

OPAP announces FY 2012 revenues' single-digit drop coupled with Q4 profitability improvement

ATHENS, Greece – March 7, 2013 – OPAP S.A. (OPAr.AT), the leading gaming operator in Greece, announces its consolidated financial results for the twelve-month period ended December 31, 2012, prepared in accordance with International Financial Reporting Standards (IFRS).

- Revenues down 8.9% to €3,971.6m (2011: €4,358.5m), demonstrating considerable resilience in a harsh macroeconomic environment.
- EBITDA down 8.2% to €673.8m (2011: €734.2m). EBITDA in Q4 reached €174.2m (2011: €185.0m) decreasing at a slower pace (5.8%) compared to the revenue decline on the back of successful risk management and on-going cost containment.
- Broadly flat EBITDA margin at 17.0% vs. 16.9% in 2011
- Distribution cost down 7.2% to €108.0m (2011: €116.3m)
- Net Profit down 6.0% to €505.5m (2011: €537.5m). Net profit in Q4 2012 increased by 4.3% at €133.8m due to higher net interest income and lower taxes.
- Earnings per share down 6.0% to €1.58 (2011: €1.68)
- Dividend per share at €0.57

1. OVERVIEW

(€ 'm)	Q4 2012	Q4 2011	% Δ	2012	2011	% Δ
Revenues	1,025.5	1,162.3	(11.8)	3,971.6	4,358.5	(8.9)
GGR (Gross Gaming Revenue)	351.7	382.6	(8.1)	1,302.1	1,413.4	(7.9)
EBITDA	174.2	185.0	(5.8)	673.8	734.2	(8.2)
Payout (%)	65.7%	67.1%		67.2%	67.6%	
EBITDA margin (on revenues)	17.0%	15.9%		17.0%	16.9%	
EBITDA margin (on GGR)	49.5%	48.4%		51.7%	51.9%	
Net profit	133.8	128.3	4.3	505.5	537.5	(6.0)

OPAP's revenues for 2012 decreased by 8.9% to €3,971.6m versus €4,358.5m in 2011 due in the most part to lower Stihima sales. In Q4 2012, revenues stood at €1,025.5m down by 11.8% compared to Q4 2011.

EBITDA decreased by 8.2% to €673.8m in 2012 from €734.2m in 2011, due to reduced revenues partially offset by the containment of distribution expenses and lower Stihima and KINO payout. In Q4 2012, EBITDA was down by 5.8% to €174.2m compared to €185.0m in the corresponding period of 2011, improving the 9m trend (9.0% decline) due to lower Stihima payout and further rationalization of distribution and administration expenses.

Net Profit in FY 2012 decreased by 6.0% to €505.5m from €537.5m in the corresponding period last year. Net Profit in Q4 2012 increased by 4.3% due to higher net interest income and lower taxes.

2. FINANCIAL REVIEW

Revenue per game for Q4 and FY 2012 and 2011						
(€ '000)	Q4 2012	Q4 2011	Δ%	2012	2011	Δ%
STIHIMA	340,884	421,933	(19.2)	1,381,175	1,560,719	(11.5)
PROPO	4,509	5,789	(22.1)	16,015	22,189	(27.8)
PROPO-GOAL	242	386	(37.2)	1,176	1,060	11.0
MONITOR GAMES	20,707	31,952	(35.2)	92,661	137,633	(32.7)
GO LUCKY	866	3,618	(76.1)	4,711	17,293	(72.8)
TOTAL SPORTS BETTING	367,208	463,678	(20.8)	1,495,738	1,738,894	(14.0)
% total revenues	35.8	39.9		37.7	39.9	
KINO	573,567	599,421	(4.3)	2,145,497	2,242,688	(4.3)
JOKER	54,483	65,588	(16.9)	208,695	231,594	(9.9)
LOTTO	14,170	13,924	1.8	56,417	67,522	(16.5)
PROTO	7,278	8,058	(9.7)	27,608	30,632	(9.9)
Super 3	6,605	8,799	(24.9)	28,020	36,232	(22.7)
Extra 5	2,217	2,852	(22.3)	9,653	10,925	(11.6)
TOTAL NUMERICAL GAMES	658,320	698,642	(5.8)	2,475,890	2,619,593	(5.5)
% total revenues	64.2	60.1		62.3	60.1	
TOTAL REVENUES	1,025,528	1,162,320	(11.8)	3,971,628	4,358,487	(8.9)

Sports betting revenues decreased by 14.0% to €1,495.7m in 2012 compared to €1,738.9m in 2011, due mostly to lower Stihima sales negatively affected by the ongoing economic depression. In Q4 2012, sports betting revenues decreased by 20.8% to €367.2m, versus €463.7m in the corresponding period in 2011.

Revenues from numerical games in 2012 decreased by 5.5% to €2,475.9m from €2,619.6m in 2011, on the back of a KINO and JOKER reduction by 4.3% and 9.9% respectively. In Q4 2012, KINO revenues declined by 4.3% at €573.6m.

Cost of Sales for Q4 and FY 2012 and 2011						
(€ '000)	Q4 2012	Q4 2011	Δ%	2012	2011	Δ%
Prize payouts to lottery and betting winners	673,824	779,693	(13.6)	2,669,518	2,945,073	(9.4)
Agents' commissions	86,207	97,456	(11.5)	333,462	365,685	(8.8)
Other cost of sales	50,758	50,688	0.1	195,634	197,177	(0.8)
Total cost of sales	810,789	927,837	(12.6)	3,198,614	3,507,935	(8.8)

Total cost of sales in FY 2012 reached €3,198.6m from €3,507.9m in 2011, down by 8.8% in line with revenues' decline.

In particular, Stihima payout in 2012 declined to 68.9% compared to 69.4% in the corresponding period in 2011, while in Q4 2012 it stood at 63.7% versus 67.6% in Q4 2011. FY 2012 payout of KINO stood at 69.2% versus 69.8% in 2011, while in Q4 2012 it stood at 69.6% versus 70.2% in Q4 2011.

Distribution costs for Q4 and FY 2012 and 2011						
(€ '000)	Q4 2012	Q4 2011	Δ%	2012	2011	Δ%
Advertisement	5,902	4,359	35.4	13,456	20,226	(33.5)
Donations-Grants	8,858	13,976	(36.6)	17,542	27,733	(36.7)
Sponsorship	21,891	19,445	12.5	70,242	61,184	14.8
Subtotal	36,651	37,780	3.0	101,240	109,143	(7.2)
Remaining distribution cost	1,792	1,869	(4.5)	6,728	7,134	(5.8)
Total	38,443	39,649	(3.1)	107,968	116,277	(7.2)

Total distribution costs in 2012 declined by 7.2% to €108.0m, down from €116.3m last year, reflecting cost savings initiatives.

Administrative costs for Q4 and FY 2012 and 2011						
(€ '000)	Q4 2012	Q4 2011	Δ%	2012	2011	Δ%
Total	9,535	15,589	(38.9)	32,174	36,795	(12.6)

Administrative expenses in 2012 reached €32.2m compared to €36.8m in 2011. In Q4 2012, administrative expenses stood at €9.5m down by 38.9% compared to Q4 2011.

Cash Flows for FY 2012 and 2011			
(€' .000)	2012	2011	Δ%
Cash Flow from Operating Activities	564,732	456,701	23.7
Cash Flow from Investing Activities	(117,163)	(839,483)	-
Cash Flow from Financing Activities	(275,881)	(78,812)	-

Cash Flow from Operating Activities

Cash flow from operating activities in 2012 substantially increased by 23.7%, amounting to €564.7m from €456.7m in the corresponding period in 2011, primarily due to lower taxation payments that offset lower EBITDA.

Cash Flow from Investing Activities

Cash flow from investing activities in 2012 decreased by €722m compared to 2011 due to the acquisition in 2011 of both the VLTs license as well as the concession extension until 2030.

Cash Flow from Financing Activities

Cash flow from financing activities amounted to an outflow of €275.9m versus €78.8m in 2011, mainly reflecting the 2011 dividend distribution and the payment of the first tranche of the bond loan, compared to an inflow stemming from debt raised in 2011.

3. MAIN DEVELOPMENTS

Dividend Payment

On March 7th 2012, the Board of Directors of OPAP resolved upon proposing to the AGM, the distribution of a €0.57 gross dividend for the fiscal year 2012. Subject to AGM (June 14th 2012) approval, the ex-dividend date will take place on Thursday, June 20th 2013. Dividend payment to the entitled shareholders commences on Monday, July 1st 2013.

State - Scratch Lottery

OPAP led Consortium, announced its provisional selection as the successful bidder for the acquisition of the 12-year concession regarding the exclusive rights to the management of the Hellenic Lotteries in Greece. The Consortium offered an upfront payment of €190m which was accepted by the Hellenic Republic Assets Development Fund (HRADF). The decision of HRADF is subject to various regulatory approvals, including parliamentary approval.

Management Presentation 2013-2022

OPAP released on 22.02.2013 a [company presentation](#) that was prepared for the purpose of providing information to preselected investors within the framework of the bidding in process for the sale of 33% of shares of OPAP by HRADF.

Extraordinary General Meeting (EGM)

In accordance with the resolution of OPAP's Board of Directors meeting, shareholders are invited to an Extraordinary General Meeting on March 26th, 2013 in order to discuss and decide both upon the approval of the draft agreement between OPAP and INTRALOT, as well as the replacement of the Board of Directors' and the Audit Committee members.

Taxation

From 01.01.2013 until 12.10.2020, the Hellenic Republic's share has been determined as 30% of the gross gaming revenues (GGR) that arise from the games of chance that OPAP conducts according to the contract dated 15.12.2000 between the Hellenic Republic and OPAP as is applicable.

Also from 01.01.2013, regardless of the amount won, players' winnings resulting from OPAP's games of chance are now subject to a tax rate of ten percent (10%) depending on how the game is conducted, either through each game coupon or at the end of each gaming session. However, according to the bill submitted to Greek parliament (yet subject to ratification), after the 18th of March 2013, the above winnings will be subject to taxation as follows: After the deduction of the first untaxed one hundred (100) euros, winnings between one hundred up to five hundred (500) euros will be subject to a tax of fifteen per cent (15%). Then a taxation rate of twenty per cent (20%) will apply to winnings of five hundred euros and one cent (500.01) and above.

Conference Call Invitation

Full Year 2012 Results

Friday March 8th, 2013

4:00 pm (Athens) / 2:00 pm (London) / 9:00 am (New York)

DIAL IN NUMBERS:

UK participants please dial

+44 (0) 800 376 9250

US participants please dial

+1 866 288 9315

Greek participants and other countries please dial

+30 211 180 2000

ATTACHMENTS

1. Statement of Financial Position for the years that ended on 31 December 2012 and 2011
2. Statement of Comprehensive Income for the years that ended on 31 December 2012 and 2011
3. Cash flow statement for the years that ended on 31 December 2012 and 2011

Note:

OPAP S.A. "Financial Status and Results" for the 2012 along with the "Interim Financial Statements based on IFRS", will be available, on Thursday, March 7th, 2013, on the Athens Exchange website: www.ase.gr as well as the company's website: www.opap.gr

1. Statement of Financial Position

For the years that ended on 31 December 2012 and 2011

(Amounts in thousand of euro)

	GROUP		COMPANY	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
ASSETS				
Current assets				
Cash and cash equivalents	367,582	195,894	305,766	105,548
Restricted Cash	95,710	-	95,710	-
Inventories	724	475	-	-
Receivables	27,859	51,651	30,769	52,950
Other current assets	<u>24,730</u>	<u>36,849</u>	<u>27,866</u>	<u>34,451</u>
Total current assets	516,605	284,869	460,111	192,949
Non - current assets				
Intangible assets	1,105,851	1,101,654	1,105,845	1,101,647
Tangible assets (for own use)	81,052	89,597	64,388	79,753
Investments	2,320	1,159	2,320	2,467
Goodwill	8,435	8,435	-	-
Investments in subsidiaries	-	-	43,054	36,527
Investments in associates	1,159	2,919	-	1,200
Long – term receivables	1,230	1,122	1,203	1,102
Other non - current assets	11,357	11,409	43,888	64,728
Deferred tax assets	<u>2,813</u>	<u>3,026</u>	-	<u>1,634</u>
Total non - current assets	<u>1,214,217</u>	<u>1,219,321</u>	<u>1,260,698</u>	<u>1,289,058</u>
TOTAL ASSETS	1,730,822	1,504,190	1,720,809	1,482,007
EQUITY & LIABILITIES				
Short - term liabilities				
Loans	84,903	33,443	84,903	33,443
Payables	58,714	86,887	60,970	83,103
Payables from financial leases	362	8,047	-	7,713
Tax liabilities	34,961	9,472	31,490	7,482
Accrued and other liabilities	<u>124,933</u>	<u>51,691</u>	<u>119,659</u>	<u>46,346</u>
Total short - term liabilities	303,873	189,540	297,022	178,087
Long - term liabilities				
Loans	165,686	250,629	165,686	250,629
Payables from financial leases	436	798	-	-
Deferred tax	5,180	-	5,180	-
Employee benefit plans	19,781	20,711	19,083	20,208
Provisions	61,266	63,841	60,066	62,566
Other long-term liabilities	<u>9,281</u>	<u>89,159</u>	<u>9,087</u>	<u>88,982</u>
Total long - term liabilities	261,630	425,138	259,102	422,385
Equity				
Share capital	95,700	95,700	95,700	95,700
Reserves	44,064	44,001	43,060	43,060
Retained earnings	<u>1,025,555</u>	<u>749,811</u>	<u>1,025,925</u>	<u>742,775</u>
Total equity	1,165,319	<u>889,512</u>	<u>1,164,685</u>	<u>881,535</u>
TOTAL EQUITY & LIABILITIES	1,730,822	1,504,190	1,720,809	1,482,007

2. Statement of Comprehensive Income

For the years that ended on 31 December 2012 and 2011

(Amounts in thousand of euro except for per share amounts)

	GROUP		COMPANY	
	2012	2011	2012	2011
Revenues	3,971,628	4,358,487	3,775,251	4,172,459
Payouts to the lottery and betting winners	(2,669,518)	(2,945,073)	(2,540,169)	(2,823,526)
Net revenues	1,302,110	1,413,414	1,235,082	1,348,933
Cost of sales	(529,096)	(562,862)	(485,479)	(521,913)
Gross profit	773,014	850,552	749,603	827,020
Other operating income	6,679	6,849	24,950	24,767
Distribution costs	(107,968)	(116,277)	(105,369)	(111,568)
Administrative expenses	(32,174)	(36,795)	(35,004)	(39,903)
Other operating expenses	(9,682)	(13,863)	(9,263)	(13,826)
Operating result	629,869	690,466	624,917	686,490
Gain / (Loss) from sales of non-current assets	(56)	41	(56)	-
Income / (Loss) from associates	(190)	(395)	-	-
Impairment of investments	(1,570)	(5,526)	(1,200)	-
Financial income	14,061	24,087	11,304	20,178
Financial expenses	(3,882)	(8,950)	(3,617)	(8,611)
Dividends	-	-	13,072	4,000
Profit before tax	638,232	699,723	644,420	702,057
Income tax	(127,352)	(156,669)	(124,776)	(154,534)
Deferred tax	(5,393)	(5,596)	(6,814)	(4,611)
Profit after tax	505,487	537,458	512,830	542,912
Parent company shareholders	505,487	537,458	512,830	542,912
Total income after tax	505,487	537,458	512,830	542,912
Parent company shareholders	505,487	537,458	512,830	542,912
Basic earnings per share in €	1.5846	1.6848	1.6076	1.7019

3. Cash flow statement

For the years that ended on 31 December 2012 and 2011

(Amounts in thousand of euro)

	GROUP		COMPANY	
	2012	2011	2012	2011
OPERATING ACTIVITIES				
Profit before tax	638,232	699,723	644,420	702,057
Adjustments for:				
Depreciation & Amortization	43,936	43,758	42,261	42,820
Financial results	(10,205)	(15,100)	(20,785)	(15,530)
Employee benefit plans	1,605	1,887	1,442	1,764
Provisions for bad debts	1,500	5,500	1,500	5,500
Other provisions	7,425	9,282	7,500	9,256
Exchange differences	26	(37)	26	(37)
Investment impairment	1,570	5,526	1,200	-
Share of (profit)/loss of associates	190	395	-	-
Results from investing activities	56	(41)	56	-
Total	684,335	750,893	677,620	745,830
Changes in Working capital				
(Increase) / Decrease in inventories	(249)	(47)	-	-
(Increase) / Decrease in receivables	16,106	(5,960)	27,875	(6,147)
Increase / (Decrease) in payables (except banks)	(41,054)	12,582	(36,549)	19,590
Increase / (Decrease) in taxes payables	(2,706)	(825)	1,362	(996)
Total	656,432	756,643	670,308	758,277
Interest expenses	(140)	(1,728)	(57)	(1,644)
Income taxes paid	(91,560)	(298,214)	(89,521)	(295,984)
Cash flows from operating activities	564,732	456,701	580,730	460,649
INVESTING ACTIVITIES				
Proceeds from sales of tangible & intangible assets	8	111	-	-
Establishment of a subsidiary	-	-	(200)	-
Increase in share capital of subsidiary	-	-	(6,327)	-
Restricted cash	(95,710)	-	(95,710)	-
Proceeds from maturity of financial assets	-	8,836	-	8,836
Outflow of intangible assets	(23,088)	(849,603)	(23,084)	(849,602)
Outflow of tangible assets	(11,025)	(20,281)	(1,220)	(15,276)
Dividends from subsidiaries	-	-	11,420	3,790
Interest received	12,652	21,454	10,075	18,018
Cash flows used in investing activities	(117,163)	(839,483)	(105,046)	(834,234)
FINANCING ACTIVITIES				
Proceeds from loan	-	290,000	-	290,000
Payments of loan installments	(36,250)	-	(36,250)	-
Payments loan financing cost	-	(6,164)	-	(6,164)
Payments of financial lease interests	(1,800)	(4,282)	(1,719)	(4,175)
Payments of financial lease capital	(8,047)	(13,538)	(7,713)	(13,231)
Dividends paid	(229,784)	(344,828)	(229,784)	(344,828)
Cash flows used in financing activities	(275,881)	(78,812)	(275,466)	(78,398)
Net increase / (decrease) in cash and cash equivalents	171,688	(461,594)	200,218	(451,983)
Cash and cash equivalents at the beginning of the year	195,894	657,488	105,548	557,531
Cash and cash equivalents at the end of the year	367,582	195,894	305,766	105,548