Q3 & 9M 2018 Financial Results

28 November 2018

Disclaimer

- All drawings, artwork, and texts are the exclusive property of OPAP S.A. The partial or total duplication, copy or publication of the contents of this publication by any medium (mechanical, electronic, photocopy, recording, photography etc.) is forbidden according to the standing copyright Law (Law 100/75 and Law 2121/1993) relevant instruction and disclaimers by the EU and the International Law. Any use of material included in this publication must be done with the written permission of OPAP S.A.

- The logo of OPAP S.A. is the exclusive property of OPAP S.A. Any use, copying or distortion of the logo is forbidden without written permission by the company. The contents and visual material included in this publication are the property of OPAP S.A. or third parties from which the company has received all appropriate licenses

- Copyright refers to all graphics and texts of the present publication

- The facts included in the present document have been acquired by valid sources. It is considered self-evident and granted that OPAP S.A. does not guarantee their accuracy and endurance through time. Respectively, OPAP S.A. bears no responsibility to any investment actions that may take place on the basis of the estimates published here. This is not an offer of invitation for purchase or registration of market shares of any kind. Finally, the information included in this publication is subject to renewal, completion, review or modification by OPAP S.A. The information may be significantly modified without any liability for prior update on behalf of OPAP S.A.

Q3 2018 Highlights

- GGR growth despite negative sports results due to increased VLT contribution
- Strong like-for-like EBITDA growth partly thanks to ongoing cost control
- VLTs rollout on track to meet FY targets, with steadily increasing customer base
- Launch of new online sports betting platform, with much more competitive pricing
- Introduction of new retail games: KINO side bets & Virtuals Sports Matchday
- On track to deliver 450-500 newly constructed OPAP shops in FY 2018

Agenda

01 Q3 & 9M 2018 Financial Review

02 Business Update

03 Appendix

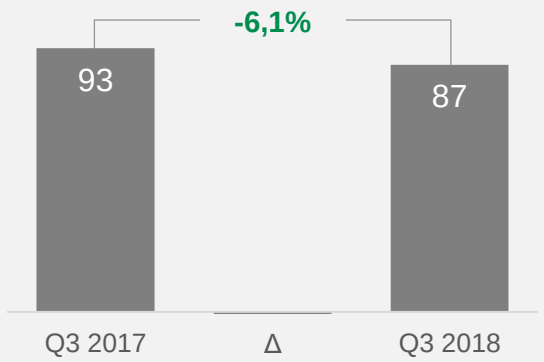
Q3 2018 Overview

Q3 brings steady growth despite unfavorable sporting results

Revenues (GGR)

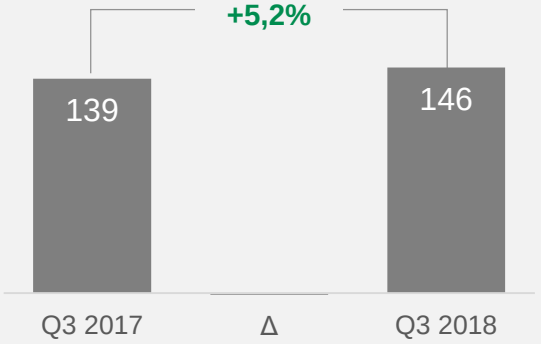
- **Betting** - lower by 13.2%
- **VLTs** – reached €51m with increased contribution to revenue growth
- **Lotteries** - down by 2.2%
- **Instant & Passives -** decreased by 11.0%

EBITDA



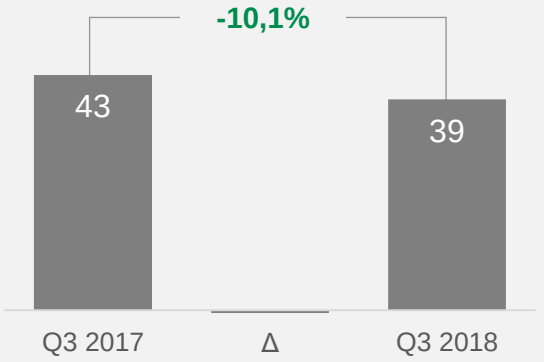
- +11,6% vs Q3'17 recurring figure
- Increased revenue coupled with cost control and IT savings led recurring EBITDA to higher levels.

Gross Profit (from gaming operations)[1]



- Higher vs. revenue run rate
- New products already contributing strongly to the Group's profitability

Net Profit



- +18,4% vs Q3'17 recurring figure on the back of higher operational profitability

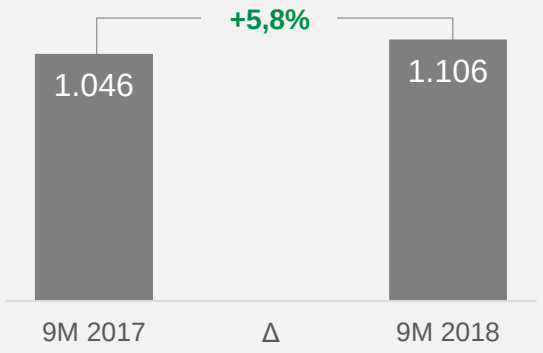
[1] *GGR-GGR contribution-Agents' commission-other NGR related commission*

Amounts in €m

9M 2018 Overview

Higher revenue and profitability across all lines

Revenues (GGR)

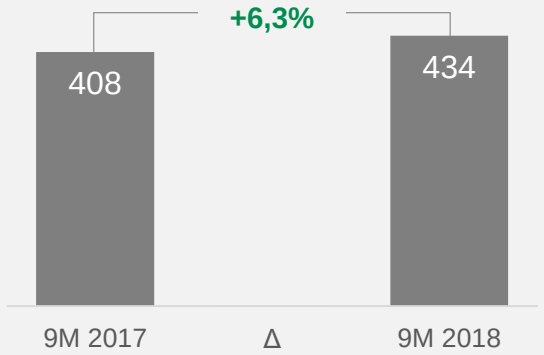


- **Betting** – minor drop of 0.4%
- **VLTs** – contribution at €140m
- **Lotteries** - down by 7.5%
- **Instant & Passives –** lower by by 6.4%

EBITDA

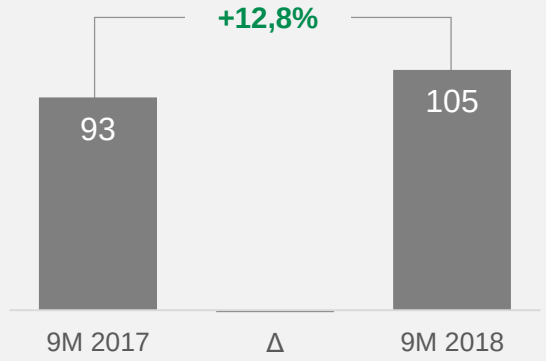
- 9M'18 EBITDA margin at 22,1% of GGR
- Substantial EBITDA growth despite the concurrent rollout of several large scale projects

Gross Profit (from gaming operations)[1]



- In line with revenue run rate
- Significant contribution from new and existing products alike

Net Profit



- Exceeding EBITDA growth rate
- 9M'18 Net Profit margin at 9,5% of GGR

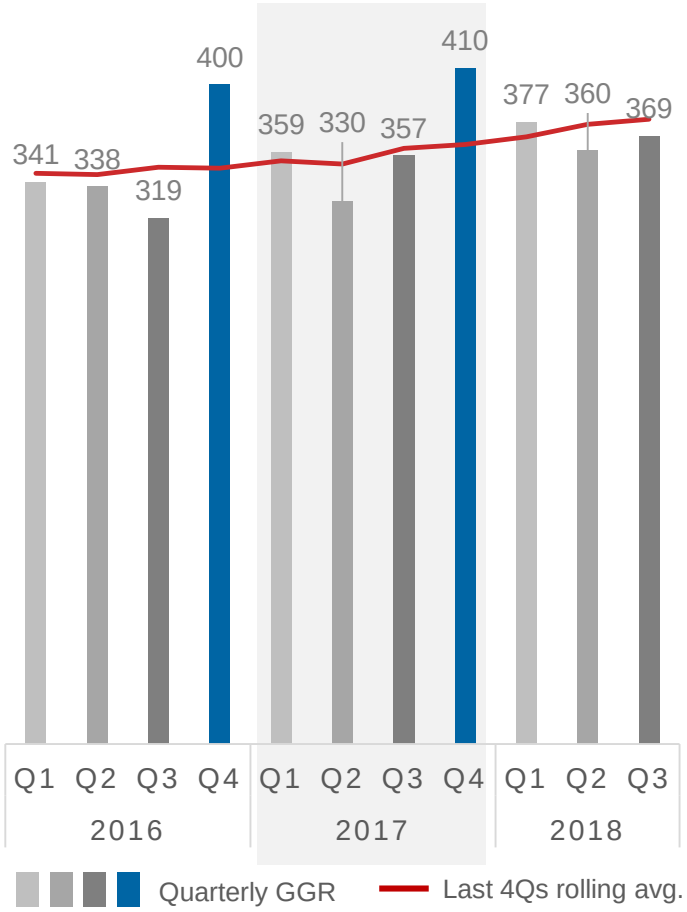
[1] *GGR-GGR contribution-Agents' commission-other NGR related commission*

Amounts in €m

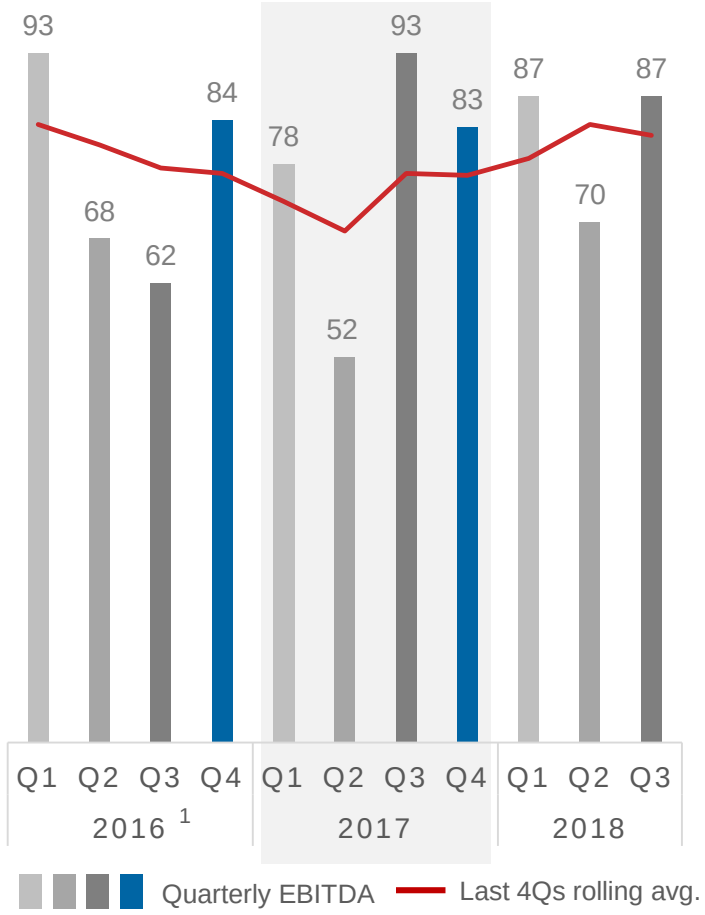
Key Quarterly Financials 2016-2018

Higher Y-o-Y performance across all metrics on a recurring level

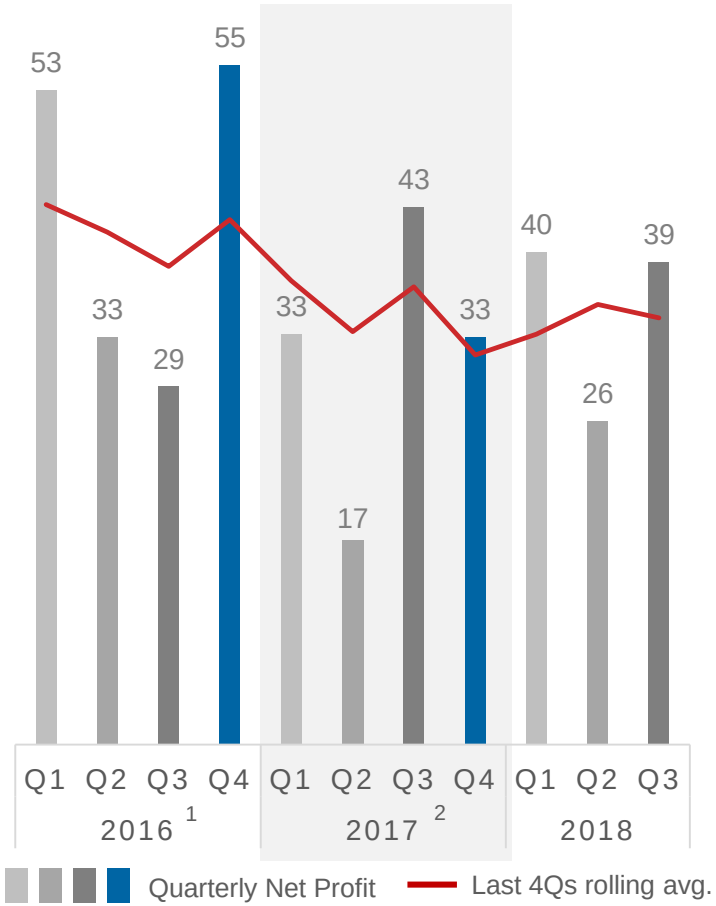
Revenues (GGR)



EBITDA



Net Profit

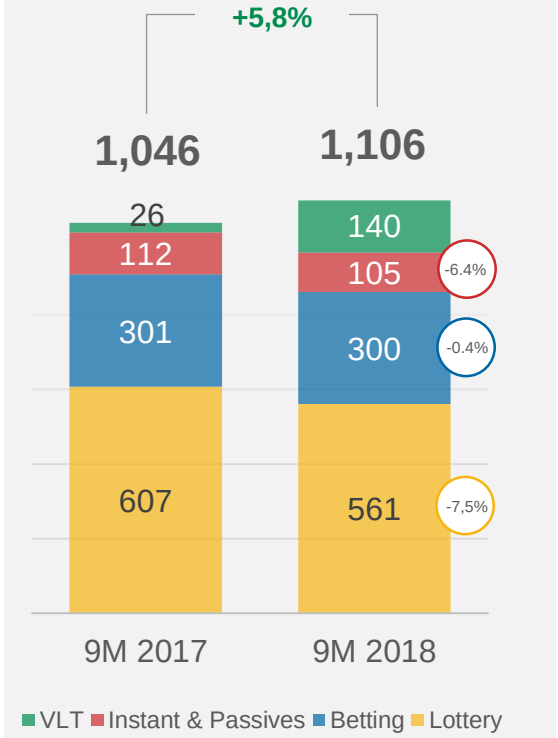


[1] 2016 rolling avg. adjusted for 35% GGR contribution
[2] Restated for the new VLTs license amortization method

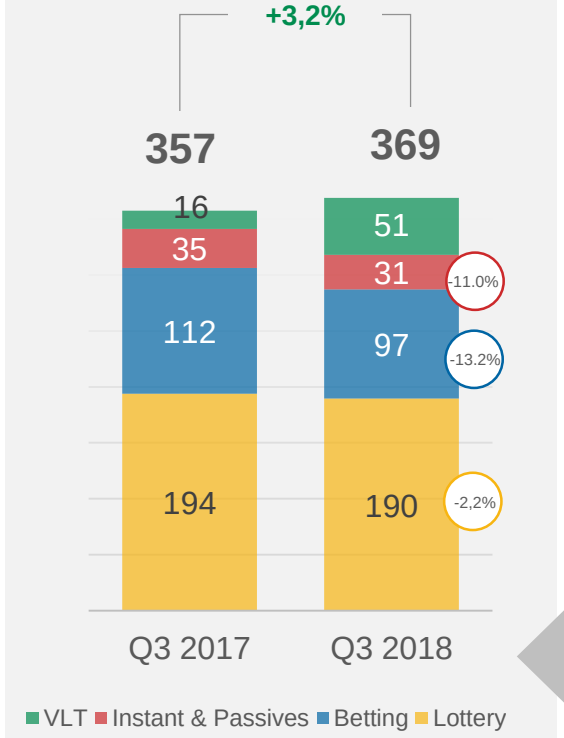
Revenues (GGR)

Q3-9M 2018 GGR analysis

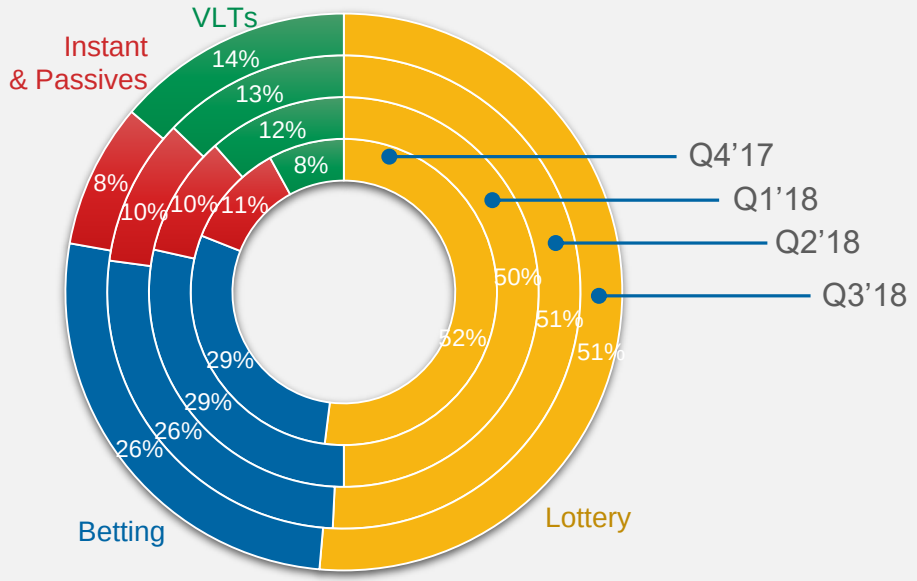
9M



Q3



Last 4 quarters GGR breakdown



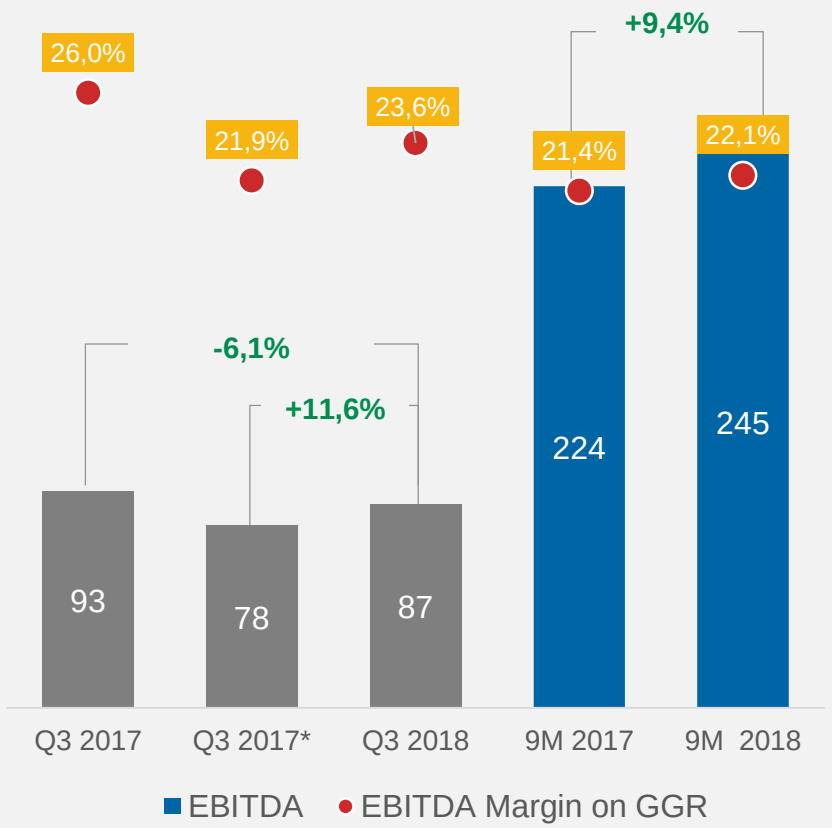
Q3

- **Lottery:** Lower than expected KINO substitution & improved Joker revenues
- **Betting:** Normalization of Virtuals performance & Stihima decline on the back of customer friendly sports results
- **Instant & Passives:** Weaker instant performance
- **VLTs:** Constantly increasing contribution on the back of the ongoing roll-out, with FY target standing at 19k VLTs

Amounts in €m

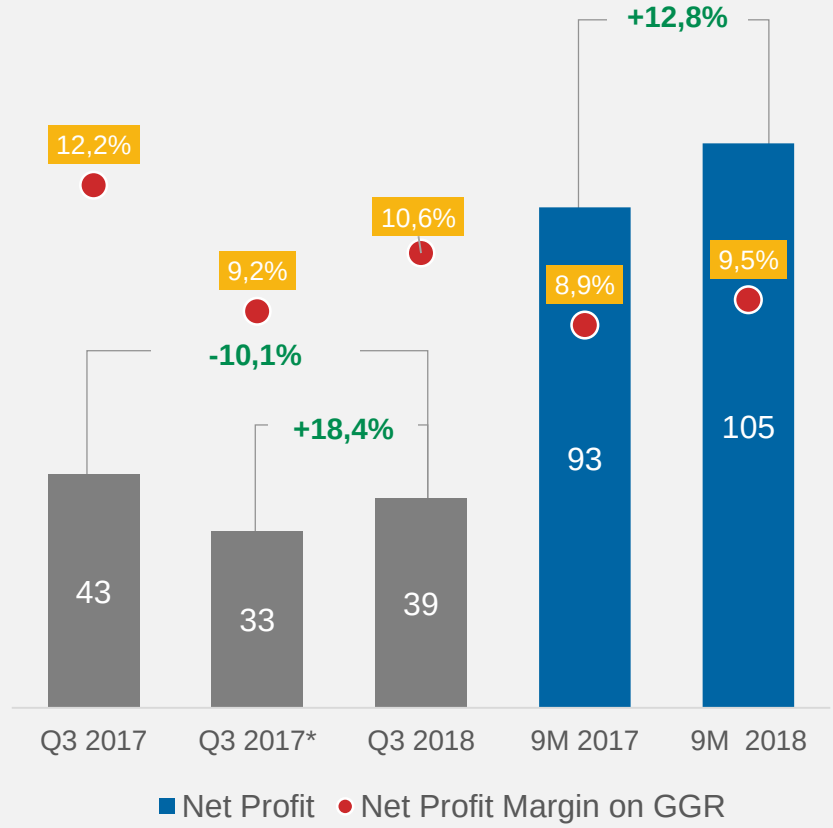
Profitability

Q3-9M EBITDA



Increased margins on the back of ongoing cost control and significant contribution of new products

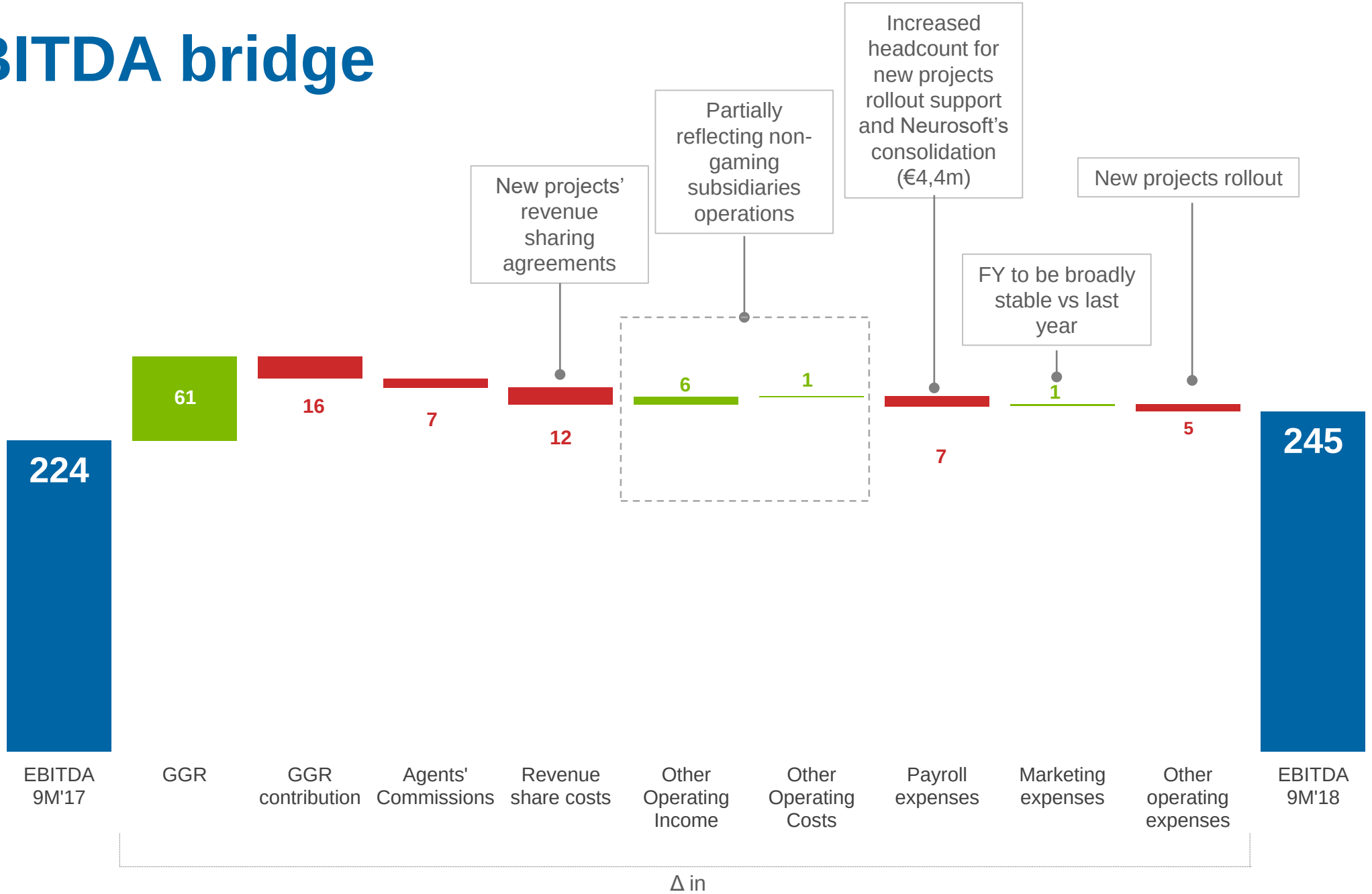
Q3-9M Net Profit



Higher margins attributed to increased operating profitability

Amounts in €m
**Adj. for one-off reversal of litigation provisions in Q3'17*

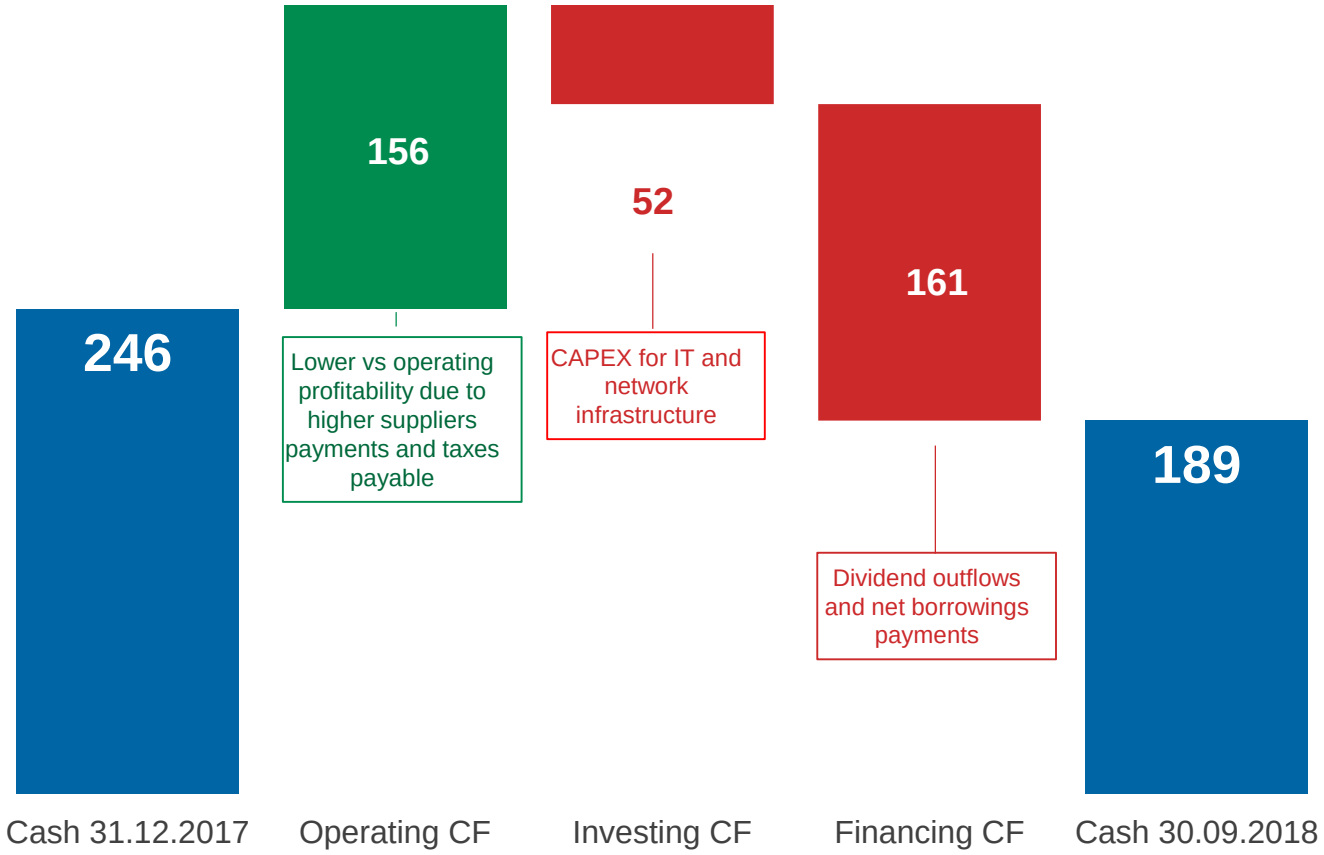
EBITDA bridge



Amounts in €m

Cash Flow & Net Debt

Cash Flow Bridge



Amounts in €m

Net Debt

Strong financial position with Net Debt at €462m*

***as of 30.09.2018**

- **1.4x Net Debt / Ebitda**
- **13.5x Interest Coverage**

based on LTM figures

2018 Bloomberg Consensus

(€ 'm)	2017a	2018 (E)	Min. 2018	Max. 2018
GGR*	1,455.5	1,618.6	1,566.8	1,683.0
EBITDA	306.5	356.5	350.0	365.0
Margin %	*21.1%*	*22.0%*		
Net Income	126.2	165.2	158.0	176.0
Margin %	*8.7%*	*10.2%*		
EPS	0.40	0.52	0.50	0.56
Growth %, YoY	*-68,6%*	*+30.0%*		
DPS (€)	0.40	0.82	0.50	1.10

***** Consensus by 11 analysts in the past 6 months. Data collected by the company.

Disclaimer: The above estimates are collected and provided by an independent body. OPAP, in any case, does not adopt these figures as guidance, neither provides investment recommendation or advice. The actual results could differ materially from those expressed in the third parties estimates.

Agenda

01 Q3 & 9M 2018 Financial Review

02 Business Update

03 Appendix

2020 Vision – OPAP's 8 Strategic Priorities

Progress Update

1 Embedding Customer Obsession

- ✓ Kick-off of loyalty offers for PLAY customers
- ✓ 75% of high value active players re-engaged in the new Pamestoixima.gr
- ✓ Over 48 Research studies YTD, reached 39k customers

2 Investing in our Network

- ✓ New openings in line with targets
- ✓ Retail Excellence Program to improve both agents' performance & customer experience
- ✓ Flagship/concept OPAP store now open

3 Developing our People

- ✓ Headcount stabilizing
- ✓ 87% participation in Employee Survey
- ✓ Significant increase in training & development

4 Building a World class portfolio of Products & Services

- ✓ KINO side bets & Virtuals Matchday now live
- ✓ Successfully migrated retail betting product to PBS platform
- ✓ Full launch of the 2nd €10 scratch card

2020 Vision – OPAP's 8 Strategic Priorities

Progress Update

5 Leveraging the latest **Digital & Technology Capabilities**

- ✓ **New Online Sports Betting Platform**
- ✓ **Development of OPAP owned Player Account Management**
- ✓ **VLT Central System Upgrade to support jackpots**

6 Committing to our **Communities**

- ✓ **No. 1 position in CSR acknowledgement in Greece (+4pp in Oct.)**
- ✓ **Ongoing renovation & support of pediatric hospitals**
- ✓ **WLA Responsible Gaming level 4 award for Hellenic Lotteries**

7 Expanding the power of our **Brand**

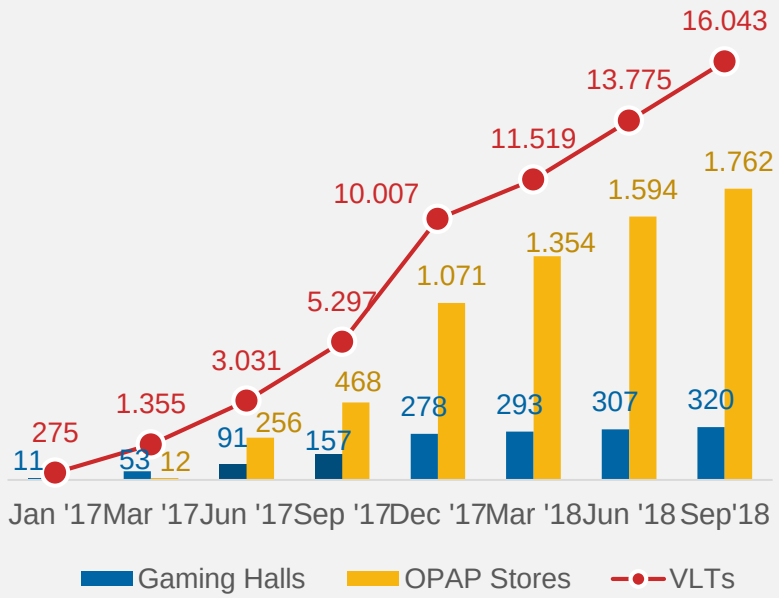
- ✓ **New ATL campaigns supporting Online launch**
- ✓ **Launch of OPAP Champions - Young athletes Sponsorship Pillar**

8 Rebuilding healthy relationships with the **State, Regulator and other bodies**

- ✓ **Ongoing collaboration with HGC to fight illegal gaming**
- ✓ **New Online Law consultation period now concluded**

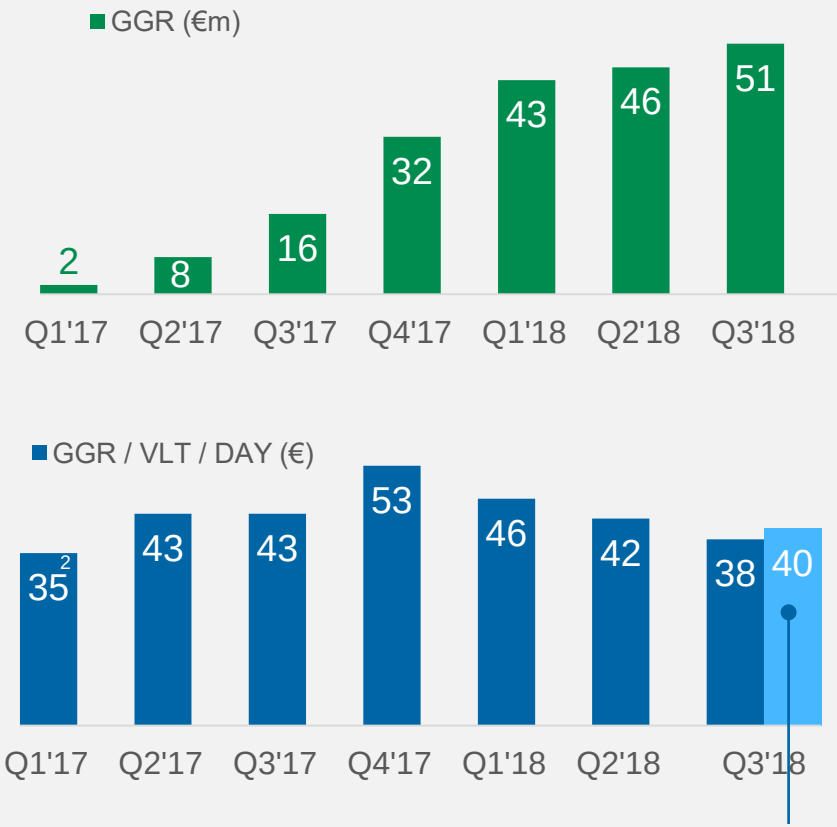
VLTs – steady rollout progress

Rollout Profile



- ✓ c.17,3k VLTs operational on 27 Nov 2018
- ✓ Full year target for roll-out at c.19k
- x Ongoing impact from illegal gaming remains

Performance overview[1]

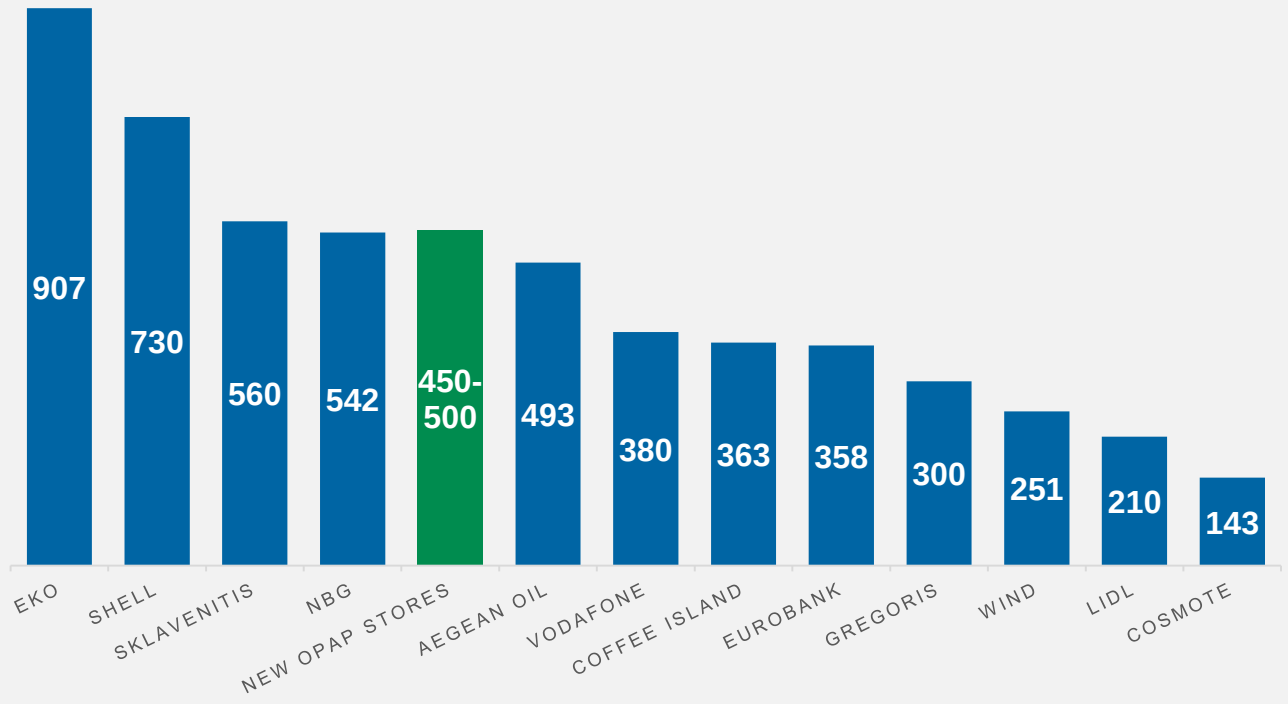


[1]Takes into account machines fully operational at the first week of each quarter
[2]Machines operated in Q1. Calculation based on weighted avg.

Post-holiday period: Last week of August and full month of September

Retail Network - modernisation well on track

Building a top 10 Greek retailer in 1 year



Opap stores in Greece as of 19 Nov' 2018

3,902

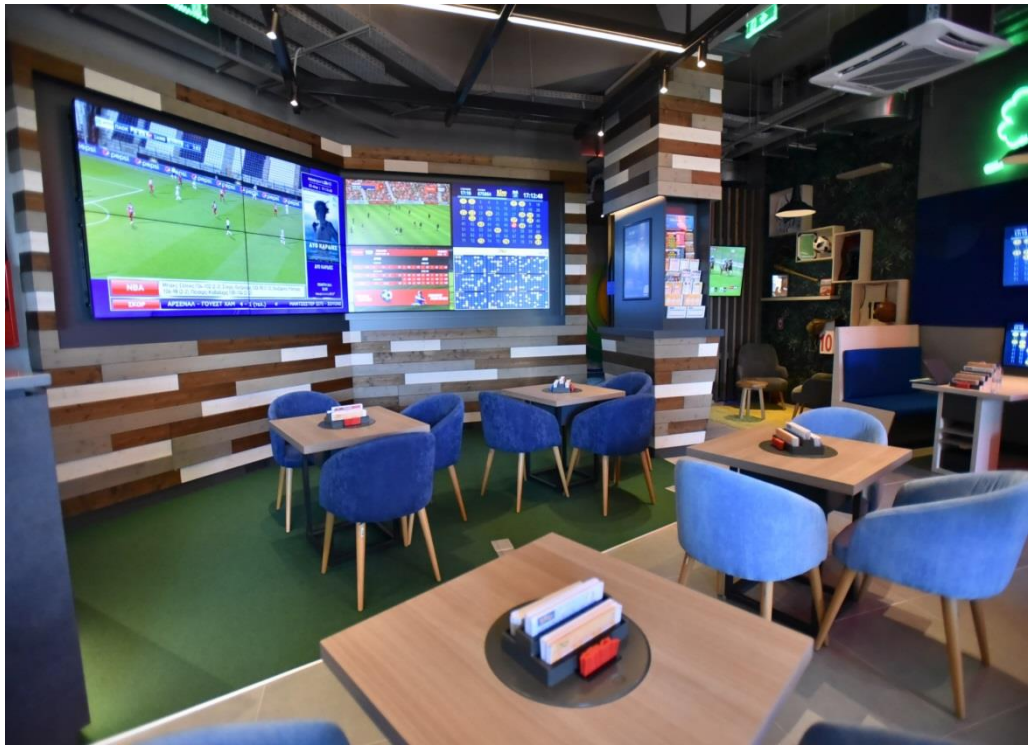
New Opap Stores YTD

420

Average growth in agent commissions Q3'18 vs. Q3'17

+4.9%

New Protypo store launched in September



Agenda

01 Q3 & 9M 2018 Financial Review

02 Business Update

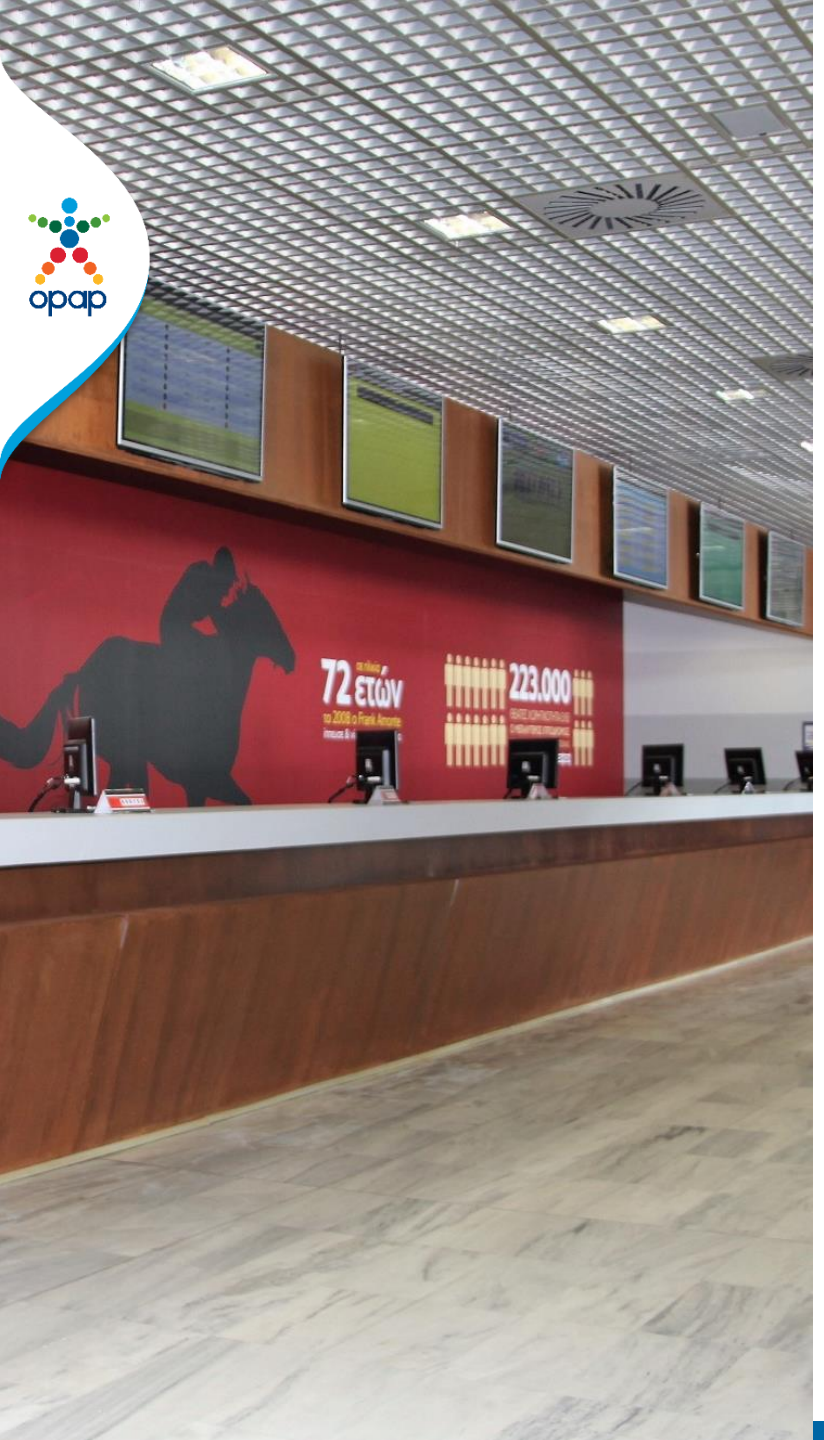
03 Appendix

Consolidated Statement of Financial Position as of 30 September 2018 & 31 December 2017

Consolidated Statement of Financial Position		
('000 €)	30.09.2018	31.12.2017
Assets		
Current assets		
Cash and cash equivalents	189,379	246,102
Receivables	110,026	127,829
Other current assets	47,798	66,452
Total current assets	**347,203**	**440,383**
Non - current assets		
Intangible assets	1,138,733	1,169,776
Property, plant & equipment	111,337	109,298
Other non - current assets	112,695	78,747
Total non - current assets	**1,362,764**	**1,357,822**
TOTAL ASSETS	**1,709,967**	**1,798,205**
Equity & Liabilities		
Short-term Loans	495	169,171
Short-term payables (trade & other)	130,639	173,860
Other Short-term payables	108,854	138,989
Long-term Loans	651,170	513,098
Other long-term liabilities	60,601	43,625
Total liabilities	**951,759**	**1,038,743**
Total equity	**758,208**	**759,462**
TOTAL EQUITY & LIABILITIES	**1,709,967**	**1,798,205**

Consolidated Statement of Comprehensive Income 9M 2018 & 2017

	Consolidated Statement of Comprehensive Income			
('000 €)	9M 2018	9M 2017	Δ	Δ%
Amounts wagered	3,156,479	3,213,588	-57,109	-1.8%
Revenue (GGR)	**1,106,328**	**1,045,811**	**60,517**	**5.8%**
GGR contribution and other levies and duties	-363,310	-347,638	15,672	4,5%
Net gaming revenue (NGR)	**743,019**	**698,173**	**44,846**	**6.4%**
Agents' commission	-271,280	-264,509	6,771	2,6%
Other NGR related commission	-37,693	-25,480	12,213	47,9%
Other operating income	88,968	83,372	5,596	6.7%
Other operating cost	-65,380	-66,027	-647	-1,0%
Payroll expenses	-56,900	-49,430	7,470	15.1%
Marketing expenses	-44,802	-46,059	-1,257	-2.7%
Other operating expenses	-111,332	-106,506	4,826	4.5%
EBITDA	**244,598**	**223,534**	**21,064**	**9.4%**
EBIT	**173,881**	**157,275**	**16,606**	**10.6%**
EBT	**155,365**	**141,752**	**13,613**	**9.6%**
EAT and minorities	**105,185**	**93,239**	**11,946**	**12.8%**



Consolidated Cash Flow statement as of 30 September 2018 & 30 September 2017

('000 €)	Consolidated Cash flow statement	
	9M 2018	9M 2017
OPERATING ACTIVITIES		
Operating Activities before WCC	**248,607**	**223,134**
Changes in Working Capital		
Inventories	-2,806	5,325
Receivables	29,940	-7,730
Payables (except banks)	-49,734	-37,300
Taxes payables	-25,696	3,448
Interest expenses & Income taxes paid	-44,008	-33,623
Cash flows from operating activities	**156,304**	**153,254**
INVESTING ACTIVITIES		
Cash flows from investing activities	**-52,499**	**-82,457**
FINANCING ACTIVITIES		
Proceeds from borrowings	260,433	233,524
Payments of borrowings	-290,805	-33,939
Dividends Paid	-122,315	-194,320
Other Paid	-7,841	-1,750
Cash flows (used in)/from financing activities	**-160,528**	**3,514**
Net increase / (decrease) in cash and cash equivalents	**-56,723**	**74,312**
Cash and cash equivalents at the beginning of the period	246,102	273,523
Cash and cash equivalents at the end of the period	**189,379**	**347,835**

Thank you!