

# Codere

Q219 results

## Diversifying outside Argentina

Growth from Mexico and Spain, combined with ongoing operational efficiencies, continues to offset pressure from the Argentine division (23% of Q219 revenues). Codere is maintaining FY19 EBITDA guidance with positive net cash flow for the year. The net debt/LTM EBITDA ratio is 2.7x and the company is successfully navigating the Argentina uncertainty. We maintain our underlying EBITDA forecast for FY19, although we are lowering our FY20 EBITDA estimate by 7.1% to €368.4m as we now expect Argentina to continue contracting next year. The stock is very illiquid and trades at 4.1x EV/EBITDA for FY19e, which is at a deep discount to peers.

Year end	Revenue (€m)	Adjusted EBITDA** (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/17	1,638.2	273.5	0.01	0.0	N/A	N/A
12/18	1,476.4	282.9	0.48	0.0	7.3	N/A
12/19e***	1,426.2	352.4	0.20	0.0	17.4	N/A
12/20e***	1,472.8	368.4	0.26	0.0	13.1	N/A

Note: \*EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. \*\*Adjusted EBITDA excludes non-recurring items. \*\*\*Includes IFRS 16 adjustments; FY19 EBITDA is c €70m higher due to IFRS 16.

## Maintaining FY19 EBITDA guidance

Q219 revenue declined by 5.7% y-o-y to €354.7m and H119 revenues decreased by 6.2% to €712.4m. In constant currency, Argentina grew by 25% in H119 but declined by €71.9m due to the depreciation of the Argentine peso. Nonetheless, growth from other regions (notably Spain and Mexico), combined with ongoing cost efficiencies, mean that Codere is maintaining its FY19 EBITDA guidance of €280–290m (pre IFRS 16 changes). We are forecasting Argentine revenues to decline by 28.5% in FY19 and 12% in FY20 (to 17% of revenues) and are lowering our group FY20 revenue by 8.5% and EBITDA by 7.1%.

## A history of navigating Argentine fluctuations

At the end of Q219, Codere reported net debt of €1,090m, which equates to a net debt/adjusted LTM EBITDA of 3.0x (or 2.7x before IFRS 16 adjustments). This is well within banking covenants and Codere has sufficient funds to service the debt, with comfortable interest service ratios. We expect the company to refinance the senior notes in the near term, although this is not helped by Moody's and S&P's recent negative rating changes (to B3 and CreditWatch Negative respectively). In line with guidance, we continue to forecast net cash flow this year and note that Codere has a long history of managing Argentine FX and inflation fluctuations, including capital controls.

## Valuation: Illiquid, at deep discount for EV/EBITDA

As a result of a restrictive shareholders' agreement, Codere's stock is highly illiquid and trades at 4.1x EV/EBITDA and 13.1x P/E for FY20e (a deep discount to peers on an EV/EBITDA basis). Catalysts include stabilisation in Argentina, growth in Mexico, demonstrable net cash flow, successful debt refinancing and a resolution of the complex shareholders' agreement (which includes a possible share placing).

## Travel & leisure

19 September 2019

**Price** €3.46

**Market cap** €410m

Net debt (€m) at June 2019 (inc IFRS 16) 1,090

Shares in issue 118.5m

Free float 5%

Code CDR

Primary exchange IGBM

Secondary exchange N/A

## Share price performance



% 1m 3m 12m

Abs 5.5 8.0 (53.3)

Rel (local) 1.3 10.5 (51.2)

52-week high/low €7.76 €2.86

## Business description

Codere is an international gaming company that manages c 57,000 gaming machines, 30,000 bingo seats and 7,600 sports betting terminals across Latin America, Spain and Italy. It was founded in 1980, listed in 2007 and completed a successful debt for equity swap in 2016.

## Next events

Q319 results November 2019

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## Results summary

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### **Revenue: Argentine currency devaluation led to a 6.2% revenue decline**

Q219 revenue declined by 5.7% y-o-y to €354.7m and H119 revenues decreased by 6.2% to €712.4m. Growth across Mexico, Online, Spain, Italy and Uruguay was offset by a €71.9m decline in Argentina in H1 (€160.7m in H119 vs €232.6m in H118), due to the depreciation of Argentine peso against the euro.

In terms of gaming capacity, the total number of slots increased 0.8% to 56,589 in H119 driven by growth in Mexico, Spain and Uruguay more than offsetting the reduction in Italy, Colombia and Panama. In terms of venues, gaming halls increased from 145 to 148, and bars decreased from 9,971 to 9,864 in H119.

### **EBITDA: Operating efficiencies drive margin increase**

Q219 adjusted EBITDA (post IFRS 16) was €88.0m with a 24.8% margin vs €86.5m in Q218. H119 adjusted EBITDA was €173.9m (24.4% margin) and pre-IFRS 16 H119 adjusted EBITDA was €138.3m vs €132.9m in H118. The improvement in EBITDA margin was due to sustained operational efficiencies, which fully offset gaming tax increases and the loss in relative weight of the high-margin Argentinean operation.

As we detail further below, our underlying pre-IFRS EBITDA estimate remains broadly unchanged (although our post IFRS EBITDA is 3.5% lower, purely due to a slight adjustment to our IFRS 16 accounting assumptions). On the back of an expected 12% decline in Argentine revenues for FY20 due to the recent further peso devaluation, we are lowering our group FY20 adjusted EBITDA by 7.1% to €368.4m.

### **Net debt/LTM EBITDA of 2.7x: Credit rating agencies turn negative**

At H119, Codere reported net debt of €1,090m, which equates to a net debt/adjusted LTM EBITDA of 3.0x (or 2.7x before IFRS 16 adjustments). This is well within banking covenants (based on pre IFRS 16) and Codere has sufficient funds to service the debt, with comfortable interest service ratios. Within this amount, Codere had €80.9m cash and €143.7m liquidity (including liquidity from the credit facility). This compares to €81.8m and €159.7m at FY18.

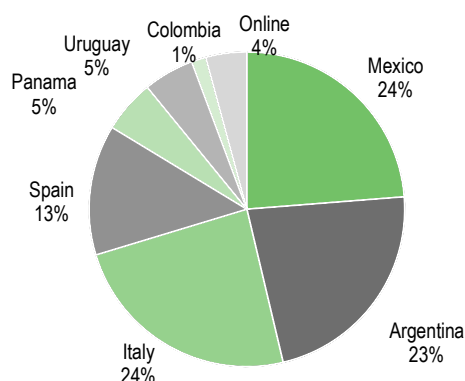
We expect the company to refinance the €766m senior notes in the near term and also note that licence renewals are due in Argentina and Italy in the years 2021–24 (c €60-80m). The refinancing terms may be affected by Moody's and S&P's recent ratings and outlook changes (see below). In line with guidance, we continue to forecast net cash flow this year and note that Codere has a long history of managing Argentine FX and inflation fluctuations, including capital controls.

## Country analysis

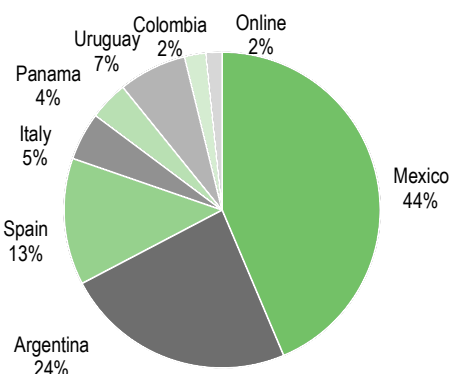
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Due to the devaluation of the Argentine peso, Argentine revenues have been steadily falling over the past two years and now represent 23% of the group total. To counterbalance the decline, Codere has been channelling investment into other growth markets (notably Spain and Mexico) and, as a result, for Q219, Mexico comprised 24% of total revenues and 44% of adjusted EBITDA.

We highlight the significant developments in the first half below. For further information on the country dynamics, please see our [July Initiation](#).

**Exhibit 1: Q219 revenue split**


Source: Codere

**Exhibit 2: Q219 LTM adjusted EBITDA split (pre IFRS 16)**


Source: Codere

## Mexico: New capacity to drive revenues

Q219 revenues (excluding online) in Mexico increased by 5.3% to €84.2m and by 7.2% in H119 to €167.8m. This was despite a more competitive environment and was driven by growth of 7.7% in the average number of slots, as well as a 6.2% depreciation of the euro against the Mexican peso in H119.

Q219 adjusted EBITDA was €40.4m (€31.9m pre IFRS 16), which compares to €33.2m in Q218. For H119, this equated to €78.6m (or €61.6m pre IFRS 16). The adjusted EBITDA margin increased from 42.0% in H118 to 46.9% in H119, due to continued cost reductions, and the positive impact of the acquisition of machines in H218.

Codere has opened four additional halls vs the prior year and this should help to drive growth going forward. We are forecasting Mexican revenues of €344.4m for FY19, with growth of 8% in FY20 to €371.9m, with an EBITDA margin of 52.8%.

## Argentina: 79.6% devaluation of peso in H119

In constant currency, Argentine revenues increased by 24.8% in the first half to €160.7m and gross win per slot per day in local currency grew by 22.1%. This was well below the average inflation rate of 54.2% during H119.

Due to the 79.6% devaluation of the Argentine peso, H119 revenues declined by 30.9% to €160.7m and Q219 revenues declined by 27.2% to €80.0m. Revenues were also affected by the new tax on prizes (3%) effective since February. Q219 adjusted EBITDA was €18.7m (or €17.3m pre-IFRS 16). H119 adjusted EBITDA decreased by 35.5% to €37.0m, as a result of the devaluation of the Argentine peso and the introduction of the tax on prizes, partially offset by efficiencies implemented in the year. The adjusted EBITDA margin was 23.0% in H119, vs 24.6% in the prior year, due to the increase of gaming taxes.

In August 2019, there was another significant devaluation of the peso (as a result of a probable Peronist government) and the peso currently trades at 62 ARS/€ vs 50 ARS/€ in August and 42 ARS/€ at the beginning of the year. The government has also recently imposed capital controls in Argentina, which will not impact Codere materially in 2019 as it has already transferred the majority of Argentine cash (73%) back to Spain. We note that Codere has a long history of managing Argentine FX and inflation fluctuations, including capital controls.

## **Spain: Growing profitability due to cost efficiencies**

H119 Spanish revenue (excluding online) increased by 5.4% to €96.1m, driven by growing revenues in retail sports betting and the slot route businesses, with 22.4% and 6.3% more installed units respectively and the progressive maturity of the sports betting capacity installed. This was offset by a 2.4% decrease in route slot unit yields (mainly driven by the increase in the number of units, especially in arcades). Q219 revenues increased by 2.6% to €47.5m, despite the difficult sports betting comparisons in Q218 (FIFA World Cup).

H119 adjusted EBITDA grew 18.7% to €22.5m with a margin of 23.4% vs 20.8%, due to continued cost efficiencies. Pre IFRS 16, H119 EBITDA was €19.1m (vs €15.4m in the prior year).

We forecast Spanish revenues of €203.9m for FY19 and further growth of 15% in FY20, helped by a greater number of sporting competitions in 2020 (notably Euro 2020). Note that from FY19, online is reported separately and is not included in the Spanish division.

## **Italy: Improving yields, but higher taxes affect margins**

H119 revenues increased by 2.9% to €171.6m, due to the significant improvement on machine yields (21.5%), as well as the higher gaming tax (that increases the share Codere keeps from machines in bars), offsetting the reduction in capacity defined by the regulator in 2018 (11.3%). Increased fees to units connected to the network also contributed positively. Q219 revenue increased by 4.5% to €85.1m.

H119 adjusted EBITDA was €12.1m, 25.7% lower than the prior period, due to the reduction in capacity and the higher gaming taxes. Pre IFRS EBITDA for H119 was €8.3m.

We are forecasting revenues of €347.2m in FY19, growing at 2% thereafter with an EBITDA margin of 8.7% in FY19 and FY20.

## **Other operations (Panama, Uruguay, Colombia and Online)**

H119 revenues increased by 4.4% to €116.2m. Online increased by 47.5% to €29.9m, due to increasing momentum in Spain and Mexico and despite difficult comparisons from the prior year (FIFA World Cup). Uruguay revenues increase by 6.3% to €37.3m after a strong performance in HRU and Carrasco Nobile, although Panama and Colombia declined by 13.8% (€38.3m) and 6.8% (€10.8m) due to the closure of non-performing casinos.

Adjusted EBITDA increased by 19.2% to €28.7m and pre IFRS 16 EBITDA increased by 38.0% to €21.2m, with online increasing €4.0m to €2.4m, Uruguay increasing €2.0m to €10.0m and Colombia up €1.9m to €3.1m.

We forecast other operations revenues of €239.1m in FY19 and €255.6m in FY20, with an EBITDA margin of 24.7% in FY19 and 23.9% in FY20 (as the lower margin online steadily becomes a larger percentage of the total).

**Exhibit 3: Summary income statement**

€m	2014	2015	2016	2017	2018	2019e*	2020e	2021e
Mexico	341.9	355.3	329.8	339.9	328.4	344.4	371.9	394.3
Argentina	489.0	681.8	534.5	582.4	407.7	291.6	256.6	282.2
Spain	149.9	155.9	170.2	188.0	220.0	203.9	234.5	269.7
Italy	263.8	284.2	321.5	335.8	336.5	347.2	354.2	361.3
Other	141.0	162.3	189.8	192.1	183.8	239.1	255.6	270.0
<b>Revenue</b>	<b>1,385.6</b>	<b>1,639.5</b>	<b>1,545.8</b>	<b>1,638.2</b>	<b>1,476.4</b>	<b>1,426.2</b>	<b>1,472.8</b>	<b>1,577.4</b>
growth	0%	18.3%	-5.7%	6.0%	-9.9%	-3.4%	3.3%	7.1%
Gaming taxes	(468.9)	(571.9)	(550.8)	(597.0)	(528.1)	(500.6)	(522.8)	(566.3)
Gross profit	871.0	1,017.8	946.5	986.4	895.5	873.8	869.9	954.3
One-off items	(66.9)	(33.6)	(51.5)	(29.4)	(52.7)	(37.0)	(10.0)	(10.0)
<b>Adjusted EBITDA**</b>	<b>213.2</b>	<b>280.1</b>	<b>267.7</b>	<b>273.5</b>	<b>282.9</b>	<b>352.4</b>	<b>368.4</b>	<b>403.7</b>
margin	15.4%	17.1%	17.3%	16.7%	19.2%	24.7%	25.0%	25.6%
Mexico	75.1	91.5	88.5	92.9	105.9	161.3	173.7	185.7
Argentina	93.4	146.1	131.0	134.2	96.1	69.0	60.0	66.0
Spain	17.6	24.6	29.5	25.1	26.4	48.9	60.8	76.0
Italy	29.4	26.7	26.4	23.6	27.6	25.1	25.8	27.6
Other	18.9	14.2	23.1	28.2	39.9	59.1	61.0	63.3
Corporate costs	(21.2)	(23.0)	(30.9)	(30.4)	(13.0)	(11.0)	(13.0)	(15.0)
<b>Adjusted EBITDA**</b>	<b>213.2</b>	<b>280.1</b>	<b>267.7</b>	<b>273.5</b>	<b>282.9</b>	<b>352.4</b>	<b>368.4</b>	<b>403.7</b>
Normalised operating income (pre inflation adj)	87.7	158.1	159.7	160.5	169.0	183.7	197.7	231.0
Inflation Adjustment	0.0	0.0	0.0	0.0	(19.5)	(13.9)	(5.0)	0.0
Operating income (post inflation adj)	20.8	124.5	108.2	131.1	96.9	132.8	182.7	221.0
Net finance costs	(129.4)	(131.7)	(128.5)	(64.2)	(67.2)	(116.3)	(113.2)	(108.4)
Associates & joint ventures (post-tax share)	3.0	2.7	(0.2)	(0.1)	(0.1)	(1.0)	(1.1)	(1.1)
One-off items	(61.4)	(71.7)	(1,095.9)	17.2	(32.7)	(18.7)	0.0	0.0
<b>Normalised PBT</b>	<b>(38.7)</b>	<b>29.1</b>	<b>31.0</b>	<b>96.2</b>	<b>101.7</b>	<b>66.4</b>	<b>83.5</b>	<b>121.5</b>
PBT	(167.0)	(76.2)	(1,116.4)	83.9	(3.1)	(3.2)	68.5	111.5
Tax	(40.9)	(63.2)	(36.5)	(64.2)	(30.4)	(35.0)	(43.3)	(46.3)
Normalised profit after tax	(5.5)	32.0	(5.5)	32.0	63.3	31.4	40.2	75.2
Profit after tax	(207.9)	(139.4)	(1,152.9)	19.8	(33.6)	(38.2)	25.2	65.2
Minority Interest	34.9	26.3	31.2	(17.0)	(6.8)	(7.8)	(8.8)	(9.8)
Net income for equity	(173.0)	(113.1)	(1121.7)	2.8	(40.4)	(46.0)	16.4	55.4

Source: Codere, Edison Investment Research estimates. Note: \*Online is included in other operations from 2019 onwards. \*\*EBITDA is post IFRS 16 from FY19 onwards.

## Estimate changes

### FY19 EBITDA maintained; FY20 EBITDA lowered by 7.7%

We have lowered our FY19 revenue forecast by 3.5% to €1,426m, on the back of the devaluation of the peso, and for FY20 we are now assuming that Argentine revenues will decline a further 12% in FY20 (to 17% of revenues), due to the recent further peso devaluation. As a result, we have lowered our group FY20 revenue forecast by 8.5% to €1,472.8m.

Our FY19 pre IFRS 16 EBITDA forecast is €282.4m, which remains towards the bottom end of management guidance (€280–290m). Our headline EBITDA forecast is €352.4m vs €361.9m previously as we have slightly revised the IFRS 16 adjustments to €70m rather than €80m previously. Largely due to lower than expected Argentine revenues, our FY20 EBITDA is lowered by 7.1% to €368.4m.

Our FY19 EPS forecast declines by 37.5%, which is a combination of a number of factors: a revised IFRS 16 impact on operating costs (€70m vs €80m) and slightly higher depreciation and net finance charges. The FY20 EPS forecast decline is largely due to a lower EBITDA forecast for the group.

### Net debt: Rating changes may impact refinancing

As shown in Exhibit 4 below, at H119, Codere reported net debt of €1,090m, which equates to a net debt/adjusted LTM EBITDA of 3.0x (or 2.7x before IFRS 16 adjustments, which is key for the

covenants). Codere reported total financial debt of €871.7m at H119, of which €766.3m was from senior notes, which we expect to be refinanced in due course. Codere still expects to generate positive net cash in FY19, which is in line with our forecast of a €5.9m net cash flow in FY19.

On the back of the Argentine macroeconomic trends, Moody's has downgraded Codere's credit rating from B2 to B3, while maintaining the outlook as stable. This is despite the fact that Codere has maintained its FY19 EBITDA guidance. At the same time, S&P has put Codere on CreditWatch Negative to evaluate the company's ability to refinance its senior notes in the context of the new political scenario.

#### Exhibit 4: Capitalisation (€m) and leverage ratios (x)

Capitalisation table	2018	Q219
Opco debt	81.4	72.4
Opco capital leases	8.6	7.9
Super senior revolving credit facility	9.9	25.0
Senior notes	763.5	766.3
<b>Total financial debt</b>	<b>863.4</b>	<b>871.7</b>
Capitalisation of operating leases	316.6	299.5
Total adjusted debt	1,180.0	1,171.2
Cash	81.8	80.9
<b>Net debt</b>	<b>781.6</b>	<b>790.7</b>
<b>Total adjusted net debt</b>	<b>1,098.2</b>	<b>1,090.2</b>
LTM adjusted EBITDA	282.9	288.3
LTM adjusted EBITDA (post IFRS 16)	367.4	364.7
Pro-forma interest expense	60.3	61.1
Pro-forma interest expense (post IFRS 16)	97.3	109.0
<b>Leverage</b>		
Senior financial debt/LTM adjusted EBITDA	0.4x	0.4x
Total financial debt/LTM adjusted EBITDA	3.1x	3.0x
Total adjusted net debt/LTM adjusted EBITDA (post IFRS 16)	3.0x	3.0x
<b>Total net financial debt/LTM adjusted EBITDA</b>	<b>2.8x</b>	<b>2.7x</b>
<i>including inflation accounting</i>	2.9x	2.9x
<b>Coverage</b>		
<b>LTM adjusted EBITDA/pro-forma interest expense</b>	<b>4.7x</b>	<b>4.7x</b>
<i>including inflation accounting</i>	4.5x	4.5x

Source: Codere

#### Exhibit 5: Estimate changes

	Revenue (€m)			EBITDA* (€m)			EPS (€)		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
2019e	1,477.4	1,426.2	(3.5)	361.9	352.4	(2.6)	0.32	0.20	(37.5)
2020e	1,609.9	1,472.8	(8.5)	396.7	368.4	(7.1)	0.48	0.26	(45.8)
2021e	1,747.1	1,577.4	(9.7)	447.7	403.7	(9.8)	0.86	0.55	(36.0)

Source: Edison Investment Research estimates. Note: \*IFRS 16 positive impact on EBITDA revised from €80m to €70m.

**Exhibit 6: Financial summary**

	€'m	2015	2016	2017	2018	2019e	2020e	2021e
31-December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>								
Revenue		1,639.5	1,545.8	1,638.2	1,476.4	1,426.2	1,472.8	1,577.4
Cost of Sales		(621.7)	(599.3)	(651.8)	(580.9)	(552.4)	(575.8)	(623.1)
Gross Profit		1,017.8	946.5	986.4	895.5	873.8	896.9	954.3
Adjusted EBITDA		280.1	267.7	273.5	282.9	352.4	368.4	403.7
Normalised operating profit		158.1	159.7	160.5	169.0	183.7	197.7	231.0
Amortisation of acquired intangibles		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals, including inflation accounting		(33.6)	(51.5)	(29.4)	(72.2)	(50.9)	(15.0)	(10.0)
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit		124.5	108.2	131.1	96.9	132.8	182.7	221.0
Net Interest		(131.7)	(128.5)	(64.2)	(67.2)	(116.3)	(113.2)	(108.4)
Joint ventures & associates (post tax)		2.7	(0.2)	(0.1)	(0.1)	(1.0)	(1.1)	(1.1)
Exceptionals		(71.7)	(1,095.9)	17.2	(32.7)	(18.7)	0.0	0.0
Profit Before Tax (norm)		29.1	31.0	96.2	101.7	66.4	83.5	121.5
Profit Before Tax (reported)		(76.2)	(1,116.4)	83.9	(3.1)	(3.2)	68.5	111.5
Reported tax		(63.2)	(36.5)	(64.2)	(30.4)	(35.0)	(43.3)	(46.3)
Profit After Tax (norm)		(34.1)	(5.5)	32.0	63.3	31.4	40.2	75.2
Profit After Tax (reported)		(139.4)	(1,152.9)	19.8	(33.6)	(38.2)	25.2	65.2
Minority interests		26.3	31.2	(17.0)	(6.8)	(7.8)	(8.8)	(9.8)
Discontinued operations		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)		(7.8)	25.7	15.0	56.5	23.6	31.4	65.4
Net income (reported)		(113.1)	(1,121.7)	2.8	(40.4)	(46.0)	16.4	55.4
Basic average number of shares outstanding (m)		55	1,879	2,254	119	119	119	119
EPS - basic normalised (€)		(0.14)	0.01	0.01	0.48	0.20	0.26	0.55
EPS - diluted normalised (€)		(0.14)	0.01	0.01	0.48	0.20	0.26	0.55
EPS - basic reported (€)		(2.07)	(0.60)	0.00	(0.34)	(0.39)	0.14	0.47
Dividend (€)		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)		18.3	(-5.7)	6.0	(-9.9)	(-3.4)	3.3	7.1
Gross Margin (%)		62.1	61.2	60.2	60.7	61.3	60.9	60.5
Adjusted EBITDA Margin (%)		17.1	17.3	16.7	19.2	24.7	25.0	25.6
Normalised Operating Margin		9.6	10.3	9.8	11.4	12.9	13.4	14.6
<b>BALANCE SHEET</b>								
Fixed Assets		1,069.9	1,051.4	988.8	1,137.1	1,370.7	1,317.0	1,280.3
Intangible Assets		606.9	566.8	528.2	613.1	599.6	587.2	577.6
Tangible Assets		385.0	414.4	388.9	453.6	700.7	659.4	632.3
Investments & other		77.9	70.2	71.8	70.4	70.4	70.4	70.4
Current Assets		371.2	428.1	346.8	307.5	303.6	318.6	355.6
Stocks		11.6	11.4	10.0	10.9	11.0	11.0	11.0
Debtors and taxes receivable		188.4	209.3	178.3	163.6	158.6	153.6	148.6
Cash & cash equivalents		110.3	142.1	104.5	81.8	72.0	92.0	134.0
Other		60.9	65.3	54.0	51.2	62.0	62.0	62.0
Current Liabilities		(1,807.3)	(408.7)	(384.2)	(388.4)	(405.0)	(380.0)	(375.0)
Creditors		(338.5)	(160.2)	(158.4)	(169.6)	(144.6)	(119.6)	(114.6)
Tax and social security		(35.6)	(198.7)	(158.7)	(147.9)	(147.9)	(147.9)	(147.9)
Short term borrowings		(1,423.7)	(40.0)	(58.0)	(60.4)	(102.0)	(102.0)	(102.0)
Other		(9.4)	(9.8)	(9.1)	(10.5)	(10.5)	(10.5)	(10.5)
Long Term Liabilities		(249.6)	(997.1)	(946.5)	(964.0)	(1,226.0)	(1,196.0)	(1,146.0)
Long term borrowings		(76.4)	(840.1)	(795.1)	(803.1)	(1,065.1)	(1,035.1)	(985.1)
Other long term liabilities		(173.2)	(157.0)	(151.4)	(160.9)	(160.9)	(160.9)	(160.9)
Net Assets		(615.8)	73.7	5.0	92.2	43.3	59.6	114.9
Minority interests		6.3	24.8	(83.8)	(83.4)	(85.0)	(85.0)	(85.0)
Shareholders' equity		(609.5)	98.5	(78.8)	8.8	(41.7)	(25.4)	29.9
<b>CASH FLOW</b>								
Op Cash Flow before WC and tax		280.1	267.7	273.5	282.9	352.4	368.4	403.7
Working capital		(8.3)	18.9	(13.8)	(4.8)	(30.0)	(30.0)	(10.0)
Exceptional & other (incl IFRS 16 adjustments)		(21.8)	(59.6)	(21.3)	(43.5)	(120.9)	(85.0)	(80.0)
Tax		(43.2)	(48.8)	(70.9)	(51.8)	(35.0)	(43.3)	(46.3)
Net operating cash flow		206.8	178.2	167.5	182.8	166.5	210.1	267.4
Maintenance capex		(47.0)	(80.4)	(87.1)	(82.1)	(68.0)	(68.0)	(73.0)
Growth capex inc acquisitions		(18.9)	(47.0)	(61.6)	(81.2)	(20.0)	(20.0)	(29.0)
Net interest		(31.0)	(77.8)	(67.7)	(67.1)	(64.3)	(63.2)	(63.4)
Equity financing		0.1	0.0	2.1	(0.4)	0.0	0.0	0.0
Dividends		(2.4)	(4.6)	(5.8)	(7.5)	(8.3)	(9.1)	(10.0)
Other		(47.2)	(21.6)	14.4	46.2	0.0	0.0	0.0
Net Cash Flow		60.4	(53.2)	(38.2)	(9.3)	5.9	49.9	92.1
Opening net debt/(cash)		1,305.5	1,389.8	738.1	748.6	781.6	1,095.2	1,045.3
FX (cash balance)		(8.9)	0.0	(10.3)	(8.3)	(2.9)	0.0	0.0
Other non-cash movements (inc equity swap, FX on debt)		(135.8)	704.9	37.9	(15.4)	(316.6)	0.0	0.0
Closing net debt/(cash)		1,389.8	738.1	748.6	781.6	1,095.2	1,045.3	953.2

Source: Codere, Edison Investment Research estimates



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