



Optimum Strategies to Developing a Cross-Sector Business



GES
Gaming Executive Summit Europe 2009



Fernando Ors
Chief Development Officer

1 Cross Selling

1.1 Definition

1.2 Examples

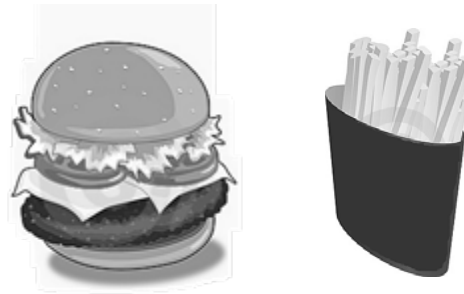
1.3 Profitability

2 What's going on in Gaming?

3 Brick & Click Strategies

4 Successful Strategy Alliance

Cross Selling is the consumer products and complimentary services sale to which a client has access. It covers a larger scope of needs, increasing global sale and the consumer's loyalty. This should not affect the Core Business sales but increase the Clients Value.



Do you want chips with your hamburger?

Cross Selling

Definition: Main Keys

- Cross Selling strategies **optimize costs and income** in a highly competitive and mature market context.
- To sell products or services to a customer who is already part of the client list **is up to 4 times cheaper than acquiring a new one.**
- A good Cross Selling Strategy must be based on a good **Segmentation Strategy.**
- **Cross Selling increases:**
 - Retention and loyalty
 - Client value
 - Supplier profitability
 - Customer knowledge
 - Customer equity

Choosing the right moment and partner is critical in a Cross Selling Strategy

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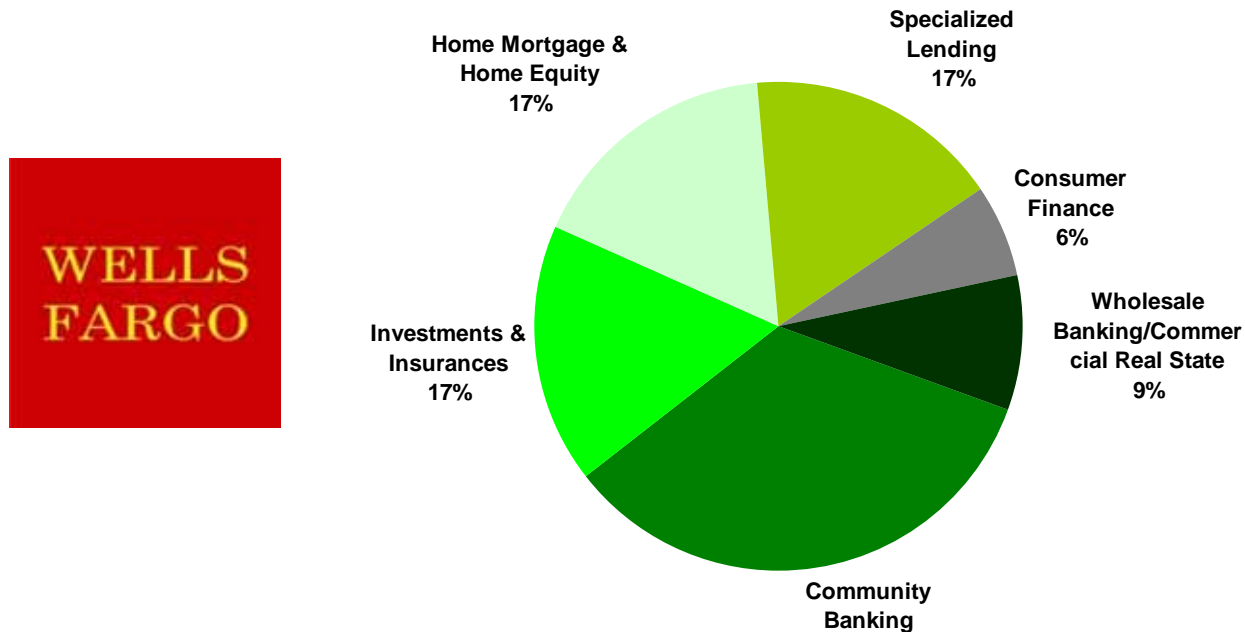
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Cross Selling

Examples: “Cross Financial Services”

A Diversified Financial Services Company



Wells Fargo, a “multifinancial entity” has increased from 4 to 8 the average product portfolio per client. 80% of this increase came directly from Cross-Selling.

Cross Selling

Examples: “Cross eSelling”



amazonkindle



Amazon today sells much more than books...
The Kindle is the last creative example of their Cross Selling

Wii Blue Ocean Strategy

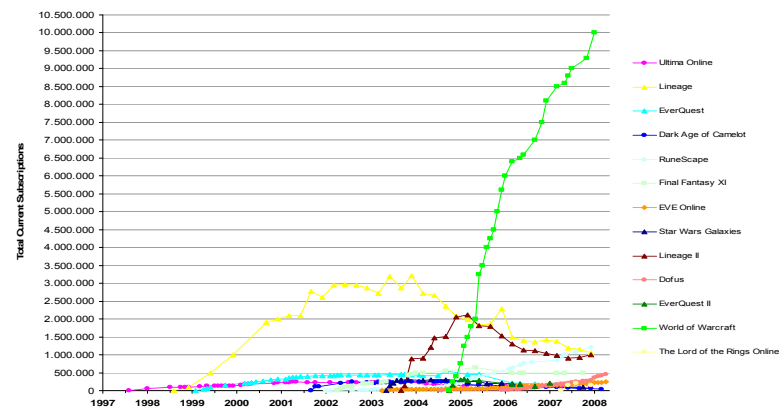


Nintendo is revolutionizing the Video Gaming Industry with a new interactive and “Family Cross Selling” approach

World of Warcraft



Black Swan Effect



Source: MMOGCHART.COM, Last updated on April 9th, 2008

World of Warcraft from Blizzard Entertainment has reached 10 million of registered users who pay a monthly subscription of 12 € just to increase their ePower portfolio.

Cross Selling

Examples: “Cross Advertising”

BUSSi**DYNASIGN®**

Personalized advertising in new POS is increasing the impulsive purchasing

What is Microsoft Surface?

It's a dynamic **Surface** allowing multiple interactivity in a very intuitive way through tact and physical objects.

Partners

- **Harrah's Entertainment:** Already uses Surface in his Caesar's Palace and Rio Hotels like a virtual hostess booking tickets, restaurant or SPA treatments.
- **Starwood Hotels:** In Sheraton hotels, Surface allows you to download music, books, order food & drinks and charge it to your hotel account.
- **T-Mobile:** T-Mobile stores will show their latest developments about Surface.
- **IGT:** Will be a distributor and developer of casino applications for the new Surface platform.



Surface interacts with cell phones, PDAs and cameras

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Cross Selling

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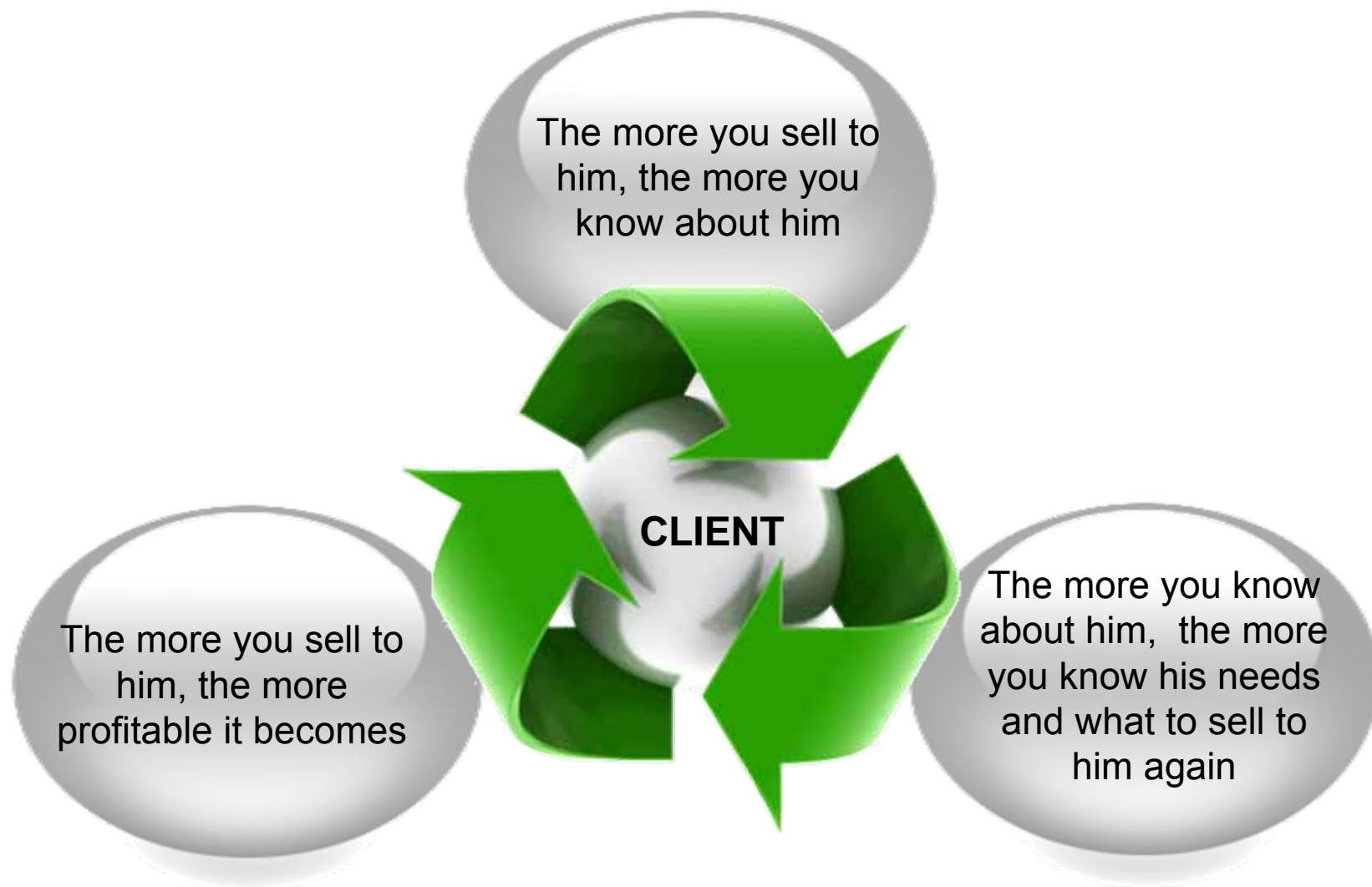
What's going on in Gaming?

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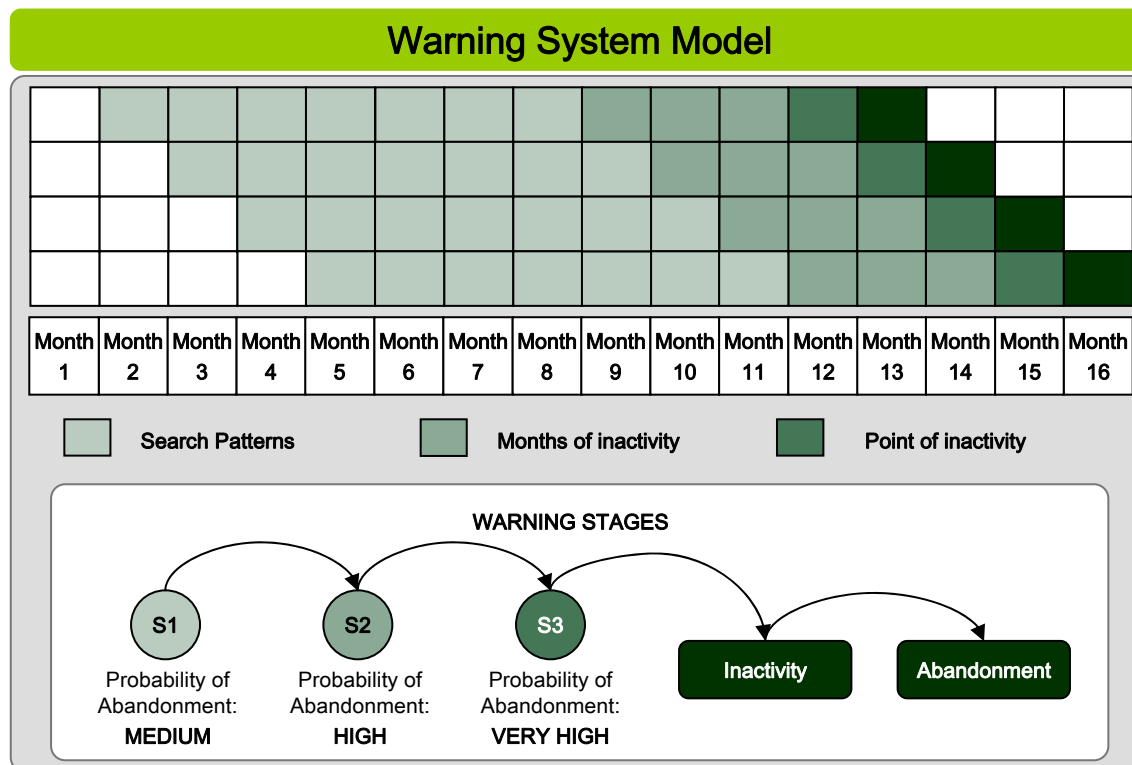
Brick & Click Strategies

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Successful Strategy Alliance



- Analyze and comprehend.** Maps and measurable paths are essential to create warning systems of client withdrawal. It is not only necessary to analyze which clients leave and when, but also why and respond to dissatisfaction with better service and offer / Cross-Selling.



Cross-Selling retention is much more profitable than recruiting, however companies continue focusing on CPAs...

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What's going on in Gaming? “Cross roulette”

Virgin Challenge Jackpot



VC Live Casino



Land Based Games to Online



You can not beat the credibility of a broadcasted land based offer

POKERSTARS CONTEST



- "PokerStars: Stars at Stake" is a TV contest broadcasted by a national channel.
- Every 15 days a player from PokerStars.com is invited. He will not only have the privilege of playing against his idols but also win prizes from a trip to Monaco to a seat in the European Poker Tour Final.



Brick and Mortar and TV agreements are a critical part of today's Poker success

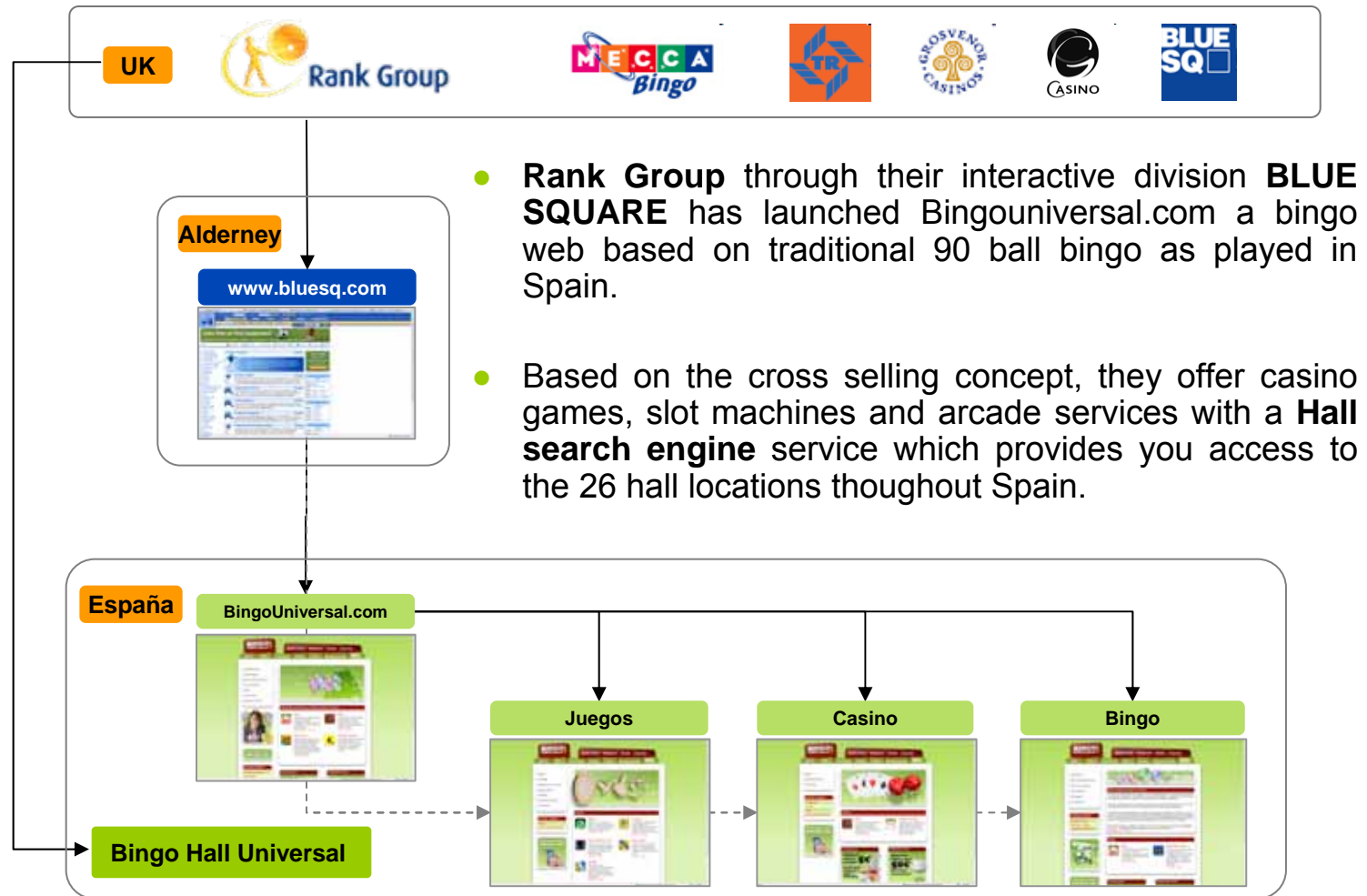
iTV Bingos



- **Bingo Gala TV Remote Gambling** is the 1st UK interactive bingo operator using the "Red Button" on the TV Gala (Sky channel 861)
- ITV has launched **Bingo Night Live** in June 2008, with the following results:
 - More than 200.000 audience viewers.
 - More than 50.000 players per program.
 - More than 5.000 online registers per program.
 - More than 250.000 registers the first month.

Live Bingos continue attracting the average bingo player

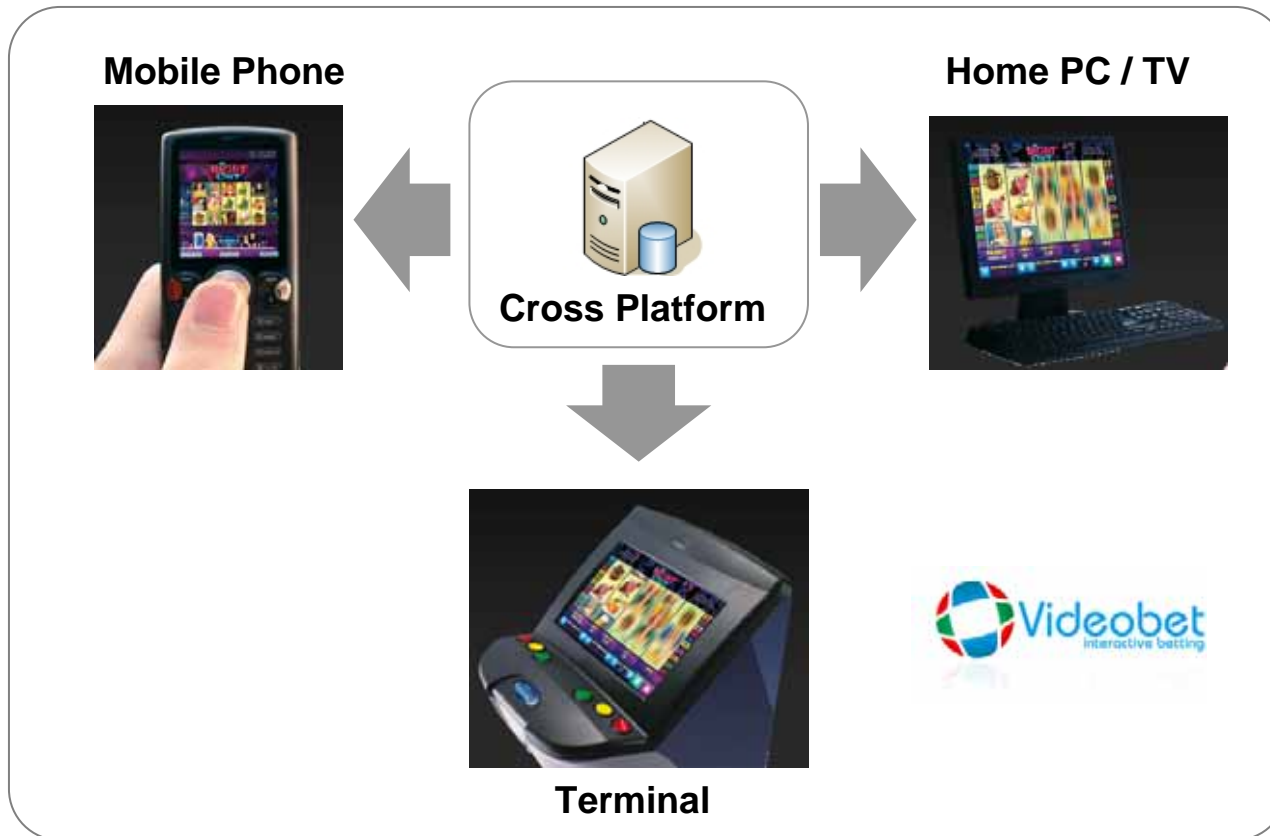
What's going on in Gaming? "Cross Bingo" (2/2)



- Rank Group through their interactive division **BLUE SQUARE** has launched Bingouniversal.com a bingo web based on traditional 90 ball bingo as played in Spain.
- Based on the cross selling concept, they offer casino games, slot machines and arcade services with a **Hall search engine** service which provides you access to the 26 hall locations throughout Spain.

A new brick & click approach: overseas licence + local trademark

What's going on in Gaming? "Cross Platform"



High tech industry has transformed the sector with multiple channel central systems with one unique loyalty system for every channel

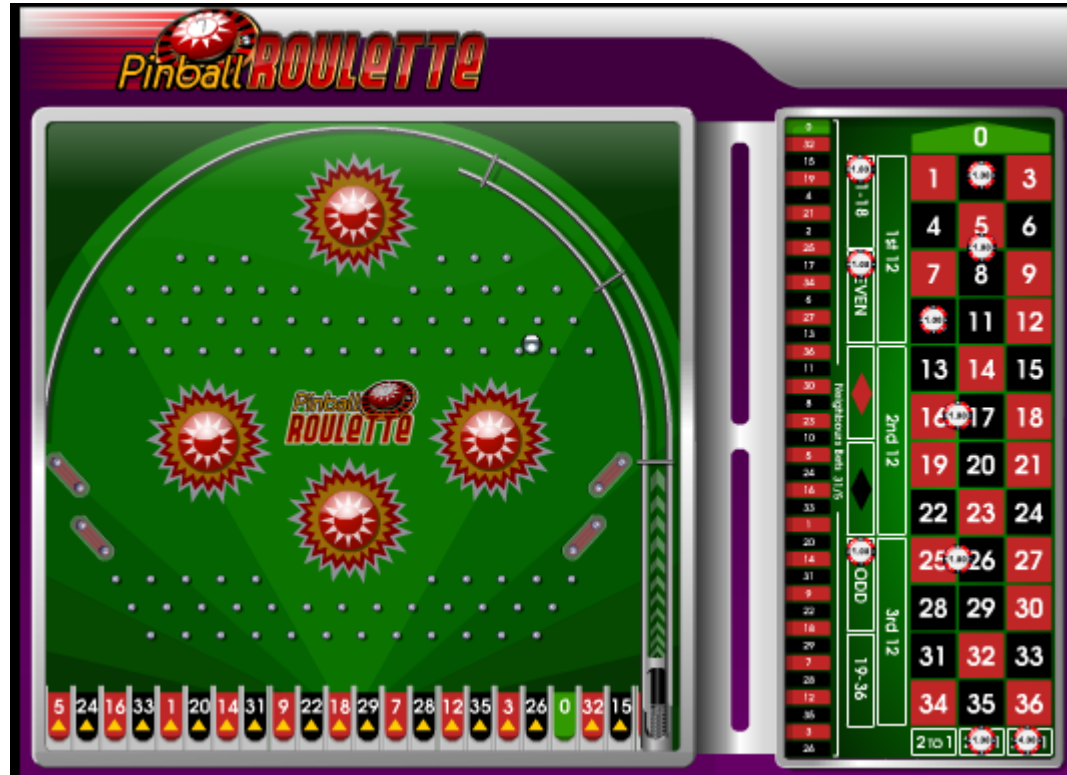
What's going on in Gaming? "Cross Offline-Online"



Traditional manufacturers are already offering their slots machine contents online

What's going on in Gaming? "Cross Product"

Pinball Roulette



Regulatory restrictions oblige us to be creative with new hybrid concepts

What's going on in Gaming? "Cross Entertainment"



Comics and Slots are successfully converging

What's going on in gaming? “Cross Placement”

REPSOL



JAXX



JAXX AG
THE GAMING COMPANY

Gas Stations and Supermarkets already sell Lottery Products

What's going on in Gaming? “Cross Totems”

Lottery Screen Dumps



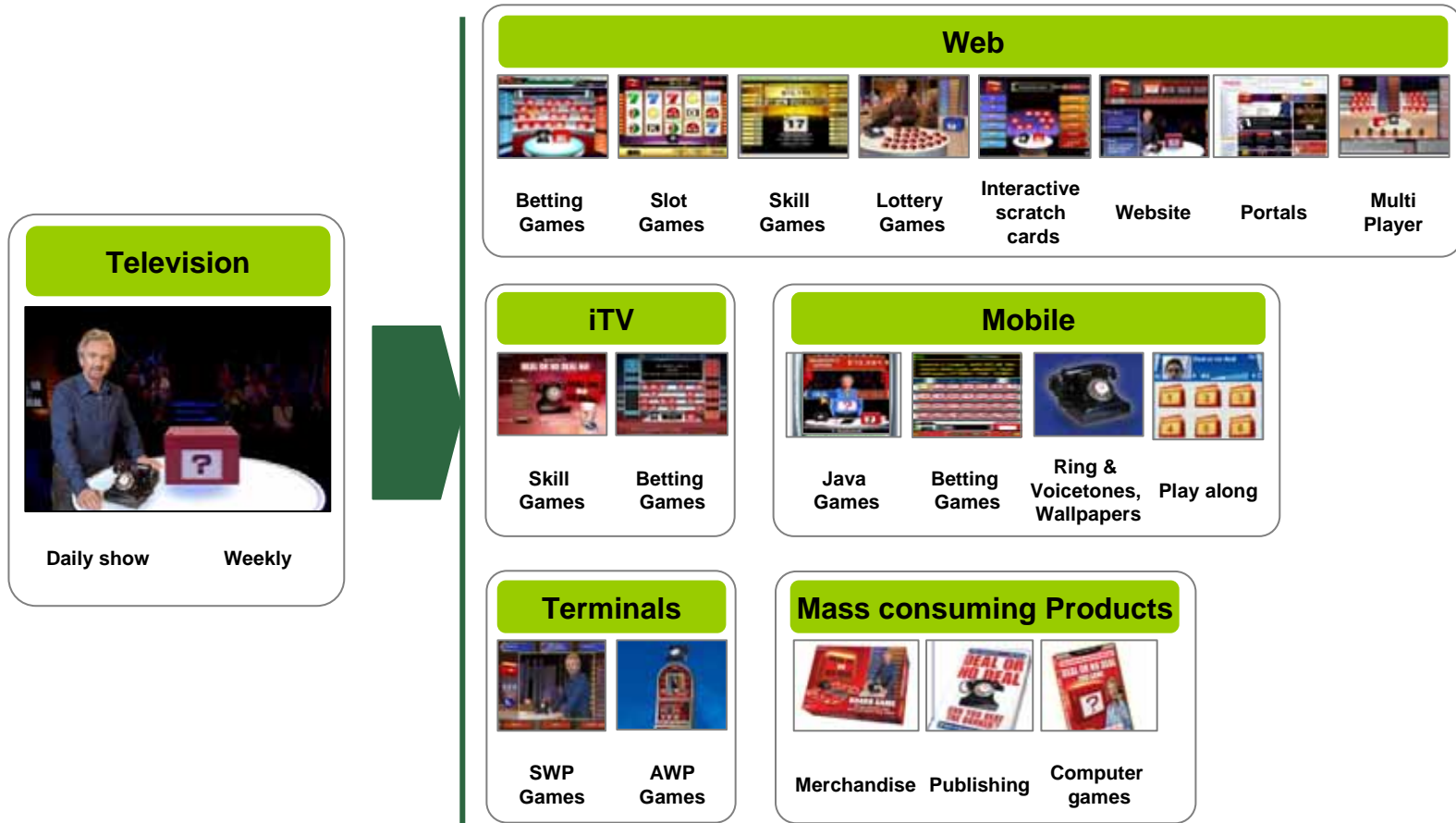
Italy Totems

Prepaid Cards



Limited private Internet penetration is not a problem in UK or Italy

What's going on in Gaming? "Cross TV"



Endemol capitalizes its successful TV programs into different gaming adaptations and remote channels

What's going on in Gaming? "Cross Bet"



iTV and the remote control allows the in house cross betting

What's going on in Gaming? “Cross Mobile”

betNOW provides betting service which allows any UK based adult to place bets from their mobile phone sending a text message. £3, £5 or £10 from your phone bill or pre-pay account can be bet with a minimum of fuss.



NOKIA / n-GAGE



Bets, Poker and Lottery are today's content of mobile users

What's going on in Gaming? “Cross Social Network”

Poker Vertical Social Network



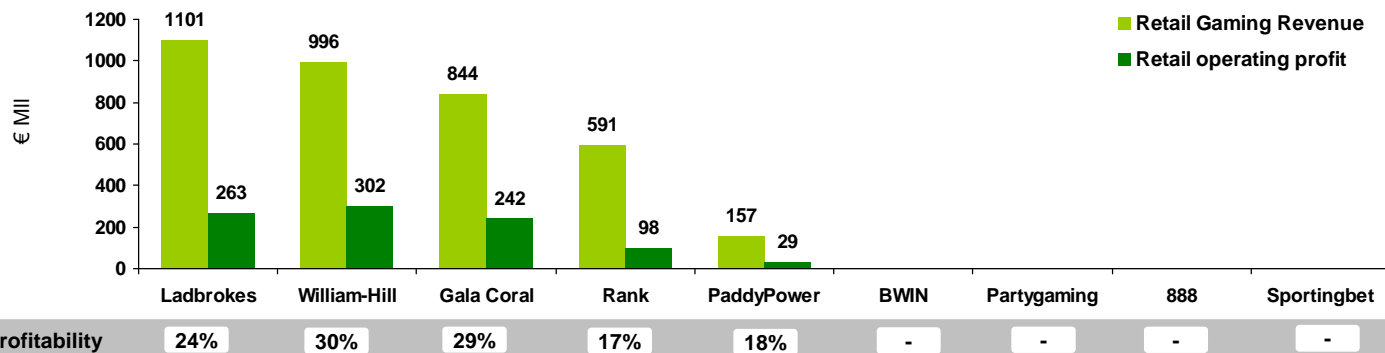
Poker Sites



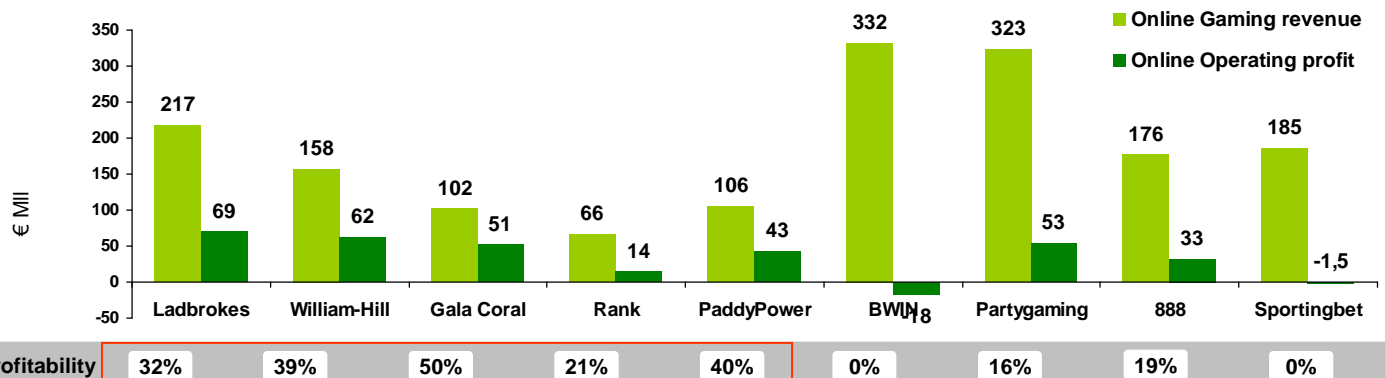
Virtual Social Networks are already a fact in our industry

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RETAIL 2008



ONLINE 2008



“Brick & Click” is more profitable than “Brick & Mortar” and “Just Click”

William Hill

William Hill's strategy is to be a leader in the offline and a **top-three player in the European online betting and gaming industry.**

Revenue and EBIT forecasts

£ in millions, unless otherwise stated

Year to 31 December	2008	2009E	2010E	2011E	CAGR (%)
Revenue					
Retail	791	776	778	798	0.3
Interactive	125	213	266	292	32.7
Telephone	40	31	29	29	(10.1)
Other	8.1	8.0	8.2	8.3	1.0
Total	964	1,028	1,081	1,119	5.1
EBIT					
Retail	240	215	199	201	(5.8)
Interactive	55	80	101	114	27.8
Telephone	5.9	(0.5)	(1.6)	(1.7)	(166.2)
Other	1.2	0.9	0.9	1.0	(6.9)
JV	(5.8)	(3.6)	0.0	0.0	(100.0)
Corporate	(20)	(21)	(22)	(23)	4.5
Total ex associates	276	270	276	291	1.8
Associates	2.9	2.5	2.5	2.5	(4.8)
Total	279	272	279	293	1.7
EBIT margin (%)					
Retail (%)	30.4	27.6	25.5	25.2	n/a
Interactive (%)	43.6	37.5	38.0	39.0	n/a
Telephone (%)	14.8	(1.7)	(5.5)	(5.9)	n/a
Other (%)	14.8	11.4	11.5	11.6	n/a
Total (%)	28.9	26.5	25.8	26.2	n/a

Source: Company data, Credit Suisse estimates

Ladbrokes

Ladbrokes' stated strategy is to grow UK profitability steadily, to capture available growth in the online space and to develop its international retail business.

Revenue and EBIT forecasts

£ in millions, unless otherwise stated

Year to 31 December	2008	2009E	2010E	2011E	CAGR-%
Net Revenue					
UK Retail	723	706	723	738	0.7
Other European Retail	151	198	205	217	12.8
eGaming	172	179	199	216	7.9
Telephone betting - ex High Rollers	27	21	20	19	(11.8)
Total - ex High Rollers	1,074	1,104	1,147	1,190	3.5
Telephone betting - High Rollers	98	52	0	0	(100.0)
Total	1,172	1,155	1,147	1,190	0.5
EBIT					
UK Retail	188	157	156	155	(6.2)
Other European Retail	21	18	19	23	3.1
eGaming	55	57	65	72	9.2
Telephone betting - ex High Rollers	3	(1)	(1)	(2)	(187.6)
Other	(8)	(6)	(3)	(1)	(46.7)
Corporate costs	(15)	(17)	(18)	(18)	6.9
Total - ex High Rollers	244	210	218	228	(2.2)
Telephone betting - High Rollers	80	42	0	0	(100.0)
Total	324	252	218	228	(11.1)
EBIT margin - %					
UK Retail - %	26.0	22.3	21.5	21.0	n/a
Other European Retail - %	13.6	9.3	9.4	10.4	n/a
eGaming - %	32.0	32.0	32.5	33.1	n/a
Telephone betting - ex High Rollers - %	11.4	(3.0)	(5.4)	(11.1)	n/a
Total - ex High Rollers - %	22.7	19.0	19.0	19.1	n/a
Telephone betting - High Rollers - %	81.5	81.5	n/a	n/a	n/a
Total - %	27.6	21.8	19.0	19.1	n/a

Source: Company data, Credit Suisse estimates

INTERACTIVE Revenues, Ebit growths and Ebit margins are the PROTAGONISTS



Harrah's Entertainment, announced in May the creation of **Harrah's Interactive Entertainment (HIE)**. The new subsidiary's stated goals are to manage the global growth of the WSOP and explore an interactive marketing strategy for Europe.

PartyGAMING



PartyGaming has entered into a **three-year global alliance** with CIRSA Gaming Corporation S.A., to explore and develop internet gaming opportunities in Spanish speaking countries.

Brick & Click alliances have just only begun

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Successful Strategic Alliances

Select The Best Local Partner (1/3)

Why Codere?

- The only Spanish stock exchange gaming company
- Licenses owner
- Regulatory Expertise
- Customer knowledge
- Commercial Network
- Collect & Payment solutions
- Cross Selling Capacity
- Consistently growing partner

Mexico



Brazil



Panama



Spain

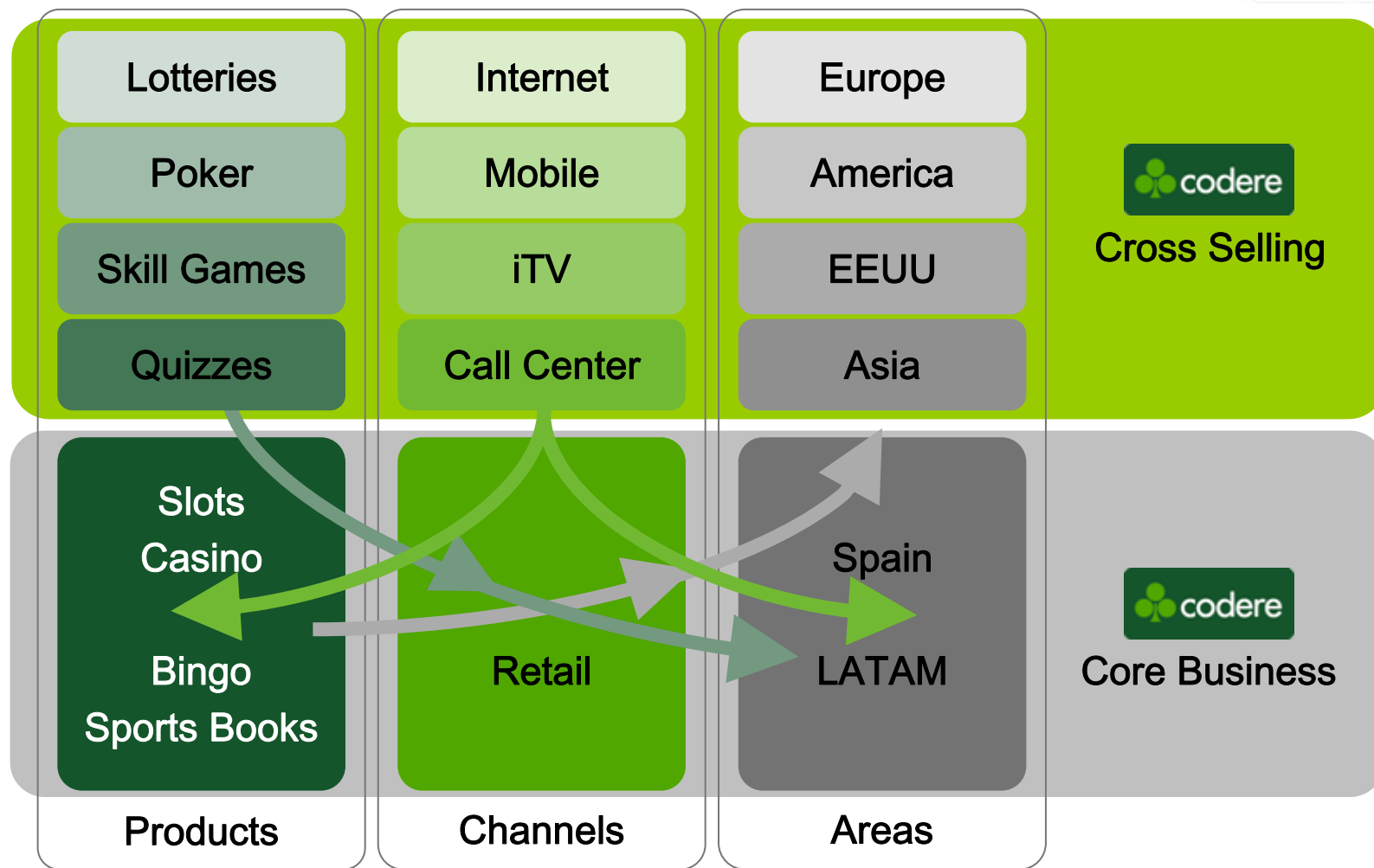


Uruguay



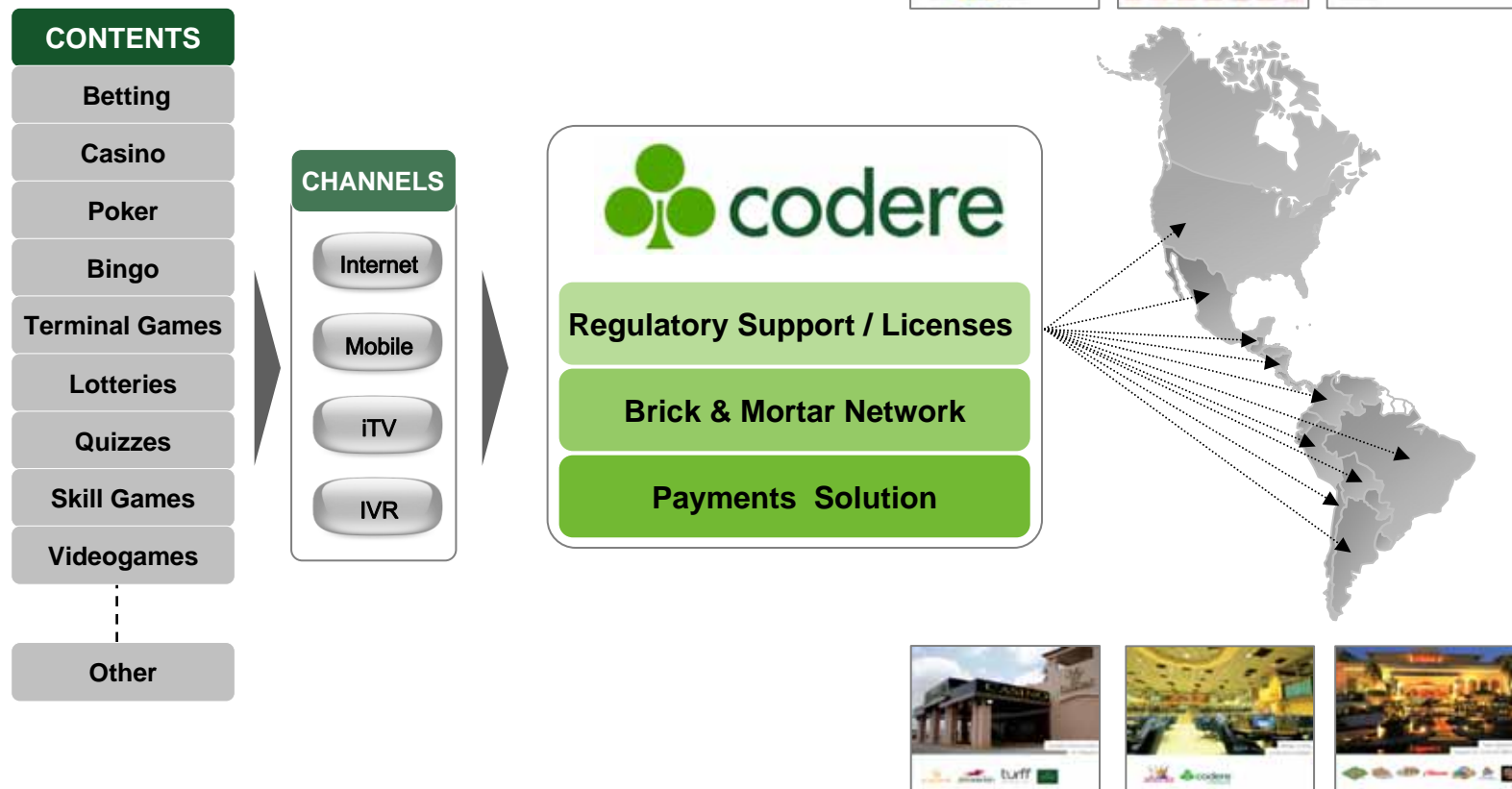
Successful Strategic Alliances

Select The Best Local Partner (2/3)



Any product, any channel any area... It is the Codere “glocal strategy”

Successful Strategic Alliances Select The Best Local Partner (3/3)



Welcome Partners!



Thank You



GES

Gaming Executive Summit Europe 2009



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