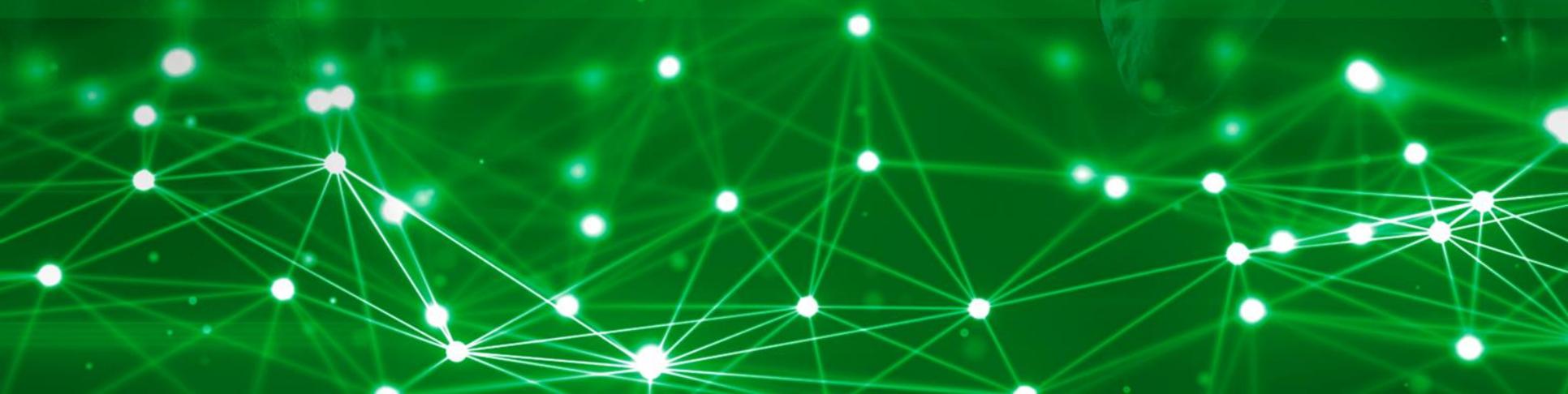


# 2Q 2017 Earnings Results

## September 12, 2017



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<b>1. Operating Results</b>	<b>4</b>
<b>2. Credit Overview</b>	<b>25</b>
<b>3. Company Outlook</b>	<b>31</b>
<b>4. Appendix</b>	<b>34</b>

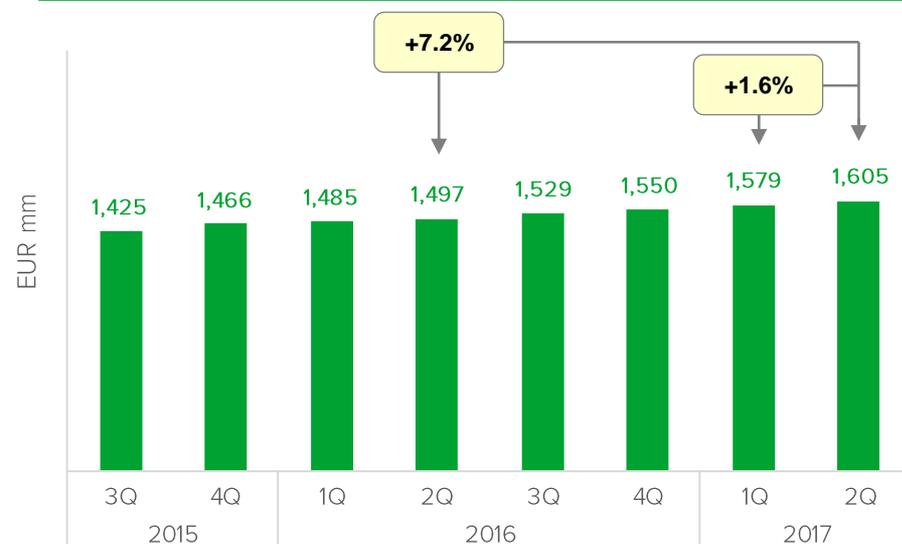
# 1. Operating Results

# Total Revenue (ARS @ Blue Rate) <sup>(1, 2)</sup>

## Quarter

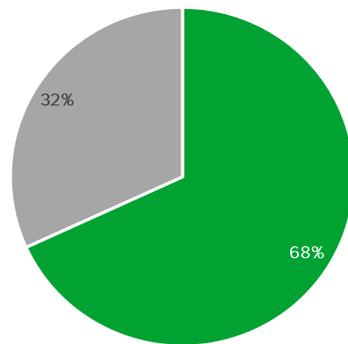
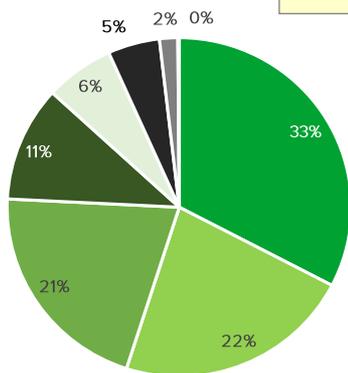


## LTM

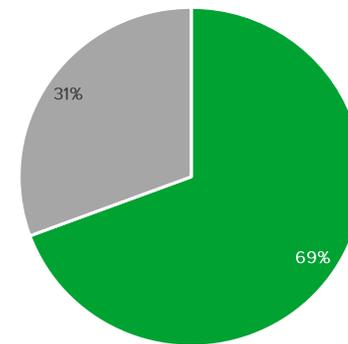
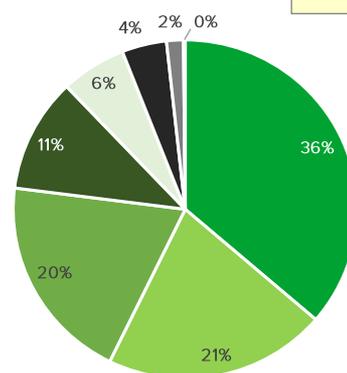


## Geographic Mix

LTM to Jun-16



LTM to Jun-17



■ Argentina 
 ■ Mexico 
 ■ Italy 
 ■ Spain 
 ■ Panama 
 ■ Uruguay 
 ■ Colombia 
 ■ Brazil 
 ■ Latam 
 ■ Europe

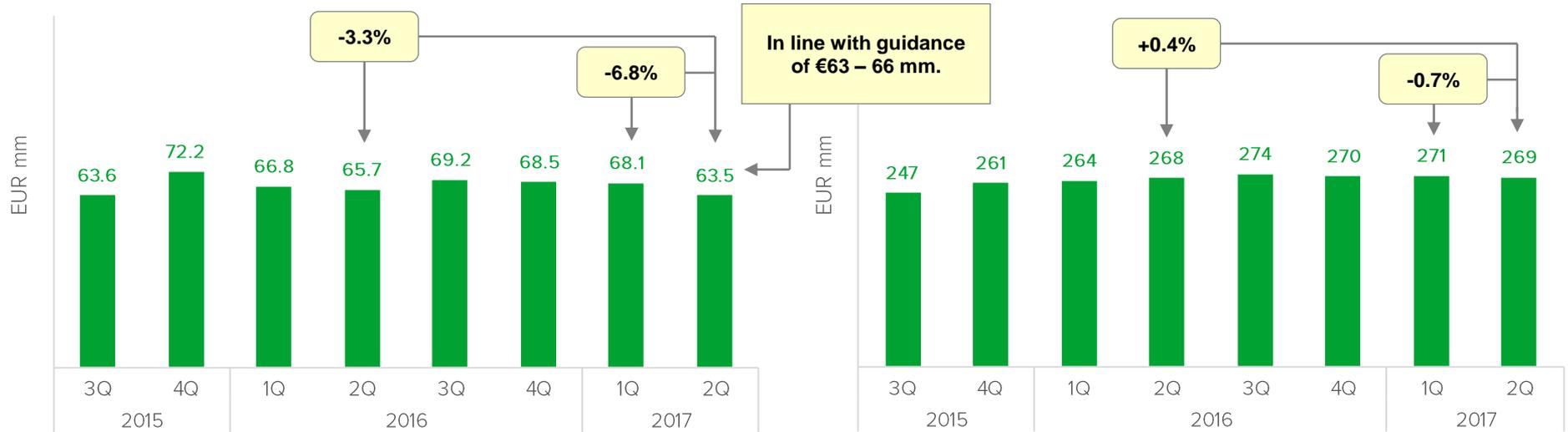
1) Figures reflect Company consolidated revenue plus, for periods prior to consolidation of HRU, 100% of HRU revenue.

2) Figures include a positive adjustment of €4.4 mm which reflects our estimate of the negative impact in 4Q 2016 from 3 days of labor strikes (hall closures) in Argentina.

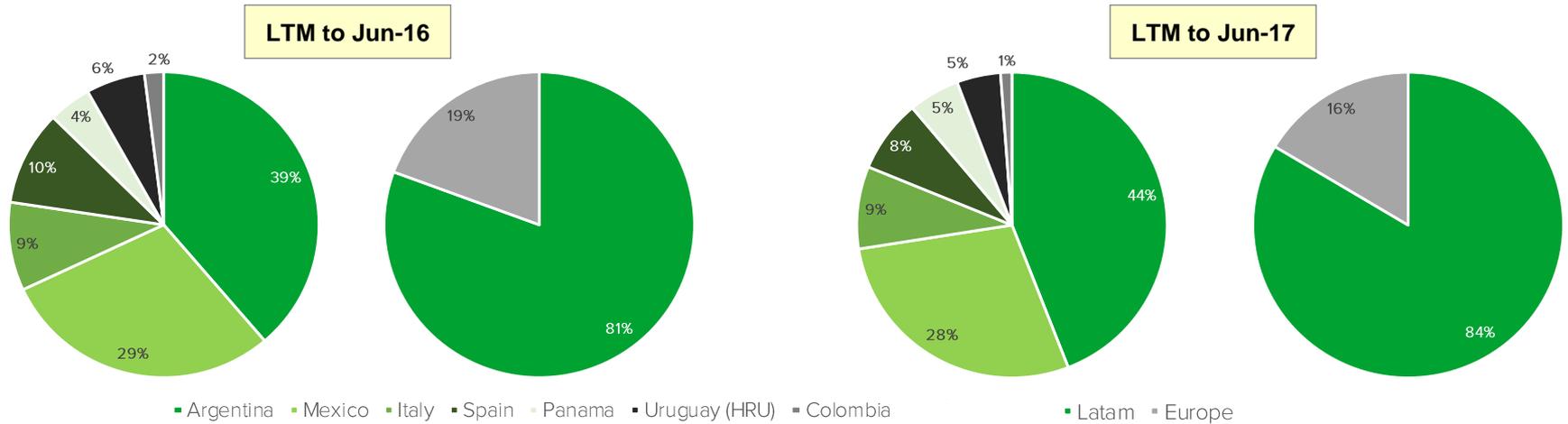
# Total Adjusted EBITDA (ARS @ Blue Rate) <sup>(1, 2)</sup>

Quarter

LTM



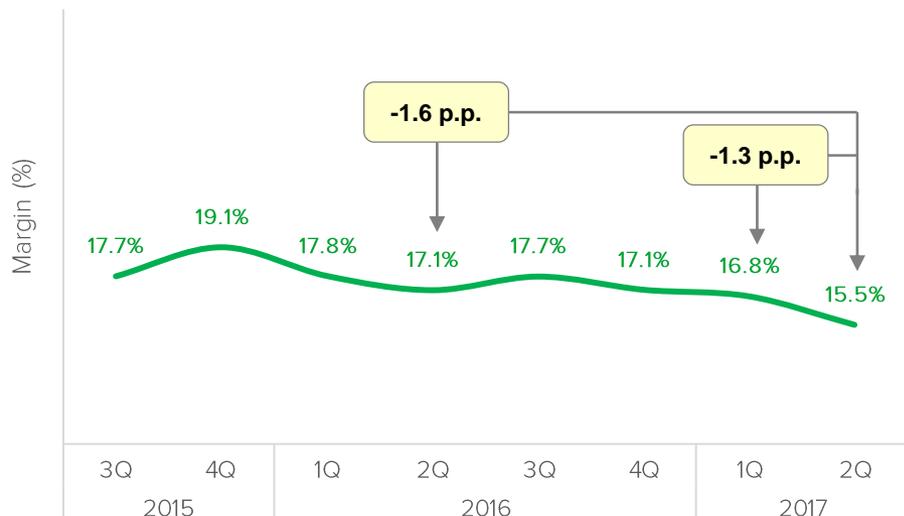
## Geographic Mix <sup>(3)</sup>



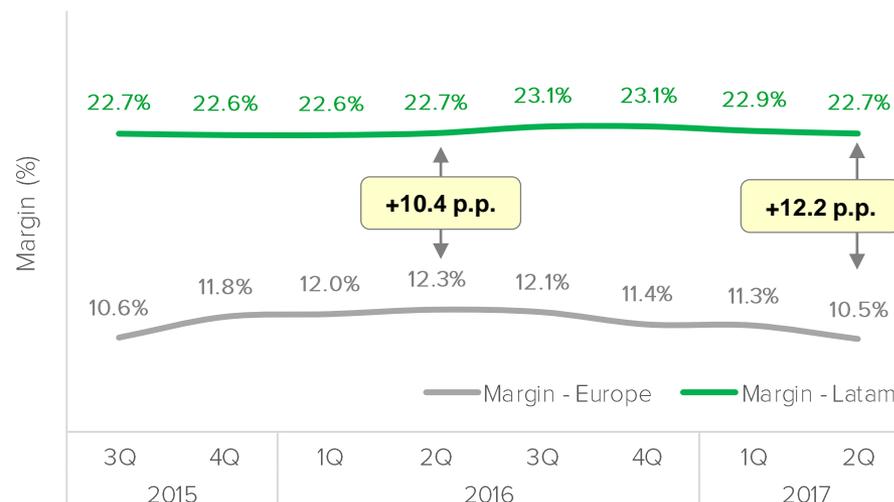
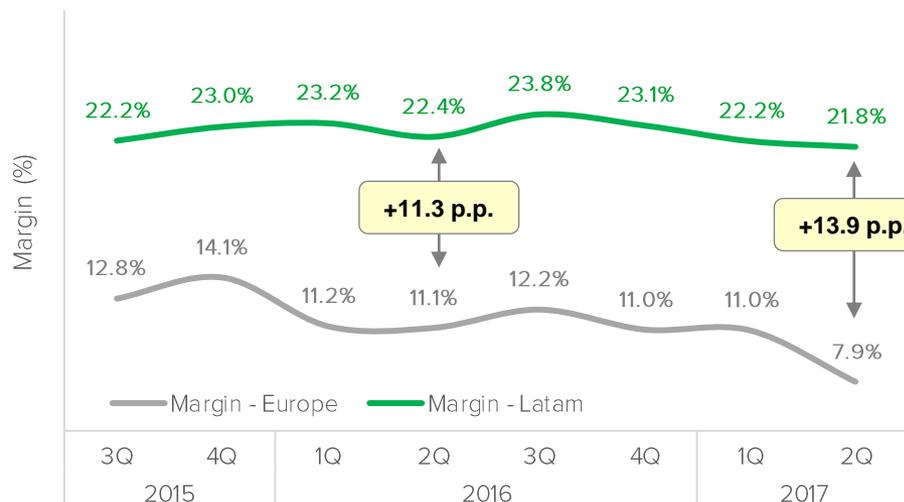
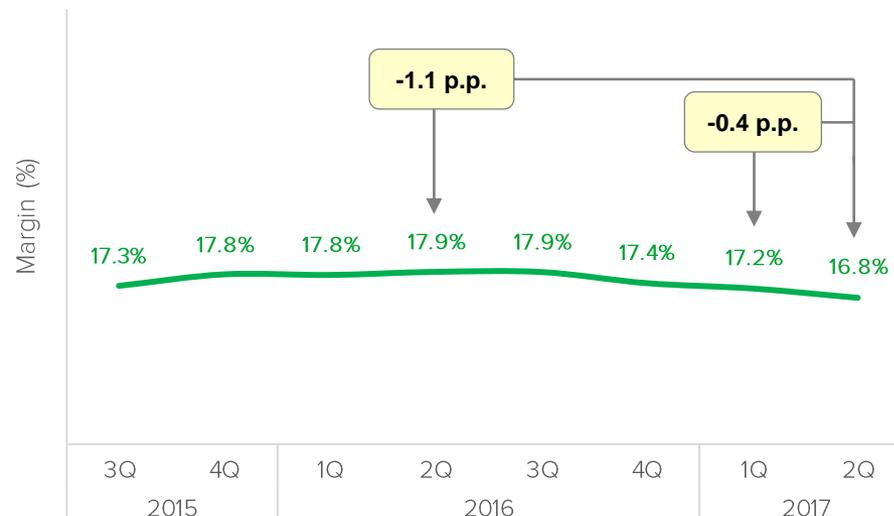
1) Figures reflect Company consolidated Adjusted EBITDA plus, for periods prior to consolidation of HRU, 100% of HRU Adjusted EBITDA.  
 2) Figures include a positive adjustment of €2.5 mm which reflects our estimate of the negative impact in 4Q 2016 from 3 days of labor strikes (hall closures) in Argentina.  
 3) Figures reflect contribution to Total Adjusted EBITDA before corporate overhead and excluding Brazil due to negative Adjusted EBITDA.

# Total Adjusted EBITDA Margin (ARS @ Blue Rate) <sup>(1, 2)</sup>

## Quarter



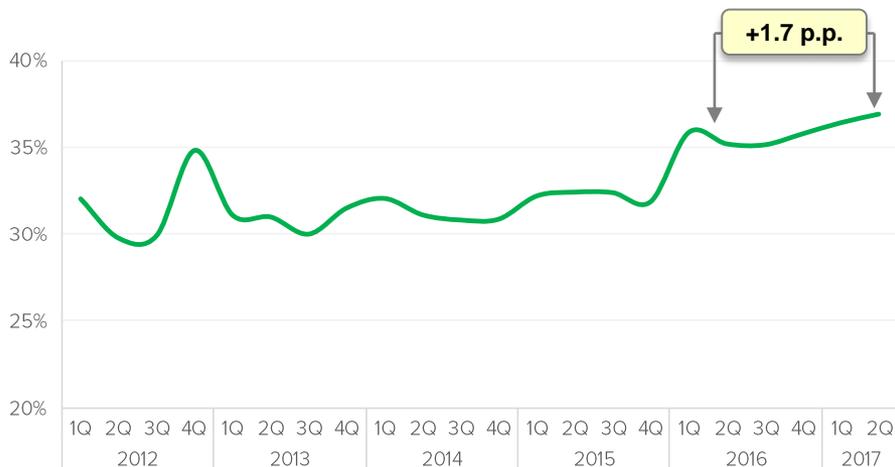
## LTM



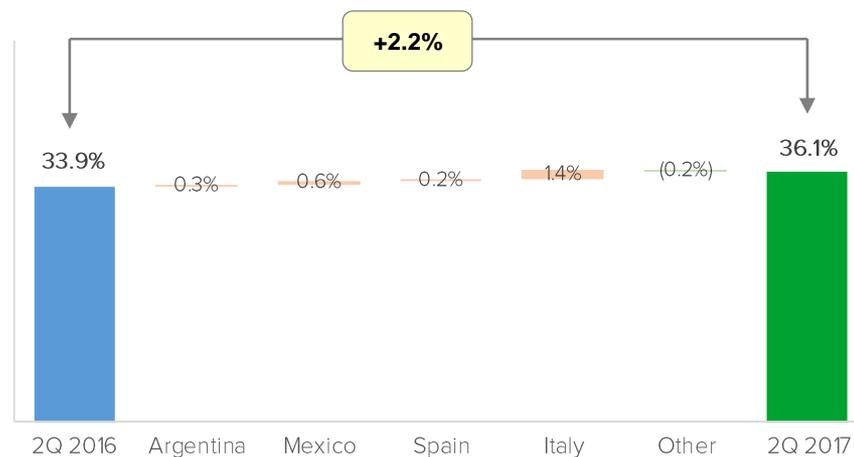
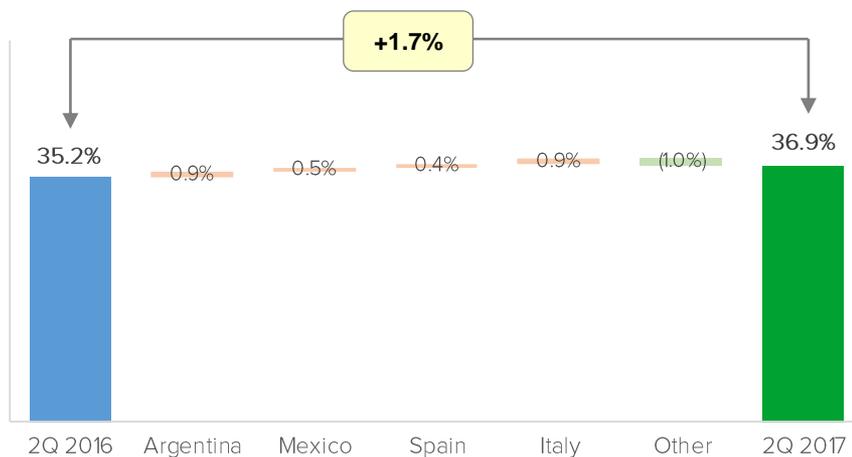
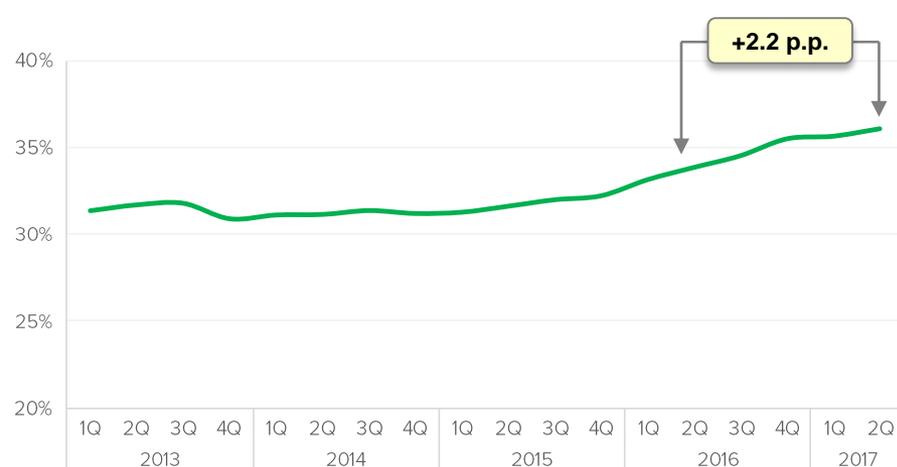
1) Figures reflect Company consolidated Adjusted EBITDA plus, for periods prior to consolidation of HRU, 100% of HRU adjusted EBITDA.  
 2) Figures include a positive adjustment of €4.4 mm on revenue and €2.5 mm on EBITDA which reflects our estimate of the negative impact in 4Q 2016 from 3 days of labor strikes (hall closures) in Argentina.

# Total Effective Gaming & Other Tax Rate (1)

## Quarter



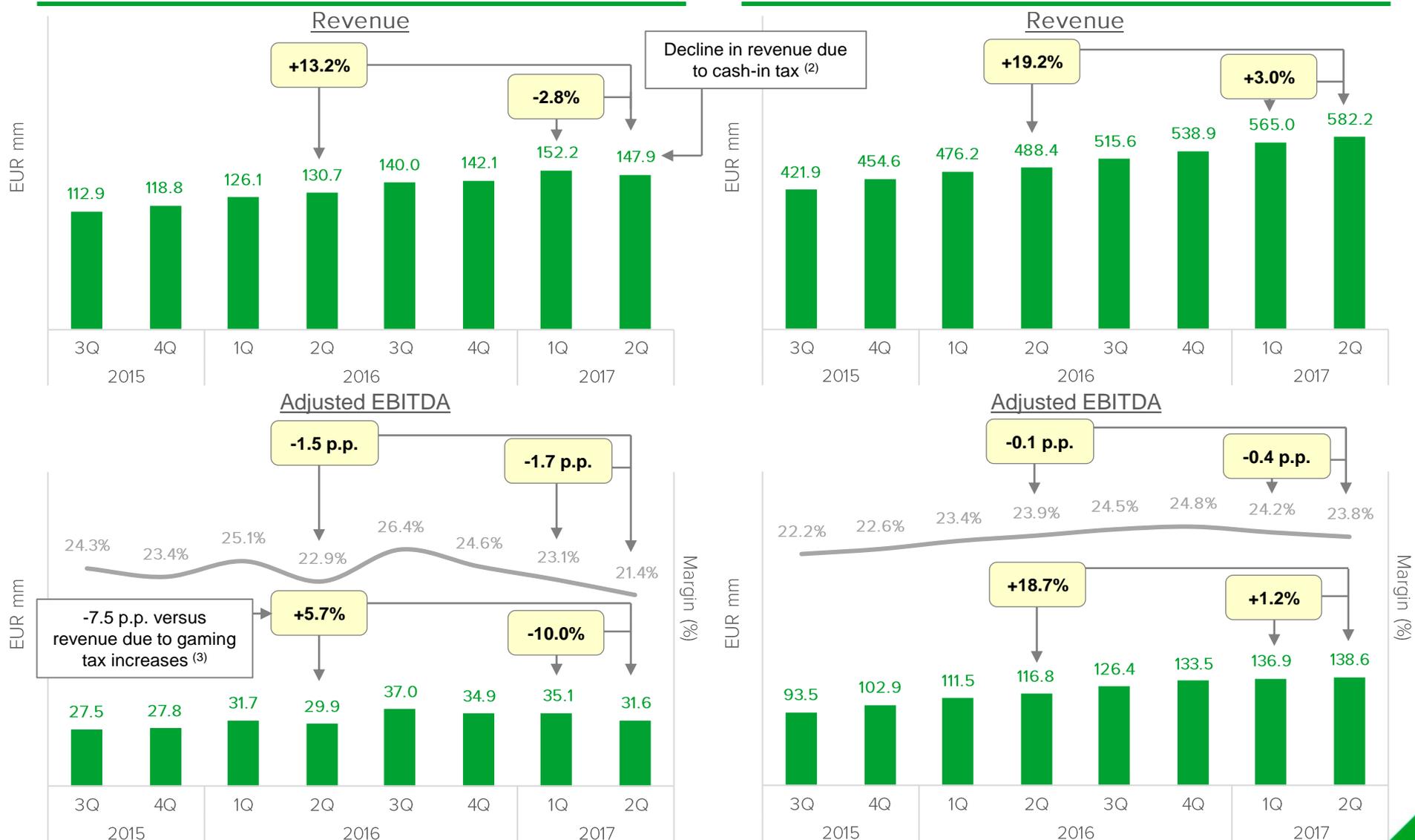
## LTM



1) Figures reflect consolidated gaming and other taxes divided by consolidated operating revenue.

Quarter

LTM



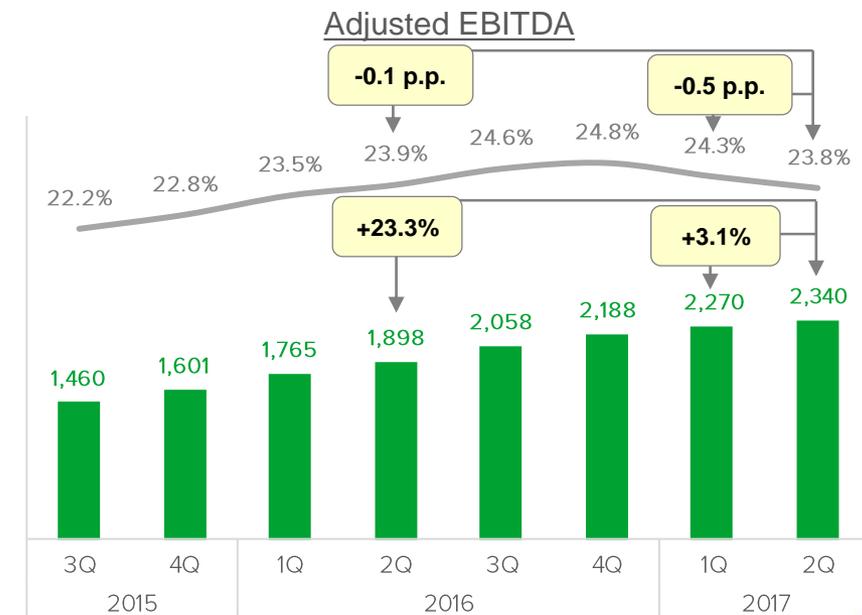
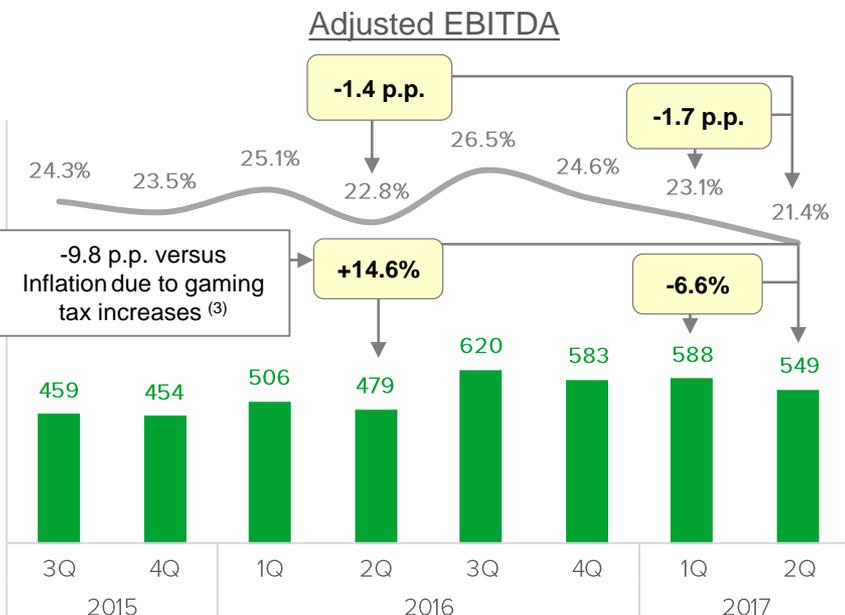
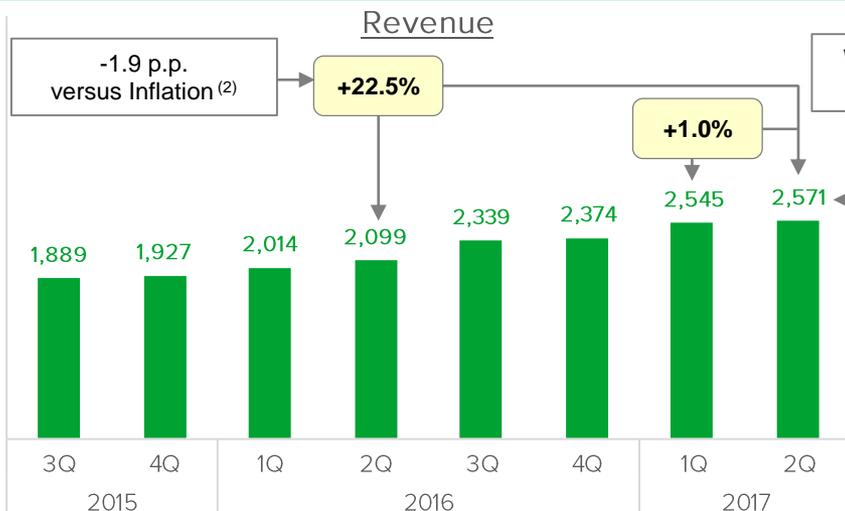
1) Figures include a positive adjustment of €4.4 mm on revenue and €2.5 mm on EBITDA which reflects our estimate of the negative impact in 4Q 2016 from 3 days of labor strikes (hall closures) in Argentina.

2) The cash-in tax (in effect since mid-April 2017) is a tax on our players and reduces our gross win (i.e. reported revenue).

3) The gross revenue tax was increased from 12% to 15% effective January 1, 2017.

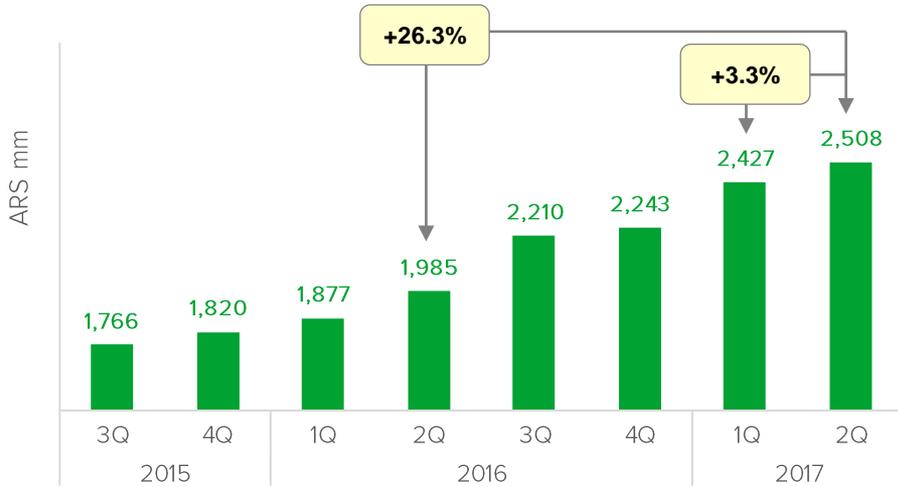
Quarter

LTM

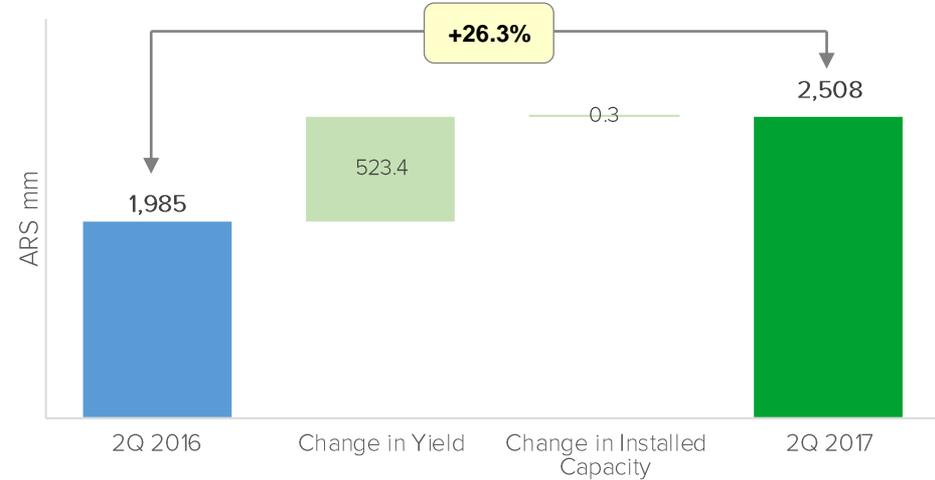


1) Figures include a positive adjustment of ARS 74.6 mm on revenue and ARS 42.0 mm on EBITDA which reflects our estimate of the negative impact in 4Q 2016 from 3 days of labor strikes (hall closures) in Argentina.  
 2) The gross revenue tax was increased from 12% to 15% effective January 1, 2017.  
 3) 2Q 2017 average inflation versus 2Q 2016 = 24.4%; figures based on reported monthly (sequential) inflation data (source: INDEC).

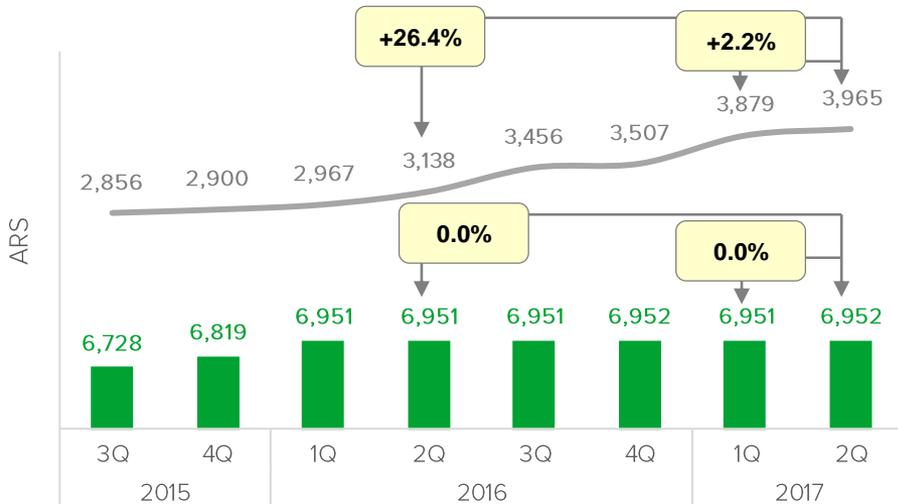
Slot Gross Win



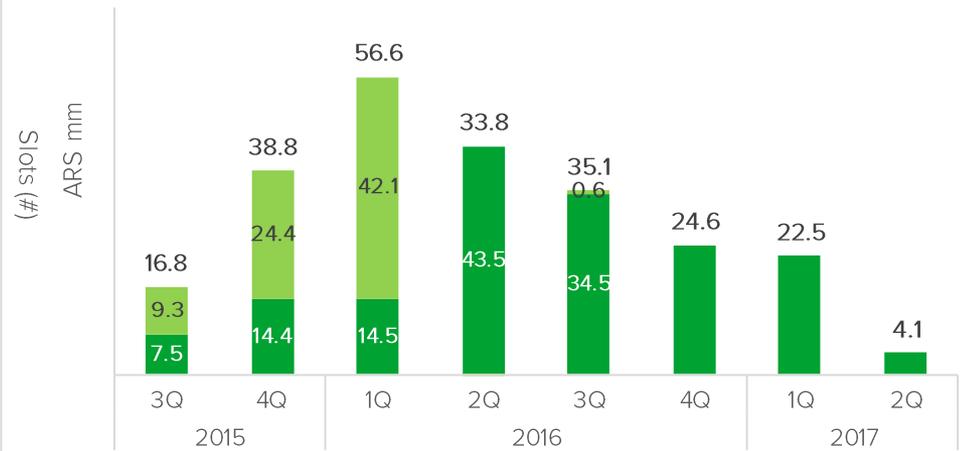
Slot Gross Win Bridge



Operating KPIs



Total Capex



Avg. Installed Slots (#)

Gross Win / Slot / Day

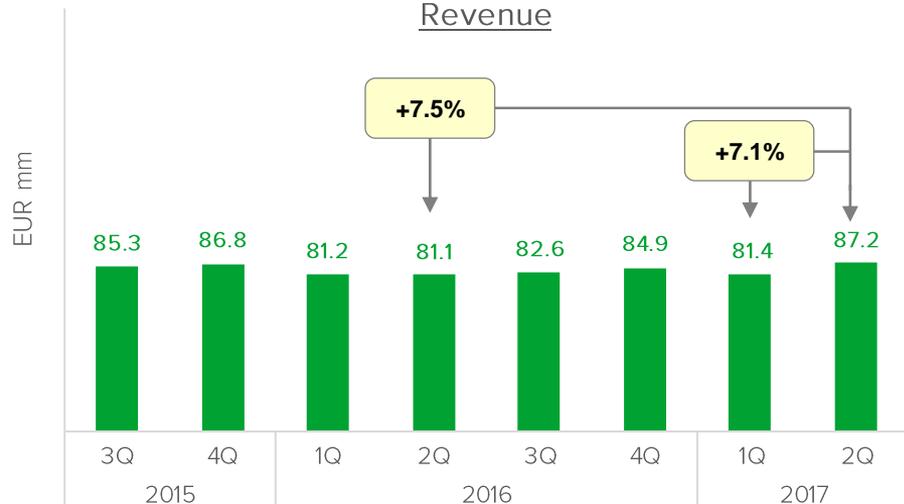
Maintenance Capex Growth Capex

1) Figures include a positive adjustment of ARS 71.3 mm on slot operating revenue which reflects our estimate of the negative impact in 4Q 2016 from 3 days of labor strikes (hall closures) in Argentina.

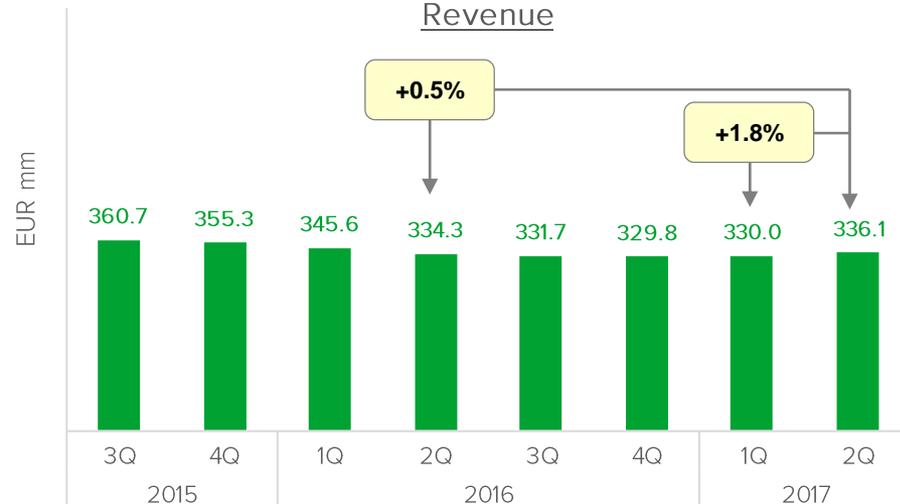
Quarter

LTM

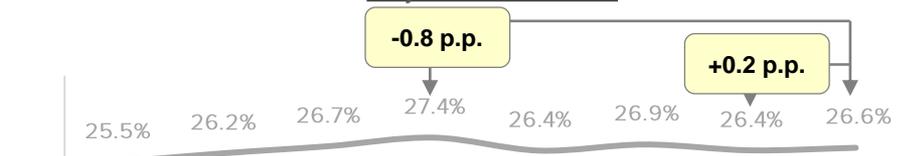
Revenue



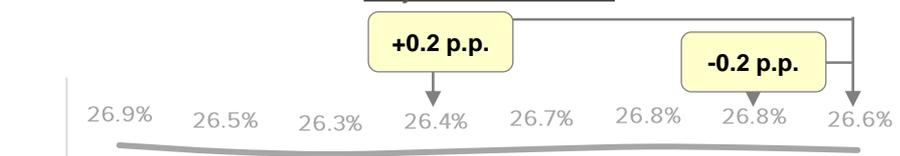
Revenue



Adjusted EBITDA



Adjusted EBITDA



Adjusted EBITDA

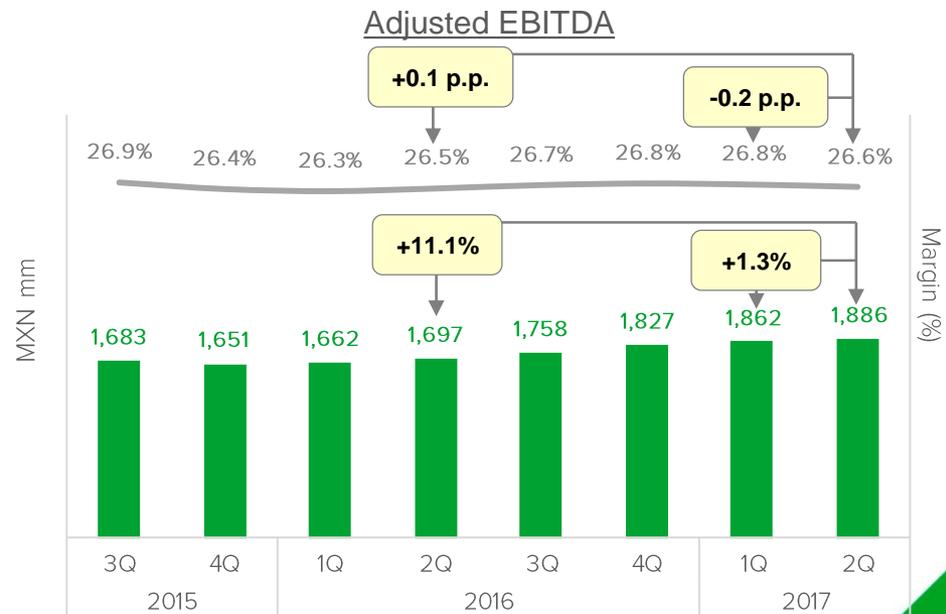
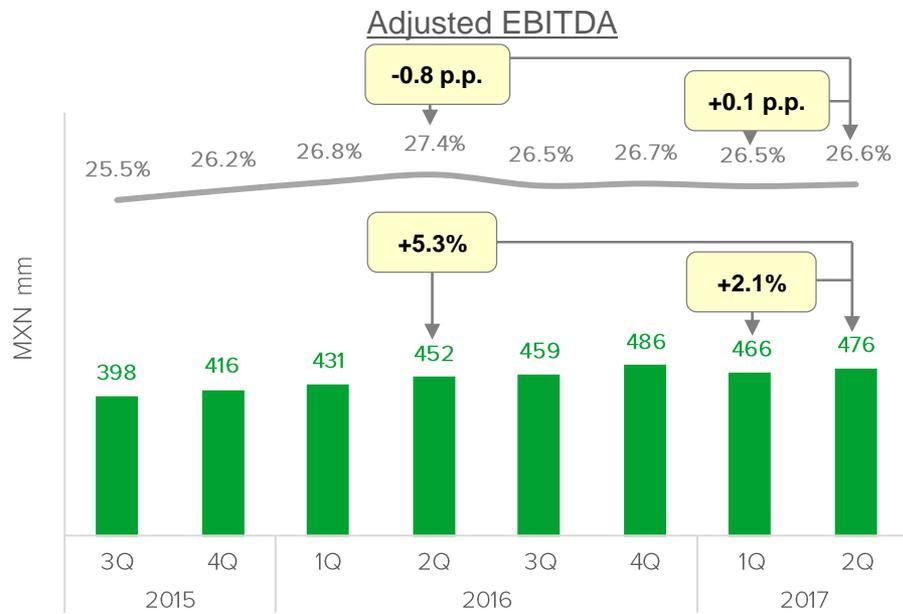
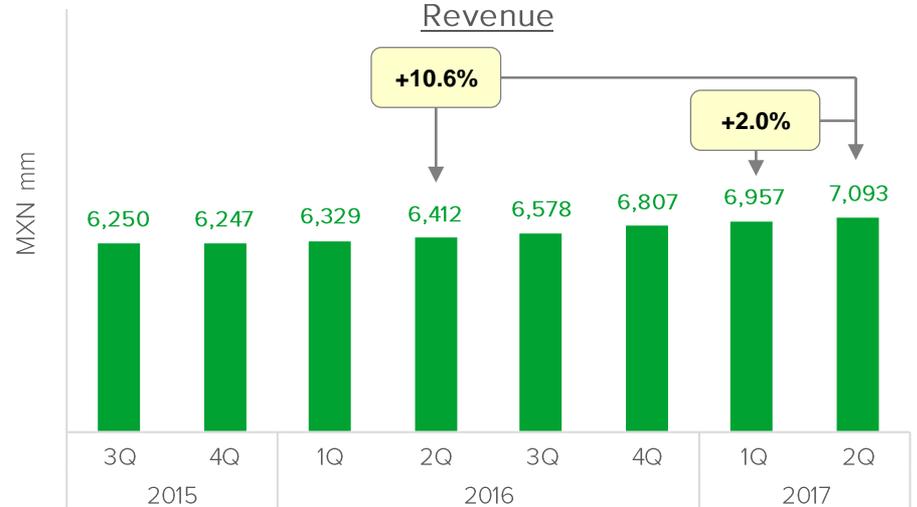
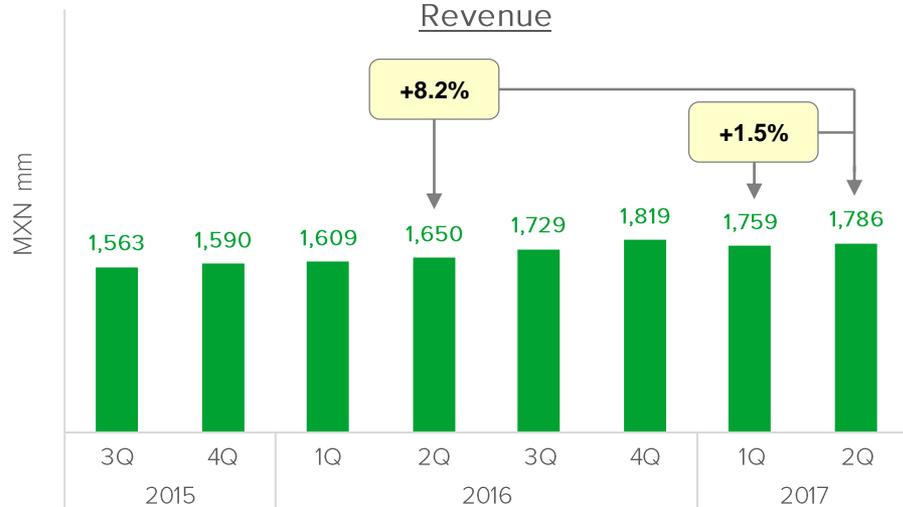


Adjusted EBITDA

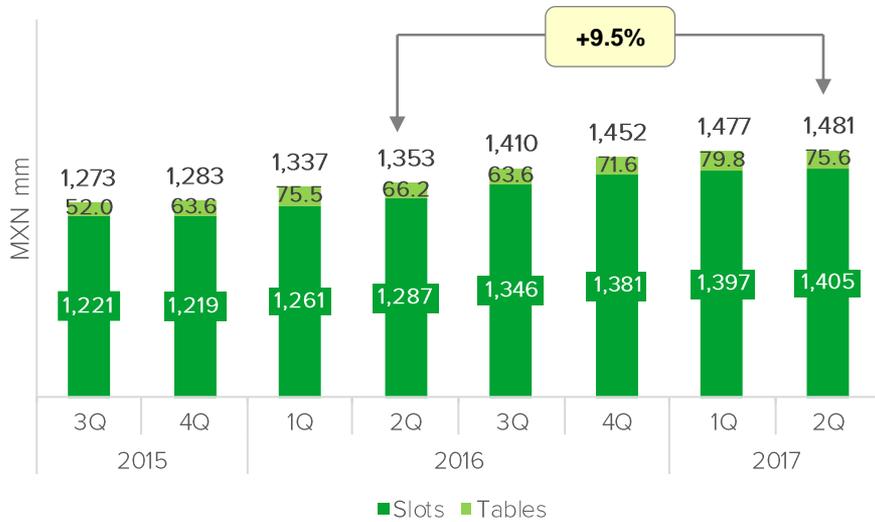


Quarter

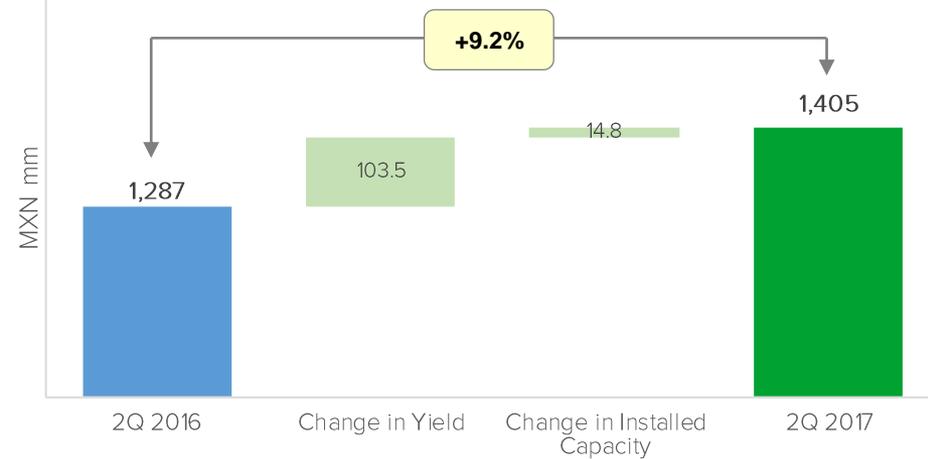
LTM



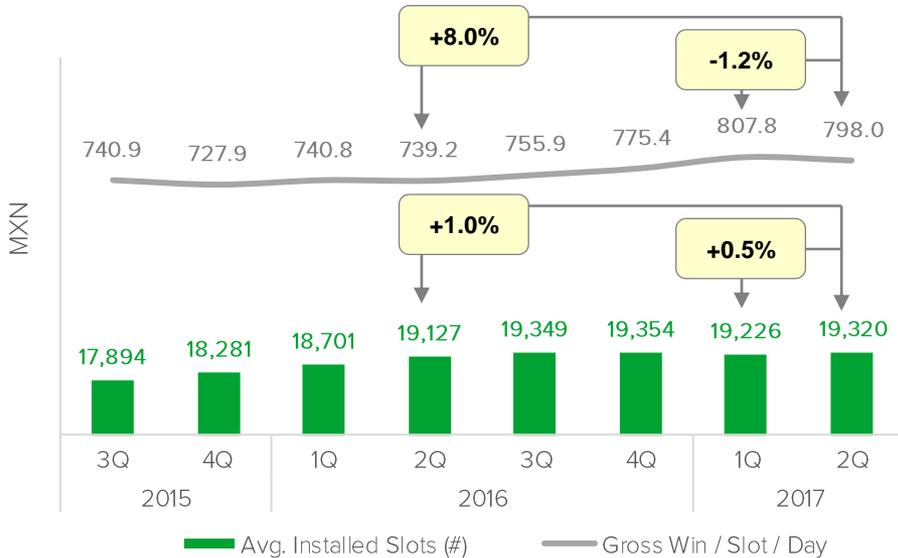
Slot & Tables Gross Win



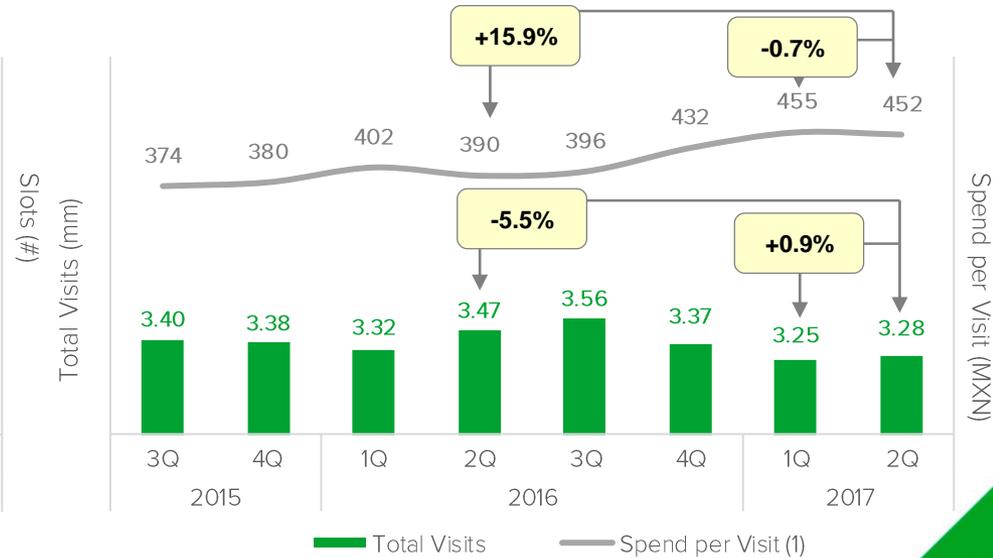
Slot Gross Win Bridge



Operating KPIs

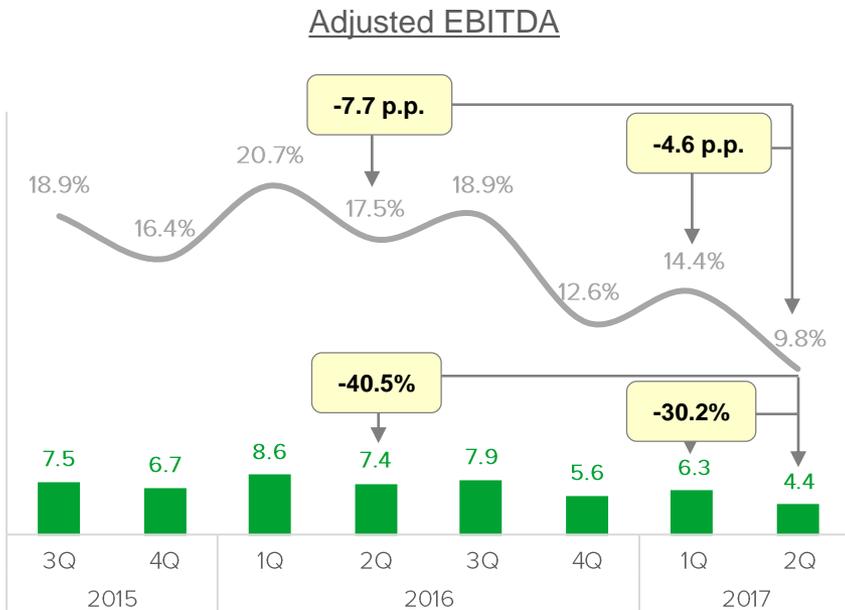
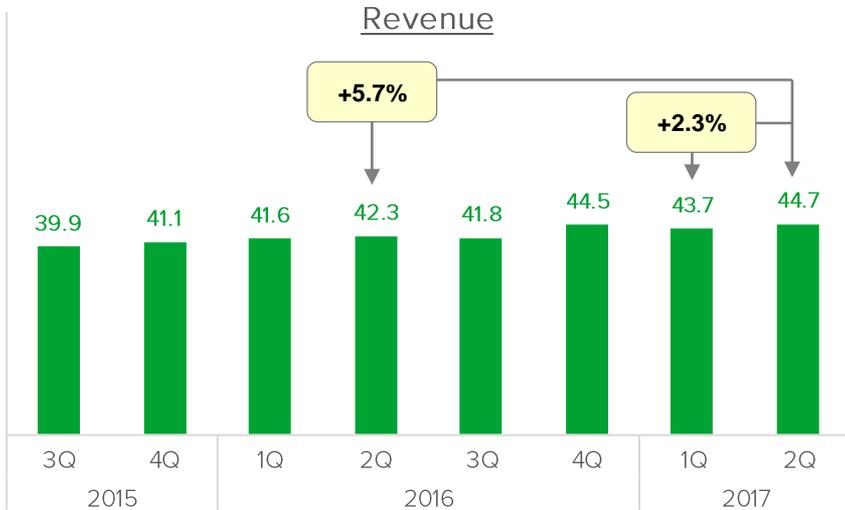


Customer KPIs

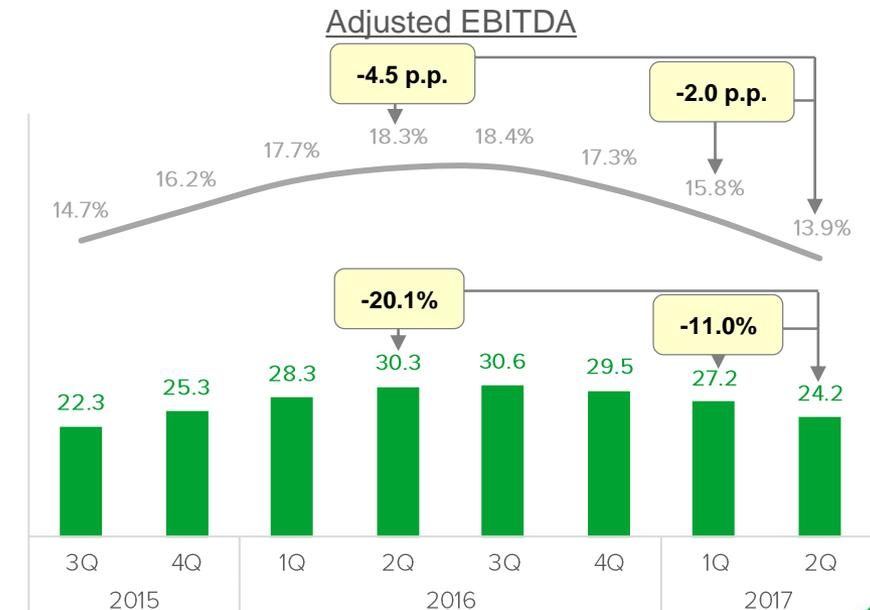
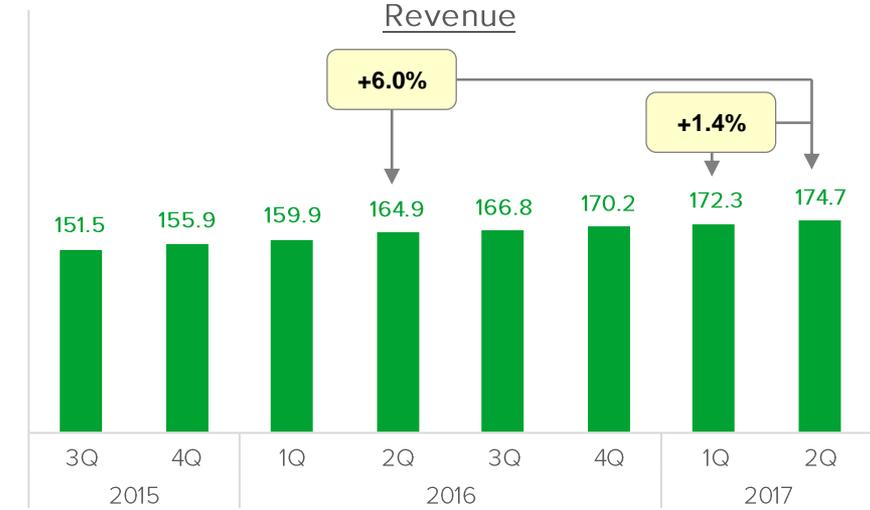


1) Figures reflect average slot and table gross win per visit.

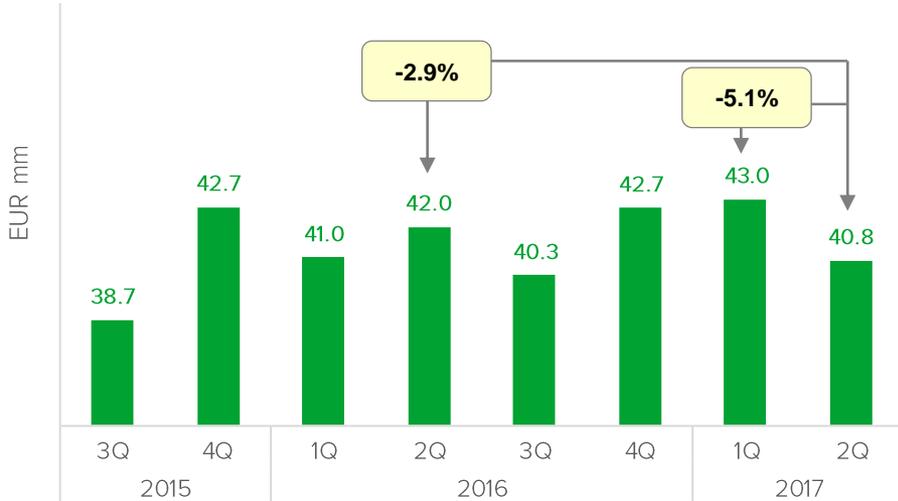
Quarter



LTM

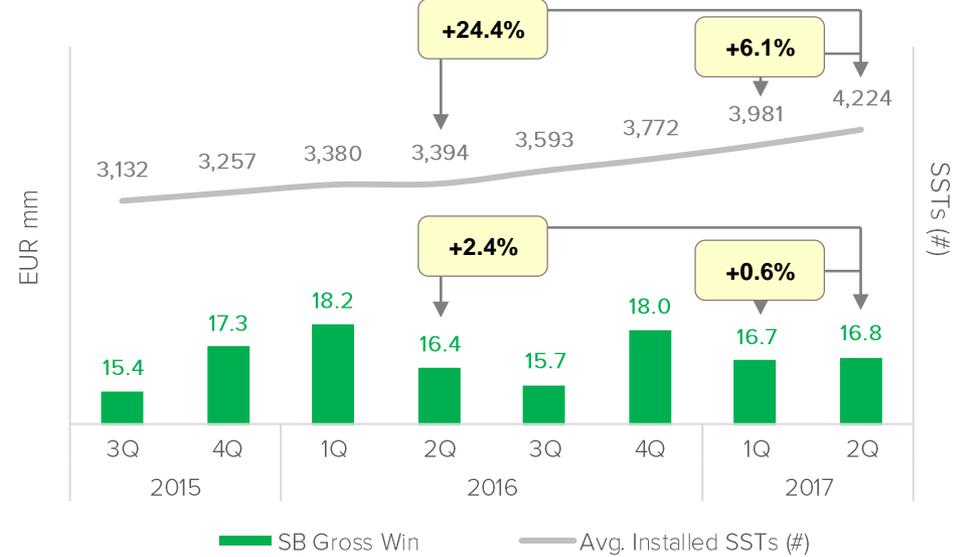


### AWP Gross Win (\*)



\* Figures will vary from prior earnings releases which reflected net win (i.e. after revenue share with venues).

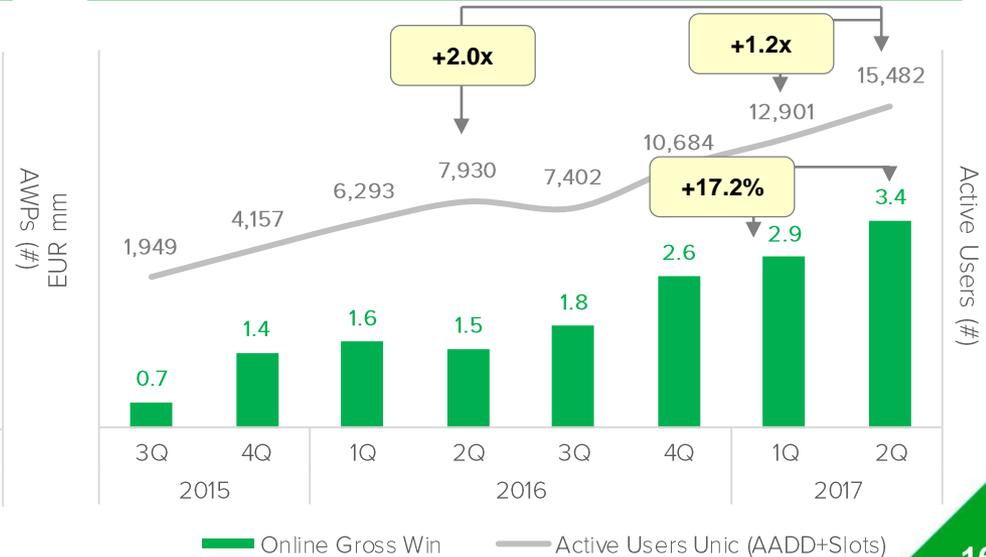
### Sports Betting (excl. Online) (1)



### AWP Operating KPIs



### Online



1) Figures for gross win includes revenue from uncollected (and expired) prizes.

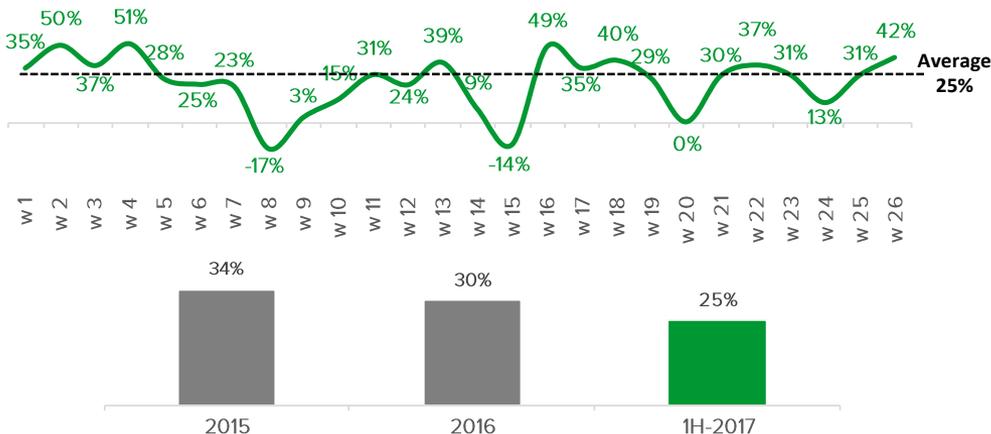
# Spain – Sports Betting (excl. Online)

## Amounts Wagered (EUR mm)



2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	L3M Aug
2015			2016			2017			

## Take (1) – Pre-match ACA Football Bets (%)



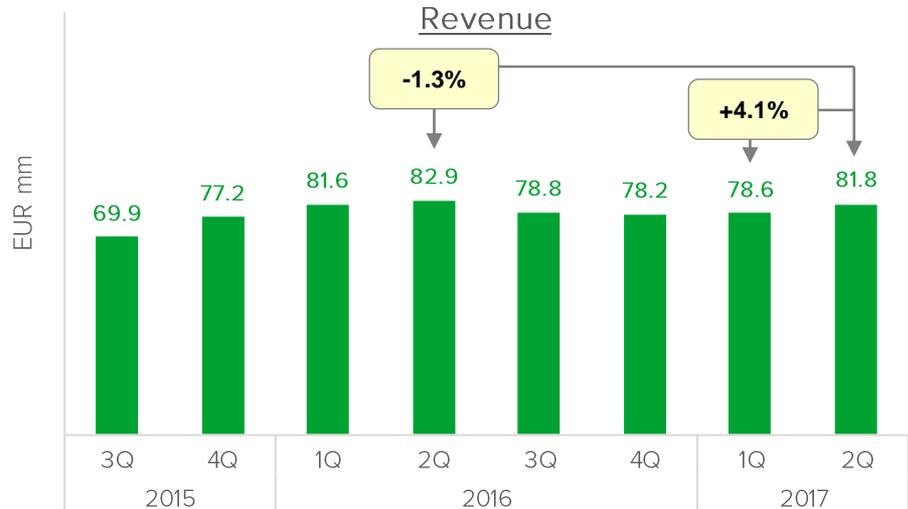
## Take (%) (1)



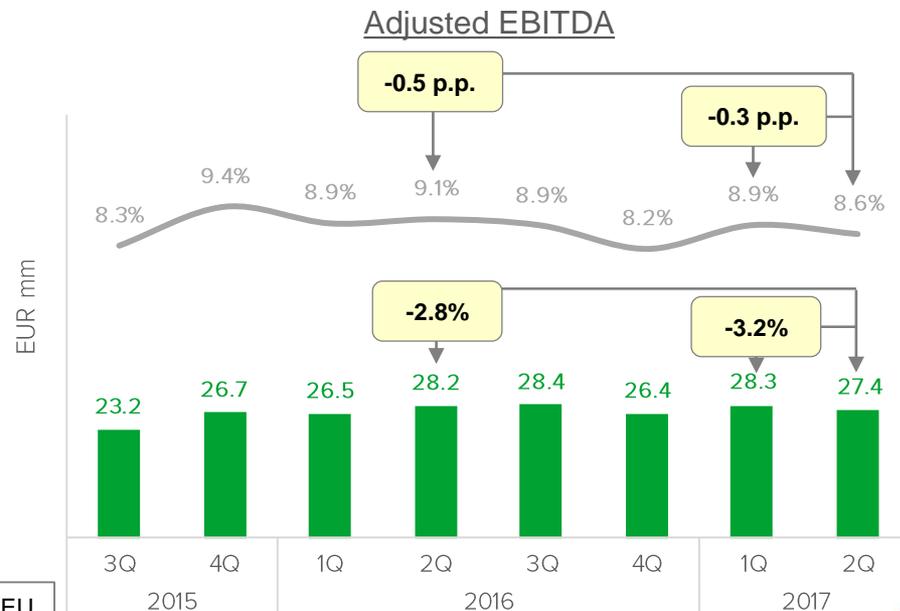
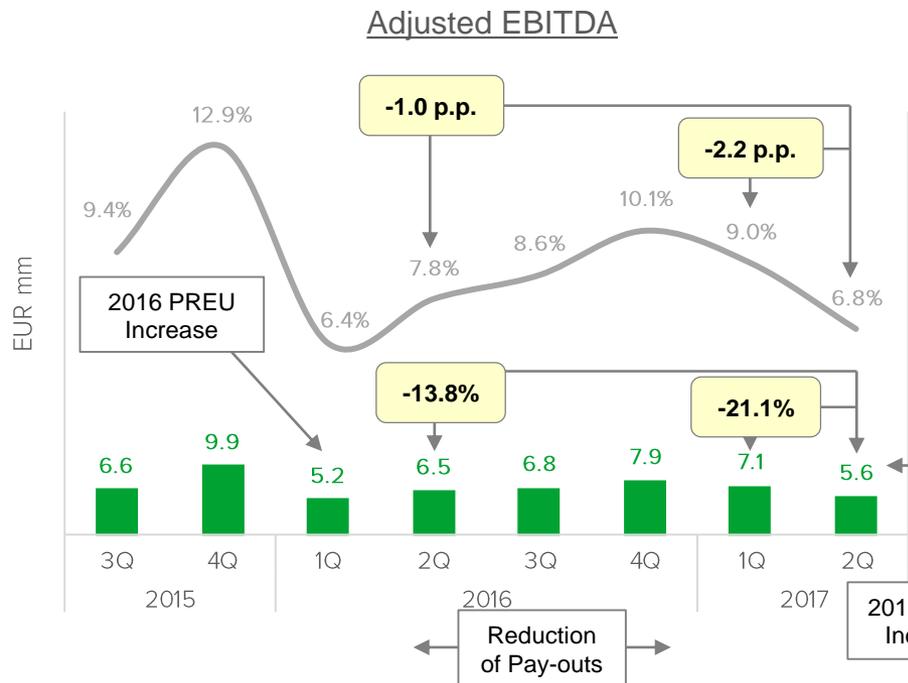
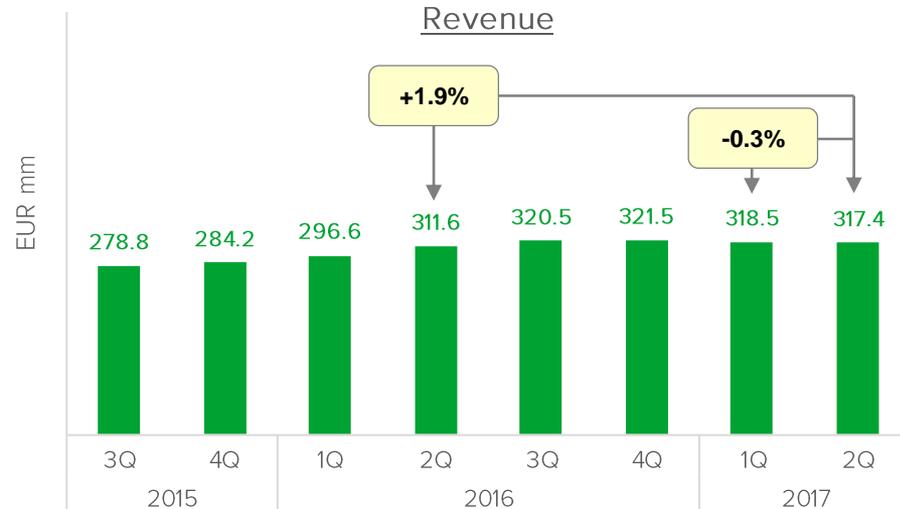
1) Figures reflect gross win divided by amounts wagered.

- Amounts wagered continue to grow 18.8% on a year-on-year basis as we deploy sports betting terminals throughout Spain, on the back of an 18.1% increase in sports betting venues (Jun-17 versus Jun-16).
- Football currently represents about 50% of total amounts wagered and about 30% of that amount is pre-match cumulative (“ACA”) football bets. As a consequence, take variations in football events have a significant impact on our results.
- Pre-match ACA football bets provide the highest take margin averaging 34% and 30% in 2015 and 2016, respectively, but a lower 25% in 1H 2017.
- The take margin was adversely affected by player friendly results in the major European football leagues during the latter part of the quarter.
- This take variation has occurred despite a stable channel, product and betting mix.
- According to competitor reports and market data provided by regulators, these player friendly results have affected other sports betting operators in Europe and Spain, in a similar manner.
- In addition, Real Madrid results in 2017 (Champions and La Liga trophies) have resulted in an additional erosion of win.
- Despite this lower margin, we have maintained our differential in take versus competitors and believe that, in the next quarters, margins will settle at or close to 20% levels.

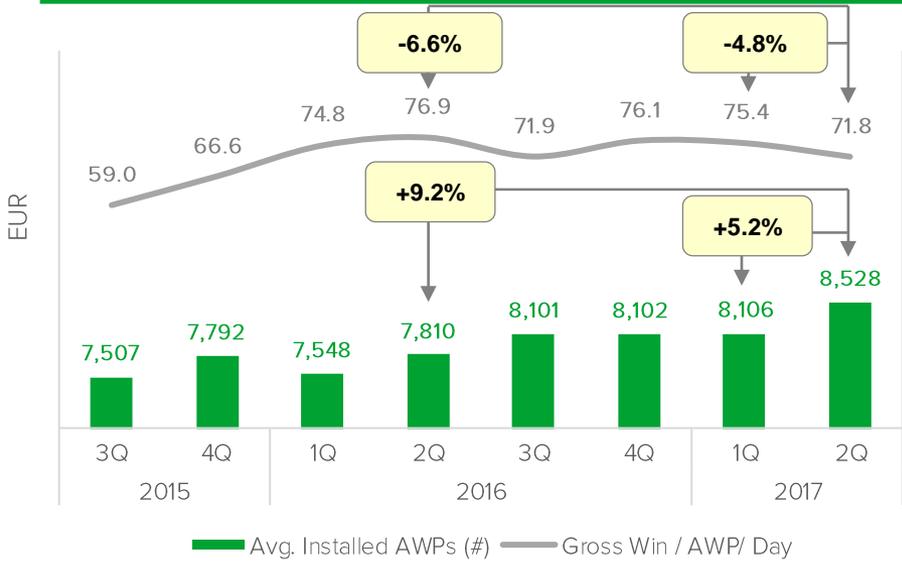
Quarter



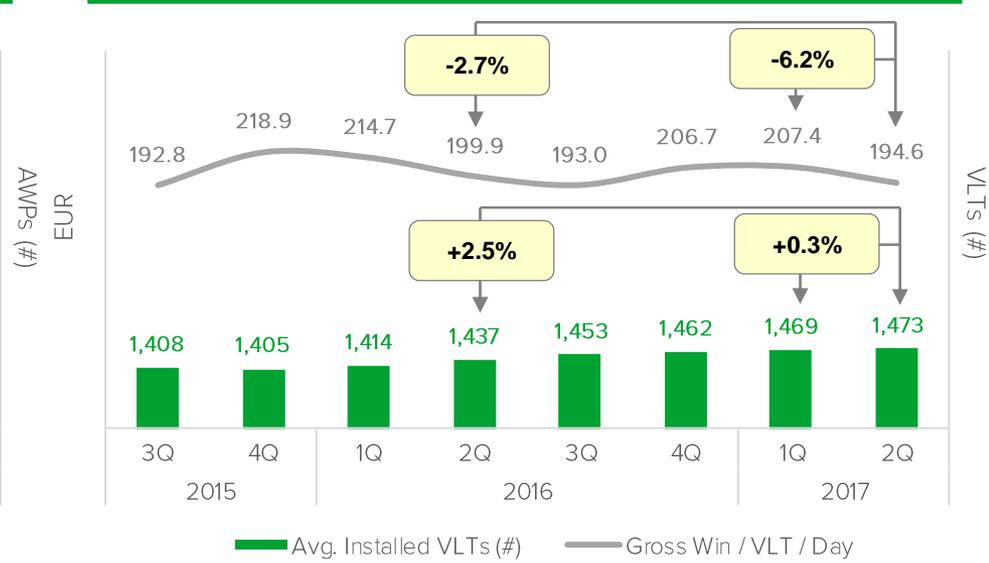
LTM



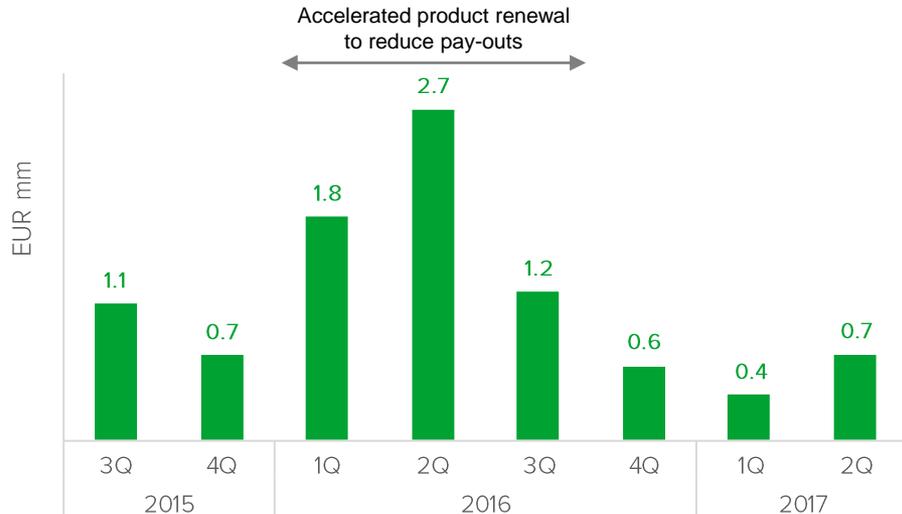
Operating KPIs – AWP



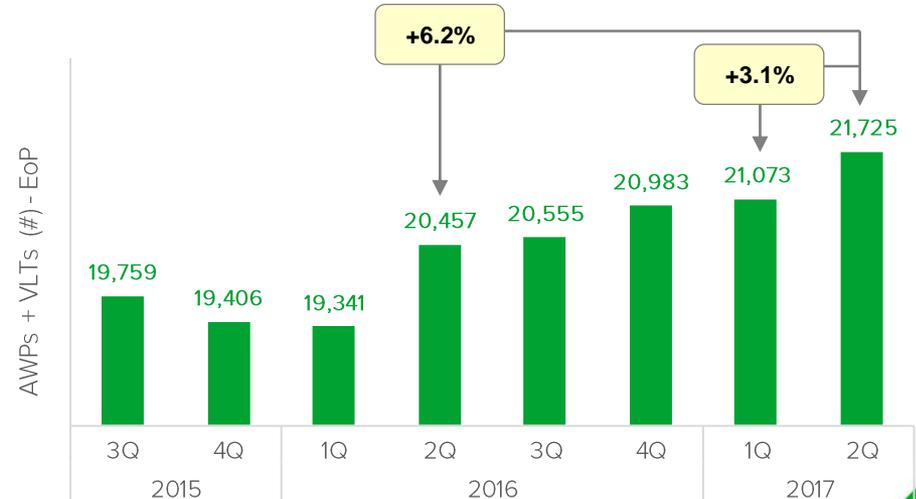
Operating KPIs – VLT



AWP Maintenance Capex



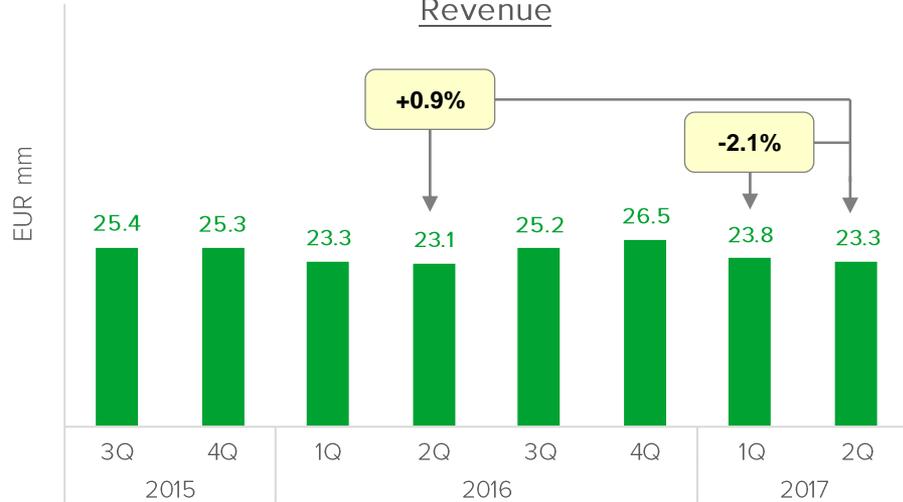
Network Connected Units (AWPs + VLTs)



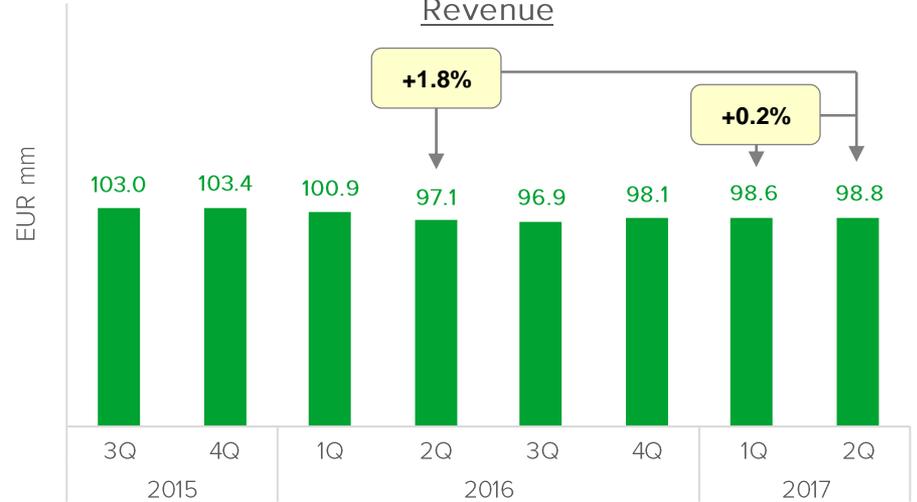
Quarter

LTM

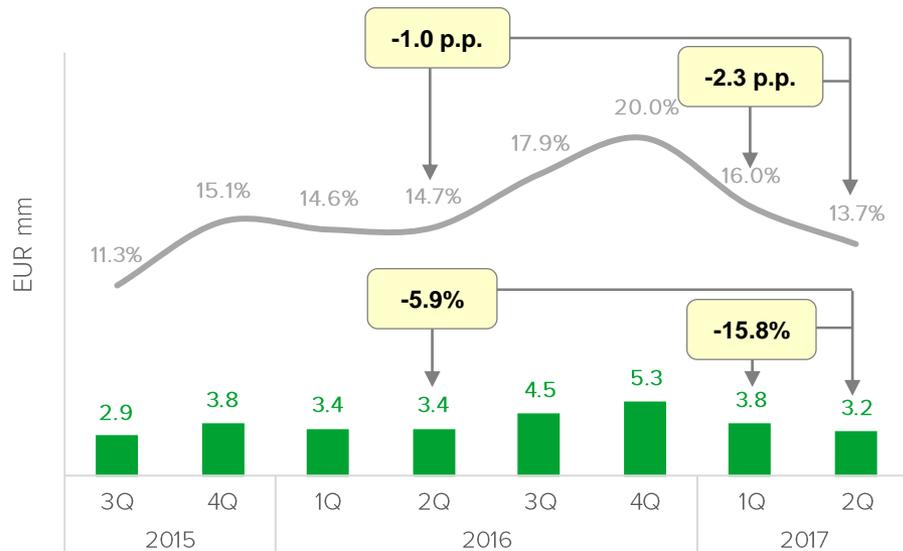
Revenue



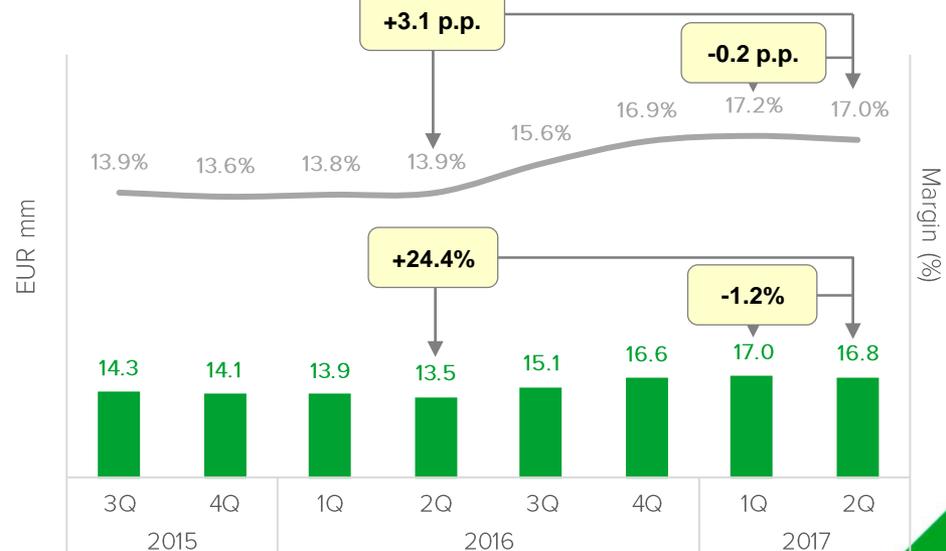
Revenue



Adjusted EBITDA



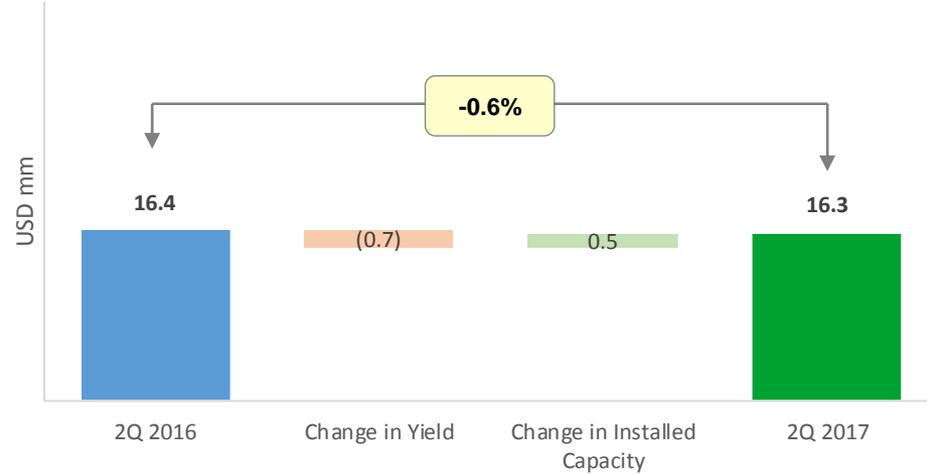
Adjusted EBITDA



Slot Gross Win



Slot Gross Win Bridge



Operating KPIs



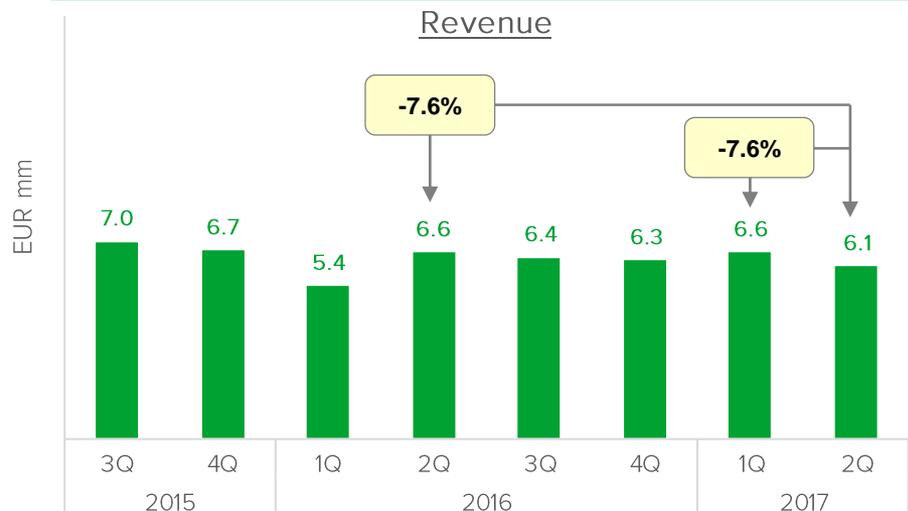
Player Loyalty Club



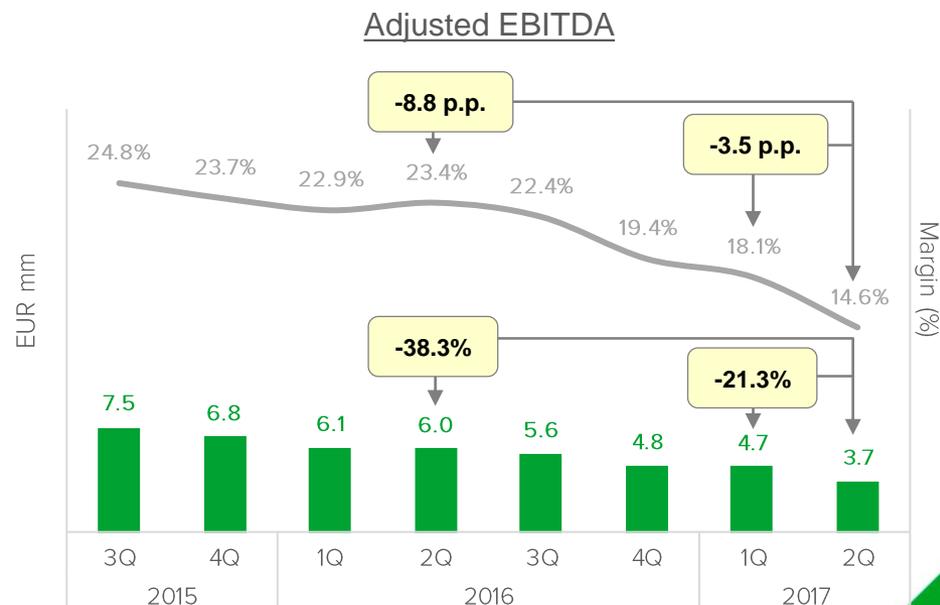
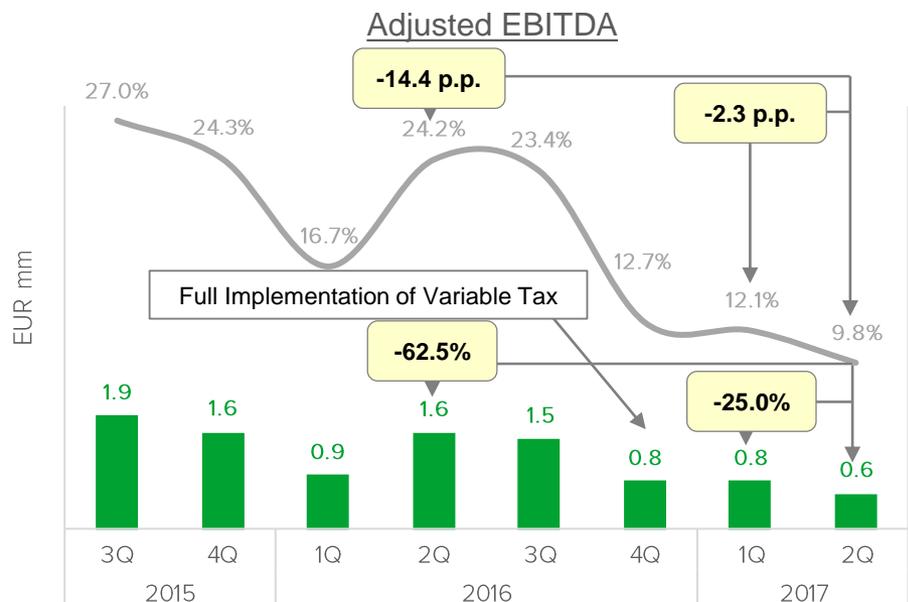
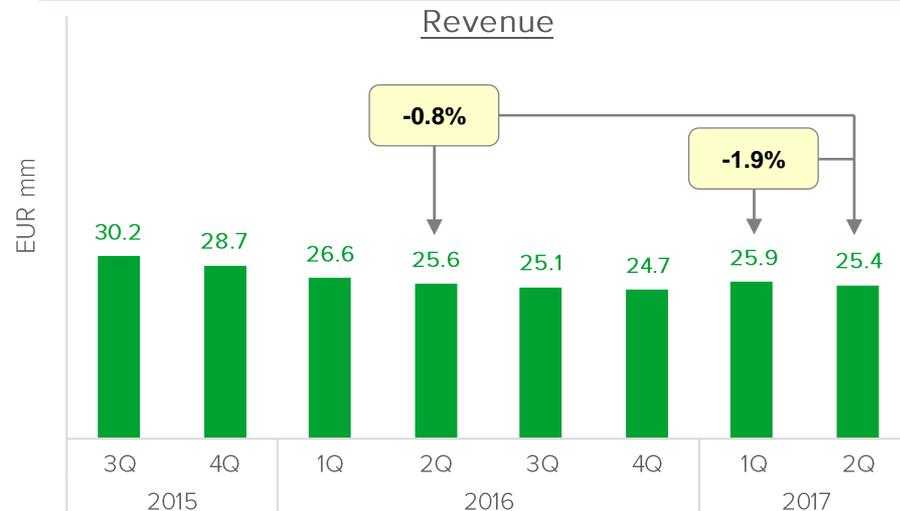
■ Avg. Installed Slots (#)    — Gross Win / Slot / Day

▨ Coin In - Club    ■ Coin In - Total    — % Coin In - Club

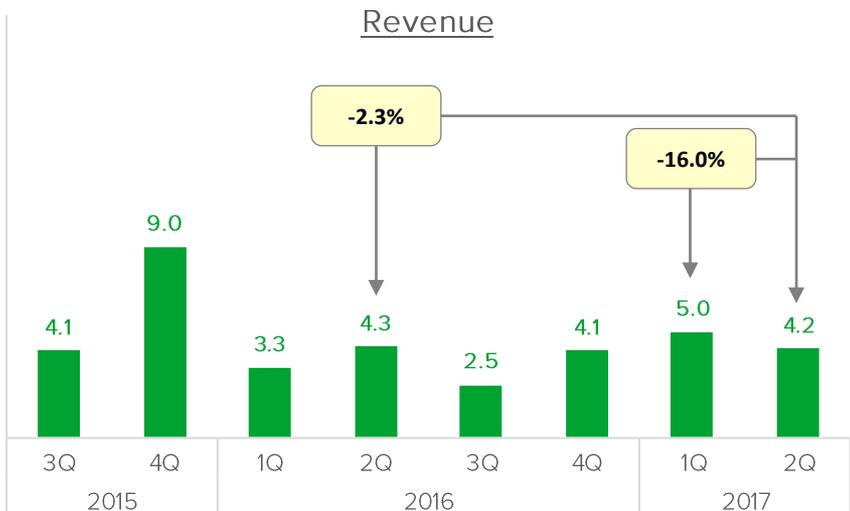
Quarter



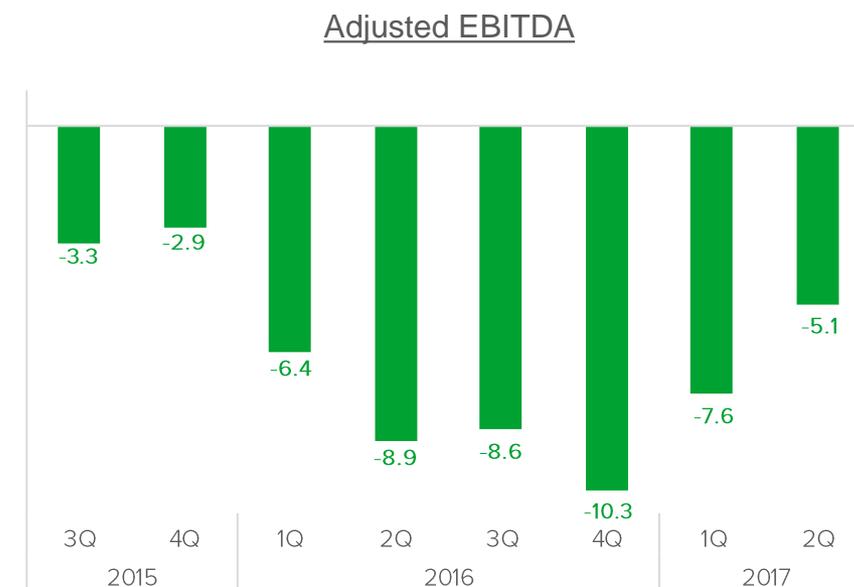
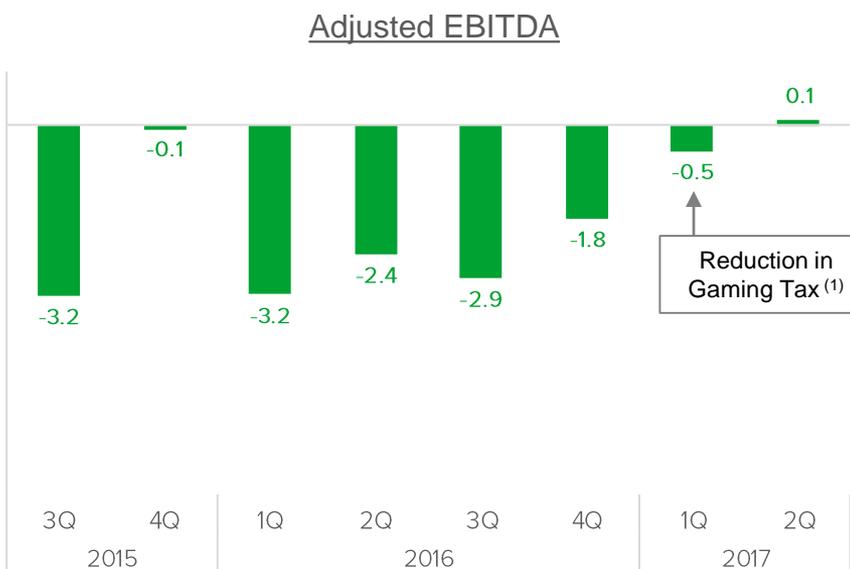
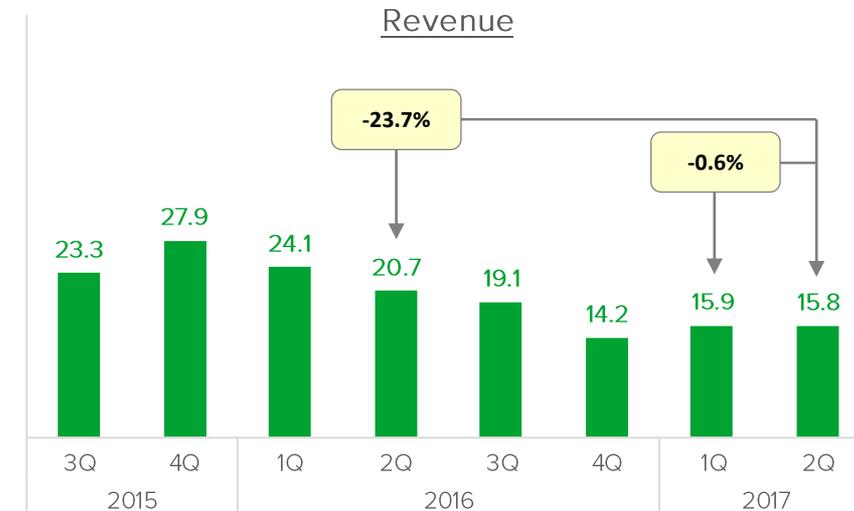
LTM



Quarter



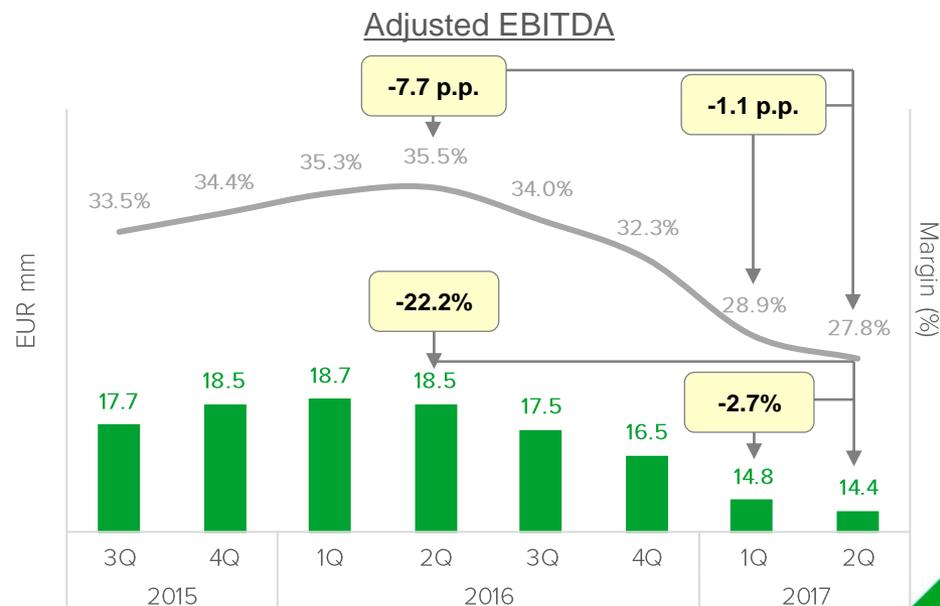
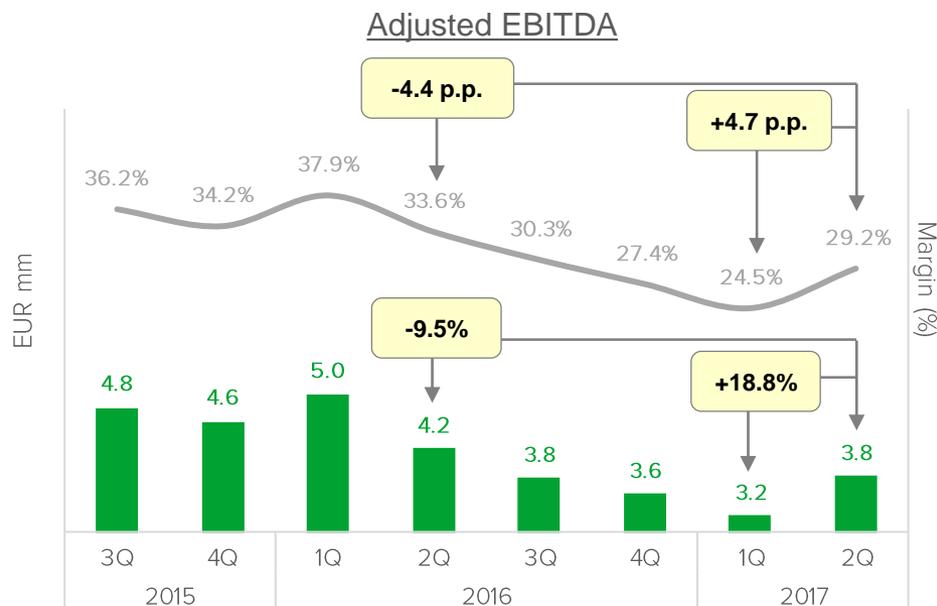
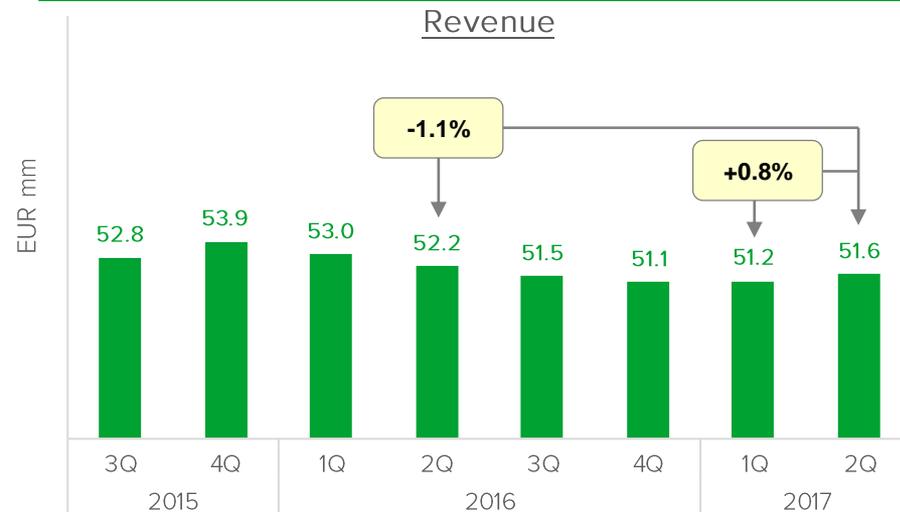
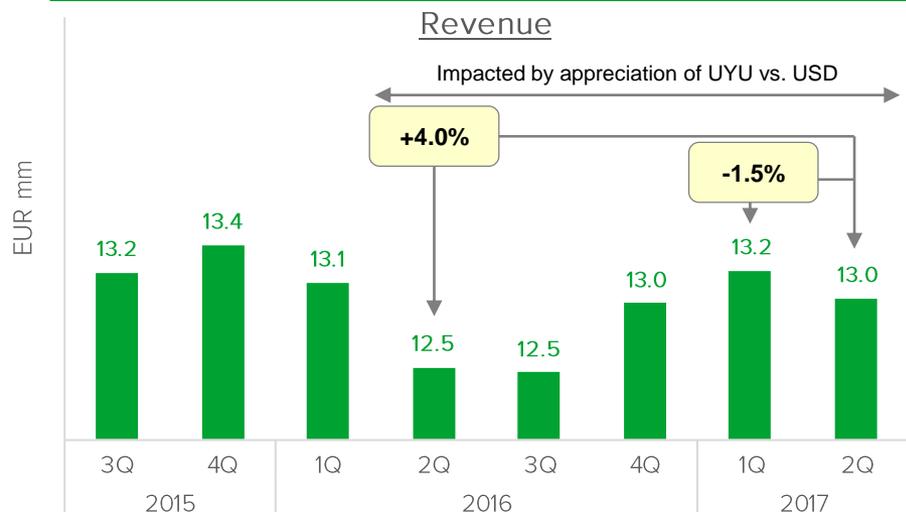
LTM



1) Effective February 13, 2017.

Quarter

LTM



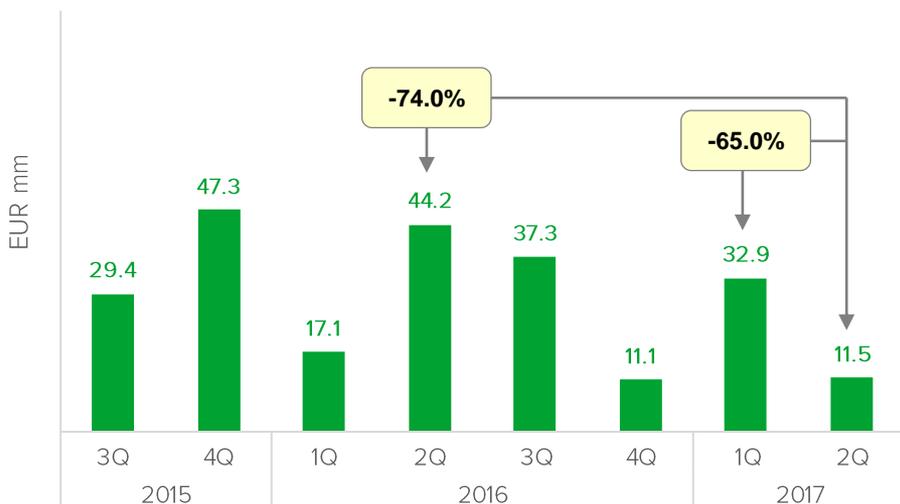
## **2. Credit Overview**

## Consolidated Free Cash Flow (ARS @ Blue Rate) <sup>(1)</sup>

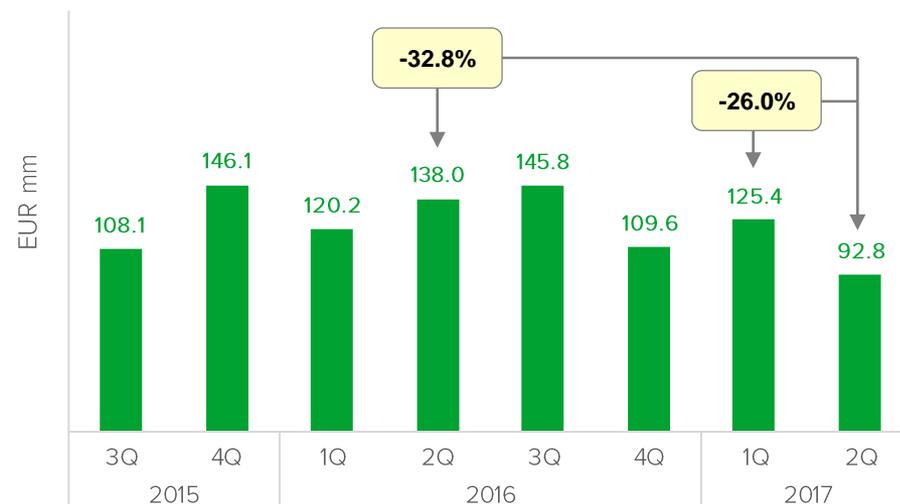
Figures in EUR mm, except where noted otherwise.

	2015		2016				2017	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Adjusted EBITDA <sup>(2)</sup>	63.6	72.2	66.8	65.7	69.2	68.5	68.1	63.5
(-) Corporate Income Tax Paid <sup>(3)</sup>	(8.0)	(8.7)	(8.3)	(18.5)	(12.2)	(10.7)	(12.5)	(30.4)
(-) Maintenance Capex	(11.5)	(13.5)	(22.4)	(23.3)	(15.5)	(20.9)	(15.7)	(16.8)
(-) Increase in Net Working Capital	(10.0)	1.8	(14.6)	21.4	(1.3)	(19.8)	1.0	2.0
FCF before Growth Capex	34.0	51.9	21.4	45.2	40.2	17.1	40.9	18.3
(-) Growth Capex <sup>(4)</sup>	(4.6)	(4.6)	(4.3)	(1.1)	(3.0)	(6.0)	(7.9)	(6.8)
FCF	29.4	47.3	17.1	44.2	37.3	11.1	32.9	11.5

### Quarter



### LTM



1) Consolidated free cash flow, as defined herein, reflects consolidated adjusted EBITDA less i) corporate income taxes paid, ii) total capital expenditures and iii) increases in net working capital.

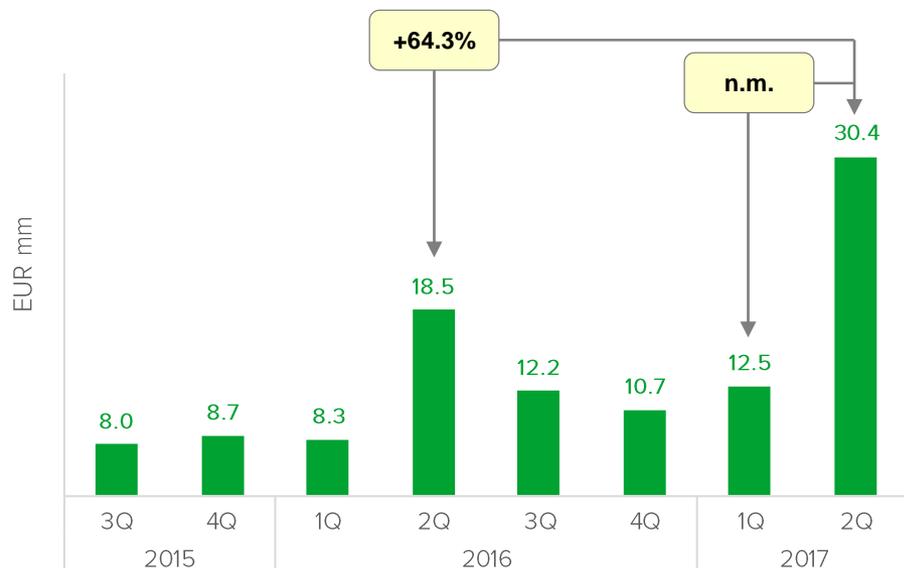
2) Figures include a positive adjustment of €2.5 mm which reflects our estimate of the negative impact in 4Q 2016 from 3 days of labor strikes (hall closures) in Argentina.

3) Figure for 4Q 2016 includes €1.0 mm in additional CIT paid related to the €2.5 mm EBITDA adjustment in Argentina (@ 41.5% CIT rate).

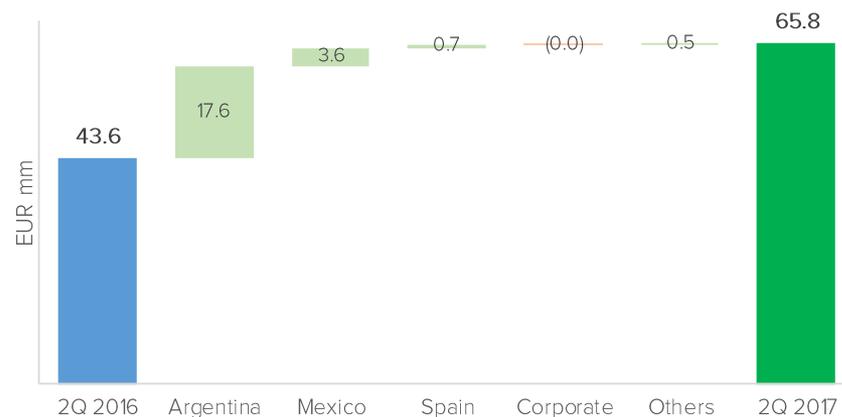
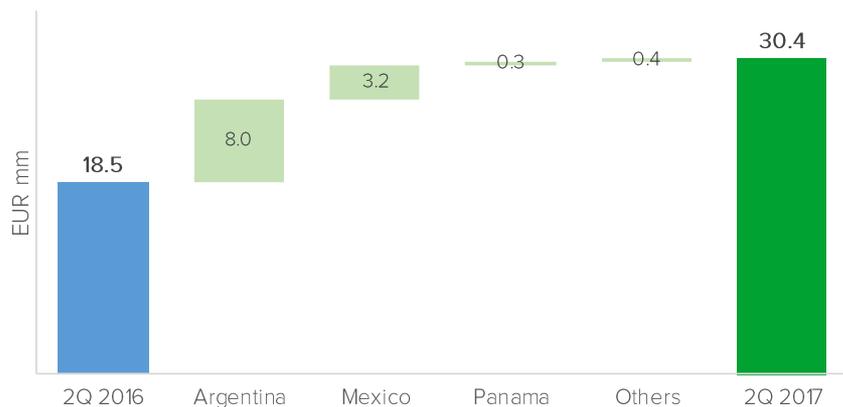
4) Figure for 4Q 2016 excludes €31 mm purchase of 50% of HRU and for 1Q 2017 excludes €24.5 mm purchase of 32.7% of Codere Caliente.

# Corporate Income Taxes Paid (ARS @ Blue Rate) <sup>(1)</sup>

## Quarter



## LTM



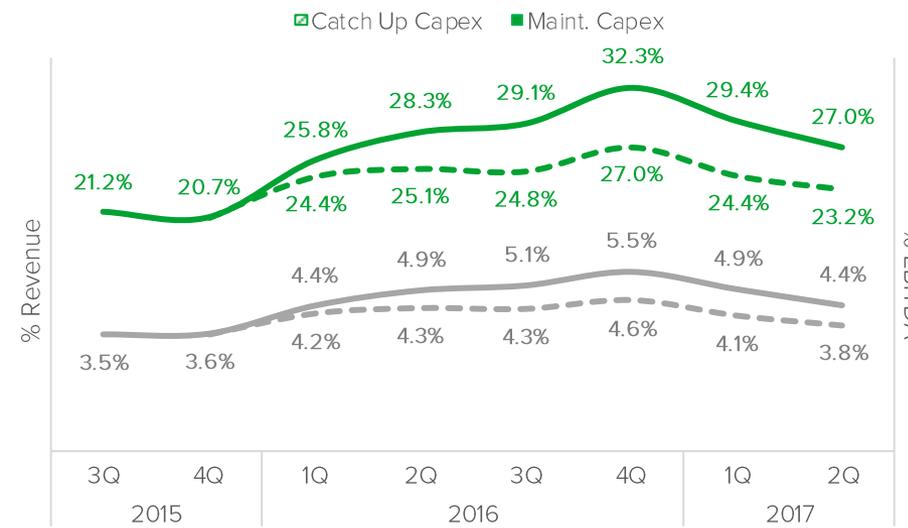
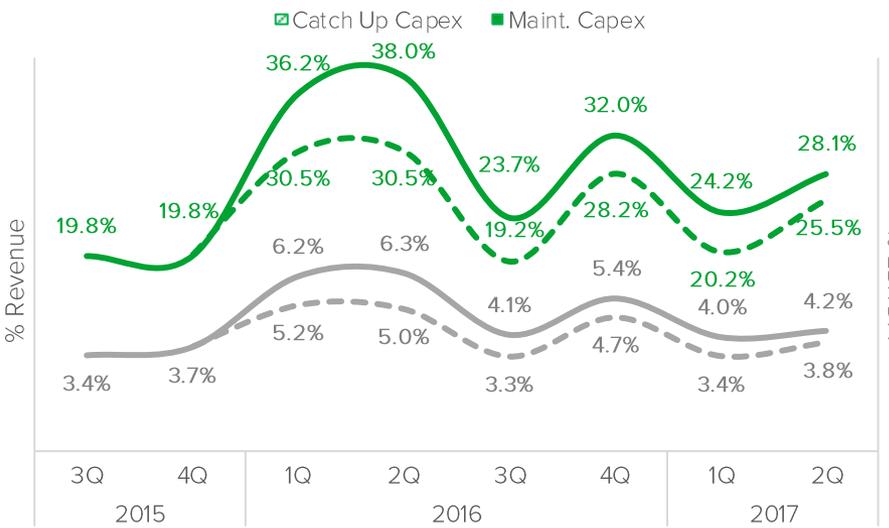
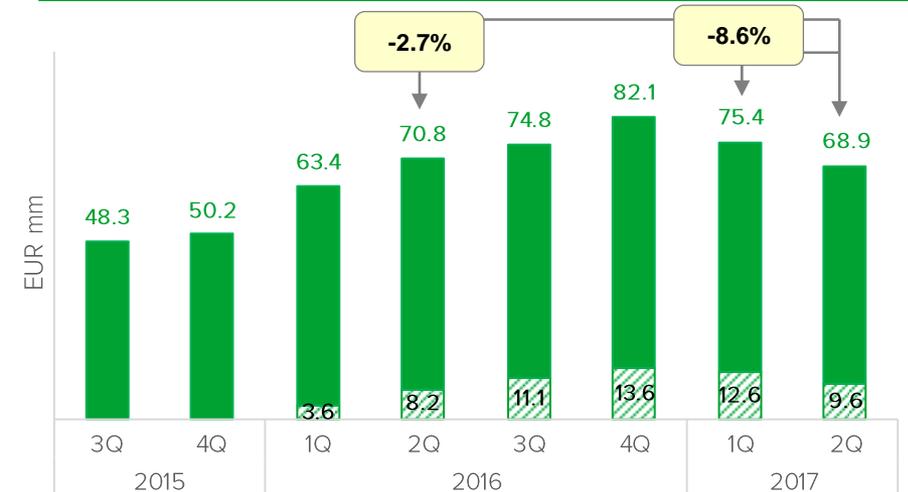
1) Figure for 4Q 2016 includes €1.0 mm in addition to CIT paid related to the €2.5 mm EBITDA adjustment in Argentina (@ 41.5% CIT rate).

# Maintenance Capital Expenditures (ARS @ Blue Rate)

## Quarter



## LTM

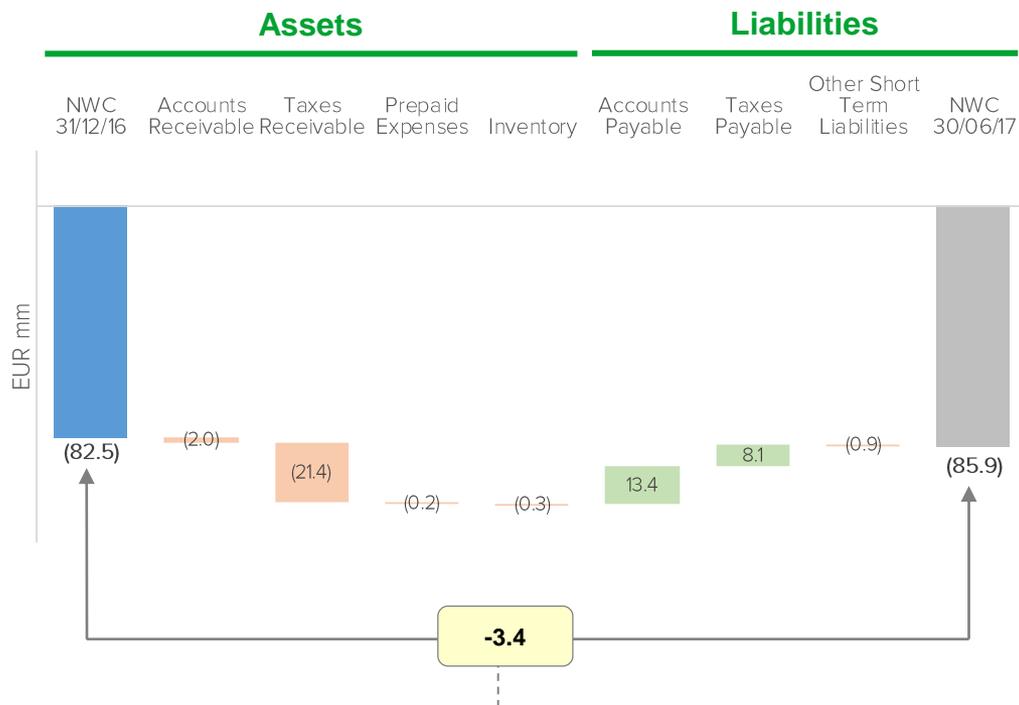


— % Cons. Revenue  
- - - % Cons. Revenue (excl. Catch Up)  
— % Cons. Adj. EBITDA  
- - - % Cons. Adj. EBITDA (excl. Catch Up)

— % Cons. Revenue  
- - - % Cons. Revenue (excl. Catch Up)  
— % Cons. Adj. EBITDA  
- - - % Cons. Adj. EBITDA (excl. Catch Up)

# Change in Net Working Capital

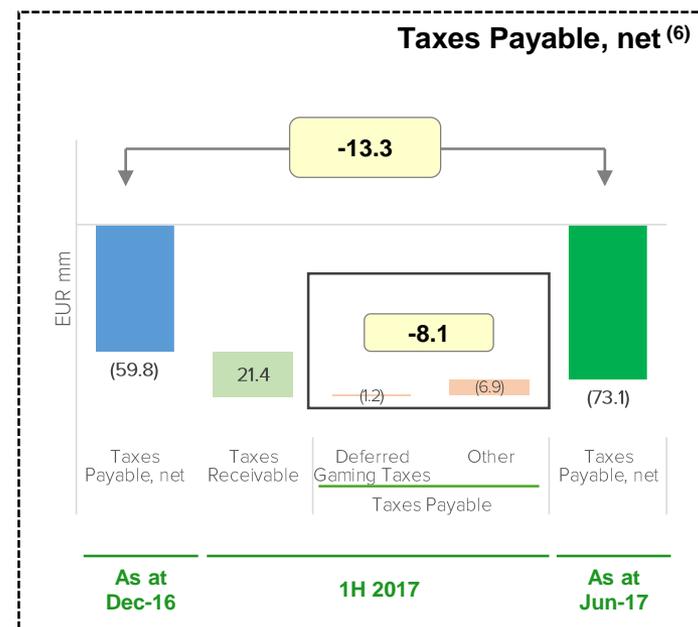
## Balance Sheet



## Cash Flow Statement

### Non-Cash

FX Impact (P&L) (1)	FX Impact (BS) (2)	Other Expenses	Deferred Gaming Taxes (3)	Other Adj. (4)	CFO Impact (5)
-0.7	3.0	(3.8)	(0.8)	-0.6	3.1

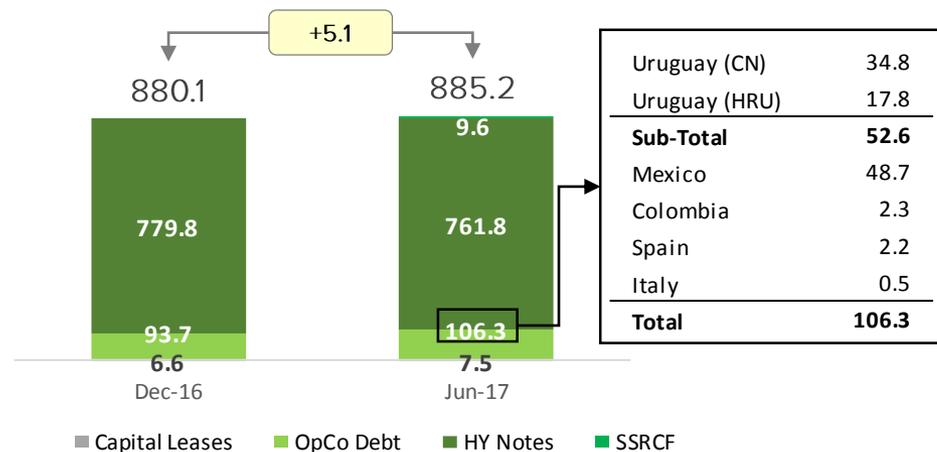


- 1) Figure reflects the non-cash portion of income statement exchange gains (losses).
- 2) Figure reflects the non-cash impact on shareholders equity of exchange rate fluctuations upon consolidation (ie. conversion of local accounts to EUR).
- 3) Figure reflects variation between management reporting of NWC and accounting (cash flow statement) presentation related to authorized deferred gaming taxes in Spain.
- 4) Figure reflects other adjustments to reconcile BS evolution with CFS.
- 5) Figure reflects total cash impact on cash flow from operation.
- 6) Figure reflects taxes payable net of taxes receivable.

# Credit Profile <sup>(1)</sup>

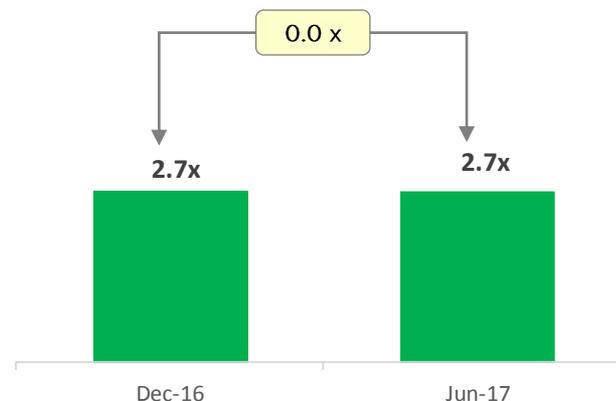
Figures in EUR mm, except where noted otherwise.

## Total Debt <sup>(2)</sup>

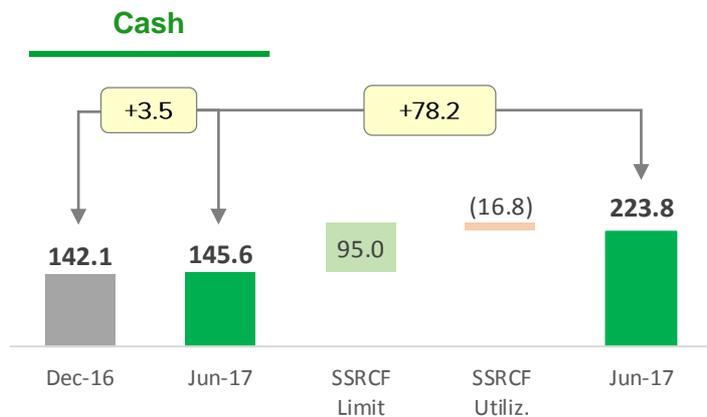


## Leverage Ratio

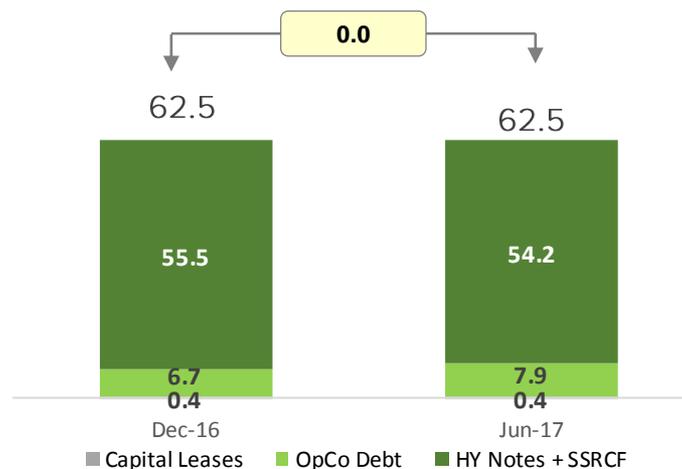
(Net Debt <sup>(3)</sup> / LTM Adjusted EBITDA)



## Total Liquidity



## Interest Expense <sup>(4)</sup>

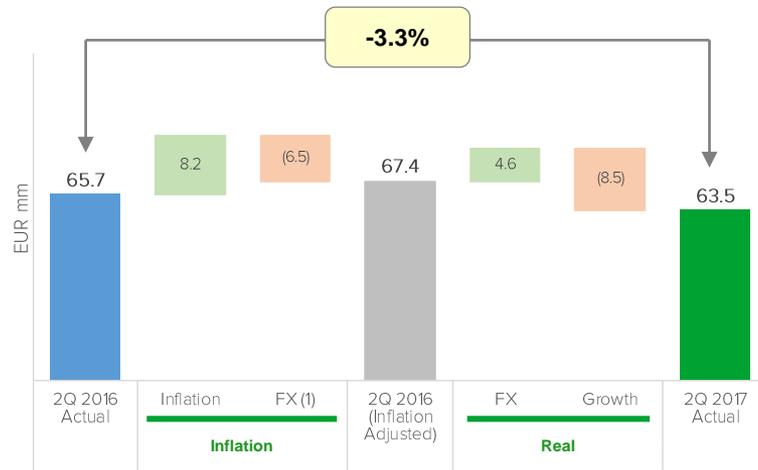


1) Figures reflect consolidated accounts, except where noted otherwise.  
 2) Figures include accrued interest and impact of deferred financing fees.  
 3) As per corporate financing documents, figures reflect total outstanding principal amounts net of cash and cash equivalents.  
 4) Figures based on end of period financial debt outstanding and interest rates; excludes fees on unused revolver availability and amortization of deferred financing fees.

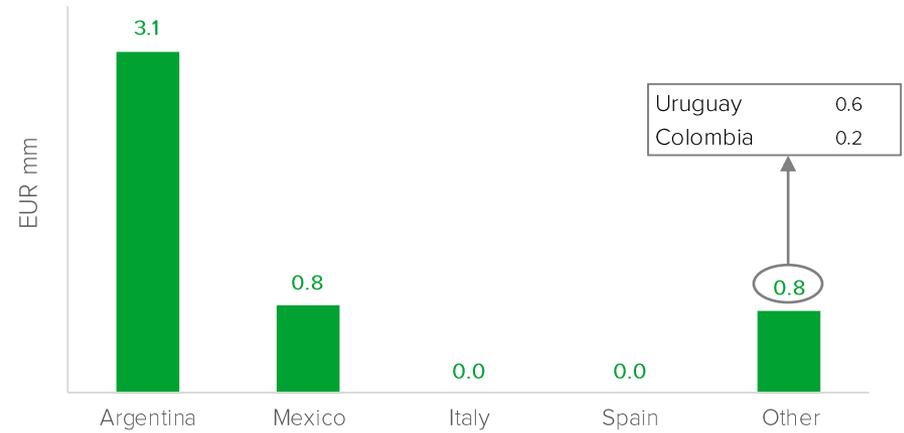
## **3. Company Outlook**

## 2Q 2017 Total Adjusted EBITDA – Revisited

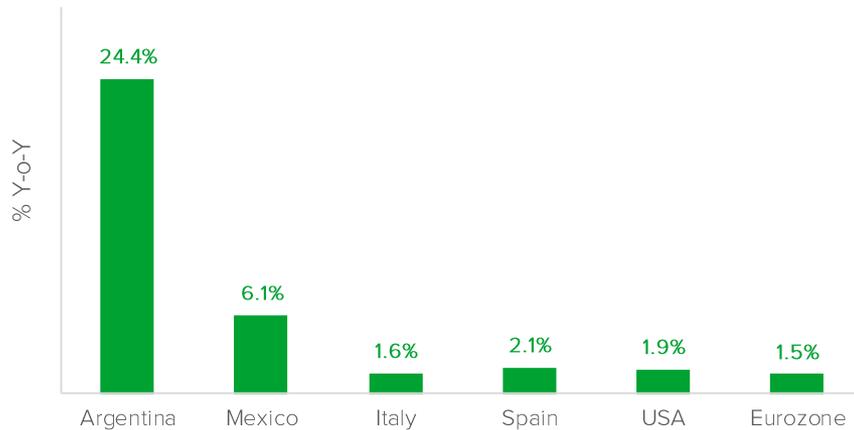
### 2Q 2017 Total Adjusted EBITDA



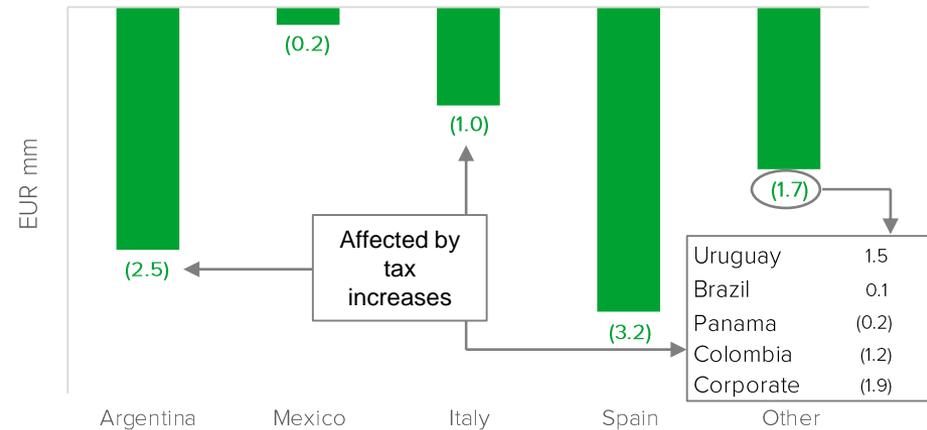
### Real FX Impact



### 2Q 2017 Inflation (Y-o-Y) (2)



### Real Growth

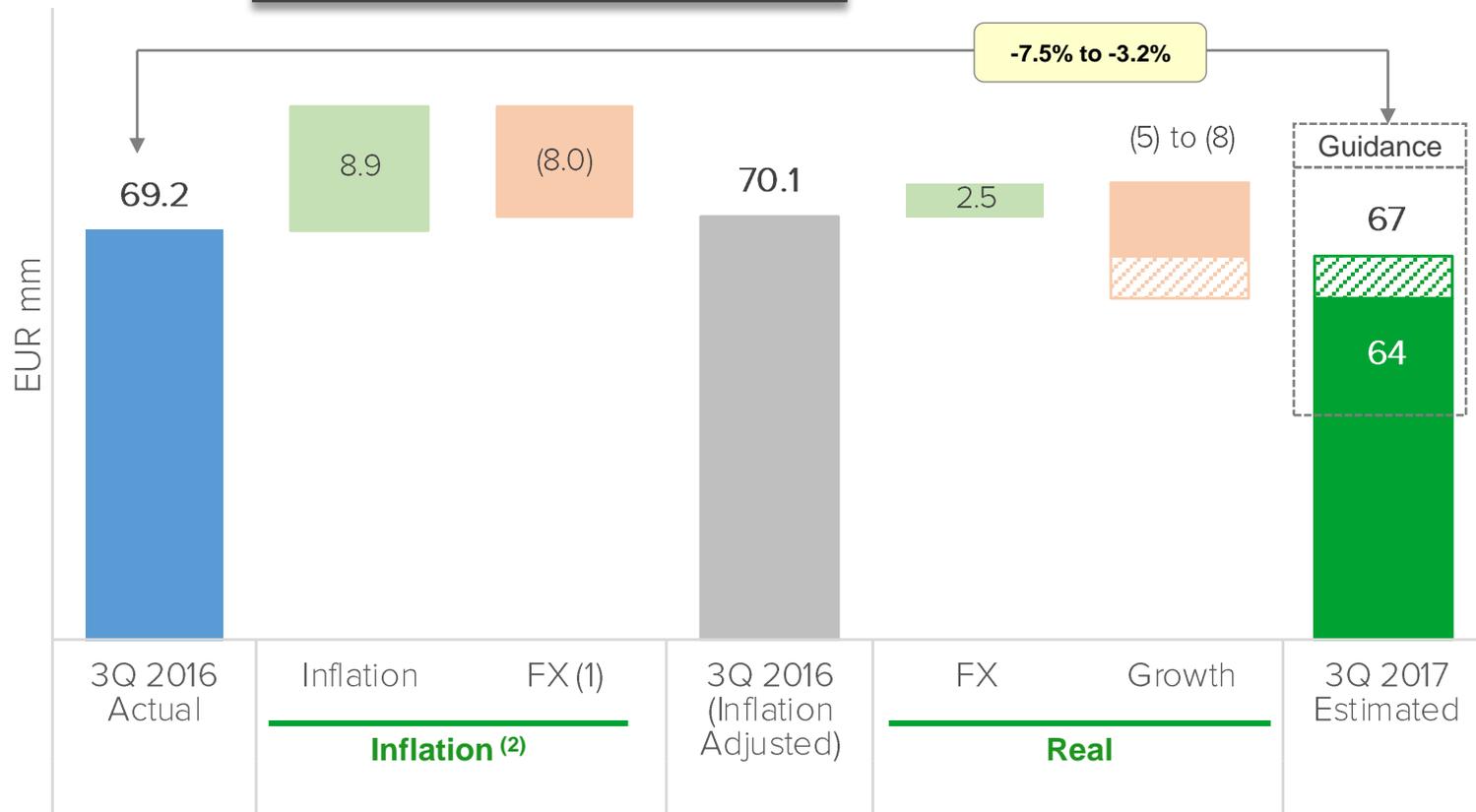


1) Figure reflects theoretical FX impact based on inflation differentials (i.e. pursuant to purchasing power parity theory).  
 2) Figures based on publicly available government data.

# 3Q 2017 Total Adjusted EBITDA Guidance

Avg. Exchange Rates

	Estimated	Chg. versus	
	3Q 2017	3Q 2016	2Q 2017
EUR/ARS	20.95	25.4%	20.4%
EUR/MXN	21.02	0.4%	2.6%
EUR/USD	1.18	5.6%	7.1%

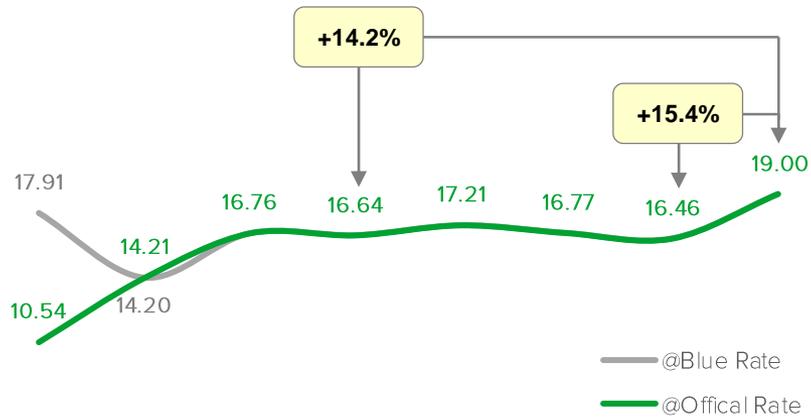


1) Figure reflects theoretical FX impact based on inflation differentials (i.e. pursuant to purchasing power parity theory).  
 2) Figures based on consensus estimates for 3Q 2017 average inflation (source: Bloomberg) as at September 6, 2017.

# 4. Appendix

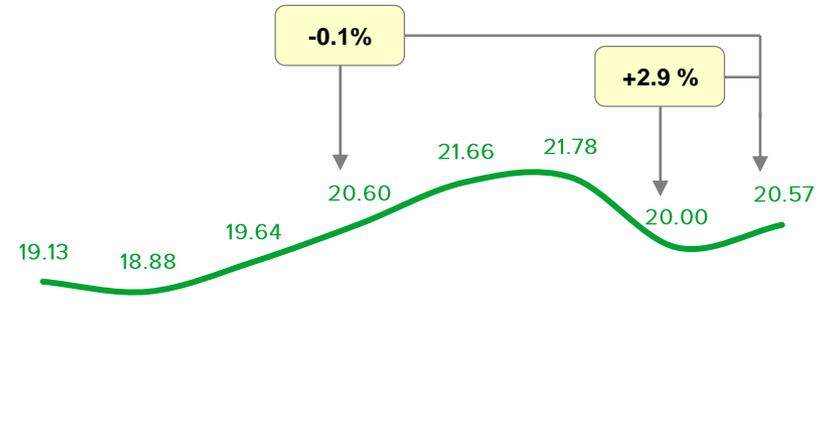
## Exchange Rate Evolution (End of Period)

### EUR / ARS



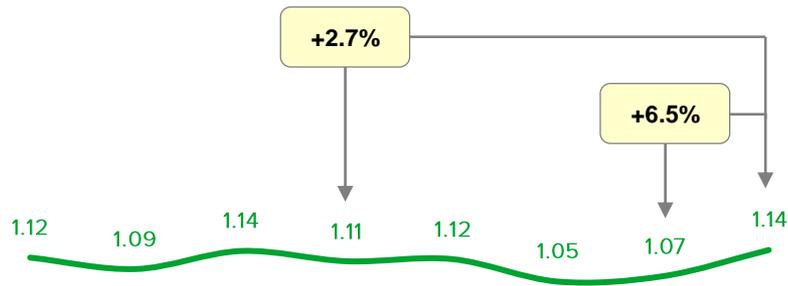
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2015		2016				2017	

### EUR / MXN



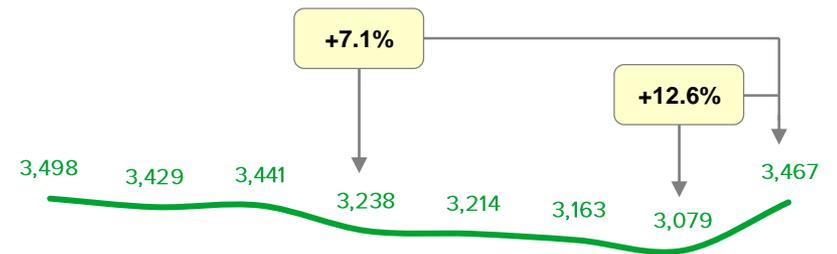
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2015		2016				2017	

### EUR / USD



3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2015		2016				2017	

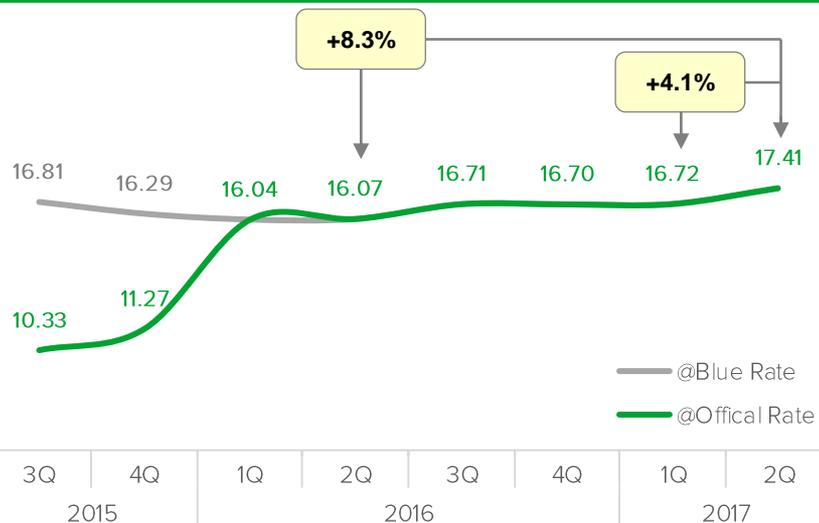
### EUR / COP



3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
2015		2016				2017	

## Exchange Rate Evolution (Period Average)

### EUR / ARS



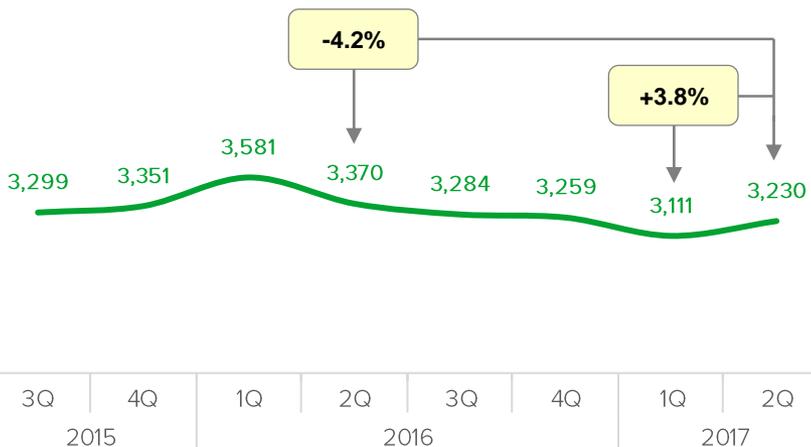
### EUR / MXN



### EUR / USD

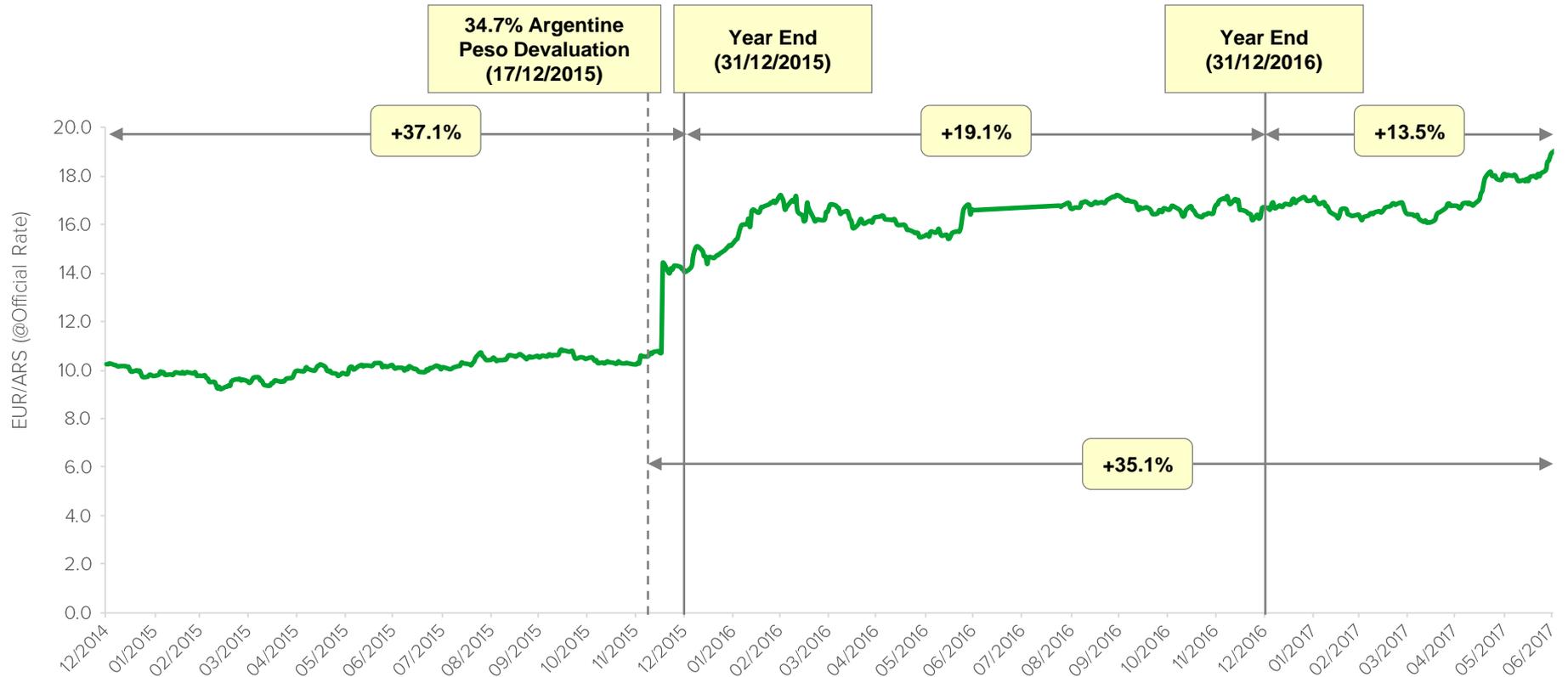


### EUR / COP



## Argentine Peso Devaluation (through June 30, 2017)

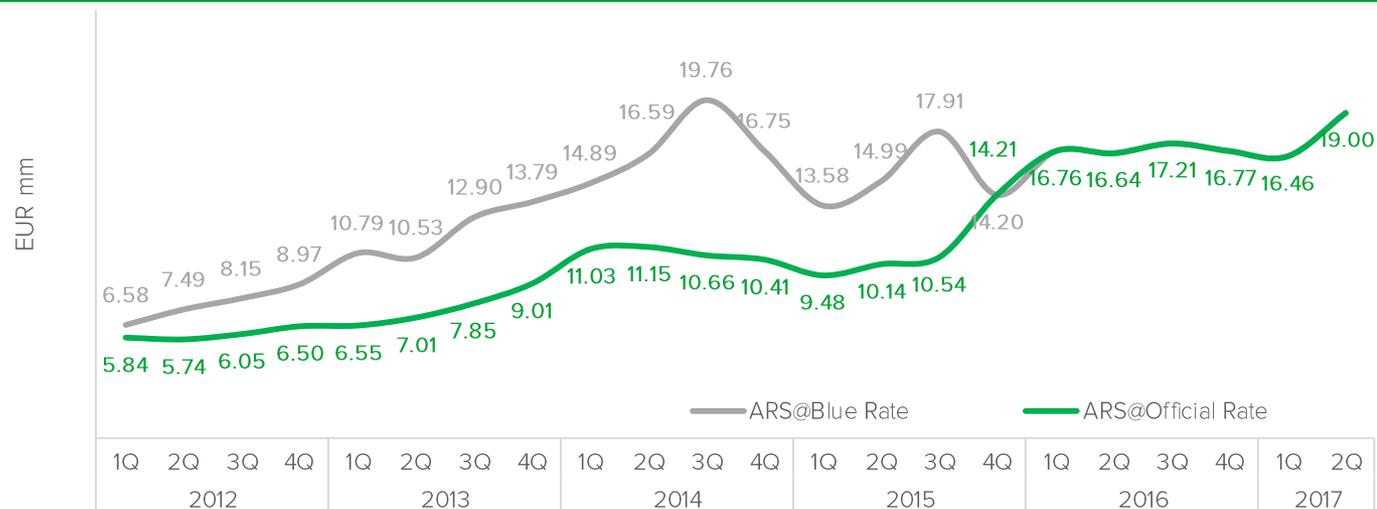
On December 17, 2015, the Argentine Government lifted currency controls (thereby allowing the ARS to trade freely) which resulted in a 34.7% devaluation against the EUR.



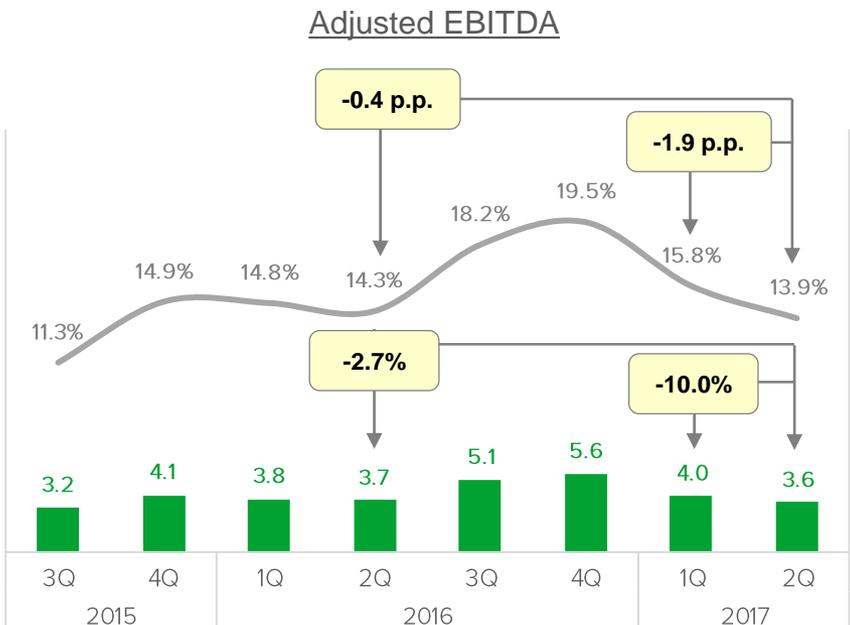
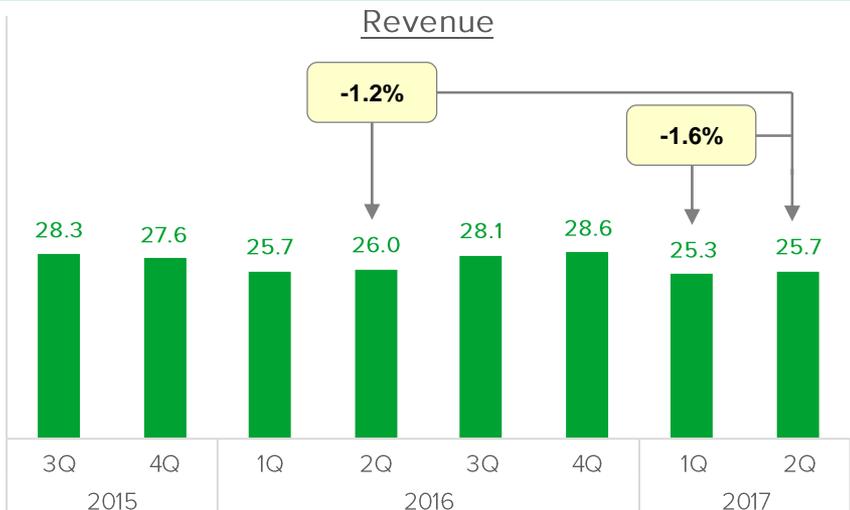
## ARS Blue Rate (Argentina)

- In October 2011, in response to the negative macroeconomic situation of Argentina and resultant capital flight, the government introduced foreign exchange (“capital”) controls.
- This weak economic environment eventually led to runaway inflation which both reduced Argentine citizen purchasing power and demand for local savings.
- Due to the capital controls in place, these individuals were unable to move their savings to hard currency safe havens (e.g. USD), at least not at official exchange rates, which led to the emergence of an unofficial foreign currency market (to satisfy this demand to shift savings out of ARS and into, for example, USD).
- The rate at which the USD traded versus the ARS in this unofficial rate was referred to as the USD Blue Rate.
- For multi-national companies with operations in Argentina, the primary channel utilized to upstream cash during this period was through the purchase of Argentine sovereign bonds in ARS followed by, after meeting minimum hold period requirements, the sale of these bonds in USD (incurring a cost approximately equal to the difference between the ARS Official Rate and ARS Blue Rate, or a similar alternate effective rate).
- On December 17, 2015, following the election of a new national government in Argentina, the foreign exchange controls were lifted, resulting in a 36% devaluation in the USD/ARS exchange rate.

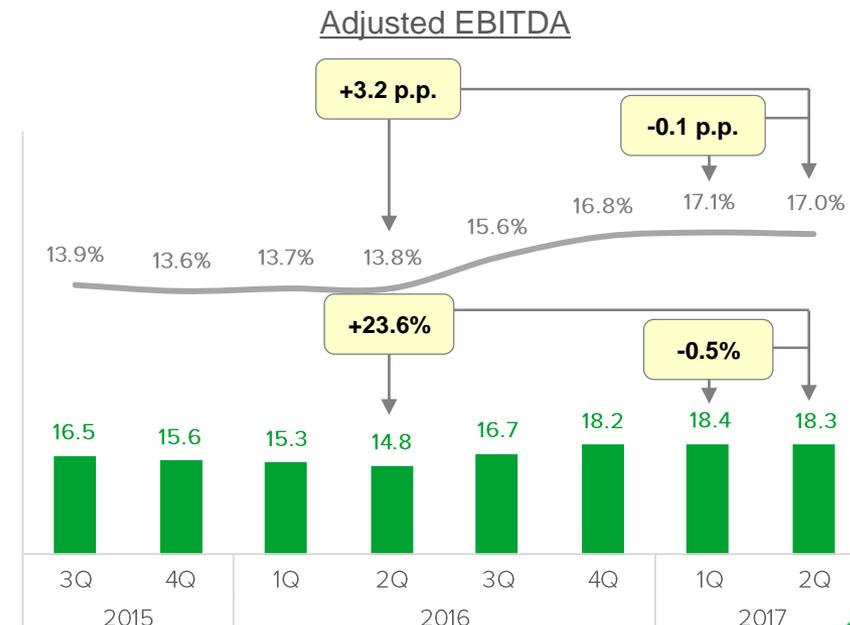
### EUR / ARS Blue Exchange Rate (End of Period)



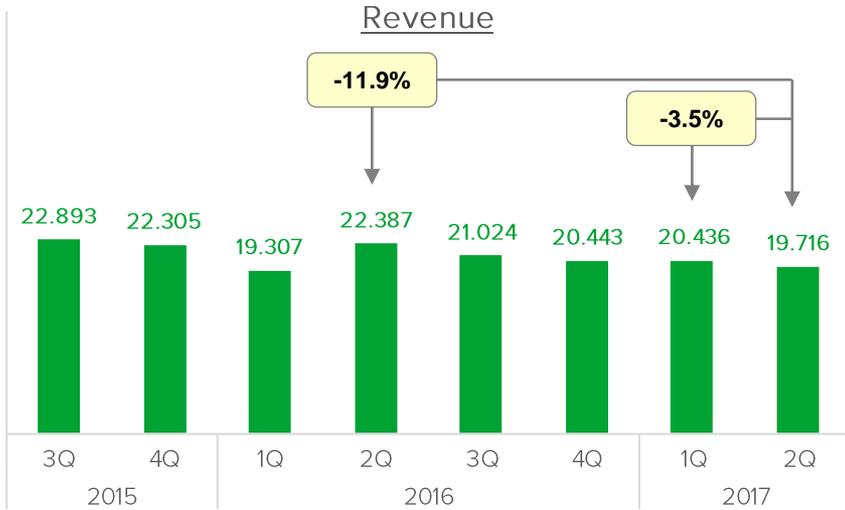
Quarter



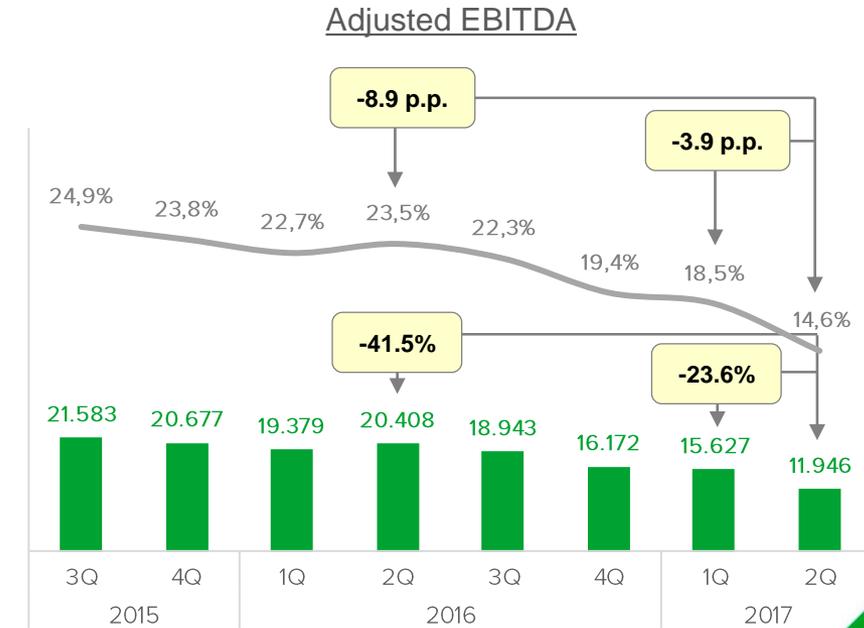
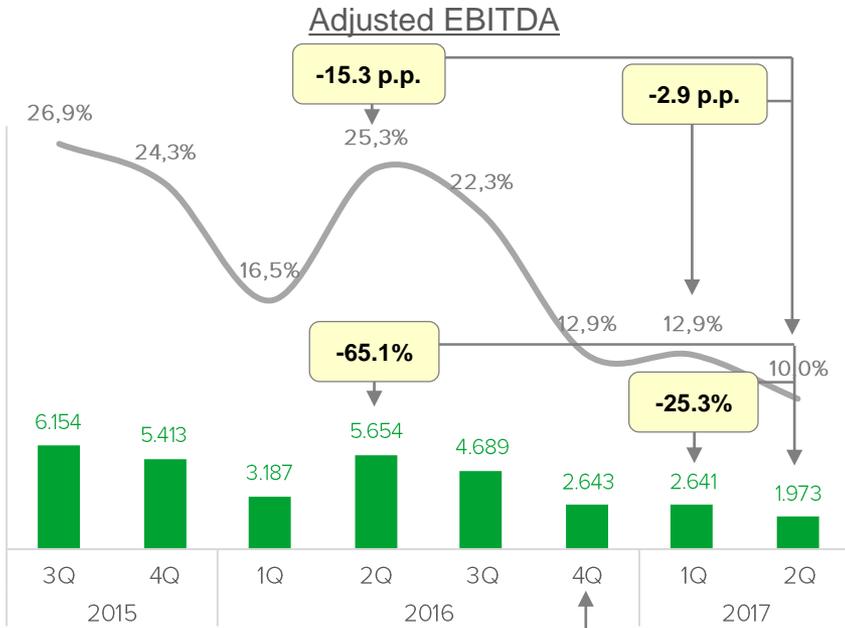
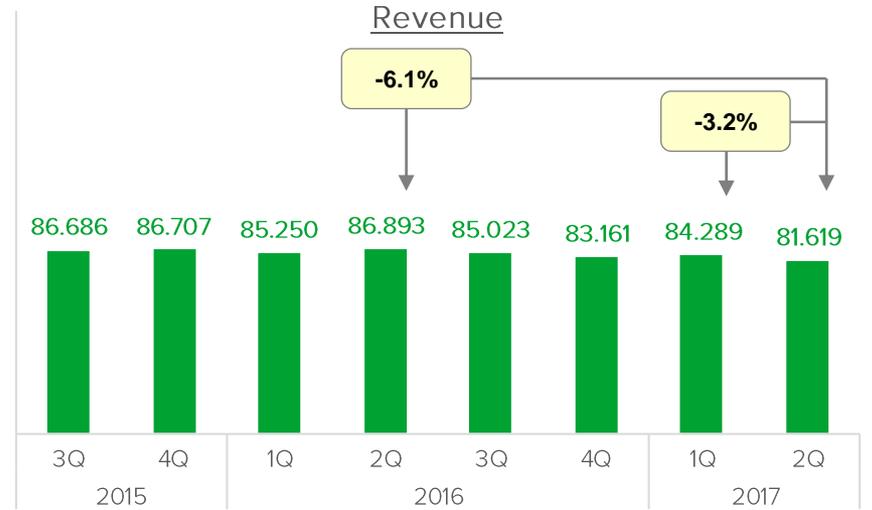
LTM



Quarter



LTM

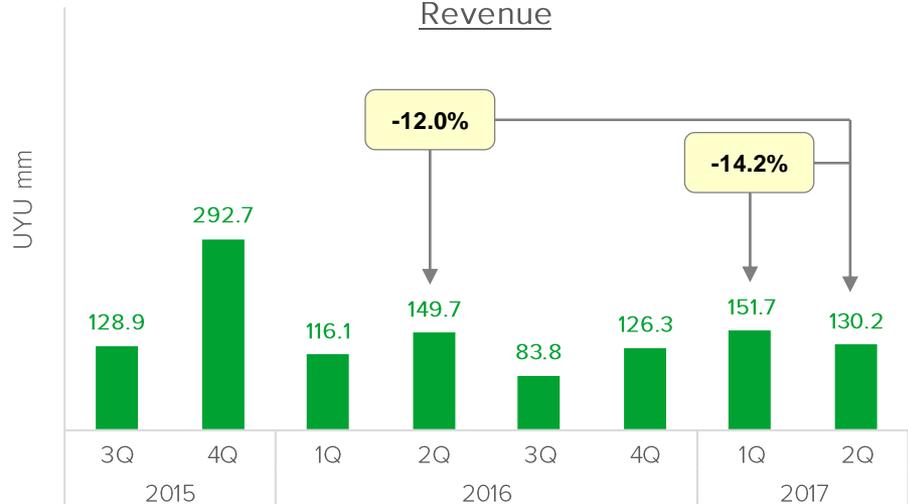


Full implementation of variable tax

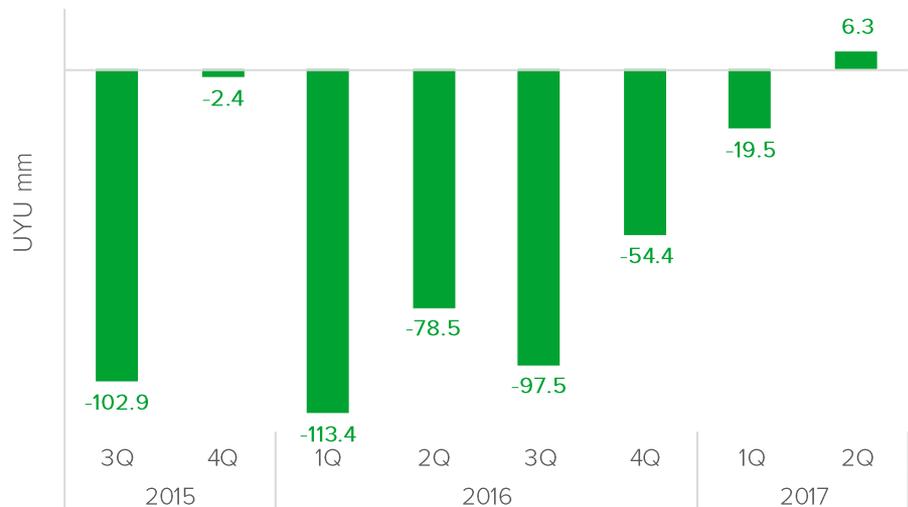
# Uruguay – Carrasco Nobile (Local Currency)

## Quarter

Revenue

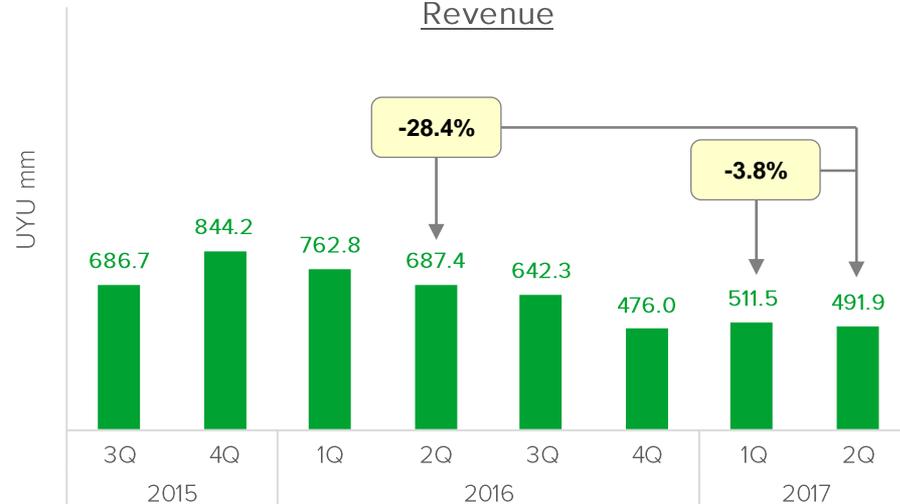


Adjusted EBITDA

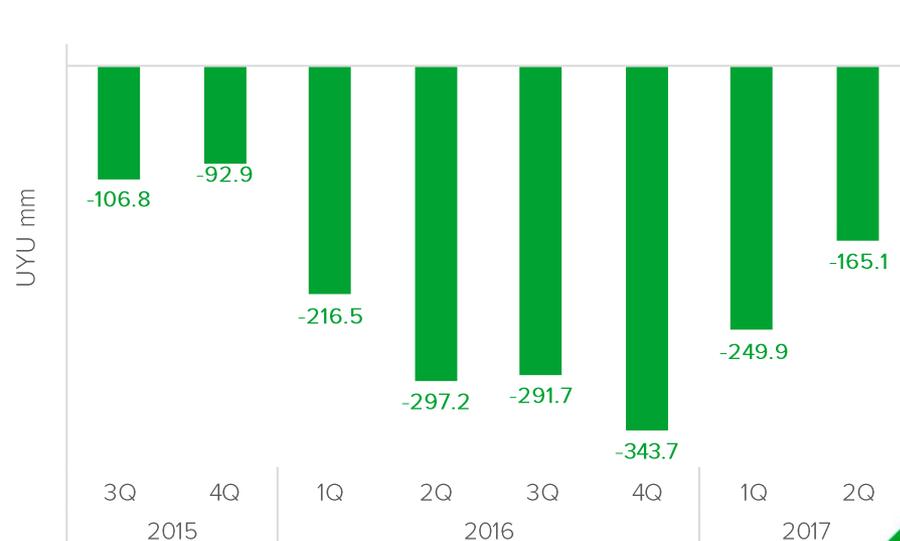


## LTM

Revenue

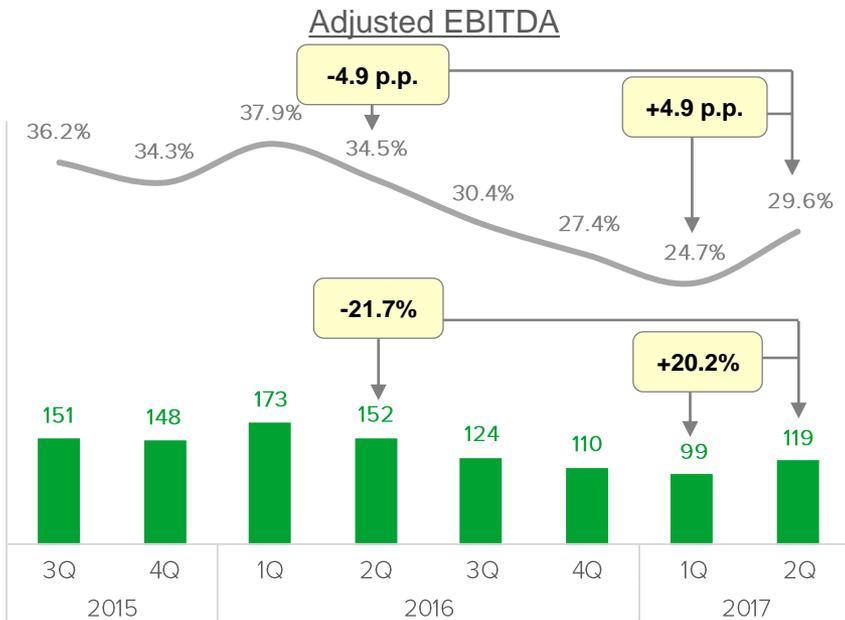
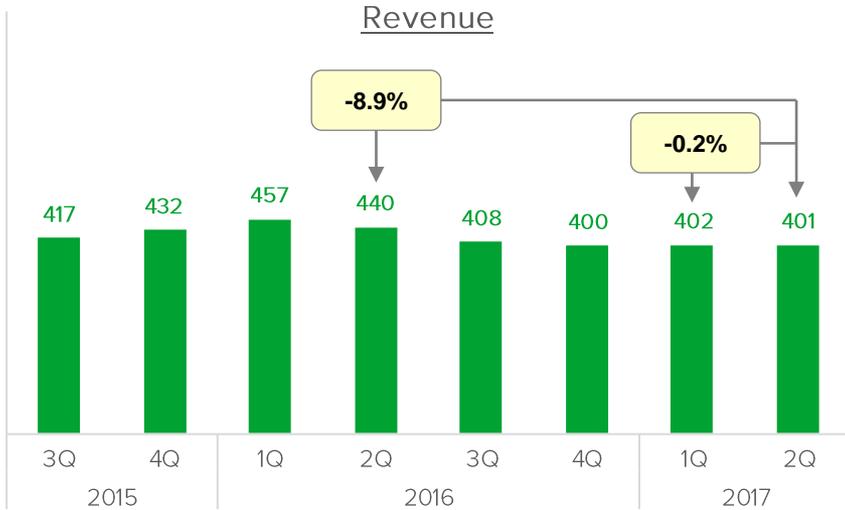


Adjusted EBITDA

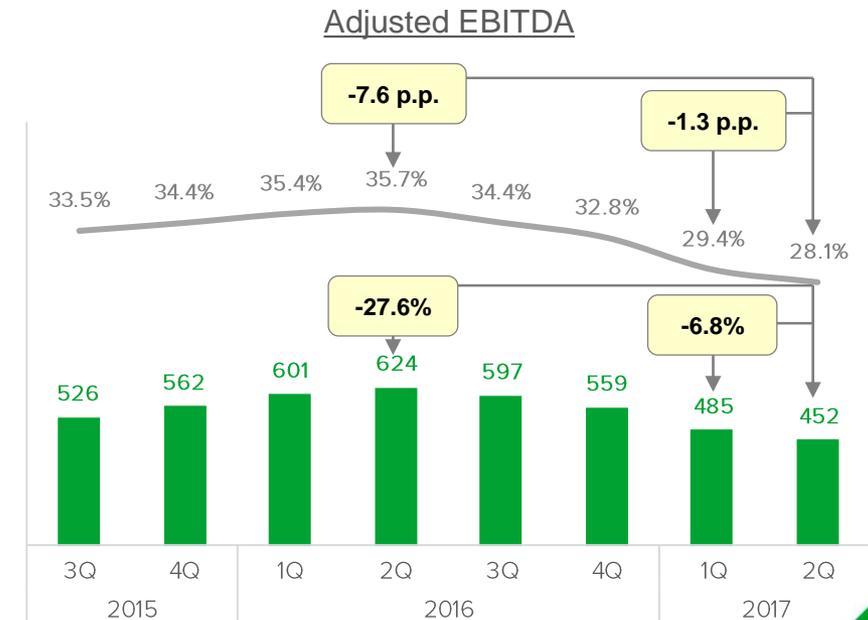
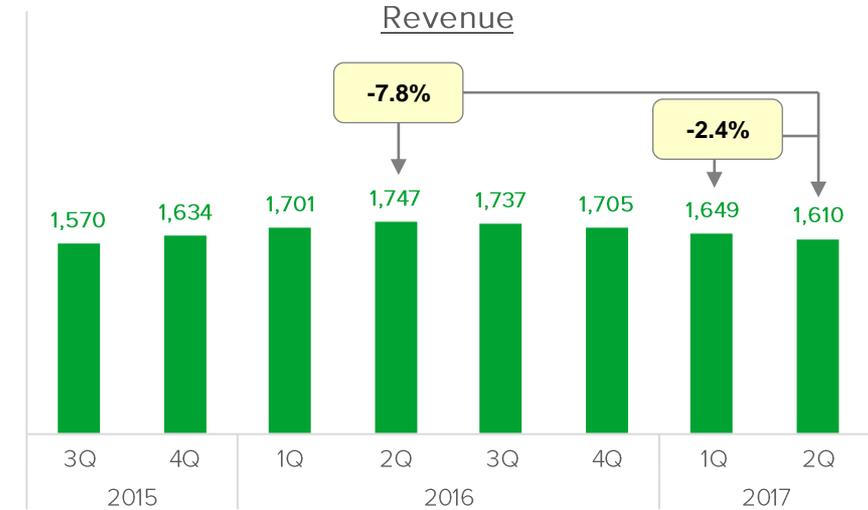


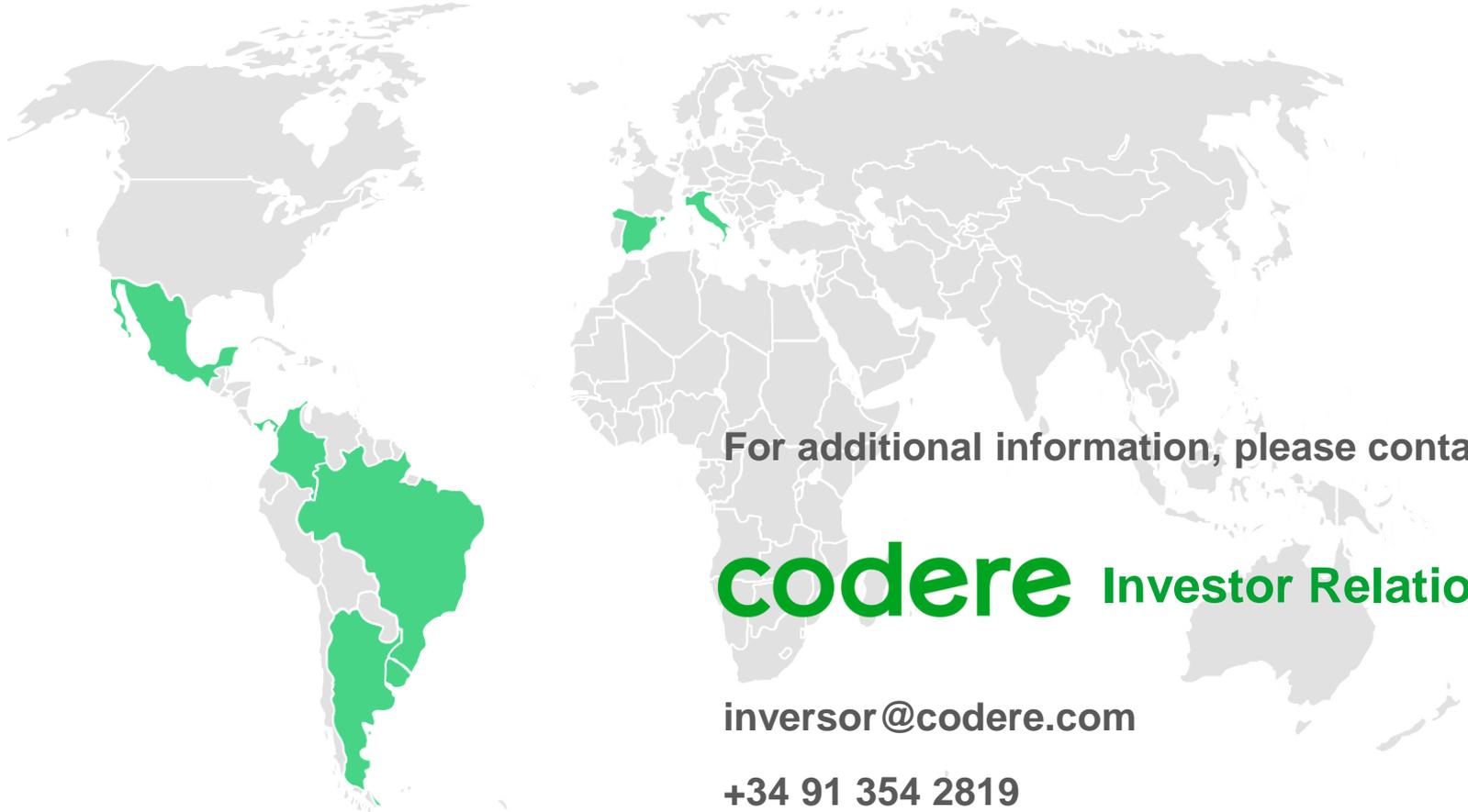
# Uruguay – HRU (Local Currency)

## Quarter



## LTM





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[inversor@codere.com](mailto:inversor@codere.com)

+34 91 354 2819