



## **PRESS RELEASE**

### **CODERE RECORDS 2013 EBITDA OF €206.1 M**

**The Company adjusts costs amid falling revenues**

- The CODERE Group closed 2013 with revenues of €1,546.7 m, 7% less than in 2012, despite the sharp devaluation of the Argentine peso and the smoking ban in that country, the macroeconomic environment in Europe and the temporary closure of facilities in Mexico.
- The Group achieved EBITDA of €206.1 m, 28.3% less than in 2012, affected by falling revenues, tax increases in Italy, Argentina and Mexico and non-recurring expenses associated in part with the financial restructuring, and helped by the significant efforts to contain costs and generate efficiencies (3.5% reduction in operating expenses).
- Excluding the effect of non-recurring items, EBITDA for the fourth quarter is €56.7 m, above the range of our EBITDA guidance of €52-55 m.
- This result shows the ability of the company to adjust operating expenses to market context, maintaining an adjusted operating margin of 15.7% despite tax increases and the deterioration of the Argentine market.

**Madrid, 28 February 2014.** The CODERE Group, a leading Spanish multinational in the private gaming sector that trades on the Spanish Stock Exchange, has announced today its consolidated results for 2013, together with Q4 results for the same year.

**Sales** in 2013 reached €1,546.7 m, 7% less than in 2012, mainly due to the decline in revenues in Argentina (-10.7%) and Mexico (-12.5%) and partially offset by growth in Uruguay (+58.1%). In the fourth quarter, operating income totalled €372.3 m, 7.6% less than in the same period last year.

Gross Operating Profit (**EBITDA**) reached €206.1 m in 2013, 28.3% less than in 2012, reflecting a decline in Argentina related to the smoking ban and the devaluation of the Argentine peso against the euro, in Italy due to the tax increases and in Mexico for the temporary closure of facilities. At constant exchange rates, accumulated EBITDA at 31 December 2013 would have been €234.1 m, 19.6% less than in 2012. The Group recorded a net loss of €173.6 m.

It is important to note that, discounting the effect of non-recurring items, EBITDA for the fourth quarter is €56.7 m, above the range of our EBITDA guidance of €52-55 m. These non-recurring items relate primarily to the financial restructuring process and restructuring costs associated with generating efficiencies. Without these non-recurring items, EBITDA for 2013 amounted to €242.5 m, with an EBITDA margin of 15.7%. The company will continue this effort to improve profitability in 2014, aiming to achieve a gradual recovery in margins.

**Investments** in 2013 have focused on those initiatives with strong impact on business profitability and totalled €76.3 m, of which €45.7 m correspond to maintenance (which includes €12.9 mm associated with license renewal in Argentina) and the remaining €30.6 m to growth.

## International activity

In **Argentina**, sales in 2013 reached €584.7 m, 10.6% less than the previous year due to the depreciation of the Argentine peso against the euro, despite the increase in the average daily revenue and the growth in the number of gaming machines by 7.3%. At constant exchange rates, revenues would have increased 10.6%.

EBITDA for 2013 was €110.8 m, down 31% from the previous year due in part to the devaluation of the peso and higher taxes and benefited from reduction in expenses in the second half.

In **Mexico**, sales reached €382.4 m in 2013, 12.5% less than the previous year due to the temporary closure of facilities and increased competitive pressure. 2013 EBITDA fell 7.6% to €78.6 m, with the decline in income being offset in part by the significant reduction in operating expenses.

In **Italy**, sales in 2013 amounted to €259.7 m, a 0.5% decline over the previous year due to the macroeconomic context in the country. 2013 EBITDA fell 38.9% to €21.4 m, due primarily to the increase in taxation.

In **Spain**, sales fell by 1.7% during 2013, reaching €151.6 m, mainly due to the decline of traditional gaming machine business and offset by the momentum of the progressive deployment of sports betting in regulated regions. In 2013, EBITDA increased by 6.9% to €17 m thanks to the cost optimisation and increased profitability achieved in the sports betting business.

## About CODERE

CODERE is a Spanish multinational group and a key player in the private gaming sector in Europe -- Spain and Italy-- and Latin America -- Argentina, Brazil, Colombia, Mexico, Panama and Uruguay. The company, which employs 17,892 people, is the only company in this industry that is publicly traded in Spain. Codere currently operates 54,010 gaming machines, 179 gaming halls, and 1,568 sports betting shops, participates in the management of four horse racetracks and develops online games in Italy, where it holds the appropriate licenses.

**Other information:** 2013 and 4Q2013 Earnings: [www.codere.com](http://www.codere.com)