

OPAP

Q123 results

Revenue growth and margin leverage in Q123

OPAP's Q123 results demonstrated continued strong growth in revenue, helped by improvements to both the retail and online product offering, and profits, with the support of a more favourable macroeconomic background as inflation has declined. The ongoing rejuvenation of the gaming offer is leading to growing player engagement and frequency of use.

Management's unchanged guidance for FY23 looks well-supported. The valuation and dividend yield (9.1%) look attractive relative to the peers.

Year end	GGR* (€m)	EBITDA** (€m)	EPS** (€)	DPS (€)	P/E (x)	Yield (%)
12/21	1,538.8	551.2	0.82	1.50	19.8	9.2
12/22	1,939.0	722.6	1.22	1.45	13.3	8.9
12/23e	2,063.5	742.8	1.24	1.48	13.1	9.1
12/24e	2,110.2	746.8	1.26	1.51	12.9	9.3

Note: *Gross gaming revenue. **EBITDA and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Record Q1 results

OPAP's Q123 gross gaming revenue (GGR) grew by c 15% y-o-y to €527.4m, and EBITDA (company's definition, which includes one-off expenses of €0.2m) by over 16% to €196.5m. The revenue growth was broad-based; the outperforming verticals versus the group average were Instant & Passives (+30%), Video Lottery Terminals (+22%) and online betting and casino (+23%). The online betting and casino's comparative Q122 trading was negatively affected by post-COVID re-openings of the retail estate. The growth in EBITDA margin (37.2% from Q122's 36.9%) included a flat gross margin from gaming and lower (relative to GGR) payroll and other operating costs, offset by no Kaizen's associate income following its disposal and a very marginal increase in advertising to support revenue growth. The net cash position by period end and consequent lower financial expense meant the higher margin translated to even higher underlying net income growth of 26%. Free cash flow generation of €140.4m was lower year-on-year in absolute and relative terms (to GGR) than Q122 due mainly to working capital and tax payments.

FY23 guidance and our estimates unchanged

Management's unchanged [financial guidance](#) for FY23 looks well underpinned, as Q123's achieved EBITDA represents 26–27% of the indicated range, with further benefits from more recent product launches, for example online sports book and iLottery launch, anticipated to come through. Our forecasts are unchanged.

Valuation: Dividend yield of 9.1%

OPAP's P/E multiple for FY23 of 13.1x is at a significant discount to its European-listed gaming peers (average 19.3x (source: Refinitiv)). The peers are growing revenue at a faster rate (average 14% y-o-y in FY23) than OPAP (we forecast 6%), but OPAP is significantly more profitable (we forecast an operating margin of 29.3%) than the peers (average 14.5%). OPAP's conservative balance sheet and higher profitability supports a more attractive dividend yield of 9.1% versus the peer average of 1.1%, which includes a number of companies that do not pay dividends.

Travel and leisure

26 May 2023

Price €16.26

Market cap €5,908m

Net cash (€m) at 31 March 2023 post IFRS 16 and excluding investments (net cash pre IFRS 16 €70.5m) 19.9

Shares in issue 363.3m

Free float 50.2

Code OPAP

Primary exchange ASE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 5.3 9.2 21.9

Rel (local) (4.5) 1.1 (11.5)

52-week high/low €16.44 €12.01

Business description

OPAP is the exclusive licensed operator of all numerical lotteries, sports betting, instant & passives, VLTs and horse racing in Greece. It is investing organically and has undertaken M&A to grow its online presence. Allwyn has a 49.8% stake and significant board representation.

Next events

H123 results 4 September 2023

Q323 results 21 November 2023

Analysts

Russell Pointon +44 (0)20 3077 5700

Milo Bussell +44 (0)20 3077 5700

consumer@edisongroup.com

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Exhibit 1: Financial summary

	€m	2020	2021	2022	2023e	2024e
Year end 31 December		ISA	ISA	ISA	ISA	ISA
INCOME STATEMENT						
Revenue		1,129.8	1,538.8	1,939.0	2,063.5	2,110.2
NGR		737.3	1,043.9	1,333.4	1,419.2	1,451.3
Cost of Sales		(672.7)	(883.7)	(1,082.8)	(1,175.8)	(1,200.8)
Gross Profit		457.1	655.2	856.2	887.8	909.4
Other Income		42.5	217.4	230.2	238.0	238.7
EBITDA		263.9	551.2	722.6	742.8	746.8
Operating profit (before amort. and excepts.)		147.2	408.6	591.2	606.6	610.7
Impairments		(36.8)	(4.7)	(20.2)	0.0	0.0
Exceptionals		121.2	(0.5)	179.9	0.0	0.0
Share-based payments		0.0	(2.2)	(2.3)	(2.3)	(2.3)
Reported operating profit		231.6	401.3	748.6	604.3	608.3
Net Interest		(33.5)	(43.6)	(40.1)	(15.3)	(10.3)
Joint ventures & associates (post tax)		18.3	(0.4)	14.8	0.0	0.0
Profit Before Tax (norm)		132.0	364.6	565.9	591.3	600.4
Profit Before Tax (reported)		216.4	357.3	723.3	589.0	598.1
Reported tax		(17.3)	(96.4)	(127.2)	(130.1)	(132.1)
Profit After Tax (norm)		100.3	284.4	441.4	461.2	468.3
Profit After Tax (reported)		199.1	260.9	596.0	458.9	466.0
Minority interests		6.1	(1.4)	(3.7)	(12.0)	(12.5)
Net income (normalised)		106.4	282.9	437.7	450.3	457.8
Net income (reported)		205.2	259.4	592.3	446.9	453.5
Average Number of Shares Outstanding (m)		334	344	358	363	363
EPS - normalised (c)		31.83	82.28	122.22	123.92	126.01
EPS - normalised fully diluted (c)		31.83	82.28	122.22	123.92	126.01
EPS - basic reported (€)		0.61	0.75	1.65	1.23	1.25
Dividend (€)		0.55	1.50	1.45	1.48	1.51
Revenue growth (%)		(30.3)	36.2	26.0	6.4	2.3
Gross Margin (%)		40.5	42.6	44.2	43.0	43.1
EBITDA Margin (%)		23.4	35.8	37.3	36.0	35.4
Normalised Operating Margin		13.0	26.6	30.5	29.4	28.9
BALANCE SHEET						
Fixed Assets		1,806.4	1,695.0	1,553.2	1,439.7	1,326.2
Intangible Assets		1,578.9	1,476.0	1,364.0	1,269.3	1,174.6
Tangible Assets		127.5	105.6	88.9	70.1	51.4
Investments & other		100.0	113.4	100.3	100.3	100.3
Current Assets		629.1	1,007.5	1,018.0	900.0	833.7
Stocks		6.2	4.7	5.6	5.9	6.0
Debtors		68.5	90.9	102.1	108.7	111.1
Cash & cash equivalents		506.9	860.4	724.4	729.5	660.6
Other		47.6	51.6	185.9	55.9	55.9
Current Liabilities		(366.1)	(571.5)	(808.6)	(853.9)	(859.0)
Creditors		(149.4)	(168.2)	(181.7)	(227.0)	(232.1)
Tax and social security		(27.8)	(60.7)	(117.2)	(117.2)	(117.2)
Short term borrowings		(40.7)	(62.5)	(289.5)	(289.5)	(289.5)
Other		(148.2)	(280.2)	(220.2)	(220.2)	(220.2)
Long Term Liabilities		(1,286.7)	(1,181.7)	(676.4)	(463.5)	(363.3)
Long term borrowings		(1,057.9)	(1,035.2)	(546.0)	(296.0)	(156.0)
Other long term liabilities		(228.8)	(146.5)	(130.4)	(167.5)	(207.2)
Net Assets		782.7	949.4	1,086.3	1,022.4	937.6
Minority interests		(41.1)	(38.5)	(32.7)	(40.9)	(41.8)
Shareholders' equity		741.6	910.9	1,053.6	981.5	895.9
CASH FLOW						
Operating Cash Flow		263.9	553.4	724.9	745.1	749.2
Working capital		(34.8)	21.1	40.7	38.4	2.5
Exceptional & other		4.5	(4.5)	1.3	34.7	37.5
Tax		(12.1)	(46.1)	(80.4)	(130.1)	(132.1)
net Operating Cash Flow		221.4	523.9	686.6	688.1	657.1
Net interest		(32.5)	(30.1)	(26.6)	(15.3)	(10.3)
Capex		(18.9)	(24.2)	(22.8)	(25.0)	(25.0)
Acquisitions/disposals		(90.2)	(19.0)	(106.4)	0.0	0.0
Equity financing		(0.1)	(0.2)	(2.0)	0.0	0.0
Dividends		(214.7)	(91.0)	(141.4)	(511.6)	(539.1)
Net new borrowings		(12.1)	0.5	(262.3)	(250.0)	(140.0)
Other		20.0	(6.3)	(261.0)	118.9	(11.6)
Net Cash Flow		(126.9)	353.5	(135.9)	5.1	(68.9)
Opening cash		633.8	506.9	860.4	724.5	729.5
Closing net debt/(cash)		506.9	860.4	724.5	729.5	660.6
Closing net debt/(cash) incl IFRS 16, excl investments		591.7	237.3	111.1	(144.0)	(215.1)

Source: OPAP, Edison Investment Research

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