

Standard & Poors dropped Codere rating

Standard & Poor's dropped the credit qualification on the international Spanish gaming company Codere to "B+" (poor quality) from "BB-" (questionable quality), which had been assigned previously, due to its "aggressive" financial profile and the situation of uncertainty of its shareholders.

„Codere drop reflects its aggressive financial profile and a probable trade deficit in achieving its objectives of leverage ratio to the closure of 2008 exercise“, pointed credit analyst Philip Temme, in a report published by Standard & Poor's.

The analyst added that the depreciation of the currency, especially in income in Argentine and Mexican pesos, which, in the first semestre 2008 represented a 64% of Ebitda (net operating benefit), could "threaten" its incomes.

The agency explained that Codere could reduce its incomes in Spain and Italy, its main markets, on top of being affected by „restrictions to tobacco in Mexico, and probably in Argentina, might reduce growth“.

Standard & Poor's showed „big uncertainty“ with regards to the payment of 176.3 million euros plus interests that main Codere shareholders, Martínez Sanpedro family, owe to Franco family after the acquisition of their participation in the group in 2006, and whose deadline is next October 31st.

Codere, whose main business is the management of gaming terminals, bingo halls, betting centres, casinos and horse racetracks in Europe and America, registered in the first semester of the year a net benefit of 700,000 euros, a 94.1% less than in January and June 2008. Collection of the company in this period improved a 20.7% up to 503.9 million euros compared to the previous year.