

22 May 2009

## Thunderbird Resorts Inc.

Year End	Revenue (\$m)	Adjusted EBITDA* (\$m)	PBT* (\$m)	EPS* (\$)	DPS (\$)	P/E (x)
12/07	99.8	22.8	0.3	(0.51)	0.0	N/A
12/08	171.8	35.1	(13.2)	(0.75)	0.0	N/A
12/09e	185.0	36.8	(13.2)	(0.71)	0.0	N/A
12/10e	200.0	40.9	(5.1)	(0.29)	0.0	N/A

Note: \* PBT and EPS are normalised, excluding amortisation, exceptional and non-cash items. Adjusted EBITDA is before project development costs.

### Investment summary: Focus on local gamers

The group operates an international portfolio that combines established and early stage gaming and hotel assets across four continents. It has an executive team with a depth of industry knowledge and experience, a network of local partners and a differentiated business model that we regard as defensive. A recent visit to group operations in Panama, Costa Rica and Peru made persuasive arguments for team strength, product quality and competitive advantages. The current valuation reflects concerns over the impact of recession and tight credit markets on the growth outlook. These issues should be clarified in H109, with the shares due for a re-rating.

### Local business model

TBIRD operations are targeted at local markets rather than international visitors. This niche is receptive to intensive management and the application of tracking systems that should help the group to respond to competitive pressures. Expansion via additional gaming positions offers relatively rapid returns while new larger hotel-based developments in Peru, South-East Asia and India offer significant medium-term potential. As the business matures operational cash flows should strengthen.

### Financials: Initiatives underway to release cash flow

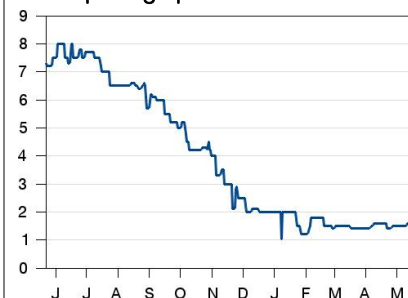
Post aggressive growth, which included acquisitions and upgrades, the priority is cash generation and some rescheduling of debt repayments. Even assuming difficult economies we expect a modest increase in adjusted EBITDA in 2009, to \$36.8m, followed by stronger growth underpinned by new openings in 2010.

### Valuation: Positive newsflow to trigger re-rating in 2009

We believe that the prospective 5.1x EV/EBITDA valuation discounts many of the risks, but overlooks TBIRD's geographic diversification, non tourist reliant customer base and ability to generate the cash flow to finance organic growth and repay debt, even in the absence of a market recovery. Possible catalysts for a turning point in the rating would be news regarding restructuring of existing debt, solid divisional trading and a strong H2 start in India.

Price \$1.60  
Market Cap \$32m

Share price graph



#### Share details

Code TBIRD/TBI.U/4TR  
Listing NYSE Euronext/CNSX/FSX  
Sector Travel & Leisure  
Shares in issue 19.7m

#### Price

52 week High Low  
\$8.00 \$1.00

#### Balance Sheet as at 31 December 2008

Debt/Equity (%) 296  
NAV per share (\$) 2.49  
Net debt (\$m) 150

#### Business

Thunderbird Resorts is an international provider of branded casino and hospitality services. It has 34 operating gaming facilities and nine hotels, across eight countries in Central and Latin America, South-East Asia, India and eastern Europe.

#### Valuation

	2008	2009e	2010e
P/E relative	N/A	N/A	N/A
P/CF	49.0	6.8	6.3
EV/Sales	1.1	1.0	0.9
ROE	N/A	N/A	N/A

#### Revenues by geography

	Europe	US	Other
0%	2%	0%	98%

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## Investment summary: Focus on local gamers

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### Company description: Diversified gaming and hospitality group

Thunderbird Resorts (TBIRD) owns and operates gaming establishments and hotels in eight countries across four continents: Panama, Costa Rica, Guatemala, Nicaragua, Peru, the Philippines, Poland and, from summer 2009, India. It aims to be the most successful recreational property developer and operator in each of its markets, and targets countries and properties where it believes that it can leverage its casino management skills, local knowledge and contacts to its advantage.

The business model is based upon operation of local casinos rather than international tourist attractions. These aim to derive stable revenues from regular repeat visits by a loyal, local customer base, many of whom will spend relatively small sums on each visit. The successful application of this strategy requires understanding of the dynamics of each local gaming market, as well as systems to track customer behaviour. This enables TBIRD to refine its product to improve the customer experience and introduce incentives to maximise spend per visit, and table and slot revenues.

### Valuation

The current valuation (2009 EV/adjusted EBITDA of 5.1 times) reflects concerns over TBIRD's ability to restructure its debt and relieve pressure on group cash flow, as well as its vulnerability to the impact of the global downturn on regional economies. The sector average is about 6.6 times, albeit including much larger, more mature operators. Risks will remain until there is clarity on negotiations with lenders, but we see potential for the shares to recover during 2009 as newsflow confirms 1) extension of existing finance and new facilities secured; 2) the defensive nature of the business model in the face of weaker economic growth and increasing maturity of upgraded and recently launched assets; and 3) progress towards the completion and launch of outstanding projects, particularly in the Philippines and India.

### Sensitivities

Any international hotel and gaming business is subject to complex economic, political, regulatory and operational influences. However, the casino business's innate defensive characteristics are supplemented by a strategy that targets local demand rather than international visitors and is diversified across geographical markets and legal jurisdictions. The group has management and tracking systems to help respond to competitive pressure and local strategic partners to help navigate the political, legal and regulatory issues in each jurisdiction.

### Financials

FY08 results demonstrated the benefits of recent expansion, with growth in revenues and underlying profitability. However, the aggressive pace set over the last few years combined with tighter credit markets has created a bottleneck as the group attempts to secure additional finance to fund existing commitments, or renegotiate existing debt, extend terms and release cash flow to finance investment in the portfolio. Management is fully engaged in finding ways to relieve the pressure on finances and has already secured cost savings operationally and via restructuring of certain facilities. Future growth is likely to be less capital intensive, with TBIRD continuing to work with local partners and leveraging its industry expertise.

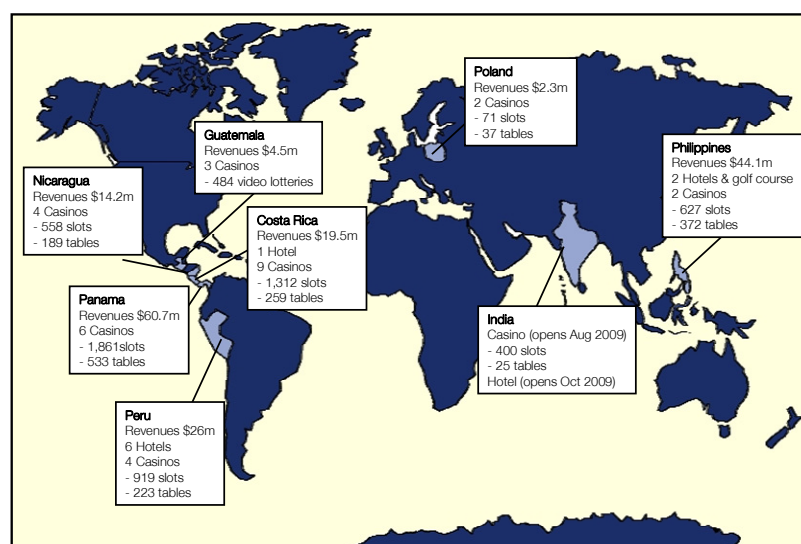
## Diversified gaming and hospitality group

Thunderbird operates in a mix of established and emerging markets, outside the ambit of the Las Vegas/Macau operators. It is thus able to leverage its competitive advantages in a number of albeit often competitive, under-developed and emerging markets. In each territory it has an established executive team, local partners and a strong understanding of the domestic market dynamics.

### Differentiated gaming business model

In its 12-year operation TBIRD has assembled a portfolio of 34 gaming facilities (casinos and slot parlours), nine hotels (Peru, Costa Rica and the Philippines) and a nine-hole golf course. The gaming portfolio is diversified geographically and operates under brands including Fiesta and Thunderbird. Headquartered in Panama City, TBIRD is well established in its Central American markets, where it has strong market positions, while the newer markets of Peru, the Philippines and India offer significant medium-term expansion opportunities. At end FY08 TBIRD had over 7,400 gaming positions (slots and tables), 760 hotel rooms and 5,700 employees.

#### Exhibit 1: Portfolio (end February 2009)



Source: Thunderbird website

### Leverage recreational players, local casinos business model

The core strategy is to invest in entertainment venues supported by discrete local markets, ie within a two-hour driving distance. These 'locals' casinos operate at the less glamorous, more predictable and stable end of the market and success pivots upon their ability to grow customer loyalty. TBIRD deploys systems to accurately track client activity, understand their habits and preferences and actively manage the layout and content of each of its establishments to maximise performance. In addition to providing the latest, most popular and engaging slot machines it will, depending upon the market, provide competitively priced or complementary food and beverages, customer loyalty bonuses and live entertainment.

## Acquisitions and investment: Stabilised revenues and cash flow

Unlike the Las Vegas and Macau markets, the success of TBIRD's properties is not predicated on their ability to attract quantities of international visitors, drawn (in the case of those markets) by some of the most extravagantly specified hotels and resorts, world famous entertainment, exclusive retailers and conference and exhibition facilities. The properties we visited during our due diligence varied from high-street slot parlours to high-end hotels and casinos. These were, however, in each case designed to fit the dynamics of a specific local market.

TBIRD enlarged its portfolio in FY08. In Peru, it acquired a five-location slot parlour business and opened its new Fiesta branded casino in Lima. In Costa Rica it bought a 21-room hotel and in the Philippines, a nine-hole golf course and 36-room hotel at Poro Point, with expansion at both the Rizal Casino in Manila and the Poro Point Casino. It added new locations in Guatemala and Nicaragua and slot positions in both Panama and Costa Rica. Two casinos were acquired in Poland and construction got underway of a hotel and casino in Daman, India, due to open in summer 2009.

### Exhibit 2: Portfolio in detail (at 28 February 2009)

Note: \* Video lottery machines; \*\* Under construction, opening due August 2009.

	Year market entered	Number of gaming properties	% owned	Slot machines	Gaming table positions	Hotels/ (Rooms & suites)
Panama	1998	6	64	1,861	533	-
Costa Rica	2003	9	50-54	1,312	259	1/(21)
Guatemala	1997	3	100	484*	-	-
The Philippines	2005	2	60-61	627	372	2/(81)
Peru	2007	4	100	919	223	6/(660)
Nicaragua	2000	4	55	558	189	-
Poland	2008	2	71	71	37	-
India**	2009	1	-	-	-	1/(177)
<b>Total</b>				<b>5,832</b>	<b>1,613</b>	<b>939</b>

Source: TBIRD Annual Report and website

As each venue approaches critical mass and stable revenues, cash flows are used to amortise project specific debt, generally over three to four years. At the core is a resilient financial model, visible cash flows and a manageable debt profile (although we discuss this at greater length later).

### Exhibit 3: Summary of FY08 results

Note: \* Comparative figures for Peru properties relate to previous ownership.

	Net gaming wins \$m	% chg y-o-y	Room/food & beverage revenues \$m	% chg y-o-y	Property EBITDA \$m	Property EBITDA % of revenues
Panama	56.6	+114	4.1	+143	18.6	31
Costa Rica	18.0	+43	1.5	+60	8.1	42
Guatemala	3.9	+31	0.6	+30	(1.1)	(25)
Philippines	42.3	+27	1.8	+62	12.1	31
Peru *	7.6	N/A	18.4	+159	6.4	20
Nicaragua	13.7	+7	0.6	+465	3.2	23
Poland	2.3	N/A	0.1	N/A	0.1	4
<b>Total</b>	<b>144.4</b>		<b>27.1</b>		<b>47.5</b>	<b>28</b>

Source: TBIRD FY08 Annual Report

## **Business model & strategy: Resilient in a tougher market**

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The gaming industry has held up relatively well in previous recessions, but a sharper downturn, heavier debt burden and greater global competition may make the past an unreliable guide. Nonetheless, a core casino business should be able to generate relatively steady, predictable and growing cash flows that give management flexibility to better navigate an uncertain market.

### **Gaming: Profitable cash flow generation**

The key to a successful gaming venue is that visitors are entertained and receive value for money. The skill is to provide the right combination of gaming experience, refreshments, live entertainment and other hospitality. TBIRD's gaming offering varies according to the local market, both in terms of the slot machines used and the mix of table games such as baccarat, craps and roulette.

If it strikes the right balance, a well run casino generates predictable cash flows. Unlike the higher profile Las Vegas and Macau operators, TBIRD's business model does not rely significantly on tourist or conference business. It operates a geographically diversified portfolio at the lower profile, more predictable end of the market. That should mean less volatile revenues and cash flows.

Moreover, the gaming and entertainment mix in each property is designed to increase visit frequency and length of stay for a predominantly local market. That focus on locals also helps to control client acquisition costs.

### **Rapid, debt-financed expansion: Added pressure on cash flow**

TBIRD's recent expansion has been rapid, but still less aggressively financed than a number of its peers among the US and Macau operators. Some of these companies embarked on a massive debt funded expansion, particularly in Macau. This is ironic for an industry previously regarded as fundamentally risk averse, unlike its customers.

Yet it could be argued that even current levels of industry debt were affordable based upon underlying cash flow characteristics, albeit in a stable market. Debt levels would be expected to peak as building projects are completed and, for TBIRD, fall predictably as new operations achieved critical mass, as the first few years' revenues are mandated to amortising project debt. However, the credit crunch has created a more finely balanced set of alternatives to consider.

Much of TBIRD's financing has come from a wide range of private investors and other non-financial institutions (about 75% of the total at end 2008) with machine finance also provided by the slot manufacturers. In November 2007 it raised \$77m net via a private placement at \$9/share. However, the latter stages of the group's planned expansion programme, notably projects in the Philippines and India, were expected to involve a higher proportion of bank debt.

As debt has become more difficult to access the group has had to decide whether to 1) postpone development, some of which is committed and underway, or 2) seek to renegotiate the terms (ie extend) of existing facilities, in order to free resources for project expenditure and indeed, enable it to secure additional finance as necessary. In practise it has been doing both. Some development has been postponed (hopefully fairly temporarily), as in Costa Rica, although it has continued to invest in certain expansions (ie new slot positions) which can generate quick cash pay-backs.

## TBIRD: Competitive advantages and growth strategy

TBIRD's business objective is to build a leading developer and operator of recreational property in both its existing and new markets. We see its competitive strengths as, *inter alia*:

- **Portfolio diversity.** TBIRD has facilities in operation in seven countries on four continents. This reduces exposure to the political and economic risk of any particular country.
- **Brand identity.** The group has established brands in its major markets, adapted to local market tastes.
- **Management team.** The management team has a depth of experience of development, acquisition and operation of gaming and hospitality businesses, including relevant regulatory issues. Local strategic partners assist with legal compliance, guidance on local business climate and regulatory regime and insight into marketing approaches and community relationships.
- **Fully integrated in-house project development, completion and operation teams.** This includes property design, architecture and construction management.

Its growth strategy aims to:

- **Employ a 'hub and spoke' growth strategy.** Panama City is the base for expansion into Panama, Costa Rica, Guatemala, Nicaragua and other parts of Central America. Similarly, the Philippines is the hub for South-East Asia and India, Peru for South America and Poland for Europe.
- **Focus on profitability and cash generation,** ie capitalise upon existing assets. The group has over 7,400 gaming positions in eight countries and drives operational efficiencies to enhance revenues and margins. It only adds gaming positions with minimal property investment.
- **Manage each country as a fully integrated business unit.** Centralised administrative and management functions, under the supervision of country managers and FDs, reduce overheads and working capital, yet maintain a strong knowledge of each local market.
- **Be the first mover in new mid-sized markets.** Whether it enters via acquisition, new build or expansion of existing facilities, TBIRD seeks to provide the first major market-style experience or casino-anchored recreational venue.
- **Have consistent quality standards** that enhance the 'customer experience', ie décor, updates to gaming positions and layouts, food and beverage products and services, and live shows.
- **Implement and expand player tracking measures.** Certain properties now have sophisticated customer service programmes to promote customer loyalty and repeat visits.
- **Use technology-based infrastructure and controls** to operate gaming facilities under consistent controls and procedures, interlinked communication and real-time monitoring. Each country operation produces: 1) daily and per shift reporting/reconciliation of casino gaming activities; 2) daily drop and win reports; 3) weekly closing cycles for basic reconciliations; 4) monthly variance reports; 5) interlinked communication and monitoring systems; 6) country level transactional accounting; 7) daily sales reports; and 8) digital surveillance.

## **Sensitivities: Short-term growth in a tougher market**

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In its recent FY08 statement, TBIRD provided a detailed assessment of the risks associated with the operation of an international gaming portfolio. We would refer investors to that review, as it identifies in greater detail than this note allows many of the important legal, political and regulatory factors that could affect TBIRD's hotels, casinos and other gaming and entertainment venues in Central America, South America, South-East Asia, India and Eastern Europe.

### **Strategic priority: Cash generation, less capital intensive growth**

TBIRD's recent statement warned that continued difficult credit markets may delay or prevent its ability to complete projects under construction in the Philippines, India and Costa Rica. They may also hinder its efforts to refinance parts of its short-term debt.

Although the business has inherently strong cash flow generating characteristics, its recent expansion was capital-intensive, ie included significant investments in real estate, funded by debt and equity financing. Most importantly, the repayment terms of group facilities typically consume much of the early cash flows generated by acquired or upgraded assets to repay capital. As a result, new loans are required to finance the next phase of short-term investment.

Future investment is likely to be less capital intensive, ie carried out in conjunction with local partners capable of injecting funds to cover the majority of development costs, while the group will provide expertise in such areas as obtaining licences and design, operation and marketing of gaming and entertainment venues. Investment in hotels is likely to be limited to markets where this is a regulatory requirement for casino operators. This is a pragmatic approach for a difficult market, designed to help maximise return on capital invested.

### **Risks offset by geographic diversification**

In broad terms we see the country and industry specific risks as manageable in the context of the group's industry experience and a geographically diversified portfolio. The latter reduces the impact of a region specific economic downturn as does its differentiated business model, depth of executive knowledge of the gaming industry and established relationships and partners in each territory.

### **Management and relationships with partners**

TBIRD has a relatively small senior management team, headed by CEO Jack Mitchell. This plays a crucial role in establishing and maintaining relationships with local gaming authorities and partners. Many of its properties are partly owned by local companies or individuals who may have some shared control over local operations, so that good relationships and shared goals are important.

### **Forex and interest rate exposure**

The results are subject to fluctuations in the eight underlying currencies in which the group conducts business. TBIRD group does not hedge its foreign exchange or interest rate risk, as the impact is mainly restricted to its reported figures, ie translation gains or losses. Project borrowings are denominated in the relevant local currency and generally at fixed rates.

## Valuation: Likely re-rating during 2009

The current valuation reflects concerns over TBIRD's ability to restructure its debt and relieve pressure on group cash flow, as well as its vulnerability to the impact of the global downturn on regional economies. We believe that the risks are fully priced-in and include the probability that customers scale back discretionary spending and that initiatives such as increased marketing, incentives and lower room rates will impact margins.

Risks will remain until there is more clarity on the group's negotiations with lenders, but we see potential for the shares to recover during 2009 as newsflow confirms 1) the defensive nature of its business model in the face of weaker economic growth and increasing maturity of upgraded and recently launched assets; 2) progress towards the completion and launch of outstanding projects, particularly in the Philippines and India; and 3) the extension of existing finance and new facilities secured. A stabilised backdrop should be reflected in an improved rating, while group finances should benefit quite predictably from underlying cash flows.

For illustration, although we emphasise the distinction between TBIRD and the Las Vegas/Macau operators, since early March the share prices of two of the most indebted entities, MGM Mirage and Las Vegas Sands, are up over 500%. That was post news that they had raised cash or progressed negotiations with lenders. Wynn Resorts is up 120%, despite a Q109 loss.

## Valuation: No directly comparable peers

Gaming companies are normally valued on an EV/EBITDA basis. TBIRD's business model, geographical diversity and focus on less developed markets make it difficult to identify a direct peer group. We have compared it to Century Casinos as well as to a number of much larger US regional casino operators and to two UK quoted gaming companies (although the latter are much more mature). Our peer group average 2009 EV/EBITDA is 6.6 times (with the US regional casino operators on about 7.5 times) but these are much larger and more established companies than TBIRD. However, TBIRD's EBITDA has been growing very rapidly and despite the relatively high debt levels the prospective EV/EBITDA multiple of 5.1 appears low for a well-managed group with considerable growth potential in new markets such as India.

### Exhibit 4: Gaming sector multiples

Note: Exchange rates used: £1=\$1.51. Prices at 20 May 2009.

Company	Price \$	Mkt Cap (\$m)	PE FY08 (x)	PE FY09e (x)	EV/EBITDA FY08 (x)	EV/EBITDA FY09e (x)	Historic Yield (%)
<b>Thunderbird Resorts</b>	<b>1.60</b>	<b>32</b>	<b>N/A</b>	<b>N/A</b>	<b>5.3</b>	<b>5.1</b>	<b>0.0</b>
Century Casinos Inc	2.47	59	N/A	N/A	6.1	4.7	0.0
Ameristar	18.99	1080	16.5	12.2	8.6	7.5	1.7
Penn National Gaming	29.50	2311	20.1	20.9	7.4	7.3	0.0
Pinnacle Entertainment	11.15	696	-5.9	58.7	10.6	7.6	0.0
Ladbrokes plc	3.19	1917	5.8	9.2	6.0	8.1	2.9
Rank Group	1.00	392	9.4	11.9	5.5	6.3	0.0
<b>Average</b>					<b>7.0</b>	<b>6.6</b>	

Source: Thomson Financial/Edison Investment Research



## Financials

### 23% increase in underlying property EBITDA in 2008

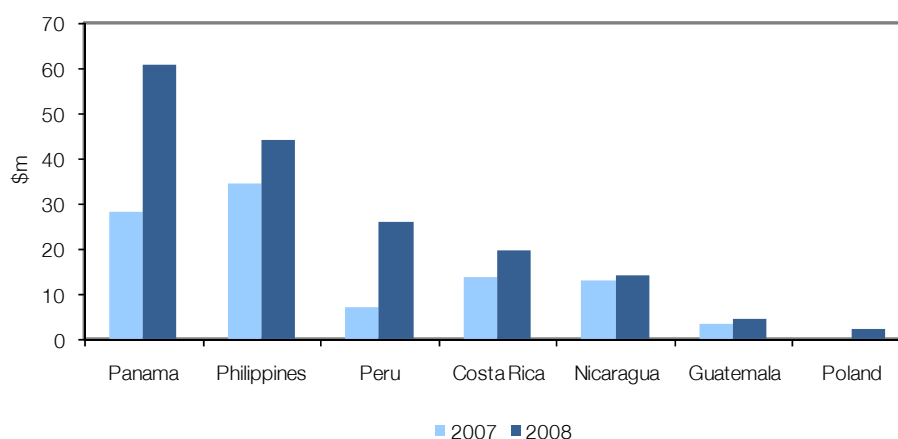
TBIRD delivered strong growth in revenues and sales in 2008 due to new openings and increased ownership. Sales increased by 72% to \$172m, or by 32% on a like-for-like basis consolidating 100% of Panama and Costa Rica operations (versus 50% reported for 2007). Property EBITDA rose by 23% on the same basis, to \$47.5m (2007: \$38.7m) and adjusted EBITDA (after corporate costs) by 8% to \$35.1m (2007: \$32.4m). Property EBITDA is income from operations before depreciation, amortisation, write-downs, reserves and recoveries, project opening costs, corporate expense, income/losses on interests in non-consolidated affiliates.

At the bottom line, however, there was a net loss of \$33m (2007: \$4.2m loss). This included material non-cash and non-recurring items: \$10.2m forex movements, \$7.2m project development costs, property write-downs (Guatemala) of \$3.7m and \$4.6m of other non-cash items. As expected, net finance costs were higher at \$17.1m (2007: \$10m).

### Divisional performances: Mixed trading

Revenue was ahead in each geographical division. In percentage terms, Panama (36%) and Philippines (26%) are the largest divisions, although acquisitions have also doubled Peru's contribution to turnover (15%). The latter is due to the full year contribution from the six hotels in Lima, acquired in July 2007 and substantially renovated during Q408.

**Exhibit 5: Divisional revenues 2007-2008**



Source: Thunderbird FY08 results

The 2008 results are summarised in Exhibit 6. Panama reported revenues increased by 116% but adjusted for increased ownership the growth was 8%. Similarly, Costa Rica reported revenues increased by 44%. Elsewhere strong sales growth reflected new openings and additional gaming positions, notably in Peru where the flagship Fiesta casino in Lima opened in September 2008.

The overall property EBITDA margin in 2008 was 28%, slightly lower than in 2007 (30%) due to factors including a higher proportion of early stage operations (Peru and Poland), some increased competition, difficult trading conditions in Guatemala and recessionary factors particularly in Q4.

**Exhibit 6: Summarised like-for-like results and estimates**

Note: Panama and Costa Rica 2007 results adjusted for consolidation of 100% versus 50% previously reported (due to increased ownership). All figures in US dollars.

\$m	Revenue				Property EBITDA		
	2007	2008	Chg %	2009e	2007	2008	2009e
Panama	56.2	60.7	8	58.7	17.5	18.6	17.3
Costa Rica	16.0	19.5	22	22.3	6.5	8.1	8.7
Guatemala	3.4	4.5	31	4.6	0.1	(1.1)	(0.7)
Philippines	34.5	44.1	28	45.1	9.2	12.1	12.4
Peru	7.1	26.0	269	36.5	2.1	6.4	6.9
Nicaragua	12.9	14.2	11	13.3	3.2	3.2	2.2
Poland	0.0	2.3	N/A	3.8	0.0	0.1	0.1
Other	0.3	0.5	67	0.6	0.0	0.0	0.0
<b>Total</b>	<b>130.4</b>	<b>171.8</b>	<b>32</b>	<b>185.0</b>	<b>38.7</b>	<b>47.5</b>	<b>46.8</b>

Source: Company accounts/Edison Investment Research

TBIRD has just reported Q1 results with revenues up 13% at \$44m, but adjusted EBITDA down 6% at \$8.3m despite a near 20% reduction in corporate expenses. The economic downturn has affected its Latin American markets and the reported revenue growth came from new openings (mainly Peru and Costa Rica). We have taken a cautious view of economic conditions for the remainder of the year and expect a slight reduction in property EBITDA but a modest improvement in margins and adjusted EBITDA. H209 results should benefit from new openings and gaming positions including the completion of the group's first property in India (subject to financing) and the new hotel and golf course at Poro Point in the Philippines. At this stage we have not incorporated any contribution from the new casino and hotel in India but we regard this as one of the group's highest potential assets and would hope to adjust forecasts over the course of 2009.

## Balance sheet

Post rapid expansion over the last two-to-three years the group has built a diversified portfolio, with the scale to compete effectively in its chosen territories. The strategy has been to give divisions the capacity, management and product mix to evolve into stable revenues over the next few years.

The legacy of that expansion is higher net debt, which in 2008 increased from \$30m to \$150m (being gross borrowings plus capital leases net of unrestricted cash). Although this was broadly in line with projections, TBIRD's growth plans anticipated that it would be able to secure further debt this year to fund completion of its two enlarged casinos in the Philippines and finance a potentially valuable expansion into India. The economic environment has made it more difficult to secure new debt on acceptable terms and although cash flows will improve as each new operation matures, these will be absorbed by capital repayments due on mainly short-term project debt.

The interest rate on TBIRD's debt is typically 10-14% but in current markets we expect the rate on new debt to be 14-15%. The rise in the net debt in 2008 resulted in a significant increase in the leverage ratio (defined as normalised EBITDA/adjusted net debt) from 1.1x to 5.9x.

TBIRD is conducting a detailed review of all group debt. Some \$35m of debt is scheduled for repayment in FY09, but as new debt is still expected to replace much of this, we forecast overall net debt to decline by about \$5m by the year end. It seeks a balance between meeting its short term project commitments and amortisation of largely short-term debt and currently seeks to renegotiate repayment terms and, in particular, extend loan periods in order to free up cash flow to

fund operations and maintain expansion timetables. This process is well underway and progress to date has included deferred terms that will free up c \$3m of group cash over the next 12 months.

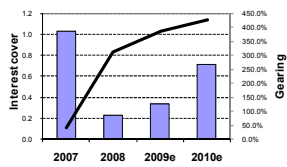
TBIRD has also taken a more conservative view regarding new project development and cut back its in-house development team. Future expansion is likely to be less capital intensive, possibly only in conjunction with local partners willing to contribute project funding, and focused on core projects such as slot parlours rather than hotels.

#### Exhibit 7: Financials

Note: Adjusted EBITDA, as reported by the company, is before project development costs and a management fee attributable to minority interest of \$3.0m in 2008. Normalised EBITDA is after those items.

Year end 31 July	\$m	2006 IFRS	2007 IFRS	2008 IFRS	2009e IFRS	2010e IFRS
<b>PROFIT &amp; LOSS</b>						
<b>Revenue</b>		<b>72.1</b>	<b>99.8</b>	<b>171.8</b>	<b>185.0</b>	<b>200.0</b>
Cost of Sales		(53.5)	(70.8)	(124.4)	(138.2)	(149.1)
<b>Property EBITDA</b>		<b>18.6</b>	<b>29.0</b>	<b>47.5</b>	<b>46.8</b>	<b>50.9</b>
<b>Adjusted EBITDA</b>		<b>14.8</b>	<b>22.8</b>	<b>35.1</b>	<b>36.8</b>	<b>40.9</b>
<b>Normalised EBITDA</b>		<b>12.8</b>	<b>20.3</b>	<b>24.6</b>	<b>31.8</b>	<b>35.9</b>
<b>Operating Profit (before GW and except.)</b>		<b>7.6</b>	<b>10.3</b>	<b>3.9</b>	<b>6.8</b>	<b>12.9</b>
Intangible Amortisation		(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Foreign exchange		0.6	5.3	(10.2)	0.0	0.0
Stock based compensation		(0.2)	(1.2)	(2.7)	0.0	0.0
<b>Operating Profit</b>		<b>7.7</b>	<b>14.1</b>	<b>(9.3)</b>	<b>6.5</b>	<b>12.6</b>
Other gains, losses and exceptional items		(3.0)	(5.4)	(5.0)	0.0	0.0
Net Interest		(5.8)	(10.0)	(17.1)	(20.0)	(18.0)
<b>Profit Before Tax (norm)</b>		<b>1.8</b>	<b>0.3</b>	<b>(13.2)</b>	<b>(13.2)</b>	<b>(5.1)</b>
<b>Profit Before Tax (FRS 3)</b>		<b>(1.2)</b>	<b>(1.3)</b>	<b>(31.3)</b>	<b>(13.5)</b>	<b>(5.4)</b>
Tax		(2.3)	(2.9)	(2.2)	(1.0)	(0.5)
Non-controlling interest		(0.3)	(2.3)	0.7	0.2	(0.1)
<b>Profit After Tax (norm)</b>		<b>(0.5)</b>	<b>(2.8)</b>	<b>(15.4)</b>	<b>(14.2)</b>	<b>(5.6)</b>
<b>Profit After Tax (FRS 3)</b>		<b>(3.5)</b>	<b>(4.2)</b>	<b>(33.5)</b>	<b>(14.5)</b>	<b>(5.9)</b>
Average Number of Shares Outstanding (m)		8.4	9.9	19.6	19.7	19.7
<b>EPS - normalised (c)</b>		<b>(0.10)</b>	<b>(0.51)</b>	<b>(0.75)</b>	<b>(0.71)</b>	<b>(0.29)</b>
<b>EPS - FRS 3 (c)</b>		<b>(0.45)</b>	<b>(0.66)</b>	<b>(1.68)</b>	<b>(0.73)</b>	<b>(0.30)</b>
Dividend per share (c)		0.0	0.0	0.0	0.0	0.0
Property EBITDA/ Sales (%)		25.7	29.0	27.6	25.3	25.4
EBITDA Margin (%)		20.5	22.8	20.4	19.9	20.4
Operating Margin (before GW and except.) (%)		10.6	10.3	2.3	3.7	6.4
<b>BALANCE SHEET</b>						
<b>Fixed Assets</b>		<b>47.9</b>	<b>126.1</b>	<b>214.3</b>	<b>206.3</b>	<b>200.8</b>
Intangible Assets		2.6	2.6	26.6	26.0	25.5
Tangible Assets		44.5	122.3	187.4	180.0	175.0
Investments		0.8	1.2	0.3	0.3	0.3
<b>Current Assets</b>		<b>18.9</b>	<b>89.2</b>	<b>44.3</b>	<b>36.0</b>	<b>38.0</b>
Stocks		1.0	2.8	4.5	6.0	6.0
Debtors		7.4	9.4	18.1	20.0	22.0
Cash (excl. restricted cash)		7.4	71.7	15.1	2.0	2.0
Restricted cash		3.2	5.2	6.7	8.0	8.0
<b>Current Liabilities</b>		<b>(23.2)</b>	<b>(42.0)</b>	<b>(57.3)</b>	<b>(64.0)</b>	<b>(73.0)</b>
Creditors		(12.3)	(23.9)	(24.2)	(37.0)	(48.0)
Short term borrowings		(10.9)	(18.2)	(33.1)	(27.0)	(25.0)
<b>Long Term Liabilities</b>		<b>(43.6)</b>	<b>(93.4)</b>	<b>(152.2)</b>	<b>(140.0)</b>	<b>(133.0)</b>
Long term borrowings		(35.4)	(83.1)	(133.9)	(120.0)	(113.0)
Other long term liabilities		(8.2)	(10.3)	(18.3)	(20.0)	(20.0)
<b>Net Assets</b>		<b>0.0</b>	<b>79.8</b>	<b>49.1</b>	<b>38.3</b>	<b>32.8</b>
<b>CASH FLOW</b>						
<b>Operating Cash Flow</b>		<b>12.4</b>	<b>27.7</b>	<b>6.5</b>	<b>46.9</b>	<b>48.9</b>
Net Interest		(5.1)	(10.0)	(17.1)	(20.0)	(18.0)
Tax		(2.3)	(2.4)	(1.8)	(1.3)	(2.8)
Capex		(19.9)	(75.9)	(75.8)	(25.0)	(23.2)
Acquisitions/disposals		(0.1)	(5.0)	(25.5)	0.0	0.0
Financing		0.0	74.9	(6.5)	4.6	1.1
Dividends		0.0	0.0	0.0	0.0	0.0
Net Cash Flow		(15.1)	9.3	(120.2)	5.2	6.0
<b>Opening net debt/(cash)</b>		<b>23.9</b>	<b>39.0</b>	<b>29.7</b>	<b>151.9</b>	<b>145.0</b>
HP finance leases initiated		0.0	0.0	0.0	0.0	0.0
Other		(0.0)	0.0	(2.0)	(0.0)	(0.0)
<b>Closing net debt/(cash)</b>		<b>39.0</b>	<b>29.7</b>	<b>151.9</b>	<b>146.7</b>	<b>139.0</b>

Source: Company Accounts/Edison Investment Research

Growth	Profitability	Balance sheet strength	Sensitivities evaluation	
N/A	N/A		Litigation/regulatory	◐
			Pensions	○
			Currency	◐
			Stock overhang	○
			Interest rates	◐
			Oil/commodity prices	○

Growth metrics	%	Profitability metrics	%	Balance sheet metrics		Company details	
EPS CAGR 06-10e	N/A	ROCE 09e	4.2	Gearing 09e	383	Address:	
EPS CAGR 08-10e	N/A	Avg ROCE 06-10e	N/A	Interest cover 09e	0.3	Calle Alberto Navarro El Cangrejo, Apartado 0823-00514 Panama	
EBITDA CAGR 06-10e	25.6	ROE 09e	N/A	CA/CL 09e	0.6		
EBITDA CAGR 08-10e	2.3	Gross margin 09e	25.3	Stock turn 09e	11.8	Phone	+507 223 1234
Sales CAGR 06-10e	26.6	Operating margin 09e	3.7	Debtor days 09e	39.5	Fax	+507 223 0869
Sales CAGR 08-10e	3.8	Gr mgn / Op mgn 09e	6.9	Creditor days 09e	69.1	www.thunderbirdresorts.com	

Principal shareholders		%	Management team
Wellington Management Company LLP		14.3	<b>President and CEO: Jack Mitchell</b>
Friedman Billings Ramsey Group Inc		9.1	President and CEO since 1997. Jack was admitted to the California bar in 1986 and in 1988. He founded LaRocque, Wilson, Mitchell & Skola, a law practising in real estate and gaming, which he left to join Thunderbird.
Jack Mitchell		5.6	
Prism Partners		5.1	
All directors and officers		12.0	<b>CFO: Michael Fox</b>
			Joined Thunderbird in 2003 as financial manager of the Costa Rican operations. Michael managed the construction of the group's flagship Costa Rican property in 2004 and became group CFO in 2005. During a 25-year business career he spent 11 years with NASDAQ-listed Devcon Intl, nine as CFO.
Forthcoming announcements/catalysts		Date *	<b>Vice President &amp; General Counsel: Albert Atallah</b>
AGM		29 May	General counsel and director since 2000, Albert was a consultant to TBIRD from 1997-2000. He was previously a partner at LaRocque, Wilson, Mitchell & Skola, a California law firm founded by TBIRD's CEO Jack Mitchell.
Q2 results		August *	
Q3 results		November *	
<i>Note: * = estimated</i>			

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