

OPAP

Progressing the strategy

OPAP is a listed gaming operator with 100% pre-paid exclusive retail licences, which provide significant barriers to entry and strong recurring cash flow. In recent years OPAP has increased its online presence via a combination of organic growth and M&A, such that it is now the online market leader in Greece and Cyprus. Its Fast Forward strategy aims to grow OPAP's customer interactions both online and offline while maintaining its leading position in corporate and social responsibility. This will be achieved through a combination of gaming innovation and brand investment, supported by improved technology and better customer relationship management. The key focus in FY21 was beginning the build out of the 'infrastructure', which will enable a step up in gaming innovation in the coming year, with management expecting incremental revenue and profits.

Year end	GGR* (€m)	EBITDA** (€m)	EPS** (€)	DPS (€)	P/E (x)	Yield (%)
12/20	1,129.8	263.9	0.32	0.55	43.8	3.9
12/21	1,538.8	551.2	0.82	1.50	16.9	10.8
12/22e	2,170.9	721.7	1.19	1.19	11.7	8.6
12/23e	2,213.6	727.4	1.22	1.21	11.5	8.7
12/24e	2,261.8	740.7	1.25	1.25	11.1	9.0

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

Leveraging brands online

OPAP's strategy is to develop more social interactions with existing and new customers. This will be achieved by gaining a better understanding of the customers and their activity, and then leveraging this know-how into building better experiences in retail and online by further developing new and existing gaming content and other entertainment.

Forecasts: Further recovery expected in FY22

Management has provided its first ever annual guidance, with revenue expectations for FY22 of €2.175–2.215bn (y-o-y growth of 41–44%) and EBITDA of €720–740m (growth of 31–34%); the lower margin is due to the growing importance of online, where competition is high. The guidance includes the assumption of a further recovery in land-based activities following the COVID-19 pandemic and continued growth in online revenues, while recognising the potential negative influences on economic growth due to the war in Ukraine. Our FY22 estimates are in line with the bottom end of the guided range, and relatively unchanged since our [last update](#).

Valuation: Discount to peers and high dividend yield

The share price has performed very well versus its peers during the last 12 months given OPAP's improving operational momentum and the attractions of the new dividend policy. It continues to trade at a discount to its European peers, and its [attractive dividend policy](#) and cash generation ensure a superior dividend yield. Our DCF-based valuation indicates a fair value of c €18 per share (€16.3 previously).

FY21 results and outlook

Travel & leisure

5 May 2022

Price **€13.9**

Market cap **€4,919m**

Net debt (€m) at 31 December 2021 post IFRS 16 (net debt pre IFRS 16: €186.3m) 237.3

Shares in issue 352.9m

Free float 51.9%

Code OPAP

Primary exchange ASE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 4.1 7.2 9.3

Rel (local) 3.3 12.6 10.6

52-week high/low €14.57 €11.10

Business description

OPAP was founded in 1958 as the Greek national lottery and is the exclusive licensed operator of all numerical lotteries, sports betting, instant & passives, VLTs and horse racing. It was listed in 2001 and fully privatised in 2013. Allwyn has a 48.1% stake and significant board representation.

Next events

Q122 results 31 May 2022

H122 results 7 September 2022

Q322 results 22 November 2022

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Investment summary

Exclusive licensed operator of the Greek national lottery

OPAP is a listed pure gaming operator with 100% exclusive licences; the earliest land-based licence is due to expire in 2026 and the latest in 2036. The business model is predicated on the continuing cash flow from monopoly businesses, supplemented by product enhancements and the move online. It has a leading presence in the online market thanks mainly to the acquisition of Stoiximan at the end of FY20, which also operates in Greece and Cyprus.

The business model is very cash generative given its franchises require limited fixed and working capital and all licence payments have been made. With a high level of variable costs (taxes and commissions are based on revenue) and a strong track record of managing other operating costs, management consistently delivered year-on-year growth in margins before COVID-19, despite the challenging macroeconomic backdrop, while continuing to invest in new products.

The aim of the CEO's strategy, Fast Forward, launched in 2021, is to create a world-class gaming entertainment company with a focus on building its brands and customer interactions both online and offline, while maintaining OPAP's leading position in corporate and social responsibility. In 2021, the company made good progress in beginning to develop a better understanding of its customers. The focus from here is to leverage those findings and the ongoing investment in technology to greater gaming content innovation.

Valuation: DCF-based valuation increased to c €18 per share

OPAP's P/E multiples of 11.7x for FY22 and 11.5x for FY23 remain at a significant discount to the average of the European peers despite the strong share price outperformance over the last 12 months. The prospective FY22 dividend yield of 8.6% is superior to our peer group average of 4.0%. Our discounted cash flow (DCF)-based valuation of €18/share (€16.3 previously) uses a WACC of 7.5% and a terminal growth rate of 1.5%. We assume a cost of €1bn to renew licences between 2028 and 2029.

Financials: EBITDA forecasts maintained

Our EBITDA forecasts for FY22 and FY23 are relatively unchanged from our last update, with revenue upgrades of c 9% offset by cost increases including agents' commissions and marketing. Our FY22 estimates are in line with the lower end of management's new guidance. Management's guidance for FY22e revenue growth of 41–44% and EBITDA growth of 31–34% reflects the expectations of less disruption from COVID-19 on retail locations than FY21 and continued strong online growth. OPAP's strong cash generation and relatively new dividend policy including additional capital returns should continue to provide attractive returns to shareholders.

Sensitivities

- The business model is predicated on continuing cash flow from monopoly businesses, supplemented by product enhancements and moving online; key risks include a more significant decline in its mature gaming products and a failure to exploit online sufficiently.
- The gaming industry is subject to changes in regulations and taxes, but OPAP's licences and concessions are mainly long dated, and it has a high tax burden relative to other countries. The Greek online gaming market became fully regulated in 2021.
- The business is economically sensitive so is vulnerable to political and macroeconomic changes and the online segment is very competitive.

Company description: World-class gaming entertainment offline and online

OPAP was founded in 1958 as the Greek national lottery and is the exclusive operator of all numerical lotteries (seven games), sports betting (four games), horse racing and video lottery terminals (VLTs). Through its 83.5% holding in Hellenic Lotteries, OPAP also has an exclusive licence to operate passive lotteries and instant (scratch) games. Its core lottery business and VLTs (with €2 slot limits) are not associated with problem gambling, and the company is therefore less likely to face meaningful fines or regulatory scrutiny than gaming peers in other countries.

The company operates a network of franchised shops and gaming halls (c 4,000 in Greece, and c 200 in Cyprus at FY21), which leads to limited capital expenditure, and OPAP is expanding its online offering in lottery, sports betting and casino games. In FY21, 94% of gross gaming revenue (GGR) was generated in Greece and 6% in Cyprus, and c 29% was online, an elevated level given retail closures in the year due to COVID-19.

OPAP listed on the Athens Stock Exchange in 2001, and after a series of further secondary offerings and international tenders, it was fully privatised in 2013. Allwyn Entertainment (formerly known as Sazka Group), the largest pan-European lottery operator, holds a 48.1% shareholding and is well represented at the board and executive level.

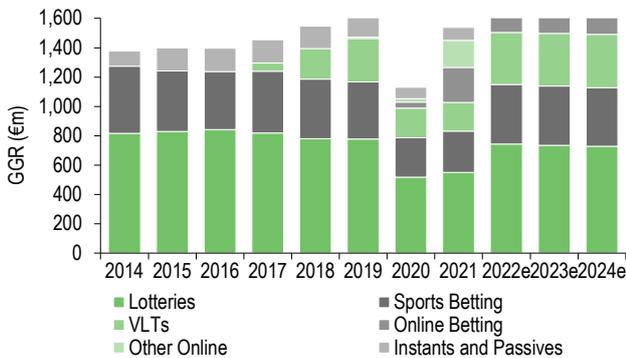
The exclusive licences ensure OPAP is well placed to protect the top line (in the context of sensitivity to the macroeconomic environment and retail spending) and it is seeking growth from online and new products. In general, many of its new products are targeted at younger and female demographics, such that management hopes to minimise the cannibalisation of existing products. Since 2013, OPAP has undergone significant changes to both modernise and streamline the business.

OPAP is the largest social contributor in Greece in terms of tax payments and charitable contributions operating under the World Lotteries Association (WLA) and responsible gaming standards (holder of Level 4, the highest certificate by WLA on responsible gaming standards) and, while it transforms its business excellence into social contribution through an integrated corporate social responsibility programme.

Business overview

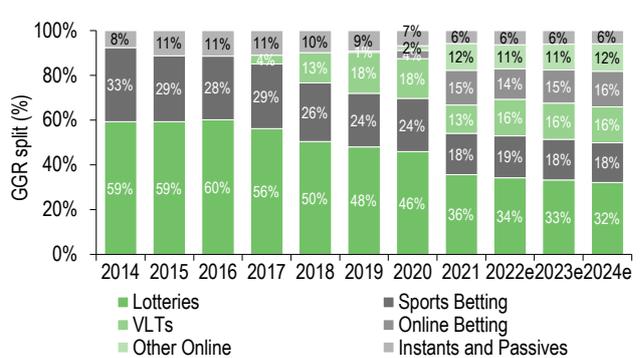
OPAP's games portfolio is split between fixed-odds betting games and mutual betting games (where the total amount is distributed to winners). The traditional land-based 'legacy' games, Lotteries, Sports Betting and Instant and Passives, are mature businesses, and prior to the Fast Forward strategy, growth was expected to be driven primarily by its online activities and VLTs. Management now believes the Fast Forward strategy (discussed below) should arrest the slow annual declines of these business. Following the additional investment in Kaizen Gaming in FY20, its main Greek and Cypriot online activities, Stoiximan, have been fully consolidated from December 2020, with equity accounting prior to that date. Below we show how GGR, that is revenues for the individual businesses and the group, has developed and how we expect them to recover through FY22–24, as the company continues to recover from the outbreak of COVID-19, which led to closures of land-based activities and other operating restrictions such as reduced dwell times. OPAP's GGR growth has historically been linked with changes in Greek GDP and consumer spending; the effects of COVID-19 related location closures and operating restrictions are evident from FY20.

Exhibit 1: Gross gaming revenue



Source: OPAP, Edison Investment Research

Exhibit 2: Gross gaming revenue mix



Source: OPAP, Edison Investment Research

Lotteries (36% of FY21 GGR): Mature with gradual move online

Numerical lottery games comprise the largest portion of GGR and consist of six games that are currently active, and two new lottery games (Bingo and Super 4) that have yet to be launched. The exclusive licence to operate the games, along with sports betting (see below), was originally acquired for 20 years in October 2000, and extended for a further 10 years in 2011 up until October 2030. The fixed odds games are Kino, Super 3 and Extra 5, and the mutual games are Tzoker (Joker), Lotto and Proto. The two most significant games in terms of revenue contribution are Kino and Tzoker.

There is a high correlation between growth in lotteries GGR and private consumption. From FY14 (when the current divisional disclosure was introduced) to FY19, GGR declined from €817m to €779m, with modest year-on-year declines since FY16 due mainly to some cannibalisation from other games. Lotteries GGR was heavily affected by COVID-19 related closures and restrictions; revenue fell by c 33% in FY20 but recovered by c 6% in FY21 to €549m as restrictions eased. In Q421, GGR was equivalent to c 91% of pre-COVID-19 levels (Q419). The GGR includes revenue from OPAP's online lotteries of €16m in both FY20 and FY21.

Online (27% of GGR): Main source of growth

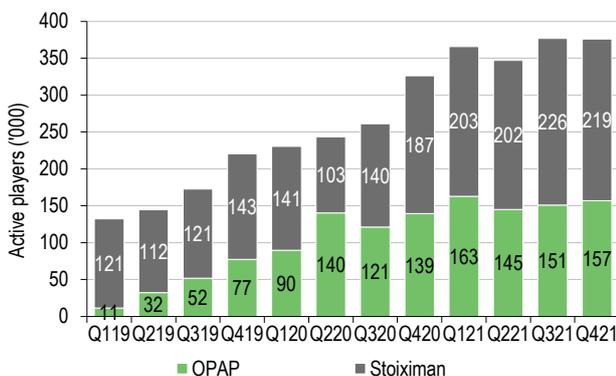
OPAP's online presence and revenue is building quickly following the introduction and subsequent growth of many of its own games as well as the gradual acquisition of a majority (c 85%) stake in Stoiximan (the Greek and Cypriot operations) and an associate (36.75%) stake in Betano

(Germany, Portugal, Romania and Brazil operations) of Kaizen Gaming. In September 2018, OPAP announced the acquisition of an initial 36.75% stake in TCB Holdings (now named Kaizen Gaming), the parent company of Stoiximan, a leading online gaming company, for €50m. In April 2020, OPAP announced a further combined investment of €163.4m for a direct (51%) and indirect (15.48%) stake in the Greek and Cypriot operations, which was completed in December 2020. OPAP paid an earnout of €19m in FY21 and will make a further payment of €115m in FY22. In April 2022, OPAP announced the disposal of the Betano brand to Allwyn to focus on its Greek and Cypriot operations. The transaction for €50m (estimated fair market value) and unquantified earnout payments compares with the carrying value on the balance sheet at the end of FY21 of c €8m.

With the announcement of the FY20 results, OPAP enhanced its divisional disclosure to report separately the financials for Online Betting (ie sports betting) and Other Online Games (casino games). The two divisions include the results of OPAP’s own online activities as well as the consolidated (ie Greek and Cypriot) operations of Stoiximan. From the perspectives of brand and consumer proposition, Stoiximan operates independently of OPAP’s own online activities. On a combined basis, Online Betting (15% of GGR) and Other Online Games (12%) represented OPAP’s second most important sources of revenue in FY21.

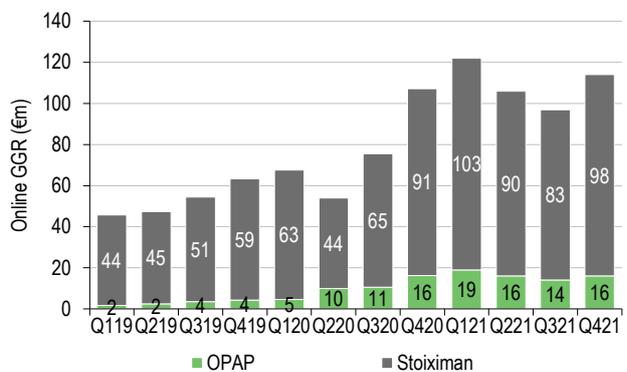
After a prolonged period of uncertainty, both OPAP and Stoiximan were awarded online gaming licences in FY21 as the Greek online gaming market became fully regulated. Both OPAP and Stoiximan were awarded Type 1 (Online Betting) and Type 2 (Other Online Games) licences in May 2021, which became active in August 2021 with a fixed licence length of seven years. OPAP and Stoiximan were two of the 15 companies to be awarded online licences, including three new entrants. Relative to the other revenue streams, online benefits from being liable to pay agents’ commissions, but, conversely, competition is higher leading to greater required advertising investment. Stoiximan’s EBITDA margin is in the high-teens versus the high 30s for OPAP’s core businesses.

Exhibit 3: Online monthly active users



Source: OPAP

Exhibit 4: Online GGR



Source: OPAP

Sports Betting (18% of GGR): New products to help growth

The exclusive licence to operate the sports and other betting games is part of the Lotteries licence above, extending until 2030. Sports betting games includes fixed-odds games Pame Stoixima (the most important game), Pame Stoixima Virtual Sports and the mutual betting games Propo, Propogols and Horse Racing Stoixima.

OPAP has continued to develop its offer: Pame Stoixima Virtual Sports were launched in April 2017 to target a younger demographic and have clearly boosted the betting segment. Self-service betting terminals (SSBTs) were launched in August 2017 and virtual games were introduced to the terminals in November 2017. The Pame Stoixima sportsbook was enhanced in 2019. In April 2019, OPAP launched its online casino games through the pamestoixima.gr platform. In addition to

enhancing its own sport offering, in 2020 OPAP acquired a controlling stake in Stoiximan, the leading online operator in Greece and Cyprus with market share of close to 50%.

From FY20, OPAP's online sports betting activities have been reported in a new division, Online Betting (see above). Prior to this change in disclosure, total Sports Betting GGR reduced from €456m in FY14 to €396m in FY19 due to the general industry move from land-based towards online gambling. In FY20 the negative effects of COVID-19 led to a decline in GGR of c 31% to €268m (from €387m under the new reporting structure, excluding online) and recovered by c 5% to €283m in FY21 with a sequential (quarter-on-quarter) improvement through the year.

VLTs (13% of FY20 GGR): Key source of growth

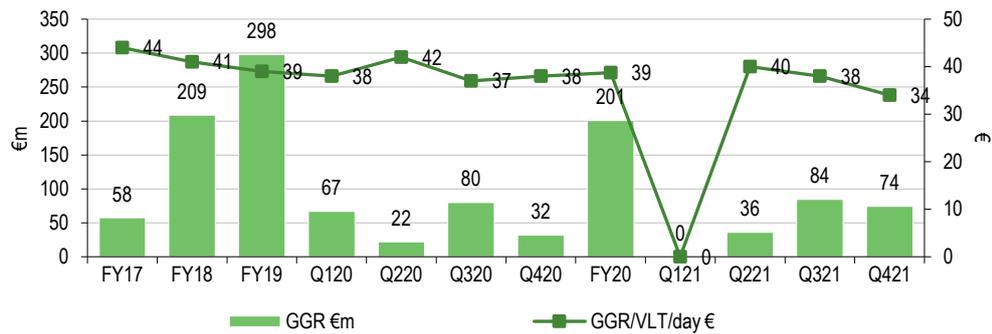
A VLT is a standalone gaming machine with a random-number generator. The machines are certified by the Hellenic Gaming Commission and OPAP's licence to operate the VLTs runs for 18 years, expiring in 2035. VLTs were officially launched in January 2017 and OPAP successfully completed the roll-out of the permitted 25,000 VLTs into 'Play' gaming halls and selected agencies by the end of 2019. The investment in VLTs and new concept shops was one of the largest and fastest gaming store roll-outs in Europe. The majority of the new Play stores contain c 30–40 machines, although OPAP has opened some larger flagship stores alongside smaller ones (with lower capex requirements), which are more suitable for less dense locations.

VLTs have a €2 per spin limit, which is in line with the £2 fixed odds betting terminal stake limits in the UK. Importantly, unlike the traditional over-the-counter (OTC) games, players are required to register. Apart from the expansion of the number of games available per machine and a general reliance on the macro environment, a key driver for VLT growth will be OPAP's ability to shift consumers away from using illegal machines towards its own venues. OPAP is hopeful that its VLT jackpots and further gaming innovation will provide a suitable incentive for players to shift allegiance. It is difficult to quantify the size of the illegal market but management believes it has significantly decreased post the launch of OPAP's VLTs in 2017.

From the launch in FY17, GGR reached c €298m in FY19, 18% of group GGR, before reducing to €201m in FY20 due to COVID-19. GGR declined by a further c 3% to €195m in FY21 as shop closures in Q121 led to zero GGR before a strong recovery through Q321 when GGR was equivalent to c 116% of pre-COVID-19 (Q319) levels. There was a sequential decline in Q421 as the introduction of the 'green pass' (proof of double vaccination or a sickness certificate) affected attendance and dwell times, therefore Q421 GGR was equivalent to c 87% of pre-COVID-19 (Q419 levels). Since launch, GGR/VLT per day has modestly declined as, naturally, the highest spending markets were targeted initially and the density of machines was lower. As the estate matures, GGR/VLT per day is expected to gradually increase.

VLTs are liable to GGR tax of 30% and agents' commissions vary depending on whether the machines are located in gaming halls or traditional OPAP stores.

Exhibit 5: VLTs – GGR performance



Source: OPAP

Instant and Passives (6% of GGR)

OPAP holds an 83.5% stake in Hellenic Lotteries, which has operated the instant and passive lotteries since 2014; the licence expires in 2026. The three passive games are Laiko (weekly jackpot), Ethniko (a subscription game in which each player has a unique number) and State Lottery (the traditional New Year's Eve draw). Instant lotteries include scratch cards. All are available from OPAP's agencies and street vendors, and the scratch games can be found in convenience stores etc.

This is a mature business with expected limited potential to grow, before Fast Forward, given the increasing number and sophistication of competing products. GGR has declined modestly in recent years, from €159m in FY16 to €147m in FY19. GGR declined by 48% in FY20 before returning to growth of c 16% to c €89m in FY21. In Q421 GGR was equivalent to 58% of pre-COVID-19 (Q319) levels.

The licence stipulates that GGR tax in any year is a minimum of €50m or 30% of GGR. In FY19, FY20 and FY21 (the latter two due to COVID-19), GGR was lower than €150m, therefore the minimum €50m was expensed instead of the variable 30%. Hellenic Lotteries has filed for arbitration that the minimum levy for FY20 and FY21 should not be payable due to the government's COVID-19 related operating restrictions, and the liability should be the variable 30% of GGR (ie €12.3m for FY20 and an undisclosed amount for FY21, which has been paid), instead of the expensed €50m pa. The matter remains pending before the tribunal.

Agents' commissions have increased relative to GGR; the rates are based on wagers (money placed by players) rather than GGR (amounts wagered minus amounts won) as for other games and vary by product.

Cost structure: High variable costs

Within OPAP's cost structure, the two major variable components are the GGR tax (c 32% of FY21 GGR) and agents' commissions (c 27% of total net gaming revenue (NGR)). Relative to revenue, both have reduced between FY16 and FY21 (partly helped by mix as online is not liable to pay agents' commissions) but increased in FY20 due to the mix effects of COVID-19. These reductions, when combined with underlying control of other operating costs, led to a consistent increase in adjusted EBITDA margin from 22.0% (FY16) to 25.4% (FY19) before the COVID-19 related decline to 23.4% (FY20), which included some partial benefit from the concession extension. The FY21 margin was 35.8% and included a full year benefit from the concession extension (see 'Financials' below).

GGR tax: Recently reduced

Coinciding with the full privatisation of the company in 2013, a 30% GGR tax was introduced by the Greek state. In essence, this tax replaced dividend payments to the government. Three years later the GGR tax was further increased to 35% for just the Lotteries and Sports Betting licence, which was at the very top end of gaming taxes across Europe; however, it has subsequently reduced to 30% from October 2020. As a reference, other European gaming markets are levelling out at around 20–25% tax. Following the reduction in October 2020, GGR tax is 30% across the portfolio and online is taxed at 35%.

Agents' commissions: Variable

OPAP operates via a network of franchise shops throughout Greece and Cyprus paying commissions to agents and committing only limited resources to the kit out of shops. The company has renegotiated commission structures (now mostly variable with NGR) and the dynamics of the estate have altered. OPAP has been gradually churning and rejuvenating its estate, notably since renegotiating commissions. Over the long term the number of OPAP stores has reduced and the average size of the stores has increased: in Greece, the number of stores has reduced from c 4,700 in FY13 to over 3,600 in FY21; in Cyprus the number has marginally increased to 202. At the same time, the company has expanded the number of alternate points of sale for Hellenic Lotteries products. OPAP has also developed a new network of gaming Play stores for its VLTs.

Continuing operating cost controls

As a direct result of OPAP's ongoing cost controls, total operating costs (ie personnel, marketing and other) have declined on an absolute basis from FY16–19, despite the commencement of several material projects (Hellenic Lotteries, horse racing, VLTs and virtual games), and before the disruption caused by COVID-19. The consolidation of Stoiximan from December 2020 has led to an absolute increase in operating costs, but costs for OPAP's underlying activities have been well controlled with underlying declines typical (see Financials section).

Concessions: Barrier to entry

Key to OPAP's strategy is that it holds exclusive concessions in all land-based games in Greece apart from casinos where OPAP has no presence. The core games exclusive licence has been extended until 2030, the scratch tickets and passive licence expires in 2026, and the horse racing licence expires in 2036. The exclusive licence to operate 25,000 VLTs in Greece expires in 2035. The new online gaming licences awarded in FY21 are for seven years at a cost of €2m or €3m pa. On 13 October 2020, the 10-year extension of OPAP's exclusive right to run specific numeric and sports betting games became effective, as discussed in our [initiation note](#).

Large social contributor in Greece

OPAP is among the larger social contributors (tax contributions, employment and charitable donations) in Greece operating under the WLA and responsible gaming standards, while it transforms its business excellence into a social contribution through an integrated CSR strategy.

Fast Forward strategy

Following his appointment as CEO effective from 1 January 2021, Jan Karas, who had been acting CEO since June 2020, introduced his Fast Forward strategy in April 2021.

The strategy outlined six key areas or pillars, highlighted below, to be used as a general framework for continuing OPAP's journey to providing world-class gaming entertainment to its customers in

retail and online. The strategy continues the work of the previous CEO's strategy, Vision 2020, which was introduced in 2016 and successfully executed.

Exhibit 6: Fast Forward strategy



Source: OPAP

Broadly, the aspiration is to develop more social interactions with existing and new customers. This will be achieved by gaining a better understanding of the customers and their activity, and then building better experiences in retail and online by further developing new and existing gaming content and other entertainment. OPAP will leverage the insight on customer activity with better customer relationship management (CRM). Enveloping the whole strategy is the company's strong focus on corporate responsibility and responsible gaming, ensuring that OPAP remains the CSR leader in Greece.

At the outset of the Fast Forward strategy, management stated, in aggregate, OPAP had an older customer base (70% of customers are aged 35+) and greater representation among males (70% of customers are male) than its desired (ie more balanced) customer mix. In addition, there was relatively low brand loyalty and few of its retail games were available online. OPAP has ongoing initiatives in technology (including replacement and introduction of new platforms) and people, and below we focus below on progress made in three of the pillars of the strategy: customer, online and retail, which should also positively influence the fourth pillar, brand.

Understanding the customer is central to the strategy, therefore a key focus has been the introduction of the 'infrastructure' that enables better data collection and analysis of the identities and activities of the customers. This began with the April 2021 launch of the OPAP Loyalty program, which has progressed well such that c 600k customers had registered on the app by end FY21. This followed the store-wide rollout of technology (Beacon) that enables identification of when players are in store. As part of the registration process, management collects key data including name, telephone number and email address, which has enabled OPAP to promote gaming offers in stores, and led to incremental visits to the stores and revenue from players. The launch of the Loyalty app was followed by the Q421 successful test of the new OPAP Store app. The new app was successfully pilot-launched in all stores in Q122 and the full commercial launch will be in Q222. The app is a fully digital in-store betting experience that enables players to place their bets and collect their winnings through their mobiles in store, without any interaction with a cashier, presenting a true cashless experience.

With respect to the online and retail pillars, management is enhancing the individual game brands with a view to making them more relevant to more customers by innovating the content and expanding them into the digital world where possible, supported by leveraging new technologies (eg improved platforms). In FY21, innovation in online games included expanding the number of

virtual games available with upgraded visuals (targeted at a younger demographic), and the online casino offering was relaunched in November 2021. In the retail world, innovations such as more VLT games and changing of jackpots have helped to grow customer engagement and revenue; and the company hosted many in-store thematic events (eg events around major sporting occasions) in order to improve the level of entertainment offered, with a view to extending customer dwell times.

In FY22, there are numerous new commercial priorities for both online and offline/retail. In online the key priorities are:

- leveraging the new consumer frontends and live casino,
- a new casino games vertical, offering traditional content with an innovative user interface and gamification focused on beginners,
- beginning the implementation of the new sports betting platform to deliver better and faster live betting in early 2023,
- launching a gamified loyalty scheme that rewards customer activity and interactions with a special focus on VIPs, and
- developing the lottery only entertainment destination with a new dedicated mobile app.

In retail the key commercial priorities for FY22 are:

- a major refresh and optimisation of the VLT estate,
- enhancements to the game portfolio including Powerspin combo, rejuvenation of Lotto, remodelling of Laiko and new features for Kino,
- new community and gamification features, and
- revamping the in-store entertainment with more content, events and social interactions.

The Greek gaming sector

The Greek gaming market is regulated by the Hellenic Gaming Commission (HGC) and a three-member supervisory committee is responsible for the supervision and exercise of preventive control over OPAP to protect the public interest. In 2014, the Greek State Council ruled that OPAP's monopoly in Greek gaming was irrevocable and no appeal can be raised before a national or EU court.

The HGC estimates that the total Greek gaming market's GGR amounted to €1.86bn in 2021, growth of c 15% in the year as it recovered from the severe drop of 27% in FY20 due to the initial COVID-19 outbreak and its effect on retail businesses. On an absolute basis, 2021's GGR was equivalent to c 83% of the pre-COVID-19 level of €2.23bn. Exhibits 7 and 8 show the GGR progression for the constituents (four land-based activities and Online) of the Greek gaming market from 2019–21.

Exhibit 7: Greek gaming market GGR

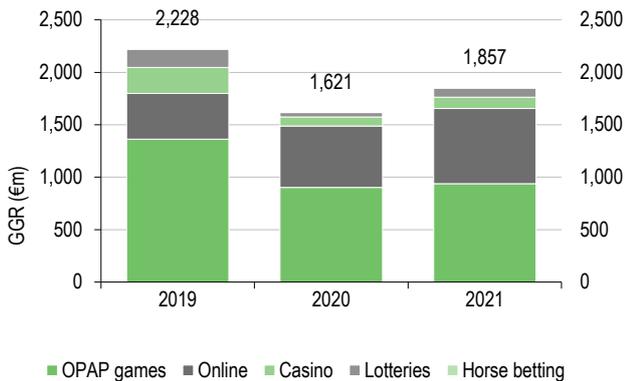
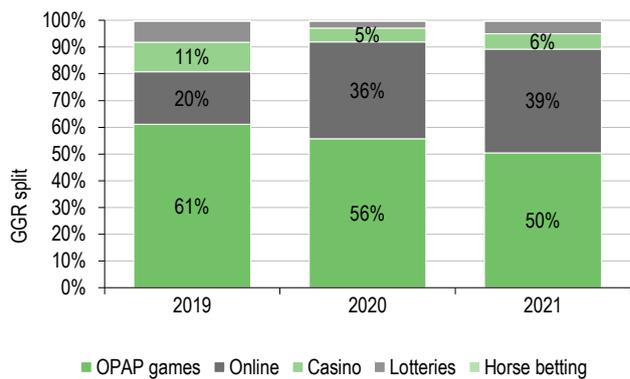


Exhibit 8: Share of Greek gaming market



Source: Hellenic Gaming Commission

Source: Hellenic Gaming Commission

In 2021 OPAP's (land-based) games (ie the numerical lotteries, sports betting and VLTs) comprised €937m or c 50% of the total, down from 61% in FY19. Legal online gaming comprised €719m (39% of the total versus 20% in FY19); land-based casinos €108m (6%); land-based state lottery games (ie operated by Hellenic Lotteries, majority owned by OPAP) €87m (5%), and horse betting €6m (less than 1%). In total, management estimates OPAP's total market share at 58% of GRR, without the online market share of Stoiximan. Online gaming is dominated by fixed odds betting (55% of the total), with casino comprising 44% and poker comprising less than 2% of GGR.

OPAP estimates that in 2021 GGR per adult in Greece was €193, broadly in line with the European average of €203 while that of Cyprus is higher at €338. Given the longstanding cultural tendency to gamble in Greece, we note that Greece's GGR as a percentage of GDP was 1.05%, the highest of the 27 EU countries; the average for all 27 countries was 0.60%.

Online gaming regulation: Finalised in FY21

As already highlighted the Greek online gaming market became fully regulated in 2021. All 15 licensees now operate under the same rules from a legal and regulatory perspective, which was not the case before full regulation. The seven-year licences cost €3m for sports betting and €2m for live casino and poker, the holders must pay a GGR tax of 35%, and there is no limit to the number of potential licences. The blacklisting of unlicensed operators continues and licensees will be required to have a registered office in Greece or another EU country.

Within the legal sports betting market, management estimates Stoiximan is the market leader with c 50% market share, followed by Novibet (a domestic competitor) and Bwin (owned by Entain). OPAP's non-Stoiximan market share is estimated at c 5%.

The casino licences were initially awarded with limits on maximum spend per bet (ie click) of €2 and a time restriction between each bet of three seconds. In March 2022, HGC voted in favour of increasing the maximum bet size to €20 and to reduce the time between bets to two seconds. The proposal has been submitted to the Greek Ministry of Finance for consideration. OPAP's management has included some unquantified benefit from expected relaxation of the restrictions in its FY22 guidance.

Management

OPAP's board comprises 10 non-executive directors (including four independent directors) and three executive directors (chairman, CEO and CFO). Many of the board members are associated with OPAP's major shareholder, Allwyn Entertainment, Europe's largest lottery business.

Exhibit 9: Board and management team

Name	Role	Background
Kamil Ziegler	Executive chairman	Former CEO and current board member of Sazka, the Czech lottery operator. Previous experience includes chairman and CEO of Czech state-owned Consolidation Bank, board member of PPF Group and deputy CEO and board member of Czech Savings Bank.
Jan Karas	CEO	Joined OPAP in 2014 and became CEO in January 2021. Previous experience includes senior executive positions in marketing, sales and product development in the telecommunications sector.
Spyridon Fokas	A' vice-chairman, non-executive member	Member of the Piraeus Bar Association since 1980 and practices law specialising in maritime and corporate law. He is also a member of the General Counsel of Hellenic Federation of Enterprises since 1980.
Pavel Saroch	B' vice-chairman, non-executive member	Currently board member of Allwyn and CIO and board member of investment group KKGC. Prior positions include board member of IFB (consultancy and private investments).
Pavel Mucha	CFO, executive member	Became CFO in October 2019 having joined from Sazka (Allwyn) where he was CFO. Prior roles include tax consultant at Price Waterhouse, and various finance positions in pharmaceutical and FMCG companies.
Katarina Kohlmayer	Non-executive member	Has been a senior investment banker with experience in corporate finance, reporting and accounting, international M&A, and equity and debt capital markets at firms including Morgan Stanley and VTB Capital.
Christos Kopelouzos	Non-executive member	Currently co-CEO of Copelouzos Group, which has business activities in the areas of natural gas, renewable energy, electricity production and trading, real estate, concessions, airports and gaming.
Stylianios Kostopoulos	Non-executive member	Head of the family office of the founders of Aegean Oil, as well as board member, CFO, financial advisor and treasurer in various companies. Also a member of the board of SAZKA DELTA VCIC and its affiliates. Prior roles include managerial positions in the financial and banking sector.
Robert Chvátal	Non-executive member	CEO of Allwyn and vice-president of European Lotteries (the industry association). Prior roles include CEO and board member of Slovak Telecom in T-Mobile Slovakia and CEO for T-Mobile Austria, chief marketing officer and member of board of directors of T-Mobile Czech Republic.
Nikolaos Iatrou	Independent non-executive member	Until 2005 chairman and managing director of Marfin Hellenic Securities as well as several other managerial positions within MARFIN BANK. In 2007 founded SILK Capital Partners, a boutique corporate finance firm. Since 2015 he has been a member of the board of directors and a member of the investment committee of NBG PANGAEA REIC. He is a member of the Hellenic Olympic Committee and mentor in ENDEAVOR Greece.
Rudolf Jurcik	Independent non-executive member	Currently the owner and executive director of the Prestige Oblige, Private Management & Consultants FZ LLC in Dubai. Previously, served as CEO of MAF Hospitality (Property) in Dubai and as president of the Oberoi International Group in New Delhi. Also worked as a special advisor to the CEO of Air France Group in Paris and as managing director of Forte/Meridien Hotels.
Nicole Conrad-Forker	Independent non-executive member	An attorney at law with experience in audit and corporate governance related issues. Previous experience includes board member/partner at ATAG Attorneys, foreign trade advisor in chambers of commerce, and a Swiss energy supply company.
Vasiliki Karagianni	Independent non-executive member	An experienced banking professional with managerial positions at various Greek banks, and senior consultant at a host of firms. Since June 2021 has been a member of the board of ELEGKA SA.

Source: OPAP data

Sensitivities

OPAP's business model is predicated on continuing cash flow from the monopoly businesses, supplemented by product enhancements and growth from online. The main sensitivities to the business are:

- Concession risk:** in 2011, OPAP extended its exclusive concessions for retail games to 2030. While there is always some degree of risk that the concessions will not be renewed (or will be uneconomically expensive), the 2014 State Council's final decision on OPAP's monopoly provides some comfort.
- Regulatory risk:** across all jurisdictions, the gaming industry is subject to changes in regulations and the Greek government raised the GGR tax from 30% to 35% in FY16, subsequently reduced to 30%. Although it is possible that there will be further tax rises, the tax is already well above other regulated European countries, so we see this as reasonably unlikely. Other regulatory issues (eg sources of funds, anti-money laundering, know your customer etc) could also become more onerous, although we note that OPAP's land-based businesses are low ticket and not generally associated with problem gambling and will be unlikely to face the same regulatory scrutiny.
- Illegal market:** although the government has stated it will pursue illegal activity, until there is more concrete action, we believe illegal premises (for VLTs) and unlicensed online operators will continue to hamper the company's growth prospects.

- **Economic and political risk:** the Greek economy has suffered well-documented challenges since 2008 and softness in retail spending is an ongoing risk, particularly exacerbated by COVID-19. Gaming spend per adult (as a percentage of GDP in Greece) is already well above the European average. This clearly presents a risk, particularly if GDP growth slows. To counterbalance, it is likely that online betting will continue to increase.
- **Cannibalisation risk:** as players begin to play online and on VLTs, there is the strong possibility this will cannibalise the existing retail OTC business more than our forecasts assume.
- **Major shareholder:** while we believe that Allwyn's strategic 48.1% stake is an overwhelming positive, providing expertise in the European lottery business, the business is controlled by a major shareholder and there is a possibility that its interests may not always be aligned with other investors. However, interests have been aligned so far (cost containment, business growth, dividend etc).

Valuation

During the last 12 months the share price has performed very well versus its peers (see Exhibit 11 below). The peers have been more volatile due to M&A, regulation changes, investment in developing new markets (eg US) and/or differing growth rates reported by the companies as they were affected by COVID-19 related operating restrictions in different ways; the majority of online peers were significant beneficiaries of the lockdowns and restrictions.

DCF-based valuation of c €18.0 per share

Our primary valuation method for OPAP is a DCF-based valuation. Beyond our explicit forecast period we assume a gradual fade down in annual revenue growth to 1.5% in our terminal year, FY31. In addition, we assume an EBITDA margin of 25% in FY31 to reflect the end of the concessions in October 2030, which boosts the EBITDA margin to c 33% during its term. We assume that OPAP pays €1bn between 2028 and 2029 to renew the Lotteries and Sports Betting licence beyond 2030. We use a WACC of 7.5% (risk free rate 3%, market premium 5%, company-specific Beta of 1.0 (source: Refinitiv) and a pre-tax cost of debt of 3.5%). The sensitivity of the valuation to changes in WACC and terminal growth rate assumptions is shown below.

Exhibit 10: DCF sensitivity (€/share)						
		Terminal growth rate				
		0.5%	1.0%	1.5%	2.0%	2.5%
WACC	10.0%	12.3	12.6	12.9	13.3	13.7
	9.5%	13.0	13.3	13.7	14.1	14.6
	9.0%	13.7	14.1	14.5	15.0	15.6
	8.5%	14.5	14.9	15.5	16.1	16.8
	8.0%	15.4	15.9	16.6	17.3	18.2
	7.5%	16.4	17.1	17.9	18.8	19.9
	7.0%	17.6	18.4	19.4	20.5	22.0
	6.5%	19.0	20.0	21.2	22.7	24.5
	6.0%	20.6	21.9	23.4	25.4	27.9
	5.5%	22.6	24.2	26.2	28.8	32.3

Source: Edison Investment Research

Peer group analysis

Although OPAP is a listed gaming business, its business model is different from the other listed European gaming companies (ie they are not monopolies, mostly do not participate in lotteries, and usually have a higher percentage of online revenue).

We consider La Francaise des Jeux to be OPAP's closest peer given its exposure to lotteries and scratch cards. Valuations for some companies reflect hopes for higher growth in the US market as well as concerns about imminent potential regulation changes. As OPAP begins to grow its online presence, the comparison with other peers will likely become more relevant. OPAP trades at a discount to the broader average on all multiples and its new dividend policy with a high payout ratio means it offers a superior dividend yield.

Exhibit 11: Peer valuations

Company	Year-end	Share price (local ccy)	Share price change 1 year %	Ccy	Market cap (€m)	Sales growth CY22 (%)	Sales growth CY23 (%)	EBIT margin CY22 (%)	EBIT margin CY23 (%)	EV/EBIT CY22 (x)	EV/EBIT CY23 (x)	P/E CY22 (x)	P/E CY23 (x)	Div yield CY22 (%)	Div yield CY23 (%)
888 Holdings PLC	Dec	193.9	(54)	GBP	1,025	1	8	22.8	25.9	3.8	3.1	9.2	6.3	5.3	7.4
bet-at-home.com AG	Dec	14.8	(67)	EUR	104	N/A	(11)	(0.8)	2.4	N/A	35.2	N/A	67.1	6.8	0.0
Betsson AB	Dec	63.2	(17)	SEK	732	6	10	13.6	14.1	0.8	0.7	10.2	9.0	4.8	5.5
Entain PLC	Dec	1,493	(9)	GBP	10,425	14	6	15.5	18.6	15.7	12.4	19.4	14.0	1.7	2.0
Flutter Entertainment PLC	Dec	8,290	(42)	GBP	17,302	13	16	11.4	15.4	22.4	14.3	26.9	16.3	1.9	2.8
La Francaise des Jeux SA	Dec	35.5	(16)	EUR	6,757	5	4	18.2	18.0	15.3	14.8	21.1	19.9	3.9	4.2
Kindred Group PLC	Dec	95.8	(34)	GBP	2,081	-5	18	12.8	15.4	11.0	7.8	13.1	9.5	3.6	5.8
LeoVegas AB (publ)	Dec	60.1	22	SEK	563	10	11	8.1	9.4	17.5	13.7	17.7	14.1	3.1	3.5
Rank Group PLC	Jun	106.2	(46)	GBP	591	46	11	9.9	13.2	8.5	5.7	7.0	5.9	4.8	4.8
Average			(29)			11	8	12.4	14.7	11.9	12.0	15.6	18.0	4.0	4.0
OPAP	Dec	13.9	9	EUR	4,919	41	2	26.8	26.6	8.9	8.8	11.7	11.5	8.6	8.7
OPAP premium/(discount) to average						30%	(6%)	14%	12%	(25%)	(27%)	(25%)	(36%)	115%	118%

Source: Refinitiv, Edison Investment Research. Note: Priced 27 April 2022.

Financials

OPAP's FY21 results were just ahead of our estimates with year-on-year revenue (GGR) growth of 36% to €1,539m (Edison estimate €1,526m) and EBITDA growth of 111% to €550m (Edison estimate €545m), or 96% on a like-for-like basis. In addition to higher revenue, and management's consistent record of good control of operating costs (see below), EBITDA included an incremental €175m (€217m in FY21 versus €42m in FY20) from the income relating to the [concession extension](#). Net profit increased by 26% to €259m, or 151% on a like-for-like basis including the benefit of a lower country-wide corporation tax rate of 22% (24% in FY20).

There was a further sequential (ie quarter-on-quarter) improvement in OPAP's performance in Q421 as OPAP's retail estate was able to trade for the full period, albeit with some COVID-19 related operating restrictions, in addition to ongoing momentum in OPAP's online activities.

With total revenue of €499m, Q4 was by far the most significant of the year with year-on-year growth of 124%, which includes the benefit of M&A (ie Stoiximan consolidated from December 2020 contributing €98m). As for the full year, control of operating costs and income relating to the concession produced a very strong increase in Q421 EBITDA, increasing by c 221% to €170m (Stoiximan contributing €21m), and net profit fell by c 39% to €81m but increased by 379% on a like-for-like basis.

Exhibit 12: OPAP's gross gaming revenue

€m	Q120	Q220	Q320	Q420	FY20	Q121	Q221	Q321	Q421	FY21	Edison FY21e
Lottery	154.5	103.0	179.1	82.0	518.6	36.6	150.3	178.4	183.8	549.2	560.8
Growth y-o-y	(19%)	(45%)	(9%)	(59%)	(33%)	(76%)	46%	(0%)	124%	6%	8%
Sports Betting	88.0	40.4	104.6	35.3	268.3	12.0	77.7	90.3	103.0	283.0	285.8
Growth y-o-y	(14%)	(55%)	14%	(69%)	(31%)	(86%)	92%	(14%)	192%	5%	6%
Instant & Passives	19.2	14.4	27.1	15.6	76.3	7.9	29.2	24.1	27.6	88.8	104.2
Growth y-o-y	(43%)	(59%)	(14%)	(67%)	(48%)	(59%)	103%	(11%)	77%	16%	37%
VLTs	66.6	21.8	80.1	32.0	200.5	0.0	36.1	84.4	74.1	194.6	196.0
Growth y-o-y	(3%)	(69%)	10%	(62%)	(33%)	(100%)	66%	5%	131%	(3%)	(2%)
Online Betting				42.0	42.0	70.4	53.9	50.8	63.4	238.4	230.3
Growth y-o-y						N/A	N/A	N/A	51%	467%	448%
Other Online		2.00	3.0	19.0	23.9	47.3	48.6	42.0	46.9	184.8	148.6
Growth y-o-y						N/A	2330%	1299%	147%	672%	521%
Gross gaming revenue (GGR)	328.3	179.6	391.0	230.9	1,129.8	174.2	395.9	470.2	498.5	1,538.8	1,525.8
Growth y-o-y	(17%)	(53%)	(1%)	(48%)	(30%)	(47%)	120%	20%	116%	36%	35%

Source: OPAP, Edison Investment Research

Versus our expectations for FY21, OPAP's online revenues (Betting and Other) were ahead, Sports Betting and VLTs were broadly in line, while Lottery and Instant & Passives were lower, by c 3% and 15% respectively, suggesting a slower recovery from COVID-19 in the land-based activities. The Q421 land-based revenues were equivalent to the following percentages of Q419 (ie pre-COVID) revenues: Lottery 91%, Sports Betting 92%, Instant & Passives 58% and VLTs 87%. Management believes the easing of COVID-related restrictions led to a gradual recovery in footfall but attendance by occasional players has room for further improvement. Having not been able to trade at all at the start of the year, VLTs began to recover quickly through the middle of the year, but the imposition of the 'green pass' in December negatively affected performance.

FY21 included the first full year of consolidation of Stoiximan, as it has been consolidated since the start of December 2020 (previously accounted for as an associate given OPAP's lower ownership). In Exhibit 13 we show the individual performances of OPAP and Stoiximan.

Exhibit 13: Performance of OPAP and Stoiximan

€m	Q120	Q220	Q320	Q420	FY20	Q121	Q221	Q321	Q421	FY21
Gross gaming revenue (GGR)	328.3	179.6	391.0	230.9	1,129.8	174.2	395.9	470.2	498.5	1,538.8
- OPAP underlying	328.3	179.6	391.0	190.7	1089.6	71.2	305.3	387.1	400.5	1164.0
Growth y-o-y						(78%)	70%	(1%)	110%	7%
- Stoiximan				40.2	40.2	103.0	90.6	83.1	98.1	374.8
Growth y-o-y						N/A	N/A	N/A	144%	833%
Net gaming revenue (NGR)	217.4	117.9	259.6	142.4	737.3	105.6	268.0	323.7	346.5	1,043.9
% of GGR	66.2%	65.6%	66.4%	61.7%	65.3%	60.6%	67.7%	68.8%	69.5%	67.8%
- OPAP underlying	217.4	117.9	259.6	118.0	712.9	N/D	N/D	268.3	278.9	800.2
% of GGR	66.2%	65.6%	66.4%	61.9%	65.4%	N/D	N/D	69.3%	69.6%	68.7%
- Stoiximan	0.0	0.0	0.0	24.4	24.4	N/D	N/D	55.4	67.6	243.7
% of GGR				60.7%	60.7%	N/D	N/D	66.6%	68.9%	65.0%
EBITDA	86.4	16.2	105.0	52.7	260.3	61.3	143.5	175.0	170.4	550.3
Margin	26.3%	9.0%	26.9%	22.8%	23.0%	35.2%	36.2%	37.2%	34.2%	35.8%
- OPAP underlying	N/D	N/D	99.5	38.8	238.2	N/D	N/D	163.9	148.9	478.7
Margin			25.5%	20.4%	21.9%			42.3%	37.2%	41.1%
- Stoiximan	N/D	N/D	5.5	13.9	22.1	N/D	N/D	11.1	21.5	71.6
Margin			N/A	N/A	N/A			13.4%	21.9%	19.1%

Source: OPAP, Edison Investment Research

Excluding the positive contribution from the first-time consolidation of Stoiximan, on an underlying basis OPAP's FY21 revenue increased by c 7% y-o-y to €1,164m, NGR by c 12% to €800m, and EBITDA by 101% to €479m. As a reminder, OPAP's definition of EBITDA, €550.3m in FY21, differs marginally from our own (€551.2m), as the company includes associate income (€0.4m) and one-off costs (€0.5m).

OPAP's underlying EBITDA margin in FY21 increased to 41.1% from 21.9% in the prior year, due to operating leverage from trading in its physical estate for more days in FY21 than FY20, due to fewer COVID-19 related closures, as well further apparent good control of operating costs. On a like-for-like basis, OPAP's underlying payroll expense declined by 5% and other operating expenses declined by 17%, which helped to fund an 18% increase in marketing.

FY22 guidance: Strong growth anticipated by management

Management has provided its first ever financial guidance for the year ahead as a sign of confidence in the Fast Forward strategy, the momentum of its online activities and lower expected disruption from COVID-19 in its retail store, while recognising the challenges of the macroeconomic situation (ie higher inflation and the war in Ukraine).

The new guidance for GGR of €2,175–2,215m and EBITDA of €720–740m equate to year-on-year growth from FY21 of 41–44% and 31–34%, respectively. The guidance compares with our prior FY22 estimates for GGR of €1,994m and EBITDA of c €721m. Our new estimates for FY22 are at the low end of management's new guidance.

Our GGR forecasts for FY22 and FY23 increase by c 9% to €2,171m and €2,214m, respectively, due to higher assumed growth rates for OPAP's online activities, which include some benefit from a relaxation of regulations and the higher total base for FY21 than we previously forecast. We introduce forecasts for FY24 with estimated revenue growth of c 2%, including 10% online growth and ongoing marginal declines for the legacy land-based revenues. The latter may prove conservative if the new gaming initiatives re-invigorate their growth rates.

Our EBITDA estimates for FY22 and FY23 are relatively unchanged, as our estimates for higher revenue growth are compensated for by higher agents' commissions (OPAP is providing extra support to the agents following a challenging two years due to COVID-19 and to help the agents with inflationary operating cost pressures) and higher marketing expenses. We forecast year-on-year EBITDA growth of c 2% in FY24. We now assume a corporate tax rate of 22%, which is in line with the standard corporate tax rate, versus 24% previously, which feeds through to higher EPS growth rates.

Exhibit 14: New forecasts

	GGR (€m)			EBITDA (€m)			EPS (€)		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
2022e	1,994	2,171	8.9	720.9	721.7	0.1	1.14	1.19	4.4
2023e	2,034	2,214	8.9	725.0	727.4	0.3	1.15	1.21	5.2
2024e	N/A	2,262	N/A	N/A	740.7	N/A	N/A	1.25	N/A

Source: Edison Investment Research

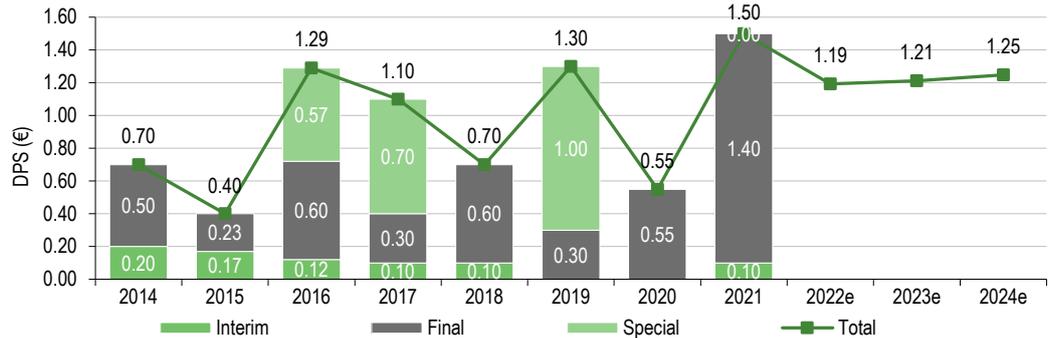
Cash flow and balance sheet: Degearing, higher shareholder returns

The strong increase in OPAP's FY21 profitability led to a significant improvement in OPAP's free cash flow generation and its year-end cash and therefore its net debt position fell. OPAP's operating cash flow of €493m was higher than FY20's €186m on both an absolute basis and relative to NGR, representing 47% of FY21's NGR compared to 25% in the prior year. Working capital was a positive inflow versus an outflow in FY20. Investment in tangible and intangible fixed assets of €24m was modestly higher than FY20's €19m, but in line with company guidance of c €25m.

Dividend cash payments of €91m were lower than the €215m paid in the prior year, which included an extraordinary dividend of €1.0/share. In line with the recently updated dividend policy, management has committed to distributing dividends of €1.50 per share for FY21. As a reminder, at the H121 results announcement management updated its dividend policy, committing to dividend

distributions that exceed net profit with a minimum dividend of €1 per share. The payout in excess of net profit, to reach the minimum €1 dividend per share or to pay special dividends, can be funded from the share premium account, which has consistently increased due to OPAP's 'attractive' scrip dividend, and retained earnings. The total dividend for FY21 is made up of an interim dividend of €0.1/share, a final dividend of €0.5/share and an additional capital return of €0.9/share. For FY22, FY23 and FY24 we assume a 100% payout ratio of net income to give estimated dividend per share payments of €1.19, €1.21 and €1.25 respectively, which may prove conservative based on the new dividend policy.

Exhibit 15: Dividends and capital distributions



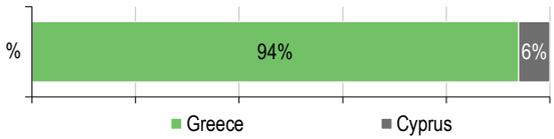
Source: OPAP, Edison Investment Research

At the end of FY21, OPAP's cash position had improved to €860m from €507m at the end of FY20, leading to a significant improvement in the year-end net position (excluding lease liabilities of €51m) of €183m from €529m at the end of FY20. Note we do not include short-term investments in the calculation (€3m in 2021) as OPAP does.

Exhibit 16: Financial summary

	€m	2018	2019	2020	2021	2022e	2023e	2024e
Year end 31 December		ISA	ISA	ISA	ISA	ISA	ISA	ISA
INCOME STATEMENT								
Revenue		1,547.0	1,619.9	1,129.8	1,538.8	2,170.9	2,213.6	2,261.8
NGR		1,039.9	1,086.2	737.3	1,043.9	1,484.6	1,511.1	1,541.1
Cost of Sales		(912.0)	(946.9)	(672.7)	(883.7)	(1,289.0)	(1,311.7)	(1,334.4)
Gross Profit		635.0	673.0	457.1	655.2	881.8	902.0	927.5
Other Income				42.5	217.4	240.5	239.9	239.4
EBITDA		356.6	411.2	263.9	551.2	721.7	727.4	740.7
Operating profit (before amort. and excepts.)		261.4	305.2	147.2	408.6	582.5	588.2	601.5
Impairments		(17.5)	(8.7)	(36.8)	(4.7)	0.0	0.0	0.0
Exceptionals		(3.0)	(7.1)	121.2	(0.5)	41.8	0.0	0.0
Share-based payments		(1.6)	(1.6)	0.0	(2.2)	(2.2)	(2.2)	(2.2)
Reported operating profit		239.3	287.8	231.6	401.3	622.1	586.0	599.3
Net Interest		(23.5)	(27.1)	(33.5)	(43.6)	(28.5)	(24.0)	(19.0)
Joint ventures & associates (post tax)		0.1	8.5	18.3	(0.4)	(0.2)	0.0	0.0
Profit Before Tax (norm)		238.0	286.6	132.0	364.6	553.8	564.2	582.5
Profit Before Tax (reported)		215.9	269.2	216.4	357.3	593.5	562.0	580.3
Reported tax		(70.6)	(67.1)	(17.3)	(96.4)	(121.8)	(124.1)	(128.2)
Profit After Tax (norm)		169.0	217.8	100.3	284.4	431.9	440.1	454.4
Profit After Tax (reported)		145.3	202.1	199.1	260.9	471.6	437.9	452.2
Minority interests		(2.0)	0.3	6.1	(1.4)	(10.8)	(12.1)	(13.9)
Net income (normalised)		167.0	218.1	106.4	282.9	421.2	429.0	442.4
Net income (reported)		143.3	202.4	205.2	259.4	460.9	425.8	438.3
Average Number of Shares Outstanding (m)		318	318	334	344	353	353	353
EPS - normalised (c)		52.57	68.50	31.83	82.28	119.36	121.58	125.39
EPS - normalised fully diluted (c)		52.57	68.50	31.83	82.28	119.36	121.58	125.39
EPS - basic reported (€)		0.45	0.64	0.61	0.75	1.31	1.21	1.24
Dividend (€)		0.70	1.30	0.55	1.50	1.19	1.21	1.25
Revenue growth (%)		6.3	4.7	(30.3)	36.2	41.1	2.0	2.2
Gross Margin (%)		41.0	41.5	40.5	42.6	40.6	40.7	41.0
EBITDA Margin (%)		23.1	25.4	23.4	35.8	33.2	32.9	32.7
Normalised Operating Margin		16.9	18.8	13.0	26.6	26.8	26.6	26.6
BALANCE SHEET								
Fixed Assets		1,384.8	1,370.1	1,806.4	1,695.0	1,685.4	1,569.1	1,452.7
Intangible Assets		1,157.2	1,096.0	1,578.9	1,476.0	1,491.3	1,391.6	1,292.0
Tangible Assets		111.5	162.3	127.5	105.6	88.9	72.2	55.5
Investments & other		116.1	111.7	100.0	113.4	105.2	105.2	105.2
Current Assets		388.6	869.9	629.1	1,007.5	890.2	918.7	953.0
Stocks		10.7	7.0	6.2	4.7	6.6	6.7	6.9
Debtors		140.2	161.2	68.5	90.9	130.3	132.8	135.7
Cash & cash equivalents		182.0	633.8	506.9	860.4	701.7	727.6	758.9
Other		55.7	67.9	47.6	51.6	51.6	51.6	51.6
Current Liabilities		(314.0)	(326.4)	(366.1)	(571.5)	(642.1)	(646.8)	(652.1)
Creditors		(177.5)	(184.1)	(149.4)	(168.2)	(238.8)	(243.5)	(248.8)
Tax and social security		(12.8)	(1.8)	(27.8)	(60.7)	(60.7)	(60.7)	(60.7)
Short term borrowings		(0.2)	(13.9)	(40.7)	(62.5)	(62.5)	(62.5)	(62.5)
Other		(123.6)	(126.7)	(148.2)	(280.2)	(280.2)	(280.2)	(280.2)
Long Term Liabilities		(699.8)	(1,141.6)	(1,286.7)	(1,181.7)	(1,028.8)	(923.6)	(816.1)
Long term borrowings		(650.3)	(1,103.2)	(1,057.9)	(1,035.2)	(835.2)	(685.2)	(535.2)
Other long term liabilities		(49.5)	(38.4)	(228.8)	(146.5)	(193.6)	(238.4)	(280.9)
Net Assets		759.5	771.9	782.7	949.4	904.8	917.4	937.6
Minority interests		(36.8)	(18.1)	(41.1)	(38.5)	(45.2)	(53.2)	(63.1)
Shareholders' equity		722.8	753.8	741.6	910.9	859.6	864.2	874.5
CASH FLOW								
Op Cash Flow before WC and tax		358.2	412.9	263.9	553.4	723.9	729.6	742.9
Working capital		(25.0)	(16.5)	(34.8)	21.1	29.3	2.0	2.3
Exceptional & other		(1.9)	(13.8)	4.5	(4.5)	44.9	42.6	40.3
Tax		(51.7)	(78.9)	(12.1)	(46.1)	(121.8)	(124.1)	(128.2)
Operating Cash Flow		279.7	303.6	221.4	523.9	676.3	650.1	657.3
Net interest		(24.6)	(22.3)	(32.5)	(30.1)	(28.5)	(24.0)	(19.0)
Capex		(52.1)	(34.7)	(18.9)	(24.2)	(25.0)	(25.0)	(25.0)
Acquisitions/disposals		(48.0)	(22.0)	(90.2)	(19.0)	(115.0)	0.0	0.0
Equity financing		(12.1)	(0.1)	(0.1)	(0.2)	0.0	0.0	0.0
Dividends		(130.7)	(168.4)	(214.7)	(91.0)	(512.1)	(421.2)	(428.0)
Net new borrowings		(32.3)	399.7	(12.1)	0.5	(200.0)	(150.0)	(150.0)
Other		(34.6)	(4.0)	20.0	(6.3)	45.7	(4.1)	(4.1)
Net Cash Flow		(54.8)	451.8	(126.9)	353.5	(158.6)	25.9	31.3
Opening cash		236.8	182.0	633.8	506.9	860.4	701.7	727.6
Closing cash		182.0	633.8	506.9	860.4	701.7	727.6	758.9
Closing net debt/(cash)		468.5	483.3	591.7	237.3	195.9	20.1	(161.2)

Source: OPAP, Edison Investment Research

Contact details OPAP Athinon Av 112 Athens PC 104 42 Greece +30 210 5798930 www.opap.gr	Revenue by geography  <table border="1"> <thead> <tr> <th>Geography</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Greece</td> <td>94%</td> </tr> <tr> <td>Cyprus</td> <td>6%</td> </tr> </tbody> </table>	Geography	Percentage	Greece	94%	Cyprus	6%										
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Management team																	
CEO: Jan Karas Jan joined OPAP in 2014 and became CEO in January 2021. Previous experience includes senior executive positions in marketing, sales and product development in the telecommunications sector.	Executive chairman: Kamil Ziegler Former CEO and current board member of Sazka, the Czech lottery operator. Previous experience includes chairman and CEO of Czech state-owned Consolidation Bank, board member of PPF Group and deputy CEO and board member of Czech Savings Bank																
CFO: Pavel Mucha Pavel became CFO in October 2019, having joined from Sazka where he was CFO. Prior roles include tax consultant at Price Waterhouse, and various finance positions in pharmaceutical and FMCG companies.																	
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