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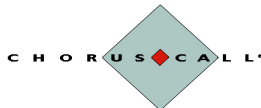
"Full Year 2015 Financial Results"
Conference Call

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Conductors:

Kamil Ziegler, Chairman & CEO
&
Michal Houst, CFO & Executive Board Member

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 2015 Financial Results conference call.

Please note that a PDF presentation for the Results is now available on OPAP's website www.opap.gr under the section for Investor Relations.

At this time I would like to turn the conference over to Kamil Ziegler, Chairman & CEO & Michal Houst, CFO & Executive Director.

Gentlemen, please go ahead.

ZIEGLER K.: Thank you very much. Good afternoon, ladies and gentlemen, and welcome to OPAP's Full Year 2015 Financial Results Conference Call.

Allow me to start as always with the macro situation. The end of 2015 marked a year of heavy turbulence across the economy and on both investors and consumer sentiment. Overall, real GDP according to the latest available data dropped by 0.2% versus the previous year, while the slight relevant for OPAP, retail sales index, contracted by 1.6%.

As for 2016 prospect, I am sure you know that the Greek budget still caused for a contraction of minus 0.7%, while Bloomberg

consensus is no less pessimistic with the median estimate standing at minus 0.8%. We have stated before, that OPAP's portfolio performance is driven from private consumption, which in turn is the major milestone of the Greek GDP, and as such, this kind of estimate do not allow for excess optimism on the revenue figures. Those said, 2015 was for OPAP a year of very solid financial performance in a very unstable environment.

After this introduction allow me to have some little bit more technical, but important comments. For the whole year results, for the first time and based on agreement with our auditors, we adopted a new reporting format which is based on the best industry reporting practices, thus providing peers comparability. In addition, we have initiated cost reporting, based on nature of expenses thus allowing for high level of transparency and understanding. We expect these changes to represent important steps forward as regards to our communication with investors.

Now in a nutshell for the full year 2015, gross gaming revenue increased by 1.6%, while both the GGR tax attributed to Hellenic Republic and the agents' commission increased as well, proving that OPAP's growth leads to tangible benefits for all of its stakeholders.

Profitability wise, EBITDA increased by 8.8% versus the previous year, while although it declined by 3.5% in fourth quarter, it still managed to do better versus the GGR shaping a 26.9% EBITDA margin. The OPEX came as a result of our policy to monitor costs, at the same time though, not putting in any way at risk the quality of our services.

As an example, we know the following areas which are a clear indication of the direction followed by the Company's Management in the past three years. IT costs were reduced by 12% on year-over-year basis, also aided by the carry over effect related to the negotiation of our key contracts.

It is important to note that IT was enhanced both in terms of security, as well as operational capacity. Like-for-like excluding severance packages granted in 2014, staff costs remained broadly flat despite a huge qualitative jump in the Company's workforce potential and starting of the new projects.

Last but certainly not least, marketing expenses were reduced by a meaningful 12%. However, as I am sure that all of the Greek related participants know, this reduction did not come at the expense of our initiatives. Our games appeal as measured by research studies increased within the year, our commercial campaigns, for example JOKER, got significant industry awards and also realized recognition. But most importantly, our CSR actions were significantly enhanced both with regard to sports, last year we created 125 sport academies all around Greece, as well as to overall society and the first phase of renovation of 2 pediatric hospitals in Greece.

As for net profit, the reported figure in the whole year for 2015 came at level €210.7 million, higher by 8.1% on year-over-year basis. As for the fourth quarter, the profit figure declined by 32.1% to €51.7 million, further hurt by an impairment of the Hellenic Lotteries license. We will refer in more detail later on.

As a final remark to our headline financials, let me also refer to our cash position and the dividend. The drop of the announced dividend €0.40 versus €0.70 in the year 2014 is not something we take light hearted and we would like to reinforce our thesis that we remain absolutely committed in the long run to distribute the bulk of the free cash flow back to our shareholders set aside potential investments.

However, these are truly extraordinary times for us and our Company and in the context of all current circumstances, we prefer to be prudent having in mind that the framework of gaming operations may significantly change. That said, and also mentioned in our press release as well, we are absolutely ready to review our financial position subject to our discussions with the government and the final outcome on the special levy.

As regards to our individual segment's performance, let me start with the leader revenue-wise, which is the lottery. The relevant revenues, gross gaming revenue, grew by 1.5% in the whole year 2105 and even managed to marginally rise in the fourth quarter, up by 0.6% on year-over-year basis. This performance is mainly a result of our KINO Bonus initiative launched in the last quarter last year.

Going forward, the positive impact of KINO Bonus is expected to naturally, gradually fade out. However, it's still an initiative that has rejuvenated player's interest, also indicative to other options that OPAP has in its arsenal and will be assessed when the time is right.

As opposed to KINO, the second largest game of this segment, JOKER, which was the main growth driver in the nine months period, was down on year-over-year basis during this quarter. As mentioned during previous conference calls, this was largely expected as quarter four, 2014 was marred by the second largest Jackpot rollover ever, and this kind of performance is usually really difficult to be repeated over short period of time. 2016 performance so far is in line with our projections, while player studies prove that the game's awareness has increased over the past couple of months. That said, we remain cautious noting that 2015 as a whole was a rather exceptional year in terms of the game development.

Jumping to sports betting, at first glance, our performance did not follow lottery performance, staying down both for the year as well as the quarter by roughly 10%. On the positive side, NGR net gaming revenue, dropped by significantly lower versus the GGR drop and the amount was 5.5% minus on year-over-year basis. Net gaming revenues lower drop is the result of our strategic decision to enforce a strict monitoring and control in betting wagers that due to various reasons led to unprofitable results for the Company in the past.

Finally, with regards to Hellenic Lotteries, GGR dropped by 5.8% for the quarter still being on the negative side on year-over-year basis. Note that this performance came also with the decoupling of the different games included in the license. Passive lottery clearly outperformed versus Scratch and we expect this trend to continue in the near future as well. It seems unfortunately that the Scratch is the most vulnerable product in turbulent times. In any case, the fact that Hellenic lotteries revenues have been

dropping for quite some time ring the bell and since this picture is not expected to reverse in the short-term, we accept the decision that the value of Hellenic Lottery license should be impaired by €15 million.

We believe that this development was more or less justified given the acquisition price of the license amount to €190 million. We also stress that this impairment is a good indication that the current macro environment coupled with the uncertainty on the often changing regulation front should be taken into account than valuing the otherwise always interesting Greek gaming assets.

Now setting aside the financial figures for a moment, I would now like to continue by sharing our thoughts on the two fronts that have cost significant uncertainty for the Company in the last months, the Levy and the VLTs. On the latter, VLTs, no tangible developments have taken place since our last communication. Communication with regulator is almost not existent in this area. We feel that we had not much to add with regards to our view on what should be done, whereas it is self-evident that both OPAP and also Hellenic Republic are losing millions of revenues and the illegal market is thriving.

At the same time, as mentioned in the past as well, all of our development plans have stalled and could be re-launched only upon the effective change of the regulation. The arbitration process on the other hand is proceeding and OPAP is intensively preparing itself, and it is no secret that this preparation has so far actually reinforced our thesis and confidence on the issue.

In summary, we are repeating that these are sets of ad-hoc restrictions that overlap between each other are not only totally out of context with international standards, but on top, do not have on combined level an implementation precedent anywhere in the world. We repeatedly communicated and are still communicating, we are...we stay very committed to this project and are ready to restart as soon as possible in case of reasonable and balanced regulatory and legal framework exists, the framework which will secure public interest and public revenues, at the same time allowing the reasonable economic viability for OPAP and its operators.

On the levy, as you have seen also in our press release, OPAP is in discussion with the government and has reasonable indications of the Ministry of Finance intention for legislative alternative measures in replacement of the special levy. We believe that after months of discussions, we have now reached a level of understanding on the severe technical difficulties of the measure implementation, but more importantly, on the detrimental effects that this will have on a) the consumer spending patterns and b) our agents' network without, at the same time, bringing in the desired proceeds for the stakeholders. Please note that these findings have in the meantime being backed by third-party analysis as well as evidence from other countries.

As a result, fully understanding both the severe economic conditions of the country and our role as the pioneer in terms of contribution to the Greek economy and society as a whole, we have been discussing a series of alternative measures including reforms that rather than being strictly focused on the short-term collection, also provide with the longer term prospects on the

enhancement of the overall regulatory framework, the recurring income of the government and of course the fairness of these measures for OPAP, our players and our agency network. There is no final outcome yet. In case of any significant development, OPAP will immediately publish relevant information.

As a final word, it's already more than two years since the Company's privatization and obviously quite lot of things, probably more than anybody could have thought of, happened ever since. What definitely hasn't changed is our commitment to invest in the country and grow our...in the growth of our Company in the way that will prove beneficial for all of our stakeholders, at the same time fully adhering by all responsibilities of our social role. I would like to thank our shareholders for their patience in difficult times and ensure them that we are on the same boat.

With this comment, I am concluding this opening statement and we are now ready for your questions. Thank you very much for your patience and attention.

Q&A

OPERATOR: The first question comes from the line of Mr. Kourtesis Iakovos of Piraeus Securities. Mr. Kourtesis, please go ahead.

KOURTESIS I.: Yes, good afternoon, gentlemen, a number of questions really. First of all, could you please specify some actions that are expected to drive players' traffic in 2016? Second, would you expect the Greek government to call you to pay the first installment of the special levy on 16th of April 2016. What are

the latest developments on this front? Third, for 2015, you are hoping to distribute a significantly lower dividend based on what I understood from your presentation. Should the Greek government stick to its position on the levy without changing anything on the law? Is there any possibility to still proceed with the distribution of additional dividend or special dividend for 2015...related to 2015? And what kind of alternative measures, if you could elaborate on this, would you anticipate with regards to the potential levy replacement. Another thing has to do with the VLTs, how many machines are ready to be installed. And on in terms of IP, I think that I noticed that you terminated contract with INTRALOT. I am not quite sure about this; could you please further elaborate on this? Thank you very much.

ZIEGLER K.: We will share with Michal Houst the answers for your participation...for your questions.

ZIEGLER K.: Firstly, I will answer the question related to the levy for the first quarter 2016. Levy for what can happen or what will be done, in any case even though the levy is there that OPAP will declare the zero levy for the first quarter 2016 because of technical impossibility to collect this levy. And because we are not able to collect this levy, we cannot be able to pay this levy. It means there will be declaration of zero amount for this levy.

Of course, the other question was that what will happen if the levy is not implemented and no alternative measures are implemented. Of course, that's something what we indicated that in this case that we will be able to review our financial position and we will calculate...assess the option to change our

announced dividend, this is quite clear, this is very, very linked issues.

Related to VLTs, it was the question number five. Currently, either in our shops, which are still prepared to be open in very short period of time or in our warehouses, there is over 9,000 machines ready to be implemented or to be put into our operations. Also, we are continuing in the payment of some rents for these gaming halls, which are prepared. We continue with our work for the preparation of the central information system. And so, it means that as I mentioned that we are still committed very significantly to this project and if we have the clear agreement and a reasonable framework, that we can restart the project as soon as possible.

ZIEGLER K.:

Related to INTRALOT contract, I don't know that where this information is coming out. Of course, we have the contract with INTRALOT for more than 2 years and maybe this information came out, that's because we want to be very well ready for the period or the situation when the contract not just with INTRALOT but also with other...our operators will finish, that we open the RFI, we provided, we ask the relevant operators worldwide to provide us with some information, which then will be analyzed. I mean, that there is...we are keeping of course our contract with INTRALOT as we continue in this operation.

Which alternative measures, this was question #4. This is something that we are currently somehow discussing with the Ministry of Finance and at this moment, I really cannot and I don't want to provide any other details. As we said, if there is any progress, any development in this area, then we will immediately provide the relevant information publicly via press

release and of course via the relevant announcement to the Stock Exchange.

Related to first question that followed, we want to provide something...

HOUST M.: Yes. We could share some ideas or some projects or some stuff we are doing. First of all, we want to continue the let's say the modernization of the games, KINO, JOKER, STIHIMA, modernization of the monetary games in the shops. We launched horse racing, so let's say we pulled out of the horse racing after the pilot or let's say the first places is stabilized. We want to...we would basically work on modernization of the shop groups and who can feel that we are investing a lot into the increasing of the sales function, staffing in OPAP, so to bring more support to the agents and more let's say training and more on the spot in the venue work with the agents in order to perform properly the customer service and customer care and improve the revenues.

As well, we are basically bringing, we brought the Payzone into the network and we would...we are aiming for financial payment institutional license for Payzone in order to increase the portfolio of the services that we could offer through Payzone. So that's in a nutshell the actions we are now performing.

KOURTESIS I.: Thank you very much. About INTRALOT, I have seen something on their press release that they discontinued some business with OPAP, so maybe this is why I asked. Thank you very much.

ZIEGLER K.: That's some press release which, to be honest, I need to ask our colleagues to find. I don't know what they are talking about.

KOURTESIS I.: It was INTRALOT'S press release. Okay. Thank you very much.

ZIEGLER K.: Now I understand, but still we need to find what is there.

KOURTESIS I.: Okay. Thank you. Thank you. Thanks a lot.

ZIEGLER K.: You're welcome.

OPERATOR: The next question comes from the line of Mr. Draziotis Stamatis of Eurobank Equities. Mr. Draziotis, please go ahead.

DRAZIOTIS S.: Hi, there. Thank you very much for taking my questions. I have four questions if I may, please. My first one has to do with regulatory front, just a follow-up. We have been reading on the press that the Finance Ministry maybe considering a hike in the existing GGR duty, so the press is basically suggesting that the government has taken the decision to make a U-turn on the player taxes. Is this the same feedback that you have had, just to be clear here, so that the player tax will not be imposed, but we are still looking for the alternative measures, so that's my first question? The second one has to do with current trading. KINO appears to have performed, as you said, quite well in the fourth quarter and during most of the year actually. On the other hand, we've been seeing betting kind of struggling, is this something that continues through the first quarter, and in general, how are the run rates in Q1 relative to Q4 for your business as a whole please? Third question has to do with agent commissions, in the past we have been discussing about the potential of the scalable structure on agent fees for STIHIMA in particular. I am just wondering is this something that is on the table currently, and if yes, is there going to be any sort of

differentiation of the commission between live-betting and offline please. And, sorry for the many questions, and the last one has to do with just some brief comments about your expectations for horse betting, please.

HOUST M.: The first question...the last question what it was?

DRAZIOTIS S.: The last question was with regard to your expectations for horse betting for your new license?

ZIEGLER K.: Okay, I will take the first question the regulatory front. We could read the same articles as you. It means that we can read that there is some, let's call it on the table is that to remove the levy. And what we also said in our press release and also in my speech that, yes, there is some discussion about some alternative measures, because as we said, we understand the position of the government, and we feel that there should be the, let's call it, some frame work or some set of measures which could work on the longer-term basis and to stabilize let's call it the revenues from the gaming sector. We are talking not just about OPAP, but for the whole gaming sector for the state revenues. It means that, I then confirm that we've provided some proposals for some ideas to the Ministry of Finance; let's call it including our views. But I cannot comment that in more details now.

Of-course, as we said there are some reasonable expectations that we can continue and to find the reasonable balanced measures. Then, related to the agent's commission, your question was if some, for example, something like scaled structure is on the table, my answer is, yes. This is on the table and we are currently in the, let's call it, rounds of negotiations

with our agents, our partners and their representatives. And also there is some achievement in this area, then, we will immediately inform. You also ask if we are thinking that there should be different, let's call it structure of these commissions for, let's call it land based and for online, yes, I can confirm this is also on the table for our discussion, we have very reasonable discussion now with our agents.

Related to your questions about the how it looks if I can shortly say the first quarter...we don't provide the comments on current business, it means that we can see some similar trends...in the last quarter...last year. There are also of course some new trends which reflect what is happening or what was happening during the first quarter...in the first quarter 2016. Macro economically, politically, what happened in society, and so on?

Related to horse betting, I hope we have Mr. Houst, so maybe he can provide some more information.

HOUST M.: For sure, you know, that we paid for horse betting quite significant amount of money, so we are striving to at least bring the revenues which were here a couple of years ago from the horse racing and horse betting. And we are doing a lot of actions in order to basically have better and significantly better products for the contracts. So we do, let's say, comingling with the biggest work force. And we are trying to rejuvenate as well the horse racing industry in Greece. So we feel, we should bring it where it was a couple of years ago.

DRAZIOTIS S.: That's clear, and just a quick follow-up on the agent commission structure. So does this mean that we should be anticipating the

change in net gaming revenues, again to be better than to outperform the change in gross gaming revenues?

HOUST M.: Pardon me, what do you mean?

DRAZIOTIS S.: So I am just wondering if the...if you change your...the mix in terms of what the agents receive as commission depending on the type of event, I presume that your, the net effect will be a better margin for you or not really?

HOUST M.: Not really, because, let's say the most of the...let's say trading issues we have been facing through change of the trading, let's say, policy which was reflected in decrease of the GGR to some extent was already performed. So the commission would not change significantly now the

DRAZIOTIS S.: Okay, that's clear. Thank you very much.

OPERATOR: The next question from line of Lienert, Stephen of Jefferies. Mr. Lienert, please go ahead.

Lienert S.: Good afternoon. On the arbitration process, is it possible you could give us a time line of what we can expect, maybe a few estimated dates when you go to Court, appeal process, and et cetera?

ZIEGLER K.: We provided some indication during the last call, and I can see that at this moment there are no significant information which should indicate to us this time frame which we provided should be changed. There were some issues forming of the arbitration court. So currently it's in some starting process, but we don't

have any indications that should as I said significantly change the timeframe work or time...

HOUST M.: Just as a reminder, it was the...in the normal standard is around two years.

Lienert S.: Yes, exactly. Okay, that's all from me.

OPERATOR The next question comes from the line of Ms. Chang Lisa of Bank of America Merrill Lynch. Ms. Chang, please go ahead.

CHANG L.: Hi, thanks for taking my question. I was wondering if you could talk more about the impairment of Hellenic Lotteries, and provide some numbers maybe like GGR for the segment last year versus this year and EBITDA for the last year versus this year and the outlook going forward.

HOUST M. Yes, hi. Basically, the performance of the Hellenic Lotteries in the models going forward doesn't really allow us not to impair because let's say the business of the Hellenic Lotteries are the most hit in terms of let's say crisis , capital controls and stuff like this. And we cannot now forecast significantly...significant change of these trends for the future in Greek economy. The second thing is that given the situation in Greece and given where the let's say trading of the Sovereign is, there was a significant increase of the discount rates in our models. So as a result, there was this impairment issue, which was let's say, consulted and approved [technical difficulty]..... DST management unfortunately share the views.

With regards to the profitability of the segment, normally we don't comment, but basically GGR, you see from our reporting it was roughly €158 million. And let's say the profit margin, as I said, as I'm repeating, on EBITDA level is roughly the same as for OPAP.

CHANG L.: I noticed that in the past that you had reported like GGR numbers for Hellenic Lotteries standalone. And then now it seems to be part of LOTTO impassive?

HOUST M.: No, no. It's the Instant and passive segment in our reporting. So it's basically, it's exactly €157 and €190 million, the GGR for the 2015.

CHANG L.: Okay. So you haven't put anything else in the Instant and Passives?

HOUST M.: No, no.

CHANG L.: Okay. And then, just to clarify, so the EBITDA margin is the same as OPAP. Is that right?

HOUST M.: More or less roughly, yes.

CHANG L.: Okay, great. Thank you.

HOUST M.: Thanks.

OPERATOR: The next question comes from the line of Mr. Young Ed of Morgan Stanley. Mr. Young, please go ahead.

YOUNG E.: Hi, hello. Just one question, you said, you had 9,000 VLT machines either in your shops or warehouses. I, since you have actually...back last year, that number was perhaps somewhat higher or about 18,000 or so, are some of those machines been taken back by the suppliers or is there been any kind of reduction in those. And in terms of...you obviously remain very committed to VLT launch, but what is the situation with suppliers in terms of perhaps how long...is there a way do you think? Thanks.

ZIEGLER K.: To be very honest, I don't know where your figure 18,000 machines is coming from because that...we have the similar number or the same number of machines, which we had already when we had the last conference call. And this is, as I said, above 9,000 machines. Maybe 18,000 machines is a certain number, which we were talking about machines to be provided or operated by sub-concessionaires of OPAP because altogether the license is for 35,000 machines, from that 16,500 machines to be operated by OPAP based on the current license and 18,500 to be operated by sub-contractors or...sub-contractors. It means that the number of machines is the same. We have agreed with the VLT machine operators that we are still hoping and convinced that the project will start. So that we agreed with them that the machines are there. It means...I can tell you no...any one machine was not taken out from Greece in the last couple of months.

YOUNG E.: Thank you, thanks.

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

ZIEGLER.K.: Okay. Thank you very much. Thank you very much to all of you for your attention and for your presence with us today. As we mentioned a couple of times, currently we are, in some period of time and maybe some important information would come. What we said, if there is any such information that we will immediately provide...publish such information either related to let's call it, the whole regulatory framework or to the legal and regulatory framework or related to VLTs of course to keep you informed with us. As we said, this, the turbulent times are somehow finished or overcome and if there is any, any let's call it outcome or if there is no let's call it untouched levy measure or alternative measures, of course, that we are ready to flexibly assess the financial position of our Company and to make the relevant proposals.

But currently, we are at the time when we, let's call it are faced with these turbulent times. And as we said, that we are now trying to do everything to protect the interest of our Company and of our stakeholders. By this...also stating that year 2015 was not an easy year. But I hope that we were able to manage this, our ship somehow through these whole potential storms in a reasonable way. And the same we will do and we are doing and we are trying to do also during this year and during this period. Stating this I'm closing our conference call.

Once again thank you very much for the attention. And if there anything, news or any significant news related to us, of course, we will inform you. Thank you very much. Goodbye.