



## Company overview

Barclays High Yield Conference  
April 2008

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# Codere's strategy and business model

# Codere at a glance

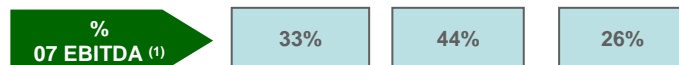


- Manages 51,616 AWP and EBT machines, 128 bingo halls and 55 off-track betting facilities, 5 casinos and 3 racetracks
- #2 AWP operator in Spain (c.6.2% market share)
- #1 bingo operator in Mexico, through agreements with local partners
- #1 gaming operator in the province of Buenos Aires
- Leading gaming operator in other growth markets (Italy, Panama, Colombia, Brazil and Uruguay)
- €915 million revenues and €197 million EBITDA in 2007 (€219 million adjusted)

## Key Operating Metrics / Codere's Footprint

	Spain	Argentina	Mexico	Italy	Panama	Colombia	Uruguay	Brazil	Total
Machines	15,431	4,605	16,788	3,467	1,339	8,463	1,523		51,616
Bingo Halls	1	14	94	12		7			128
Casinos					4	1			5
Race Tracks			1		1		1		3
OTBs			43		4		4	4	55

Note: As of 31 December 2007.



(1) Excludes Corporate Overhead.

# Codere's business model

- “European” model of gaming
- Growth focused on profitability rather than scale
- Horizontal versus vertical integration
- Institutionalisation / professionalization

## “European” vs. “Las Vegas” model

	“European” model	“Las Vegas” model
Regulation	High	Low
Target market	Local clientele	Tourist
Stakes / prizes	Low	High
Capital intensity	Low	High
Marketing	Restricted	Permitted
Taxes	High	Low
Number of players	Low	High

# Growth drivers are not directly linked to economic cycles

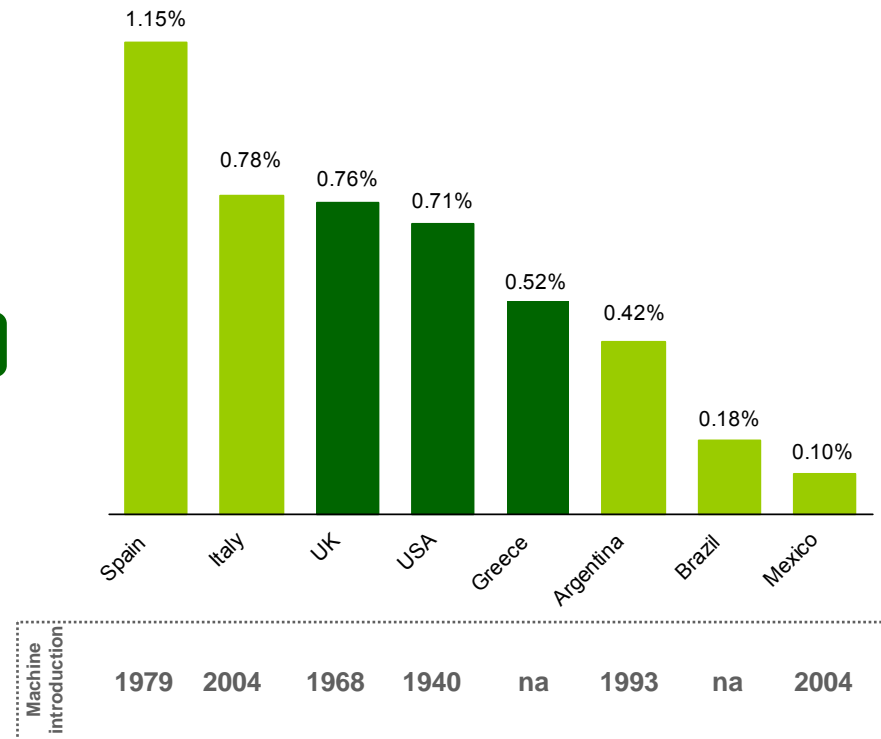
## Increasing Gaming as % of GDP

- Regulatory dialogue
  - Tax authorities outsourcing, large employer, responsible gaming
- Technological & game innovation
  - Video, server-based gaming, TITO, jackpots, multigame
- Market knowledge
  - Customer preferences, distribution footprint

## Increase market share

- Operating efficiency
  - Enhancing customer experience, economies of scale, control of data gathering systems
- Strategic alliances
  - Attracting best partners, successful partnership dialogue
- Driving consolidation
  - Leadership in core markets, successful integration of acquisitions, cross-fertilization of best practices

## Gaming turnover (% GDP)

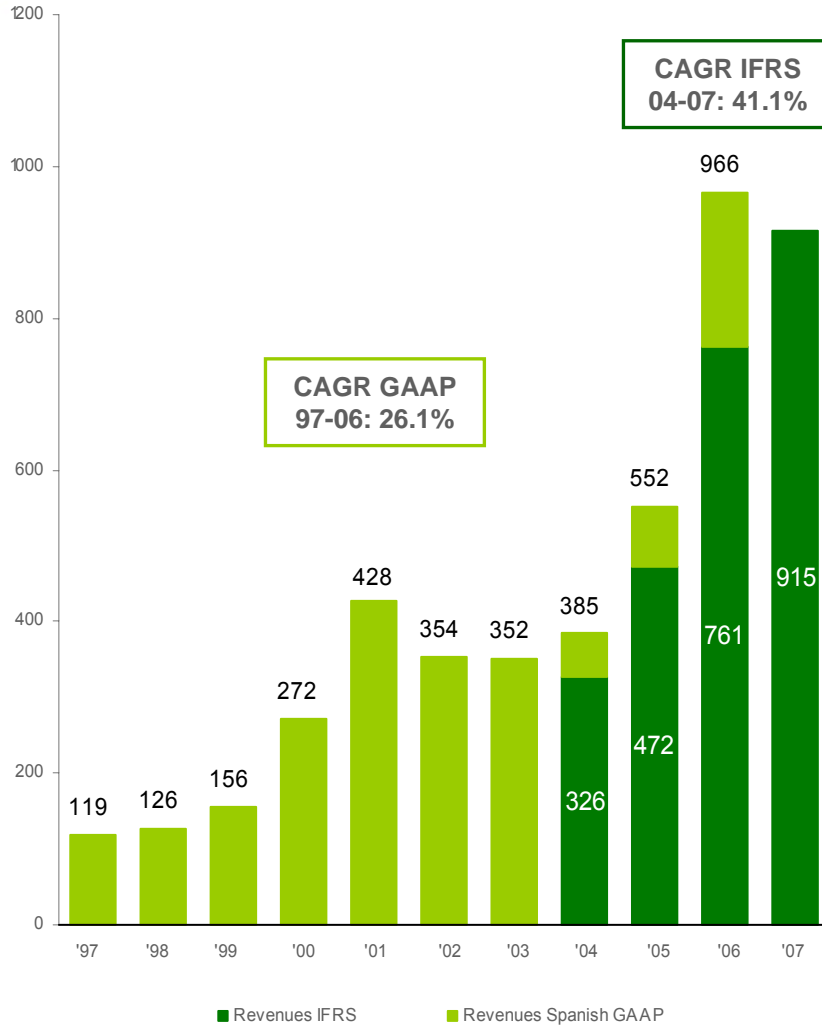


Source: GBGC report (August 2005)

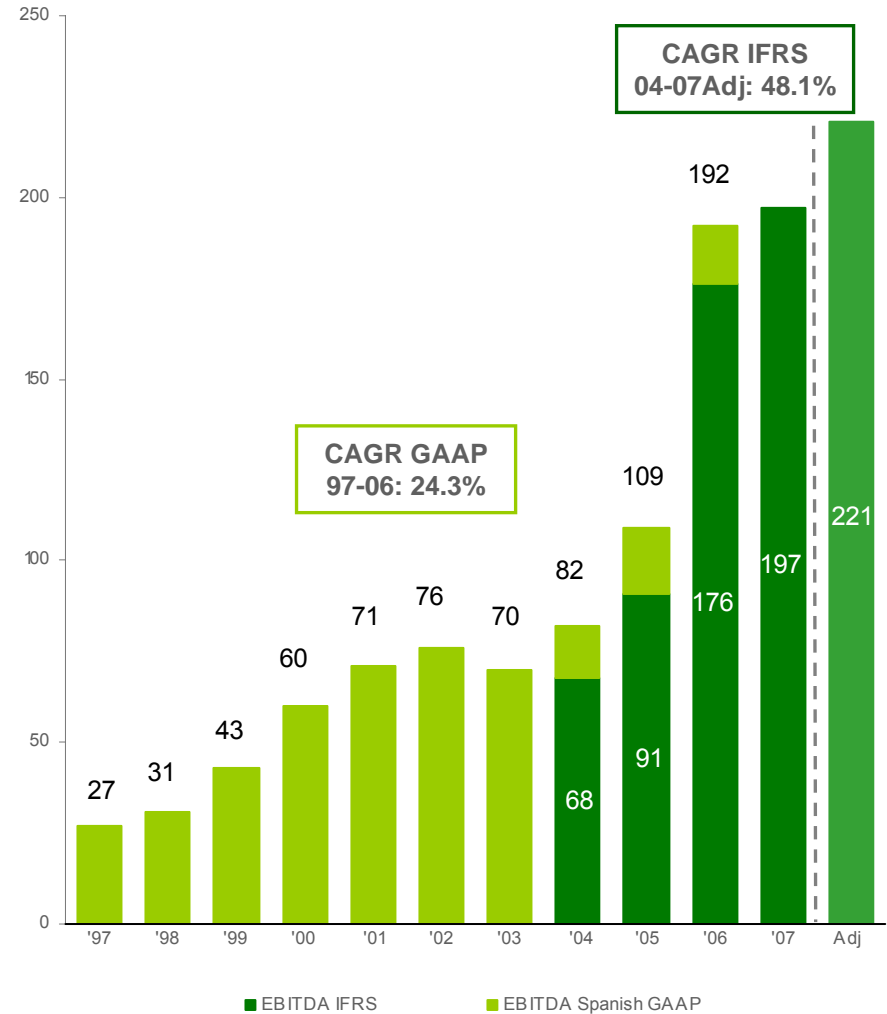
**Integrate market knowledge, regulatory expertise and technology, to develop successful, legal, gaming experiences**

# Successful implementation of business model has resulted in a solid track record

## Revenues development (€m)



## EBITDA development (€m)



Note: 96-98 figures are pro forma audited figures as per 1999 Folleto registered with CNMV



# Financial overview and 2008 outlook



# 2007 results

(in € millions)	2006 Audited	2007 Reported	% change	2007 At constant currency	% change
<b>Revenues</b>	760.7	915.3	20.3%	964.2	26.8%
<b>EBITDA</b>					
Spain AWP	56.6	72.9	28.8%	72.9	28.8%
Argentina	85.9	98.5	14.7%	108.5	26.3%
Mexico	43.4	57.9	33.4%	63.5	46.4%
Others	12.9	(7.6)	<i>n.a.</i>	(6.3)	<i>n.a.</i>
Corp. overhead	(23.2)	(25.0)	(7.8)%	(25.0)	(7.8)%
<b>Reported EBITDA</b>	<b>175.6</b>	<b>196.7</b>	<b>12.0%</b>	<b>213.6</b>	<b>21.6%</b>
Non-recurring provisions <sup>(1)</sup>		22.9		22.7	
<b>Adj. EBITDA</b>	<b>175.6</b>	<b>219.6</b>	<b>25.1%</b>	<b>236.3</b>	<b>34.6%</b>
<b>Adj. Net Income <sup>(2)</sup></b>	<b>8.9</b>	<b>32.3</b>	<i>n.a.</i>	<b>42.7</b>	<i>n.a.</i>

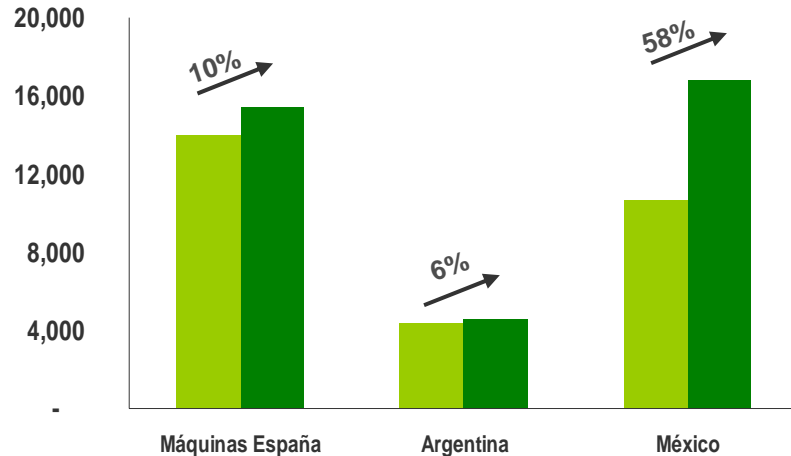
(1) Includes non-recurring provisions of €16.0 million and €6.7 million recorded in the Italy AWP business and Colombia business, respectively.

(2) includes non-recurring provisions of €35.3 million and €6.7 million recorded in the Italy AWP business and Colombia business, respectively.

# Business evolution in key markets 2006 - 2007

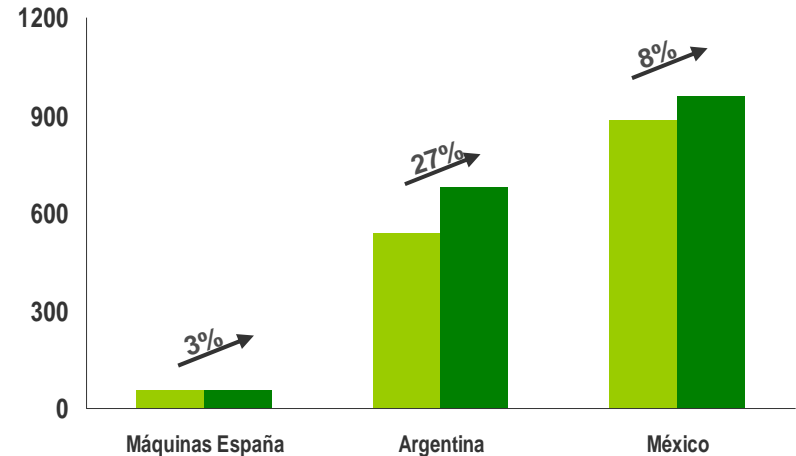
## Number of machines

(# of machines)



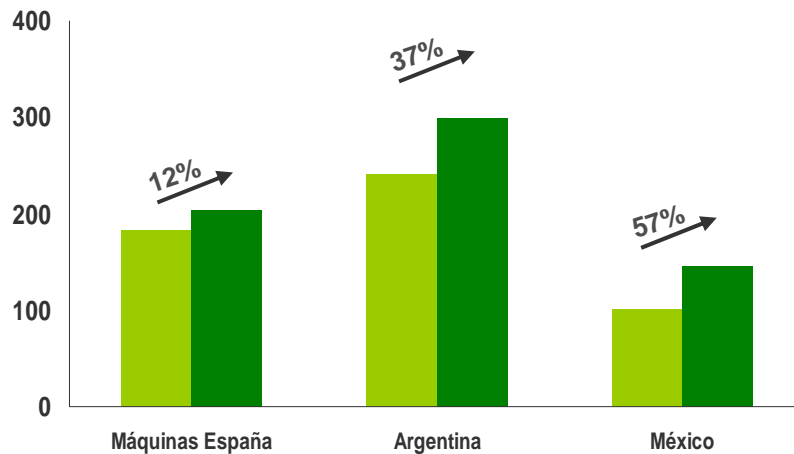
## Net win evolution (local currency)

(€; AR\$; MXP)



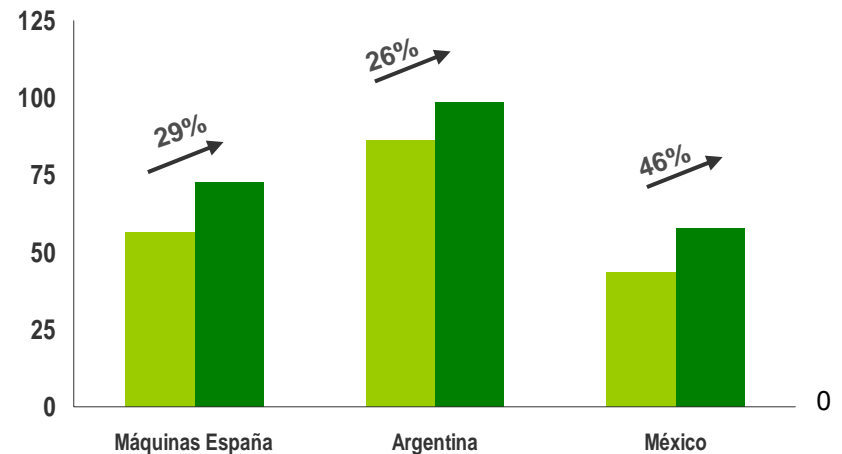
## Revenue (constant currency)

(€ millions)



## EBITDA (constant currency)

(€ millions)



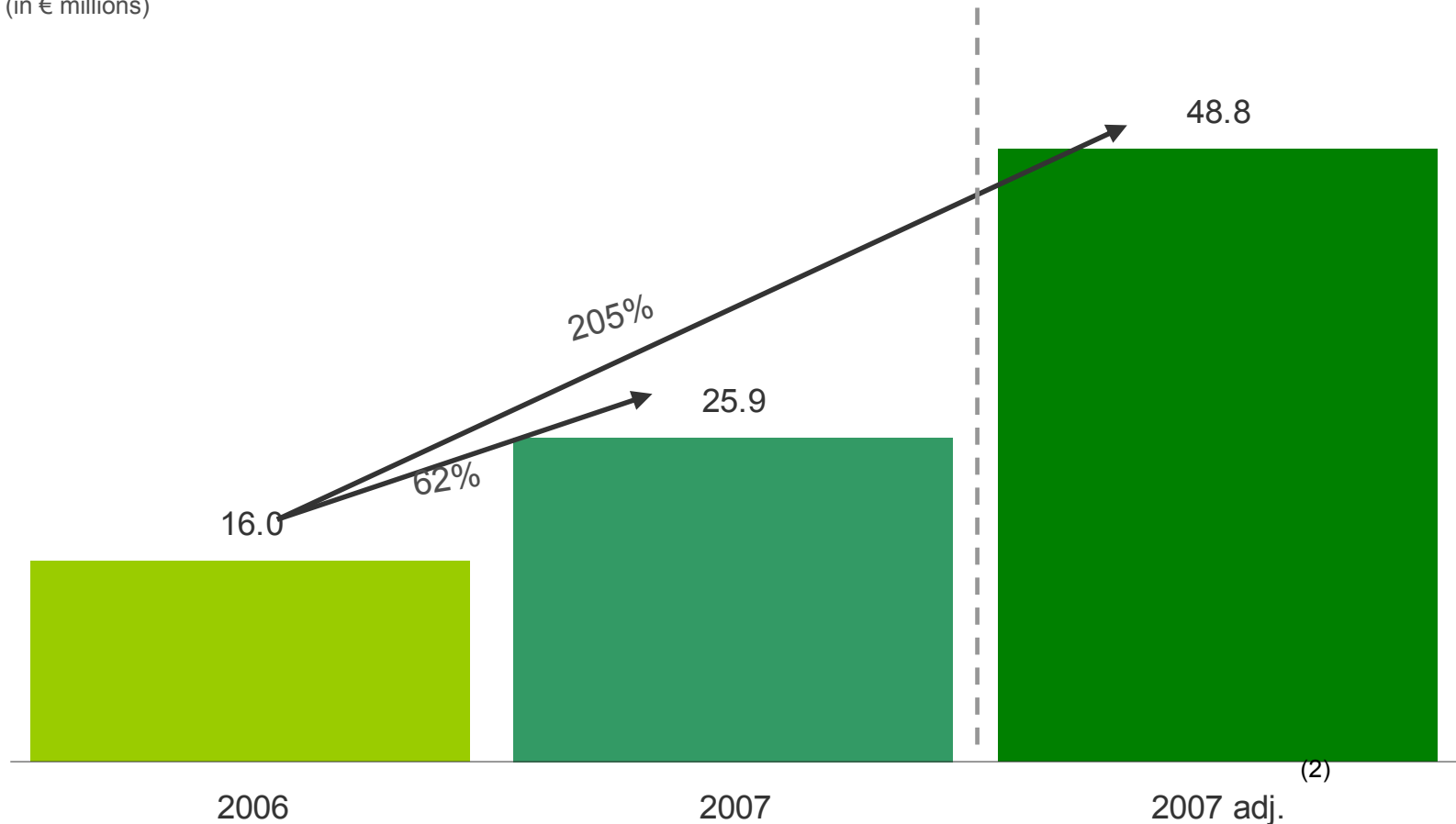
# Results of Other Operations

(€ millions)		EBITDA		
		2006	2007 constant currency	Change %
Profitable	Panama	7.5	12.8	70.0%
	Italy Bingo	6.6	8.4	27.3%
	Uruguay	2.7	3.0	13.7%
	Spain Bingo	3.3	0.9	(72.7)%
Restructuring	Italy AWP	(9.3)	(21.3)	<i>n.a.</i>
	Colombia	5.5	(0.3)	<i>n.a.</i>
Future opportunities	Sports Betting	-	(3.8)	<i>n.a.</i>
	Brazil	(3.9)	(6.0)	<i>n.a.</i>

# Despite non-recurring charges in 2007, growth has resulted in robust cash generation

## Discretionary Free Cash Flow (1)

(in € millions)



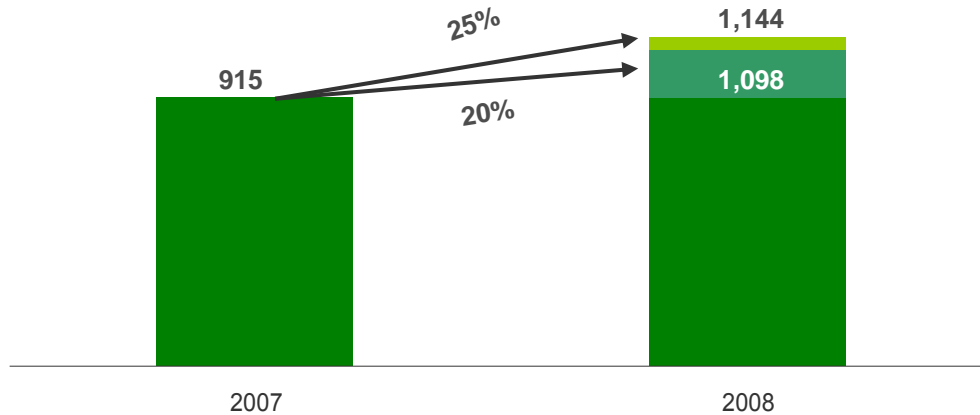
(1) EBITDA less reported net interest, corporate income taxes and maintenance capex.

(2) The adjustment in 2007 includes €22.9 million non-recurring provisions in Italy AWP and Colombia.

# 2008 consolidated guidance

## Revenue growth of 20% – 25%

(€ millions)



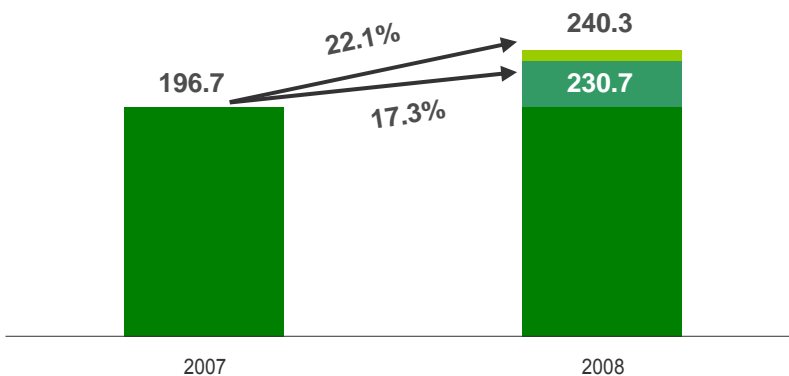
## 2008 average forex rates

MXP/€	16.31
ARP/€	4.79
US\$/€	1.49

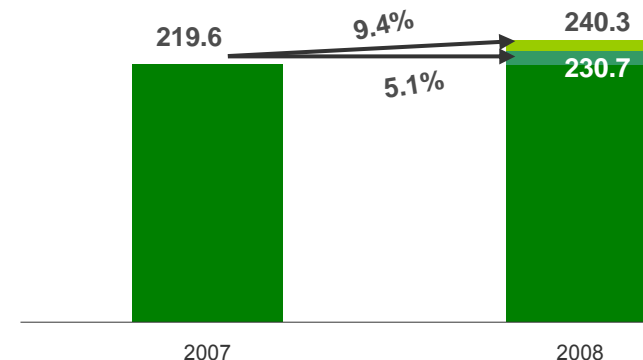
## EBITDA margin in range of 21%

(€ millions)

### Reported



### Adjusted



# Key markets — financials and KPIs

	2006	2007	% change	2008	% change
<b>Revenues (€millions)</b>					
Spain AWP	183.2	204.2	11.5%	216.7 - 220.7	6.1% - 8.1%
Argentina	241.5	299.0	23.8%	333.4	11.5%
<i>In constant currency</i>				375.9	25.7%
Mexico	101.4	145.0	43.0%	268.4	85.1%
<i>In constant currency</i>				293.0	102.1%
<b>Margins</b>					
Spain AWP	30.9%	35.7%		35.6%	
Argentina	35.6%	32.9%		31.4%	
Mexico	42.8%	39.9%		26.6%	
<b>KPIs (machines)</b>					
Spain AWP	13,995	15,431	10.3%	15,930 - 16,580	3.2% - 7.4%
Argentina	4,352	4,605	5.8%	4,740	2.9%
Mexico	10,630	16,788	57.9%	22,390 <sup>(1)</sup>	33.3%

(1) Comprises 11,660 in Caliente, CIE c. 9,600 and new licences 1,130.

# Capex and KPIs guidance for 2008

Country	KPIs Number of machines	Capex €in million	
		Maintenance	Growth
Spain AWP	15,930 – 16,580	39	20-35
Argentina	4,740	13	9-14
Mexico	22,390	11	35
Italy <sup>1</sup>	5,110 – 8,160	4	20-30
Other <sup>2</sup>	11,350 – 11,710	<u>18-23</u>	<u>12-17</u>
<b>Subtotal</b>		<b>85-90</b>	<b>96-131</b>
Repayments from Caliente		=	<u>23</u>
<b>Total</b>	<b>59,520 – 63,580</b>	<b>85-90</b>	<b>73-108</b>

1. Capex and KPIs includes Italy AWP and Bingo

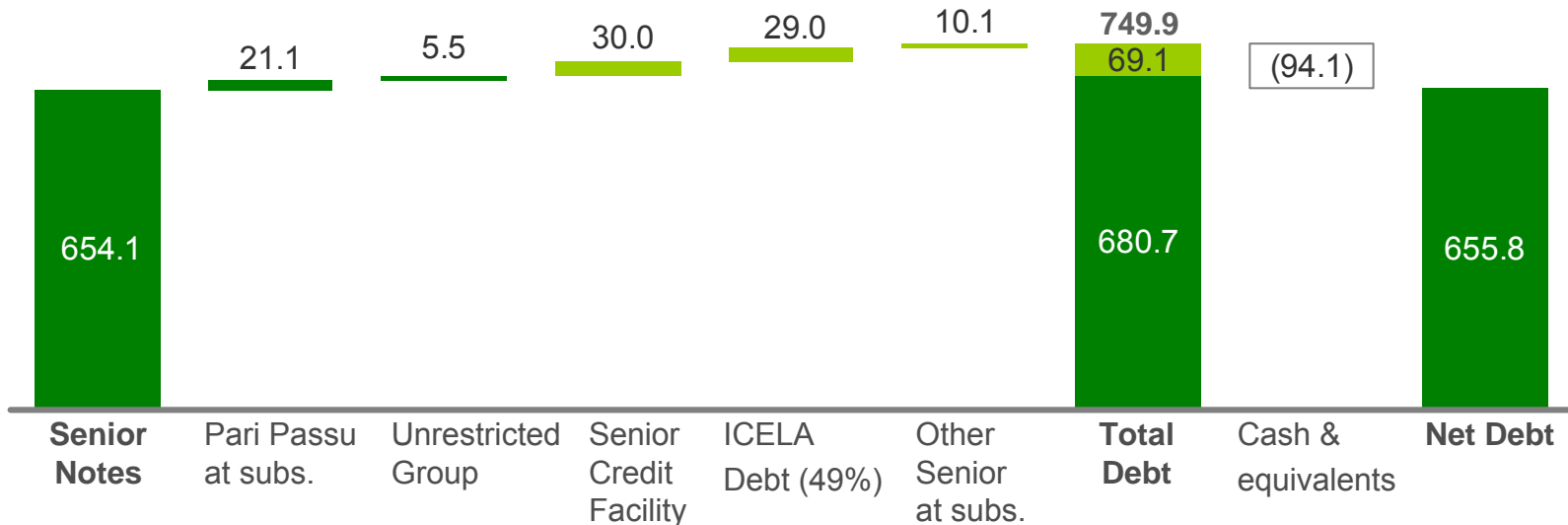
2. Capex and KPIs Include Brazil, Panama, Sports Betting, Uruguay, Colombia, Spain Bingo and Corporate Overhead, as applicable

# Debt structure and headroom

## Debt Breakdown

(In € million)

Senior Debt



### Senior Credit Facility

#### Terms:

- €100MM multicurrency revolving credit
- €60MM cash and LC at Euribor + 1.75%
- €40MM LC at 2.75%

#### Usage:

Facility Limit (cash)	€60MM
(-) Drawn @ Dec. 2007	(€30MM)
<b>Available to draw down</b>	<b>€30MM</b>

### Headroom under Senior

#### Headroom determination:

- Senior Debt Limit: €200MM
  - (-) Capacity used:
    - Senior Credit Facility (€30MM)
    - ICELA Debt (100%) (€59MM)
    - Senior Debt @ subs. (€10MM)
- (€99MM)**

- **Headroom under Senior: €101MM**



# Foreign exchange risk coverage

## Foreign exchange risk

### Risk source

- Foreign exchange risk is principally related to the potential negative impact in the consolidated financial statements (denominated in euros) of non Euro currencies devaluations against the Euro
- The Argentine Peso (AR\$) and the Mexican Peso (MX\$) are the most relevant sources of foreign exchange risk as operations in those countries generated the 44% and 26% of the EBITDA<sup>(1)</sup> for the year ended December 31, 2007, respectively

### Risk Mitigation by natural coverage

- In addition to forward contracts, natural coverage plays a relevant role in foreign exchange risk mitigation as most significant operating cost (typically gaming taxes and personnel expenses) are denominated in local currency

## Coverage

### Policy

- Contract foreign exchange forwards on a rolling forward four-quarter basis for approximately 50% of projected Argentina and Mexico EBTIDA
- Make financial projections based on forward rates available on the market

### Forwards contracted as of December 31, 2007

(€in millions)

Argentina		Mexico	
Quarter	Total €	Quarter	Total €
1Q08	10.0	1Q08	6.3
2Q08	12.8	2Q08	6.9
3Q08	12.8	3Q08	3.2
4Q08	<u>13.0</u>	4Q08	<u>3.5</u>
<b>Total</b>	<b>48.6</b>	<b>Total</b>	<b>19.9</b>

(1) EBITDA pre Headquarters' costs

# Smoking bans overview

	Scope	Effective Date	Regulation for gaming venues	General regulation	Currently in force
<b>Italy</b>	National	Jan. 2005	50%* of total surface	Total ban	No clear effects identified on Bingo sales
<b>Spain</b>	National	Jan. 2006	30%* of total surface (max. of 300 m <sup>2</sup> )	Same as gaming	No clear effects identified on Bingo sales
<b>Uruguay</b>	National	March 2006	Total ban	Same as gaming	Daily win reduction of up to 15%. Recovery in 9 to 12 months
<b>Mexico</b>	Regional	D.F. April 2008	Total ban	Same as gaming	
		Federal – Q2 08	% for smoking (TBD)		
<b>Panama</b>	National	Law proposal approved by Congress (expected to be implemented in 2H 2008)	Total ban	Same as gaming	
<b>Argentina</b> (Bs.As. Prov.)	Regional (provinces / districts)	Law proposal approved by one house of Congress (implementation date expected late 08/early 09)	Partial to total ban	N/A	

**There is a world trend to regulate smoking in public places. Codere's previous experiences suggest a moderate negative impact in revenues but with strong recovery in the short term**

\* Percentage of space allowed for smokers



&



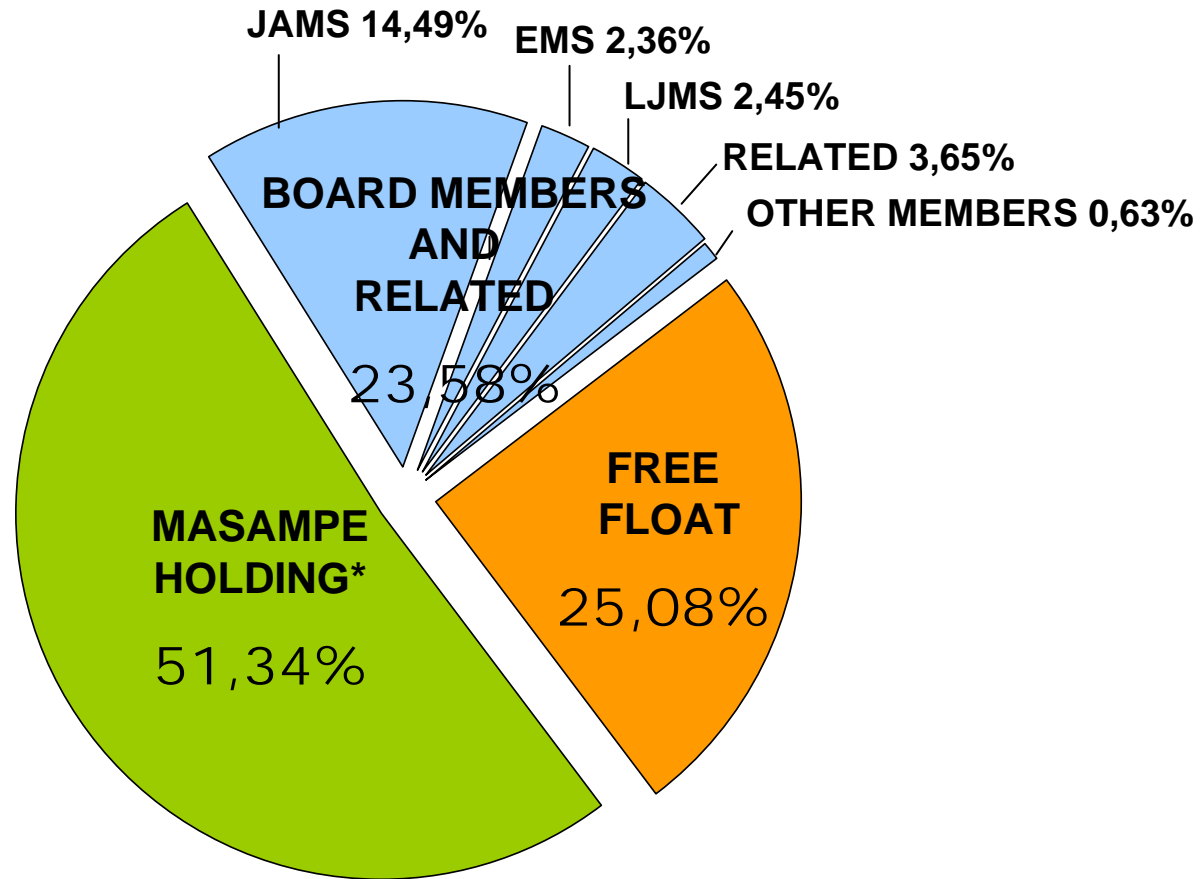
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- Regulation
  - Regulated by autonomous region
  - Madrid and Basque regions have passed legislation enabling sports betting
  - Madrid granted 5 year administrative authorizations to companies that meet certain requirements (financial and technical). Codere & William Hill JV was granted with the first authorization awarded. (April 2008)
  - Basque region awarded three licenses (25 locations and 500 machines each), one of which was obtained by Codere & William Hill JV
- Channels:
  - Madrid: Betting shops, existing gaming establishments (bingos, arcades and casinos), sports premises and remote channels (incl. Internet)
- Estimated capex per region €20MM (to be shared equally among partners)
- Expect to start operations in 2008 in Madrid and the Basque Region
- 3 or 4 operators expected to have joint market share of 70%

# Shareholder structure

At 31 March 2007



\* Masampe Holding Partners: JAMS, LJMS y EMS

**Total Shares Outstanding: 55,036,470**

# Shareholder obligations 1

## Payment to Franco brothers and ICIL

- In 2006, Jose Antonio, Encarnación and Luis Javier Martinez Sampedro (“the Martinez Sampedros”) purchased 19 million Codere shares previously owned by the Franco Brothers and ICIL (“the Sellers”). The shares purchased were transferred to Masampe B.V.
- The total purchase price was €390.6 million (€20.5 per share), payable in three installments.

	Total Consideration (€Million)	Paid
01 March 2006	41.4	✓
30 April 2007	162.0	✓
31 Oct. 2008 <sup>(1)</sup>	187.2	
	<b>390.6</b>	

(1) Deferred from April 2008 at a 0.25% weekly interest rate

## PIK loan

- In June 2007, Masampe B.V. borrowed €340.0 million, used to repay the amount outstanding under the initial PIK loan and to make the second installment payment to the Francos and ICIL
- Masampe Holding B.V. is a Dutch special purpose vehicle (SPV) that is controlled by Jose Antonio, Encarnación and Luis Javier Martinez Sampedro. Masampe holds 51.3% of Codere

## Summary Terms

Term	Description
<b>Issue</b>	€340.0 million
<b>Maturity</b>	15 December 2015 (6 month outside existing HY)
<b>Interest</b>	3 months EURIBOR + 750 bps.
<b>Par call window</b>	From June 2008 to December 2009
<b>Covenant<sup>(2)</sup></b>	Net debt to EBITDA < 7.0x (6.5x from June 2008)
<b>Mandatory Prepayment</b>	If Masampe fails to own at least 50.1% of the issued and outstanding shares of Codere S.A.

(2) Calculated on a consolidated basis to include the Borrower (Masampe B.V.) and its subsidiaries (Codere S.A.)

# Shareholder obligations 2 -- Sale process

- At the maturity of the third installment (October 2008) either the Martinez Sampedros or the Sellers (if it is not paid) may elect to initiate the sale of all shares held by Masampe and the Martinez Sampedros
- Sale process would be conducted by a leading investment bank
- Requiring this sale process is the Sellers' sole recourse and, in the event that it is initiated, the obligation to pay the third installment is replaced by the sale process.
- In any event, the Sellers may not require the sale if the proceeds of shares held by Masampe would not be sufficient to satisfy its obligations under the PIK loan (unless the lenders agree otherwise)
- Compensation mechanism
  - Sale proceeds would be divided among the Sellers and the Martinez Sampedros in proportion to the Sellers March 2006 43% shareholding, subject to adjustments for capital increases, dilution, etc. which have a minor effect
  - Settlement among the Sellers and the Martinez Sampedros would reflect credit for previous installments paid, which total €203 million, or approximately €10.69 per share

## 2008 outlook reflects continuation of successful growth strategy in our principal markets

### Spain

- Increase AWP portfolio through new sign ups and selective acquisitions
- Commercialise sports betting with William Hill

### Argentina

- Continue optimization of hall locations and increase capacity
- Finalise license renewal process

### Mexico

- Continue EBT deployment
- Develop new licenses including those acquired through CIE Las Americas

### Italy

- Achieve profitability in the AWP business by disposing of unprofitable direct operations, and growth via acquisitions supported by Codere Network
- Consolidation of bingo business and introduction of AWP's in bingos

### Corporate

- Continue to refine fiscal structure
- Assure capital base for continued growth

## Strengths

- **Unique strategic model**
  - Proven ability to develop profitable gaming activities working with regulators
  - Proven track record in identifying and integrating high-return investment opportunities
  - “Adjacent expansion” strategy, applicable to new markets and business lines
- **Resilient business structure**
  - Leadership positions in attractive markets create significant barriers to entry
  - Demonstrated resilience throughout economic cycles
  - Flexible and cash generative financial structure
- **Highly experienced management team and Board of Directors**
  - Leadership with 25 years experience in gaming across product lines and regulatory environments
  - Well integrated management team across diverse disciplines
  - Board includes independent directors with significant experience in gaming sector (ex-US ambassador to Spain and former president of the Spanish National Gaming Commission)
- **Proven track record in financial markets**
  - Two years reporting as public company
  - Three successful bond issues and two PIK deals at holding company
  - Initial Public Offering October 2007

**Unique international gaming footprint with exceptional growth potential**





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