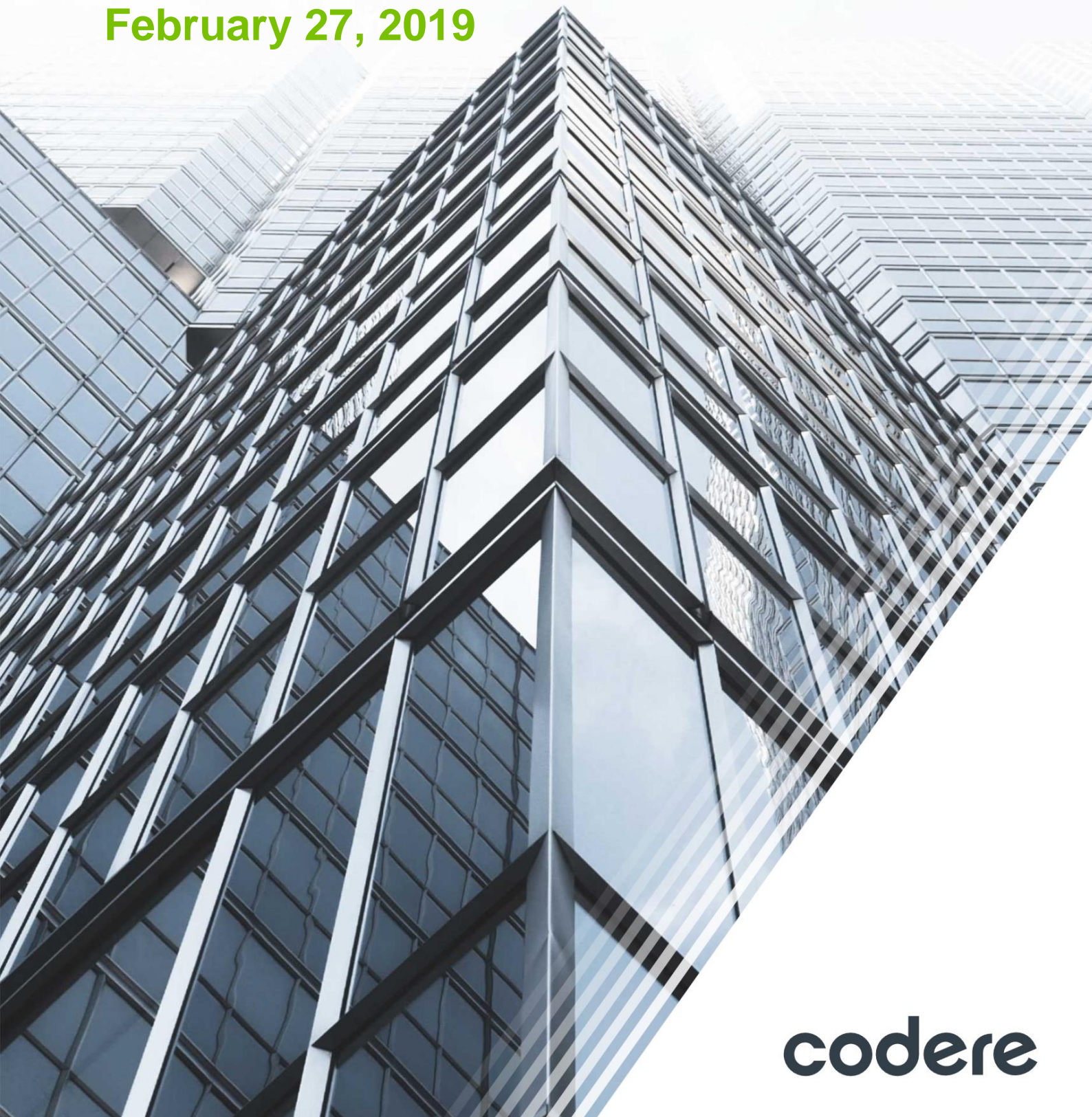


# FY 2018 Earnings Results

February 27, 2019



**codere**

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## Financial and Operating Overview

Herein, figures presented above Operating Profit (other than non-recurring items and impairment charges) are shown excluding the impact of non-recurring items as well as the impact resulting from the application of IAS 29. Adjusted EBITDA refers to EBITDA<sup>1</sup> excluding all non-recurring items and not considering Argentine figures according to IAS 29 standards (inflation accounting). Figures for 2018 are unaudited.

- 2018 Operating Revenue decreased by 9.9% to €1,476.4 mm compared to 2017, driven by a 30% decline in our Argentine revenues due to the depreciation of Argentine Peso against the Euro, partially offset by a revenue increase in Spain. In constant currency terms, Group Revenues for the period would have grown by 9.3% versus 2017.
- 2018 Adjusted EBITDA reached €282.9 mm, 3.4% above 2017, within our guidance range of €280-285 mm. This increase is remarkable in a context of higher gaming taxes with respect to 2017 in Italy and Argentina, as well as significant FX headwinds, mainly in Argentina as the Euro appreciated 75.2% against the Peso, but also versus other Latin American currencies and the US Dollar.
- 2018 Adjusted EBITDA margin was 19.2%, 2.5 percentage points above that of 2017, driven by margin increases across all our Latin American operations and Italy.
- Non-recurring items in 2018 were €42.7 mm. This exceptionally high figure is associated to the changes in the company leadership that took place in January 2018 and to the operational efficiencies deployed by the new leadership.
- As explained in our Q3 Earnings release, the company started to account for results in Argentina following IAS 29 standards (inflation accounting). We have broken down the impact in our income statement as follows:
  - (i) Inflation adjustment as an operating expense. Impact of €19.5 mm on Operating Profit in 2018, broken down as follows:
    - a. impact on EBITDA of negative €12.2 mm;
    - b. impact on Other Opex below EBITDA of negative €7.3 mm;
  - (ii) Inflation adjustment as interest income (€1.3 mm in 2018) and
  - (iii) Inflation adjustment, including its impact on the revaluation of assets for tax purposes (see Recent Events), as lower corporate income tax (€8.0 mm in 2018).

To enable comparability with our previously reported Adjusted EBITDA, the full amount under (a) is added back to EBITDA, together with non-recurring items.

- Net profit in 2018 has been negatively impacted by the evolution of exchange rates in our markets. We have registered a €33.9 mm FX loss in financial results that, together with non-recurring items and inflation accounting, result in a net loss on what would otherwise be a €46.4 mm positive result (excluding these items).
- Capex in 2018 was €163.4 mm, 8.0% above that of 2017, and included €82.1 mm of maintenance capex and €81.3 mm for growth projects, out of which c. €39.0 mm were incurred on new product agreements to acquire leased machines mostly in Mexico and Panama. These agreements include capex financing considerations to partially accommodate cash obligations to cash generation by these slots. We expect a lower capex spend in 2019 as the company focuses on cash generation as well as growth.
- As of December 31, 2018, we had €81.8 mm in cash and equivalents and €159.7 mm in total liquidity (i.e. including availability under the SSRCF) vs €104.5 and €182.7 mm as of December 31, 2017. This evolution is driven by a 9% increase in cash flow from operations and a 27% decrease on negative financing cash flow, offset by the aforementioned 8.0% increase in Capex and a negative €8.3 mm exchange rate impact on cash balances.
- In terms of gaming capacity, the total number of slots increased 1.0% to 57,130 in 2018, compared to 56,548 in 2017, driven by the growth of the portfolio in Spain (+8.9%) and Mexico (+11.7%), partially offset by the reduction of machines in Argentina (-1.4%), Italy (-16.4%) and Other Operations (-7.5%). In terms of venues, gaming halls were reduced by 1 to 148, sports betting shops increased to 602 from 325 and bars decreased from 10,293 to 9,940 in 2018.

<sup>1</sup> EBITDA, as defined by the Company, is operating profit (EBIT) plus depreciation and amortization, variation in provisions for trade transactions, gains / (losses) on asset disposals, and impairment charges.

# Consolidated Income Statement

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Operating Revenue</b>	<b>422.7</b>	<b>360.8</b>	<b>(14.6%)</b>	<b>1,638.2</b>	<b>1,476.4</b>	<b>(9.9%)</b>
Gaming & Other Taxes	(151.9)	(126.1)	17.0%	(597.0)	(528.1)	11.5%
Personnel	(74.5)	(56.2)	24.5%	(298.3)	(252.5)	15.3%
Rentals	(31.0)	(23.8)	23.2%	(125.1)	(110.4)	11.7%
Cost of Goods Sold	(16.1)	(13.1)	18.7%	(54.8)	(52.8)	3.5%
Other	(75.6)	(62.4)	17.5%	(289.5)	(249.7)	13.8%
<b>Operating Expenses (excl. D&amp;A)</b>	<b>(349.1)</b>	<b>(281.6)</b>	<b>19.3%</b>	<b>(1,364.6)</b>	<b>(1,193.6)</b>	<b>12.5%</b>
Depreciation & Amortization	(30.8)	(30.7)	0.3%	(113.0)	(113.9)	(0.8%)
Variation in Provisions for Trade Transactions <sup>(1)</sup>	(1.7)	(3.8)	n.a.	(2.2)	(5.5)	n.a.
Gains / (Losses) on Asset Disposals <sup>(2)</sup>	(4.9)	(2.5)	49.5%	(0.5)	(4.4)	n.a.
Impairment Charges	0.0	(0.0)	n.a.	0.0	(0.0)	n.a.
Non-Recurring Items	(10.3)	(11.9)	(15.4%)	(26.8)	(42.7)	(59.4%)
<b>Operating Profit (Pre-Inflation Accounting)</b>	<b>25.9</b>	<b>30.3</b>	<b>17.2%</b>	<b>131.1</b>	<b>116.4</b>	<b>(11.3%)</b>
Inflation Adjustment on EBITDA <sup>(3)</sup>	0.0	7.0	n.a.	0.0	(12.2)	n.a.
Inflation Adjustment on Other Opex <sup>(4)</sup>	0.0	(7.3)	n.a.	0.0	(7.3)	n.a.
<b>Operating Profit (Post-Inflation Accounting)</b>	<b>25.9</b>	<b>30.0</b>	<b>16.0%</b>	<b>131.1</b>	<b>96.9</b>	<b>(26.1%)</b>
Interest Expense	(18.7)	(17.7)	4.9%	(74.2)	(70.1)	5.6%
Interest Income	4.8	0.5	(89.9%)	10.0	2.9	(70.8%)
Loss on Debt for Equity Exchange	0.0	0.0	n.a.	(4.1)	0.0	n.a.
Gains / (Losses) from Financial Investments	(1.5)	(0.1)	92.2%	(1.4)	(0.1)	91.3%
Gains / (Losses) from Exchange Rate Variations	(2.0)	(1.1)	46.5%	22.6	(33.9)	n.a.
Inflation Adjustment <sup>(5)</sup>	0.0	(11.1)	n.a.	0.0	1.3	n.a.
<b>Earnings before Corporate Income Taxes</b>	<b>8.6</b>	<b>0.5</b>	<b>(94.3%)</b>	<b>84.0</b>	<b>(3.1)</b>	<b>n.a.</b>
Provision for Corporate Income Taxes <sup>(6)</sup>	(12.9)	0.8	n.a.	(64.2)	(38.4)	40.1%
Inflation Adjustment on CIT <sup>(7)</sup>	0.0	15.2	n.a.	0.0	8.0	n.a.
Minority Interests in Subsidiary (Income) / Loss	(1.2)	(2.1)	(74.0%)	(17.0)	(6.8)	60.0%
Equity in Affiliate Income / (Loss)	0.0	0.4	n.a.	(0.1)	(0.1)	(52.3%)
<b>Net Income / (Loss)</b>	<b>(5.5)</b>	<b>14.8</b>	<b>n.a.</b>	<b>2.8</b>	<b>(40.4)</b>	<b>n.a.</b>
<b>EBITDA</b>						
EBIT (Operating Profit)	25.9	30.0	16.0%	131.1	96.9	(26.1%)
(+) Impairment Charges	(0.0)	0.0	n.a.	(0.0)	0.0	n.a.
(+) (Gains) / Losses on Asset Disposals	4.9	2.5	(49.5%)	0.5	4.4	n.a.
(+) Variation in Provisions for Trade Transactions	1.7	3.8	n.a.	2.2	5.5	n.a.
(+) Depreciation & Amortization	30.8	30.7	(0.3%)	113.0	113.9	0.8%
(+) Inflation Adjustment on Other Opex <sup>(4)</sup>	0.0	7.3	n.a.	0.0	7.3	n.a.
<b>EBITDA</b>	<b>63.3</b>	<b>74.3</b>	<b>17.5%</b>	<b>246.8</b>	<b>227.9</b>	<b>(7.7%)</b>
<i>EBITDA Margin</i>	<i>15.0%</i>	<i>20.6%</i>	<i>5.6 p.p.</i>	<i>15.1%</i>	<i>15.4%</i>	<i>0.3 p.p.</i>
<b>Adjusted EBITDA</b>						
EBITDA	63.3	74.3	17.5%	246.8	227.9	(7.7%)
(+) Non-Recurring Items	10.3	11.9	15.4%	26.8	42.7	59.4%
(+) Inflation Adjustment on EBITDA <sup>(3)</sup>	0.0	(7.0)	n.a.	0.0	12.2	n.a.
<b>Adjusted EBITDA</b>	<b>73.6</b>	<b>79.2</b>	<b>7.7%</b>	<b>273.6</b>	<b>282.9</b>	<b>3.4%</b>
<i>Adjusted EBITDA Margin</i>	<i>17.4%</i>	<i>22.0%</i>	<i>4.6 p.p.</i>	<i>16.7%</i>	<i>19.2%</i>	<i>2.5 p.p.</i>
<b>Adjusted EBITDAR</b>						
Adjusted EBITDA	73.6	79.2	7.7%	273.6	282.9	3.4%
(+) Rentals	31.0	23.8	(23.2%)	125.1	110.4	(11.7%)
<b>Adjusted EBITDAR</b>	<b>104.6</b>	<b>103.0</b>	<b>(1.5%)</b>	<b>398.7</b>	<b>393.2</b>	<b>(1.4%)</b>
<i>Adjusted EBITDAR Margin</i>	<i>24.8%</i>	<i>28.6%</i>	<i>3.8 p.p.</i>	<i>24.3%</i>	<i>26.6%</i>	<i>2.3 p.p.</i>

<sup>1</sup> Figures reflect change in provisions on advances to site owners for allowing Codere to install machines in their establishments;

<sup>2</sup> Figures primarily reflect disposal of gaming machines;

<sup>3</sup> Figure reflects, following IAS 29, the net impact on revenues and costs above EBITDA from applying Argentinean inflation to the end of the year on the accrued items and ARS/EUR exchange rate as of December 31, 2018.

<sup>4</sup> Figure reflects, following IAS 29, the net impact on costs above Operating Profit from applying Argentinean inflation to the end of the year on the accrued items and ARS/EUR exchange rate as of December 31, 2018, excluding impact on items above EBITDA.

<sup>5</sup> Figure includes the impact from applying end of period inflation on fixed assets.

<sup>6</sup> Figure includes the impact from the revaluation of assets for tax purposes in Argentina.

<sup>7</sup> Figure includes the impact of inflation accounting on corporate income tax and on the revaluation of assets in Argentina.

- **Operating Revenue** decreased by €161.8 mm or 9.9% to €1,476.4 mm in 2018, due to the decrease in revenues in Argentina (€174.7 mm) and Mexico (€11.6 mm), partially offset by Spain (€31.9 mm).
- **Operating Expenses** (excluding depreciation and amortization) decreased by €171.0 mm or 12.5% to €1,193.6 mm, primarily due to a decrease in costs in Argentina and Mexico of €136.6 and €24.6 mm, respectively, partially offset by higher costs in Spain.
- **Adjusted EBITDA** increased €9.3 mm to €282.9 mm, driven by increases across all markets except Argentina. In 2018, the Adjusted EBITDA margin was 19.2%, 2.5 percentage points above that of 2017, driven by margin expansions across all our Latam operations, partially offset by Spain.
- **Adjusted EBITDAR<sup>1</sup>** decreased by €5.5 mm or 1.4% to €393.2 mm, driven by a decline in Argentina, partially offset by an increase in Mexico, Italy and Spain.
- **Losses on Asset Disposals** were €4.4 mm in 2018, compared to a €0.5 mm loss in 2017.
- **Non-Recurring Items** in 2018 totaled €42.7 mm of which €13.0 mm resulted from the management transition and related matters. The remaining €29.7 mm are mainly associated to operational efficiencies.
- **Inflation Adjustment** in 2018 represents a loss of €12.2 mm (impact on EBITDA). At the net income level, the impact is partially offset and results in a net loss of €10.2 mm.
- **Operating Profit** decreased by €34.3 mm to €96.9 mm. The operating profit margin decreased to 6.6% in 2018 from 8.0% in 2017, as a result of the higher non-recurring expenses and the inflation adjustment. Excluding both impacts, impairment charges and gains (losses) from asset disposals, operating profit in 2018 was €163.5 mm, a 11.1% operating profit margin, 1.4 percentage point above that of 2017.
- **Interest Expense** decreased by €4.1 mm to €70.1 mm, driven by the lower outstanding local debt. **Interest income** decreased by €7.1 mm to €2.9 mm.
- Losses on **Exchange Rate Variations** reached €33.9 mm in 2018 versus gains of €22.6 mm in 2017, driven by the significant depreciation of the Argentine Peso, resulting in a swing of €56.5 mm in net profit due to this non-cash item in the Income Statement.
- Provision for **Corporate Income Tax** decreased by €25.8 mm to €38.4 mm in 2018, primarily due to the devaluation of the Argentine Peso together with the non-recurring positive impact, €7.7 mm, in deferred taxes as a consequence of applying the new regulation in Argentina that allows the revaluation of assets for corporate income tax purposes (see Recent Events).
- **Minority Interest** represents a loss of €6.8 mm in 2018 compared to a loss of €17.0 mm in 2017 due to the significant exchange rate gain in our Codere Caliente business in Q1 2017 (i.e. prior to the acquisition).
- **Equity in Affiliate Income** represents a loss of €0.1 mm in 2018.
- As a result of the aforementioned results, the **Net Loss** in 2018 was €40.4 mm, compared to a Net Income of €2.8 mm in 2017.

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<sup>1</sup> Adjusted EBITDAR, as defined by the Company, is Adjusted EBITDA plus rental expenses.

## Revenue and Adjusted EBITDA

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Operating Revenue</b>						
Argentina	140.7	82.9	(41.1%)	582.4	407.7	(30.0%)
Mexico	84.7	82.9	(2.1%)	339.9	328.3	(3.4%)
Panama	23.8	23.0	(3.5%)	94.3	88.7	(5.9%)
Uruguay	18.7	18.3	(2.3%)	70.3	70.7	0.6%
Colombia	6.0	5.7	(5.3%)	24.7	23.5	(5.1%)
Brazil	0.3	0.0	(96.1%)	2.8	1.0	(65.6%)
<b>Sub-Total - Latin America</b>	<b>274.2</b>	<b>212.7</b>	<b>(22.4%)</b>	<b>1,114.3</b>	<b>919.9</b>	<b>(17.4%)</b>
Italy	95.7	90.3	(5.7%)	335.8	336.5	0.2%
Spain	52.7	57.8	9.7%	188.1	220.0	17.0%
<b>Sub-Total - Europe</b>	<b>148.4</b>	<b>148.1</b>	<b>(0.2%)</b>	<b>523.8</b>	<b>556.5</b>	<b>6.2%</b>
<b>Total</b>	<b>422.7</b>	<b>360.8</b>	<b>(14.6%)</b>	<b>1,638.2</b>	<b>1,476.4</b>	<b>(9.9%)</b>
<b>Adjusted EBITDA</b>						
Argentina	33.2	19.6	(40.9%)	134.2	96.1	(28.4%)
Mexico	24.2	33.0	36.8%	92.9	105.9	14.1%
Panama	3.9	5.2	32.2%	14.8	17.3	16.9%
Uruguay	4.1	5.5	33.2%	14.4	18.2	26.2%
Colombia	0.4	1.6	n.a.	3.0	4.5	53.1%
Brazil	(0.7)	0.0	n.a.	(4.0)	(0.1)	96.3%
<b>Sub-Total - Latin America</b>	<b>65.1</b>	<b>65.0</b>	<b>(0.1%)</b>	<b>255.3</b>	<b>241.9</b>	<b>(5.2%)</b>
Italy	6.1	9.7	58.3%	23.6	27.6	17.0%
Spain	8.5	7.7	(9.7%)	25.1	26.4	4.9%
<b>Sub-Total - Europe</b>	<b>14.6</b>	<b>17.4</b>	<b>18.9%</b>	<b>48.8</b>	<b>54.0</b>	<b>10.7%</b>
Corporate	(6.1)	(3.2)	47.6%	(30.4)	(13.0)	57.1%
<b>Total</b>	<b>73.6</b>	<b>79.2</b>	<b>7.7%</b>	<b>273.6</b>	<b>282.9</b>	<b>3.4%</b>

## Earnings per Share

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Earnings per Share</b>						
<b>Net Income / (Loss) (EUR mm)</b>	<b>(5.5)</b>	<b>14.8</b>	<b>n.a.</b>	<b>2.8</b>	<b>(40.4)</b>	<b>n.a.</b>
<b>Average Shares Issued &amp; Outstanding<sup>(1)</sup> (mm):</b>						
Basic	1,399	118	(92%)	2,254	119	(95%)
<b>Earnings per Share (EUR):</b>						
Basic	(0.00)	0.12	n.a.	0.00	(0.34)	n.a.

<sup>1</sup> Figure excludes treasury shares.

## Revenue and Adjusted EBITDA at Constant Currency

	Constant Currency					
	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<i>Figures in EUR mm, except where noted otherwise</i>						
<i>(Unaudited in 2018)</i>						
<b>Operating Revenue</b>						
Argentina	140.7	169.3	20.3%	582.4	687.4	18.0%
Mexico	84.7	84.0	(0.8%)	339.9	349.7	2.9%
Panama	23.8	22.2	(6.6%)	94.3	92.9	(1.4%)
Uruguay	18.7	19.8	5.7%	70.3	79.1	12.5%
Colombia	6.0	5.9	(3.0%)	24.7	24.5	(0.7%)
Brazil	0.3	0.0	(95.6%)	2.8	1.2	(58.7%)
<b>Sub-Total - Latin America</b>	<b>274.2</b>	<b>301.2</b>	<b>9.8%</b>	<b>1,114.3</b>	<b>1,234.8</b>	<b>10.8%</b>
Italy	95.7	90.3	(5.7%)	335.8	336.5	0.2%
Spain	52.7	57.8	9.7%	188.1	220.0	17.0%
<b>Sub-Total - Europe</b>	<b>148.4</b>	<b>148.1</b>	<b>(0.2%)</b>	<b>523.8</b>	<b>556.5</b>	<b>6.2%</b>
<b>Total</b>	<b>422.7</b>	<b>449.4</b>	<b>6.3%</b>	<b>1,638.2</b>	<b>1,791.3</b>	<b>9.3%</b>
<b>Adjusted EBITDA</b>						
Argentina	33.2	40.1	20.8%	134.2	162.2	20.8%
Mexico	24.2	33.5	38.5%	92.9	112.4	21.0%
Panama	3.9	5.0	27.7%	14.8	17.8	20.5%
Uruguay	4.1	6.0	43.9%	14.4	20.2	40.7%
Colombia	0.4	1.7	n.a.	3.0	4.7	57.0%
Brazil	(0.7)	0.0	n.a.	(4.0)	(0.5)	87.7%
<b>Sub-Total - Latin America</b>	<b>65.1</b>	<b>86.2</b>	<b>32.5%</b>	<b>255.3</b>	<b>316.8</b>	<b>24.1%</b>
Italy	6.1	9.7	58.3%	23.6	27.6	17.0%
Spain	8.5	7.7	(9.7%)	25.1	26.4	4.9%
<b>Sub-Total - Europe</b>	<b>14.6</b>	<b>17.4</b>	<b>18.9%</b>	<b>48.8</b>	<b>54.0</b>	<b>10.7%</b>
Corporate	(6.1)	(3.2)	47.6%	(30.4)	(13.0)	57.1%
<b>Total</b>	<b>73.6</b>	<b>100.4</b>	<b>36.5%</b>	<b>273.6</b>	<b>357.7</b>	<b>30.7%</b>

# Operating Expenses<sup>1</sup>

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var.	2017	2018	Var.
<b>Operating Revenue</b>	<b>422.7</b>	<b>360.8</b>	<b>(14.6%)</b>	<b>1,638.2</b>	<b>1,476.4</b>	<b>(9.9%)</b>
Gaming & Other Taxes	(151.9)	(126.1)	17.0%	(597.0)	(528.1)	11.5%
Personnel	(74.5)	(56.2)	24.5%	(298.3)	(252.5)	15.3%
Rentals	(31.0)	(23.8)	23.2%	(125.1)	(110.4)	11.7%
Cost of Goods Sold	(16.1)	(13.1)	18.7%	(54.8)	(52.8)	3.5%
Other	(75.6)	(62.4)	17.5%	(289.5)	(249.7)	13.8%
<b>Operating Expenses (excl. D&amp;A)</b>	<b>(349.1)</b>	<b>(281.6)</b>	<b>19.3%</b>	<b>(1,364.6)</b>	<b>(1,193.6)</b>	<b>12.5%</b>
<b>Gaming &amp; Other Taxes</b>						
Gaming Taxes	(125.3)	(105.2)	16.1%	(489.2)	(436.9)	10.7%
Other Taxes	(26.5)	(20.9)	21.2%	(107.8)	(91.2)	15.4%
<b>Total</b>	<b>(151.9)</b>	<b>(126.1)</b>	<b>17.0%</b>	<b>(597.0)</b>	<b>(528.1)</b>	<b>11.5%</b>
<b>Rentals</b>						
Gaming Venues & Other	(19.5)	(18.5)	5.4%	(80.5)	(75.1)	6.7%
Slots	(11.5)	(5.3)	53.6%	(44.5)	(35.2)	20.9%
<b>Total</b>	<b>(31.0)</b>	<b>(23.8)</b>	<b>23.2%</b>	<b>(125.1)</b>	<b>(110.4)</b>	<b>11.7%</b>
<b>Other</b>						
Professional Fees <sup>(2)</sup>	(15.4)	(4.8)	68.6%	(48.3)	(21.9)	54.6%
Advertising and Marketing	(12.9)	(12.3)	5.0%	(46.3)	(45.6)	1.5%
Utilities	(11.4)	(11.9)	(3.7%)	(46.1)	(47.8)	(3.7%)
Repairs & Maintenance <sup>(3)</sup>	(9.2)	(5.9)	35.2%	(31.0)	(25.8)	16.8%
Insurance <sup>(4)</sup>	(1.1)	(1.0)	7.0%	(4.8)	(4.7)	1.9%
Travel	(1.4)	(1.3)	5.3%	(4.7)	(4.6)	2.5%
Transportation <sup>(5)</sup>	(0.8)	(0.8)	1.6%	(2.8)	(3.0)	(5.6%)
Other Expenses	(23.4)	(24.4)	(4.0%)	(105.4)	(96.2)	8.8%
<b>Total</b>	<b>(75.6)</b>	<b>(62.4)</b>	<b>17.5%</b>	<b>(289.5)</b>	<b>(249.7)</b>	<b>13.8%</b>
<b>As % of Operating Revenue (Var. in p.p.)</b>						
<b>Operating Revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>
Gaming & Other Taxes	35.9%	34.9%	(1.0)	36.4%	35.8%	(0.7)
Personnel	17.6%	15.6%	(2.0)	18.2%	17.1%	(1.1)
Rentals	7.3%	6.6%	(0.7)	7.6%	7.5%	(0.2)
Cost of Goods Sold	3.8%	3.6%	(0.2)	3.3%	3.6%	0.2
Other	17.9%	17.3%	(0.6)	17.7%	16.9%	(0.8)
<b>Operating Expenses (excl. D&amp;A)</b>	<b>82.6%</b>	<b>78.0%</b>	<b>(4.5)</b>	<b>83.3%</b>	<b>80.8%</b>	<b>(2.5)</b>
<b>Gaming &amp; Other Taxes</b>						
Gaming Taxes	29.6%	29.1%	(0.5)	29.9%	29.6%	(0.3)
Other Taxes	6.3%	5.8%	(0.5)	6.6%	6.2%	(0.4)
<b>Total</b>	<b>35.9%</b>	<b>34.9%</b>	<b>(1.0)</b>	<b>36.4%</b>	<b>35.8%</b>	<b>(0.7)</b>
<b>Rentals</b>						
Gaming Venues & Other	4.6%	5.1%	0.5	4.9%	5.1%	0.2
Slots	2.7%	1.5%	(1.2)	2.7%	2.4%	(0.3)
<b>Total</b>	<b>7.3%</b>	<b>6.6%</b>	<b>(0.7)</b>	<b>7.6%</b>	<b>7.5%</b>	<b>(0.2)</b>
<b>Other</b>						
Professional Fees <sup>(2)</sup>	3.6%	1.3%	(2.3)	2.9%	1.5%	(1.5)
Advertising and Marketing	3.1%	3.4%	0.3	2.8%	3.1%	0.3
Utilities	2.7%	3.3%	0.6	2.8%	3.2%	0.4
Repairs & Maintenance <sup>(3)</sup>	2.2%	1.6%	(0.5)	1.9%	1.7%	(0.1)
Insurance <sup>(4)</sup>	0.3%	0.3%	0.0	0.3%	0.3%	0.0
Travel	0.3%	0.4%	0.0	0.3%	0.3%	0.0
Transportation <sup>(5)</sup>	0.2%	0.2%	0.0	0.2%	0.2%	0.0
Other Expenses	5.5%	6.8%	1.2	6.4%	6.5%	0.1
<b>Total</b>	<b>17.9%</b>	<b>17.3%</b>	<b>(0.6)</b>	<b>17.7%</b>	<b>16.9%</b>	<b>(0.8)</b>

<sup>1</sup> Figures exclude non-recurring items (some of which have been retroactively re-classified for 2017 as Professional Fees).

<sup>2</sup> Figures exclude payments to personnel via outsourcing agreements in Mexico which are re-classified as personnel expense.

<sup>3</sup> Includes cleaning services and general supplies consumed.

<sup>4</sup> Includes insurance (including surety bonds) premiums and letter of credit fees.

<sup>5</sup> Includes armored vehicles for route collections and other transportation costs.



## Mexico

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Operating Revenue</b>	<b>84.7</b>	<b>82.9</b>	<b>(2.1%)</b>	<b>339.9</b>	<b>328.3</b>	<b>(3.4%)</b>
Gaming & Other Taxes	(9.1)	(9.9)	(8.4%)	(36.8)	(35.7)	3.0%
Personnel <sup>(1)</sup>	(15.0)	(11.2)	25.3%	(60.7)	(51.8)	14.7%
Rentals	(16.1)	(11.5)	28.5%	(67.2)	(58.0)	13.7%
Cost of Goods Sold	(3.7)	(3.9)	(6.3%)	(15.8)	(15.7)	0.9%
Other	(16.6)	(13.3)	20.0%	(66.6)	(61.3)	7.9%
<b>Operating Expenses (excl. D&amp;A)</b>	<b>(60.5)</b>	<b>(49.8)</b>	<b>17.7%</b>	<b>(247.0)</b>	<b>(222.4)</b>	<b>10.0%</b>
Depreciation & Amortization	(9.5)	(10.9)	(14.8%)	(36.0)	(40.0)	(11.2%)
Variation in Provisions for Trade Transactions	(0.7)	0.0	n.a.	(0.7)	0.0	n.a.
Gains / (Losses) on Asset Disposals <sup>(2)</sup>	(0.2)	(1.7)	n.a.	(0.4)	(2.1)	n.a.
Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
Non-Recurring Items	(1.0)	(5.4)	n.a.	(5.5)	(10.2)	(85.1%)
<b>Operating Profit</b>	<b>12.8</b>	<b>15.1</b>	<b>17.4%</b>	<b>50.3</b>	<b>53.6</b>	<b>6.6%</b>
<b>EBITDA</b>	<b>23.2</b>	<b>27.7</b>	<b>19.5%</b>	<b>87.4</b>	<b>95.8</b>	<b>9.6%</b>
<i>EBITDA Margin</i>	27.3%	33.4%	6.1 p.p.	25.7%	29.2%	3.5 p.p.
<b>Adjusted EBITDA</b>	<b>24.2</b>	<b>33.0</b>	<b>36.8%</b>	<b>92.9</b>	<b>105.9</b>	<b>14.1%</b>
<i>Adjusted EBITDA Margin</i>	28.5%	39.9%	11.4 p.p.	27.3%	32.3%	5.0 p.p.
<b>Adjusted EBITDAR</b>	<b>40.2</b>	<b>44.5</b>	<b>10.7%</b>	<b>160.0</b>	<b>163.9</b>	<b>2.4%</b>
<i>Adjusted EBITDAR Margin</i>	47.5%	53.7%	6.2 p.p.	47.1%	49.9%	2.8 p.p.
<b>Economic Indicators</b>						
Average Exchange Rate - EUR/MXN	22.34	22.65	1.4%	21.36	22.72	6.4%
Average Inflation (YoY)	6.6%	4.8%	(1.8 p.p.)	6.0%	4.9%	(1.1 p.p.)
<b>Key Performance Indicators</b>						
Avg. Installed Capacity (Slots)	19,428	21,422	10.3%	19,327	20,612	6.7%
<b>Gross Win per Slot per Day:</b>						
EUR	37.3	32.5	(12.9%)	38.0	34.4	(9.6%)
Local Currency	833	736	(11.7%)	812	781	(3.7%)

- **Revenue** in 2018 decreased by €11.6 mm (3.4%) compared to 2017, driven by growth of 2.9% in local currency, being offset by the 6.4% appreciation of the Euro against the Mexican Peso. Growth in local currency was the result of a 6.7% increase in average installed capacity (3 hall openings in the year), which was offset by a 3.7% decrease in unit yields.
- **Operating Expenses (excluding D&A)** in 2018 decreased 10.0% or €24.6 mm compared to 2017, above the decline in revenue, thanks to continuous cost containment efforts across all expenses, including rentals and personnel.
- **Adjusted EBITDA** increased by 14.1% to €105.9 mm as a result of the abovementioned efforts on the cost front offsetting the decline in revenue. Adjusted EBITDA margin increased 5.0 percentage points to 32.3% versus 27.3% in 2017. In constant currency terms, Adjusted EBITDA in 2018 would have reached €112.4 mm, an increase of 21.0% over 2017.
- In Q4 2018, our business unit has reopened two halls (one closed as a result of the earthquake in September 2017, and the other one since 2013), as well as opened a new site and acquired a hall from a local operator in Nogales.

<sup>1</sup> Includes personnel costs related to outsourced employees.

<sup>2</sup> Figures reflect primarily disposal of gaming machines.

# Argentina

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Operating Revenue</b>	<b>140.7</b>	<b>82.9</b>	<b>(41.1%)</b>	<b>582.4</b>	<b>407.7</b>	<b>(30.0%)</b>
Gaming & Other Taxes	(65.5)	(37.7)	42.5%	(269.4)	(187.9)	30.2%
Personnel	(23.6)	(13.2)	44.0%	(97.2)	(64.5)	33.6%
Rentals	(3.5)	(2.3)	34.5%	(15.7)	(10.9)	31.0%
Cost of Goods Sold	(2.1)	(1.7)	19.4%	(9.3)	(6.9)	25.8%
Other	(12.9)	(8.4)	35.1%	(56.6)	(41.4)	26.9%
<b>Operating Expenses (excl. D&amp;A)</b>	<b>(107.5)</b>	<b>(63.2)</b>	<b>41.2%</b>	<b>(448.2)</b>	<b>(311.6)</b>	<b>30.5%</b>
Depreciation & Amortization	(2.0)	(1.3)	36.4%	(9.0)	(5.9)	34.6%
Variation in Provisions for Trade Transactions	0.0	0.0	n.a.	0.0	0.0	n.a.
Gains / (Losses) on Asset Disposals <sup>(1)</sup>	0.0	(0.0)	n.a.	0.0	(0.4)	n.a.
Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
Non-Recurring Items	(6.7)	(0.4)	94.5%	(13.9)	(2.9)	79.0%
<b>Operating Profit (Pre-Inflation Accounting)</b>	<b>24.5</b>	<b>18.0</b>	<b>(26.6%)</b>	<b>111.4</b>	<b>87.0</b>	<b>(21.9%)</b>
Inflation Adjustment on EBITDA <sup>(2)</sup>	0.0	7.0	n.a.	0.0	(12.2)	n.a.
Inflation Adjustment on Other Opex <sup>(3)</sup>	0.0	(7.3)	n.a.	0.0	(7.3)	n.a.
<b>Operating Profit (Post-Inflation Accounting)</b>	<b>24.5</b>	<b>17.6</b>	<b>(27.8%)</b>	<b>111.4</b>	<b>67.4</b>	<b>(39.4%)</b>
<b>EBITDA</b>	<b>26.5</b>	<b>26.3</b>	<b>(0.9%)</b>	<b>120.3</b>	<b>81.0</b>	<b>(32.7%)</b>
<i>EBITDA Margin</i>	<i>18.8%</i>	<i>31.7%</i>	<i>12.9 p.p.</i>	<i>20.7%</i>	<i>19.9%</i>	<i>(0.8 p.p.)</i>
<b>Adjusted EBITDA</b>						
EBITDA	26.5	26.3	(0.9%)	120.3	81.0	(32.7%)
(+) Non-Recurring Items	6.7	0.4	(94.5%)	13.9	2.9	(79.0%)
(+) Inflation Adjustment <sup>(2)</sup>	0.0	(7.0)	n.a.	0.0	12.2	n.a.
<b>Adjusted EBITDA</b>	<b>33.2</b>	<b>19.6</b>	<b>(40.9%)</b>	<b>134.2</b>	<b>96.1</b>	<b>(28.4%)</b>
<i>Adjusted EBITDA Margin</i>	<i>23.6%</i>	<i>23.7%</i>	<i>0.1 p.p.</i>	<i>23.0%</i>	<i>23.6%</i>	<i>0.6 p.p.</i>
<b>Adjusted EBITDAR</b>	<b>36.7</b>	<b>21.9</b>	<b>(40.3%)</b>	<b>150.0</b>	<b>107.0</b>	<b>(28.7%)</b>
<i>Adjusted EBITDAR Margin</i>	<i>26.1%</i>	<i>26.5%</i>	<i>0.4 p.p.</i>	<i>25.8%</i>	<i>26.2%</i>	<i>0.4 p.p.</i>
<b>Economic Indicators</b>						
Average Exchange Rate - EUR/ARS	20.73	42.37	104.4%	18.83	32.98	75.2%
Average Inflation (YoY)	23.4%	47.3%	23.8 p.p.	25.8%	34.2%	8.4 p.p.
<b>Key Performance Indicators</b>						
Avg. Installed Capacity (Slots)	6,952	6,859	(1.3%)	6,952	6,888	(0.9%)
<b>Gross Win per Slot per Day:</b>						
EUR	215.9	125.7	(41.8%)	223.0	157.7	(29.3%)
Local Currency	4,476	5,326	19.0%	4,189	4,978	18.8%

- **Revenue** in 2018 decreased by €174.7 mm or 30.0% compared to 2017, due to the significant devaluation of the Peso (75.2%), which more than doubled average inflation rates. Revenue in local currency grew 18.0%, below year on year average inflation of 34.2%<sup>4</sup>, in part affected by the accounting impact in Q1 2018 of the 0.95% cash-in tax introduced at the end of Q1 2017. Average daily gross win per position in local currency terms increased 18.8% and installed capacity decreased slightly.
- **Operating Expenses (excluding D&A)** decreased by 30.5% driven by reductions across all cost items, including personnel, rentals and gaming taxes which benefitted from the FX trend. The effective gaming tax (as a percentage of revenue) decreased 0.2 percentage points to 46.1%.
- **Adjusted EBITDA** decreased by 28.4% to €96.1 mm, compared to €134.2 mm in 2017 as a result of the above mentioned devaluation of the Argentine Peso and the introduction of the cash-in tax, partially offset by efficiencies implemented in the year. The Adjusted EBITDA margin was 23.6% in 2018, 0.6 percentage points above that of 2017, due to the aforementioned reduction in costs.

<sup>1</sup> Figures reflect primarily the disposal of gaming machines.

<sup>2</sup> Figure reflects, following IAS 29, the net impact on revenues and costs above EBITDA from applying Argentinean inflation to the end of the year on the accrued items and ARS/EUR exchange rate as of December 31, 2018.

<sup>3</sup> Figure reflects, following IAS 29, the net impact on costs above Operating Profit from applying Argentinean inflation to the end of the year on the accrued items and ARS/EUR exchange rate as of December 31, 2018, excluding impact on items above EBITDA.

<sup>4</sup> Codere estimate based on INDEC's (Instituto Nacional de Estadísticas y Censos de la República Argentina) CPI data for the Province of Buenos Aires.

## Spain

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Operating Revenue</b>	<b>52.7</b>	<b>57.8</b>	<b>9.7%</b>	<b>188.1</b>	<b>220.0</b>	<b>17.0%</b>
Gaming & Other Taxes	(17.3)	(17.5)	(1.5%)	(63.0)	(70.4)	(11.7%)
Personnel	(11.8)	(12.9)	(9.5%)	(44.3)	(50.3)	(13.5%)
Rentals	(2.2)	(2.1)	6.9%	(7.9)	(8.9)	(13.6%)
Cost of Goods Sold	(3.7)	(3.6)	2.5%	(12.7)	(14.5)	(14.0%)
Other	(9.2)	(14.1)	(52.2%)	(35.0)	(49.5)	(41.5%)
<b>Operating Expenses (excl. D&amp;A)</b>	<b>(44.2)</b>	<b>(50.1)</b>	<b>(13.5%)</b>	<b>(162.9)</b>	<b>(193.6)</b>	<b>(18.8%)</b>
Depreciation & Amortization	(7.0)	(8.5)	(22.0%)	(24.9)	(30.6)	(23.0%)
Variation in Provisions for Trade Transactions <sup>(1)</sup>	(0.2)	(0.3)	(95.0%)	(0.5)	(1.2)	n.a.
Gains / (Losses) on Asset Disposals <sup>(2)</sup>	(0.5)	(0.6)	(31.5%)	(1.1)	(1.5)	(40.4%)
Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
Non-Recurring Items	(0.4)	(1.9)	n.a.	(1.0)	(4.0)	n.a.
<b>Operating Profit</b>	<b>0.4</b>	<b>(3.8)</b>	<b>n.a.</b>	<b>(2.3)</b>	<b>(11.0)</b>	<b>n.a.</b>
<b>EBITDA</b>	<b>8.1</b>	<b>5.7</b>	<b>(29.1%)</b>	<b>24.1</b>	<b>22.3</b>	<b>(7.5%)</b>
<i>EBITDA Margin</i>	15.4%	9.9%	(5.5 p.p.)	12.8%	10.1%	(2.7 p.p.)
<b>Adjusted EBITDA</b>	<b>8.5</b>	<b>7.7</b>	<b>(9.7%)</b>	<b>25.1</b>	<b>26.4</b>	<b>4.9%</b>
<i>Adjusted EBITDA Margin</i>	16.1%	13.3%	(2.8 p.p.)	13.4%	12.0%	(1.4 p.p.)
<b>Adjusted EBITDAR</b>	<b>10.7</b>	<b>9.7</b>	<b>(9.1%)</b>	<b>33.0</b>	<b>35.3</b>	<b>6.9%</b>
<i>Adjusted EBITDAR Margin</i>	20.3%	16.8%	(3.5 p.p.)	17.5%	16.0%	(1.5 p.p.)
<b>Key Performance Indicators</b>						
Avg. Installed Capacity (Slots)	9,313	10,221	9.7%	9,218	9,892	7.3%
Avg. Installed Capacity (Sports Betting Terminals)	4,827	6,771	40.3%	4,369	6,184	41.5%
<b>Gross Win per Slot per Day:</b>						
Slots	52.1	49.7	(4.6%)	51.4	50.1	(2.7%)

- **Revenue** in 2018 grew by €31.9 mm (17.0%) compared to 2017, driven by growing revenues in our online and retail sports betting business and, to a lesser extent, our slot and bingo businesses. Revenue in sports betting increased significantly on the back of an increase in deployed units of 41.5%.

The growing revenue in the Slot Route business was driven by the 7.3% increase in installed capacity.

- **Operating Expenses (excluding D&A)** increased by 18.8% in 2018 as a result of the increase in marketing spend for our Online and Sports Betting businesses, higher personnel and rental expense associated with further deployment of sports betting points of sale and other related expenses.
- **Adjusted EBITDA** grew 4.9% to €26.4 mm. Adjusted EBITDA margin decreased by 1.4 percentage points to 12.0%, versus last year.
- During 2018, we completed several acquisitions, including 9 arcades and route machines, which collectively operate over 300 machines, for a total consideration of c. €10.0 mm and at EV/EBITDA multiples between 3.5x and 5.0x.

<sup>1</sup> Figures reflect change in provisions on advances to site owners in connection with contracts to install our machines in their establishments.

<sup>1</sup> Figures reflect primarily disposal of gaming machines.

## Italy

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Operating Revenue</b>	<b>95.7</b>	<b>90.3</b>	<b>(5.7%)</b>	<b>335.8</b>	<b>336.5</b>	<b>0.2%</b>
Gaming & Other Taxes	(55.3)	(56.7)	(2.5%)	(207.6)	(215.6)	(3.8%)
Personnel	(9.4)	(7.9)	16.3%	(35.2)	(33.7)	4.2%
Rentals	(4.0)	(3.1)	22.7%	(14.1)	(13.1)	7.3%
Cost of Goods Sold	(0.5)	(0.5)	(10.3%)	(1.6)	(1.9)	(19.9%)
Other	(20.4)	(12.4)	39.3%	(53.7)	(44.6)	16.9%
<b>Operating Expenses (excl. D&amp;A)</b>	<b>(89.6)</b>	<b>(80.6)</b>	<b>10.1%</b>	<b>(312.2)</b>	<b>(308.9)</b>	<b>1.1%</b>
Depreciation & Amortization	(4.8)	(3.7)	24.0%	(17.1)	(15.2)	10.9%
Variation in Provisions for Trade Transactions <sup>(1)</sup>	(0.5)	(0.1)	72.8%	(0.6)	(0.6)	(15.2%)
Gains / (Losses) on Asset Disposals <sup>(2)</sup>	(3.9)	(0.0)	99.8%	1.4	(0.0)	n.a.
Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
Non-Recurring Items	(2.0)	(0.4)	79.8%	(3.1)	(1.4)	53.3%
<b>Operating Profit</b>	<b>(5.1)</b>	<b>5.5</b>	<b>n.a.</b>	<b>4.3</b>	<b>10.3</b>	<b>n.a.</b>
<b>EBITDA</b>	<b>4.1</b>	<b>9.3</b>	<b>n.a.</b>	<b>20.5</b>	<b>26.2</b>	<b>27.6%</b>
<i>EBITDA Margin</i>	4.3%	10.3%	6.0 p.p.	6.1%	7.8%	1.7 p.p.
<b>Adjusted EBITDA</b>	<b>6.1</b>	<b>9.7</b>	<b>58.3%</b>	<b>23.6</b>	<b>27.6</b>	<b>17.0%</b>
<i>Adjusted EBITDA Margin</i>	6.4%	10.8%	4.4 p.p.	7.0%	8.2%	1.2 p.p.
<b>Adjusted EBITDAR</b>	<b>10.2</b>	<b>12.9</b>	<b>26.1%</b>	<b>37.7</b>	<b>40.7</b>	<b>7.9%</b>
<i>Adjusted EBITDAR Margin</i>	10.6%	14.2%	3.6 p.p.	11.2%	12.1%	0.9 p.p.
<b>Key Performance Indicators</b>						
Avg. Installed Capacity (AWPs)	8,781	7,473	(14.9%)	8,517	7,971	(6.4%)
Avg. Installed Capacity (VLTs)	1,483	1,504	1.4%	1,475	1,486	0.7%
<b>Gross Win per Slot per Day:</b>						
AWPs	70.4	87.1	23.8%	71.7	78.1	8.9%
VLTs	202	214	5.9%	200	202	1.0%

- **Revenue** in 2018 increased by €0.7 mm or 0.2% compared to 2017. This modest growth is the result of the positive revenue trend achieved until September being eroded when the PREU increase on AWP and VLTs became effective in Q4. Average daily wins for AWP and VLTs increased 8.9% and 1.0%, respectively, while average installed capacity continues to reflect the reduction decreed by the Government (effective in May 2018).
- **Operating Expenses (excluding D&A)** decreased by 1.1% in 2018 compared to 2017, as a result of lower rentals and personnel costs being offset by higher gaming taxes.
- **Adjusted EBITDA** was €27.6 mm in 2018, 17.0% higher than in 2017. Adjusted EBITDA margin was up 1.2 percentage points at 8.2%, reflecting our efforts to optimize AWP portfolio deployment and cost containment efforts to deliver growth despite capacity restrictions and increased taxes.

<sup>1</sup> Figures reflect change in provisions on advances to site owners in connection with contracts to install our machines in their establishments.

<sup>2</sup> Figures reflect primarily disposal of gaming machines.

## Other Operations

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Operating Revenue</b>						
Panama	23.8	23.0	(3.5%)	94.3	88.7	(5.9%)
Uruguay	18.7	18.3	(2.3%)	70.3	70.7	0.6%
Colombia	6.0	5.7	(5.3%)	24.7	23.5	(5.1%)
Brazil	0.3	0.0	(96.1%)	2.8	1.0	(65.6%)
<b>Operating Revenue</b>	<b>48.8</b>	<b>47.0</b>	<b>(3.8%)</b>	<b>192.0</b>	<b>183.8</b>	<b>(4.3%)</b>
<b>Adjusted EBITDA</b>						
Panama	3.9	5.2	32.2%	14.8	17.3	16.9%
Uruguay	4.1	5.5	33.2%	14.4	18.2	26.2%
Colombia	0.4	1.6	n.a.	3.0	4.5	53.1%
Brazil	(0.7)	0.0	n.a.	(4.0)	(0.1)	96.3%
<b>Adjusted EBITDA</b>	<b>7.7</b>	<b>12.4</b>	<b>60.0%</b>	<b>28.2</b>	<b>39.8</b>	<b>41.3%</b>
<i>Adjusted EBITDA Margin</i>	<i>15.8%</i>	<i>26.3%</i>	<i>10.5 p.p.</i>	<i>14.7%</i>	<i>21.7%</i>	<i>7.0 p.p.</i>
<b>EBITDA</b>	<b>7.6</b>	<b>11.5</b>	<b>51.0%</b>	<b>27.6</b>	<b>32.8</b>	<b>19.0%</b>
<i>EBITDA Margin</i>	<i>15.6%</i>	<i>24.5%</i>	<i>8.9 p.p.</i>	<i>14.4%</i>	<i>17.9%</i>	<i>3.5 p.p.</i>
<b>Average Exchange Rates</b>						
EUR/USD	1.18	1.14	(3.1%)	1.13	1.18	4.5%
EUR/UYU	34.32	37.14	8.2%	32.42	36.24	11.8%
USD/UYU	29.14	32.55	11.7%	28.66	30.73	7.2%
EUR/COP	3,523	3,611	2.5%	3,341	3,489	4.4%
EUR/BRL	3.84	4.35	13.3%	3.61	4.31	19.3%
<b>Average Inflation (YoY)</b>						
Panama	0.5%	0.7%	0.2 p.p.	0.9%	0.8%	(0.1 p.p.)
Uruguay	6.3%	8.0%	1.7 p.p.	6.2%	7.6%	1.4 p.p.
Colombia	4.1%	3.3%	(0.8 p.p.)	4.3%	3.2%	(1.1 p.p.)
Brazil	2.8%	4.1%	1.3 p.p.	3.5%	3.7%	0.2 p.p.

Other Operations includes results from Panama, Uruguay, Colombia and Brazil, but excludes Corporate Overhead.

**Operating revenue** decreased by €8.2 mm (4.3%), to €183.8 mm as a result of:

- A decrease in **Panama** of €5.6 mm due to the devaluation of the USD versus the Euro and the closing of two underperforming casinos.
- A decrease in **Colombia** of €1.2 mm as a result of the closing of an underperforming gaming hall.
- A decrease in **Brazil** of €1.8 mm.

**Adjusted EBITDA** increased by €11.6 mm (41.3%), to €39.8 mm as a result of:

- An increase in **Uruguay** of €3.8 mm due to a more efficient HRU operation together with a favorable evolution of exchange rates for our revenue recognition mechanics, while Carrasco continues to perform comfortably above break even.
- An increase in **Brazil** of €3.9 mm due to the reduced expenses in the country given our efficiency efforts.
- An increase in **Panama** of €2.5 mm, due to the local headquarter and operational cost savings.

**Adjusted EBITDA margin** in 2018 was 21.7%, 7.0 percentage points above that of 2017.

## Consolidated Cash Flow Statement

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Operating Profit</b>	<b>25.9</b>	<b>30.0</b>	<b>15.9%</b>	<b>131.1</b>	<b>96.9</b>	<b>(26.1%)</b>
Impairment Charges	0.0	0.0	n.a.	0.0	0.0	n.a.
(Gains) / Losses on Asset Disposals	4.9	2.5	(49.0%)	0.5	4.4	n.a.
Depreciation & Amortization	30.8	30.7	(0.3%)	113.0	113.9	0.8%
Other Expenses	2.1	1.2	(42.9%)	9.5	6.4	(32.6%)
Other Income	(1.5)	(1.2)	20.0%	(1.9)	(1.7)	10.5%
Inflation Adjustment	0.0	0.3	n.a.	0.0	19.5	n.a.
<b>Non-Cash Items in Operating Profit</b>	<b>36.3</b>	<b>33.5</b>	<b>(7.7%)</b>	<b>121.1</b>	<b>142.5</b>	<b>17.7%</b>
Corporate Income Taxes Paid	(15.5)	(11.2)	27.7%	(70.9)	(51.8)	26.9%
Chg. in Working Capital <sup>(1)</sup>	(1.4)	(2.5)	(78.6%)	(13.8)	(4.8)	65.2%
<b>Cash Flow from Operations</b>	<b>45.3</b>	<b>49.8</b>	<b>10.0%</b>	<b>167.5</b>	<b>182.8</b>	<b>9.1%</b>
Maintenance Capital Expenditures <sup>(2)</sup>	(31.2)	(26.7)	14.4%	(87.1)	(82.1)	5.7%
Growth Capital Expenditures <sup>(2)</sup> , of which:	(12.3)	(24.1)	(95.6%)	(64.2)	(81.3)	(26.6%)
Capacity Deployment <sup>(3)</sup>	(7.4)	(9.4)	(27.5%)	(21.8)	(29.9)	(37.3%)
Acquisitions <sup>(4)</sup>	(4.9)	(14.7)	n.a.	(42.4)	(51.4)	(21.1%)
Proceeds from Asset Disposals	(4.0)	0.0	n.a.	1.5	0.0	n.a.
Initial Cash from Acquired Companies	1.1	0.1	(90.9%)	1.1	0.1	(90.9%)
<b>Cash Flow from Investing</b>	<b>(46.4)</b>	<b>(50.7)</b>	<b>(9.3%)</b>	<b>(148.7)</b>	<b>(163.3)</b>	<b>(9.8%)</b>
Cash Interest Expense	(30.4)	(31.1)	(2.3%)	(72.1)	(68.8)	4.6%
Cash Interest Income	1.9	0.2	(89.5%)	4.4	1.7	(61.4%)
Chg. in Financial Debt	(7.6)	(3.7)	51.3%	10.9	(5.0)	n.a.
Chg. in Financial Investments	(2.5)	4.7	n.a.	4.7	9.4	n.a.
Chg. in Deferred Payments <sup>(5)</sup>	14.4	17.9	24.3%	14.7	48.2	n.a.
Dividends Paid, net <sup>(6)</sup>	(1.4)	(1.3)	7.1%	(5.8)	(7.5)	(29.3%)
Investment in Treasury Shares, net	2.1	(0.4)	n.a.	2.1	(0.4)	n.a.
Cash Effect from Exchange Rate Difference	(1.3)	(6.0)	n.a.	(5.0)	(11.5)	n.a.
<b>Cash Flow from Financing</b>	<b>(24.8)</b>	<b>(19.7)</b>	<b>20.6%</b>	<b>(46.1)</b>	<b>(33.9)</b>	<b>26.5%</b>
Exchange Rate Impact on Cash Balances	(3.5)	0.6	n.a.	(10.3)	(8.3)	19.4%
<b>Cash Flow</b>	<b>(29.4)</b>	<b>(20.0)</b>	<b>32.1%</b>	<b>(37.6)</b>	<b>(22.7)</b>	<b>39.5%</b>
<b>Cash &amp; Equivalents</b>						
Beginning of Period	133.9	101.8	(24.0%)	142.1	104.5	(26.5%)
Cash Flow	(29.4)	(20.0)	32.1%	(37.6)	(22.7)	39.5%
<b>End of Period</b>	<b>104.5</b>	<b>81.8</b>	<b>(21.7%)</b>	<b>104.5</b>	<b>81.8</b>	<b>(21.8%)</b>

- **Cash flow from operations** in 2018 was €182.8 mm, a 9.1% increase versus €167.5 mm in 2017. This increase is primarily attributable to (i) a decrease in the change in working capital and (ii) a decrease in corporate tax paid that offset the decrease of €18.9 mm in reported EBITDA. Inflation adjustments (IAS 29 accounting in Argentina) are excluded in the cash flow calculations, as they are non-cash items in the Income Statement.

<sup>1</sup> Please see earnings results presentation for reconciliation between this figure and management reporting of net working capital.

<sup>2</sup> Figures reflect accrued amounts, including contingency payments (if any), and prior to any deferred payment arrangements (if applicable).

<sup>3</sup> Includes opening of greenfield gaming halls, increase of capacity on existing ones, deployment and expansion of sports betting points of sale, among other projects.

<sup>4</sup> Includes acquisition of gaming halls, slot operators and acquisition of product through previously operated through revenue share or operational agreements.

<sup>5</sup> Includes changes in deferred payments related to capital expenditures and authorized deferred gaming taxes (Spain).

<sup>6</sup> Figure reflects dividends paid to minority partners net of dividends received from Group investments in unconsolidated entities.

- **Cash flow from investing** in 2018 was €163.3 mm, made up of €163.4 mm of capital expenditures, of which €82.1 mm are related to maintenance and €81.3 mm to growth initiatives, offset by €0.1 mm of cash from acquired companies.
  - Within growth capex, we incurred in €51.4 mm of acquisitions, of which c. €39.0 mm were incurred in new product agreements mostly in Mexico and Panama, and the rest was mostly related to acquisitions of slot route operators in Spain and the acquisition of a gaming hall in Mexico (Nogales).
- **Cash flow from financing** was (€33.9) mm and included:
  - €68.8 mm of cash interest expense, including €53.3 mm related to our Senior Notes, €13.8 mm related to OpCo debt (including capital leases) and €1.7 mm related to our SSRCF;
  - €1.7 mm of cash interest income;
  - €5.0 mm decrease in financial debt made up of:
    - (i) €2.6 mm increase in capital leases, primarily in Spain;
    - (ii) €7.6 mm decrease in OpCo financial debt (excluding capital leases), due to the net effect of loans raised in Uruguay – HRU (€10.1 mm), Panama (€11.2 mm) and Spain (€5.5 mm) offset by the scheduled amortization of loans in HRU (€4.5 mm), Mexico (€21.1 mm), Uruguay – Carrasco (€6.0 mm), Panama (€1.1 mm), Italy (€1.0 mm) and Colombia (€0.7mm);
  - €9.4 mm decrease in financial investments;
  - Increase in deferred payments of €48.2 mm, consisting of a decrease in authorized deferred gaming taxes in Spain of €2.0 mm and an increase in deferred payments with capex suppliers of €50.2 mm mainly in Mexico and Panama (mainly associated to new supplier financing deals on acquired slot products previously leased);
  - Dividends paid to minority partners of €7.5 mm;
  - €11.5 mm net negative impact from exchange rate differences;
  - The fluctuation in foreign exchange rates has resulted in a negative impact of €8.3 mm on conversion of cash balances;
  - During 2018, there has been a decrease in cash and equivalents of €22.7 mm to €81.8 mm.

# Capital Expenditures and Acquisitions<sup>1</sup>

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	Quarter			FY		
	Q4 2017	Q4 2018	Var. %	2017	2018	Var. %
<b>Capital Expenditures and Acquisitions</b>						
Maintenance <sup>(2)</sup>	31.2	26.7	(14.4%)	87.1	82.1	(5.7%)
Growth <sup>(3)</sup>	12.3	24.1	95.9%	64.2	81.3	26.6%
<b>Total</b>	<b>43.5</b>	<b>50.8</b>	<b>16.8%</b>	<b>151.3</b>	<b>163.4</b>	<b>8.0%</b>
<b>Maintenance</b>						
Argentina	1.9	6.3	n.a.	7.4	13.0	75.7%
Mexico	14.0	4.4	(68.6%)	28.9	25.2	(12.8%)
Panama	4.5	0.9	(80.0%)	13.9	3.2	(77.0%)
Colombia	0.4	0.1	(75.0%)	1.9	2.1	10.5%
Uruguay	2.1	2.0	(4.8%)	5.2	7.6	46.2%
Brazil	0.0	0.0	n.a.	0.1	0.0	n.a.
<b>Sub-Total - Latin America</b>	<b>22.9</b>	<b>13.7</b>	<b>(40.2%)</b>	<b>57.4</b>	<b>51.1</b>	<b>(11.0%)</b>
Italy	1.8	2.1	16.7%	6.8	4.7	(30.9%)
Spain	6.2	6.6	6.5%	22.5	21.0	(6.7%)
<b>Sub-Total - Europe</b>	<b>8.0</b>	<b>8.7</b>	<b>8.7%</b>	<b>29.3</b>	<b>25.7</b>	<b>(12.3%)</b>
Corporate	0.3	4.3	n.a.	0.4	5.3	n.a.
<b>Total</b>	<b>31.2</b>	<b>26.7</b>	<b>(14.4%)</b>	<b>87.1</b>	<b>82.1</b>	<b>(5.7%)</b>
<b>Growth</b>						
Argentina	0.0	0.4	n.a.	0.0	1.9	n.a.
Mexico	1.8	12.8	n.a.	28.4	43.4	52.8%
Panama	0.0	1.2	n.a.	0.0	5.7	n.a.
Colombia	0.7	0.5	(28.6%)	2.5	2.2	(12.0%)
Uruguay	0.0	0.0	n.a.	0.0	0.0	n.a.
Brazil	0.0	0.0	n.a.	0.1	0.0	n.a.
<b>Sub-Total - Latin America</b>	<b>2.5</b>	<b>14.9</b>	<b>n.a.</b>	<b>31.0</b>	<b>53.2</b>	<b>71.6%</b>
Italy	1.1	0.1	(90.9%)	6.5	0.2	(96.9%)
Spain	8.7	9.1	4.6%	26.7	27.9	4.5%
<b>Sub-Total - Europe</b>	<b>9.8</b>	<b>9.2</b>	<b>(6.1%)</b>	<b>33.2</b>	<b>28.1</b>	<b>(15.4%)</b>
Corporate	0.0	0.0	n.a.	0.0	0.0	n.a.
<b>Total, of which:</b>	<b>12.3</b>	<b>24.1</b>	<b>95.9%</b>	<b>64.2</b>	<b>81.3</b>	<b>26.6%</b>
Capacity Deployment <sup>(4)</sup>	7.4	9.4	27.5%	21.8	29.9	37.3%
Acquisitions <sup>(5)</sup>	4.9	14.7	n.a.	42.4	51.4	21.1%

**Maintenance Capex** in 2018 reached €82.1 mm, principally driven by:

- Investment in Mexico of €25.2 mm, a decrease of €3.7 mm, associated with slot renewals and hall refurbishments;
- Spanish investment of €21.0 mm, a decrease of €1.5 mm, due to lower levels of product renewal in our retail AWP business, partially offset by higher commercial capex;
- Investment in Argentina of €13.0 mm, an increase of €5.6 mm, due to investment in slot renewals and halls, including VIP area within them, as well as on casino management systems;
- Investment in Uruguay of €7.6 mm, an increase of €2.4 mm.

**Growth Capex** in 2018 was €81.3 mm, €17.1 mm higher than in 2017 and included c. €51.4 mm of acquisitions, of which c. €39.0 mm were incurred in new product agreements mostly in Mexico and Panama, and the rest was mostly related to acquisitions of slot route operators in Spain and the acquisition of a gaming hall in Mexico (Nogales).

<sup>1</sup> Figures as per consolidated cash flow statements. Figures will vary from prior reports as investments related to our online and sports betting platform in Spain have been reclassified from maintenance to growth capex retroactively since Q1 2016.

<sup>2</sup> Includes primarily slot product/gaming hall renovation, exclusivity payments to site owners and gaming license renewals.

<sup>3</sup> Includes primarily slot product/gaming hall expansion and acquisition activity.

<sup>4</sup> Includes opening of greenfield gaming halls, increase of capacity on existing ones, deployment and expansion of sports betting, among other projects.

<sup>5</sup> Includes acquisition of gaming halls, slot operators and acquisition of product through previously operated through revenue share or operational agreements.



## Consolidated Balance Sheet

Figures in EUR mm, except where noted otherwise  
(Unaudited in 2018)

	As at			
	Dec-17	Dec-18	Var.	Var. %
<b>Assets</b>				
Cash & Equivalents	104.5	81.8	(22.7)	(21.8%)
S-T Financial Investments <sup>(1)</sup>	38.9	31.3	(7.6)	(19.6%)
Accounts Receivable <sup>(2)</sup>	90.8	75.9	(14.9)	(16.4%)
Taxes Receivable <sup>(3)</sup>	87.5	87.7	0.2	0.2%
Prepaid Expenses	15.1	20.0	4.9	32.1%
Inventory	10.0	10.9	0.9	8.9%
Other Current Assets	0.0	0.0	0.0	n.a.
<b>Current Assets</b>	<b>346.9</b>	<b>307.5</b>	<b>(39.4)</b>	<b>(11.4%)</b>
Fixed Assets	388.8	453.6	64.8	16.7%
L-T Financial Investments	23.1	22.8	(0.3)	(1.1%)
Intangible Assets (excl. Goodwill)	342.9	382.7	39.8	11.6%
Goodwill	185.3	230.4	45.1	24.4%
Deferred Tax Assets	48.7	47.5	(1.2)	(2.4%)
Other Non-Current Assets	0.0	0.0	0.0	n.a.
<b>Total Assets</b>	<b>1,335.7</b>	<b>1,444.6</b>	<b>108.9</b>	<b>8.2%</b>
<b>Liabilities &amp; Shareholders' Equity</b>				
Accounts Payable <sup>(4)</sup>	116.5	97.0	(19.5)	(16.8%)
S-T Provisions <sup>(5)</sup>	6.8	4.8	(2.0)	(28.2%)
S-T Taxes Payable <sup>(6)</sup>	158.7	147.9	(10.8)	(6.8%)
S-T Financial Debt	58.0	60.4	2.4	4.1%
S-T Deferred Payments <sup>(7)</sup>	41.9	72.6	30.7	73.1%
Other Current Liabilities	2.3	5.7	3.4	n.a.
<b>Current Liabilities</b>	<b>384.2</b>	<b>388.4</b>	<b>4.2</b>	<b>1.1%</b>
L-T Provisions <sup>(8)</sup>	31.1	23.0	(8.1)	(25.8%)
L-T Taxes Payable	17.5	13.3	(4.2)	(24.0%)
L-T Financial Debt	795.1	803.1	8.0	1.0%
L-T Deferred Payments <sup>(7)</sup>	19.3	29.9	10.6	54.5%
Deferred Tax Liabilities	83.4	94.6	11.2	13.4%
Other Non-Current Liabilities	0.1	0.1	0.0	(33.8%)
<b>Total Liabilities</b>	<b>1,330.6</b>	<b>1,352.4</b>	<b>21.8</b>	<b>1.6%</b>
Minority Interests	83.8	83.4	(0.4)	(0.5%)
Shareholders' Equity	(78.8)	8.8	87.6	n.a.
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>1,335.7</b>	<b>1,444.6</b>	<b>108.9</b>	<b>8.2%</b>
<b>End of Period Exchange Rates</b>				
EUR/ARS	22.45	43.17	20.72	92.3%
EUR/MXN	23.67	22.50	(1.17)	(4.9%)
EUR/USD	1.20	1.15	(0.05)	(4.5%)
EUR/COP	3,579	3,721	142	4.0%
EUR/UYU	34.55	37.10	2.56	7.4%
USD/UYU	28.81	32.41	3.60	12.5%
EUR/BRL	3.97	4.44	0.47	11.8%

<sup>1</sup> Includes €6.3 and €4.9 mm, respectively, in cash in transit (including Codere participation in realized gross win pending route operator collection).

<sup>2</sup> Includes A/R from customers, other parties and advances to employees.

<sup>3</sup> Includes all taxes receivable from tax authorities, including the 0.5% canon (AAMS) in Italy.

<sup>4</sup> Includes accounts payable to suppliers, other parties and accrued wages.

<sup>5</sup> Figures include provision for trade transactions and other provisions related to treasury share activity.

<sup>6</sup> Figures include gaming taxes, corporate income taxes and other taxes payable to tax authorities.

<sup>7</sup> Figures include deferred payments (and other partner investments) related to capital expenditures and other deferred payments.

<sup>8</sup> Figures include all other provisions related to business contingencies (personnel, tax, etc.).

## Net Working Capital

Figures in EUR mm, except where noted otherwise (Unaudited in 2018)	As at			
	Dec-17	Dec-18	Var.	Var. %
<b>Assets</b>				
Accounts Receivable	90.8	75.9	(14.9)	(16.4%)
Taxes Receivable <sup>(1)</sup>	51.5	58.3	6.8	13.1%
Prepaid Expenses	15.1	20.0	4.9	32.1%
Inventory	10.0	10.9	0.9	8.9%
Other Current Assets <sup>(2)</sup>	0.0	0.0	0.0	-
<b>Total</b>	<b>167.5</b>	<b>165.1</b>	<b>(2.4)</b>	<b>(1.4%)</b>
<b>Liabilities</b>				
Accounts Payable	116.5	97.0	19.5	(16.8%)
S-T Provisions <sup>(3)</sup>	3.9	3.3	0.6	(13.4%)
Taxes Payable <sup>(1)</sup>	126.3	122.4	3.9	(3.1%)
Deferred Payments <sup>(4)</sup>	3.8	6.2	(2.4)	65.2%
Other Current Liabilities <sup>(2)</sup>	1.8	3.9	(2.1)	n.a.
<b>Total</b>	<b>252.3</b>	<b>232.8</b>	<b>19.5</b>	<b>(7.7%)</b>
<b>Net Working Capital</b>	<b>(84.8)</b>	<b>(67.7)</b>	<b>17.1</b>	<b>20.2%</b>

### Balance Sheet

- Total assets increased by €108.9 mm in 2018. This increase is principally attributable to fixed and intangible assets, as a result of (i) the increase in value of Argentinean assets following the application of IAS 29 and (ii) the increase in Mexico and Panama following the acquisition of slots, as outlined in the Capital Expenditures section of this report.
- Current Assets decreased by €39.4 mm, as a result of a €30.3 mm reduction in cash and short term financial investments and a €14.9 mm reduction in accounts receivable.
- Financial debt, including both the short and long term portion increased by €10.4 mm as a result of the €12.8 mm increase in the USD denominated Senior Notes due to the 4.5% appreciation of the USD against the Euro partially offset by a small reduction in OpCo debt (including capital leases).
- Minority interests decreased by €0.4 mm to €83.4 mm and shareholders' equity increased by €87.6 mm to €8.8 mm.

### Net Working Capital

- Net working capital increased by €17.1 mm to negative €67.7 mm.
- This change in net working capital was primarily due to a €19.5 mm decrease in accounts payable and a €10.7 mm decrease in taxes payable, net<sup>5</sup>, partially offset by a €14.9 mm decrease in accounts receivable.

<sup>1</sup> Figures reflect gaming and other taxes (i.e. exclude corporate income taxes).

<sup>2</sup> Figures exclude security deposits.

<sup>3</sup> Figures reflect provisions for trade transactions.

<sup>4</sup> Figures reflect other deferred payment obligations (i.e. exclude deferred payments and other partner investments related to capital expenditures).

<sup>5</sup> Taxes payable less taxes receivable.

# Capitalization

Figures in EUR mm, except where noted otherwise

(Unaudited in 2018)

	As at			
	Dec-17	Dec-18	Var.	Var. %
<b>Capitalization</b>				
S-T Financial Debt <sup>(1)</sup>	58.0	60.4	2.4	4.1%
L-T Financial Debt <sup>(1)</sup>	795.1	803.1	8.0	1.0%
<b>Total Financial Debt</b>	<b>853.0</b>	<b>863.4</b>	<b>10.4</b>	<b>1.2%</b>
Minority Interests	83.8	83.4	(0.4)	(0.5%)
Shareholders' Equity	(78.8)	8.8	87.6	n.a.
<b>Total Capitalization</b>	<b>858.1</b>	<b>955.6</b>	<b>97.5</b>	<b>11.4%</b>
<b>Financial Debt<sup>(1)</sup></b>				
OpCo Debt (excl. Capital Leases)	85.5	81.4	(4.1)	(4.7%)
OpCo Capital Leases	7.3	8.6	1.3	17.7%
<b>Sub-Total</b>	<b>92.8</b>	<b>90.0</b>	<b>(2.8)</b>	<b>(3.0%)</b>
Super Senior Revolving Credit Facility	9.6	9.9	0.3	3.5%
Senior Notes	750.7	763.5	12.8	1.7%
<b>Total Financial Debt</b>	<b>853.0</b>	<b>863.4</b>	<b>10.4</b>	<b>1.2%</b>
Capitalization of Operating Leases <sup>(2)</sup>	500.3	441.5	(58.8)	(11.7%)
<b>Total Adjusted Financial Debt</b>	<b>1,353.4</b>	<b>1,305.0</b>	<b>(48.4)</b>	<b>(3.6%)</b>
<b>Cash &amp; Equivalents</b>				
Mexico	15.4	10.1	(5.3)	(34.1%)
Argentina	18.4	13.5	(4.9)	(26.8%)
Spain	10.6	14.2	3.6	33.3%
Italy	16.6	19.3	2.7	15.8%
Other Operations	15.5	12.0	(3.5)	(22.4%)
<b>Sub-Total</b>	<b>76.5</b>	<b>69.0</b>	<b>(7.5)</b>	<b>(9.8%)</b>
Corporate	28.0	12.7	(15.3)	(54.5%)
<b>Total</b>	<b>104.5</b>	<b>81.8</b>	<b>(22.7)</b>	<b>(21.8%)</b>
Europe (incl. Corporate)	55.3	46.2	(9.1)	(16.5%)
Latam	49.3	35.6	(13.7)	(27.7%)
<b>Total</b>	<b>104.5</b>	<b>81.8</b>	<b>(22.7)</b>	<b>(21.8%)</b>
<b>Credit Statistics</b>				
<b>LTM Adjusted EBITDA</b>	<b>273.6</b>	<b>282.9</b>	<b>9.3</b>	<b>3.4%</b>
LTM Adjusted EBITDAR	398.7	393.3	(5.4)	(1.4%)
Proforma Interest Expense <sup>(3)</sup>	59.9	60.3	0.4	0.7%
<b>Leverage:</b>				
Senior Financial Debt <sup>(4)</sup> / LTM Adjusted EBITDA	0.4x	0.4x	-	-
Total Financial Debt / LTM Adjusted EBITDA	3.1x	3.1x	-	-
Total Adjusted Financial Debt / LTM Adjusted EBITDAR	3.4x	3.3x	(0.1x)	(2.9%)
<b>Total Net Financial Debt / LTM Adjusted EBITDA</b>	<b>2.7x</b>	<b>2.8x</b>	<b>0.1x</b>	<b>3.7%</b>
<i>Including Inflation Accounting</i>	<i>2.7x</i>	<i>2.9x</i>	<i>0.2x</i>	<i>7.3%</i>
<b>Coverage:</b>				
<b>LTM Adjusted EBITDA / Proforma Interest Expense</b>	<b>4.6x</b>	<b>4.7x</b>	<b>0.1x</b>	<b>2.2%</b>
<i>Including Inflation Accounting</i>	<i>4.6x</i>	<i>4.5x</i>	<i>(0.1x)</i>	<i>(2.2%)</i>

<sup>1</sup> Figures include accrued interest and impact of deferred financing fees, which, for covenant calculation purposes, would be excluded (i.e. financial debt and leverage would be lower).

<sup>2</sup> Figures reflect 4.0x multiple on LTM rental expenses, as per Moody's Investor Services methodology (*Operating Lease Adjustments – Treatment, Rationale and Sector Data for Retail, Restaurants, Gaming, Lodging & Apparel, dated June 14, 2016*).

<sup>3</sup> Figures based on December 31, 2017 and December 30, 2018, as applicable, financial debt outstanding and interest rates; excludes fees on unused revolver availability.

<sup>4</sup> Includes structurally senior OpCo debt (including capital leases) plus drawn amounts outstanding under the €95 mm SSRCF.

## Gaming Capacity<sup>1</sup> by Venue

Region	Gaming Venues											
	Gaming Halls <sup>(2)</sup>		Arcades <sup>(3)</sup>		Bars <sup>(4)</sup>		Sports Betting Shops <sup>(6)</sup>		Racetracks		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
<b>Latin America</b>												
Argentina	14	13	-	-	-	-	-	-	-	-	14	13
Mexico <sup>(6)</sup>	92	95	-	-	-	-	89	91	1	1	93	96
Panama <sup>(6,7)</sup>	13	11	-	-	-	-	8	8	1	1	14	12
Colombia	10	9	164	143	-	-	143	405	-	-	174	418
Uruguay (CN)	1	1	-	-	-	-	-	-	-	-	1	1
Uruguay (HRU) <sup>(8)</sup>	5	5	-	-	-	-	27	26	2	2	29	28
Brazil	-	-	-	-	-	-	4	-	-	-	4	-
<b>Total</b>	<b>135</b>	<b>134</b>	<b>164</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>271</b>	<b>530</b>	<b>4</b>	<b>4</b>	<b>329</b>	<b>568</b>
<b>Europe</b>												
Italy	11	11	-	-	2,539	2,246	-	-	-	-	2,550	2,257
Spain <sup>(9)</sup>	3	3	659	976	7,754	7,694	54	72	-	-	8,470	8,745
<b>Total</b>	<b>14</b>	<b>14</b>	<b>659</b>	<b>976</b>	<b>10,293</b>	<b>9,940</b>	<b>54</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>11,020</b>	<b>11,002</b>
<b>Total Group</b>	<b>149</b>	<b>148</b>	<b>823</b>	<b>1,119</b>	<b>10,293</b>	<b>9,940</b>	<b>325</b>	<b>602</b>	<b>4</b>	<b>4</b>	<b>11,349</b>	<b>11,570</b>
<b>Operator</b>												
Codere	149	148	193	181	-	-	324	337	4	4	425	161
Third Party	-	-	630	938	10,293	9,940	1	265	-	-	10,924	11,143
<b>Total</b>	<b>149</b>	<b>148</b>	<b>823</b>	<b>1,119</b>	<b>10,293</b>	<b>9,940</b>	<b>325</b>	<b>602</b>	<b>4</b>	<b>4</b>	<b>11,349</b>	<b>11,304</b>
<b>Spain</b>												
SSTs Only <sup>(10)</sup>	-	-	647	941	1,206	1,110	17	26	-	-	1,870	2,077
AWPs & SSTs	3	3	12	35	378	383	37	46	-	-	430	467
<b>Sub-Total</b>	<b>3</b>	<b>3</b>	<b>659</b>	<b>976</b>	<b>1,584</b>	<b>1,493</b>	<b>54</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>2,300</b>	<b>2,544</b>
AWPs Only	-	-	-	-	6,170	6,201	-	-	-	-	6,170	6,201
<b>Total</b>	<b>3</b>	<b>3</b>	<b>659</b>	<b>976</b>	<b>7,754</b>	<b>7,694</b>	<b>54</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>8,470</b>	<b>8,745</b>

<sup>1</sup> Figures as at December 31, 2017 and 2018, as applicable.

<sup>2</sup> Includes all gaming venues with > 50 slot machines.

<sup>3</sup> Includes all gaming venues with between 5 and 50 (inclusive) slot machines (Codere and/or 3<sup>rd</sup> party operated).

<sup>4</sup> Includes all bars, restaurants, tobacco shops and other retail locations with < 5 slot machines and/or self-service sports betting terminals.

<sup>5</sup> Includes sports books co-located within Codere gaming halls and other Codere operated standalone sports betting shops.

<sup>6</sup> Figure for sports betting shops reflects sports books co-located within Codere operated gaming halls.

<sup>7</sup> Figure for sports betting shops excludes 44 and 39, respectively, affiliated agencies (horserace betting only).

<sup>8</sup> Figure for sports betting shops includes 5 sports books co-located within HRU operated gaming halls. In Colombia, other than those located in arcades, sport betting shops reflect standalone points of sale.

<sup>9</sup> Sports betting shops excludes 29 and 43, respectively, franchised locations (included in Arcades).

<sup>10</sup> Self-service sports betting terminals; arcades and bars would, however, typically have 3<sup>rd</sup> party operated AWPs.

## Gaming Capacity<sup>1</sup> by Product

Region	Gaming Product (Installed Capacity)											
	Slots <sup>(2)</sup>		Table Seats <sup>(3)</sup>		Bingo Seats		Sports Betting <sup>(4)</sup>		Network <sup>(5)</sup>		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
<b>Latin America</b>												
Argentina	6,952	6,854	-	-	11,906	11,692	-	-	-	-	18,858	18,546
Mexico	19,607	21,896	1,836	2,160	11,117	11,217	89	91	-	-	32,649	35,364
Panama <sup>(6)</sup>	3,216	2,965	426	378	-	-	8	8	-	-	3,650	3,351
Colombia	5,047	4,504	246	144	850	425	143	690	-	-	6,286	5,763
Uruguay (CN)	403	403	144	144	-	-	-	-	-	-	547	547
Uruguay (HRU)	1,850	1,854	-	-	-	-	27	26	-	-	1,877	1,880
Brazil	-	-	-	-	-	-	4	-	-	-	4	-
<b>Total</b>	<b>37,075</b>	<b>38,476</b>	<b>2,652</b>	<b>2,826</b>	<b>23,873</b>	<b>23,334</b>	<b>271</b>	<b>815</b>	<b>-</b>	<b>-</b>	<b>63,871</b>	<b>65,451</b>
<b>Europe</b>												
Italy <sup>(7)</sup>	10,090	8,436	-	-	5,139	5,139	-	-	22,967	15,256	29,960	21,589
AWP <sup>(8)</sup>	9,215	7,521	-	-	-	-	-	-	21,484	13,715	23,286	14,857
VL <sup>(9)</sup>	875	915	-	-	-	-	-	-	1,483	1,541	1,535	1,593
Spain <sup>(10)</sup>	9,383	10,218	-	-	1,193	1,064	5,310	6,844	-	-	15,886	18,126
<b>Total</b>	<b>19,473</b>	<b>18,654</b>	<b>-</b>	<b>-</b>	<b>6,332</b>	<b>6,203</b>	<b>5,310</b>	<b>6,844</b>	<b>22,967</b>	<b>15,256</b>	<b>45,846</b>	<b>39,715</b>
<b>Total Group</b>	<b>56,548</b>	<b>57,130</b>	<b>2,652</b>	<b>2,826</b>	<b>30,205</b>	<b>29,537</b>	<b>5,581</b>	<b>7,659</b>	<b>22,967</b>	<b>15,256</b>	<b>109,717</b>	<b>105,166</b>
<b>Gaming Venue</b>												
Gaming Halls	34,276	36,121	2,652	2,826	30,205	29,537	295	845	-	-	67,428	69,329
Arcades	4,331	4,540	-	-	-	-	3,292	4,854	-	-	7,623	9,394
Bars	17,848	16,328	-	-	-	-	1,584	1,493	-	-	19,432	17,821
Sports Betting Shops	93	141	-	-	-	-	410	467	-	-	503	608
Network <sup>(11)</sup>	-	-	-	-	-	-	-	-	22,967	15,256	14,731	8,014
<b>Total Group</b>	<b>56,548</b>	<b>57,130</b>	<b>2,652</b>	<b>2,826</b>	<b>30,205</b>	<b>29,537</b>	<b>5,581</b>	<b>7,659</b>	<b>22,967</b>	<b>15,256</b>	<b>109,717</b>	<b>105,166</b>

<sup>1</sup> Figures as at December 31, 2017 and 2018, as applicable.

<sup>2</sup> Includes all Codere operated AWP, VLTs, electronic bingo terminals and other gaming machines; excludes 3<sup>rd</sup> party operated slots.

<sup>3</sup> Figure reflects number of total gaming positions assuming (for illustrative purposes only) 6 seats per table.

<sup>4</sup> Figures for Spain and Colombia reflect self-service terminals (SSTs); in other markets figure reflects number of sports books/betting shops.

<sup>5</sup> Reflects all slots connected to Codere network (i.e. both Codere and 3<sup>rd</sup> party operated).

<sup>6</sup> Figure for sports betting shops excludes 44 and 39, respectively, affiliated agencies (horserace betting only).

<sup>7</sup> Figures for slots reflect Codere operated units connected to both Codere Network (typical) and 3<sup>rd</sup> party networks.

<sup>8</sup> Figures for slots include 1,802 and 1,142 units, respectively, connected to 3<sup>rd</sup> party networks.

<sup>9</sup> Figures for slots include 52 units connected to 3<sup>rd</sup> party networks.

<sup>10</sup> Figures for slots reflect operating units (i.e. do not include authorized but not deployed units).

<sup>11</sup> Figures in total column reflect only 3<sup>rd</sup> party operated slots that are connected to Network (to avoid double counting of Codere operated units).

## Recent Events

- Tax changes in Argentina.** On December 7, 2018, the Province of Buenos Aires Senate and Chamber of Deputies passed Law 15,079, which, under articles 137-139, set out a new tax on players, levied on the successive prizes from slots, at a rate between 1 and 3%. The law also established that provincial bingo and casino operators shall be the ones to make the payments.  
 On subsequent regulation of said law, approved and effective since February 1, 2019 by the gaming authority (IPLyC), the rate was set for now at 3% of all cashed-out tickets.

Based on the above, the Company started to withhold and pay said tax on behalf of its customers. Consequently, the impact on 2019 EBITDA is expected to remain below €10 million.

- Tax changes in Italy.** On December 30, 2018, the Italian Parliament passed the 2019 budget law. Within the law, there were changes to gaming tax (PREU), as it increased then current rates of 19.25% for AWP's and 6.25% for VLT's by 1.35% and 1.25%, respectively. The law also allowed payout reductions from 70% to 68% and from 85% to 84% for AWP's and VLT's, respectively.

Furthermore, on January 28, 2019, an additional increase was approved resulting in the following calendar:

Effective date	AWPs	VLTs
January 1, 2019	20.60%	7.50%
January 29, 2019	21.25%	7.50%
May 1, 2019	21.60%	7.90%
January 1, 2020	21.68%	7.93%
January 1, 2021	21.75%	8.00%
January 1, 2023	21.60%	7.85%

The impact on EBITDA from these increases is expected to remain below €10.0 mm in 2019 after mitigating actions.

- Argentine assets revaluation.** The Argentine Government issued a new tax regulation in 2018 allowing to update the value of the assets (using inflation since the acquisition of the assets) for corporate income tax purposes (allowing additional future deductible devaluation) in exchange of paying a fee on the value of such revaluation. The net effect of the fee and the positive deferred tax asset, on our income statement, is a non-recurring positive impact of €7.7 mm included under Corporate Income Tax in 2018.
- Inflation accounting in Argentina.** Given that inflation in Argentina reached more than 100% cumulatively over the last three years, the company started to apply IAS 29 (inflation accounting) in Q3 2018. Under this International Accounting Standard, 2018 financial statements have been adjusted applying inflation to the end of the period on Income Statement items and using end of period exchange rates. In order to allow for comparability with prior period results, we have isolated the effect from this accounting standard into four line items (above and below EBITDA and Operating Profit, as well as on Corporate Income Tax, as described on page 3 of this report).  
 In the balance sheet, the impact from applying inflation accounting is that both our assets and equity increased in 2018, which is the main reason behind the €87.6 mm increase in Shareholders' Equity on our balance sheet.
- Implementation of IFRS 16.** We will be implementing new standards issued by the IASB regarding accounting for operating leases (IFRS 16) in 2019. Group management believes that application of IFRS 16 will have a significant impact on its financial statements, as it will require that operating leases (except short-term leases and leases related to low-value assets) be "capitalized" to the balance sheet, and expensed (as D&A and interest expense) over the term of the lease. Applied preliminarily over 2018 accounts, the impact would be:
  - (i) Lower operating expenses of €68 mm;
  - (ii) Higher D&A expenses of €45 mm;
  - (iii) Higher financial expense of €37 mm and
  - (iv) Increase of €250 mm on assets and liabilities (capitalization of operating leases);
  - (v) Lower Corporate Income Tax of €4 mm.
- Non-recurring expenses breakdown.** In 2018, we incurred in exceptionally high non-recurring expenses of €42.7 mm. The breakdown of these extraordinary items is as follows:
  - (i) Management transition: €13.0 mm
  - (ii) Operational and personnel restructuring: €19.4 mm
  - (iii) Tax contingencies: €3.5 mm
  - (iv) Other: €6.8 mm

## Contact Information

Codere is a leading international gaming operator with over 57,000 slot machines, 30,000 bingo seats and 7,600 sports betting terminals in Latin America, Spain and Italy, across various gaming venues, including 148 gaming halls, 1,100 arcades, 10,000 bars, 602 sports betting shops and 4 horse racetracks.

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**Note on Rounding.** Due to decimal rounding, numbers presented throughout this report may not add up precisely to the totals and subtotals provided, and percentages may not precisely reflect the absolute figures.

**Alternative Performance Measures.** This report includes certain Alternative Performance Measures in accordance with the European Securities and Markets Authority (ESMA) Directive 2015/1415. These measures, which are not defined under IFRS standards, are intended to provide more useful, comparable and reliable information in order to improve the understanding of the Company's financial performance and its reported information. For definitions, usage rationales and reconciliation of these metrics with IFRS, please visit the Presentations section within the Shareholders and Investors site of [www.grupocodere.com](http://www.grupocodere.com).

**Forward Looking Statements.** Codere cautions that this document may contain forward looking statements with respect to the business, financial condition, results of operations, strategy, plans and objectives of the Codere Group. While these forward looking statements represent our judgment and future expectations concerning the development of our business, a certain number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, (1) general market, macroeconomic, governmental, political and regulatory trends; (2) movements in local and international securities markets, currency exchange rates and interest rates; (3) competitive pressures; (4) technical developments; (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties.

These and other risk factors published in our past and future filings and reports, including those with the Spanish Securities and Exchange Commission ("CNMV") and available to the public both in Codere's website ([www.grupocodere.com](http://www.grupocodere.com)) and in the CNMV's website ([www.cnmv.es](http://www.cnmv.es)), as well as other risk factors currently unknown or not foreseeable, which may be beyond Codere's control, could adversely affect our business and financial performance and cause actual results to differ materially from those implied in the forward-looking statements.