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"Full Year 2012 Financial Results"

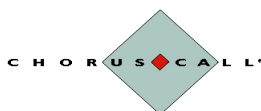
Conference Call

Friday 8th March 2013, 16:00 (GR Time)

Conductors:

Mr. Constantinos Louropoulos, Chairman of BoD & CEO

Conference Call Conducted by Chorus Call Hellas



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OPERATOR: Good afternoon ladies and gentlemen, this is the Chorus Call Conference Operator.

Welcome and thank you for joining OPAP's Full Year 2012 Financial Results conference call.

At this time I would like to turn the conference over to Mr. Constantinos Louropoulos, Chairman of the Board and CEO of OPAP S.A.

Mr. Louropoulos, please go ahead.

LOUROPOULOS C: Good afternoon everybody and thank you again for taking the time to participate in OPAP's Fiscal Year 2012 Results Conference Call. It was only 10 days ago when we had the chance to discuss our Business Plan that focuses on the long-term growth and the value creation of our shareholders. We believe that the results announcement of the year 2012 is a positive sign to the market and the first step towards the gradual implementation of our plans.

Making a macro assessment, the deep economic reform in Greece has resulted in market liquidity constraints and economic activity slowdown in almost all regards, all most all sectors, which in turn led to accelerated recession. As a result, the real GDP contracted by 6% for the year, the private consumption fell by 7.7% and the Greek retail sale shrunk by 11%. At the same time, our product and distribution platform remained broadly the same. Since we did not introduce any new games, our initiative is focused mostly on enhancement of our current portfolio.

By remaining on the path of fruitful cooperation with our agents, we altered KINO playing hours effective January 12, 2012, and also introduced live betting in the STIHIMA game. We believe that this ongoing collaboration with our retail network sets the basis for our future product expansion.

Going to the reported numbers; the top-line for the full year declined by 8.9%, inline with our target calling for a single-digit drop. The fact that the target was set when expectations regarding macro figures were considerably higher makes this achievement more important.

Yields from the profitability front are even more encouraging. EBITDA dropped at a slower pace compared to the revenue decline, while the net profit contracted by only 6%. Taking into account that we operate only in the Greek speaking world, we consider this as a remarkable success driven by effective risk management and further rationalization of our cost structure.

In particular, I would like to mention that our distribution costs for the full year, further declined by a considerable 7.2%, while administration expenses were contained by 12.6%. More importantly, in the fourth quarter of the year, administration costs were reduced by 38.9% year-on-year.

With regards to our cash flow, OPAP remains a solid cash generating Company. Cash flow from operating activities reached €564 million, while we managed to turn into a net cash position of €117 million excluding €96 million, restricted for license payments.

As a result, we will propose to our shareholders a PPS of \$0.57, which is based on yesterday's stock price results to a rewarding 8.6% dividend yield.

Business-wise, 2012 was remarked by two major developments for OPAP. We led the consortium that was provisionally selected as a successful bidder for the acquisition of the 12 year concession, regarding the exclusive rights to the management of the Hellenic Lotteries of Greece. And secondly, we had an agreement between the European Commission and the Hellenic Republic, which eliminates any state aid recovery risk for OPAP going forward.

Going forward for the year 2013, this will be a year of significant evolution. We anticipate the player winnings taxation amendments towards a more rational framework, and we will execute our strategy regarding the VLT's rollout.

In addition, we are waiting for the parliamentary approval of the Hellenic Lotteries concession acquisition and plan carefully our move in the online market. As also mentioned in our last discussion, timely execution of our plans is envisioned by our management; will enable... the plans execution will enable the Company to further enforce its position in the new era.

Last but not least, you are probably aware that the agenda for OPAP's Extraordinary General Meeting is scheduled for March 26, 2013, also involves the selection of our IT supplier. We strongly encourage you to participate having called the EGM to endorse our holder view and verify the continuing trust and confidence in the Company's strategy.

We are now open to take any questions that you may have.
Thank you.

Q&A

OPERATOR: The first question is from Mr. Draziotis Stamatis of Eurobank Equities. Please go ahead, sir.

DRAZIOTIS S: Yes, hi there to everybody. I have one question to start with is regarding the STIHIMA performance in Q4. I mean, I was just looking at the payout which seems to have been unusually low in the fourth quarter. I understand that football results must have helped this performance, as well as risk management. But I am just wondering, you know, whether you believe that there might be some room for you to maybe, you know improve the rate, the run rate of gross win decline more by, you know, increasing the payout and therefore causing more recycling. And I am just wondering whether maybe you think that you may have gone a bit too far maybe with the payout?

ROGAKOS V: I believe that during the fourth quarter, it was the trend of the whole market to have a lower payout, and so we believe that since our risk monitor is quite... quite tactic. it's something that one with...with trend but nothing more than that or not to build in a long-term on this.

DRAZIOTIS S: Okay. And could you give us some idea about how the gains, mainly KINO and STIHIMA performed in the first quarter when this new tax structure on player winnings was introduced? I mean, did you see a big impact on wagers? Should we expect your payout to maybe be at a bit higher than normal?

- LOUROPOULOS C: I wouldn't like to comment on this but... we have already distributed the Business Plan and we stick on that, but I would not elaborate any further on that.
- DRAZIOTIS S: Okay. And can I also ask another question with regards to the proposed new IT supply contract. I mean, could you give us the details in terms of the approvals required for this to pass at the EGM i.e. you know, percentage of shareholders that need to be present and majority and things like that?
- LOUROPOULOS C: This is a standard legislative resolution, it's 34%.
- DRAZIOTIS S: Okay, okay I see. Yeah, that's fine. Thanks very much.
- OPERATOR: The next question is from Mr. Arapoglou Ioannis of Piraeus Securities. Please go ahead, sir.
- ARAPOGLOU I: Thank you, good afternoon. Actually I was kind of wondering whether you could give us some color on the top-line performance of your games for the first quarter of 2013? Thank you.
- LOUROPOULOS C: Practically, as we already mentioned in the previous question, we would not like to elaborate more on that, we have distributed the Business Plan and we will stick on that.
- ARAPOGLOU I: Thank you.
- OPERATOR: The next question is from Mr. Chorafas Angelos of Alpha Finance. Please go ahead, sir.
- CHORAFAS A: Hello, good afternoon. One question from myself, would you be kind to give us more details about the IT supplier contract;

I mean what does it include and some details about probably the price? Thank you.

LOUROPOULOS C: Yes, I think first of all, what I would like to clarify is that the proposed terms, the ones that OPAP had gotten as a proposal from the vendor, are for a 10-year duration contract; that is the contract, the suggestions, the conclusion of the bidding process. So, I emphasize that we started with a potential 10-year contract.

The price estimates were based on the 10-year horizon and this is particularly important to mention also that the bid was very competitive. So, I would have to assume that the prices were quite competitive. So, in the previous scenario, OPAP had right to terminate the contract with the notice period of 12 months, after 5 years. So, that's making the maximum duration of the contract to 6 years. So with the new scenario that we have now in the process of final negotiations and conclusions with the supplier, the right to terminate is 3 years. So we have taken a substantial reduction of the time at the same price. And we also allow for a 10 month...first we allow after the 3 years which is the right to terminate, 6 month negotiations and 18 months conversion, and that will allow us enough time to convert to a new technology if the Company decides at that time that they need a new technology, otherwise they will decide otherwise.

So in any case, the maximum commitment will not be over 5 years in the new scenario. And it is also very important that the Company has decided because of the materiality of this issue that it should bring the final contract before its signature to the General Assembly for approval. The final contract is not yet finalized, and as soon as it is finalized, we will upload the

contract to the virtual data room, so everybody who has an interest in investing in the Company will have ample time to review it and understand exactly the terms and conditions.

Regarding the price, I wouldn't want to disclose this price at this point of time, but I will do that, we will do that very soon, and again, we are still in negotiations. I hope that in the next few days we will be in a position to disclose the price and such disclosure will be made to analysts and the investment community and the rest of our shareholders. But I can tell you that the price is the same year-on-year and in total, and in some cases we even think of making some reductions if we manage to negotiate certain items of performance. So, the price is the same, although we have started from a 10-year period and we are now having a much shorter period of time.

I want to say a couple of more things here, that it is very important to implement a solution, so the Company has got a system after the 30th of July this year. And it is very important also because we envisage cost savings in several regards. First, savings from the shortening of the commitment in the time period of the effect of the contract, also we are going to affect savings from the extended utilization of the current equipment, the terminals of the agencies that can be easily used by OPAP for another three years of their useful life. And this will allow us not to scrap those items earlier i.e. realizing a gain in our P&L in the fiscal year 2013. And finally, a very important element of economic valuation was that recently, as you remember in December last year, we've got the state lotteries and our cash flow planning is...had to be carefully reviewed and adjusted. So this initiative to go along with the new system is also taken into account, the overall initiatives of the various systems plans we have ahead of us.

In overall, I would say that the most important saving would be from the implementation of the new system in the area of operational efficiency, since the new system is more modern, and it will allow us to do our job to promote our business to make our games in a more efficient and cost effective manner.

CHORAFAS A: Thank you very much, that's far more... clearer now. Just one follow-up, regarding what the new contracts includes, just it includes the portfolio, the current game portfolio and the new games? I mean locally...

LOUROPOULOS C: No.

CHORAFAS A: No, just...

LOUROPOULOS C: No, it includes only the current game portfolio.

CHORAFAS A: Okay.

LOUROPOULOS C: The VLTs and the online and the lotteries are out.

CHORAFAS A: Are out, and also the repair and maintenance of the terminals?

LOUROPOULOS C: Yes, the repair... no; the repairs and terminals... the repairs and maintenance of the terminals are already secured through another contract that was signed, I think three years ago.

CHORAFAS A: Three years ago, and this contract lasts until...?

LOUROPOULOS C: 2016.

CHORAFAS A: 2016, that's right, okay. Thank you very much for your answer.

OPERATOR: The next question is from Mr. Lewis Vaughan of Morgan Stanley. Please go ahead, sir.

LEWIS V: Hi, there. It sounds like you are confident in the Business Plan target for 2013. So I guess current trading is okay. But can you maybe just explain what the assumptions are for the player winning tax for the rest of the year? And does the 2013 Business Plan assume that that's reduced by...

OPERATOR: Excuse me Mr. Vaughan, this is the operator. Could I kindly request that you speak from your handset? Thank you.

LEWIS V: Hello. So it sounds like you are confident with the Business Plan targets for 2013. But can you maybe just explain what you are assuming in terms of the player winning tax for the year, are you assuming it's scrapped in March? The second one, have you got any comments on the opposition from the agents to the proposed cut in the scratch cards commission levels? It does seem like you are baking in quite a decline as well in the fees for the existing game. So it looks like agent fee is going to be coming under little pressure? And then finally, how many bids are you expecting for the government stake? Thanks.

ROGAKOS V: Okay, well, just trying to give the answers one by one. The assumption for the tax is, that we will have a change in the tax scheme by the end of March, and this is the assumptions that we have put in our Business Plan. And secondly... sorry can you repeat the second question? ... Hello?

LEWIS V: Hello.

ROGAKOS V: Hello, can you remind, please the second question?

LEWIS V: Yes, there seems to be some opposition from the agents to the lower commission levels for scratch cards. And also in the Business Plan, the agency commission on the existing products is dropping from around €330 million to €250 million. So what are you going to do to make sure the agencies are well one board and are going to invest in all the new products? And you know, have you got any comments on the opposition from... to those cuts?

LOUROPOULOS C: I don't know if there is an opposition because there is a thorough understanding or it is just an opposition. I think we shall cooperate with our agents to agree with them whatever commission scheme and commission structure is going to happen, it's going to be effective in the future. We have a contract with them; we have to abide to this contract. If there are any needs for negotiations because of the fact that the business imperatives request so, this will happen with our agents. The planning exercise was a ten-year planning exercise. It was not an operational plan. When we develop our operational plans, these operational plans for the particular area will be done with the cooperation, with the approval, with the agreement of our agents. And your last question, I think was about the privatization process wasn't it? Hello...

LEWIS V: Yes, just how many bids you are expecting, please?

LOUROPOULOS C: We are not the ones who will get the bids, sir. We are the object, we are not the seller.

LEWIS V: Okay. Thank you.

LOUROPOULOS C: Okay.

OPERATOR: The next question is from Mr Chadzidakis Manos of Beta Securities. Please go ahead, sir.

CHADZIDAKIS M: Good afternoon everybody. Just two questions from me. The first one is the pricing of the new IT contract will be based on a fixed or a variable fee to the land-based turnover? And the second question is, we see that a number of actions that are going to be decided in the near future have a binding character for the new private investors just before the eve of the final bids. I am referring of course for the IT contract and the dividend distribution. Have you had any kind of consultation with consortiums regarding these actions or do you have a feedback from them? Do they consent to all these? Thank you.

LOUROPOULOS C: The price, based on what we have today on our table, and again, I remind to you that we are talking with the other party are going to be fixed not variable, they are going to be fixed year-on-year based on their proposal. Now, consultations with the bidders... of the privatization process you mean?

CHADZIDAKIS M: Yes.

LOUROPOULOS C: Not at all. I mean all we do is upload documents on the VDR based on the requests of the bidders.

CHADZIDAKIS M: I mean, during the presentation of the Business Plan, did you had... did you have any comments on these actions?

- LOUROPOULOS C: Yes, we had several comments, but the comments were based on the Business Plan, they were based on the ten-year horizon of the planning process. These comments to the best of my knowledge, I mean my colleagues can also comment after I do so. These comments did not reveal any major objections, if I can say this. But even if there was any objection, our Business Plan remains as it is, this is a management presentation.
- CHADZIDAKIS M: Okay. Thank you.
- LOUROPOULOS C: Okay.
- OPERATOR: We have a follow up question from Mr. Draziotis Stamatis of Eurobank Equities. Please go ahead.
- DRAZIOTIS S: Yeah, hi. Sorry, just a final question, I was just wondering if you have any insight as to whether the new shareholder will be entitled to the dividend or whether it will be the state that will receive the dividend?
- LOUROPOULOS C: That will depend on the time of the transfer of the shares. We don't know, I mean we do not control the privatization process. I mean, if the time is before our dividend payment, I suppose so.
- DRAZIOTIS S: Okay, thanks.
- OPERATOR: Next question is from Kontogouris Andreas of Beta Securities. Please go ahead.

KONTOGOURIS A: Yes, good evening everybody. May I ask on the dividend? Are you going to pay this as an interim dividend or as a final dividend in June 2013?

ROGAKOS V: It will be a final dividend for the fiscal year 2012 on...

KONTOGOURIS A: Okay and because I was checking the numbers with our analyst regarding cash flow, current cash position and payments to the state. So you feel confident for this payment in June?

ROGAKOS V: Yes.

KONTOGOURIS A: May I have another question please? Regarding the technological provider contract, when the majority shareholders will have a size of the contract for the next coming three years?

LOUROPOULOS C: In the next few days.

KONTOGOURIS A: Okay. Thank you very much.

OPERATOR: Excuse me; there were no more questions registered at this time. You may now proceed with your closing statements.

LOUROPOULOS C: Well, I thank again everybody. It was really a very fruitful, a very interesting period for all of us here in OPAP. And I would like to thank the analysts, the investment community for the attention they paid to our Company. And I think now we have a ten-year plan, so lots of material to exchange with you. We look forward for future conference calls. Thank you very much.