H1 2015 Financial Results

August 28, 2015

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>> Overview

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OPAP reports enhanced performance in all profitability metrics

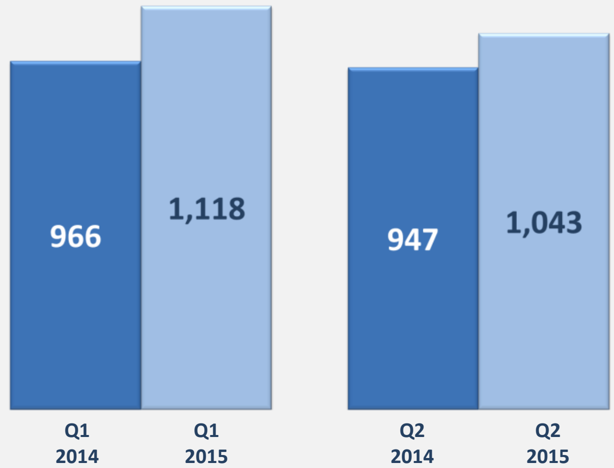
- **Revenues** up 13.0% to €2,160.7m (H1 2014: €1,912.8m). Q2 2015 revenues increased by 10.1% to €1,042.5m (Q2 2014: €947.3m) higher for an 8th sequential quarter, owing to the strong performance of numerical games and the full consolidation of Hellenic Lotteries.
- **Gross Gaming Revenue (GGR)** up 13.1% at €697.1m (H1 2014: €616.2m). Q2 2015 GGR rose by 15.1% at €340.8m (Q2 2014: €296.1m), growing at a faster pace vs. the revenue increase.
- **EBITDA** at €186.4m (H1 2014: €144.9m). Q2 EBITDA at €93.2m (Q2 2014: €68.6m), higher by a solid 35.9% y-o-y. Even after adjusting for one-off charges of €7.1m in Q2 2014 mostly related to the Voluntary Retirement Scheme (VRS), Q2 2015 EBITDA y-o-y growth would still reach 23.1% thus enhancing the q-o-q run rate.
- Further improved Q2 2015 **EBITDA margin** at 27.4% on GGR reaching a new high since the GGR tax implementation in 2013.
- **Net Profit** came in at €109.9m (H1 2014: €65.3m). Net profit in Q2 2015 reached €51.9m (Q2 2014 €15.6m), while after adjusting for one-off charges that occurred in Q2 2014, net profit growth for the period stood at 17.4%. The increase of the nominal corporate tax rate for FY 2015 to 29%, carried a retroactive burden of €4.7m for the period.
- Strong **cash position** of €217.7m.
- **Interim DPS** of €0.17

(€ 'm)	Q2 2015	Q2 2014	% Δ	H2 2015	H2 2014	% Δ
Revenues	1,042.5	947.3	10.1	2,160.7	1.912.8	13.0
GGR (Gross Gaming Revenue)	340.8	296.1	15.1	697.1	616.2	13.1
Payout (%)	67.3%	68.7%		67.7%	67.8%	
EBITDA	93.2	68.6	35.9	186.4	144.9	28.7
EBITDA margin (on GGR)	27.4%	23.2%		26.7%	23.5%	
Net profit	51.9	15.6	232.3	109.9	65.3	68.4
Net profit margin (on GGR)	15.2%	5.3%		15.8%	10.6%	
EPS	0.1626	0.0489	232.3	0.3446	0.2047	68.4

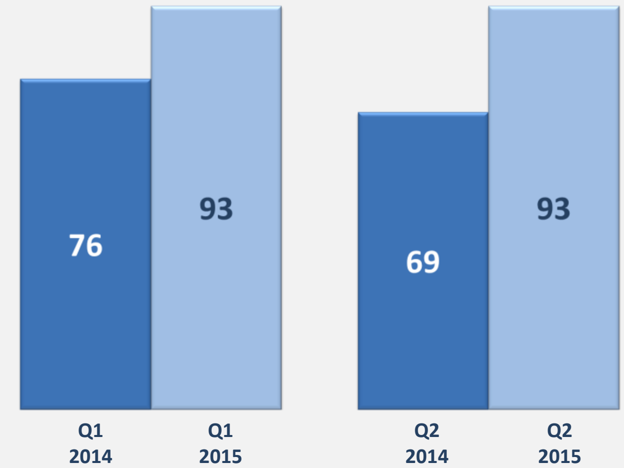
>> Overview

Key Financials Q1-Q2 2014-2015

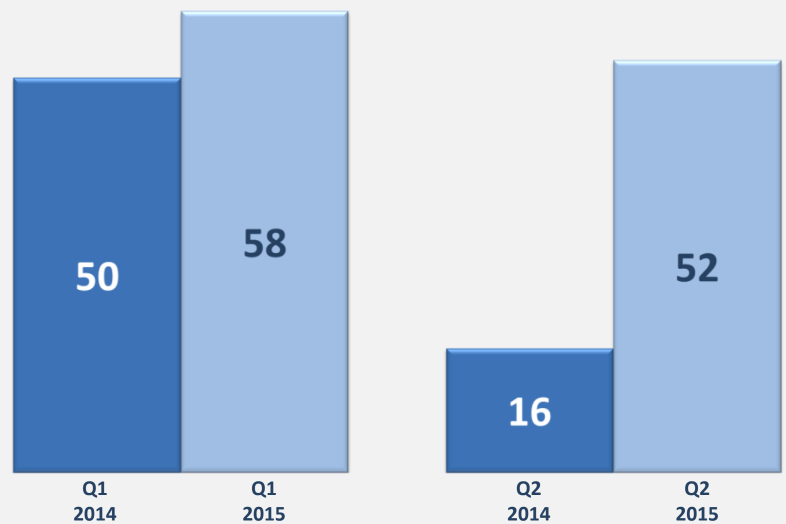
Turnover



EBITDA



Net Profit



>> Turnover

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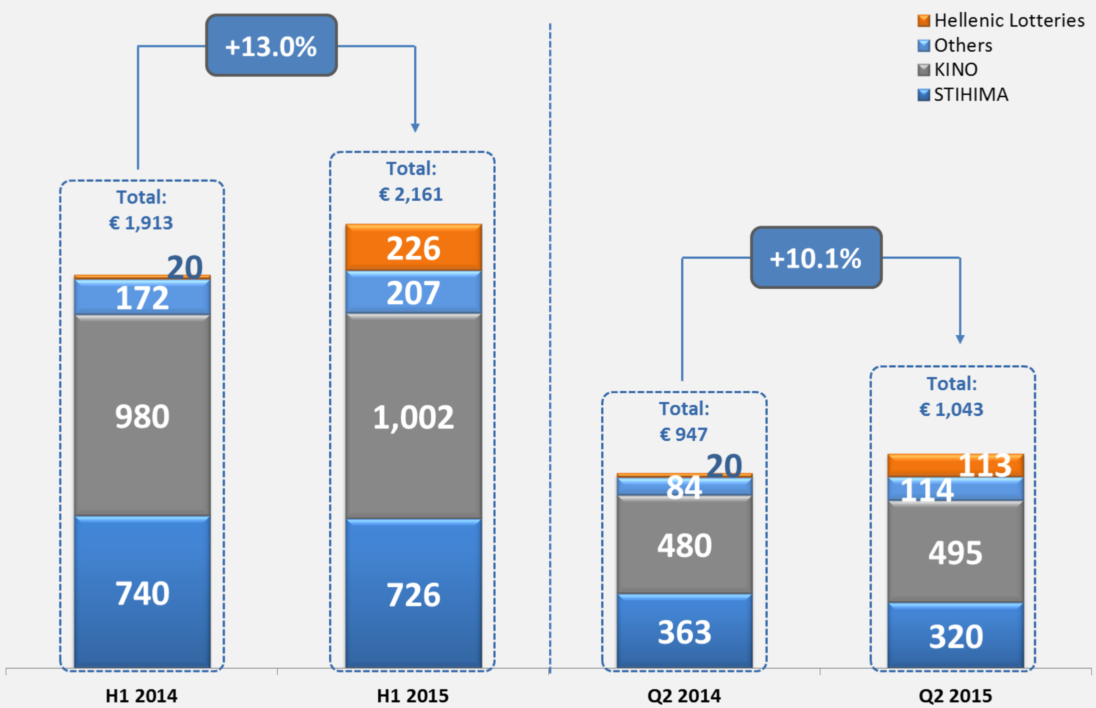
H1 2015 Turnover

- OPAP's revenues in H1 2015 increased by 13.0% to €2,160.7m versus €1,912.8m in H1 2014 despite the stagnant macroeconomic conditions. Revenues in Q2 2015 grew by 10.1% to €1,042.5m versus €947.3m in Q2 2014, on the back of improved KINO and Joker activity and the full consolidation of Hellenic Lotteries.
- **Sports betting**

  Total sports betting revenues reached €752.8m in H1 2015 from €773.5m in H1 2014 down by 2.7% y-o-y. Stihima revenues in Q2 2015 came down by 12.0%, carrying a seasonality impact as Q2 2014 was positively affected by the World Cup that took place last year. Nonetheless, the rejuvenation actions that continued throughout Q2 2015 helped the game to retain a portion of the World Cup related revenues and equally importantly to grow by 15.7% vs. the more comparable period of Q2 2013.
- **Numerical games**

  Revenues from numerical games were up by 5.6% to €1,181.9m in H1 2015 from €1,119.4m in H1 2014. KINO's revenues in Q2 2015 reached €495.4m, up by 3.2% y-o-y; the game's revenue growth rate exhibited a sequential improvement for a 3rd consecutive quarter.

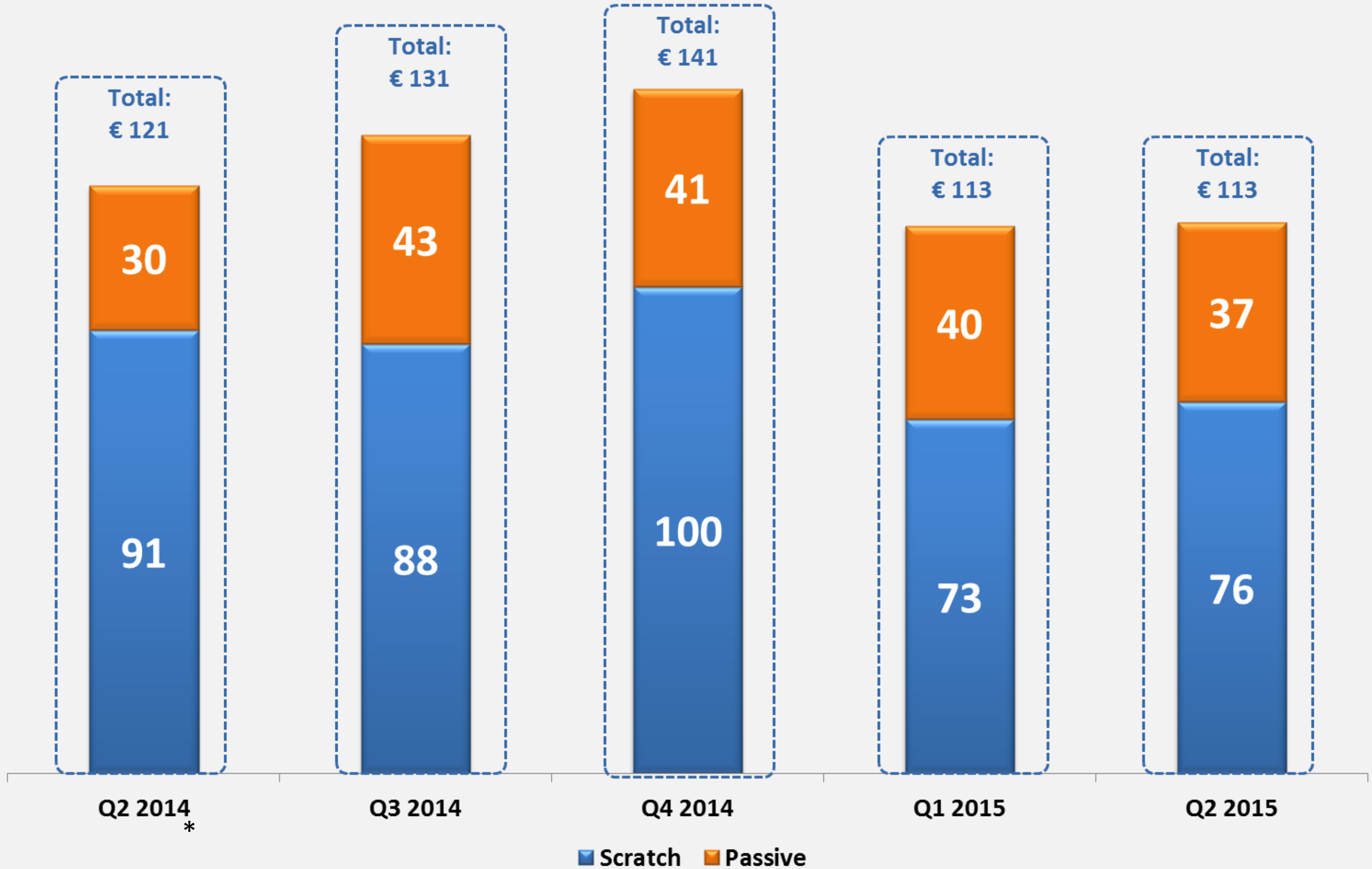


(€ 'm)

>> Turnover – Hellenic Lotteries*

H1 2015 Turnover

- Hellenic Lotteries revenues reached €226.0m in H1 2015. Revenues in Q2 2015 came in at €113.4m vs. €19.9m in Q2 2014 . The revenues run rate has slowed down y-o-y, which on a quarterly level can be partially explained on the back of KINO outperformance for the period.

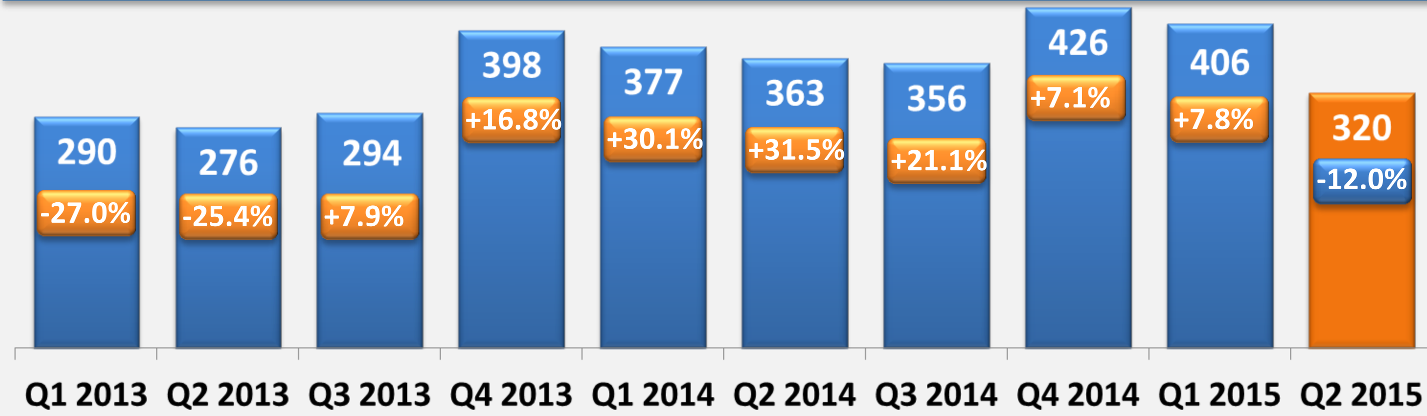


(€ 'm)

* Hellenic Lotteries S.A. started its operation in May 1st 2014. 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. The total revenues generated by Hellenic Lotteries in Q2 2014 (May & June) reached €120.8m.

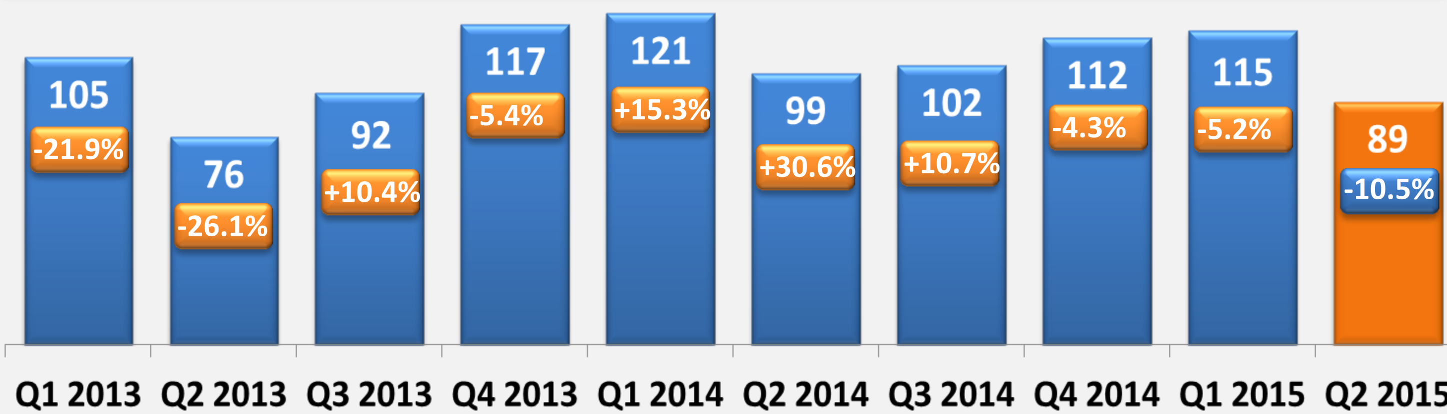
>> Core games performance

STIHIMA Turnover & y-o-y change



+15.7% vs. the more comparable period of Q2 2013

STIHIMA GGR & y-o-y change



+17.0% vs. the more comparable period of Q2 2013

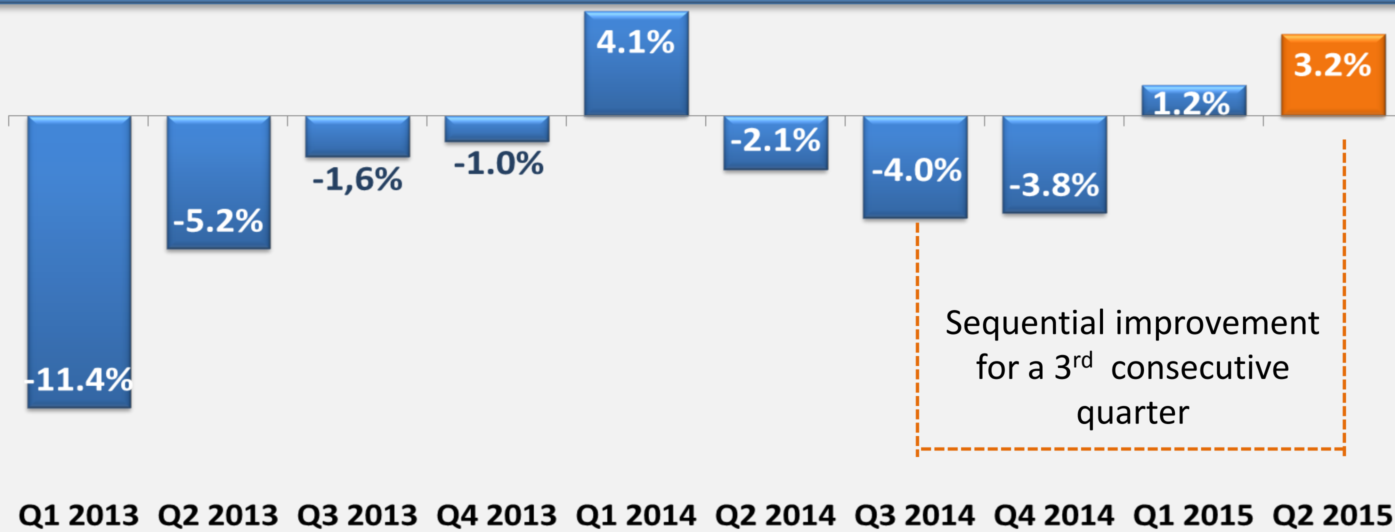
Live betting Q2 2015

- No. of Slips **+125%** y-o-y
- Matches offered in Q2 2015 **x10** vs. Q2 2014
- **Offered leagues +75%** y-o-y

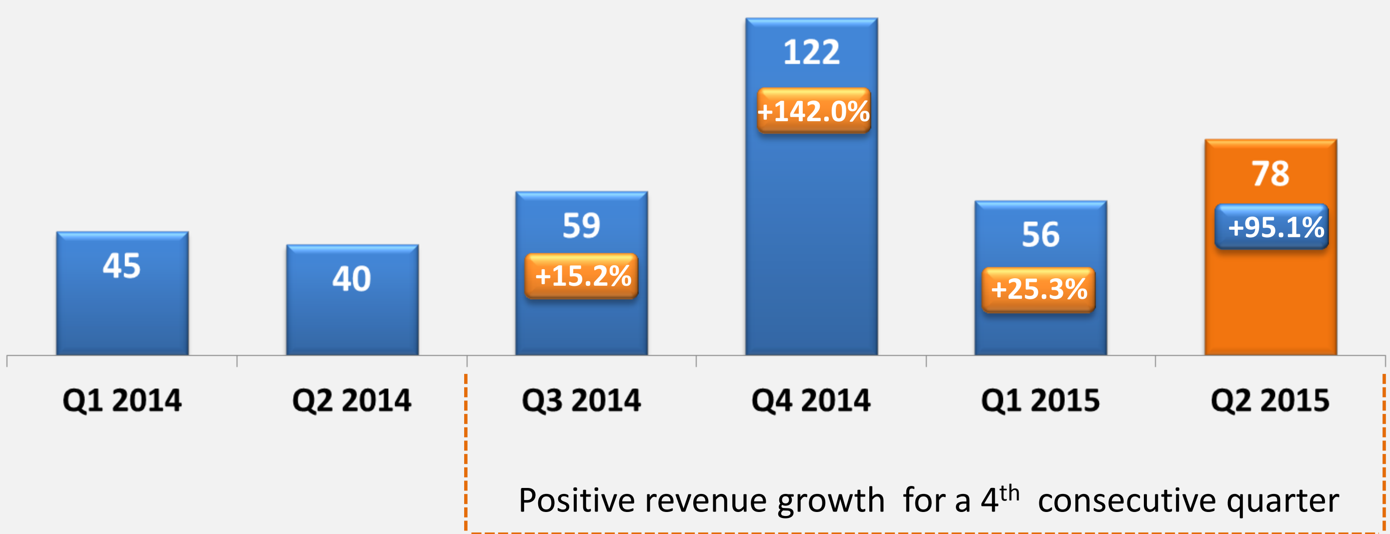
(€ 'm)

>> Core games performance

KINO Turnover y-o-y change



TZOKER Turnover & y-o-y change



>> GGR & Prize Payout

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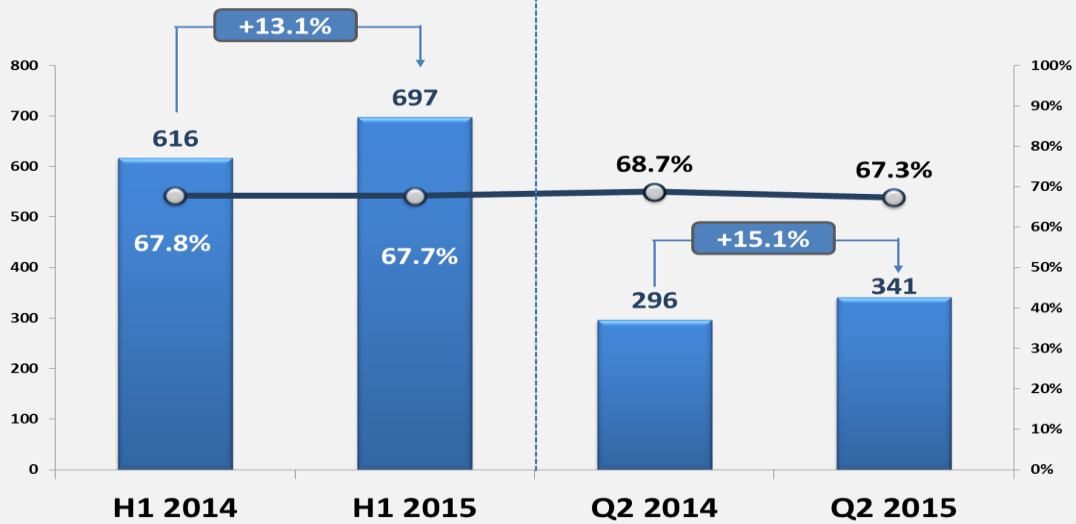
H1 2015 Gross Gaming Revenue & Prize Payout

- Payout to lottery and sports betting winners in H1 2015 reached 67.7% versus 67.8% in the corresponding period last year.
- **Stihima** payout in Q2 2015 stood marginally lower at 72.2% vs. 72.6% in Q2 2014.
- **KINO** payout decreased slightly y-o-y at 69.0% vs. 69.3% in Q2 2014.



Quarterly GGR

(€ 'm)

>> Payout

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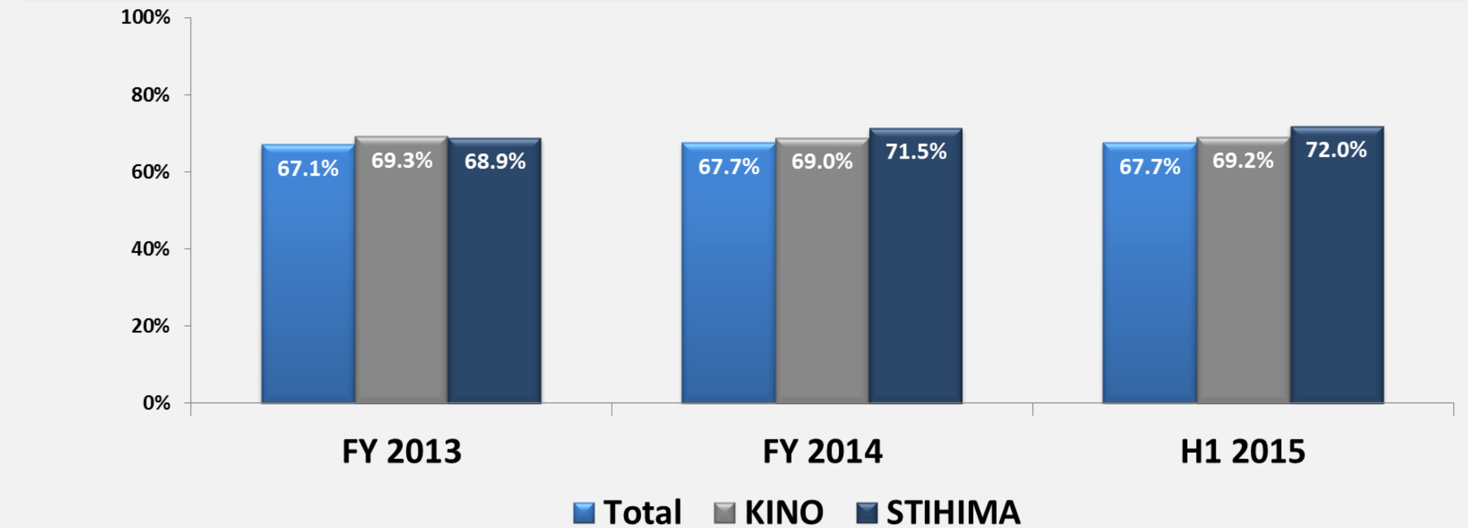
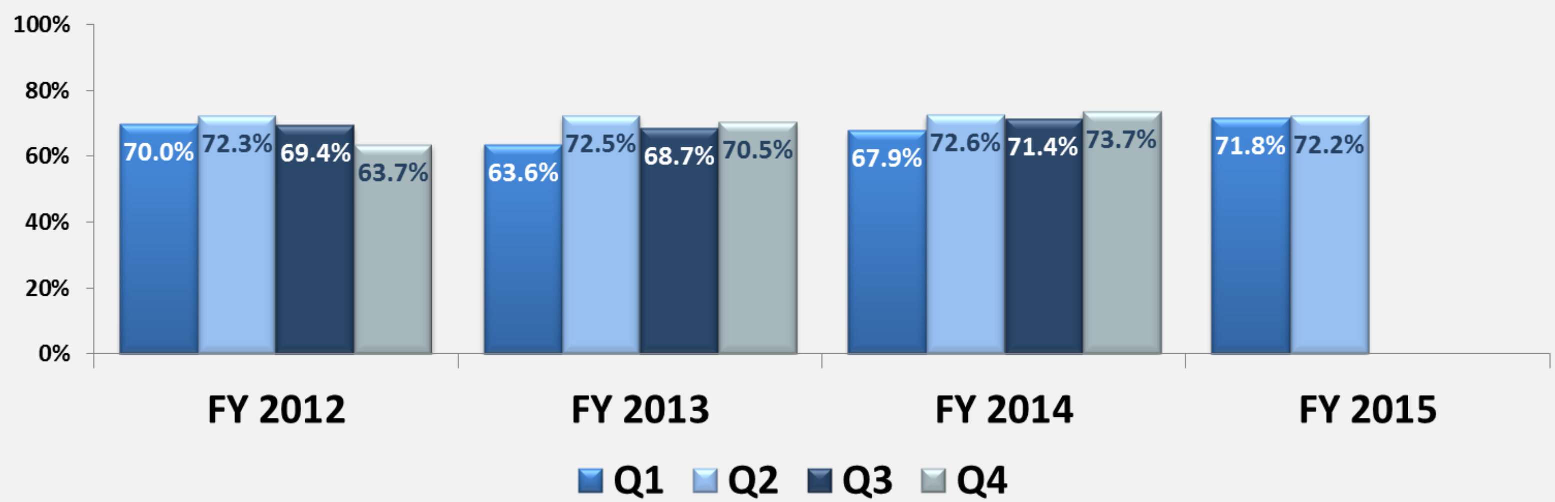
Payout ratio per game



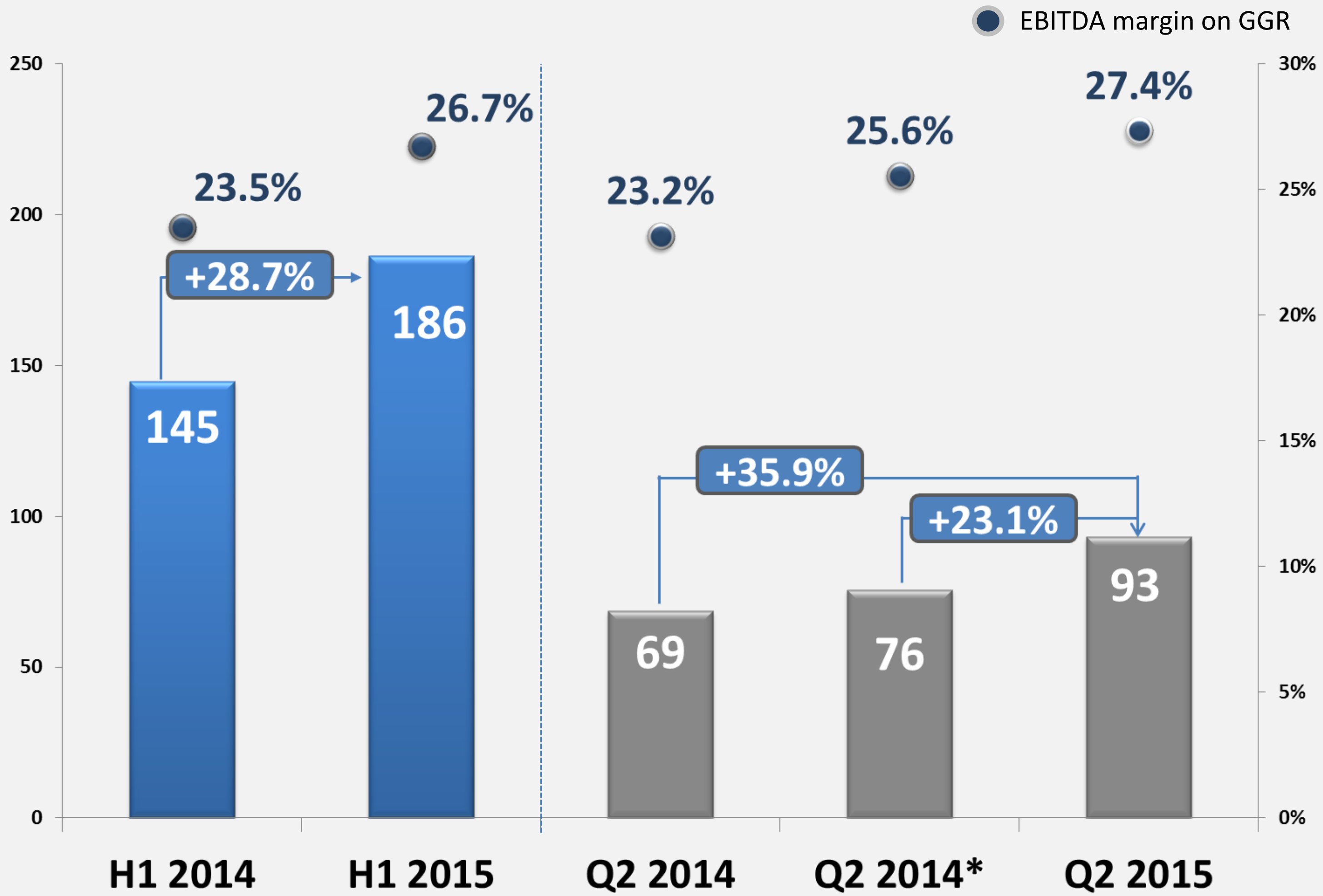
STIHIMA Payout ratio



>> EBITDA

H1 2015 EBITDA & EBITDA margin (on GGR)

- EBITDA increased at €186.4m in H1 2015 from €144.9m in H1 2014, up by 28.7% y-o-y. EBITDA increased to €93.2m in Q2 2015 from €68.6m in Q2 2014, higher by 35.9% y-o-y. Adjusted for one-off items mostly related to the VRS that occurred in Q2 2014, Q2 2015 EBITDA growth reached 23.1%, shaping a 2½ year high EBITDA margin (on the GGR) of 27.4%.



* Adjusted figures excluding one-off items.

(€ 'm)

>> EBITDA margin

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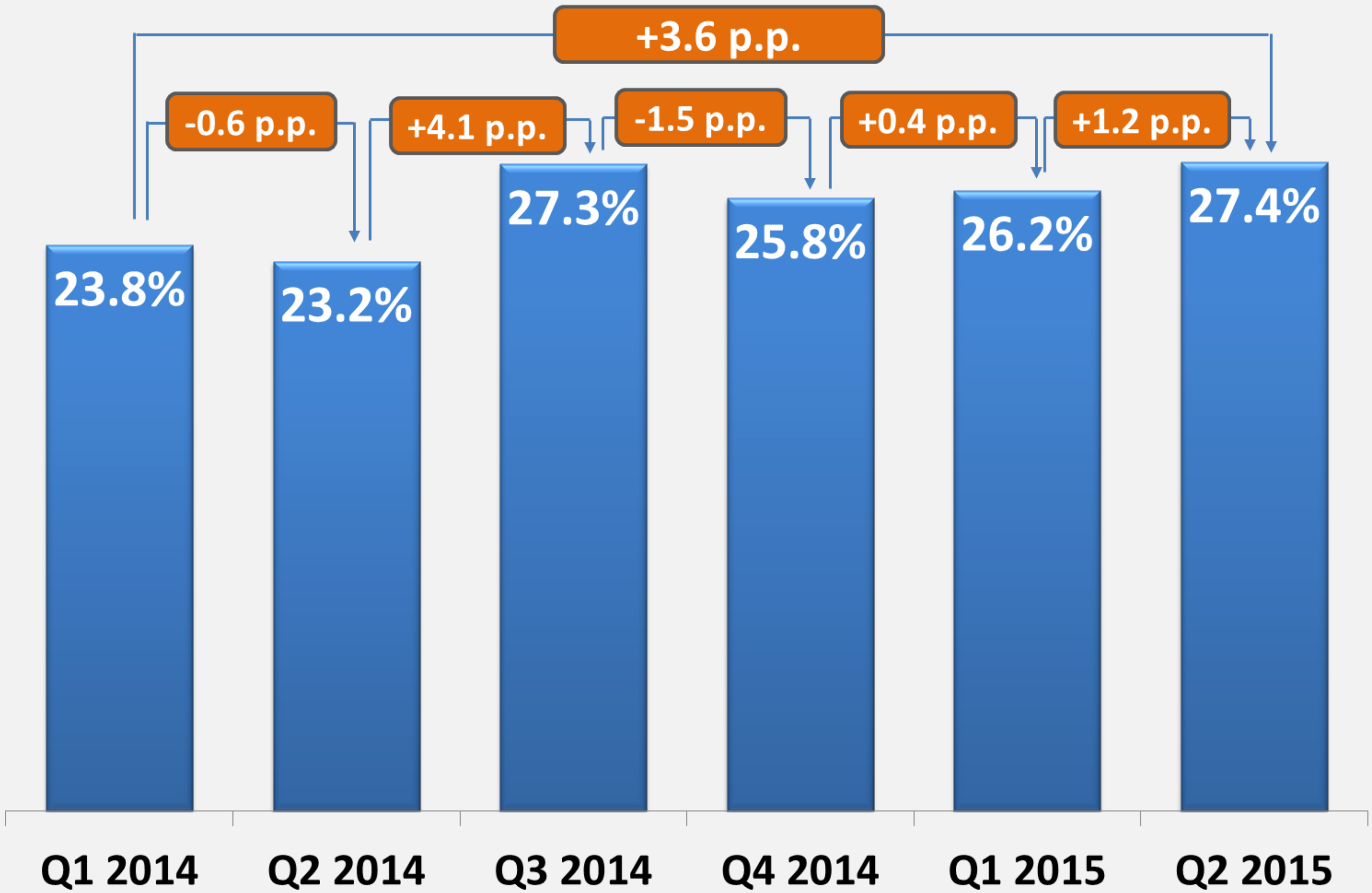
Quarterly consolidated EBITDA margin (on GGR)

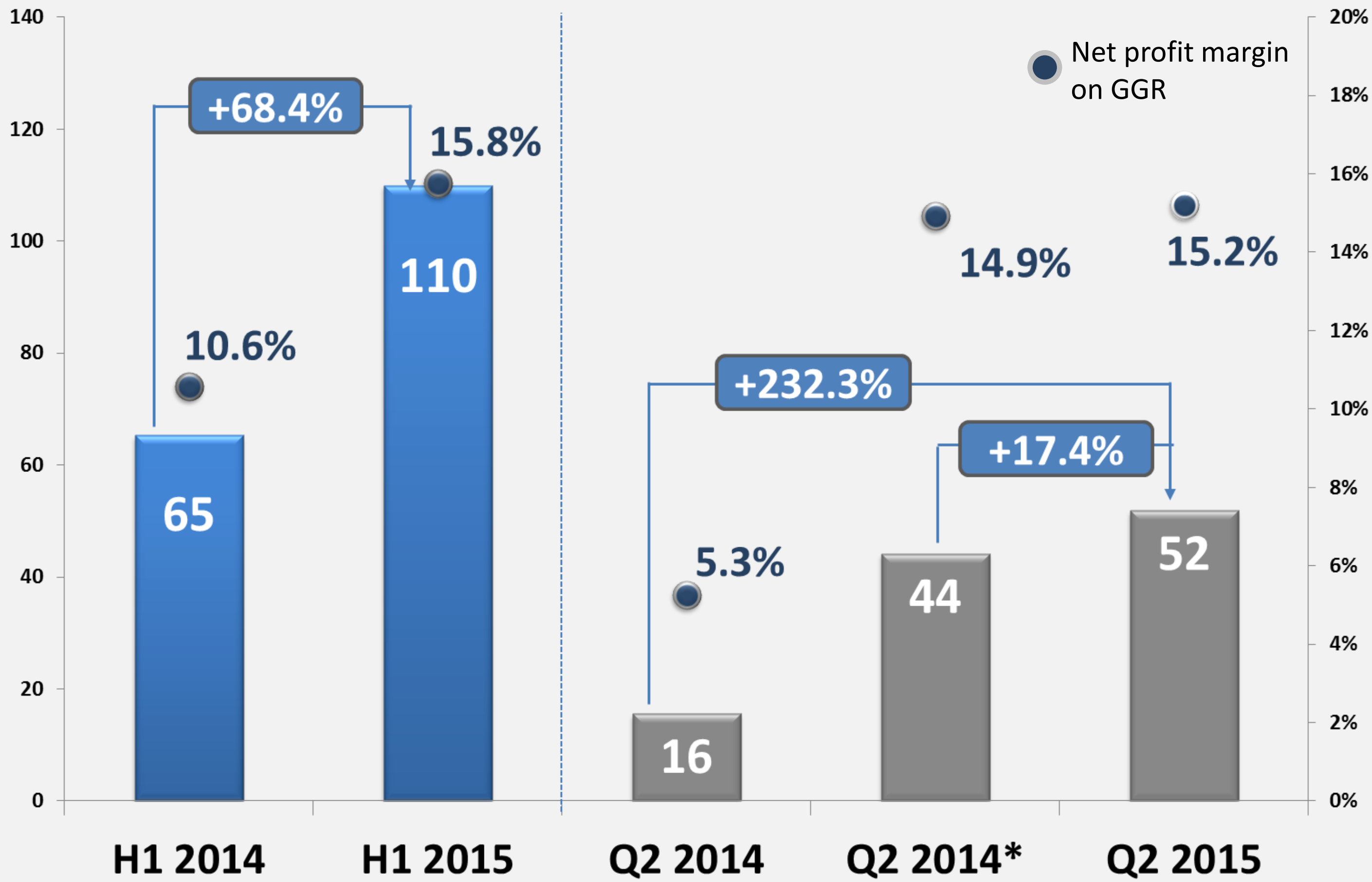
- The cost containment efforts led in Q2 2015 to a 2½ year high EBITDA margin of 27,4%.



>> Net Profit

H1 2015 Net profit & Net profit margin (on GGR)

- Net profit in H1 2015 increased at €109.9m, up by 68.4% vs. €65.3m in the corresponding period in 2014. Net profit in Q2 2015 came in at €51.9m from €15.6m in 2014, as Q2 2014 was hurt mostly by incremental taxes of €21.6m stemming from a 2010 fiscal year tax audit. Adjusted for taxation and other one-off costs, Q2 2015 net profit increased by a solid 17.4% y-o-y.



* Adjusted figures excluding taxation and one-off items.

(€ 'm)

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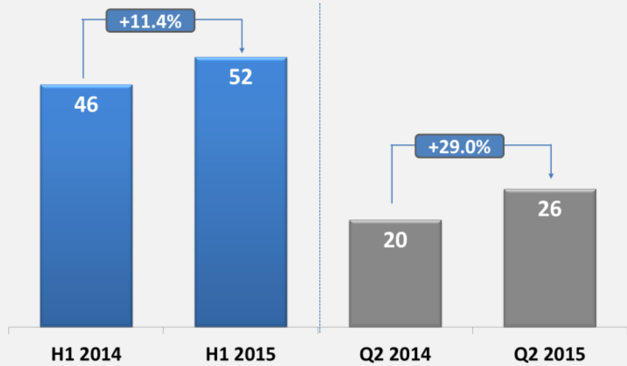
>> Total opex

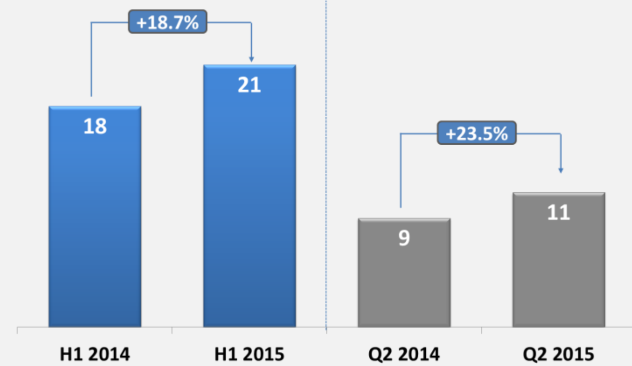
H1 2015 Operating Expenses - Cost Optimization

- Total **distribution costs** in H1 2015 up by 11.4% at €51.5m versus €46.3m in the corresponding period in 2014 due in the most part to the Hellenic Lotteries consolidation. Other distribution cost in Q2 2015 stood at €6.5m versus €1.9m in Q2 2014 on the back of Hellenic Lotteries operations, new projects implementation and an enhancement of the sales oriented workforce.
- In H1 2015, **administrative expenses** increased by 18.7% to €20.8m vs. €17.5m in H1 2014. In Q2 2015, administrative expenses increased by 23.5% to €10.7m due mostly to the full consolidation of Hellenic Lotteries and Payzone.
- Total **cost of services** in H1 2015 increased at €333.9m vs €259.0m up by 28.9% in the corresponding period last year. Cost of services in Q2 2015 reached €169.8m from €130.7m in Q2 2014, up by 29.8% y-o-y mostly due to Payzone's full consolidation.

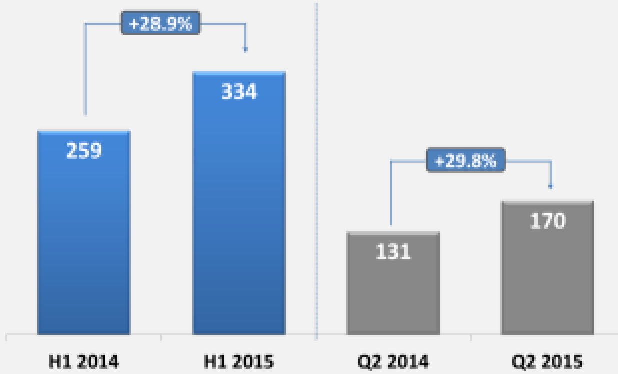
Distribution Cost



Administrative Cost



Cost of Services



* Remaining cost of services attributed to Payzone stood at €29.6m and €53.8m in Q2 and H1 2015 respectively.

(€ 'm)

>> Cash Flow

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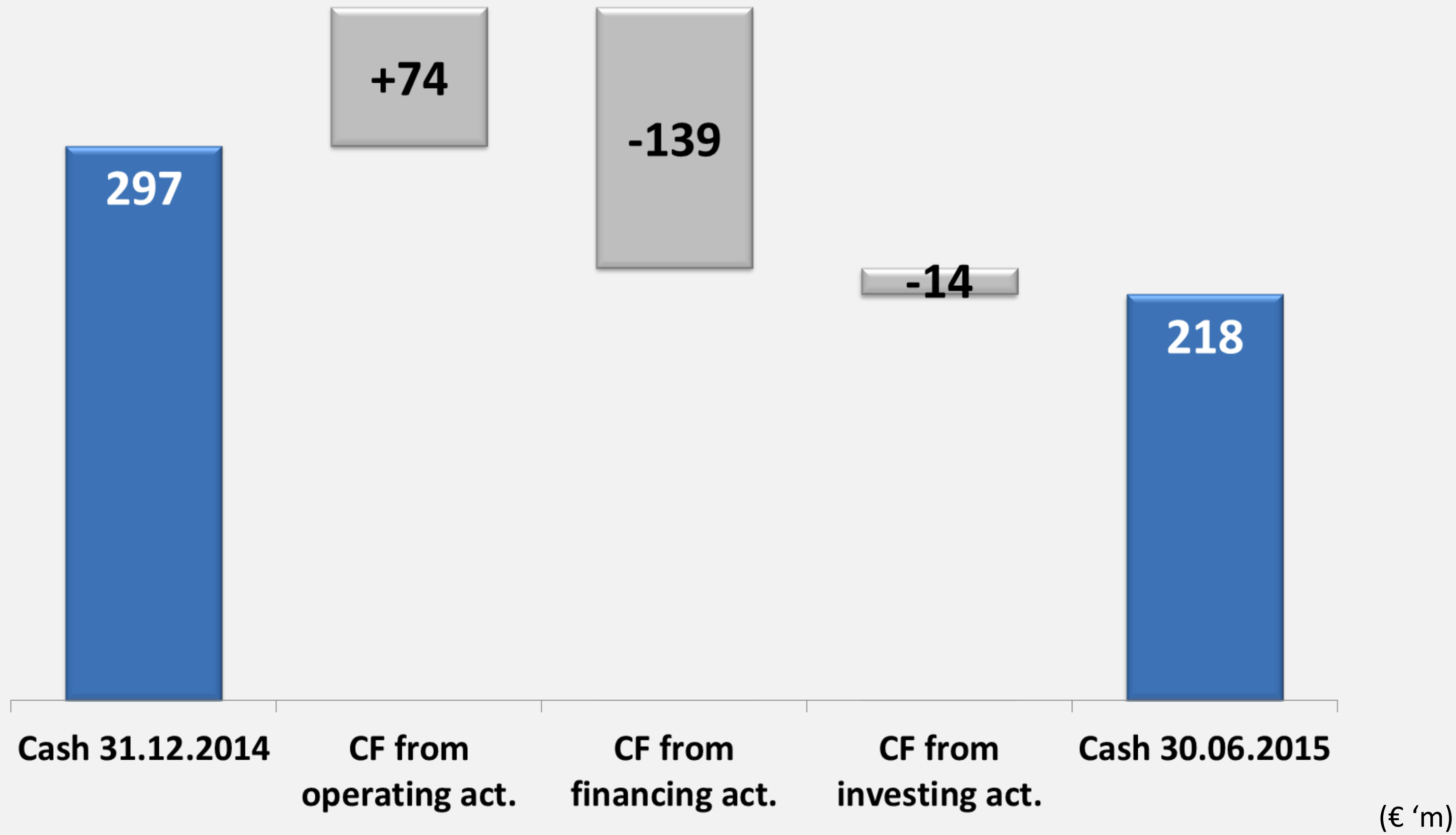
H1 2015 Cash Flow

- Cash inflow from **operating activities** in H1 2015 decreased at €74.3m from €129.7m in H1 2014, as higher operating profitability was more than offset by the payments acceleration in order to minimize future operational risk.
- Cash flow from **investing activities** in H1 2015 amounted to an outflow of €14.3m mostly reflecting the first tranche for the horse racing concession as well as VLT related investments.
- Cash flow from **financing activities** in H1 2015 amounted to an outflow of €139.7m, on the back of dividend payments in both Q1 & Q2 2015.



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>> 2015 Bloomberg Consensus

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(€ 'm)	2014a	2015(E)	Min. 2015	Max. 2015
GGR*	1,378	1,477	1,395	1,617
Gross Profit	424	464		
Margin %	10.0	8.6		
EBITDA	347	384	347	397
Margin %	8.1	7.4		
Net Income	195	217	194	231
Margin %	4.6	4.2		
EPS	0.61	0.67	0.60	0.72
Growth %, YoY		9.3		
DPS	0.70	0.61	0.25	0.85

* Consensus by 8 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

- National leader of world class caliber
- Strong financial position
- The largest commercial network in Greece
- Unique offering secured by exclusive concessions
- Significant growth driven by new projects
- Highly attractive market

Stock Exchange Data

- Tickers:

OASIS: OPAP

Reuters: OPAr.AT

Bloomberg: OPAP:GA

- Market Cap.: 2,233m (27/08/15)
- Outstanding Shares: 319,000,000
- Free Float: 67%

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Condensed Consolidated Statement of Financial Position as of 30 June 2015 & 31 December 2014

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('000 €)	Consolidated Statement of Financial Position	
	30.06.2015	31.12.2014 Adjusted*
ASSETS		
Current assets		
Cash and cash equivalents	217,716	297,418
Receivables	43,313	92,250
Other current assets	16,730	19,706
Total current assets	**277,758**	**409,375**
Non - current assets		
Intangible assets	1,257,478	1,269,998
Investments in associates	10,295	9,732
Other non - current assets	61,537	63,632
Total non - current assets	**1,329,310**	**1,343,362**
TOTAL ASSETS	**1,607,068**	**1,752,737**
EQUITY & LIABILITIES		
Liabilities		
Short-term Loans	30,000	1
Short-term payables (trade & other)	116,237	170,353
Other Short-term payables	166,896	287,529
Long-term Loans	75,000	0
Other long-term liabilities	57,623	59,790
Total liabilities	**445,756**	**517,673**
Total equity	**1,161,312**	**1,235,064**
TOTAL EQUITY & LIABILITIES	**1,607,068**	**1,752,737**

* The figures of fiscal year 2014 are the ones that incurred after the reform of the Financial Statements due to the adoption of IFRS 3 regarding the finalization of the amount of goodwill arising from the acquisition of the subsidiary PAYZONE HELLAS S.A. (refer to note 6.2 of the Six-Month Financial Report for more information)

Condensed Consolidated Statement of Comprehensive Income H1 2015 & Q2 2015

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('000 €)	Consolidated Statement of Comprehensive Income							
	H1 2015	H1 2014	Δ	Δ%	Q2 2015	Q2 2014	Δ	Δ%
Revenues	2,160,730	1,912,791	247,939	13.0%	1,042,533	947,282	95,251	10.1%
Payout	-1,463,657	-1,296,599	167,058	12.9%	-701,721	-651,172	50,549	7.8%
GGR	**697,073**	**616,192**	**80,881**	**13.1%**	**340,812**	**296,110**	**44,702**	**15.1%**
Contribution on the net revenues	-198,350	-175,116	23,234	13.3%	-96,646	-84,259	12,387	14.7%
Other revenues	54,916	0	54,916	-	30,195	0	30,195	-
CoS	-333,919	-259,957	73,962	28.5%	-169,755	-130,742	39,013	29.8%
Gross profit	**219,719**	**182,120**	**37,599**	**20.6%**	**104,605**	**81,109**	**23,496**	**29.0%**
S&D	-51,521	-46,267	5,254	11.4%	-26,373	-20,438	5,935	29.0%
G&A	-20,789	-17,509	3,280	18.7%	-10,673	-8,644	2,029	23.5%
Other OPEX (net)	9,743	6,632	3,111	46.9%	11,112	6,268	4,844	77.3%
EBITDA	**186,407**	**144,890**	**41,517**	**28.7%**	**93,213**	**68,614**	**24,599**	**35.9%**
EBIT	**157,151**	**124,975**	**32,176**	**25.7%**	**78,671**	**58,296**	**20,375**	**35.0%**
EBT	**156,631**	**126,255**	**30,376**	**24.1%**	**77,444**	**58,529**	**18,915**	**32.3%**
EAT and minorities	**109,928**	**65,288**	**44,640**	**68.4%**	**51,876**	**15,611**	**36,265**	**232.3%**

Condensed Consolidated Cash Flow statement as of 30 June 2015 & 30 June 2014

('000 €)	Consolidated Cash flow statement	
	H1 2015	H1 2014
OPERATING ACTIVITIES		
Operating Activities before WCC	**186,182**	**141,289**
Changes in Working Capital		
Inventories	566	-222
Receivables	51,427	19,112
Payables	-68,087	22,455
Taxes payables	-76,883	-38,653
Interest expenses & Income taxes paid	-18,927	-14,256
Cash flows from operating activities	**74,277**	**129,725**
INVESTING ACTIVITIES		
Cash flows from investing activities	**-14,287**	**39,873**
FINANCING ACTIVITIES		
Proceeds from borrowings	104,999	30,000
Payments of borrowings	0	-166,750
Dividends Paid	-244,687	-79,800
Other Paid	-5	-207
Cash flows (used in)/from financing activities	**-139,693**	**-216,757**
Net increase / (decrease) in cash and cash equivalents	**-79,703**	**-47,159**
Cash and cash equivalents at the beginning of the period	297,418	242,036
Cash and cash equivalents at the end of the period	**217,716**	**194,877**

H1 2015 Financial Results

August 28, 2015