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**"First Half 2015 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 First Half 2015 Financial Results conference call.

Please note that a PDF presentation for the Results is now available on OPAP's website [www.opap.gr](http://www.opap.gr) under the section for Investor Relations.

At this time I would like to turn the conference over to Mr. Kamil Ziegler, Chairman & CEO, Mr. Michal Houst, CFO, Executive Director and Mr. Nikos Polymenakos, Head of Strategic Research.

Gentlemen, please go ahead.

ZIEGLER K: Thank you very much to you and good afternoon, ladies and gentlemen. I would like to take the opportunity and once more welcome you to the Conference Call for the First Half Year Results of this year. I feel all of us follow very closely the developments on the macro front and let me start with a short reference to our operating environment.

With regard to the GDP, reported figures turned positive in the quarter second, but as I am sure you all know, developments in late June and July clearly pushed back any hopes for the continuation of the strength in the near future.

On the contrary, following the imposition of the domestic capital controls, the European Commission came out with an updated report for Greece calling for a GDP drop for this year

that is expected in the range between 2% to 4%. In addition, all of independent sources also agree that despite the positive signs in the first half of the year, 2015 year will finally prove to be year of significant contraction, what I have unfortunately to admit.

As such, any reference to retail sales is lesser importance when thinking about the future, but when putting those into comparative context with OPAP's financial performance, we are once more proud that our Company was a clear outperformer. In specific, retail sales excluding automotive fuels increased by 1.4% during the January to May period with the top performing sector standing at 8%.

In this environment, OPAP sales in the second quarter increased by 10.1%, reporting a positive rate of change for an 8th consecutive quarter, while GGR headed further north up by 15.1% on year-over-year basis. Top-line was aided by the solid performance of our flagship game KINO, which rose by more than 3% for this period, the full consolidation of Hellenic Lotteries which helped only partially our results last year, and the favorable Joker jackpots rollover.

The significant revenue growth was accompanied by a 13.2% growth in our agents' commission which proves that on average our agents continue to benefit from our winning strategy. Note, that according to our data, the agents that follow the recommended best practices are outperforming significantly the average performance.

EBITDA growth was even more rewarding, climbing by 35.9% on year-over-year basis, but what must be pointed is that a certain part of the growth is due to the favorable comparison versus the same period of last year, where financials carried a negative impact of €7.1 million, mostly attributed to voluntary retirement scheme related to the restructuring of our Company.

More importantly though, even after adjusting for these one-off charges second quarter this year EBITDA growth would still reach 23.1%, thus enhancing the quarter-over-quarter run rate. Note, that the reported EBITDA number also includes VLT rollout related expenses which obviously imply that the EBITDA generated from our current business is actually even higher versus the reported ones.

Finally, net profit in second quarter 2015 reached €51.9 million versus €15.6 million in the same period of last year, while after adjusting for one-off charges that occurred in the second quarter 2014; year-over-year growth would reach plus 17.4%. Note, that second quarter 2015 financials carried a retroactive burden of €4.7 million stemming from the increase of the nominal corporate tax rate from year 2015 to 29%, so without this factor net profit of this quarter to be €56.6 million.

Going to the balance sheet, the cash position of the Group remains strong at amount €217.7 million, despite the fact that within year 2015, OPAP paid €245 million of dividend back to the shareholders and has decided to pay another €54 million translated €0.17 per share in September. Overall, the total payment per share up starting from January and until

September will reach €0.87, which based on the yesterday's closing price formulates almost 12% yield year-to-date.

Let me summarize key financial figures. I will try to assess the performance of our individual products. However, before going there, let me also briefly refer to the capital controls impact on our Company, although this is obviously an event that carried an impact in July and ongoing rather than the second quarter.

To start with, set aside gaming spending and players appetite, capital controls meant that the Company had to adjust immediately its policies in very limited period of time in order to adapt to the new norm. Issues like cash handling, players and vendor's payment, agents debt reconciliation and settlement came first in the agenda whereas at the same time, we had to make sure that our players remain loyal, not just to OPAP's brand, but also to the overall gaming experience.

We think that our effort to smooth out the applicable processes and soften the impact for all involved parties were to considerable extent successful. Following some obvious and really unavoidable heavy turbulence in July, latest available data implies that although we had still not come out of the woods and our legacy games has not yet reverted back to the pre-capital controls levels, the current trends in terms of player spending has recovered substantially.

As for the future, July proved that the consumer spending in most, if not in all fields of the economy, is relying on confidence and as such, the restoration of confidence is absolutely essential in order to fully recover. Simply said, what happened

in July and in some slight reform (continues till now definitely impacted our revenue despite we immediately took many measures to mitigate these negative factors.

Jumping to an overview of our key games now, and let's go back to the second quarter. I will start with KINO which is growing by 3.2% surpassed both ours and street expectations in what proved to be the best KINO quarter after quite some time. We believe that the reasons behind it are summarized and a) our actions towards keeping punters interest via the games graphical refreshment and the visualization of statistics which are appealing to considerable portion of the players, and b) seemingly valid correlation with SCRATCH. Going forward, we plan to implement some more actions to further rejuvenate the game within the coming next of months.

As for STIHIMA, I am sure that you are aware of that, that this quarter was marked by the very tough year-over-year comparables on the back of last year's World Cup event. As a result, our revenue dropped by 12%, but at the same time, the rejuvenation actions that continues throughout the second quarter 2015 helped the game to retain a portion of the World Cup related revenues and equally importantly, to grow by 15.2% versus the more comparable period of the second quarter year 2013, where no major soccer events took place.

STIHIMA GGR, the retraced by 10.5% albeit in the lower extent versus the revenue decline driven by slightly better payout at 72.2% versus 72.6% in the respective period of last year. Trends that were evident during the past quarters seem to remain firm in place in the second quarter 2015 as well. Live

betting further gained ground as the number of slips played increased by more than 100%, the number of pre-game and live events offered rose by 60% respectively 1000%. Events offered singles and doubles increased substantially as the percentage of the total book, more championships were introduced and our online business is still competing an uneven playing terms. We intend to continue on the same path, by constantly offering new options to our players at the same time, once more stressing that an uneven competition in the online front should be resolved as soon as possible. In that way, the Hellenic Republic will be able to increase the recurring benefits received, and OPAP shall leverage its brand name and expertise, at the same time ensuring a high responsible gaming standards.

On JOKER, which was the clear outperformance for the period with revenues growing by 95% on year-over-year basis, due to both...to the favorable jackpots' rollover, and as well as the successful relaunch of the game.

Favorable jackpots continued in July, leading to a positive performance somewhat supporting our sales in the challenging first months...first month of the capital controls period. However, note that as we are getting closer to the quarter four, which was marked last year by the second largest historic jackpot, like-for-like comparables are getting significantly tougher. That said, we continue to be confident about the medium-term prospects of the game which has gained considerable potential within 2015.

With regards to Hellenic Lotteries, revenues in the second quarter 2015 reached €113.4 million with Scratch contribution on €76.4 million. The positive impact on our reported numbers was quite significant, but this is mostly due to the reporting method as last year Hellenic Lotteries were consolidated just for these 12 days of this period.

Having concluded one year of post Hellenic Lotteries operations' commencement and trying to assess this first year of operation, we believe that the Scratch tickets has performed more or less according to our expectation. The initial performance came as a result of the novelty factor, taking also account of the absence of the significant product launches in Greece in the past decade, but more sooner than later, the game came closer to what we mentioned in our last call as normalized revenue generation base with quite limited cannibalization on our legacy portfolio.

Obviously, the capital controls took a heavy toll in the games performance, and although there is some evident recovery in these days, it is nevertheless more gradual versus the rest of the games. In our view, this can be explained behind the fact that Scratch tickets are also sold via a different network, which is obviously more difficult to monitor and control versus OPAP agencies.

Simply said, the Scratches was the product.. is the product which was most hit by the development in this country after imposition of capital controls.



Stepping away from our games portfolio, I would now like to refer to the VLTs business. I am sure that by most of you...all of you, you are aware of the latest developments, but for the benefit of everyone, let me recap what has taken place since our last communication in May.

In June 2015, only a few days prior to scheduled launch of the VLTs and without any prior consultation with OPAP, despite the fact that we ask many times to have such consultation with the new regulatory body, the Gaming Commission introduced new regulation. The new set of rules contains a number of unprecedented restrictions which left OPAP to decide on the suspension of the VLT related activity. It happened at a moment when already in this country was and is up to now located almost 9,000 machines.

In a nutshell, the restrictions are linked mostly with firstly player identification, secondly responsible gaming limits and venue operating hours, and thirdly, last but not least the technical requirements. The first two will without any doubt lead to a significant containment of the estimated players' number, at the same, also minimizing the leisure time that an eligible player can spend on the machines.

In addition, what is even more important is that these restrictions do not by any means lead to the higher degree of the social protection, but on the contrary will most certainly lead players to the illegal market or will not attract players from the illegal market.

The combat of the illegal market and related tax evasion must be a priority of the Greek state, which is at least our understanding, and what common sense is saying. This is also the view that is shared by our vendors which are amongst the largest and most successful companies in the industry, abiding by different regulations in countries which are considered to be pioneers in the social responsibility front. These are companies along with different industry experts claim that responsible gaming best practices around the globe, focus on the player's voluntary self exclusion by players, age verification compliance, and responsible gambling information awareness, rather than harsh restriction, especially at very early stages of the project. It is also this Company that together with interested sub concessioners are now very reluctant to make any investment in Greece in the VLT front.

Jumping to the technical aspect of the regulation, there were a lot of new provisions, such as the requirement to keep record of the activity for each individual spin for 10 years. New requirements can obviously not be supported within the central system as such, even in blue skies scenario where issues like players spending limits will be resolved; our system and machines vendors will need additional time for the implementation and certification of the system, which is estimated to exceed 12 months.

As for the next steps, as stated also in our announcement, I would like to assure you that OPAP remains absolutely focused on its investment, and shall continue to take all appropriate actions to arrive at a reasonable and balanced regulatory framework. We have repeatedly expressed our views to the

appropriate authorities, and are expecting as soon as possible a solution that will, on the hand of secure public interest, but at the same time will allow the economic viability of the VLT project, and lead to the projected benefits and fiscal revenues for the Hellenic Republic.

That said, we are addressing our options on all fronts for potential, positive outcome. We have stated in the past, and we stress once again, that our fiduciary duty as managers of the Company oblige us to exercise any rights accorded by law or by contract to protect OPAP rights, and to do all actions either on the internal or international field of protection of such rights.

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

## Q&A

OPERATOR: The first question will come from the line of Vaughan Lewis of Morgan Stanley. Please go ahead sir.

VAUGHAN L: Hello, good afternoon. I have few questions, if that's okay, please. The first one, can you give us any more indication about the actual level of impact from the capital controls, and what you've seen in terms of current trading sales or the profit impact from the controls. And related to that, I suppose, you've put in the presentation the usual consensus slide which we believe that are €384 million, should we assume from that

that you are comfortable with that EBITDA consensus based on what we know today, even with those capital controls? And thirdly, on the VLTs with this sort of stand-off that you are in with the government, when do you think is the first realistic date now where you might see VLTs launched, and do you need to wait for a change in government you think to come to a solution? And then finally, can you comment on the share buy backs in the period and whether we could see more of those or was that just a small one-off. Thanks.

ZIEGLER K:

Okay, I will start with the answer of the last question and then, CFO will go with the answers for the first two questions. The share back as you know that we have the approved limit for the share back...buy back up to 5%. Currently, we did some share buyback in the reported amount, which is directly linked to the long-term incentive scheme program for three years which was granted to the court of Management of the Company and there will be...once this program which to be ended at the end of 2016 will be evaluated then and the criteria's are fulfilled, then the potential shares to be transferred to the relevant persons. At this moment, there is no plan or no decision about the further share buyback because there is not let's say a relevant decision related to the payment of the interim dividend.

HOUST M:

So about the capital controls, you know, in general we don't want to comment much on the current trading. However, let's say you know, as Kamil mentioned, in the weeks in which the banks were effectively closed, the drop was significant. It was in terms of percents of the turnover, however, now we are let's say in the...on the recovery path, as we said. And I could

repeat you know, that we are kind of a pro cyclical industry which is maybe surprising for some people, but it means that if there is the, let's say,... we would be kind of...if there is a drop in the GDP will be a kind of a relatively dropping as well with the GDP, so this is our expectation.

And then the last question about the consensus, the consensus we are showing just for your benefit. So the consensus in no way it is anyhow reflecting the position of the Company on the future prospects or the outlook of the Company. And I would say that at this moment, the consensus doesn't take into the account anyhow the capital controls because nobody came up with the updated figures as well anyhow the...let's say delay in the VLT deployments, so....

ZIEGLER K: If you allow me, I will comment this; even if we are able to restart the project when with the solution of the regulation, that's the impact to EBITDA in year 2015 will be very, very marginal and this is of course not reflected in such of these expectations which we could see.

VAUGHAN L: And just one on, I mean when is the first possible date where you could see the VLT launched you think?

ZIEGLER K: I would...if you allow me this, I would answer the question a little bit differently, and that's maybe simply said. If the current regulation is still existing, OPAP will not do this project. To avoid any doubts that with this regulation technically and business-wise, the project is not doable and OPAP in such case will do everything, as I said, to protect the rights and to grow and to do the right steps how to protect the position.

Secondly, what we needed to say that there is some limited time when the project can be restarted. From the operational point of view because currently we have already 120 gaming operators which already put their own money into this system. They still have, or they prepared and trained staff, which is let's call it so on stand-by modules and this is not possible to expect this for ever, this such stand-by modules can be also kept. As I said, there is thousands of machines from our vendors which are already in the gaming halls or they are in our warehouses. And also it cannot be expected that the VLT vendors will forever keep such investment because they invested dozens of millions of euros into already production and delivery of the machine. Of course, that...there could be some limited time before they will decide potentially to take these machines out and to use them in some other jurisdictions.

It means, there is not so long time to wait; this time was communicated actually to very...all relevant authorities in Greece. And we can just say that it should be sorted out very quickly. And of course, like every restart of the project, it will take some time to restart something which was prepared to be run out within the days, now it will take weeks.

VAUGHAN L: Great, thank you.

OPERATOR: The next question comes from the line of Mr. Draziotis Stamatios of Eurobank Equities. Please go ahead, sir.

DRAZIOTIS S: Yes, hi there. And thank you very much for taking my questions. Can I follow-up on the VLT question, so the time line here is that you are basically going to wait for the new government to be formed and then see what their attitude is with regard to this new regulation and then if, you know, if they adopt a negative stance and don't want to change regulation, you are going to take legal action as...like the operators of the gaming hall...of the gaming halls did, is this how this looks like?

ZIEGLER K: I just want to stress, with the current regulation, project is not doable. This is the first point. Second point is that the Greek State based on the current models from every €100 which could be transferred from illegal market to legal market to us, will get €70 roughly, which is extremely more than OPAP. It means from this point of view, it should be I feel clear, reasonable...or to clear to everybody or every reasonable person that so quicker and earlier the project starts, then earlier the revenues can come. I really don't want to speculate, and this is not our role, how it could be done, of course, the election is the, let's say, element which has complicated not just VLTs, I feel this is the element which is there, which is creating some situation which must be addressed by everybody, but we don't want to speculate how it can be done and how it cannot be done.

DRAZIOTIS S: Okay, that's clear.

ZIEGLER K: We are saying the current...and this must be clearly said, and this is what we are repeating to everybody, and maybe some people say they don't want to trust or don't believe; then we

are saying with these conditions project is not doable, not viable for anybody, not just for us.

DRAZIOTIS S: Okay, that's clear. Can I turn to the main games now and particularly STIHIMA? I saw in the presentation that you compared the STIHIMA's performance with the second quarter of 2013 which is more comparable, it would be really interesting to get some color on the organic growth of STIHIMA excluding the contribution of the World Cup in the second quarter last year. Is...am I correct to calculate that if we exclude the GGR of the World Cup last year, STIHIMA GGR was actually up in Q2?

HOUST M: Yes, that's correct.

DRAZIOTIS S: Okay. And this in the double-digits, right?

HOUST M: Yes, that's correct.

DRAZIOTIS S: Okay, okay, good. And a question...another question would be on the cost side. I mean you mentioned that there was setup costs associated with the VLT project in the second quarter, could you actually quantify the number of VLT related costs burdening the second quarter results. And basically what we should be pencilling in, I guess you know for the next quarter, please?

HOUST M: We don't want to be very specific, but let's say it's in...up to €10 million.

DRAZIOTIS S: In the second quarter?



HOUST M: In the first half.

DRAZIOTIS S: In the first half, okay. Okay, good. And another question, just because of the...I can also see that there is a swing of about €9 million in your other income relative to the same period last year, could you explain where this comes from, please?

HOUST M: Yes, half of this is purely accounting thing which is you know, offsetting you know, other expenses. And this is related to the VLTs, to the buildup of the VLT venues. And it is roughly half of this. And then the rest is mostly release of some provision from the past related to for instance, the bonuses for the employees for the last year and stuff like this in which will be a little bit provisions last.

DRAZIOTIS S: That's clear, thank you. And lastly, do you have an estimate as to the impact of the re-measurement of the deferred tax position after the increase in the nominal tax rate in Greece, please?

HOUST M: Yes, it's almost zero, so basically what we reflected in our numbers this is the...this is more or less the impact of the change of the taxation.

DRAZIOTIS S: Perfect. Thank you very much. Thank you, thank you.

OPERATOR: The next question comes from the line of Mr. Lienert Stephen of Jefferies. Please go ahead.

LIENERT S: Yes, just one follow-up on the VLT timing. You mentioned that 9,000 machines were in place ready-to-go. Does that mean if this gets resolved tomorrow, you turn the switch on for 9,000 or do you continue to put machines...further machines since June?

ZIEGLER K: Now, this is...that's what we said because we had some agreed with our vendors with some time schedule for the delivery of machines because that's because of the certification machines and so on that the machines should be or have to be in some advance period before they can go to the gaming halls. It means that currently we or we agreed after the project was suspended we agreed with our vendors that they stop to deliver,... with the delivery of the machines and also they stopped with some production of the new machines. And this is...this is the number of machines which should allow us to... or which should, let's say, represent the sufficient number of machines to be able to restart the project, and to equip the gaming halls with some expected rollout plan. And to also to do that within some period of time when they will be able to refresh or restart the production and delivery of the machines to be then able to deliver to us the machines on time, above this number of machines till the 16,500 machines.

LIENERT S: Okay. That's clear. Thank you very much.

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

DRAZIOTIS S: Yes, hi, again yes, but just wondering about the dividends, because this was a positive surprise I would say, normally

announcing an interim dividend in November, is this...should we view this simply as an early interim dividend or are you, you know, considering proposing another one in November?

HOUST M: Yes, you should view it as the interim dividend, but we for some reasons we paid a little bit earlier than normally.

DRAZIOTIS S: That's clear. Thank you.

OPERATOR: The next question comes from the line of Mr. Kontogouris Andreas of Beta Securities. Please go ahead. Mr. Kontogouris, your line is open; you may proceed with your question.

KONTOGOURIS A: Good evening everybody. I'm sorry, could you remind us please the timeframe for the limited period of time of the rollout of the VLTs, is that...it was till end of 2014, is that to be extended up to the end of 2015? Thank you.

ZIEGLER K: Please, can you repeat your question to be able to answer this correctly?

KONTOGOURIS A: Yes, you acquired the license in 2011 for two years, and then this license has been extended till end of 2014, so by that time OPAP should be able to proceed with the VLT rollouts. Now, this license has been extended again, I think for 12-months. Is that a case, so the state has to...according to the law has to approve an extension of 12 months, is that till end of 2015 or not?

HOUST M: I feel that, if you allow me, I will try to explain what is the situation.

KONTOGOURIS A: Yes.

HOUST M: The OPAP license is for 10 years. An OPAP license starts either when the first machine is on live operation or within a period of 18 months once the relevant regulation is published. Currently, it is so, that the relevant regulation, the famous one, was published on the 12th of June 2015 this year, it means that, our understanding is that the period of 10...license of 10 years to start, either the first machines are on operations or the 6th of or 12th of December 2016.

KONTOGOURIS A: Okay, great. Thank you very much.

OPERATOR: The next question comes from the line of Mrs. Ong Lisa of Canyon Capital Advisors. Please go ahead.

ONG L: Hi, guys. Just one question on the VLT. So if the situation stays as it is at the moment, it's uneconomic for you to start it as you mentioned. What are the remedies you can pursue if any. I mean what are the, you know, clauses that could be in the contract with yourselves and the government which says, hey this is unreasonable, you know, you really obviously paid for the right, so what happens to that?

ZIEGLER K: Okay, to be very precise, I don't want to review, I just want to say that unfortunately we are in the situation that we cannot think just about the Plan A, which is significantly for us of course the continuation of the project. But we are seriously thinking and preparing our source for the Plan B, and this is, let's call it local and international litigation.

ONG L: Your Plan B is litigation against the current state of the regulation at the moment?

ZIEGLER K: No, because that's...this is so...currently and this is quite proved and that it must very, very seriously and clearly proved that this project cannot work. So in such situation, let's just basically do summarize, we cannot realize our investment, even we are doing everything to do such investment. And the reason why we cannot do this investment is because it's not allowed us to do such investments.

ONG L: Do you think...

HOUST M: Because of the decision of the relevant state authorities.

ONG L: Do you think this is just a factor that the government in transition as well that, you know, things could get more stable, once elections are out of way, and there's a permanent government in place?

ZIEGLER K: Of course, that's something what we are communicating with all around persons that we want to find a solution. We want to continue that's what we said that we are really committed to this whole project. But the current situation is...the current situation. And I want to once again repeat that's not possible to prolong or to postpone the restart of the project forever.

ONG L: Alright. Thank you.

ZIEGLER K:

Okay. Thank you very much for your participation and for your questions. As we can see that the results in the first half year were based on the conditions which are relatively good. What we can say, of course, that the second half year will be what we can see much more challenging for us, but as we mentioned, we are doing a lot of measures to improve our business. We also can see that there is some in the couple of last days, some let's say stabilization of the whole situation, but we should really say that this is very, very challenging period. We have also the models, what could be the further development. We can also see on some experience what happened on Cyprus when capital controls were imposed two years ago on March, and we are very strongly following the impacts of such issues on our business on Cyprus and also based on this experience we are evaluating the appropriate measures and appropriate factors or appropriate decisions, which we can do.

We also reacted immediately as we said on the operational basis, but also on other basis that we've frozen all hiring to the company. We also made some further, let's say, reviewing of all costs of our company to be able to somehow face and realize some, let's call it relation to the sizing of our business. It means, again, if you allow me, that I want to stress that we are really committed to continue in the project of VLTs, but as we mentioned that currently we are in some models, which we are hoping that will be reasonable and very low balanced regulatory and legal framework allowing to do this business and allowing to the state to generate revenues, which, based on our information are also included in the list of measures agreed with creditors.

So from this point of view, we have optimism, but there could be the platform to find a way to continue the project even as we are saying that time is clicking for us, and that's the time where such let's say successful restart is shorter than at beginning.

So thank you very much for your attendance, despite the fact, this is the Friday afternoon and that you spent this Friday afternoon with us. Allow me to wish you from the sunny Greece nice afternoon and peaceful and enjoyable weekend. Thank you very much. Goodbye.

OPERATOR:

Ladies and gentlemen, the conference is now over. You may disconnect your telephones. Thank you for calling. Goodbye.