H1 2014 Financial Results

August 28, 2014

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>> Panel Participants

Kamil Ziegler

Chairman & CEO

Michal Houst

CFO, Executive Director

Investor Relations Dpt

- Nikos Polymenakos - Head Investor Relations
  Tel : +30 (210) 5798929 - polymenakos@opap.gr
- George Vitorakis - Investor Relations Officer / Business Analyst
  Tel : +30 (210) 5798976 - vitorakis@opap.gr

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>> Overview

In H1 '14 OPAP reports persisting top line and operating profitability growth coupled with successful Hellenic Lotteries launch

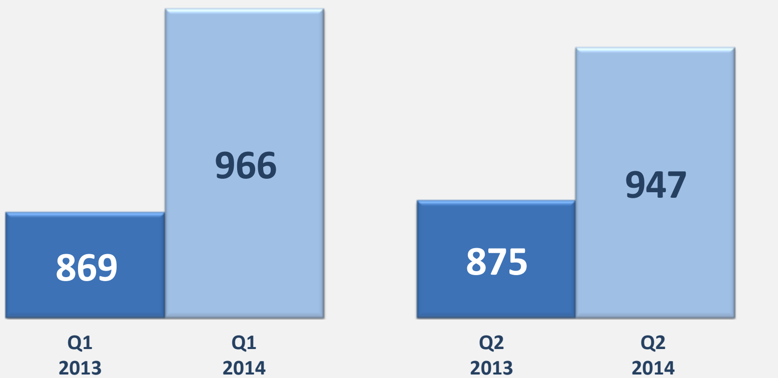
- Revenues up 9.7% to €1,912.8m (H1 2013: €1,744.3m). Q2 2014 revenues increased by a considerable 8.3% to €947.3m (2013: €874.9m) owing to a significant 31.5% Stihima growth.
- Gross Gaming Revenue (GGR) up 6.0% at €616.2m (H1 2013: €581.6m). Q2 2014 GGR rose by 6.1% at €296.1m (Q2 2013: €279.0m), growing for a second successive quarter.
- Robust start of Hellenic Lotteries (fully consolidated from 19.06.2014 onwards) with revenues climbing to €120.8m in just two months of operations.
- EBITDA at €144.9m (H1 2013: €103.3m). Q2 EBITDA at €68.6m (Q2 2013: €45.7m), higher by a solid 50.1% y-o-y, further improving Q1 trends. Notably, after adjusting for one-off items of €7.1m mostly related to the Voluntary Retirement Scheme (VRS), Q2 2014 EBITDA would reach €75.7m higher by 65.7% y-o-y.
- Ongoing & improved cost containment as seen in the face of cost of services (after excluding one-off items, Q2 2014 cost of services would stand at €123.6m, lower by 2.3% y-o-y) and distribution expenses (Q2 2014 at €20.4m down by 28.7% y-o-y).
- Net Profit came in at €65.4m (H1 2013: €67.3m). Net profit in Q2 2014 stood lower by 44.5% to €15.7m (Q2 2013 2013: €28.4m), owing in the most part to incremental taxes of €21.6m stemming from a 2010 fiscal year tax audit. After adjusting for taxation and other one-off expenses, Q2 net profit would stand at €44.2m higher by 55.7% y-o-y.
- Strong cash position of €194.9m.

(€ 'm)	Q2 2014	Q2 2013	% Δ	H1 2014	H1 2013	% Δ
Revenues	947.3	874.9	8.3	1,912.8	1,744.3	9.7
GGR (Gross Gaming Revenue)	296.1	279.0	6.1	616.2	581.6	6.0
EBITDA	68.6	45.7	50.1	144.9	103.3	40.3
Payout (%)	68.7%	68.2%		67.8%	66.7%	
EBITDA margin (on revenues)	7.2%	5.2%		7.6%	5.9%	
EBITDA margin (on GGR)	23.2%	16.4%		23.5%	17.8%	
Net profit	15.7	28.4	(44.5)	65.4	67.3	(2.8)
Net profit margin	1.7%	3.2%		3.4%	3.9%	
EPS	0.05	0.09	(44.5)	0.21	0.21	(2.8)

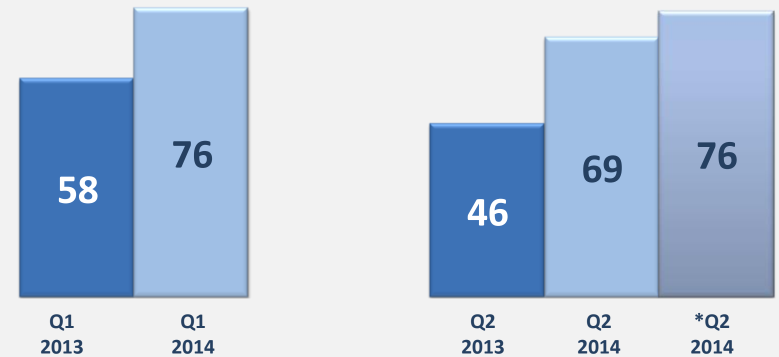
>> Overview

Key Financials 2013-2014 Quarterly Overview

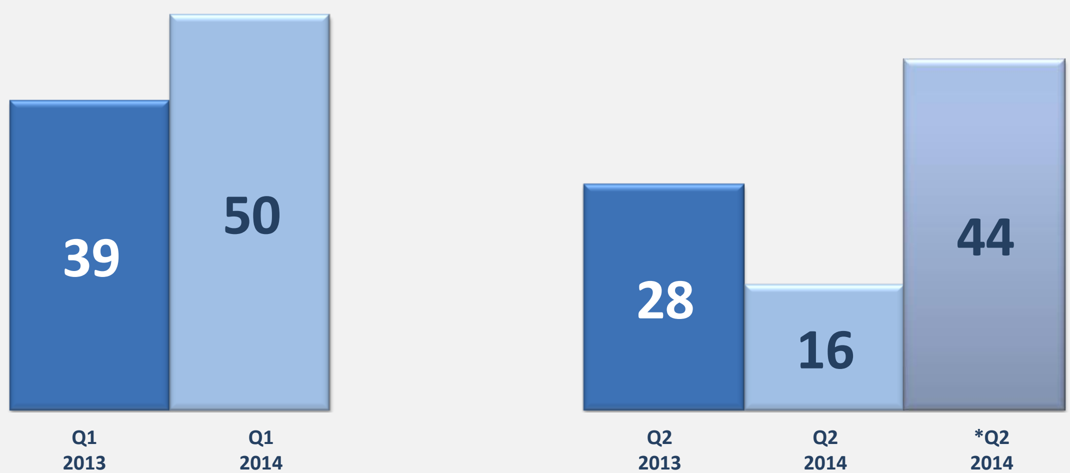
Turnover



EBITDA



Net Profit



* Adjusted figures excluding taxation and other one-off items.

>> Turnover

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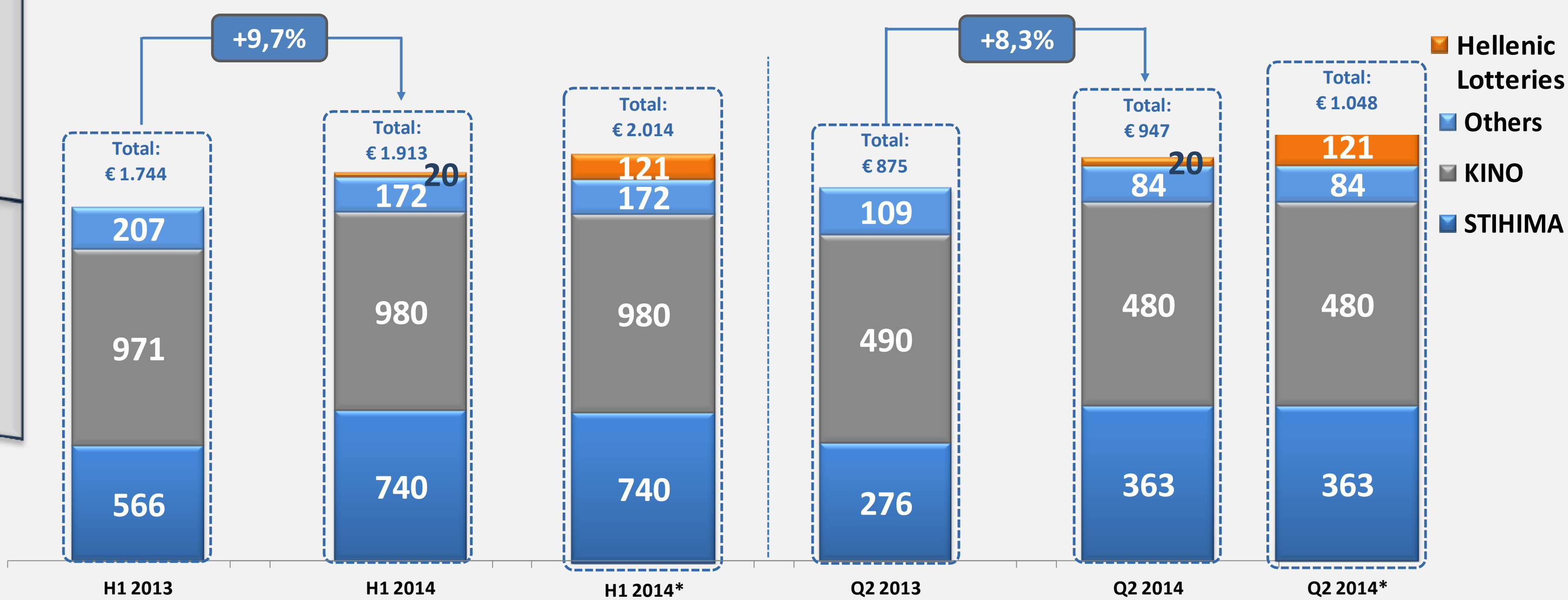
H1 2014 Turnover

- OPAP's revenues in H1 2014 increased by 9.7% to €1,912.8m versus €1,744.3m in H1 2013. Revenues in Q2 2014 grew by 8.3% to €947.3m versus €874.9m in Q2 2013, despite the ongoing domestic recession (Q2 2014 Greek GDP down 0.2%) on the back of persisting Stihima rejuvenation actions and the World Cup positive contribution.
- **Sports betting**
  Total sports betting revenues reached €773.5m in H1 2014 from €605.9m in H1 2013 up by 27.7% y-o-y. Stihima revenues in Q2 2014 increased by 31.5%, growing for a 4th consecutive quarter, enjoying a positive impact from both the ongoing rejuvenation actions in effect since Q4 2013 as well as the World Cup in June. Playing hours' constraints caused by the time difference handicap carried an impact on the specific event-related performance.
- **Numerical games**
  Revenues from numerical games were down by 1.7% to €1,119.4m in H1 2014 from €1,138.4m in H1 2013. KINO's revenues in Q2 2014 reached €479.8m, lower by 2.1% y-o-y, carrying a small impact from scratch tickets' introduction in May.



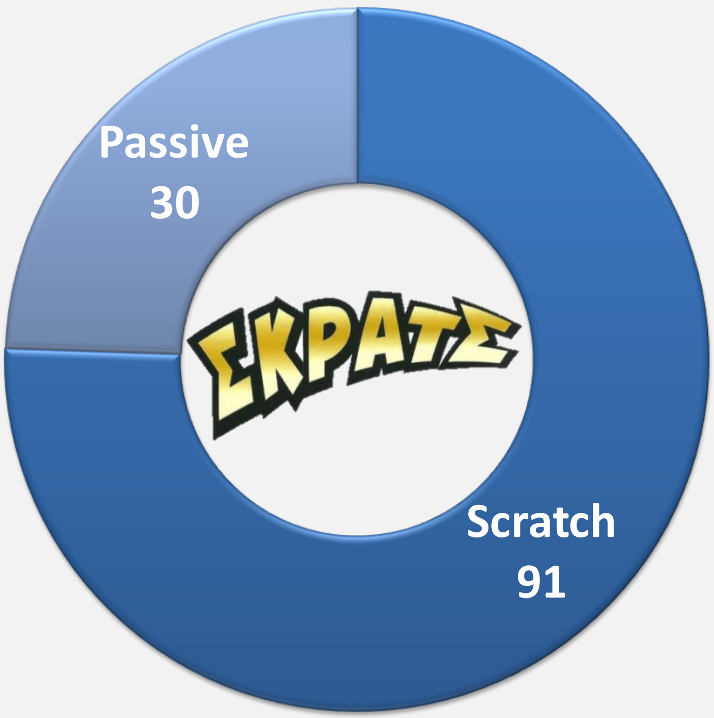
* Figures including 100% of Hellenic Lotteries H1 2014 turnover.

(€ 'm)

>> Turnover – Hellenic Lotteries*

H1 2014 Turnover

- Hellenic Lotteries generated revenues of €120.8m and already reached positive ground in profitability terms, on the back of a strong start for scratch tickets sales standing at €91.3m. Punters interest remains solid, albeit a normalization of the game's revenues should be expected for the remainder of the year. Passive lottery sales stood at €29.6m, in line with their successful historical performance in the Greek gaming market.



Successful Launch on May 1st

15,4m winners YTD

Smooth transition of passive lotteries operation

Diversified network
- Agencies
- Kiosks
- Street Vendors

* Hellenic Lotteries S.A. was consolidated under the equity method up until 18.06.14, albeit it has been fully consolidated from 19.06.14 onwards.

(€ 'm)

>> Core games continue to perform

STIHIMA Turnover

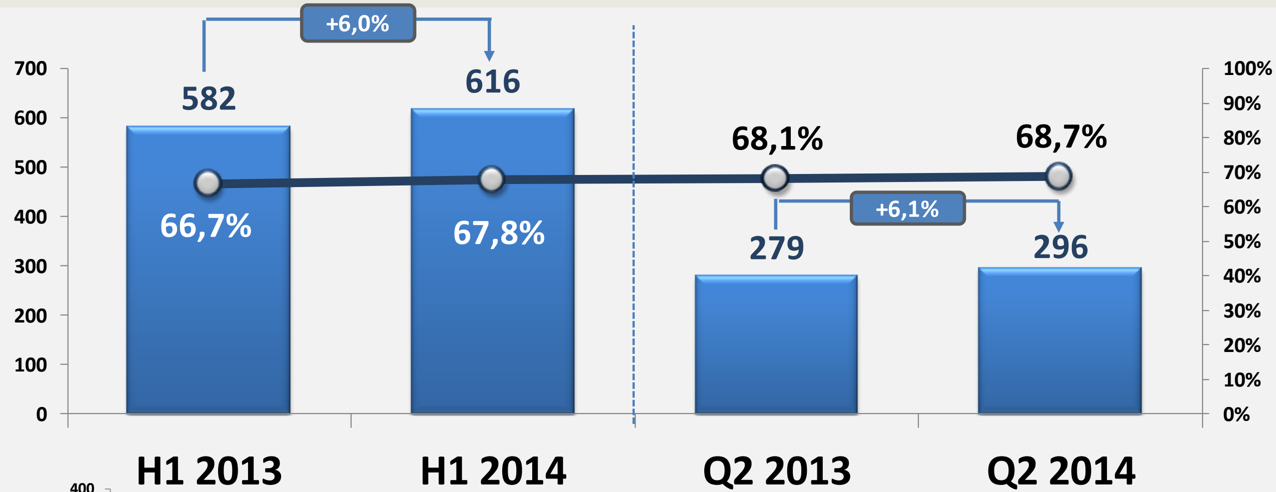
KINO Turnover

Scratch tickets introduction carried a small impact in Q2.
A mid single digit impact should be expected for the remainder of the year

>> GGR & Prize Payout

H1 2014 Gross Gaming Revenue & Prize Payout

- Payout to lottery and sports betting winners in H1 2014 reached 67.8% versus 66.7% in the corresponding period last year.
- **Stihima payout** in Q2 2014 remained broadly flat y-o-y at 72.7% vs. 72.5% in Q2 2013, despite the World Cup event which should normally lead to higher payouts for the period. As a result, Stihima's GGR for the quarter reached €99.1m, demonstrating a considerable 30.6% increase y-o-y.
- **KINO payout** in Q2 2014 stood at 69.3% vs. 69.6% in Q2 2013.



Quarterly GGR

(€ 'm)

>> Payout

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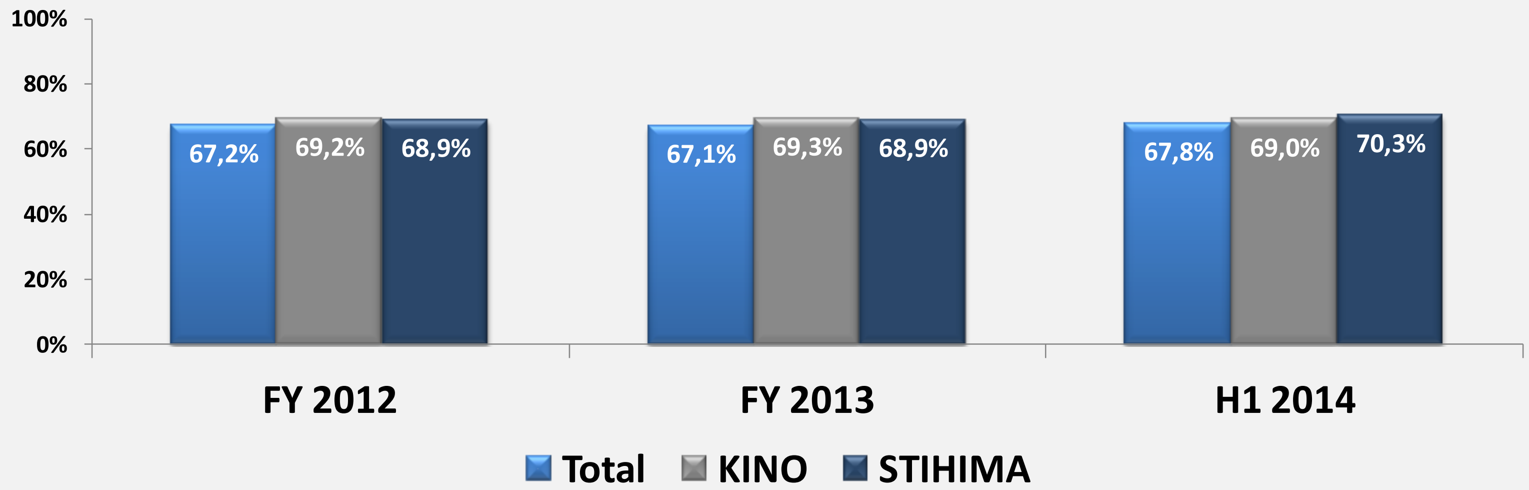
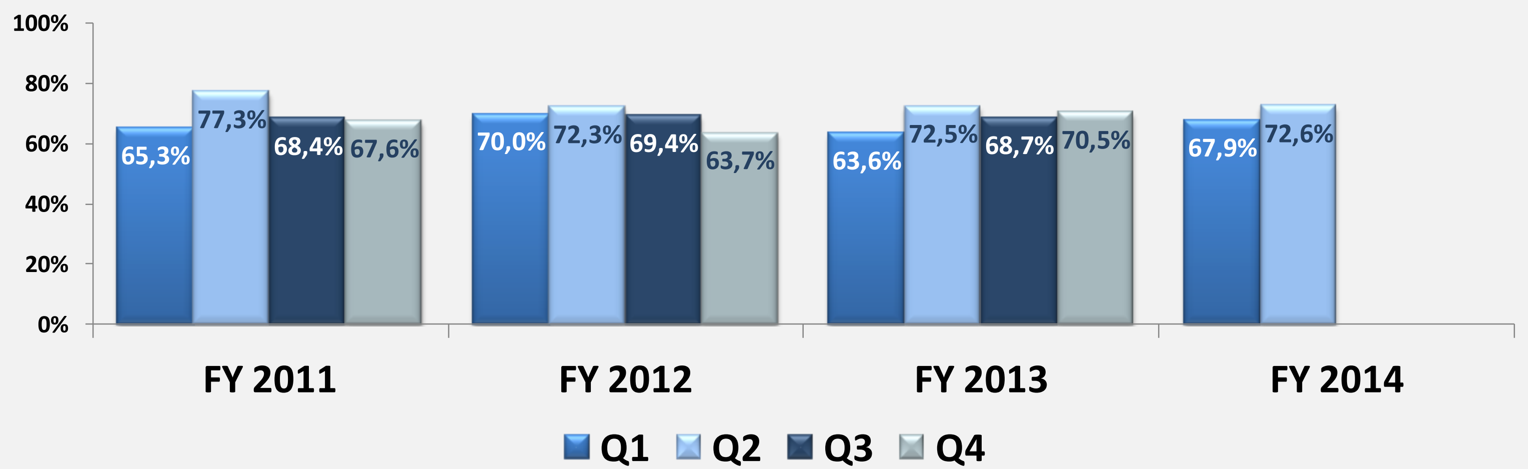
Payout ratio per game



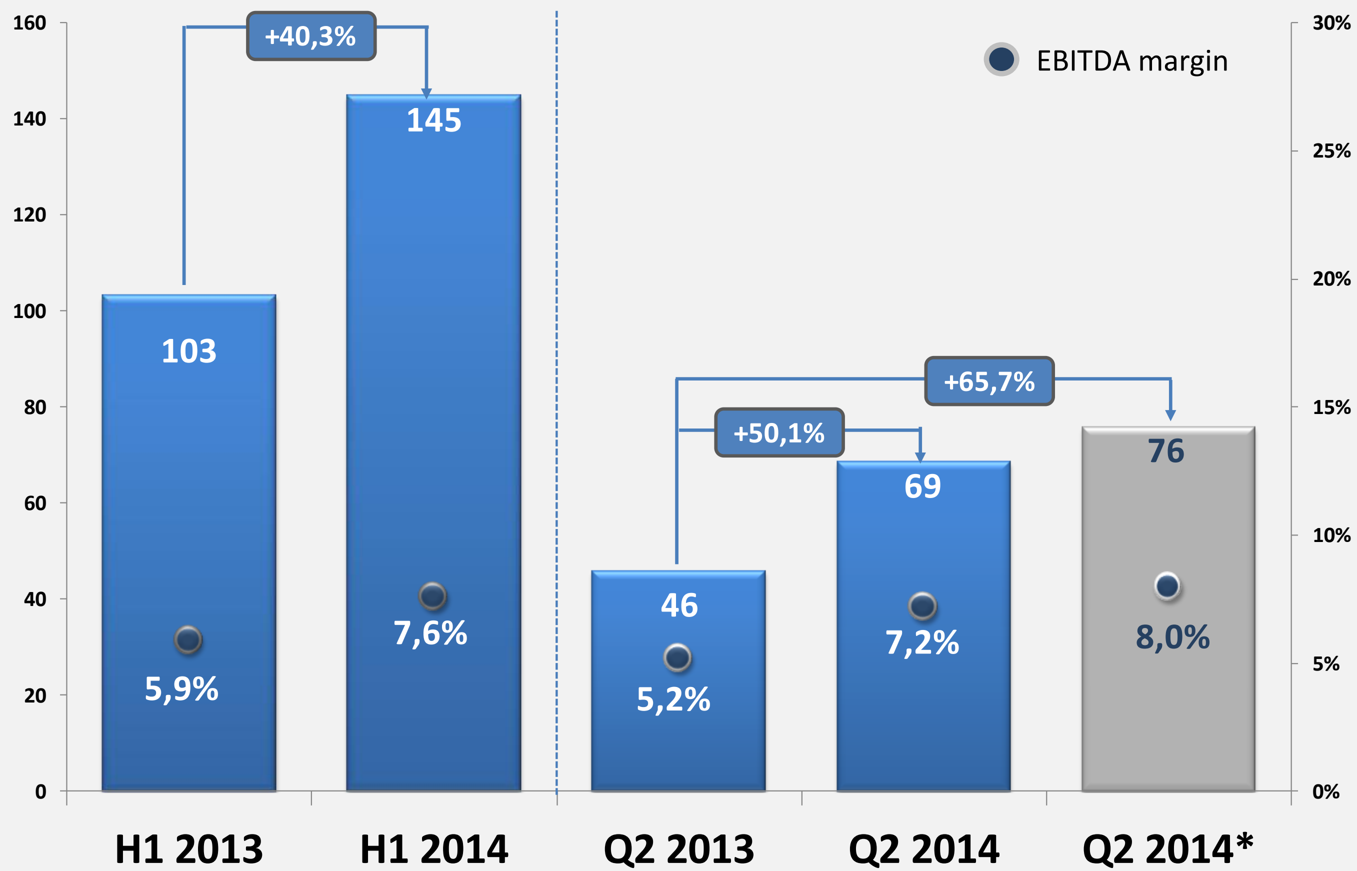
STIHIMA Payout ratio



>> EBITDA

H1 2014 EBITDA & EBITDA margin

- EBITDA stood at €144.9m in H1 2014 from €103.3m in H1 2013, up by 40.3% y-o-y. EBITDA increased to €68.6m in Q2 2014 from €45.7m in Q2 2013, higher by 50.1% y-o-y. As evident in Q1 results as well, EBITDA growth was 41 p.p. higher compared to the revenue growth due in the most part to the on-going reduction of the Group's operating expenses. Adjusted for one-off items mostly related to the VRS, Q2 2014 EBITDA reached €75.7m, up 65.7% y-o-y demonstrating an even more notable increase.



* Adjusted figures excluding one-off items.

(€ 'm)

>> EBITDA

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Q2 2014 Adjusted EBITDA Bridge

(€ 'm)

>> Net Profit

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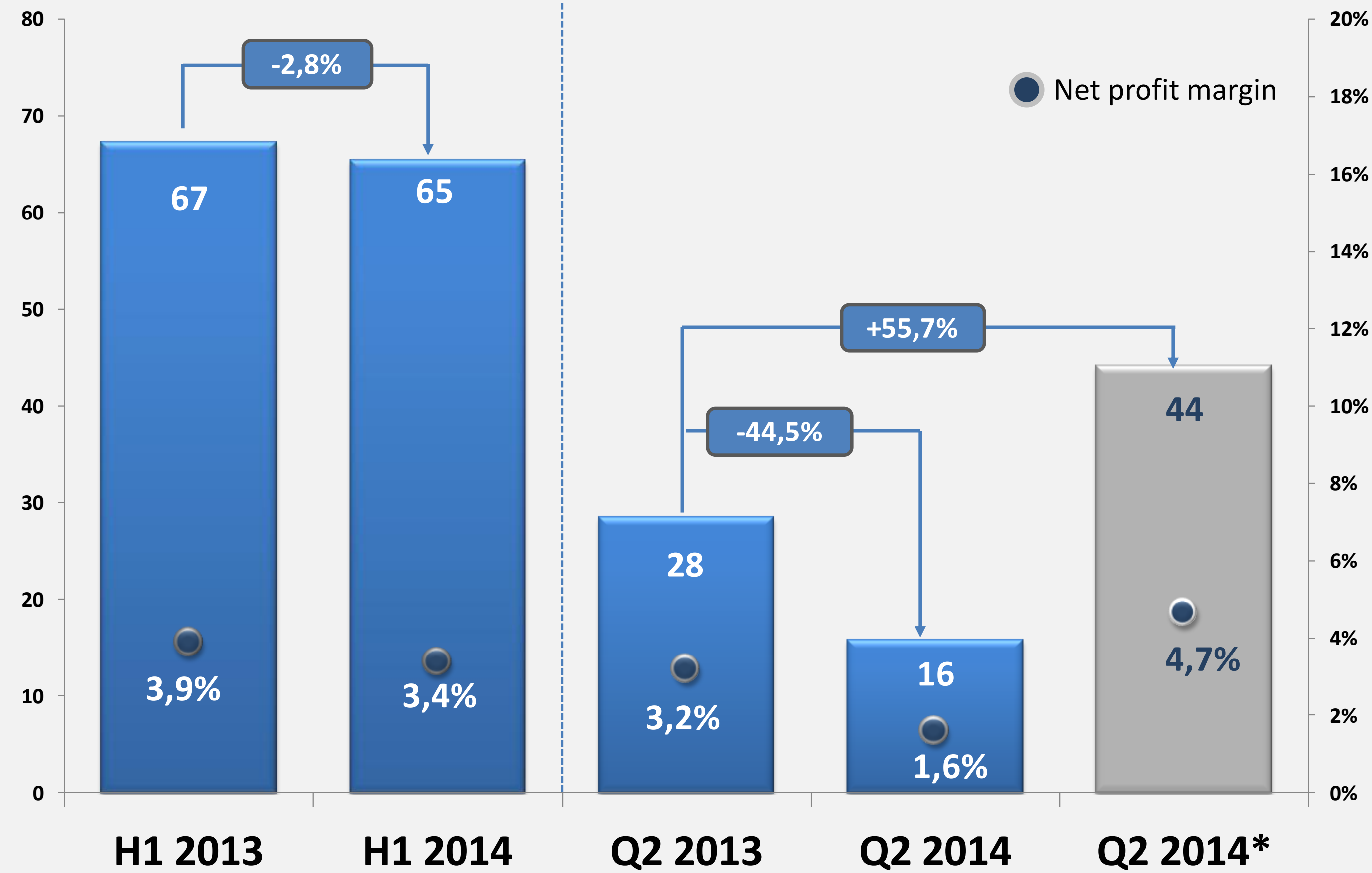
H1 2014 Net profit & Net profit margin

- Net profit in H1 2014 stood at €65.4m, down by 2.8% vs. €67.3m in the corresponding period in 2013. Net profit in Q2 2014 came in at €15.7m from €28.4m in 2013, due mostly to incremental taxes of €21.6m stemming from a 2010 fiscal year tax audit. Adjusted for taxation and other one-off costs, Q2 2014 net profit increased by a solid 55.7% y-o-y at €44.2m.



*Adjusted figures excluding taxation and other one-off items.

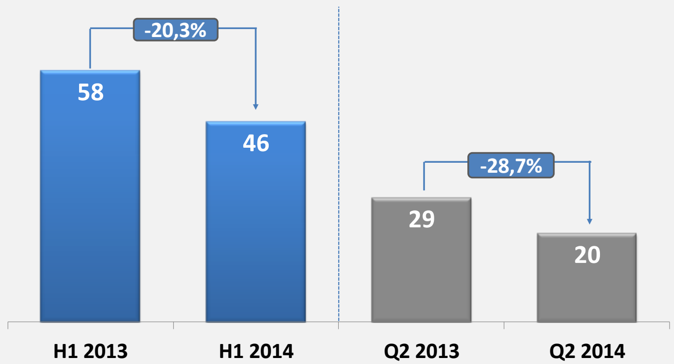
(€ 'm)

>> Total opex

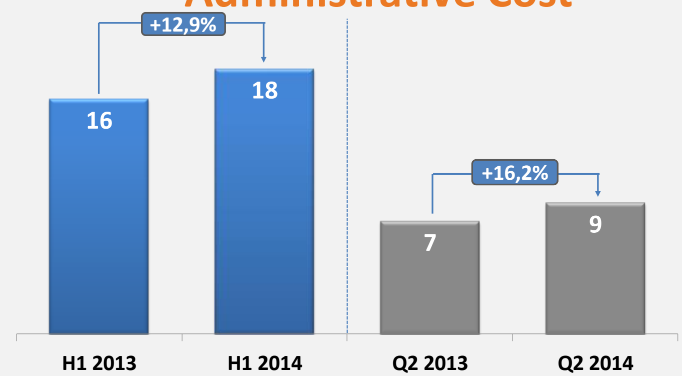
H1 2014 Operating Expenses - Cost Optimization

- Total **distribution costs** in H1 2014 were contained by 20.3% at €46.3m versus €58.1m in the corresponding period in 2013. Distribution expenses in Q2 2014 reached €20.4m versus €28.7m in Q2 2013, down by 28.7%. Sponsorships in Q2 2014 came down by a considerable 35.4%, owing mainly to media sponsorships, as sports funding remained stable y-o-y
- In H1 2014, **administrative expenses** increased by 12.9% to €17.5m vs. €15.5m in H1 2013. In Q2 2014, administrative expenses increased by 16.2% to €8.6m due mostly to the VRS scheme.
- Total **cost of services** in H1 2014 remained broadly at the same levels y-o-y, at €259.0m vs €256.2m in the corresponding period last year. Cost of services in Q2 2014 reached €130.4m from €126.5m in Q2 2013, up by 3.3% y-o-y, due to costs mostly related to the VRS. Adjusting for these costs, the **total non-revenue based cost** as recorded in the cost of services line, reached €43.8m down by 13.2% y-o-y, despite the reported 8.3% revenue growth.

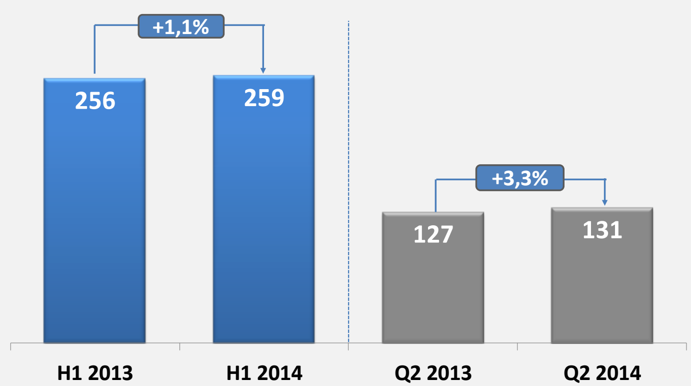
Distribution Cost



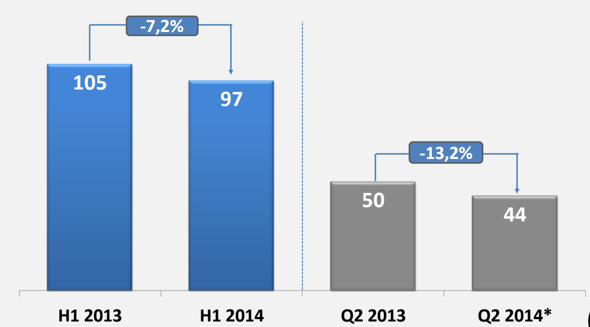
Administrative Cost



Cost of Services



Non-revenue based cost
(as recorded in the cost of services)



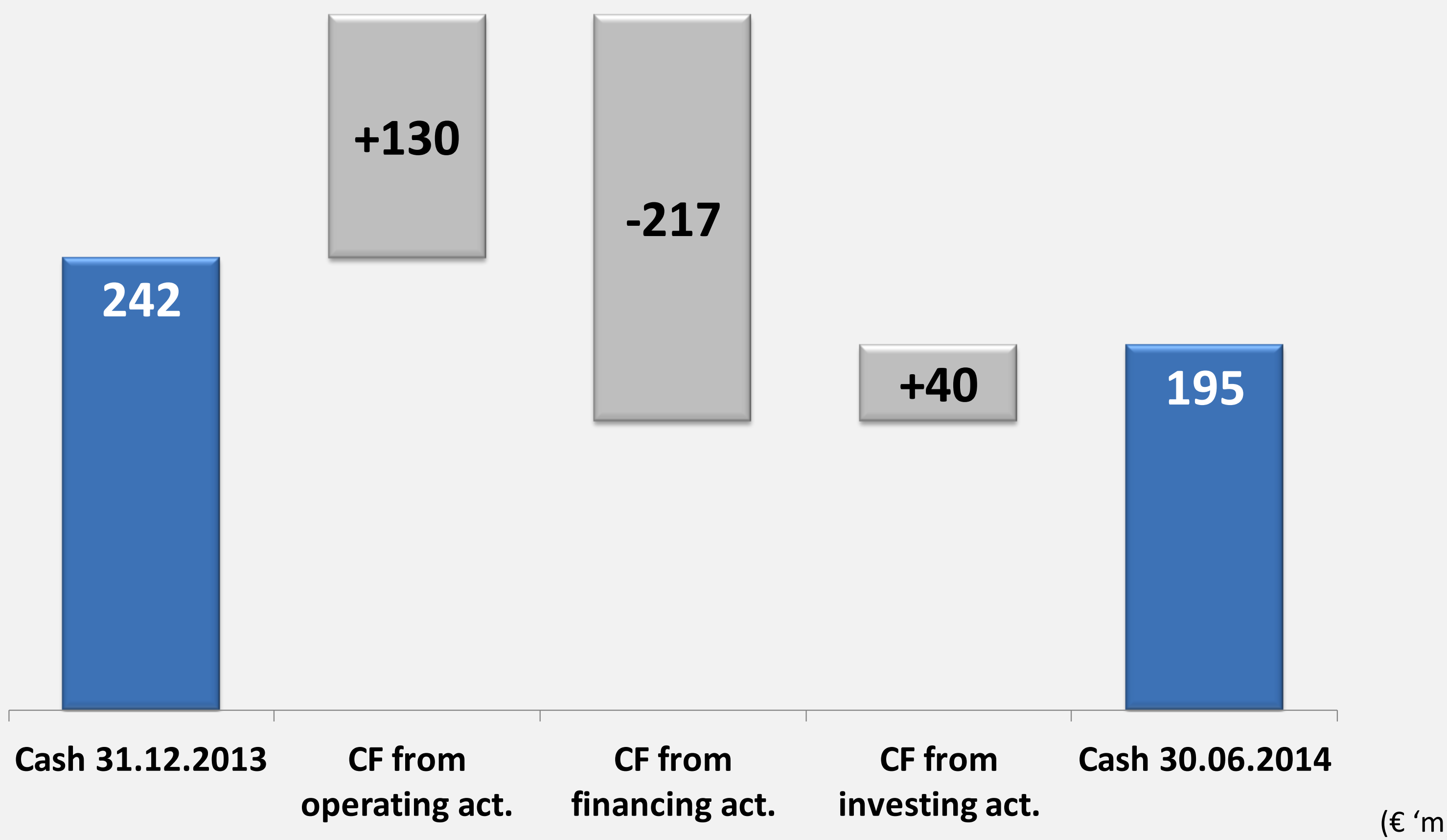
(€ 'm)

*Adjusted figures excluding one-off items.

>> Cash Flow

Q1 2014 Cash Flow

- Cash flow from **operating activities** in H1 2014 stood at €129.7m from €161.2m in H1 2013, as higher operating profitability was offset by the calendar effect related to different timing of GGR taxation payments.
- Cash flow from **investing activities** in H1 2014 amounted to an inflow of €39.9m reflecting the increase in cash reserves stemming from the full consolidation of Hellenic Lotteries.
- Cash flow from **financing activities** in H1 2014 amounted to an outflow of €216.8m, on the back of the early full repayment of the company's bond loan facility and dividend payment in Q2 2014.



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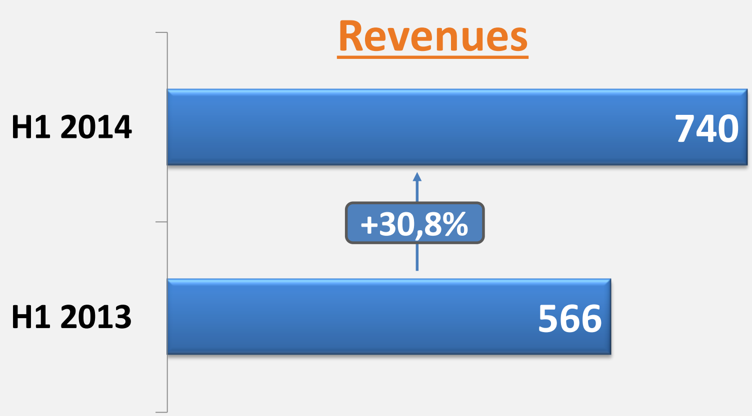
>> Legacy games Enhancement

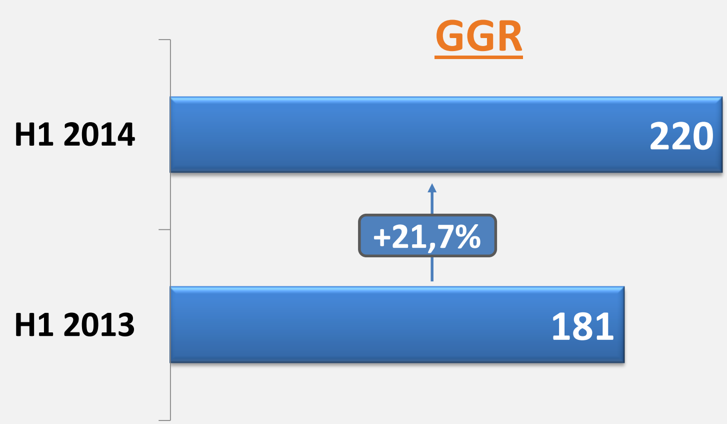
Stihima Enhancement

- Ongoing actions towards Stihima rejuvenation led to a revenue increase of 30,8% in H1 2014, accompanied by GGR growth of 21,7%. Performance was aided by the World Cup, that generated €111m of revenues in June and €157m as a whole, with the number of slips being 20% higher vs. the 2010 relevant event.

Q2 Events offered as singles +2%, doubles +70% Live betting +73%

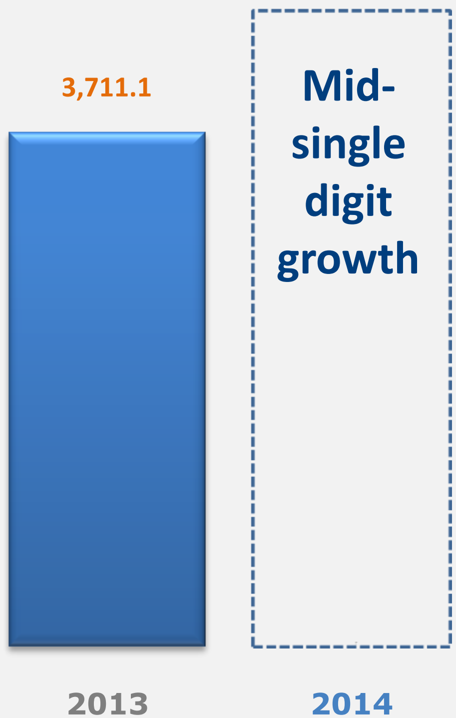
Improved overround and enriched coupon



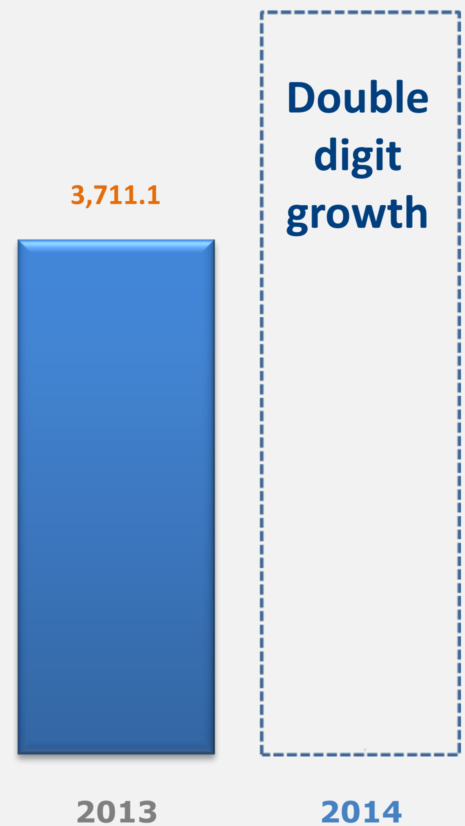


>> 2014 Guidance

Revenues (Legacy games)
(€ ‘m)



Total Revenues*
(€ ‘m)



*Aided by the new projects’ contribution

>> 2014 Bloomberg Consensus

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(€ 'm)	2013	2014	Min. 2014	Max. 2014
Revenue	3,711	4,399	4,019	4,767
Growth %, YoY		18.5		
GGR*	1,219	1,341	1,196	1,415
Gross Profit	346	425		
Margin %	9.3	9.7		
EBITDA	222	298	281	315
Margin %	6.0	6.8		
Net Income	141	175	159	203
Margin %	3.8	4.0		
EPS	0.44	0.55	0.46	0.64
Growth %, YoY		24.0		
DPS	0.25	0.39	0.23	0.56

* Consensus by 10 analysts in the past 6 months. Data collected by the company

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

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>> Investment Highlights

Strong financial position

National leader of world class caliber

The largest commercial network in Greece

Unique offering secured by exclusive concessions

Significant growth driven by new projects

Highly attractive market

opap

Stock Exchange Data

- Tickers:

OASIS: OPAP

Reuters: OPAP.AT

Bloomberg: OPAP:GA

- Market Cap.: 3,908m (27/08/14)
- Outstanding Shares: 319,000,000
- Free Float: 67%

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Condensed Consolidated Statement of Financial Position as of 30 June 2014 & 30 June 2013

Consolidated Statement of Financial Position		
('000 €)	Period Cumulative (i.e. 30.6.2014)	Period Cumulative (i.e. 31.12.2013)
ASSETS		
Current assets		
Cash and cash equivalents	194.877	242.036
Receivables	29.369	36.466
Other current assets	14.983	18.521
Total current assets	**239.228**	**297.023**
Non - current assets		
Intangible assets	1.286.625	1.103.211
Investments in associates	2.006	129.563
Other non - current assets	64.333	71.532
Total non - current assets	**1.352.964**	**1.304.306**
TOTAL ASSETS	**1.592.192**	**1.601.329**
EQUITY & LIABILITIES		
Liabilities		
Short term loans	45.001	165.447
Short term payables (trade & other)	147.590	113.293
Other short term payables	166.398	121.661
Provisions	45.959	49.292
Other long term liabilities	13.441	26.353
Total liabilities	**418.389**	**476.046**
Total equity	**1.173.803**	**1.125.283**
TOTAL EQUITY & LIABILITIES	**1.592.192**	**1.601.329**

Condensed Consolidated Statement of Comprehensive Income H1 2014 & Q2 2014

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Consolidated Statement of Comprehensive Income								
('000 €)	H1 2014	H1 2013	Δ	Δ%	Q2 2014	Q2 2013	Δ	Δ%
Revenues	1.912.791	1.744.274	168.517	9,7%	947.282	874.946	72.336	8,3%
Payout	-1.296.599	-1.162.697	-133.902	11,5%	-651.172	-595.951	-55.221	9,3%
GGR	**616.192**	**581.577**	**34.615**	**6,0%**	**296.110**	**278.995**	**17.115**	**6,1%**
Tax on revenues	-175.116	-163.740	-11.376	6,9%	-84.259	-78.271	-5.988	7,7%
CoS	-258.957	-256.239	-2.718	1,1%	-130.742	-126.519	-4.223	3,3%
Gross Profit	**182.120**	**161.598**	**20.522**	**12,7%**	**81.109**	**74.205**	**6.904**	**9,3%**
S&D	-46.267	-58.084	11.817	-20,3%	-20.438	-28.669	8.231	-28,7%
G&A	-17.509	-15.512	-1.997	12,9%	-8.644	-7.437	-1.207	16,2%
Other OPEX	1.051	-7.196	8.247	-114,6%	1.410	-3.795	5.205	-137,2%
EBITDA	**144.890**	**103.296**	**41.594**	**40,3%**	**68.614**	**45.701**	**22.913**	**50,1%**
EBIT	**125.028**	**81.534**	**43.494**	**53,3%**	**58.365**	**34.721**	**23.644**	**68,1%**
EBT	**126.255**	**90.982**	**35.274**	**38,8%**	**58.529**	**39.379**	**19.151**	**48,6%**
EAT	**65.415**	**67.313**	**-1.898**	**-2,8%**	**15.739**	**28.372**	**-12.633**	**-44,5%**

Condensed Consolidated Cash Flow statement as of 30 June 2014 & 30 June 2013

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Consolidated Cash flow statement		
('000 €)	Period Cumulative (i.e. 1.1-30.6.2014)	Period Cumulative (i.e. 1.1-30.6.2013)
Operating Activities before WCC	**141.289**	**105.043**
Changes in Working Capital		
Inventories	-222	-466
Receivables	19.112	-7.160
Payables	22.455	13.803
Taxes payable	-38.653	76.850
Interest expenses & Income taxes paid	-14.256	-26.848
Cash flow from Operating Activities	**129.725**	**161.222**
Cash flow from:		
Investing Activities	**39.873**	**-17.985**
Financing Activities		
Proceeds from loan	30.000	0
Payments of loan installments	-166.750	-36.250
Dividends Paid	-79.800	-220
Other Paid	-207	-208
Cash flow in Financing Activities	**-216.757**	**-36.678**
Net change in cash	**-47.159**	**106.559**
Cash at the beginning of the year	242.036	367.582
Cash at the end of the year	**194.877**	**474.141**

Q2 & H1 2014 Financial Results

August 28, 2014