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"Full Year 2013 Financial Results"

Conference Call

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Conductors:

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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 2013 Financial Results conference call.

At this time I would like to turn the conference over to Mr. Kamil Ziegler, Chairman and CEO, Mr. Michal Houst, Executive Member BoD, responsible for Finance.

Gentlemen, please go ahead.

ZIEGLER K: Thank you very much, Kamil Ziegler speaking. Good afternoon to everybody and thank you very much for taking time to participate in this, our OPAP's 2013 Year Financial Results Conference Call. It is only our second chance to communicate with you since the management takeover last year. But in the meantime, I feel that, we can say that we have made every possible efforts to bring OPAP up to speed with our vision for what is best for the Company and our shareholders.

I would like to start with some points on the operating environment here in Greece. And I am sure that some of you are already aware of that; but I feel this is worth to mention.

Greek GDP for the year 2013 dropped by 3.9%, while retail sales exhibited an improved versus 2012 but still considerable 7.9% drop. Consumer confidence has recovered a bit in the second half year of 2013, before turning south direction again in January and February 2014. And unfortunately, we have to say,

that this is still deep in the red zone remaining by far the lowest in the Eurozone followed by Cyprus.

Despite all these macroeconomic effects, OPAP's revenues in the fourth quarter 2013 demonstrated a positive year-over-year growth of a 4.3% coupled with a sequentially improved for a fourth consecutive quarter rate of change. We believe that this encouraging performance which paves the way for a positive result in year 2014 is predominantly an outcome of our efforts to rejuvenate our legacy games, and I will refer to the fact in more details later on.

Now, allow me to comment the profitability side. I would like to start by mentioning that year 2013 as a whole should be perceived as the basis for OPAP's restart. The 30% GGR taxation, effective January 01st, 2013 amounting to the sum €345.4 million, influenced considerably our financial figures. As a result, our aim during these months has been and will continue to be throughout the whole year 2014 on the restructuring of the Company in a way that we maximize operational efficiencies and optimize our cost base.

In this direction, we decided to incur in quarter four, restructuring costs of €24.8 million related to an impairment charge of the self service terminal, in amount totaling €19.7 million, as well as cost related to severance packages in amount €5.1 million. Recurring EBITDA after adjusting for the aforementioned restructuring costs, reached in fourth quarter 2013 €72.4 million and for the whole year €246.5 million.

Note that had we decided not to proceed with the restructuring costs. We would have surpassed our guidance of €243 million for the whole year. Now, giving a bit more detail on the restructuring costs let me too comment €19.7 million relate to impairments of self service terminals used mostly by our punters to play Go Lucky games.

These machines has being introduced in 2007, we consider as very obsolete and their limited appeal is proven by their contribution to our sales being very and far less than 1% of total revenue of our Company. The second part of the restructuring costs is related to severance payments €5.1 million as a significant portion of the parent company employees contracts were terminated.

I must say that currently that we are in some process where we almost finish the restructuring of the employment structure in the parent company with the most cost employees. And we hope, or this is our belief, that we have already achieved a large part of operational restructuring of the parent company OPAP SA, by allocating the right people in the right positions, and that effort sets a new cost basis for the future as well.

On top of that, you may remember that in our statement during the nine months results, we said that we will closely examine our distribution expenses and try to adjust them to some like golden optimum levels. As such, and in line with our policy, distribution expenses in fourth quarter 2013, decreased by a significant 32.6% to a level €25.9 million, reflecting rationalization of the nine months figures.

Some cost savings should come as well in year 2014, but take into account that some significant part of the related spending refers to contractual obligation that comes as a heritage from the past, and that our target is OPAP to remain the well established and recognized deep rooted brand in the Greek territory.

Currently, we are starting to implement to fully commercially driven marketing and sponsorship policy. Going to the bottom line, net profit for the full year reached an amount of €141.1 million comfortably higher...that the €116 million of original guidance.

With regards to our dividend policy, let me start by referring to the very positive news flow for the financing front. In March 2014, we re-paid the remaining outstanding balance obligation of our credit facility, and at the same time, entered into a revolving bond loan agreement of up to €75 million.

This new facility enjoys for us more favorable terms, offers to us better liquidity management, and contrary to the previous bond loans agreement is not restricted by various financial covenants and bears no restrictions on dividend payout as the previous one.

As a result, following the Board approval, we plan to propose to the Annual General Shareholder Meeting, the dividend paid per share at €0.25 which corresponds to a dividend payout of 56.5% based on the most actual data.

More importantly, based on our current planning, we intend to distribute later in the year an interim dividend which in our view would mark the return of the Company into rewarding our shareholders via the distribution of large part of it's profitability on a regular basis.

Now, allow me to take a brief look in our key games performance. Management has prioritized the modernization of OPAP's legacy with the first initiatives already taken for STIHIMA in fourth quarter last year. This involved the considerable increase of the events offered as singles and doubles, improved and competitive or/and, the enrichment of the coupon with more events, and the substantial increase of the events offered for in-play betting.

All of these actions led to a year-over-year revenue increase of 16.8% in fourth quarter 2013, while positive signs seem to stem from the current trading as well. Payout for the quarter, as also was indicated in the nine months conference call, was higher than in fourth quarter of previous year.

However, this came mostly due to the favorable comparables versus the specific quarter which enjoyed lowest payout for a number of years. Our payout for the long-term point of view is stable, and is showing the sound and healthy ratios of percentage.

Now, allow me to provide you with some short comments related to the new project. Firstly, I will start with our VLTs. In last quarter last year, we concluded with the payment of the final tranche of the VLTs license amounting to €86 million.

OPAP has now fully paid the €560 million license and it's ready to proceed with its implementation plan.

Our target is to launch the first VLTs in the fourth quarter this year, with the full deployment of the 16,500 VLTs expected to conclude within year 2015; it means to have then in full operations till the end of next year.

May I remind you, that it is to benefit of OPAP to start with maximum number of machines possible, right in the first day of operation, as this date will effectively trigger the commencement of our 10 years license. In order to reach that goal, we have already concluded the RFI, for both the central system and terminal providers.

We could see extremely robust interest to participate from all most relevant providers, and this gives us some comfort that we could be able to organize these all projects on mostly effective and profitable manner.

At the same time, we are currently finalizing the store concept, and in relatively short time we expect to send the relevant RFPs to the central system providers and terminal providers. We also initiate an expression of interest process in order to select our agents and have them trained according to the industries best practices standard.

Finally, we also plan to launch the selection process of our subcontractors within this year. The market potential remains largely an unknown and we prefer to stay on the conservative side. At the same time, our approach compared to previous

expectations would mostly focus on the containment of the investment costs.

Some comments on Hellenic Lotteries. We expect that this project will commence its operation May 1 this year, it means exactly within one month's since today; the first one to be launched amongst our new games portfolio. During past months, we had very, very intensive negotiation with our partners. And therefore OPAP now gained the full control over the Hellenic Lotteries, and can enjoy additional cost savings compared to the initial arrangements. We expect that this development will eventually enable the full consolidation of Hellenic Lotteries into OPAP Group.

On the operational side, the network of OPAP's agencies will be fully deployed at launch, while both street vendors and third parties POS will be gradually recruited.

With regards to online, we recently achieved the conclusion of short tender process with GTECH, now being our preferred partner for the project. We setup together the big teams, cooperating very well, and we are working hard and under a very tight schedule to be able to ideally launch as soon as possible, and hopefully prior to the Football World Cup this June. We are planning to start by offering just our sport betting game STIHIMA this year, and have fully integrated our resources in order to meet these targets.

Final comment is related to our point of sales or agencies network which reminds a strong asset for us, and we value very much the collaboration with the agents by constantly enhancing

our product capabilities. It is no secret that we are now engaged in very deep and wide discussion with agent's representatives, evaluating both our cooperation as well common initiatives for the future.

With this final remark, I am concluding now this opening statement and we are now ready to take your questions. Thank you very much.

Q&A

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

DRAZIOTIS S: Yes. Hi there everybody, and thank you for taking the questions. Just I have a few questions actually. I will start with...I will not start with VLTs, but the current games. Looking at the performance of STIHIMA, there is a clear positive trend the last couple of quarters, with wages growing strongly as payouts have normalized. Is this trend sustainable, you think, you know, taking into account the actions towards improving the content that you described in the presentation?

And I am basically wondering, I guess, you know, if I assume that consumer spending stabilizes in 2014 and the gambling commission continues to implement these enforcement measures, do you think that it makes sense to expect positive underlying growth in STIHIMA for 2014?

ZIEGLER K: Okay, related to STIHIMA. Yes, we feel that there is some positive impact of the measures which we already did. To be

honest, these measures we did not just to get some short-term results, but also to improve or to enhance our customer base and some results for first quarter this year are showing us that it is the good way.

Of course, I could read some comments that OPAP somehow benefited from the closing of some web pages by regulator. From this point of view, I feel that there are some other and bigger benefitters as the interim license operator here. And what is concerning this year. Yes, we feel that there could be some continuation of such trend.

Of course, that we can...we can be...we can see more clever after some period of time, when we are able...and we will be able to evaluate these all factors. What is also important, and I mentioned that during my speech, that finally we `prepared now some, let's call that fully commercially driven marketing and sponsorship spend policy, and we also expect that this, our spend now will...let's call it, not just marketing costs, but marketing investment will support the performance of our games.

DRAZIOTIS S: Okay, thank you. Just a follow-up on that, with regard to the cost basically, I mean, you have been...you have been around for nearly two quarters now. Would you be able to share maybe some thoughts as to the extent of cost saves that we can expect for your over-the-counter business you know, in the next couple of years, maybe; and potentially the extent to which this relates to, you know, lower distribution costs and/or other categories?

ZIEGLER K: If you allow me to decide not to be too much specific, we've been providing these forward-looking statements. Of course, that we are doing the cost optimization initiatives, let's call it in two levels; one of them that's so-called big wins, and one of them is...actually we could see them already in the first quarter. The second one, of course, this is...just the measures mainly based on the change of structure, change of processes in the Company. And we can see that there are...there are a lot of areas where this cost rationalizations can come.

But we are now in the moment when we are preparing them, discussing them, analyzing them. So to say, I don't want to comment that in more details.

DRAZIOTIS S: That's fair. Thank you, and could I just also ask, with regards to VLTs, I mean, from the slides that you have sent us and you repeated this. But I presume we are on track for rollout by the fourth quarter. I am just wondering, you had mentioned in the third-quarter conference call that the model you would follow would be less capital intensive, you reiterated this. Now, does this mean that we should expect you to most likely lease all 16,500 machines, and if this is the case, have you made any preparation or discussion with the equipment suppliers as to the potential form of such an agreement i.e., you know, variable versus fixed fee, et cetera.

ZIEGLER K: Yes, please again, I don't want now to say what could be our strategy, because that's our suppliers shouldn't know, that is how we want to manage the negotiations. But to be open that's as I mentioned also that during the RFI, we get very, very

strong interest from...I can say all major providers or producers of machines of systems.

And to be very true... all of them expressed that they are very flexible to any mechanism or any structure which could be discussed. From this point of view, that we want to be somehow slightly optimistic; that we can have a rather very good negotiations position towards them.

DRAZIOTIS S:

Okay. And the last question, regarding your dividend policy. I mean, I am just wondering, in the absence of further CAPEX, if I assume that you decide to lease the machines. And given the, you know, the cash generation of the business, as well as, you know, maybe a potential upfront amount that you might seek to get from the subcontractors. I mean, you know, this business seems to be starting piling up cash again. And I am just wondering, what sort of capital structure you think is appropriate and, you know, what sort of payouts should we be looking for as a result?

ZIEGLER K:

Yes, that's a little bit very complex question. Firstly, if you allow me this...we didn't say that, we will not have any CAPEX, that's we will have some CAPEX to this project. But, what I can say that, we don't expect to have so huge or such volume of CAPEX which were originally expected or indicated in the last years.

And for us again, this is so, that we will want to find the optimum way or optimum level or the combination of the methods, how to finance this all-new projects. We have to...we are preparing couple of the financial models, but the final

decision will depend on deeper or further negotiations with our potential suppliers.

DRAZIOTIS S: Okay, so I mean, you know, as an indication of, you know, future dividend policy, I guess should we be expecting you to, you know, be targeting to distribute almost all profits as dividend, as in the past, I mean?

HOUST M: Yes, let me answer this, Michal Houst speaking. I think, what we can say is, we can reiterate what we said last time. So it means that, whatever cash is on the balance sheet, not necessary for the, let's say, future investments of the Company would be payouts to the shareholders.

Let's say from this point of view, it would be effectively maximization of the dividends. But we've...let's say the condition that we would not want to...let's say, indebted the company heavily. So we would like to have some very reasonable level of deleverage.

DRAZIOTIS S: Okay. Thank you very much.

OPERATOR: The next question is from Mr. Kourtesis Iakovos of Piraeus Securities. Please go ahead, sir.

KOURTESIS I: Good afternoon, gentlemen. First of all, I would like to congratulate you on your presentation which is very helpful. Second thing is that, what I would like to ask is about online. Are you in negotiations with your agents, and what will be the commission structure, where you are going to apply to your agents, if there is any such policy in this case?

And the second question has to do with your CAPEX. I don't know if you finalized your budget for 2013; but obviously, could you provide us some CAPEX guidance for 2014. In terms of the various projects, what are your plans? And in terms of outlook, could you make a comment on, how did you do on the land-based in the first three months of the year? Thank you.

ZIEGLER K: Thank you very much. Firstly, thank you for the appreciation of our presentation. I already passed to our investor relation and marketing people, thank you. Secondly, online negotiations with agents, yes, we are now in some negotiation with agents related to online which is for us very, very important topic. And we have on the table some options, now that's to be discussed by both sides.

And please, if you allow me to decide, I don't want to comment, because I don't want to be in the position that our partners will get the information, some of those are related. We are now almost in every week together, and has some very, very interesting and productive discussions. So yes, we are solving it. But currently, I don't want to release any concrete and detailed information. And related to CAPEX that is, our CFO, Michal Houst, will provide you some guidance.

HOUST M: We can reiterate what we said in the...let's say in the autumn. We have already concluded the budget, let's say two months ago for this year. And we do not expect a major CAPEX, it would be, let's say, in the area of tenths of million of euros. But not close to 100, it will be somewhere in the middle. The one thing is, which is now under negotiation, is that significant

portion of the CAPEX are derived from the contract with the software provider which is now under let's say some renegotiations. So we cannot be specific, but it would be, let's say, in the area up to €50 million, €60 million.

KOURTESIS I: €50 million, you said.

HOUST M: Up to, we don't know.

KOURTESIS I: Up to, thank you. And in terms of outlook, up till now, could you make a comment for the land based business for 2014?

HOUST M: Okay. Just to make some comments that that some positive trends continue.

KOURTESIS I: Okay.

OPERATOR: The next question is from Ms. Psilaki Mary of NBG Securities. Please go ahead, madam.

PSILAKI M: Yes, hello, thank you for taking my questions. I have a follow-up question regarding the performance of your games in the last quarter...of the last quarter. STIHIMA had an impressive improvement in Q3 versus Q2 and then Q4 versus Q3. And we haven't seen a similar recovery in KINO; I understand that there were additional reasons for STIHIMA, the measures you took to rejuvenate the game, plus the lack of competition from online.

But I was wondering, why KINO did not recover as a result of stabilization in the economy, and if you plan or if there is a way for you to rejuvenate this game?

HOUST M: Okay. Let me now answer this question. Basically we do not think that KINO has not recovered, we think it has shown some, let's say, good signs of recovery because if you compare the drop, in the first quarter, it was 10%, in the second quarter, it was 5%, in last quarter, okay, there was a drop but it was 1%. And then there was, another let's say, effect which make the comparison a little bit more tricky, and this is, let's say, in previous year in 2012, the KINO was supported in December by, let's say, additional payout action...marketing action. And we decided not to, let's say, repeat this...at this year because we have calculated that this action was, lets say, zero effect gain for us, because on the GGR level. So it's not fully comparable. So we think that say minus 1% is quite a good result, and compared to, let's say, net of the action which was done in 2012, if we could say it's even an improvement.

PSILAKI M: And is there a way for you to rejuvenate it, I mean do something like the actions you took for STIHIMA to see an even better performance this year along with the recovery of the economy?

HOUST M: Let's say KINO is the product which cannot be marketed in the market. So we would not like to comment on this. We do not have such a...let's say, open hands as we had with the other games. Let's say with the responsible gaming principles.

PSILAKI M: Okay, thank you. And if I may, I have another question about the payout of your games. Can you provide any guidance for this year, should we expect to see the normal level of around 70% for STIHIMA and KINO, maybe STIHIMA higher due to the

World Cup. And also what will be your policy after you launch your online operation regarding the payout of these games?

HOUST M: With respect to the guidance, yes, you can expect exactly what you said, so in... let's say in the other games, so let's say flat) payout it's a result of the nature of the games. And in STIHIMA let's say the payout is around 70s which could be a little bit more given the soccer championship in which we expect little bit higher payout.

With respect to online, we would like not to comment on this please because this is something that we are preparing now the product and we would not like to comment on this.

PSILAKI M: Okay, thank you very much.

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

LEWIS V: Hi, there. Just following on from that one on the online side, can you just run through what the licensing is for online for STIHIMA because the addendum to the contract that was released seems to suggest that the monopoly doesn't cover STIHIMA for online as it is also for other products. And then I didn't catch the answer there, did you say the online STIHIMA product would be exactly the same as in retail or will it be more competitive with the other online offers.

And then, can you just run through some of the measures that you've made in STIHIMA to rejuvenate the product. Are you talking about offering better odds to customers, so maybe that

payout ratio drifts off a bit or what other measures is it that you are using to drive the growth there? Thanks.

ZIEGLER K: Okay. Firstly, I will take part of... responsibility for...the first part of the answer, Michel Houst then second one. Firstly, that we had the license for the operating of online sport betting, but from the regulatory point of view the situation here is now that currently they are operating 24 operators based on some interim license. And there is no, let us say, systematic regulation for the online, online sport book and this is the situation which will be faced and solved, what we expect by the regulator and this regulation for the online sport betting to be implemented.

Related to our product, of course, that's the structure of the product which we are preparing for online, it's the target that it should be competitive with online sport book, online products of the best providers that's why we are also deep in our prepare with our partner GTECH. It means that this should be the more competitive from the point of view of the type of bets, the number of events and the other parameters.

It means that we expect that if we are able successfully to implement this project that we will be able to address not just, we can say, there our current players, but also the part of the players which expect or which enjoy the more sophisticated and more adrenalin odds and games

Related to the payout, Michel...

LEWIS V: Relating to the STIHIMA improvements.

ZIEGLER K: STIHIMA improvement, yes.

LEWIS V: Yes.

HOUST M: Okay. So with respect to STIHIMA improvement, you can go to the Page 17 of our presentation which there is some summary describing what we have done, but basically what we have done was we wanted to do the game which was little bit let's say not updated for a couple of years. We wanted to react on what was the players missing.

So what we did was we wanted to make it more attractive in a way that we improved and increased the number and let's say the choice of the games that we are offering. We changed little bit the coupon structure. We are offering, let's say, the new games in a new way in the coupon, but we are still working on the further development and improvement of the coupon. I think the major change was that we...let's say we are offering now more games in our singles and doubles than we used to do in the past.

As an easy comparison in the first quarter last year we offered 40% of our games to singles or doubles. Now, we are offering almost 80% of our games through singles or doubles. So its quite a huge shift. Aas a result of this, as we said, we had a quite impressive let's say increase in the fourth quarter in which basically all these measures take place let's say like November and December.

So it's still not not a full quarter effect and we can say that we...we can see the substantial improvement in the first quarter of this year as well. So we are thinking we are on a good track. Currently, we are preparing let's say, from as Kamil Ziegler already mentioned, we are preparing the new marketing strategy and let's say the new commercial strategy, advertisement strategy in order to make our games more.... promoted in a more efficient way, especially with respect to STIHIMA.

LEWIS V: Can I just follow on, on that one please. I mean with the extension of singles and doubles and the improved overround on the popular events, why wouldn't the payout ratio increase and probably increase quite significantly. And looking at Q4, yes, your stakes are up 17%, but your gross gaming revenue is down and your commission to your agents is up 17%. So your net profit on STIHIMA in Q4 is down quite sharply, isn't it? So is this definitely the right strategy before you've reached those new agreements with the agents? Thanks.

HOUST M: We think it is. We think as I said the full effect you could not see in the fourth quarter, you will see it in the first quarter while we would not like to comment on this. We would not like to comment on this. What we have is, we have a marginal increase of our business through let's say the singles, doubles offering.

So what we can see in the analysis of our game is that we are not losing the games which were recently played as multiples. We have let's say the same revenues from the multiples; we just added equity business through singles and doubles.

So let's say the payout could go out, but only the payout from the games which are in the singles and multiples. However, we are not losing anything from the mix in the shift. We are rather attracting let's say the new players through this offering. So we think we are on the right track and we...let's say we see some good results on this in the first quarter.

LEWIS V: Okay, and one final one sorry...

ZIEGLER K: And one comment really to the commissions. You are right and we are fully aware of this fact, but this takes some time. Thats the commission paid by us is on the top line, it loses from turnover, and of course, thats if there is any increase of payout, that there shouldn't be the shared portion of such increased payout between us and our partners, our agents. We are aware of this fact and its it's what I said there are now some potential proposals to discuss with our agents on the table, but without now further specification.

LEWIS V: Very helpful, thanks. And one last very quick one, are there any residual license fees or any other fees to be paid this year or are they all paid back.

HOUST M: No, we have paid everything already.

LEWIS V: Everything is paid. Okay, thank you.

OPERATOR: The next question is from Mr. Kakarnias Fanis of APCO. Please go ahead, sir.

KAKARNIAS F: Yes, hello, thank you for taking my question. It is related to the VLTs. You already said that the RFPs for the systems and terminals will be issued soon. I was just wondering if you could elaborate on this and when it is going to take place, more or less, because the last indication we had was that it will happen at the first quarter of this year. So I was wondering if a further delay will have an impact on the launch of the first machines as well.

And finally because there are different actions to be concluded because the launch of the first machines like for example, the negotiations with OPAP agents on the gaming halls, if you could give us a status update on this as well. Thank you.

ZIEGLER K: I am not so sure I get all of these your...all these questions. Firstly, RFP, that's...our idea was to issue this RFPs in somewhere end of first quarter, at the beginning of second quarter, so I can say that this RFPs, we are very far in the preparation of them. And I expect that we will release them or release relatively shortly.

At this moment, this didn't or it doesn't cause any delay or is it..., it shouldn't be the reason for any delay in the whole process because we are parallelly working on all other tasks which are necessary for this whole multi functional project. This is one issue, the second issue that you...the second question was.

KAKARNIAS F: Well, on the negotiations with the agents and the gaming, yes..

ZIEGLER K: Yes, if I remember well, that we said that, the first machines to be in operation was end of Q3, beginning Q4. And in this case, what I want to stress is that, we are not targeting the issue if it

is one months earlier or later. But what we are targeting, can I mention that, is that, we want to have prepared the first wave of rollout on massive and robust way because this will be the start of the ten years period.

It means that, that's why we are saying, okay, that this...there could be some rest period of one, two months when we want to start because we want to have the sufficient preparation for the first log.

Negotiation with agents, just now we are preparing or we have prepared some documents, its the RFI, that's a document for which we will spread, I expect during this month, this is the expression of the interests of the agents, for the cooperation and gaming halls. And this is exactly what...within the timeframe or timeline which we prepared for this whole project.

OPERATOR: The next question is from Mr. Klahr Michael of Citibank. Please go ahead, sir.

KLAHR M: Hi, just a couple of questions. Firstly, on the VLT rollout, you spoke about critical mass from day one. When you think about that, how many machines do you have in mind, is it a few hundred; is it a thousand, what's the thousand numbers there?

ZIEGLER K: Thousands of machines.

KLAHR M: From day one.

ZIEGLER K: Yes.

KLAHR M: Okay and a second question is on the cost savings or the cost cutting. When you think about, in terms of your long-term budget, the...the cost savings to be made over the next few years. What percentage of that would you see happening in 2014, what in 2015, and what after that? And then my last question is just on, your communication with the market, and whether there will be EBITDA guidance with the first quarter or any other sort of guidance going forward?

ZIEGLER K: Okay, the VLTs rollout, as I said it's thousands of machines should be in the first wave, and cost cutting Michal...

HOUST M: Okay, let me answer this question. So with regard to cost cutting, let's say that the target on annualized basis is 100...not €100 million, 100%. Then we expect that from this target we can reach 20% in this year, 60% should be visible in '15, and let's say another 20% which are stemming from some long time heritage and long time contract would fully realize in '16. So I would say that, the major, let's say major hit, let's say on cumulative basis 80% should be visible in '15. On the last question, which was?

KLAHR M: On guidance?

HOUST M: Guidance for this year, let me say one thing, we would not like to continue in the...let's say Company past policy that the Company which were giving quite detailed guidance's. We have a lot of, let's say, restructuring, lot of new businesses ahead of us, which makes, let's say, detailed planning, and get things a little bit more guessing than planning. So in this respect, we would not like to give some misleading guidance's.

What we can provide to you is, probably that we expect that our sales will grow, and that the growth should be, let's say, in the double-digits. And the same...we think that the EBITDA margin should be in the double-digits...probably higher than 20%...sustainable EBITDA margin. But on the GGR, and not on the wagers

KLAHR M: Okay, thank you.

OPERATOR: The next question is from Mr. Hegedus Erik of Wood & Co. Please go ahead, sir.

HEGEDUS E: Yes, good afternoon gentlemen. Just one follow-up question on the VLTs; I mean you mentioned that the market potential remains an unknown at this stage, and that you at the same time prefer to stay at the conservative side, could you maybe be a little bit more specific as to...maybe I don't know the net drop per day or the overall size of the market that you could reach once all the VLTs are fully rolled out or is it too early at this stage still?

ZIEGLER K: We really think it's too early at this stage. Let's say we have the projections, but we would not like to share it now. I think you have your expectations and your calculations at the end of the day you can in one year, we can discuss this, currently, and it's too early for us.

HEGEDUS E: Okay. And maybe if I can conclude on that, by what time do you expect to have the final specifications and regulation for the VLTs, are we speaking about weeks or months still?

ZIEGLER K: I assume that we are talking based on what we know that we are talking about weeks.

HEGEDUS E: Okay. Okay, that's all. Thank you very much.

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

KONTOGOURIS A: Good evening, everybody. Congratulations to the new management. We see some first signs of you. I have two questions please. The one is on the cost side; the other one is on the revenue side. Many few things seen on the cost side, either on distribution expenses or cost of services, and you mentioned earlier to the question of Citi that you are looking something around 20% of the cost savings to be incurred in 2014.

Can you be a little bit more specific on the first half? Have you...new management accounting measures released some targets for your cost savings for the first half? That's my first question, please.

ZIEGLER K: You mean for the first half of this year?

KONTOGOURIS A: Yes.

HOUST M: We definitely have some cost savings, but on the other hand, we have some cost connected with this cost savings. We are paying a lot on severance packages. We are now restructuring some of the contracts which would most be let's say it would

take place...say effectiveness of this changes in the contract as well as at the end of the first quarter...first half of the year. So most probably in the first half of the year, you should not expect any major let's say net effects of the cost savings or the...

ZIEGLER K:

But sorry that's there will be...if you remember, I split it into two areas, one of them let's call this quick wins and the second one is with some restructuring, results of restructuring where the savings for example on the HR side or personnel costs I would make by saying that will come potentially later because as we are in the process of optimization of the employment structure and we are renegotiating with a lot of people their employment contracts.

On the other side, there are some initiatives based on this distribution cost side potentially and there we can, we will be able to see some limited savings. Again, what we have to stress is that this is not so quick as we expect because there is a couple of liabilities or contributions which were given before we came and we have to fulfill them.

KONTOGOURIS A:

Okay. Lastly, something on the revenue side, may I make a comment first that on STIHIMA recall that we have...we don't have this illegal market anymore, you cannot use a Greek credit card to pay outside, to play outside Greece. So this black market is estimated at minimum €1 billion in the STIHIMA, in the live betting. So if you ask me personally, I don't see a very good improvement in Q4 and if you see how the evolution was that you know a big portion of the market was not active. So they didn't rush to the OPAP shop.

So my question is, are you considering a little bit more to do through live betting, and what is your view on your payout? I mean we discussed it earlier many times, but generally on the payout ratio, you do not have any competition anymore. So okay, the players are sensitive, but they are not so sensitive. So can you be a little bit more aggressive there, that's my first question. Thank you.

ZIEGLER K: Firstly, I wouldn't fully agree that illegal market is dismissed because in our opinion there is still big illegal market and you know, just in my opinion that some measures which we get or that's some figures which we get from the market, because the players are using these online operators abroad. Secondly, that's what I said is that we feel that there the biggest benefitors from this process are currently these 24 operators operating on free of charge interim license provided to them which are already online.

And I think that you will see that in the results which will be released by some of these operators that... we will see that they gross. And we cannot materialize this because we don't have the product. And so by the way, that's very openly said that this is also one of...one of the strong incentive for us to have the very competitive online sport betting product to be able to attract this customer base which is already there and OPAP was missing.

We had already some tough or hard datas from our marketing researches that we know exactly the ratio of people which are visiting OPAP shops and also at the same time they are playing in online. And we expect that if we have the competitive

product that we are able...at least some of them to catch again and to do very good business with them.

Related to the payout that...well, I feel that we have a very stable payout here and this is the payout which is in my opinion reflecting the nature of the business on the land base. And we also already discussed this afternoon that this is a very multifunctional issue because we should look also on the other costs related to the distribution network and the structure of commissions.

And we cannot...we can say without very serious considering of all the consequences, we cannot just simply go and increase the payout. This is my answer. If I omit anything, lets say other gentlemen or Michal; do you want to add something?

KONTOGOURIS A: Okay. Okay. May I ask you something? My last question, please. On the live betting through the Internet, is the client and the player is going to get a kind of credit card from the shop so he can play, or online from his home? Or how is it structured?

ZIEGLER K: Now, this is...the structure is so that you have to create your account, the account than you have to charge the account with some money. The money will be we can say limited for some session. And you can go to...then to the agency to registry or support to verify your identify. There is no possibility or any possibility to play based on some credit card or so many credits. You have to charge firstly this, your account.

KONTOGOURIS A: Okay. And in terms...

ZIEGLER K: It is...it must pardon, it must say that this is something how we expect to do our business that we have some indications from the market that this is...

KONTOGOURIS A: You will stop money laundering and so on, yes, okay.

ZIEGLER K: Yes, this is how we want to structure this and of course, we are in this case that...we are in the hands of regulator on how the regulatory framework in Greece will look like.

KONTOGOURIS A: Okay. And regarding the gaming authority, did you give any deadline regarding the VLT launch and the announcement of the gaming rules, did you give them any deadline?

ZIEGLER K: The question is, if we gave them any deadline...

KONTOGOURIS A: Any deadline for the Greek gaming authority, this new authority which is...

ZIEGLER K: That's what I said. We cannot give to regulatory authority any deadline. We are in fully hands of them, so that's the....

KONTOGOURIS A: Yes, but, you know, we are waiting now for more than a year the VLT launch. So you know, I'm asking how many investors would like to wait for that.

ZIEGLER K: That I said, I said let's see already answered that what we can expect that this is the question of weeks, coming weeks not to wait for the month, that's the indications which we have.

KONTOGOURIS A: Okay. Thank you very much.

ZIEGLER K: Welcome.

OPERATOR: The next question is from Mr. Chorafas Angelos of Alpha Finance. Please go ahead sir.

CHORAFAS A: Yes, hello, gentlemen. Good afternoon. Actually I have a couple of questions on the online product and the online monopoly and so on. The first one is...I am sorry about that because I missed the first part of the call. But post the agreement with G2 actually, when do you actually expect to launch the online product?

ZIEGLER K: The question is that when we expect the...?

CHORAFAS A: To launch of the product, yes, I mean.

ZIEGLER K: Before that...that is a sport book, we can say the first platform and the first we can say offer of events we definitely want to do that before the start of soccer championship.

CHORAFAS A: Sir, I'm afraid I didn't hear that, before the?

ZIEGLER K: Before the soccer championship in Brazil.

CHORAFAS A: Before the World Cup?

ZIEGLER K: Yes, yes, before the World Cup, yes.

CHORAFAS A: Okay, okay. So bearing in mind that now we are still in negotiations with the European Commission, if the DigiComm arrives at the conclusions that OPAP has to pay higher price for the monopoly asking basically for a higher royalty let's say 35% instead of 30%, how are you considering to react, I mean are you going to ask for compensation from the state?

ZIEGLER K: Related to the online?

CHORAFAS A: Related to the online, yes.

ZIEGLER K: We don't expect that there will be higher royalties at 35%.

CHORAFAS A: Okay, okay. In case finally...if it finally arrives at the conclusion that OPAP does not deserve the monopoly on the internet market?

ZIEGLER K: We would prefer not to comment and our position is that we think...

CHORAFAS A: Okay, okay.

ZIEGLER K: That it would not happen, so please do not ask us, we cannot question this...answer this, sorry.

CHORAFAS A: Okay, okay no problem. Okay, thank you very much.

OPERATOR: We have a follow-up question from Mr. Draziotis Stamatios of Eurobank Equities. Please go ahead, sir.

DRAZIOTIS S: Yes, hi, again. Yes, hi again. Just two quick ones, actually, the first one has to do with the interest cost of the new facility; and the second one would be with regards to the comment you made about the Hellenic Lottery, i.e., that you gained full control of this business. Could you tell us when this happened and the associated cost, please?

ZIEGLER K: Okay, let me answer the first question, and then probably the second will..... So the first question, let's say we have the gentlemen agreement, that we would not disclose the cost of the facility. However, the margin is much lower than used to be, and you can count it probably on the one hand.

DRAZIOTIS S: Okay.

ZIEGLER K: And the second.

HOUST M: I fell this is the margin which is reflecting the current position of the OPAP and current position of the financial market, So that's nothing surprising to us, and we expect that this is reflecting related position and the strengths of OPAP as the customer of some banks.

ZIEGLER K: I think what is more worth to say, the margin is I think, the good one. And you know, what is more worth to say is that, we have now the facility which fully...basically fully fulfill our requests and needs to manage our liquidity. So it's very flexible revolving bond structure, which really reflects all our needs. And second thing, we have really no financial covenants at all, and we have no distribution limitation on the dividends at all. So this was, let's say the structure improvement of the facility.

DRAZIOTIS S: That's clear. Thank you and regarding the Hellenic Lottery...

ZIEGLER K: With regards to Hellenic Lotteries. We did not probably get the question with respect to the cost that you mentioned that what cost...

DRAZIOTIS S: You said what did you do exactly; did you buy out the stake of the other two participants or maybe I have misunderstood...

ZIEGLER K: Yes, okay this we will explain. What happened is that, we had very very productive and tough, let's say negotiations with our partners in Hellenic Lotteries because maybe, you know, that we were not fully satisfied with the previous arrangements where it didn't allow to OPAP to have as 67% shareholder, to have some sufficient management control about the Hellenic Lotteries. And also that...this was quite needed; we expressed that in the past, that we were not 100% happy with all the conditions of the supplier's contract for Hellenic Lotteries.

And during the first quarter, we came to a reasonable conclusion which is allowing us to now very reasonably progress in the full exercise which is allowing OPAP to have in some areas to have some...to influence some...to have some influence which is corresponding to 67% state of the position in the company.

And secondly, that we agreed on some adjustments of the suppliers contracts allowing to optimize for Hellenic Lotteries, to optimize the cost structure. It means that, of course, we are continuing with our valuable partners there, we appreciate the cooperation with them, and now we are cooperating, and I must

say preparing in full speed this whole exercise. But this is we can say mainly about the position of OPAP, the major shareholder in Hellenic Lotteries and let's say some optimization of the cost structure for Hellenic Lotteries as the company where OPAP has 67%.

DRAZIOTIS S: Okay, that's clear. And you mentioned that this will, probably enable you to fully consolidate this business trend, okay.

ZIEGLER K: Yes.

DRAZIOTIS S: Thank you very much. Thank you.

OPERATOR: Gentlemen, there are no more questions registered at this time. You may now proceed with your closing statements. Thank you.

ZIEGLER K: Okay, thank you very much. It means that, if there are any other questions, I hope that this is the signal that we were able to answer all of them, and that they are not other unanswered questions. Of course, please let us to stress that we are ready and open, if there is any other questions or any other questions to provide the information. Our Investor Relations department is ready there, and is ready for the cooperation too as well.

As my CFO and myself that we are also ready to provide, to provide any information needed. It means that, if you allow me to say, I want to thank you very much to all of you for your interest, for your questions. We are very glad that this inflow of questions is showing your big interests for our Company, and for our work.

And to be very honest that everybody likes, that if he is doing some job there, the others are interested, so this is good for us. And I want to say that we, of course, are continuing and will continue our efforts to manage OPAP as the Company which is satisfying the needs of our stakeholders including both our valuable shareholders. So if you allow me, good afternoon. Thank you very much and the Greek, kalispera and Euharisto poli.