

## **CIE's First Quarter 2009 Earnings Conference Call**

**April 30, 2009  
9:00 am CT**

Operator: Good morning everyone and welcome to CIE's First Quarter 2009 Results Conference Call. If you require a copy of the Earnings Release that was issued yesterday, please visit the company's website at [www.cie.com.mx](http://www.cie.com.mx) to download the document.

Before we begin, I would like to remind you that this call was being recorded and that information discussed today may include forward-looking statements regarding the company's financials and operating performance.

All projections are subject to risks and uncertainties and actual results may differ materially. Please refer to the detailed note in the company's Press Release regarding forward-looking statements. With that, I will now turn the call over to CIE's Vice Chairman of the Board, Mr. Rodrigo Gonzalez. Please go ahead sir.

Rodrigo Gonzalez: Thank you operator. Good morning everyone and thank you for joining us today. I am here with Victor Murillo our CFO, (Ima Suvala) Director of Finance and (Horja Parea) our Head of Investor Relations.

As usual, we'll refer to the new highlights from the period and then take any question you might have. Though the news coming out of Mexico these days, let me start by acknowledging and I'm sure that many of you would like to understand what if any impact the public health situation may have on CIE, so we'll certainly address that issue today.

Before doing that however, I want to elaborate on the key factors driving performance in the first quarter and share with you some of the trends we're seeing in the business.

Revenues rose 3% in the first three months of the year, given the tough economic environment that has (campused) consumer spending and reduced corporate expenditures over the past 12 months. We are pleased with this performance because it underscores the strength of our multi platform (entertainment) and commercial portfolio.

In particular, I want to especially highlight the gaming business this quarter which out performed even against a period with no smoking restrictions in place, delivering solid growth in the quarter.

In terms of profitability, two of our three corporate businesses generated gains in the period. Although this was not sufficient to expand the margin at the consolidated level, we are quite please to show progress in our efforts to tighten the operation and improve the sales mix in both businesses.

Looking at the results by the (mission), entertainment had a very strong quarter in terms of ticket sales and number of events. With revenues up 20% quarter over quarter. However, inline with the (normal) reduction incorporate spending we saw a pull back in corporate sponsorship were lighter than this quarter. So the jump in revenues is truly consumer driven.

The decline EBITDA was attributable both to sponsorship issue and to higher costs and expenses associated with some of the events in the period.

As we have indicated previously, we're making every effort to book events for the remainder of the year that had a more flexible cost structure. We are also increasing the mix to local and peso denominated events while securing all pre-sales for international talent in US dollars to avoid exchange risks.

At the Latin America division, revenues were virtually flat. But this makes a significant development in the quarter, mainly the mark improvements in the gaming business that I just mentioned.

When the smoking ban was put in place in Mexico City last April, attendance softened at the sport books and the (Axe) Network over the course of the year as we expected. We counter that with a number of measures to attract and retain customers and boost average stay per visit. In addition, to our locating the largest amounts of the annual budgeted CAPEX to this business segment.

Those efforts finally paid this quarter. Not only in terms of higher average sums wager per customer but also in total attendance. This was the first uptake in the number of visitors since the beginning of last year. And combined with a better network organization the business generated much from the revenue and the (ACA figures) this quarter.

Upsetting those important games however was a decline in the expedition and convention business. With fewer (square leaders) sold at the (Latin) America Center. This is directly related to the (poor) economic environment and we anticipate continued pressure in that front for at least the first half of the year.

Similarly, attendance at (Lirassa) Theme Park located at the complex declined year over year as family restricted discretionary spending and school tightened the related budgets.

Moving onto the commercial division. As we anticipated for the first time in 12 months we saw a top line acceleration in the business. (Not) spending has taken the rate (unintelligible) at the corporate level although we believe our alternative multi channel platform is maintaining its share of the total (ad) market.

To a certain extent the corporate pull back is being compensated for by the political campaigns that are gearing up for the July elections. But obviously this is short term effect.

What we would like to point out is the EBITDA in the business which rose 7% in absolute terms and 3.8 percentage points on the margin basis. What we have done is to consolidate this operation in order to reduce over head. And focus on the most attractive channels for delivering values to clients while minimizing our fixed expense structure.

One of these efforts relates to rotational (advertising) at (soccer) stadiums. We decided to focus only the most profitable teams and cancelled out contracts with four of them, plus eliminating a low margin product in the sales mix which reduced the top line, but certainly enhanced profitability.

To touch quickly on revenue performance in the other businesses, the decline is entirely equivocal to the amusement parks which did not have the benefit this year of Holy Week attendance as compared with the first quarter of last year. The numbers on that six month basis should be unchanged from the year ago period.

So in summary, we believe our core businesses continue to develop on plan given the challenging economic environment we have made very conservative assumptions for the year and will continue to tightly control all expenditures in order to keep up performance targets in line with expectations.

I will now turn the call over to (Pedro) who will elaborate in more detail.

(Pedro): Thank you (Rodrigo). Good morning everyone. Let me start by addressing the health situation that has arisen in Mexico. At this point we seen sufficient information regarding how long how extensive and how severe the outbreak will be as well as any associated restrictions on public (gatherings).

What we can tell you is that as of today we have been able to schedule rather than cancel all but one of the events in our line up meaning we will eventually recoup this revenue during the year. Never the less, we expect an impact from CIE and the relevance will be subject to the duration of the crisis.

We'll have to reassess our estimates for the year should the situation extend. On the flip side, we believe that entertainment is a core human need and there will be pent up demands for entertainment should this continue to the extent for any length of time.

As such, we are already in the process of preparing sales and marketing initiatives that will specifically encourage other (forms of activities). In the mean time, our investor relations department will be available to us for any question you may have. And we'll proactively communicate any changes in our estimates or assumptions for the year based on this issue.

Again, at this time we just do not have enough information to be more specific about the impact on our business. Following, I have some important updates to share with you on the financial side. The first is regarding our commercial (paper) program which we have been able to successfully renew in the local market.

This provides us with the necessary liquidity for the day to day operations and it's an indication of our credit worthiness. Furthermore, this quarter we signed a \$650 peso revolving facility that diversified our credit resources.

We have made significant progress in the last 12 months to reduce the cost of (pet) on our balance sheet as well as to improve (unintelligible)asset. We are currently awaiting a number of options in terms of liability management to address the local (unintelligible) training into 2010 and we are seeking every opportunity to continue to strengthening our financial structure and balance sheet ratios.

In fact this is not the full focus and attention of our financing. Looking at the picture for the rest of this year, we believe that the combination for personal streamlining, limited and highly targeted capital expenditures and lower financing costs, will allow us to emerge from this period of volatility and uncertainty with our financial held strong.

(Unintelligible) the guidance, we provided you in February, with revenue writing approximately 2% our of 2008 figures while EBITDA should grow 3% year over year and cash flow will be break even. As (unintelligible) already mentioned we will certainly update those figures should the health situation warrant it. But for now we're comfortable with those guides.

That concludes my remarks this morning. So at this point operator we're ready for any questions that the participants may have. Thank you.

Operator: At this time, if you would like to ask a question please press Star 1 on your telephone keypad.

Again to ask a question, please press Star 1.

There are no questions at this time.

Rodrigo Gonzalez: Ladies and gentlemen, thank you for joining us today. We look forward to speaking to you soon. And again, if there's any further questions we'd love to take them. Have a great day. Thank you.

Operator: This concludes today's conference call, you may now disconnect.

END