashiers, vendors and administrative and technical staff.

In September 2013, CODERE acquires the **ISO 9001 Certification for Customer Service Processes** that aims to prove that the Company is well able to provide services that meet the customers' high demands and endorsed by international quality standards. This standard certifies the quality management, increasing transparency and achieving customers' satisfaction.

In October, the Company successfully passed the first audit of **IRAM 90600 Certification** (2010 version), obtaining the certificate for three years' time. This standard is a certification of claims management systems which increases the employees and customers satisfaction, fully endorsing the objectives of the Company, the community and the environmental protection. A long learning process made of 3,178 training hours per person.

**Ongoing Training Program:** This Program consists of the training and update as for all processes directly related to the operating positions: technical, administrative and

cooking staff. A **Speech enhancement techniques course** also featured in this training program, aiming to provide to those attending technical tools to assist in the improvement and professionalization of the announcements performed by the responsible staff with a focus on accents, degrees and pauses of the information transmitted. This course addressed the heads of tables inside the gaming halls and summed up a total of 429,5 training hours per person.

**Foreign Languages Training Program:** Addressing the management staff, it summed up a total of 322 training hours per person.

**Executive Training Program:** it is aimed to identify operational talent and further developing potential future middle managers. Participants held the following positions: public relations, machines cashiers, bingo vendors, machines vendors and Bingo heads of tables / cashiers. The program included various courses of 3 to 4 hours each. It summed up a total of 812 training hours per person. Among these courses, we mention the following ones:

- **Labour Law**, its aim was to provide the main guidelines on labor law and legislation applied to CODERE.

Below:  
CODERE Half Marathon  
Team. CODERE  
Colombia



- **Leadership and personnel management**, its main purpose was to acquire leadership tools, reflection on the different existing models and acknowledgement of the impact on outcomes, tasks and work environment.
- **Microsoft Excel and Outlook**.
- **BS Group Control Session**, aiming to instruct on the responsibilities of each job position and on the efficient use of the required software in order to achieve the highest level of improvement.
- **How to deal with difficult customers**, aiming to grant the opportunity to share experiences and provide the necessary tools to successfully handle difficult customers in order to achieve service excellence.
- **Cosmos**, its main purpose being to instruct on the functionality of the food & beverage management system in order to obtain a global business overview.
- **Teamwork**.
- **Closure Session**, we deepened into the different contents taught throughout the training program and proceeded to the diplomas ceremony.

## HEALTH AND SAFETY PROGRAM

Complying with the mandatory regulations in terms of Health and Safety, this program aims to train on prevention, hygiene and workplace risks prevention. It summed up a total of 10,107 training hours per person.

- **Fire and building evacuation procedures**, enabling staff to know more on how the fire originated, on preventive measures to prevent fire spreading, the correct use of fire extinguishers and the types of fire extinguishers available, and other considerations to take into account in case of fire. We also explained the Evacuation Plan and Fire Drill for each building, how to activate it, the roles involved in its implementation and the role of each member of the Emergency Committee. This activity lasted an hour a day and was directed to all staff.
- **First Aid techniques and CPR**, its goal was to train the members of the emergency brigades in basic first aid techniques and cardiopulmonary resuscitation.
- **Prevention of strokes and running into objects**, its main goal was to instruct on causal factors causing falls and avoid unsafe conditions. This activity was aimed at all the company's staff.
- **Kitchen work risks prevention**, its main aim was to instruct in preventing thermal

burns and sharp injuries; bumps, tripping and slipping prevention; order and storage; ergonomics and handling of chemical substances. The activity was aimed at all the company's staff.

- **Risk prevention in maintenance for refrigeration technicians, receivers and collectors**, its aim was to instruct staff on the proper use of tools, on ergonomics and other maintenance labors involving certain risks.
- **Occupational risk prevention for electronic technicians**, its goal was to train staff in the proper use of tools, tools' ergonomics and accidents prevention.
- **Ergonomics**, this activity was divided in two types of training sessions depending on the specific attendance (gaming hall staff and general staff)

**DETECTION OF TRAINING NEEDS:** A program focused on identifying skills that employees need to improve and/or develop in order to enhance their tasks performance, following the evaluation of work performance. It amounted to 436 training hours per employee.

**FORMAL EDUCATION:** for the employees' professional development:

**Gastronomy School:** training, professional development and practice under the criteria of excellence in service and customer care. These training sessions totaled 2,554 hours per employee and consisted of different courses:

- **Wine tasting:** Developing knowledge and skills for wine tasting and a perfect wine pairing.
- **Sushi Wok:** Specific skills training on Asian cuisine for chefs and halls staff.
- **Food Handling:** Training on the basic concepts related to food preparation, preservation and presentation focused on food hygiene and its proper handling.
- **Protocol & Trends:** In order to provide employees with the practical tools for a successful communication of CODERE's corporate image both internally and externally for gastronomy management staff.
- **Barmen:** Training on the professionalization of coffee making, on the preparation and handling of coffee machines for barmen, cashiers and gaming halls managers.
- **Protocol & Events:** In order to provide waiters and events planners with the necessary tools for the organization of events, meetings and ceremonies.

## BRAZIL

Throughout 2013, CODERE Brazil carried out a lot of activities to support staff development and promote education, among which we would highlight the following:

- **Spanish classes:** in 2013 the Company gave 600 hours of Spanish classes on site and online to interested agencies betting employees and managers within their training and career development program. Due to this kind of educational programs, CODERE Brazil is able to retain and attract talent.
- **Education Allowance:** CODERE Brazil supported 91% of the leadership team of the betting agencies in their academic education, subsidizing 50% of the monthly value of the University lectures. In 2013, 18% of the administrative area employees benefited from technical training courses and 27% of foreign language classes. This initiative aims to encourage the managerial staff to complete their academic education, since many of them entered the Company having completed only the secondary educational level.
- **Risk prevention courses and fire brigade:** In 2013, 100% of the leadership team of the betting agencies in Rio de Janeiro and Porto Alegre trained along with specialists from the national firefighters department.

## MEXICO

**Work Climate Surveys:** The first Work Climate survey was held in August to a 55% of the company's staff, being a voluntary survey, and resulting in a satisfaction level of 75%. The following concepts were analyzed: pride and sense of belonging to the company, workplace and HR service. The results were reported nationally, creating improvement actions, in addition to specific programs.

**Gold Clover:** The "Gold Clover" awards represent a reward for those employees who reach their sales target. The first edition was held at Campo Marte in Mexico City. The second edition was held at Six Flags, an event attended by 2,500 people. Within this event a 4 km running race was organized for employees and their families and was further replicated in other cities.

## EDUCATION

**Entertainment Industry University:** Since 2011 it has been actively promoted the idea of creating an Entertainment University with its first Bachelor's degree in Entertainment

Business Administration, a three-year and seven months' time bachelor degree within the Commercial Banking School (Escuela Bancaria Comercial).

The entire academic content of this Bachelor's degree included topics and real business cases related to the Company. Three generations of students (62 employees) have got their degree since 2012. In March 2014, CODERE got his first generation of graduates holding a Bachelor's degree in Entertainment Business Administration.

**Leaders to Be Academic Degree:** In order to ensure the best talent and be at the forefront in training, we created "*Leaders to Be Academic Degree*" in partnership with the Commercial Banking School. Through this program, skills such as planning, organization, teamwork, communication, ethics and values are being reinforced for the Company's further success.

This academic program has been conceived for middle managers and deals with different issues of great importance related to gaming halls management divided in 4 areas: Operations, Human Resources, Finance and Marketing.

**BUMP, Bet enhancement:** It is a program designed for future leaders, Operations middle managers and aims to develop technical skills linked to the 5 business areas: Bingo, Food & Beverage, Electronic, Sports Book and Craps, and to leadership aspects. In 2013, two generations of students coming from 17 gaming halls in Mexico DF and 39 ones across the country successfully graduated.

**Food & Beverage Academy,** it is an ambitious project which started at the beginning of 2013 and aims to update and professionalize the job positions of the employees working in these areas, implementing service excellence and training themselves as leaders within CODERE business units. It also deals with issues related to food service, etiquette & protocol and wine/drinks quality service. Students were divided in 5 groups and 33 attendants per group got their graduation diploma.

**"Aplicate" (Get yourself involved) Program:** The National Center for Higher Education Assessment (Ceneval) is a private non -profit





Left:  
Risk prevention courses  
and fire brigade.  
CODERE Brazil

organization whose main activities are the design and implementation of assessment tools of knowledge, skills, competencies, and analysis and dissemination of tests results.

Through a strategic alliance with the Commercial Banking School, the Company encourages its employees to complete their studies level by passing the Ceneval exam, attending a specific course that lasts about 5 months. The first generation of students totaled 15 graduates; the second and third generation amounted to 15 and 25 graduates, respectively.

The area of Organizational Development and Training implemented the **Training Caravan** in order to develop employees' skills for the effective performance of their activities. To this end, training products were implemented in all business units across the country during the months of September to December, providing various training sessions for 816 employees.

**In search of your long-term commitment: "Your opportunity" and "That's how we live":** In June 2013 the first stage of the roadshow "In search of your-long term commitment" started and through interactive sessions, the Operational area team along with the HR one explains the operational and personnel retention strategies. During the first stage "Your opportunity" we detected the opportunities to become more competitive and successful. We visited 48

gaming halls in Mexico with more than 5,400 employees. The second stage called "*That's how we live*" aims to enhance employees' sense of belonging and their long-term commitment to the Company. We visited 83 gaming halls, totaling 4,321 employees in 50 cities.

**H.A.B.I.T.O.S (Habits):** This course is intended to provide concepts and tools of excellence to generate a corporate culture based on high quality service and the best customers care protocol (internal customers and external ones). The course is designed for the newcomers and existing Company's employees.

**Clean House:** This program started in June 2013 in all gaming halls nationwide with the aim of creating awareness of the importance in keeping the workplace neat and clean, thus improving productivity, and achieving a pleasant and healthy work environment for all.

In 2013 we carried out other activities such as: **Healthy Life Campaign** at the Las Americas Racetrack focuses on employees' healthcare: regular physical exercise, addictions prevention, nutrition, vision health, vaccination and medical tests.

**Children contest:** On Children's Day, the HR department organized a drawing contest called "Drawing my parents' job in CODERE Mexico".



### **Offerings and Skulls (Calaveritas) Contest:**

To celebrate the Day of the Dead, the HR department invited employees to take part in the traditional *Offerings and Skulls* contest. A total of 11 were created, inspired in the celebration of the Las Americas Racetrack 70<sup>th</sup> anniversary, valuing originality and adherence to Mexican traditions. The awards ceremony took place on November 1<sup>st</sup> and the children disguised could visit their parents' workplace.

At the beginning of 2013, the **new Intranet** was launched, containing information of interest for employees enabling direct access to SAU, to the Group's website, also providing a SharePoint environment for sharing files, and including access to a local directory, to the Code of Ethics, and an area of human resources (individual access to payrolls, holidays request, etc.) as well as access to the different internal communication campaigns.

**Workshop Televisa**, Granja Las Américas: In March 2013, Televisa Workshop was launched, an educational space located on the Granja Las Americas lakefront. It has a big tree with different interactive spaces where children can learn about the flora and fauna. Besides, one can find the *Interactive Digital Televisa Space* providing content on environmental issues. Inside the *Aviary Televisa*, visitors can coexist with different Mexican bird species, accompanied by images provided by Televisa.

Granja Las Americas opened the new **DIF-DF workshop**, developed through the System for Integral Family Development (DIF), in order to encourage the children's interest for science or art; it has a science lab, an art workshop and a sensory room. DIF-DF workshop was inaugurated on December 23<sup>rd</sup> and attended by the authorities of both institutions.

**The Mine, Granja Las Americas:** The Mine is one of the 40 attractions that the park offers, and provides insight into the main processes of the mining industry and the importance of this activity in the country. It was officially opened on August 9<sup>th</sup>, 2013 and was attended by the authorities of the Federal District such as Juan José Guerra Abud, Secretary of Environment and Natural Resources(SEMARNAT); Humberto Gutiérrez Olvera, president of the Mining Chamber of Mexico, and chief executives from CODERE, among other representative figures.

### **PANAMA**

In May 2013, CODERE Panama launches the **Awareness Program**, which promotes the responsible use of the Company's resources for the benefit of the environment and the responsible development of society.

### **HABITS**

Human Resources, through its division of training, promotes operational trainers, by means of the program called *Know Your Strengths and Develop your skills*. On May 29<sup>th</sup>, the third generation of trainers HABITS graduated. After several training processes started with 36 employees in December 2012, the program ended selecting 11 new trainers. Throughout the process we involved experts in emotional intelligence who trained in diction, spelling, or how to speak in public.

### **TRAINING**

The area of table games, launched in 2013 a training course of technical skills, led by the Operations department. After some days of evaluation of the technical skills of the different games, all operational staff began and subsequently all casino managers, shift managers and table games supervisors passed specific tests.

We also carried out training sessions in the management of TGM machines for the staff in charge of this casino area. In addition, training was carried out in the business units for supervision staff, gaming machines customer care representatives and support personnel. In order to harmonize and standardize the executive lunch menu CODERE Panama offers to its clients, in July we organized an intensive day of training for cooks and kitchen assistants of the various business units, resulting in a new menu including 97 dishes.

In April 2013, the HR department presented the **operating dress Code**, in order to standardize the proper use of uniform nationwide.

In October, CODERE Panama launched a workshop of **counterfeit banknotes detection**, endorsed by the International Banking Institute. A total of thirteen cashiers were trained (trainers), which in turn were responsible for transmitting and further training of this updated specific knowledge.

## OCCUPATIONAL RISK PREVENTION

In order to promote a culture of prevention and to reduce possible risks, in the event of any emergency or evacuation, the Surveillance & Security department created on August 27<sup>th</sup>, 2013, the preventive emergency teams, through a seminar on evacuation, fire prevention and fire extinguishers use. The training, both theoretical and practical, was given by the Director of Surveillance and Security, Esther Gutierrez, along with the captain of the local fire department, Ubaldo Aguilar.

## SPORTS AND LEISURE

On April 27<sup>th</sup>, the closing ceremony of the Panama Values Cup 2013 in softball took place the Panama Sharks (*Tiburones*) men's team won for the third consecutive year in the male's category and in the female's one won the Eagles team (*Las Águilas*).

In October and November 2013 we carried out **CODERE Panama Gold Cup 2013**, in synthetic football pitch 5, in which 12 men's teams participated, and the final champion of the league was Haiti (Colon) team.

Among the leisure-sport activities we highlight the one celebrated on May 5<sup>th</sup> at the Crown Racetrack, called Ancient Games, a funny sport day, promoting team integration among its members.

## CHRISTMAS

In order to empower the values and to promote family integration, CODERE Panama welcomed the holiday season with the 6<sup>th</sup> edition of the traditional drawing

and painting competition for children "*Our Dream Christmas in Codere*" celebrated on December, 5<sup>th</sup>, 2013 at CODERE Training Centre hosting more than 35 children between 3 and 12 years.

We would also like to highlight the Christmas decorations contest "*Christmas Corner 2013*", in which eight business units got involved promoting communication and teamwork.

At Christmas time, a group of volunteers collected gifts and basic necessities items to share with hundreds of underprivileged children in the community of Toabré province of Penonomé. The volunteer group "*CODERE is giving you a helping hand*", also gave gifts to PROBISIDA Foundation and carried the hope and joy to hundreds of children in the communities of Llano Bonito (Chitre), Palo Alto (Chiriqui) and Vallecito de las Cumbres (Panama). In addition to the toys and necessities received, the children could also enjoy the visit of Santa Claus and Pirulin clown.

## URUGUAY

HRU promotes the social and sustainable growth of the communities located in the area of influence of its entertainment centers and therefore it carries out corporate social responsibility activities focused on two pillars: **Community**, supporting the institutions to improve life quality for residents of Barrio Ituzaingó (Maroñas) and Obelisco (Las Piedras); and **Youth Employment**, providing work and training opportunities within the entertainment industry, with a special focus on the formalization of labor within the racing industry.



# Compliance

Codere Compliance Policy evidences our special commitment to the laws against fraud and money laundering, as well as to the values of honesty and integrity in corporate business practices and compliance with the internal code of conduct.

## CODERE COMPLIANCE POLICIES 2013

Codere always keeps in mind that it operates in a particularly sensitive industry, such as the gaming sector. This is a sector that has undergone varying degrees of public perception throughout its history, shifting from the absolute prohibition, with negative consequences, to the highest standards of regulation and management, through intermediate periods of existence in a legal vacuum.

As the industry leader, Codere believes that it should take on the challenge of establishing guidelines for excellence with authorities, suppliers and customers, including all of them in its global strategies in corporate social responsibility and corporate culture. These guidelines take the form of a strict compliance policy that integrates the highest international standards on ethical requirements and the prevention of money laundering.

## CODERE'S COMPLIANCE POLICY

Codere applies the 2004 Basel II Framework as the basis for its Compliance policies as well as all FATF Recommendations and the international models of Best Practices and Ethical Conduct. This way Codere has entirely

assumed the full scope of the Compliance Function as an **independent function** that identifies, advises, warns, monitors and reports on compliance risks in organizations, such as the risk of receiving sanctions for legal or regulatory violations, the risk of financial or reputation loss due to the failure to comply with applicable laws, regulations, codes of conduct or standards of good practice (together "laws, regulations and standards").

Codere requires itself and its partners and suppliers, complete adaptation to the regulations of the gaming sector in each country in which it operates, and scrupulous respect for all financial, fiscal and labor laws, regulations and standards in force in each area where the Group operates.

The Compliance Policy evidences the special commitment of Codere to the laws against fraud and money laundering, as well as to the values of honesty and integrity in corporate business practices and compliance with the internal code of conduct, all of which takes shape in the following strategic objectives:

- Establish the activities and mechanisms needed to implement a conscious culture of compliance throughout the company as an in-

dispensable tool to help reach and maintain the level of excellence that Codere aspires to.

- Cooperate in identifying and establishing the highest standards of ethical conduct and compliance with applicable laws in the development of Codere's business activities.
- Achieve the proactive participation of all executives and employees in Codere's Compliance policies in the various activities and geographical areas in which the company operates, setting minimum coordination mechanisms and requirements among the various agents.
- Identify, evaluate and control the main Compliance risks, defined as those which can result in legal sanctions, material financial loss or loss of reputation as a result of possible violations of the laws, regulations and self-regulatory standards of the company or of the codes of conduct applicable to Codere's business activities.

#### SPECIFIC RISK COVERED BY THE CORPORATE COMPLIANCE DIVISION

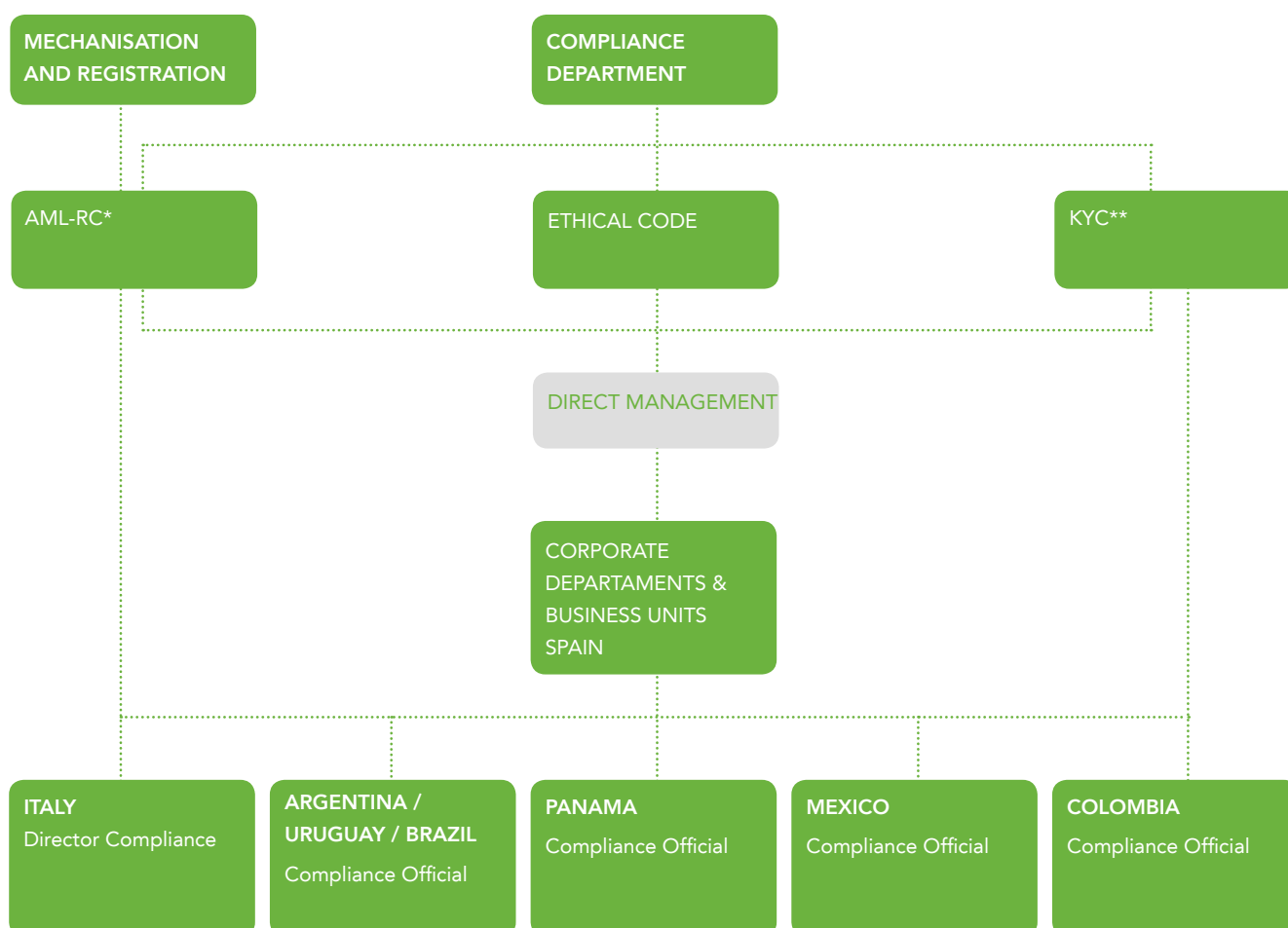
**Reputational Risk:** Possibility of losses due to negative publicity regarding the company and its business practices, whether true or not, intentional or not, resulting in a potential loss of customers or revenue or subjecting the company to prosecution.

**Operational risk:** The possibility of losses due to the inappropriateness or failure of business processes, personnel, internal systems (fraud or internal actions), or because of external events.

**Legal risk:** Possibility of losses due to sanctions, fines or being forced to pay damages resulting from breach of rules or regulations.

**Strategic risk:** Possibility of losses due to the company being disqualified by the controlling authority to develop the relevant products or services or the failure to adapt to changing business conditions or requirements in the gaming sector.

## Compliance Committee

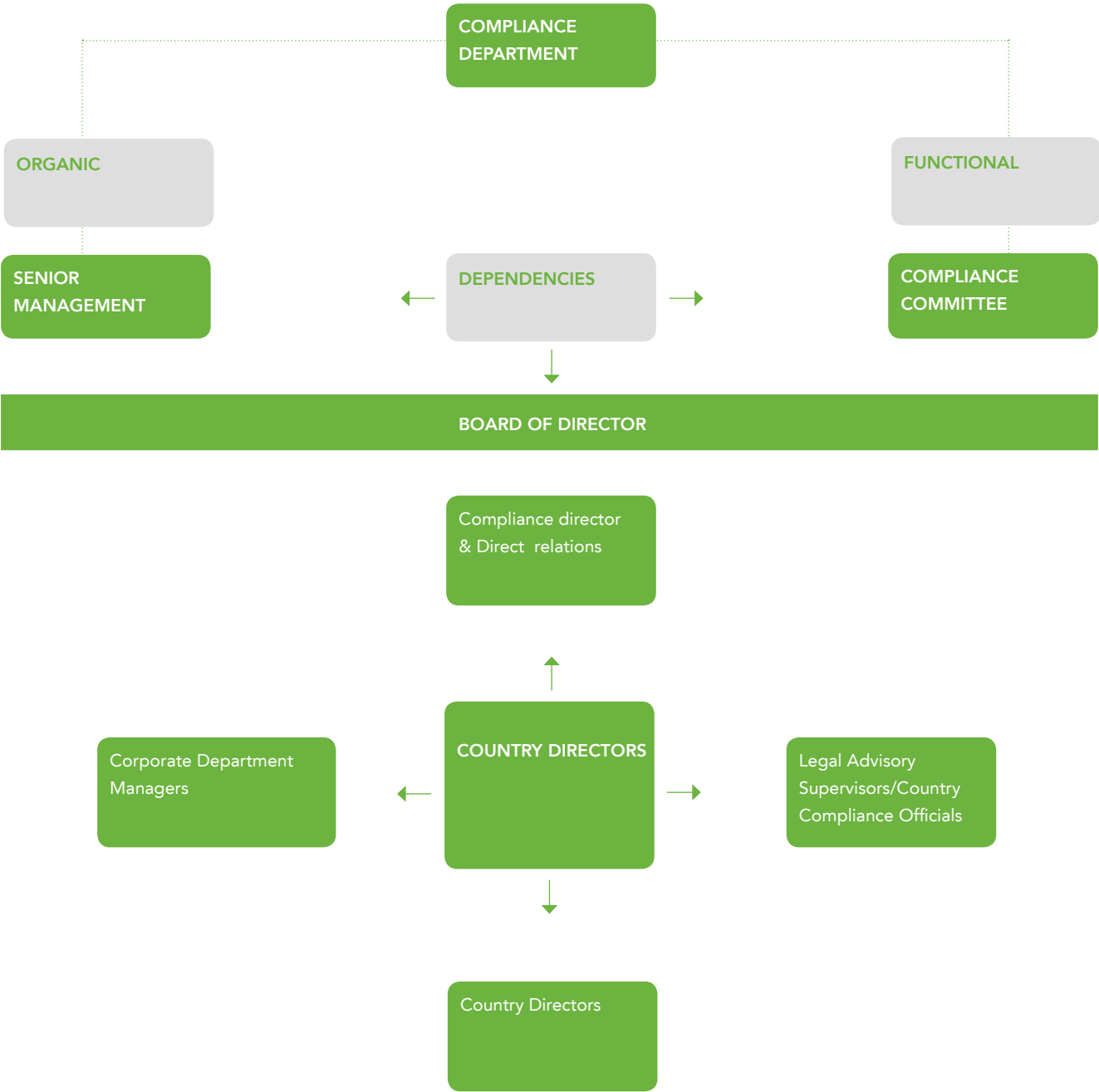


\*AML-RC: Anti-Money Laundering and Regulatory Compliance

\*\*KYC: Know Your Customer and Third-Party Transactions



# Management of the Compliance Policy:



## COMPLIANCE DEPARTMENT AREAS OF RESPONSABILITY

- Compliance with gambling regulations in all geographic areas in which the Group operates.
  - Compliance with anti-money laundering policies.
  - Internal control requirements of due diligences on executive personnel and key managers.
- External control requirements of due diligence on natural or legal persons related to CODERE.
  - Institutional relations with anti-money laundering regulators and agencies.
  - Management of Ethical codes and complaints channel.



iiR España

2011 Educación Financiera 2011

PREVENCIÓN DEL

# Blanqueo de Capitales

Madrid - 8 de Junio de 2011



## IMPLEMENTATION OF CODERE'S COMPLIANCE POLICY

In 2005, Codere's Board of Directors approved the Company's Compliance Plan, which contains the practical rules of conduct of the Group in this area and created a Compliance Committee chaired by an independent director. In 2006 the Board established the Corporate Compliance Department and during 2012 continued to strengthen the processes in the following areas of action, which coincide with what the new Spanish law on the Prevention of Money Laundering and the Financing of Terrorism (Law 10/2010):

### A. Implement and manage the International Policies on the Prevention of Money Laundering in Codere, S.A.

1. Identification of recipients of awards and monitoring of suspicious transactions (STRs).
2. Reconciliation of reports to control and/or gaming authorities. Contribution on evidence on fraudulent payments or transactions.
3. Execution of Mandatory Education and Training Plans on the Prevention of Money Laundering for Codere Group employees.
4. Represent Codere with the money laundering prevention and gambling authorities.
5. Update and implement the company regulations on the Prevention of Money Laundering in each country as well as any as are required for the parent company of the Codere Group (Spanish, European and FATF).

### B. Implement and manage the Code of Ethics and Conduct, evidencing the use of best business and CSR practices in Codere, S.A.

1. Entry into force in 2011 of the Code of Ethics and Corporate Conduct, which led in 2012 to removal of the specific local policies.
2. Design of a complaint channel for use by employees, customers and suppliers to avoid reputation damage, internal fraud or other damage to Codere, beginning in 2011, and implementing the corporate standards across all geographic areas in 2012.
3. Verification of ethical conduct or conflicts of interest arising or not from the previous channel, elevating reports and/or proposals to the Compliance Committee.

### C. Implement and manage the Compliance Information System required by the Codere Compliance Plan

1. Internal control policy and control requirements of due diligence on executive personnel and key managers.
2. External Know Your Customer (KYC) Control Policy through prior due diligence and control of natural and legal persons related to Codere, particularly providers of gaming machines, and the movements and operation thereof.
3. Provide management tools to other departments or units and/or provide specific support for monitoring and verifying companies and individuals.
4. Prepare the required reports and accurate information on reputational risks and/or property damage to Codere, reporting, where appropriate, to the Compliance Committee and/or Senior Management of Codere.

Moreover, the structures supervised by the Compliance Committee have been enhanced regarding the operation of local compliance officers. This was the case in Mexico, Colombia and Argentina, which have joined the existing structures in Panama and Italy in transcendently enhancing the capabilities of the Corporate Compliance Department in its role of efficiently carrying out the Compliance policies.

The implementation of the new Mexican Law on Money Laundering Prevention's requirements in regard to the gaming sector has been of great relevance for Codere. The Company's dimension in the previously mentioned country and the demanding legal thresholds on the identification and reporting of clients have required a huge technological and human endeavor which has been successfully accomplished since September 2013 as its starting date.

Below we have included a summary of the activities in the Prevention of Money Laundering (AML) and Know Your Customer (KYC) and **AML training** of employees and executives and **control of customers and suspicious transactions** carried out in 2012, both on the corporate level and in all business units and subsidiaries:

- Among the corporate and business units of the various countries where the Codere Group operates, we have performed **4,593 Due Diligence** inquiries of various types on **third parties with whom the group has**

business or contractual relations, both individuals and legal entities.

- We have performed **1,228 Due Diligence inquiries on Codere personnel**. In parallel, we have processed **4,343** direct express **acceptances** of the Global Code of Ethics of Codere in different business units.

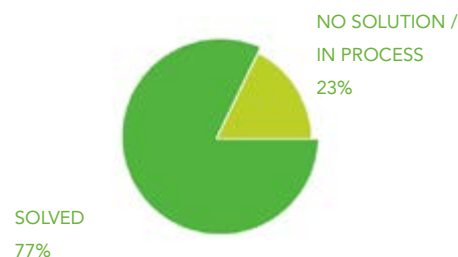
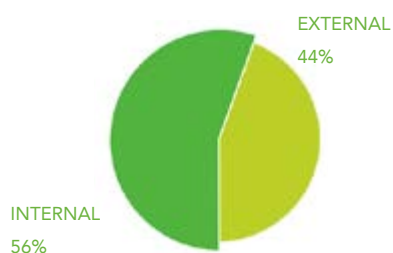
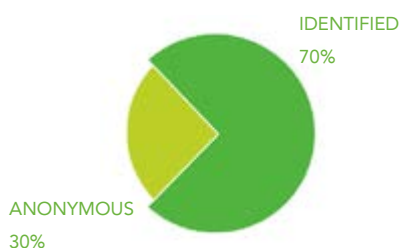
- **Mandatory training** has been provided to **4,721 employees in AML**. The courses were given internally by various Compliance Officers in Argentina, Italy, Panama, Colombia, Uruguay, Mexico and Spain.

- The control and reporting of awards and transactions to competent authorities, with the **identification and registration required in each case, totalled 29,371 cases**, in addition to **71 reports of suspicious transactions**. This process has been carried out in full in all business units.

- **94 complaints/communications** have been addressed through the various Ethical Channels managed by the local Compliance Officers as well as through the Corporate Complaints Channel, the corresponding confidential verifications and internal investigations in the company's business units being performed with the following tipology and result:

#### MANAGEMENT ACTIVITY INDICATORS 2013: ETHICAL AND CORPORATE COMPLAINTS CHANNELS

2013	SPAIN & HEADQUARTERS	ARGENTINA	COLOMBIA	ITALY	MEXICO	PANAMA	URUGUAY	TOTAL
Number of complaints	0	29	0	n/a (en curso de definición)	49	5	n/a	83
Anonymous	-	11	-	-	9	1	-	20
Identified	-	18	-	-	40	4	-	58
Internal staff	-	12	-	-	30	4	-	46
External (clients/suppliers)	-	17	-	-	19	1	-	37
Solved	-	17	-	-	47	2	-	64
No solution/In process	-	12	-	-	2	3	-	14



+ 11 Internal investigations Spain & Panama



# CODERE Foundation

Codere Foundation is a non-profit organization that was founded in 2007, recognized and registered in the Foundations Protectorate of the Spanish Ministry of Education being a member of the Spanish Association of Foundations.

The mission of the Foundation is the promotion of and collaboration in initiatives, both national and international, to enable the improvement and development of public policy on gambling and the structures upon which this industry is based, and to promote the development of the local communities in which Codere operates.

The Foundation has agreements with public and private entities, encouraging collaboration among them. It also acts as a partner with all relevant institutions to convey a faithful image of gaming to society and aims to transmit the views, interests and needs of the gaming industry with the general public, the media and public authorities.

## CODERE FOUNDATION BOARD

Mr. José Antonio Martínez Sampedro, President

Mr. José Ignacio Cases Méndez, Vice President

Mr. Rafael Catalá Polo, Member

Ms. Beatrice Rangel, Member

Mr. Juan José Zornoza Pérez, Member

Mr. Germán Gusano Serrano, Executive Director and Secretary to the Board

## SEMINARS

Throughout 2013, Codere Foundation has organized several workshops aimed at creating opportunities for reflection on the gaming industry, introducing itself to the highest level of the academic field.

In February, along with Ernst & Young and Word Compliance, The Foundation sponsored the second edition of the course **"Prevention of money laundering and terrorist financing"**, which took place at the Faculty of Economics and Business Administration within the Autonomous University of Madrid. In March, Codere Foundation also collaborated in the performance of the second edition of the seminar **"The gaming sector, legal aspects"**, organized by the IE Law School Executive Education and co-sponsored by Codere Foundation.

The 1<sup>st</sup> edition of the Regional Meeting of Latin America Regional Council (CEAL) titled **"Consolidating the rule of law in Latin America: Challenges and Obstacles"** took place in April. During this meeting, the participants reviewed the current situation in



Left:  
Citizen Engagement  
forum for Good  
Governance. León.  
México

Latin America and the main challenges of this geographical area in the coming years. The meeting included the presence of a number of influential figures such as: the President of CEAL Mexico, Mr. Mark. J. McGuiness; Mr. José Ignacio Cases, Codere Foundation's **Vice President**; Mr. Osvaldo Hurtado, former President of Ecuador and the former US ambassador Mr. Jeffrey Davidow, among many others.

Codere Foundation has also been active in Italy. In April, along with the Getulio Vargas Foundation (Brazil), Codere Foundation's representatives took part in the annual seminar held by Bruno Visentini Foundation, which took place in Orvieto, titled **"The regulation of the capital market in Brazil and Italy: an international comparative analysis."** In addition, on May 30<sup>th</sup>, in Rome at the Library room inside the Italian House of Deputies, Codere Foundation launched the study titled **"La disciplina dei giochi in Italia tra monopolio pubblico e mercato"** carried out by Codere Foundation, Bruno Visentini Foundation and Ceradi University - LUISS Guido Carli.

In June, Codere Foundation co-sponsored the **1<sup>st</sup> edition of the Biennial Congress "Legal Certainty and Democracy in Latin America"**, held in Girona (Spain), whose main objective was to establish a system of indicators to measure the legal certainty

in the area of Latin American countries, enabling and respecting the development of foreign investment in the countries of this geographical area. On the opening day, the meeting was attended also by the S.A.R. Prince of Asturias and Girona, Honorary President of the Congress and by other well renowned international figures from both public and private area.

From 18<sup>th</sup> to 20<sup>th</sup> of September, Codere Foundation also sponsored and participated in the organization of the 11<sup>th</sup> Spanish Congress of Political Science and Administration titled "Politics in uncertain times", held by the Spanish Association of Political Science and Public Administration (AECPA) at the Pablo de Olavide University in Sevilla. The main topics analyzed in this context were the challenges and opportunities that arise in the Western democracies, and through the workshop **"Entertainment policies: gambling"**, the participants debated on specific issues such as responsible gambling, market unity or the influence of the lobbies and the morality aspect as for the corresponding public policies.

In Mexico, on the 28<sup>th</sup> and 29<sup>th</sup> of November, Codere Foundation sponsored the **"Citizen Engagement forum for Good Governance"** organized by the Anti-Corruption Committee in Leon (Guanajuato). This meeting was

attended by more than thousand people, providing a space for reflection to politicians and civil society in order to foster a transparent municipal government and raise awareness about the mechanisms for reporting corruption, negatively affecting the economic and social development of any community.

## PUBLICATIONS

In order to foster and promote research, analysis, transparency and legal certainty in the field of gambling, the Codere Foundation collaborates with renowned specialists to produce leading publications in the gaming industry.

Among the new publications released in 2013 we would highlight the following titles:

- **"Anuario del juego en España"** (Spanish Gaming Yearbook): Publication that collects annually the evolution of the gaming industry from an economic and social perspective, segmented by autonomous communities and provinces since 2007. During 2013, Codere Foundation published the yearbook covering the period **2011/2012** and also the one reflecting the period **2012/2013**, including for the first time- a study of business groups representing the industry from 1977 to the present.
- **La disciplina del juego en Italia entre el monopolio público y el Mercado** (Gaming discipline in Italy between public monopoly and the Market): This study presents an overview of the gaming legislation in Italy from a tax, administrative and criminal perspective in comparison to the Spanish and EU legislation.
- **El Juego de Azar on line en los Nativos Digitales** (Online gaming in Digital Natives): The prime concern of this particular study is to analyze and prevent the risks of possible problems of gambling addiction, dealing with different issues and researching on the possible reasons that would lead to the previous mentioned addition, by focusing essentially on generations of teenagers who were born and live in a digital society.
- **En torno al juego de azar** (Games of chance industry): This work analyzes the context in which the gaming industry (betting, advertising, agents...) takes place, as well as a number of topical issues within this industry, such as unfair competition or licenses to open gaming halls, among other ones.

- **IV Informe Percepción social sobre el Juego de Azar en España 2013** (Fourth Report on the Social Insights on Gaming in Spain): This study collects and deepens into the leisure and gaming habits of the Spanish people in the context of economic crisis, setting out details of its impact on the industry.

The Foundation also maintains its collaboration with the quarterly publication **"Revista de Derecho de Deporte y Entretenimiento"** (Journal of Sports and Entertainment Law), edited by Aranzadi, by providing material on aspects related to gambling legislation.

## EVENTS

On February 12<sup>th</sup>, Codere Foundation presented its latest publications on the gaming industry along with Aranzadi and the Institute for Policy and Governance of the Carlos III University (IPOLGOB) at the seminar **"Today Gaming in Spain."** The event was chaired by Rafael Catalá Polo, State Secretary for Infrastructure, Transport and Housing within the Minister of Public Works and member of Codere Foundation Board, by José Antonio Martínez Sampedro, president of Codere Foundation Board, and by a number of professionals in the gaming industry and by the authors of the latest published books. During the seminar the following three publications – **"Anuario del Juego en España 2011/2012"** (Spanish Gaming Yearbook 2011/2012), el **"Código del Juego"** (the Gaming Code – 2<sup>nd</sup> edition) and **"En torno al juego de azar"** (Games of chance industry) – were presented. Subsequently, in November and at the headquarters of CODERE Group, the Foundation presented **"Anuario del Juego en España 2012/2013"** (Spanish Gaming Yearbook 2012/2013).

On June 20<sup>th</sup>, the awards ceremony for the **3<sup>rd</sup> Annual Latin American Economic Journalism Award** took place in Madrid, aiming to recognize the broadcasting labor of the economic culture in the media (newspapers, magazines, blogs, websites, radio or television). The event was organized by the IE Business School and sponsored by Codere Foundation, CAF, and along with Casa de America, Air France, Cinco Días newspaper and CNN Spanish channel. The journalist Jesús Rangel, from MILENIO newspaper won

the runner-up prize of CODERE Foundation titled **"Innovation in entertainment, leisure and tourism industry"** for his journalistic work approaching various topics of great relevance in the field of gaming industry in Mexico.

### **SOCIAL ACTIONS**

In order to support and contribute to the society development in the educational field, Codere Foundation has promoted several initiatives in some of the countries where it operates, among which we would like to highlight the following ones:

**Laffit Pincay Jr. Jockeys Training Academy:** It was launched in Panama City on March 2009 as a training center for jockeys approved by the Panamanian Ministry of Education, located inside the Presidente Remon racetrack and operated by Codere Group. This center aims to elevate the horse racing industry by improving the standard of training and learning process for its future graduates. In 2013 a new class of jockeys graduated from this academy upon successful completion of their academic and sports subjects.

**Alcanzar:** Since mid-2011 the Foundation continued the training of young people in situations of social vulnerability to access stable job positions they are now holding at the Hotel Casino Carrasco (Montevideo). This initiative is the brainchild of Carrasco Nobile along with Gurises Unidos organization and counts with the sponsorship of the National Institute of Employment and Vocational Training (INEFOP) and the collaboration of the Municipal Local Economic Development Centre (CEDEL) and that of Codere Foundation.

**Philosophy Festival in Ancient Greece:** In October, Codere Foundation sponsored the 8<sup>th</sup> edition of this festival in Otranto (Italy) and aiming to stimulate critical thinking skills among high school students by promoting a number of research, dialogue, debate and analysis activities. Codere Foundation propelled further actions in order to promote responsible gaming.

Below:  
3rd Annual Latin American Economic Journalism Award.  
Madrid, Spain.





# CODERE and society

CODERE Group expresses its firm commitment to the Principles of Corporate Social Responsibility as an integrating framework for its policies and actions with all stakeholders with which it interacts.

Faithful to the business objective of generating wealth and prosperity for society, CODERE Group adopts responsible business ethics to harmonize the creation of shareholder value with sustainable development of its business under the principles of **environmental protection, social cohesion, development of a favorable framework for labor relations and constant communication with key stakeholder groups** in order to meet their needs and expectations.

The Company also seeks to identify local needs and areas where its contribution could be valuable especially in those countries where it operates and implements specific programs to help these communities.

## ARGENTINA

**Responsible Gaming Program:** During 2013 we carried out 35 courses, 26 of which were of basic level and the rest of them were aimed to train new Responsible Gaming Counselors. A total of **434** employees participated in this training program. At present we have **148** Responsible Gaming Counselors in our gaming halls.

In addition, flyers were distributed to inform on this problem to clients who requested

it. The Company approved the launch of the **Unified Self-Exclusion Procedure**. An instructive document that aims to promote Responsible Gaming and to help complete the self-exclusion procedure was developed. Such documents were distributed in all gaming halls and public telephone booths exclusively connected with the toll-free line (0800-444-4000) belonging to the Provincial Institute of Lotteries and Casinos (*IPLyC*).

It is important to highlight that, although the process of self-exclusion is a standard issued by the *IPLyC* and therefore, of mandatory compliance for all companies operating in the gaming sector, the training of Counselors, the unification of this procedure in CODERE Argentina and the installation of exclusive phones are all voluntary initiatives being implemented through the Corporate Social Responsibility Plan.

**Play 4 Play Program** (*Programa Jugar X Jugar*): This program is aimed to regain the “right of playing” of the children admitted in the hospitals by means of implementing mobile games inside the hospitals, thus creating a playing environment in the area of pediatrics of the public hospitals, enabling an earlier y most efficient recovery.



Above:  
Play 4 Play Program.  
CODERE Argentina

In 2012, the Company implemented the first **Hospital Mobile Games Platform** inside San Justo Children Hospital along with IPA Argentina and, in March 2013 new volunteers became “Playing educators specialized in Health” (“Ludoeducadores especializados en Salud”) through training provided by IPA Argentina. In May 2013 a new Hospital Mobile Games Platform was implemented inside Sor Maria Ludovica Children Hospital in La Plata city.

of collecting vegetal oil to convert it in Biodiesel, we signed an agreement with all local communities involved to the BIO plan. 23,929 liters of vegetal oil had been collected from all gaming halls.

**-Plastic recycling:** (implemented in 2013), it collects plastic lids for San Justo Children Hospital. 20 kilos of plastic lids had been collected during 2013.

## COMMUNITY AND CSR INTERNAL MANAGEMENT

**CODERE Green Program:** This program includes all the initiatives designed for the care and protection of the environment. All activities herein were transmitted to the Company’s staff by means of an internal communication campaign. Among the activities within this program we would highlight:

**-Paper recycling:** throughout 2013; 31,161 kilos of paper and cardboard had been recycled.

**-Electronic devices recycling:** 400 kilos of electronic devices had been collected.

**-Vegetal oil recycling:** alongside with RBA Ambiental, a company in charge

**The Corporate Network Against Child Labor:** CODERE is part, along with other leading companies, of an unique corporate network in Latin America aiming to create a better corporate citizenship. In 2013, CODERE was the only Company within the entertainment industry being part of this Network since 2010. Within this public-private environment, the Company actively works in the Communication and Community Involvement committees. In 2013, the Company took part in the 2<sup>nd</sup> race organized to celebrate the *World Day Against Child Labor* on June, 9<sup>th</sup> and sponsored by the Ministry of Labor, Employment and Social Security, the National Commission for Child Labor Eradication (CONAETI) and the Corporate Network Against Child Labor.

The event at Rosedal de Palermo was attended by 2,500 people coming from important companies and counted with a 3 kilometers participating race and another 8 kilometers competitive one. The event was presented to the Company's employees and providers to raise their awareness with regard to this issue.

**Global Compact:** CODERE was a member of the United Nations Global Compact from October, 9<sup>th</sup>, 2012 to October, 9<sup>th</sup>, 2013 in order to promote the Company's CSR politics on issues related to Human Rights, Employment, Environment and Anti-Corruption.

**Internal Communication Politics:** Its goal is to establish an appropriate framework in matters related to Internal Communication such as: guidelines definition as for the communication process and the establishment of appropriate authorities and communication channels. All this, ensuring the uniformity, reliability and effectiveness of all the communication items within the Company.

#### OTHER ACTIVITIES:

**CSR Diploma degree (San Martin University):** On April, 4<sup>th</sup>, 2013, San Martin National University, supported by several companies part of the Argentina Network of the Global Compact, presented the CSR degree program, sponsored by CODERE.

**Anniversary Dinner CIPPEC:** On April 15<sup>th</sup>, the annual CIPPEC dinner took place at Hilton Hotel in Puerto Madero, CIPPEC being one of the most important nongovernmental organization in Argentina, acknowledged as one of the most influent *think tank* in Latin America. The Anniversary Dinner's motto was: "*Projection of democracy. Framework of thinking and action for the coming years.*" and was meant to celebrate the 30 years of democracy in Argentina and introduce CIPPEC's latest findings and news. CODERE took part in this meeting along with other representatives from the political and entrepreneurial field and members of several international organizations, among others. The funds raised at this event allow CIPPEC to further investigate on matters related to public policy in terms of equity and society's growth.

**Digital LAB at School Nr. 92 in Lomas de Zamora:** CODERE created a digital lab in this school of Lomas de Zamora enabling the access to TICs and improving this school's educational offer. CODERE provided the necessary equipment along with the city Mayor, Martin Insaurralde, the school's headmaster Alicia Hernández and Manuel Gómez, CODERE's Institutional Relations Chief Executive. This action is part of a sustainable management model the Company is actively carrying out throughout all the cities where it operates.

**International Conference IARSE 2013:** CODERE sponsored the International Conference IARSE 2013 titled: "*Listening, understanding, managing: the power of inspiration*" which took place on May, 29<sup>th</sup> and 30<sup>th</sup> at the NH City & Tower Hotel in Buenos Aires. The meeting pretended to share tendencies and analyze reality in terms of business, and study cases providing updated knowledge which could face the challenges of the sustainable world, with

Below:  
Solidarity Marathon.  
Lomas de Zamora.  
CODERE Argentina





special focus on the integration of the public aspect, the private one and civil society.

**XIX Lanus City Marathon 2013:** On July, 9<sup>th</sup>, in order to celebrate a new anniversary of the city, the City hall along with Club Lanus organized a running race of wide interest. More than 2,000 people and professional national and international runners participated in this race which boasted the presence of the Mayor Darío Díaz Pérez, other city officials and the president of Club Lanus, Alejandro Marón.

**3<sup>rd</sup> Edition Hospital Narciso López de Lanus Healthy Marathon:** On September, 15<sup>th</sup> Hospital Narciso López in Lanús, in order to celebrate its new anniversary, held the third edition of Healthy Marathon. More than 600 people and professional national and international runners participated in this marathon which boasted the hospital executive manager, Antonio Brunetti, the associate manager, Alfredo Mocoroa, and Lanus Sports deputy secretary, Carlos Alberto Monje.



**6<sup>th</sup> Edition "Modelo Lomas" College Solidarity Marathon:** This marathon took place on October, 6<sup>th</sup> aiming to cooperate with the Hospital Luisa C.de Gandulfo, located in Lomas de Zamora. More than 1,300 people and professional national and international runners participated in this marathon (a 5 kilometers running race for professional runners and 1,5 kilometers healthy walk for the children) of wide interest which boasted the presence of the college management committee.

## MEXICO

### SOCIAL DEVELOPMENT PROGRAMS

**CODERE solidarity with the victims of Guerrero:** In order to help those affected by Hurricane Ingrid in the Gulf of Mexico and by the tropical storm Manuel in the Pacific Ocean, CODERE cooperated with the Red Cross to collect food and other such basic products delivered on September, 30<sup>th</sup> to help thousands of people affected and vulnerable.

**Playroom:** On April 30<sup>th</sup>, CODERE Foundation inaugurated a fully equipped and modernized playroom within the Children's Rehabilitation Center of the Ministry of Defense.

**Aid Campaign for the La Asunción Orphanage:** The staff at the Caliente Mundo E gaming hall visited on July 25<sup>th</sup>, 2013 La Asunción Orphanage in Tlalnepantla, which maintains and educates girls since their childhood. This gaming hall management team along with the HR department and SINTOLED encouraged all the staff working in this gaming hall to donate basic products that were delivered on site.

**AMANC and Boca del Rio:** On December 6<sup>th</sup>, 2013, the employees of the gaming hall Boca del Rio, Veracruz together with SINTOLED celebrated with the children of AMANC (the Mexican Association of Aid for Children with Cancer) a funny day with lots of entertaining activities such as delivering Santa hats, toys, etc., among other activities.

#### Other activities:

**Cultural Activities:** Codere Foundation supported the initiatives of ACCEDDE and The Art of Puppets in Gaudalajara, two associations carrying out artistic, cultural and social activities for children and young people in order to avoid crime in deprived areas. Following this supportive work, a book with



texts written by children who participated in the programs of the associations was published.

**Altruistic Yak Events:** In 2013 we carried out two events through which funds were raised as an aid for the Children Hospital in Mexico and for the Alzheimer Foundation "Someone we can count on" I.A.P.

**La Granja visit tour:** On August, 7<sup>th</sup>, a whole group of 50 underprivileged children visited La Granja facilities, a visit supported by Granja Las Americas and Guadalupano Child Boarding represented by the Mexican singer Guadalupe Pineda.

## ITALY

### RESPONSIBLE GAMING PROGRAMS

**"In Nome della Legalità" (In the name of Legality) Workshop:** CODERE promotes the culture of legal and responsible gaming throughout the Italian cities.

This kind of activities benefited from the participation of key people from AAMS (*Agenzia delle Dogane e dei Monopoli*) on both national level and from the visited regions, reflecting how crucial it is that the gaming industry cooperates closely with all regulatory bodies and stands as proof of legality.

These activities also boasted the presence of representative members of the tax agency, of the *carabinieri*, the police headquarters, as well as politicians and associations supporting those people addicted to gambling. We would also like to mention the contribution of the members of the *Sistema Gioco Italia* and *Ascob*, two associations CODERE is member of, which highlighted the importance of the gaming sector and of its impact on the labor market. During all these meetings, this workshop boasted the presence and support of Massimo Ruta, country manager CODERE Italy.

The edition 2013 of this workshop started first on April, 22<sup>nd</sup>, in Bologna, at the palacio Gnudi. On June, 25<sup>th</sup> it is celebrated inside the Auditorium del Museo Provinciale Sigismondo Castromediano in Lecce; on September, 24<sup>th</sup>, at the Museo Colle del Duomo in Viterbo and finally it ended at Palazzo Medici Riccardi, on November, 28<sup>th</sup>, in Florence.

## SOCIAL DEVELOPMENT PROGRAMS

The Company provides financial support to activities within the scope of its program **CODERE per lo Social**, which aims to support those offering practical assistance initiatives in cities where the Group operates its business activities.

In 2013, CODERE launched in the gaming halls solidarity dinners **Mangia per Bene** (Eat to help), an initiative that organizes charity evenings, where a full set menu is offered for 10 euros, to support to charity activities in different cities. This initiative shows that gaming can and should be, more than ever, social.

The Company also carries out other activities and donations to the **Peter Pan Association**. Since 1994, this organization is in charge of hosting children and relatives non-resident in Rome in difficult moments. The Association has created various host structures: in June 2000, **Casa di Peter Pan** opened its doors; in June 2004 the **Seconda Stella** (Second Star) was created and in November 2007, the **Stellina** (little star) was added. The accommodation and services offered are completely free thanks to the support of individuals and companies like CODERE, who have understood the importance of the mission and thanks to the daily efforts of volunteers. In addition to shelter services, the association participates in international cooperation projects, promotes research activities and the protection of the rights of children with cancer and supports the dissemination of the culture of solidarity.

Among the solidarity actions we would also highlight the sale of the **Easter Eggs** whose funds collection was offered to different solidarity associations.

## SPAIN

### SOLIDARITY

At Christmas time, CANOE gaming hall celebrated **solidarity bingos** in order to raise funds for the Theodora Foundation. The funds collected were donated to support the active work of this Foundation in 20 Spanish hospitals throughout the program **Smile Doctors** (*Doctores Sonrisa*) in which professional artists entertain the children in the hospitals enabling their recovery.

The act of donation, which took place on January 17<sup>th</sup>, 2014, was attended by Javier Tejero, director of the Theodora Foundation in Madrid and Dr. Zepi, a member of Smile Doctors program who received the donation check from José Carrera Morales, director of CANOE.

## BRAZIL SOCIAL DEVELOPMENT PROGRAMS

**Cavalo Amigo Institution:** Since 2009 CODERE Brazil has cooperated with the *Cavalo Amigo Center*, an organization holding a team of psychologists, speech therapists, physiotherapists and physical educators dedicated to help children and teenagers with special health care needs within its Program of Corporate Social Responsibility. CODERE participated in the development of the Equitherapy program for disabled children, offering financial aid for two little children in the city of Porto Alegre (Rio Grande do Sul). Last year the investment reached R\$ 19,200.00.

In addition, the Company **supports the ABBR institution in the purchase of wheelchairs:** Since 2010, CODERE Brazil supports the **ABBR Association** (Associação Brasileira Beneficente de Reabilitação) in Rio de Janeiro with funds raising activities, donating to ABBR the funds collected from the sale of *Racing Forms*. This grant was used to purchase wheelchairs for underprivileged people treated in this association. In 2013, R\$ 74, 656, 00 were raised and 212 wheelchairs were bought.

In 2013, CODERE Brazil launched a new CSR program called "**Galope Solidario**" (Solidarity Gallop) in Porto Alegre. With the donation of the proceeds from the sale of *Racing Forms* to Casa do Menino Jesus of Prague, which has a team of 130 people including employees and volunteers of different professions - psychologists, speech therapists, physiotherapists, teachers and physical educators and other such staff, the institution helps children and teenagers with severe brain injury and permanent physical disabilities.

## COLOMBIA SOCIAL DEVELOPMENT PROGRAMS

**Andean Gaming Fair "FADJA 2013":** Diego Felipe Navarro, CODERE Colombia-Panamá's general manager and Sonia Vanin



Nieto, legal director, were invited to the XV edition of this Fair in order to present the CSR activities and best practices in CODERE Colombia.

Above:  
Solidarity Check. Sala  
CANOE. Madrid.

The Social Responsibility program is based on four aspects: Support for soldiers, victims of armed conflicts, recruiting disabled staff in new projects, development of charitable bingo and environmental responsibility within the new projects.

34 disabled (anti-personnel mine, visual and auditory disabilities) people are currently working in Colombia. The foundations that support the process of labor inclusion under CODERE Social Responsibility Program are: *Fundación Tejido Humano*, *Matamoros Corporation*, *United for Colombia*, the Ministry of Defense and the Health Battalion. **Human Capital Forum 2013:** World management leaders met for the 7<sup>th</sup>

consecutive year in Colombia. The meeting was also attended by Diego Felipe Navarro from CODERE Colombia who took part in the GPTW debate: *"The CEOs of the most outstanding Colombian companies to work in announce their strategic vision 2013"*, which dealt with the foundations of the Company's strategy to become considered one of the best Colombian companies to work in. He shared the stage with Atento's country manager and the president of Aseguradora Solidaria; the debate's moderator was the deputy director of GPTW.

In February, CODERE Colombia Group was invited to the **1<sup>st</sup> International Forum of Social and Entrepreneurial Management of the Anti-Personnel Mine's Survivals** in Cartagena. CODERE Colombia-Panama's general manager shared with the other participants the Company's will to support this initiative and commented on the aspects benefiting to those people once they regained their jobs at the seminar: *"Occupational Inclusion, a debate with Business men and Employability of the Mine's Survivals "Successful Cases"*.

## PANAMA SOCIAL DEVELOPMENT PROGRAMS

**Health Fair:** CODERE Panama reaffirms its continued support for the health of Panamanian society and, for the second consecutive year, through the volunteer group *Te Da La Mano*, the Company launched, along with the Society of Horse Owners and *ULAPS*, an health fair for President Remon Racetrack staff who received various services of general medical care, ophthalmological care and vaccination, among others.

**Commitment to Panamanian children:** In 2013, CODERE Panama made donations to the friends of *Nutre Hogar*, sponsoring the new canteen Kankintú located in Bocas del Toro with the amount of B/.3,000.00. CODERE Panama also got involved in the dry food collection campaign in June and July, which collected about B/.1,500.00 in groceries. On July 26<sup>th</sup>, the Albrook Mall's annual fundraiser event took place to support the children in *Nutre Hogar*. CODERE volunteer group collected B./700,00.

**Solidarity race:** CODERE Panama joined the fight against children cancer and leukemia,

participating in the **Relay Race for Life 2013** to benefit *FANLYC*, on 19<sup>th</sup> and 20<sup>th</sup> of October in Calzada de Amador, with an active participation of CODERE's employees. In Chiriqui, the walk was performed on Saturday, October 27<sup>th</sup>.

**Solidarity activities:** During the months of February and March 2013, the volunteer group CODERE *Te Da La Mano* held several activities to help the most vulnerable sectors of the Panamanian society: the first one is related to a **Blood Donation** campaign for St. Thomas hospital, held at the Sheraton, El Panama and El Soloy casinos. Presidente Remon Racetrack and CODERE Panama's headquarters also joined this campaign. On March 23<sup>rd</sup>, the volunteers group delivered **school supplies** to children of Barrio Unido in Coclé, aiming to contribute to their education and give them the opportunity to attend education centers with basic school supplies such as backpacks, notebooks, pencils, etc. In addition, materials for the school canteen, chairs, teaching materials or dry food were donated, among other materials.

## URUGUAY SOCIAL DEVELOPMENT PROGRAMS

In 2013, CODERE – through HRU- maintained its strategy of sustainable growth and social development of the communities located in areas of influence of Maroñas National Racetrack and Las Piedras Racetrack and generation of skilled employment in the equestrian industry and entertainment industry in general.

The Company's CSR activities focused on supporting institutions **to improve the quality of life for residents of Barrio Itzaingó (Maroñas) and Obelisco (Las Piedras) and youth employment**, providing training and job opportunities within the entertainment industry, with a special focus on the formalization of labor within the horse industry, in partnership with public and private organizations.

**In the area of influence of Maroñas National Racetrack and Las Piedras Racetrack**, CODERE worked with different institutions related to education. In Maroñas, together with the *CAIF Libemor* (Center for Child and Family Care) which had been given a space



Left:  
Christmas Activities.  
CODERE Uruguay.

for relocation within the Racetrack facilities. In the reopening process of Las Piedras Racetrack was included the building of another center CAIF to serve the population of the area.

**In the field of health,** the Company worked with Maroñas Health Center, which provides coverage for 20,000 people through the donation of infrastructure equipment. A new clinic was also inaugurated within Las Piedras Racetrack facilities, which will serve a target population of 10,000 people.

**In the field of Youth Employment,** several programs were developed.

- **Maroñas First Work Experience:** 140 young people were trained to form part of the Grand Prize José Pedro Ramírez 2014; 30 of them developed their first work experience thereof.

- **We Bet on Your Career Program:** Courses and internships for 60 young people (waiters, cooks and promoters) along with CODOF and PROJOVEN (INEFOP), which allows them to prioritize and juggle study with work.

Moreover, CODERE led, together with the ONG *Gurises Unidos*, (25 years of active work in Uruguay in the field of children and teenagers rights), the **Alcanzar Program**. This is an 18 months training and job placement program for young people of high social

vulnerability, once completed, allowing them to join the working team of Casino Carrasco. Since its opening day in March 2013, 17 of the 20 young people selected for this project satisfactorily completed the entire process and are currently working.

This public/private assistance program between Carrasco Nobile and the ONG *Gurises Unidos*, counted with the support of INEFOP (National Institute of Employment and Vocational Training), of the provincial government and the Ministry of Labor, and it had a major impact on the community .







# Auditors' report

---

CODERE S.A. and subsidiaries: Extract from the Consolidated Financial Statements and Consolidated Management Report for the year ended December 31<sup>st</sup>,2013.

# Auditors' report

## AUDITOR'S REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinion, the original language version of our report takes precedence over the translation.*

To the shareholders of Codere, S.A.:

We have audited the consolidated annual accounts of Codere, S.A. (parent company) and its subsidiaries (the Group), consisting of the consolidated balance sheet at 31 December 2013, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes to the consolidated annual accounts for the year then ended. As explained in Note 2, the Directors of the parent company are responsible for the preparation of these consolidated annual accounts in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with the legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2013 present fairly, in all material respects, the consolidated financial position of Codere, S.A. and its subsidiaries at 31 December 2013 and the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the applicable financial reporting framework.

Without affecting our audit opinion, we draw your attention to the matters indicated in Note 2.a.1 and Note 28 of the accompanying consolidated annual accounts. These notes include references to certain unfavorable circumstances arising in 2013 and to the date of preparation of the consolidated annual accounts, including non-payment of certain financial commitments upon maturity in 2014 and the formal notification submitted to the Mercantile Court reporting the existence of refinancing negotiations, envisaged in Article 5 bis of the Spanish Insolvency Law, for Codere, S.A. as well as for certain subsidiaries, also in 2014. As stated in Note 2.a.1 and Note 28, the Group is involved in negotiations, supported by its legal and financial advisors, concerning the alternatives which may enable it to settle its financial and contractual obligations in the most appropriate manner possible. If no agreement is reached within the time period established in Article 5 bis of the Spanish Insolvency Law, by 2 May 2014 for Codere, S.A. and by 7 June 2014 for other subsidiaries, such entities would be declared in a

situation of bankruptcy. As indicated by the Directors in those notes, these conditions are indicative of significant uncertainty concerning the Group's capacity to continue with its operations unless the refinancing initiatives currently in progress are successful.

The accompanying consolidated Directors' Report for 2013 contains the explanations which the parent company's Directors consider appropriate regarding the Group's situation, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the consolidated Directors' Report is in agreement with that of the consolidated annual accounts for 2013. Our work as auditors is limited to checking the consolidated Directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the accounting records of Codere, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Antonio Vázquez  
Partner

28 February 2014



# CODERE, S.A. and subsidiaries

## CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2013 AND 2012 (THOUSANDS OF EUROS)

ASSETS	NOTE	31.12.13	31.12.12
<b>NON-CURRENT ASSETS</b>		<b>1,316,829</b>	<b>1,596,726</b>
Intangible assets	7	528,313	605,972
Property, Plant and equipment	8	436,016	638,694
Investment properties	8	72,229	-
Goodwill	10	207,549	265,097
Non-current financial assets	11	22,733	37,202
- Non-current loans		17,346	18,670
- Investments held to maturity		5,387	6,093
- Other financial assets		-	12,439
Deferred tax assets	12	49,989	49,761
<b>CURRENT ASSETS</b>		<b>356,222</b>	<b>358,784</b>
Inventories	14	11,973	12,540
Accounts receivable	15	189,577	189,467
- Trade and other receivables		29,666	24,874
- Current tax assets		9,824	8,856
- Sundry receivables		46,734	49,697
- Tax receivables accrued		103,353	106,040
Financial Assets	16	36,362	56,343
- Short-term investment securities		1,231	2,575
- Other loans and investments		35,131	53,768
Other current assets		15,682	15,587
Cash and cash equivalents	24	102,628	84,847
<b>TOTAL ASSETS</b>		<b>1,673,051</b>	<b>1,955,510</b>

The accompanying Notes are an integral part of these consolidated financial statements

**CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2013 AND 2012  
(THOUSANDS OF EUROS)**

SHAREHOLDERS' EQUITY AND LIABILITIES	NOTE	31.12.13	31.12.12
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>17</b>	<b>(260,442)</b>	<b>(14,769)</b>
Share capital		11,007	11,007
Share Premium		231,280	231,280
Legal reserve and Retained earnings (prior year losses)		(173,316)	(25,368)
Revaluation reserves		4,214	4,399
Translation differences		(160,011)	(89,146)
Profit/(Loss) for the year attributable to equity holders of the parent		(173,616)	(146,941)
<b>Non- controlling interest</b>	<b>17</b>	<b>56,877</b>	<b>95,674</b>
<b>TOTAL EQUITY</b>		<b>(203,565)</b>	<b>80,905</b>
<b>Non-current liabilities</b>		<b>1,299,529</b>	<b>1,354,438</b>
Deferred revenues		75	339
Non-current Provisions	18	48,352	44,854
Non-current payables	19	1,137,929	1,174,531
- Bank borrowings		102,739	100,591
- Bond issues		978,044	985,642
- Other payables		57,146	88,298
Deferred tax liabilities	12	113,173	134,714
<b>Current liabilities</b>		<b>577,087</b>	<b>520,167</b>
Provisions and others	18	11,276	25,301
Bank borrowings	19	122,354	75,933
Bonds and other marketable securities		43,074	12,141
Other non-trade payables	19	248,500	260,253
Trade payables		130,610	131,135
Liabilities for current-year corporate income tax	19	21,273	15,404
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,673,051</b>	<b>1,955,510</b>

The accompanying Notes are an integral part of these consolidated financial statements

**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012  
(THOUSANDS OF EUROS)**

	NOTE	31.12.13	31.12.12
<b>OPERATING REVENUES</b>	23	1,546,684	1,663,930
- Revenue		<b>1,539,260</b>	<b>1,659,049</b>
- Other income		7,424	4,881
<b>OPERATING EXPENSES</b>	23	(1,552,783)	(1,608,461)
- Consumables used and other external expense		(52,477)	(54,439)
- Employee benefit expense	23.d	(306,728)	(327,858)
- Depreciation and amortization		(152,711)	(154,832)
- Change in trade provisions		(2,116)	(1,808)
- Other operating expenses	23.c	(981,415)	(994,312)
- Asset impairment charges	7,8,10,13	(57,336)	(75,212)
Gains/(loss) on derecognition/disposal of assets	6	(6,489)	7,199
<b>CONSOLIDATED OPERATING PROFIT/(LOSS)</b>		<b>(12,588)</b>	<b>62,668</b>
Finance income		5,090	7,557
Finance costs		(142,188)	(166,422)
Net foreign exchange gains/(losses)		(10,056)	416
<b>CONSOLIDATED NET FINANCIAL INCOME/(EXPENSE)</b>	23.g	<b>(147,154)</b>	<b>(158,449)</b>
<b>CONSOLIDATED INCOME/(LOSS) BEFORE TAXES</b>		<b>(159,742)</b>	<b>(95,781)</b>
Income tax expense	21	(45,531)	(72,907)
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(205,273)</b>	<b>(168,688)</b>
<b>CONSOLIDATED LOSS FOR THE YEAR</b>		<b>(205,273)</b>	<b>(168,688)</b>
Attributable to:			
Non controlling interests		(31,657)	(21,747)
Owners of the parent		(173,616)	(146,941)
<b>Basic and diluted earnings per share (in euro)</b>	<b>23f</b>	<b>(3.74)</b>	<b>(3.07)</b>
<b>Basic and diluted earnings per share from continuing operations attributable to the owners of the parent company (in euro)</b>	<b>23f</b>	<b>(3.16)</b>	<b>(2.68)</b>

The accompanying Notes are an integral part of these consolidated financial statements

**CONSOLIDATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS 2013 AND 2012 (INCOME AND EXPENSES RECOGNISED IN EQUITY) (THOUSANDS OF EUROS)**

	NOTE	31.12.13	31.12.12
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(205,273)</b>	<b>(168,688)</b>
Currency translation differences		(73,608)	(2,479)
Transfers to the income statement due to translation differences		-	27,056
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>(73,608)</b>	<b>24,577</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(278,881)</b>	<b>(144,111)</b>
Attributable to owners of the parent company		(244,481)	(126,507)
Attributable to non-controlling interests		(34,400)	(17,604)

The accompanying Notes are an integral part of these consolidated financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2012 (THOUSANDS OF EUROS)**

	SHARE CAPITAL	SHARE PREMIUM	LEGAL RESERVE AND RETAINED EARNINGS (PRIOR-YEAR LOSSES)	REVALUATION RESERVE	TRANSLATION DIFFERENCES	PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at December 31, 2012	11,007	231,280	(25,368)	4,399	(89,146)	(146,941)	(14,769)	95,674	80,905
Profit/(loss) for the year	-	-	-	-	-	(173,616)	(173,616)	(31,657)	(205,273)
Other comprehensive income for the year	-	-	-	-	(70,865)	-	(70,865)	(2,743)	(73,608)
Total Consolidate Comprehensive income	-	-	-	-	(70,865)	(173,616)	(244,481)	(34,400)	(278,881)
Reversal of Revaluation Reserve	-	-	185	(185)	-	-	-	-	-
Changes in consolidation scope and business combinations	-	-	-	-	-	-	-	1,944	1,944
Reserves for treasury shares	-	-	232	-	-	-	232	-	232
Provision for options	-	-	(1,236)	-	-	-	(1,236)	-	(1,236)
Gain/(loss) on treasury shares	-	-	(188)	-	-	-	(188)	-	(188)
Dividends (*)	-	-	-	-	-	-	-	(6,341)	(6,341)
Transfer of results to retained earnings (prior-year losses)	-	-	(146,941)	-	-	146,941	-	-	-
Total changes in equity	-	-	(147,948)	(185)	-	146,941	(1,192)	(4,397)	(5,589)
Balance at 31.12.13	11,007	231,280	(173,316)	4,214	(160,011)	(173,616)	(260,442)	56,877	(203,565)

(\*) Correspond to dividends distributed to minority interests of spanish subsidiaries

The accompanying Notes are an integral part of these consolidated financial statements



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2011**  
(THOUSANDS OF EUROS)

	SHARE CAPITAL	SHARE PREMIUM	LEGAL RESERVE AND RETAINED EARNINGS (PRIOR-YEAR LOSSES)	REVALUATION RESERVE	TRANSLATION DIFFERENCES	PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at December 31, 2012	11,007	231,280	(73,889)	4,577	(109,580)	(52,152)	115,547	48,660	164,207
Profit / (Loss) for the year	-	-	-	-	-	(146,941)	(146,941)	(21,747)	(168,688)
Other comprehensive income for the year	-	-	-	-	20,434	-	20,434	4,143	24,577
Total Comprehensive income	-	-	-	-	20,434	(146,941)	(126,507)	(17,604)	(144,111)
Reversal of Revaluation Reserve	-	-	178	(178)	-	-	-	-	-
Changes in consolidation scope and business combinations	-	-	-	-	-	-	-	-	-
- Scope Changes	-	-	(2,387)	-	-	-	(2,387)	12,601	10,214
- Business combinations	-	-	-	-	-	-	-	58,891	58,891
Reserves for treasury shares	-	-	316	-	-	-	316	-	316
Provision for options	-	-	(1,434)	-	-	-	(1,434)	-	(1,434)
Gain/(loss) on treasury shares	-	-	(304)	-	-	-	(304)	-	(304)
Dividends (*)	-	-	-	-	-	-	-	(6,874)	(6,874)
Transfer to retained earnings (prior-year losses)	-	-	52,152	-	-	(52,152)	-	-	-
Total changes in equity	-	-	48,521	(178)	-	(52,152)	(3,809)	64,618	60,809
Balance at 31.12.12	11,007	231,280	(25,368)	4,399	(89,146)	(146,941)	(14,769)	95,674	80,905

(\*) Correspond to dividends distributed to minority interests of spanish subsidiaries

The accompanying Notes are an integral part of these consolidated financial statements

**CONSOLIDATED CASH FLOW STATEMENT**  
(THOUSANDS OF EUROS)

	NOTE	3.12.13	31.12.12
Consolidated profit/(loss) before income tax		(159,742)	(95,781)
Net financial income/(expense)		147,154	158,449
Operating profit/(loss)		(12,588)	62,668
<b>Expenses that do not represent cash outlays</b>		<b>226,139</b>	<b>264,362</b>
- Depreciation and amortization	5 and 6	152,711	154,832
- Asset impairment	8	57,336	75,212
- Other operating expenses	24	16,092	34,318
Income that does not represent an inflow of cash	24	(1,121)	(12,567)
Changes in working capital		(5,541)	(24,455)
- Inventories		567	(27)
- Accounts receivable		(1,741)	(13,605)
- Payables		(14,577)	8,804
- Other		10,210	(19,627)
Income tax paid		(39,009)	(81,056)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>167,880</b>	<b>208,952</b>
Purchases of property, plant and equipment and intangible assets		(120,943)	(235,822)
Proceeds from purchase of fixed assets		207	8,264
Payments on non-current loans		(23,057)	(25,651)
Repayments received on non-current loans		24,336	25,706
Amounts paid on investments		(2,822)	(157,924)
Payments of other financial assets		-	(37,393)
Proceeds from other financial assets		24,647	-
Collection of interest		1,953	3,555
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(95,679)</b>	<b>(419,265)</b>
<b>Bonds issues</b>		<b>-</b>	<b>226,005</b>
- Drawings on Codere senior debt		76,561	-
- Repayments of Codere senior debt		-	(9,561)
- Other borrowings drawn down		-	4,666
- Other borrowings repaid		(1,789)	(1,226)
<b>Net change in borrowings</b>		<b>74,772</b>	<b>(6,121)</b>
- Proceeds from bank borrowings		23,845	58,458
- Repayment of bank borrowings		(41,644)	(14,614)
<b>Net change in bank borrowings</b>		<b>(17,799)</b>	<b>43,844</b>
<b>Dividends paid</b>		<b>(5,877)</b>	<b>(6,505)</b>
- Payments on other financial liabilities		(10,622)	(10,440)
- Repayments on other financial liabilities		8,509	19,713
<b>Net change in other financial liabilities</b>		<b>(2,113)</b>	<b>9,273</b>
<b>Other cash flows due to impact of exchange rates on receipts payments</b>		<b>(9,845)</b>	<b>1,713</b>
- Acquisition of own equity instruments		(539)	(810)
- Disposal of own equity instruments		413	877
<b>Net investment in treasury shares</b>		<b>(126)</b>	<b>67</b>
<b>Payment of interest</b>		<b>(84,481)</b>	<b>(107,438)</b>
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(45,469)</b>	<b>160,838</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>26,732</b>	<b>(49,474)</b>
Reconciliation			
Cash and cash equivalents at beginning of the year		84,847	135,692
Effect of exchange rate fluctuations on cash and cash equivalents		(8,951)	(1,371)
Cash and cash equivalents at the end of the year		102,628	84,847
<b>NET VARIATION IN CASH POSITION</b>		<b>26,732</b>	<b>(49,474)</b>

The accompanying Notes are an integral part of these consolidated financial statements

**Dirección de Marketing  
y Comunicación  
Corporativa CODERE**  
Avda. de Bruselas,26  
28108. Alcobendas. Madrid. España  
Tfo.: +34 913 542 826  
comunicacion@codere.com  
www.codere.es

D.L.: M-17245-2014