

**CODERE RETURNS TO GROWTH AFTER SEVEN QUARTERS IN DECLINE, REACHING REVENUES OF € 352,1 MM IN Q3 2014, 7.6% HIGHER THAN THE PREVIOUS QUARTER**

- Q3 2014 Adjusted EBITDA reached €56.8 MM, above of the guidance of €47-51 MM and €12.3MM higher than in the second quarter of the year.
- The Company, that continues working on efficiency measures, increased its adjusted-EBITDA margin for the nine first months ended September 30, 2014 to 14.8% and to 16.1% in Q3 2014.
- The Group, which continues to promote growth in Italy, has spent €36.4 MM to resolve the dispute that *Corte dei Conti* maintains with the whole sector.

**Madrid, 14 of November 2014.** The CODERE Group, a leading Spanish multinational in the private gaming sector that trades on the Spanish Stock Exchange, has announced today the results for the first nine months of the year and for Q3 2014.

**Operating revenue** increased 7.6% to €352.1 MM compared to the previous quarter. Revenues grew in all markets, with the exception of Spain, because of seasonal reasons. For the nine first months of 2014, operating revenues reached €1,008.7 MM, declined by 12.7% compared to the same period in 2013, mainly due to depreciation of the Argentine Peso.

Q3 **Adjusted-EBITDA** reached €56.8 MM over our guidance of €47-51 MM. These results represented an increase of €12.3 MM (+27.6%) compared to the previous quarter. Adjusted EBITDA doesn't include non-recurring items incurred in the financial restructuring process, and the payment associated with the Corte dei Conti Agreement. EBITDA for the nine first months of the year decreased 10.2% to €149.6 MM over the previous year. At a constant exchange rate, it would have reached €187.6 MM, 12.7% over the comparable period in 2013.

**Q3 Adjusted-EBITDA margin** improved from 15.2% to 16.1% in the same period of 2013 due to efficiency initiatives deployed by the Company. In addition, the Group achieved its highest level of productivity in the last five years, due to the increase of 5.6% over the previous year.

**Adjusted Operating income** as of September 30, 2014 stands at €49.7 MM from €48.7MM of the previous year (removing the effect of the deterioration of assets in Mexico in 2013) confirming the recovery operating profitability of the Group. Q3 2014 Operating Profit continues to be affected by the restructuring process and its related costs, resulting in a loss of €71.1 MM in Q3 2014. Operating profit 2014 YTD is resulted in a loss of €135.7 MM.

After the "*Lock-up Agreement*" reached with creditors last September, the Company has considered appropriate to settle the resolution offered by Corte dei Conti to all network concessionaires with whom it maintains a trial opened since 2007. By this reason Codere have extended its senior credit in €35MM to settle the payment provided by the Court to complete the process in the same conditions as its competitor concessionaires. This reinforces Codere commitment to Italy, a market where its profitability (EBITDA) this year is growing at 43.8%, well above the industry average, despite the adverse macroeconomic context.

The Group continues to prioritize investment in projects with high operating leverage. Capex in Q3 2014 was €17.8 MM, of which €14.7 MM was maintenance and €3.1 was growth.

### **Company International activity**

Q3 2014 operating revenues in **Argentina** increased 14.3% to €125.5 MM from the previous quarter. At September 30, 2014 revenues decreased 21.8% to €350.9 MM, compared to the previous year, due to a 55.4% depreciation of the Argentine Peso against the Euro. At a constant exchange rate, it would have increased €96.1 MM to €544 MM.

EBITDA margin adjusted by non-recurring items grew to 20.9% versus 19.9% on the previous year, nevertheless, due to the depreciation of the Peso. EBITDA YTD reached €63.4 MM versus €85.9 MM on the previous year. In constant currency terms, EBITDA YTD would have increased 14.1 % to €98 MM, compared to the same period in 2013.

In **México**, revenues grew by 3.8% in Q3 2014 compared to Q2 2014, to €87.3 MM. Revenues YTD reached €249.8 MM, a decrease of 15% compared to the same period in 2013, mainly due to the depreciation of the Mexican Peso against the Euro and also due to temporary gaming hall closures. Q3 2014 EBITDA decreased 11.3% to €18.1 MM. After the nine first months of the year, EBITDA reached €51.4 MM whereas at a constant exchange rate it would have reached €54.5 MM.

In **Italy**, Q3 revenues increased 3.2% to €64.6 MM over the previous quarter due to the improvement in average daily net win per machine (VLT). Adjusted EBITDA in the nine first months of the year improved by 43.8% compared to the same period of 2013, as a result of efficiency initiatives deployed, which increased Adjusted-EBITDA margin by 3.5% in 2013 to 11.5% in 2014.

In **Spain**, Q3 revenues reached €37.7 MM continuing the trend of the previous year and decreased by 0.8% compared to Q2 2014. The growth of Sports Betting operation was partially offset by the lower revenues from AWP business and Bingo. Currently, Codere is the only company in the industry that operates sport betting in all Spanish regulated regions, reaching 1,526 sport betting shops, 18.8% higher than in Q3 2013. Q3 2014 EBITDA increased 8.2% to €5.3 MM, compared to the same quarter in the previous year. Also, EBITDA margin adjusted by non-recurring items reached by 14.6% compared to 12.1% in Q3 2013, due to the efficiency initiatives deployed.

### **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 15,923 people, is the only company in this industry that is publicly traded in Spain. Codere currently operates 51,127 gaming machines, 171 gaming halls, and 1,670 sports betting shops and participates in the management of two horse racetracks.

**More information:** [www.codere.com](http://www.codere.com)