



## **PRESS RELEASE**

### **CODERE RECORDS A SECOND QUARTER NET PROFIT OF €5.4 MILLION, A 25.6% INCREASE OVER THE SAME PERIOD IN 2010**

- Group sales in 2Q11 totalled €326.3 million, almost 20% higher than in the year-earlier period.
- On the operating level, EBITDA reached €67.5 million, in line with company estimates for the period and reflecting strong growth in the major markets of Argentina, Mexico and Italy.
- At the close of 2Q11, CODERE's portfolio of activities consisted of 54,623 AWP machines, 191 gaming halls, 813 betting establishments and 3 racetracks.

**Madrid, 26 August 2011.** The CODERE Group, a leading Spanish multinational in the private gaming sector, has announced today results for the second quarter of 2011 (2Q11). Codere is listed on the Spanish stock exchange. There was strong growth in the major markets of Argentina, Mexico and Italy, especially driven by the growth in gaming machines in these markets.

**Sales** amounted to €326.3 million, 19.7% more than the same period last year. Gross Operating Profit (EBITDA) was €67.5 million, representing an increase of 20.8% over the same year-earlier period. With these figures, EBITDA meets the expectations set by the Company.

We would highlight the €5.4 million in **net profit**, a 25.6% increase over the previous year. Group **Capex** in 2Q11 amounted to €25.8 million, of which 16.5 million correspond to maintenance and 9.3 million to growth, associated with the investment in gaming machines, among other notable actions.

At the end of the quarter, the CODERE Group had a **cash balance** of €126.3 million and an undrawn senior credit facility of €15.3 million, providing the Company with adequate liquidity.

#### **Strength of the Latin American economies and a boost in the Italian market.**

In **Argentina**, CODERE improved the results of 2Q2010. Sales reached to €128.8 million, expanding 14.2% over the year-earlier period, and EBITDA amounted to €38.1 million. This increase has been driven mainly by the growth in gaming terminals, up 5.6% over the 2010 period, and the increase in average daily revenue per machine (up 8.1% in euros) as a result of the roll-out of the TITO (ticket in - ticket out) product in most of the terminals in 10 gaming halls, which represent 85% of the establishments in the province of Buenos Aires.

In **Mexico**, sales in 2Q11 increased by 40.4% to reach €76.8 million, mainly due to the consolidation of the facilities acquired following an agreement with Caliente and the positive developments in the operations of ICELA. During the period, the number of

gaming terminals increased by 7.8% over the year-earlier period. EBITDA increased 23.2% compared to 2010, reaching €15.4 million.

In **Italy**, sales in 2Q11 expanded by 39.2% to €44.4 million. The installation of new terminals in gaming halls increased by 48.1%, including 689 Video Lottery Terminals (VLT) installed through 30 June 2011. EBITDA for the period totalled €9.9 million, a sharp increase over the 2.6 million recorded in the year-earlier period.

In **Spain**, the deteriorating macroeconomic environment and anti-smoking law (effective January 2011), have negatively affected operating income in 2Q11, which declined 15.3% over the year-earlier period to €42.6 million. In 2Q11, the number of betting points in Spain expanded strongly, reaching 611 and reflecting the gradual expansion of operations in Navarre, the Basque Country and Madrid.

### **Milestones in 2Q11**

In May, CODERE actively participated in the drafting the Gambling Act in Spain, appearing before the Senate to request an orderly regulation of the Gambling Act to ensure that it meets the general interest of the sector in Spain and not favour the online operators which, from Gibraltar and other tax havens, are not subject to Spanish law.

On 9 June, the Codere Group held its Annual General Meeting. The shareholders approved the resolutions proposed by the Board of Directors and, in particular, the Annual Accounts for 2010 and the performance of the Board of Directors.

On 16 June, the CODERE Foundation presented the First IE BUSINESS SCHOOL Latin American Economic Journalism awards in Mexico City. The award, covered in more than 300 articles in 200 media outlets, was granted by a jury of journalists from CNN and the Financial Times, the Inter American Press Association, the Organization of American States, Yahoo in Spanish, CODERE and IE BUSINESS SCHOOL.

### **The Group CODERE**

CODERE is a Spanish multinational group and a key player in the private gaming sector in Europe and Latin America and is listed on the Spanish Stock Exchange. Overall the Group manages more than 54,600 AWP machines, 191 bingo halls, 813 sports betting shops and participates in the management and operation of 3 horse racetracks in Argentina, Brazil, Colombia, Spain, Italy, Mexico, Panama and Uruguay. In Italy the Group also offers online gambling under the appropriate license in said country.

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**NOTE:** 2Q11 results available on [www.codere.com](http://www.codere.com)