

# OPAP



Remains lucrative within a period of general economic strain

## Investment Rating

(Overweight - Medium Risk - High Yield)

O - 2 - 3

Price (close 23/11/10) €12.40  
Target Price (previous €15.41) €15.54  
Upside/Downside +25.3%

## Key Data

<b>BBG - RIC</b>	OPAP GA / OPAPr.AT
<b>Shares o/s</b>	319.00mn
<b>Market Cap</b>	3,946.0mn
<b>Free Float</b>	66%
<b>52wk Range</b>	€9.95 - €17.73
<b>Av. Daily Vol.</b>	779K shares
<b>St. deviation</b>	45.4%

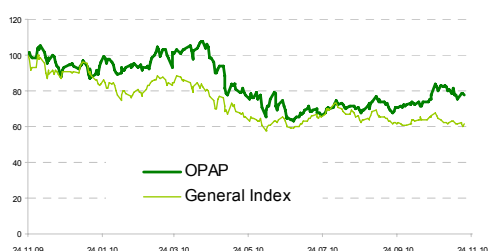
## Financial Highlights

Financial Highlights	2009a	2010e	2011f	2012f
<b>TOTAL ASSETS</b>	1,302,781	1,195,845	1,211,695	1,267,153
<b>Cash</b>	699,587	545,675	591,777	622,166
<b>Total Current Liabilities</b>	607,701	638,944	652,321	673,296
<b>Total Liabilities</b>	684,369	705,033	720,883	744,441
<b>Total Equity</b>	618,412	522,712	490,812	522,712
<b>Total Turnover</b>	5,483,472	5,287,754	5,208,438	5,291,773
<b>Gross Profit</b>	1,172,216	1,085,177	1,083,841	1,102,048
<b>EBITDA</b>	989,446	902,533	869,953	879,324
<b>EAT after minorities</b>	634,702	513,834	478,219	501,327
<b>EPS (after tax)</b>	1.99	1.61	1.50	1.57
<b>DPS</b>	1.75	1.26	1.16	1.26

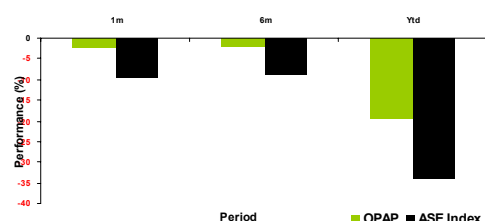
## Valuation Metrics

Valuation Ratios (x)	2009a	2010e	2011f	2012f
<b>P/E</b>	6.2	7.7	8.3	7.9
<b>EPS Growth</b>	-9%	-19%	-7%	5%
<b>PEG</b>	-0.7	-0.3	-1.1	1.7
<b>EV/EBITDA</b>	4.7	5.0	5.2	5.2
<b>P/BV</b>	6.4	7.6	8.1	7.6

## Relative Graph (52wk)



## Absolute Performance



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Please refer to important disclosures at the end of the report  
The full valuation report is available upon request

## INVESTMENT SUMMARY

We reiterate an O-2-3 rating (Overweight, Medium Risk, High Yield); with a target price of €15.54 (slightly higher from previous) implying a +25.3% upside from current levels. According to our estimates, the stock trades on a P/E10e of 7.6x and P/BV10e of 7.5x, remaining attractive against its European peers.

### 9m 2010 results came above expectations, revealing the Organization's strong endurance against an adverse operating environment

OPAP reported a good set of Q3 results (above expectations), with net profits at €161.2mn, up 24% yoy. Sales dropped 6% yoy to €1.13bn, while EBITDA rose to €220.3mn (+18% yoy).

Stihima was down 6% yoy in Q3, and Kino was down 4% with the remaining games down 18% yoy. However, better gross proceeds from Stihima reflected a substantially lower payout ratio, falling to 64.9% from 74.2% a year ago and 73.5% in H1 2010. Despite weak Stihima sales, gross proceeds may continue to rise as payout remains condensed. Meanwhile, Kino is down less-than-expected. Furthermore, new prospects may derive from potential new licenses and games in the following year.

The Company managed to bring up solid cost containment, with distribution costs down by 25% yoy and administrative costs down by 43% in Q3.

OPAP announced a net interim dividend of €0.46 per share that generates a yield of 3.8%. Last year, OPAP had distributed a net interim of €0.585 (€0.65/share subject to a 10% withholding tax). On a yoy basis, interim dividend is seen 21% lower.

## Valuation

We have refreshed our valuation models, using some basic valuation assumptions including a risk-free rate of 8% (previously 7%), a market risk premium at 5%, a beta of 0.5, and a FCF growth rate at 0%. Accordingly, our Weighted Average Cost of Equity (Ke) results in 10.5%.

Our current scenario results in PE10e and PE11e of 7.6x and 8.2x respectively, while PBV10e comes to 7.5x. Accordingly, we assign a new target price of €15.54, which implies a 25.3% upside from current levels. Meanwhile, we now expect a total dividend of €1.26 for 2010 yielding 10% to the current price. As such, we retain our Overweight rating for the stock.

## Risks

OPAP faces substantial market challenges in the medium-term such as a) the impact of 10% taxation in players' gains that eventually result to a further shrink in payouts, b) the impact of the smoking ban that was implemented in July and yet has to be quantified for the coming years, c) the impact of a rather distressed domestic economic environment with negative implications for both companies & households, d) possible developments on the regulatory front to derive from EC initiatives, e) the impact of intensified competition from internet betting, f) the impact of one-off taxation until 2012, g) the outcome of OPAP's efforts to expand abroad although not appearing to be a priority thus far, and h) the medium-term impact of the domestic market's opening to new games and the firmer control over internet.

All the above factors can provide for negative or positive risk reassessment of our estimates, and sustain a rather difficult to predict operating environment of the stock.

## CONTENTS

## Investment Overview 3

Positives  
Risks-Challenges

## Financial Review 4

• OPAP remains a lucrative investment  
• Narrow Economic Environment & Fiscal Uncertainty  
• Stihima & Kino Revenue Growth Patterns  
• Revenue/Costs Assumptions  
• P&L Projections for Flagship Games Stihima & Kino

## Valuation 9

• DCF Analysis  
• EVA Analysis  
• DDM Analysis  
• Combined Target Price

## Financials 11

## Disclosures 14

Note:  
Contents & Exhibits  
refer to the full valuation report

## Exhibits

1. Q3/9m 2010 results
2. OECD: Greek forecasts
3. Revenue Assumptions
4. COGS Assumptions
5. Revenue Assumptions vs previous
6. COGS Assumptions vs previous
5. Summary P&L for Stihima & Kino
6. Basic Value Assumptions
7. DCF Valuation Summary
8. EVA Valuation Summary
9. DDM Valuation Summary
10. Combined Valuation Target
11. Growth - WACC Sensitivity
12. Peer Group Comparizon
13. Profit & Loss Statement (2009E-2015F)
14. Balance Sheet Statement
15. Cash Flow Statement
16. Selective Ratios

## Company Profile

OPAP is the leading gaming company in Greece, enjoying the sole concession to operate and manage six numerical and three sports betting games until 2020. In addition, OPAP holds the sole concession to operate and manage any new sports betting games in Greece as well as the right of first refusal to operate and manage any new lottery games permitted by the Hellenic Republic.

## Investment Positives

- Dominant franchise in Greece
- Licence for athletic bets valid until 2020
- Commitment of agents through the gradual signing of new agreements
- High and sustainable dividend yield
- Strong fundamentals with a ample cash position, robust operating cash flow and clean balance sheet
- New games opportunities (VLTs,internet) in 2011.

## Profit &amp; Loss

PROFIT & LOSS (€'000)	2009a	2010e	2011f	2012f
Total Turnover	5,483,472	5,287,754	5,208,438	5,291,773
Gross Profit	1,172,216	1,085,177	1,083,841	1,102,048
Operating Expenses	-208,467	-187,428	-218,646	-227,456
EBITDA	989,446	902,533	869,953	879,324
Depreciation Exp.	-42,540	-44,029	-45,570	-47,165
Operating Income	946,906	858,505	824,383	832,159
EBT	987,819	901,463	869,490	879,520
EAT	634,702	513,834	478,219	501,327
EAT after minorities	634,702	513,834	478,219	501,327

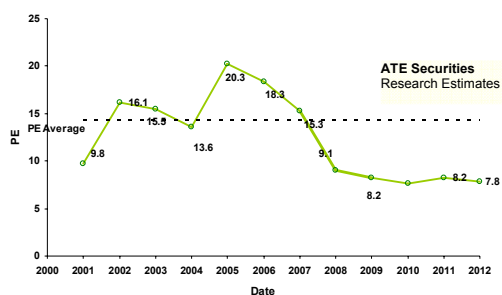
## Balance Sheet

BALANCE SHEET (€'000)	2009a	2010e	2011f	2012f
Net Fixed Assets	86,932	96,932	106,932	116,932
Intangible Assets & Goodwill	233,305	211,994	190,795	171,715
Total Non-current Assets	369,053	357,158	345,223	336,374
Other Receivables	232,975	291,860	273,564	307,425
Cash	699,587	545,675	591,777	622,166
Total Current Assets	933,728	838,687	866,472	930,779
Taxes Payable	397,554	405,957	420,165	434,871
Total Current Liabilities	607,701	638,944	652,321	673,296
Total Non-current Liabilities	76,668	66,089	68,562	71,145
Total Liabilities	684,369	705,033	720,883	744,441
Proposed Dividends	350,900	255,200	223,300	255,200
Total Equity	618,412	522,712	490,812	522,712
TOTAL LIAB. & EQUITY	1,302,781	1,227,745	1,211,695	1,267,153

## Cash flow Statement

CASH FLOW (€'000)	2009a	2010e	2011f	2012f
EAT	634,702	513,834	478,219	501,327
Plus: Depreciation	96,537	42,540	44,029	45,570
Less: Taxes	352,358	387,629	391,270	378,194
Cash Earnings	324,884	170,234	132,519	170,298
Change in Working Capital	42,482	-37,032	18,986	-28,148
Operating Cash Flow	356,014	141,849	167,169	157,367
Investment Cash Flow	-106,413	-95,700	-31,900	31,900
Free Cash Flow	263,098	35,911	137,021	191,107

## PE Graph



Source: Historical PE values, Bloomberg

## Shareholder Structure

Major Shareholders	
Greek State	34.37%
Capital Research & Management Group	13.39%
Free Float	52.24%
Total	100.00%

## Financial Structure Data

Convertible Bond:  
Stock Option Scheme:

## Investment Risks-Challenges

- Challenging market environment and corporate taxation changes burden income
- EU-enforced regulatory change can alter future prospects
- Games slowdown may be persistent in 2011, given the continuation of recession
- Competition from illegal gambling and internet betting due to higher payouts.

## Management

Chairman of BoD: Charis Stamatoopoulos  
CEO: John Spanoudakis  
CFO: Venio Rogakos  
IRO: Nikos Polymenakos

## Events Calendar

## Index Weightings

ASE Index: 8.82% (23/11/2010)  
FTSE/ASE 20: 10.09% (23/11/2010)

## Notes

Ke : Cost of Equity  
Kd : After-tax cost of debt  
Rf : 10yr bond yield  
ERP : Equity Risk Premium

## Value - Margins

Value	2009a	2010e	2011f	2012f
Mkt Cap (€'000)	3,955,600	3,955,600	3,955,600	3,955,600
Enterprise Value (€'000)	4,622,768	4,467,864	4,515,466	4,545,355
Profit Margins	2009a	2010e	2011f	2012f
Gross Margin	21.4%	20.5%	20.8%	20.8%
EBITDA Margin	18.0%	17.1%	16.7%	16.6%
EBT Margin	18.0%	17.0%	16.7%	16.6%
EAT Margin	11.6%	9.7%	9.2%	9.5%

## Key Ratios

Per share Data (€)	2009a	2010e	2011f	2012f
Share Num. (adj.)	319,000	319,000	319,000	319,000
EPS (after tax)	1.99	1.61	1.50	1.57
EPS (pre tax)	3.10	2.83	2.73	2.76
EBITDAPS	3.10	2.83	2.73	2.76
CFPS	2.12	1.75	1.64	1.72
DPS	1.75	1.26	1.16	1.26
BVPS	1.94	1.64	1.54	1.64
Valuation Ratios (x)	2009a	2010e	2011f	2012f
P/E	6.2	7.7	8.3	7.9
EPS Growth	-9%	-19%	-7%	5%
PEG	-0.7	-0.3	-1.1	1.7
EV/EBITDA	4.7	5.0	5.2	5.2
P/BV	6.4	7.6	8.1	7.6
P/S	0.7	0.7	0.8	0.7
EV/S	0.8	0.8	0.9	0.9
P/CF	5.8	7.1	7.6	7.2
Profitability Ratios (%)	2009a	2010e	2011f	2012f
ROE (avg)	97.9%	90.1%	94.4%	95.9%
ROCE (avg)	46.9%	40.6%	39.2%	40.2%
ROA (avg)	46.9%	40.6%	39.2%	40.2%
ROE - EBITDA (avg)	152.6%	158.2%	171.7%	168.2%
ROA - EBITDA (avg)	73.2%	71.3%	71.3%	70.5%
Liquidity Ratios	2009a	2010e	2011f	2012f
Current Liquidity	1.54	1.31	1.33	1.38
Acid Ratio	1.22	0.95	0.96	1.02
Gearing	90%	74%	68%	70%
Debt / EBITDA	0.03	0.04	0.04	0.04

## Valuation

## Value Assumptions

OPAP (IFRS-Cons-€'000)	
Basic Assumptions	
Raw Beta	0.500
Time-Adjusted Beta	0.660
Raw Beta (Levered)	0.500
Time-Adjusted Beta (Levered)	0.660
Long-Term risk free	8.00%
Market Risk Premium	5.00%
Cost of Debt (after tax)	7.88%
Cost of Equity (used for PV of FCF WACC)	10.50%
Cost of Equity (used for PV of Residual Value WACC)	11.30%
Expected Perpetual FCF growth	0.00%

Source: ATE Securities Research

# Investment Overview

## Positives

<b>Dominant Position</b>	• Dominant position in the Greek gaming market through an extensive retail network of around 5,500 POS
<b>Agents' Commitment</b>	• Commitment of agents through the gradual signing of new agreements (despite the recorded delays)
<b>Monopoly-Strategic Focus</b>	• OPAP enjoys a monopoly status till 2020. Despite the compressed economic conditions, management focuses on maintaining strong profitability and supports initiatives to expand outside the organization's core concession
<b>Strong Fundamentals</b>	• Strong fundamentals with an ample cash position, robust operating cash flow and clean balance sheet (no debt)
<b>High Dividend Yield</b>	• High and sustainable dividend yield
<b>Supportive Markets</b>	• Gambling spending in Greece appears resilient
<b>New Games Opportunities</b>	• The Greek market opening will provide the opportunity for developing new games such as VLTs and internet plays in the following year
<b>Idle Legal Challenges</b>	• Legal challenges from the European Commission fail to progress or rule in OPAP/Greece's favour.
<b>Favourable Game Ergonomics</b>	• A well contained payout appears to be well maintained in Stihima
<b>Lack of Competition</b>	• Competitive threats recede with monopoly status holding well
<b>Focus on International Penetration</b>	• Drive for international penetration with prime focus at large privatization cases – Although not a current priority

## Risks-Challenges

<b>Tax Considerations</b>	• New corporate and one-off tax charges will bear a negative effect in medium-term profitability
<b>Market Challenges</b>	• Challenging market environment due to the economic compression already experienced domestically
<b>Deregulation Uncertainty</b>	• Uncertainty may be extended; as deregulation in the gaming markets becomes more profound, and EU-enforced regulatory change is under way. Recent initiatives undertaken by the EU point to a partial liberalization (i.e. online gaming). The potential opening of the market could have a negative impact on revenues and profitability as well as on market position, mainly in its early stage
<b>Games Slowdown</b>	• Games slowdown that may persist in 2011, given a recessionary environment
<b>New Taxation Regimes</b>	• The new tax regimes bear a negative impact both on players' returns and on corporate bottom-line results
<b>Illegal Gaming</b>	• Increasing competition from illegal gambling and internet betting due to higher payouts
<b>Smoking Ban Effect</b>	• Smoking ban appears to have a negative impact on betting
<b>New Challenges</b>	• The forthcoming reintroduction of slot machines would bear a negative impact on Kino
<b>Lack of International Exposure</b>	• The Group's current lack of international exposure is seen as a constraining factor for OPAP's competitive position, especially in the case of an early market deregulation

## Financial Review – Q3/9m 2010 Results

### OPAP remains a lucrative investment

#### Q3/9m results reveal a recession-proof endurance and ability to cut costs

OPAP announced its 9-month net result on November 22 down by 17.7% yoy to €413.1mn. Nevertheless, on a quarterly basis, net profit was up 23.5% yoy to €161.2mn in Q3 2010. The Company's revenues for the 9m 2010 decreased by 2.4% to €3.88bn, while in Q3 2010 revenues reached €1.13bn, down 6.2% yoy. EBITDA rose by 0.4% to €695.9mn for the 9m 2010 period. Quarterly EBITDA was also up by 18.1% yoy to €220.3mn, mainly due to decreased distribution costs and a lower Stihima pay-out ratio in Q3 of 2010 (64.9% compared to 74.2% in Q3 2009). Adjusted net profit for the 9m 2010 (excluding the €93.8mn of windfall taxes that were booked in Q2) increased by 1.1% to €506.9mn, also due to decreased distribution costs and the lower Stihima pay-out ratio.

Total sports betting revenues increased by 5.7% to €1.58bn in the 9m 2010, mainly due to the additional sales resulting from the World Cup (June-July 2010). In Q3 2010, total sports betting revenues decreased by 6.4% to €440mn. Revenues from numerical games in the 9m 2010 decreased by 7.3% to €2.3bn, which was a resilient performance despite the prevailing economic conditions. Numerical games in Q3 decreased by 6.1% yoy to €695mn. Revenues from KINO in the 9m 2010 decreased by 8.6% yoy to €1.93bn, while in Q3 2010 revenues from KINO decreased by 4.2% yoy.

Management is expecting the Stihima payout to end up at 70-71% for the full year (as in our forecast), on the back of the surprisingly low payout in Q3 (implying Q4 payout of 69%, broadly in line with Q4 2009). OPAP also remains committed to achieving the target of a 10% reduction of operating costs for the full year, while details with regards to any additional cost savings will be given along with the FY2010 results in March. We anticipate an overall reduction in cost at 13% yoy.

Management also expressed its content for a strong return despite the challenging economic environment and confidence that it will continue to grow market penetration for key games and aggressively manage costs. The Company is well positioned to take advantage of the impending regulation of Greece's gaming market due to the strength of its brand and market expertise.

#### Exhibit 1. OPAP Q3/9m 2010 results

##### Q3 Published Results

(€mn)	Q3 10A	Q3 09A	Q3 10E	(%) A (A-E)	%
<b>Sales Total</b>	1,134.6	1,209.8	1,145.7	-6.2%	-1.0%
<b>Stihima</b>	434.5	462.2	452.9	-6.0%	-4.1%
<b>Kino</b>	602.9	629.3	591.5	-4.2%	1.9%
<b>EBITDA</b>	220.3	186.6	206.0	18.1%	6.9%
<b>Net Income</b>	161.2	130.5	148.3	23.5%	8.7%

Source: Published Financial Statements, Consensus estimates

##### 9m Published Results

(€mn)	9m 10A	9m 09A	9m 10E	(%) A (A-E)	%
<b>Sales Total</b>	3,878.7	3,973.9	3,889.7	-2.4%	-0.3%
<b>Stihima</b>	1,557.9	1,460.3	1,576.3	6.7%	-1.2%
<b>Kino</b>	1,929.8	2,111.5	1,918.4	-8.6%	0.6%
<b>EBITDA</b>	695.9	693.2	681.6	0.4%	2.1%
<b>Net Income</b>	413.1	501.7	400.2	-17.7%	3.2%

Source: Published Financial Statements, Consensus estimates

#### Management also decided the distribution of a net interim 2010 dividend

OPAP announced a net interim dividend of €0.46 per share that generates a yield of 3.8%. Last year, OPAP had distributed a net interim of €0.585 (€0.65/share subject to a 10% withholding tax). On a yoy basis, interim dividend is seen 21% lower. OPAP will trade ex-int.div on December 15. Relative to the tax rate of distributable income (40%) and since interim is not charged as it is considered down payment, taxation will be higher in Q4 when the BoD decides on the final dividend it will propose (we estimate a final dividend of €0.8 in our calculations). Overall, the tax rate for the year rises to 50% (including the 10% social contribution tax).

## Narrow Economic Environment & Fiscal Uncertainty Remain

#### Troubled domestic economic environment threatens prospective revenues

The following year may prove to be an even more difficult season for the Greek economy than 2010, as European sovereign debt and banking sector crisis appears contagious and retains its negative impact for most companies.

Undoubtedly, Greece goes through its worse financial crisis in many decades, while the government struggles to protect the country's wounded credibility and the recent lack of confidence in the recording system of sovereign accounts. All major rating agencies have already downgraded Greece, while maintaining negative outlooks for the immediate future, and eventually triggering a devaluation game in the market of Greek government bonds that is getting worse on a day to day basis. Domestic future prospects currently depend in their most profound way to the government's rapid and consistent action towards a gradual fiscal improvement that may take some years.

Following, we present the outcome of the latest OECD report on Greek economy, in which the country is due to remain in recession during 2011 with GDP further derailing by -2.7%.

**Exhibit 2. OECD latest forecasts on Greece****Greece: Demand, output and prices**

	2007	2008	2009	2010	2011	2012
	Current prices € billion	Percentage changes, volume (2000 prices)				
Private consumption	162.7	2.3	-1.8	-3.9	-4.3	-0.3
Government consumption	38.5	0.6	9.6	-8.9	-6.9	-5.8
Gross fixed capital formation	48.4	-7.4	-13.9	-18.2	-10.6	-2.2
Final domestic demand	249.6	0.1	-2.5	-7.2	-5.7	-1.4
Stockbuilding <sup>1,2</sup>	2.0	1.1	-0.1	1.3	-0.3	0.0
Total domestic demand	251.6	1.0	-2.5	-5.9	-5.8	-1.4
Exports of goods and services	51.4	4.0	-18.1	-3.5	3.9	8.2
Imports of goods and services	76.6	0.2	-14.1	-11.7	-10.0	-0.5
Net exports <sup>1</sup>	-25.1	0.9	0.7	3.0	3.7	1.9
GDP at market prices	226.4	1.3	-2.3	-3.9	-2.7	0.5
GDP deflator	—	3.5	1.3	3.3	2.4	1.0
<i>Memorandum items</i>						
Harmonised index of consumer prices	—	4.2	1.3	4.7	2.5	0.7
Private consumption deflator	—	4.1	1.3	4.0	2.5	0.7
Unemployment rate	—	7.7	9.5	12.2	14.5	15.2
General government financial balance <sup>3</sup>	—	-7.8	-13.7	-8.3	-7.6	-6.5
Current account balance <sup>4</sup>	—	-14.7	-11.4	-10.5	-7.5	-5.9

Note: The fiscal projections, which were finalised on the 12th November, do not take into account subsequent upward revisions in the 2009 deficit and debt.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

2. Including statistical discrepancy.

3. National Accounts basis, as a percentage of GDP.

4. On settlement basis, as a percentage of GDP.

Source: OECD Economic Outlook 88 database.

Regarding OPAP, the crisis seems to have not affected the company in a severe extent so far. Nevertheless, we believe that a further decrease in the disposable income of players and high rates of domestic unemployment will inevitably put pressure on the games revenues in future quarters. For this reason the Company may suffer a loss of vital revenue throughout 2011. Eventually, OPAP is expected to seek new ways to re-boost income streams, introducing new bets and triggering players' preference for existing games through marketing add-ins and extraordinary prizes.

**Stihima & Kino Growth Patterns****9m Stihima sales have advanced on the back of the World Cup**

Stihima revenues stood at €434.5mn in Q3 2010, -6.0% lower yoy. Nevertheless, the lower top line was also escorted by a lower payout of 64.9% (Q3 2009: 74.9%) also due to favorable football match results. Nevertheless, 9m results saw Stihima to post a 6.7% rise given the contribution of the World Cup in the summer.

We see total athletic bets to post a rise of +5.3% in 2010 (+5.7% in the 9m period), mainly on the back of Stihima's additional revenue from World Cup betting.

**Kino matures and should eventually stabilize at lower levels**

Sales in Q3 came in at €603mn, 4.2% down yoy, and 2% above consensus providing a pattern of stabilization. Meanwhile, management commented to have €25mn of unclaimed winnings to be used in Q4 for the promotion of the game. We have altered our projection to a 4.3% slide (previously 11% drop) for the full year, as we think that in Q4 the game may even regain a positive momentum aided by promotional efforts. A new extension of the playing hours during December may provide some additional help, but the burst of domestic economic crisis remains a constraining factor that lowers consumer spending and has a negative impact on gambling appetite. The game's maturity should eventually lead revenues to even lower levels; nevertheless, the prospective introduction of VLTs in 2011 should bring a major reshuffling in the Company's revenue balances by game.

We expect total numeric games to further retreat in revenue by almost -7.9% for the full year, as Kino is due to remain weak and other numeric games appeared very weak in Q3.

**Other numeric games**

Joker revenue came down to €55mn in Q3 2010 (-19.3% yoy), mainly due to the lack of jackpot series following Q2 strong growth due to a favorable jackpot rollover in April.

## New Revenue / Costs Assumptions

In our model's scenario, we expect the following revenue readings per game (**Exhibit 3**):

### Revenues Assumptions

#### ■ Revenues

**Exhibit 3. Revenues Assumptions**

Revenue Breakdown (€mn) - % Growth	2010e	%	2011f	%	2012f	%	2013f	%	2014f	%	2015f	%
Stihima	2,141,540	5.7%	1,979,206	-7.6%	2,116,709	6.9%	2,105,067	-0.6%	2,147,169	2.0%	2,190,112	2.0%
Propo	44,946	-10.9%	52,084	15.9%	52,918	1.6%	53,976	2.0%	55,056	2.0%	56,157	2.0%
PropoGoal	1,058	-6.2%	1,563	47.8%	1,588	1.6%	1,619	2.0%	1,652	2.0%	1,685	2.0%
<b>Total Sporting Bets</b>	<b>2,187,544</b>	<b>5.3%</b>	<b>2,032,853</b>	<b>-7.1%</b>	<b>2,171,214</b>	<b>6.8%</b>	<b>2,160,663</b>	<b>-0.5%</b>	<b>2,203,876</b>	<b>2.0%</b>	<b>2,247,953</b>	<b>2.0%</b>
Joker	185,071	-43.6%	255,213	37.9%	248,713	-2.5%	242,892	-2.3%	253,256	4.3%	263,937	4.2%
Lotto	66,097	3.0%	56,772	-14.1%	52,389	-7.7%	51,277	-2.1%	49,550	-3.4%	50,541	2.0%
Protto	44,946	-10.9%	54,689	21.7%	47,626	-12.9%	48,578	2.0%	49,550	2.0%	50,541	2.0%
Extra 5	9,518	-22.7%	10,417	9.4%	13,229	27.0%	10,795	-18.4%	11,011	2.0%	11,231	2.0%
Super 3	55,521	8.5%	54,689	-1.5%	52,918	-3.2%	53,976	2.0%	55,056	2.0%	56,157	2.0%
Kino	2,739,057	-4.3%	2,743,805	0.2%	2,705,684	-1.4%	2,829,426	4.6%	2,883,262	1.9%	2,935,312	1.8%
<b>Total Numeric Bets</b>	<b>3,100,210</b>	<b>-7.9%</b>	<b>3,175,585</b>	<b>2.4%</b>	<b>3,120,559</b>	<b>-1.7%</b>	<b>3,236,946</b>	<b>3.7%</b>	<b>3,301,685</b>	<b>2.0%</b>	<b>3,367,718</b>	<b>2.0%</b>
<b>Total Sales</b>	<b>5,287,754</b>	<b>-2.9%</b>	<b>5,208,438</b>	<b>-1.5%</b>	<b>5,291,773</b>	<b>1.6%</b>	<b>5,397,608</b>	<b>2.0%</b>	<b>5,505,561</b>	<b>2.0%</b>	<b>5,615,672</b>	<b>2.0%</b>

(€mn) - % Composition	2010e		2011f		2012f		2013f		2014f		2015f	
Stihima	2,141,540	40.5%	1,979,206	38.0%	2,116,709	40.0%	2,105,067	39.0%	2,147,169	39.0%	2,190,112	39.0%
Propo	44,946	0.9%	52,084	1.0%	52,918	1.0%	53,976	1.0%	55,056	1.0%	56,157	1.0%
PropoGoal	1,058	0.0%	1,563	0.0%	1,588	0.0%	1,619	0.0%	1,652	0.0%	1,685	0.0%
<b>Total Sporting Bets</b>	<b>2,187,544</b>	<b>41.4%</b>	<b>2,032,853</b>	<b>39.0%</b>	<b>2,171,214</b>	<b>41.0%</b>	<b>2,160,663</b>	<b>40.0%</b>	<b>2,203,876</b>	<b>40.0%</b>	<b>2,247,953</b>	<b>40.0%</b>
Joker	185,071	3.5%	255,213	4.9%	248,713	4.7%	242,892	4.5%	253,256	4.6%	263,937	4.7%
Lotto	66,097	1.3%	56,772	1.1%	52,389	1.0%	51,277	1.0%	49,550	0.9%	50,541	0.9%
Protto	44,946	0.9%	54,689	1.1%	47,626	0.9%	48,578	0.9%	49,550	0.9%	50,541	0.9%
Extra 5	9,518	0.2%	10,417	0.2%	13,229	0.3%	10,795	0.2%	11,011	0.2%	11,231	0.2%
Super 3	55,521	1.1%	54,689	1.1%	52,918	1.0%	53,976	1.0%	55,056	1.0%	56,157	1.0%
Kino	2,739,057	51.8%	2,743,805	52.7%	2,705,684	51.1%	2,829,426	52.4%	2,883,262	52.4%	2,935,312	52.3%
<b>Total Numeric Bets</b>	<b>3,100,210</b>	<b>58.6%</b>	<b>3,175,585</b>	<b>61.0%</b>	<b>3,120,559</b>	<b>59.0%</b>	<b>3,236,946</b>	<b>60.0%</b>	<b>3,301,685</b>	<b>60.0%</b>	<b>3,367,718</b>	<b>60.0%</b>
<b>Total Sales</b>	<b>5,287,754</b>	<b>100.0%</b>	<b>5,208,438</b>	<b>100.0%</b>	<b>5,291,773</b>	<b>100.0%</b>	<b>5,397,608</b>	<b>100.0%</b>	<b>5,505,561</b>	<b>100.0%</b>	<b>5,615,672</b>	<b>100.0%</b>

Source: ATE Sec. Research

### COGS Assumptions

Further, we expect the following COGS readings per game (**Exhibit 4**). We do not expect much change on the cost structure and see it change as a percentage of sales. Nevertheless, for the longer run we are in favor of a cost cutting potential for OPAP, also driven mainly by a gradual decrease in agent's number. Further, management remains focused on its efforts to shrink operating expenses by 10% in 2010, while in Q3 2010 distribution costs were seen to descent by -25% yoy to €31.8mn and administrative expenses by -43% yoy to €6.9mn.

#### ■ Costs

**Exhibit 4. Costs Assumptions**

COGS Breakdown (€'000) - % growth	2010e	%	2011f	%	2012f	%	2013f	%	2014f	%	2015f	%
Stihima	-1,768,851	7.1%	-1,549,246	-12.4%	-1,699,024	9.7%	-1,644,920	-3.2%	-1,672,831	1.7%	-1,746,594	4.4%
Propo	-34,370	0.3%	-33,855	-1.5%	-36,513	7.9%	-37,243	2.0%	-41,292	10.9%	-44,925	8.8%
PropoGoal	-1,586	63.2%	-1,563	-1.5%	-1,588	1.6%	-1,619	2.0%	-1,652	2.0%	-1,685	2.0%
<b>Total Sporting Bets</b>	<b>-1,804,807</b>	<b>7.0%</b>	<b>-1,584,663</b>	<b>-12.2%</b>	<b>-1,737,125</b>	<b>9.6%</b>	<b>-1,683,782</b>	<b>-3.1%</b>	<b>-1,715,774</b>	<b>1.9%</b>	<b>-1,793,204</b>	<b>4.5%</b>
Joker	-158,633	-23.2%	-156,253	-1.5%	-158,753	1.6%	-161,928	2.0%	-165,167	2.0%	-168,470	2.0%
Lotto	-29,083	-23.6%	-28,646	-1.5%	-28,576	-0.2%	-29,687	3.9%	-30,281	2.0%	-30,886	2.0%
Protto	-34,370	0.2%	-33,855	-1.5%	-33,867	0.0%	-34,005	0.4%	-35,786	5.2%	-36,502	2.0%
Extra 5	-8,989	-0.9%	-9,375	4.3%	-8,996	-4.0%	-8,636	-4.0%	-9,359	8.4%	-9,547	2.0%
Super 3	-43,360	18.9%	-44,272	2.1%	-43,393	-2.0%	-44,800	3.2%	-46,247	3.2%	-47,733	3.2%
Kino	-2,167,364	-5.8%	-2,313,102	6.7%	-2,226,180	-3.8%	-2,354,552	5.8%	-2,396,807	1.8%	-2,396,668	0.0%
<b>Total Numeric Bets</b>	<b>-2,441,798</b>	<b>-7.0%</b>	<b>-2,585,504</b>	<b>5.9%</b>	<b>-2,499,765</b>	<b>-3.3%</b>	<b>-2,633,608</b>	<b>5.4%</b>	<b>-2,683,647</b>	<b>1.9%</b>	<b>-2,689,806</b>	<b>0.2%</b>
<b>%breakdown</b>												
Total Sporting Bets	-1,804,807	42.5%	-1,584,663	38.0%	-1,737,125	41.0%	-1,683,782	39.0%	-1,715,774	39.0%	-1,793,204	40.0%
Total Numeric Bets	-2,441,798	57.5%	-2,585,504	62.0%	-2,499,765	59.0%	-2,633,608	61.0%	-2,683,647	61.0%	-2,689,806	60.0%
<b>Total Group COGS</b>	<b>-4,246,606</b>	<b>100.0%</b>	<b>-4,170,167</b>	<b>100.0%</b>	<b>-4,236,890</b>	<b>100.0%</b>	<b>-4,317,391</b>	<b>100.0%</b>	<b>-4,399,421</b>	<b>100.0%</b>	<b>-4,483,010</b>	<b>100.0%</b>

Source: ATE Sec. Research

### Necessity for cost-cutting & further negotiations with agents

OPAP's management appears to be focusing its efforts primarily on cost efficiencies in order to add value to the company. Although we cannot account for any drastic changes in the cost structure through our current model, we are monitoring expenses and are ready to alter our estimates when necessary. Furthermore, latest decisions by agents to go on strikes may bring pressure on OPAP to further negotiate on agent rights (especially on new games introduced). The introduction of a wider variety of bets through a live betting platform is expected to be ready by year end and therefore any contribution to revenues will be from 2011. VLTs and internet betting still require substantial time for getting into the line, as the government needs to firstly finalize the relevant law that will set up a strict control over illegal gaming.



### Divergence from previous estimates

In respect to our previous basic model assumptions, the divergence of our new stance can be seen in the following tables:

#### Exhibit 5. Revenues Assumptions vs previous estimates

Revenue Breakdown		2010e	%		2011f		%		2012f		%		
(€ 000) - % Growth			yoy				yoy				yoy		
Sthima		2,141,540	5.7%	2,194,472	-2.4%	1,979,206	-7.6%	2,028,126	-2.4%	2,116,709	6.9%	2,169,027	-2.4%
Propo		44,946	-10.9%	46,057	-2.4%	52,084	15.9%	53,372	-2.4%	52,918	1.6%	54,226	-2.4%
PropoGoal		1,058	-6.2%	1,084	-2.4%	1,563	47.8%	1,601	-2.4%	1,588	1.6%	1,627	-2.4%
Total Sporting Bets		2,187,544	5.3%	2,241,613	-2.4%	2,032,853	-7.1%	2,083,099	-2.4%	2,171,214	6.8%	2,224,880	-2.4%
Joker		185,071	-43.6%	189,646	-2.4%	255,213	37.9%	261,522	-2.4%	248,713	-2.5%	254,861	-2.4%
Lotto		66,097	3.0%	67,731	-2.4%	56,772	-14.1%	58,175	-2.4%	52,389	-7.7%	53,683	-2.4%
Protto		44,946	-10.9%	46,057	-2.4%	54,689	21.7%	56,040	-2.4%	47,626	-12.9%	48,803	-2.4%
Extra 5		9,518	-22.7%	9,753	-2.4%	10,417	9.4%	10,674	-2.4%	13,229	27.0%	13,556	-2.4%
Super 3		55,521	8.5%	56,894	-2.4%	54,689	-1.5%	56,040	-2.4%	52,918	-3.2%	54,226	-2.4%
Kino		2,739,057	-4.3%	2,806,757	-2.4%	2,743,805	0.2%	2,811,623	-2.4%	2,705,684	-1.4%	2,772,559	-2.4%
Total Numeric Bets		3,100,210	-7.9%	3,176,838	-2.4%	3,175,585	2.4%	3,254,075	-2.4%	3,120,559	-1.7%	3,197,689	-2.4%
Total Sales		5,287,754	-2.9%	5,418,451	-2.4%	5,208,438	-1.5%	5,337,174	-2.4%	5,291,773	1.6%	5,422,569	-2.4%

(€ 000) - % Composition		2010e			2011f			2012f					
Sthima		2,141,540	40.5%	2,194,472	38.0%	1,979,206	38.0%	2,028,126	37.0%	2,116,709	40.0%	2,169,027	40.0%
Propo		44,946	0.9%	46,057	1.0%	52,084	1.0%	53,372	1.0%	52,918	1.0%	54,226	1.0%
PropoGoal		1,058	0.0%	1,084	0.0%	1,563	0.0%	1,601	0.0%	1,588	0.0%	1,627	0.0%
Total Sporting Bets		2,187,544	41.4%	2,241,613	39.0%	2,032,853	39.0%	2,083,099	38.0%	2,171,214	41.0%	2,224,880	41.0%
Joker		185,071	3.5%	189,646	4.4%	255,213	4.9%	261,522	4.3%	248,713	4.7%	254,861	4.5%
Lotto		66,097	1.3%	67,731	0.9%	56,772	1.1%	58,175	0.9%	52,389	1.0%	53,683	0.9%
Protto		44,946	0.9%	46,057	0.9%	54,689	1.1%	56,040	0.9%	47,626	0.9%	48,803	0.9%
Extra 5		9,518	0.2%	9,753	0.2%	10,417	0.2%	10,674	0.2%	13,229	0.3%	13,556	0.2%
Super 3		55,521	1.1%	56,894	1.0%	54,689	1.1%	56,040	1.0%	52,918	1.0%	54,226	1.0%
Kino		2,739,057	51.8%	2,806,757	53.6%	2,743,805	52.7%	2,811,623	54.7%	2,705,684	51.1%	2,772,559	51.5%
Total Numeric Bets		3,100,210	58.6%	3,176,838	61.0%	3,175,585	61.0%	3,254,075	62.0%	3,120,559	59.0%	3,197,689	59.0%
Total Sales		5,287,754	100.0%	5,418,451	100.0%	5,208,438	100.0%	5,337,174	100.0%	5,291,773	100.0%	5,422,569	100.0%

Accordingly, our new costs structure compares as follows to our initial assumptions:

#### Exhibit 6. Costs Assumptions vs previous estimates

COGS Breakdown													
(€'000) - % growth	2010e	% yoy			2011f	% yoy			2012f	% yoy			
Sthima	-1,768,851	7.1%	-1,788,117	-1.1%	-1,549,246	-12.4%	-1,566,067	-1.1%	-1,699,024	9.7%	-1,717,482	-1.1%	
Propo	-34,370	0.3%	-35,220	-2.4%	-33,855	-1.5%	-34,692	-2.4%	-36,513	7.9%	-37,416	-2.4%	
PropoGoal	-1,586	63.2%	-1,626	-2.4%	-1,563	-1.5%	-1,601	-2.4%	-1,588	1.6%	-1,627	-2.4%	
<b>Total Sporting Bets</b>	<b>-1,804,807</b>	<b>7.0%</b>	<b>-1,824,963</b>	<b>-1.1%</b>	<b>-1,584,663</b>	<b>-12.2%</b>	<b>-1,602,360</b>	<b>-1.1%</b>	<b>-1,737,125</b>	<b>9.6%</b>	<b>-1,756,524</b>	<b>-1.1%</b>	
Joker	-158,633	-23.2%	-162,554	-2.4%	-156,253	-1.5%	-160,115	-2.4%	-158,753	1.6%	-162,677	-2.4%	
Lotto	-29,083	-23.6%	-29,801	-2.4%	-28,646	-1.5%	-29,354	-2.4%	-28,576	-0.2%	-29,282	-2.4%	
Protto	-34,370	0.2%	-35,220	-2.4%	-33,855	-1.5%	-34,692	-2.4%	-33,867	0.0%	-34,704	-2.4%	
Extra 5	-8,989	-0.9%	-9,211	-2.4%	-9,375	4.3%	-9,607	-2.4%	-8,996	-4.0%	-9,218	-2.4%	
Super 3	-43,360	18.9%	-44,431	-2.4%	-44,272	2.1%	-45,366	-2.4%	-43,393	-2.0%	-44,465	-2.4%	
Kino	-2,167,364	-5.8%	-2,187,850	-0.9%	-2,313,102	6.7%	-2,335,243	-0.9%	-2,226,180	-3.8%	-2,247,334	-0.9%	
<b>Total Numeric Bets</b>	<b>-2,441,798</b>	<b>-7.0%</b>	<b>-2,469,067</b>	<b>-1.1%</b>	<b>-2,585,504</b>	<b>5.9%</b>	<b>-2,614,377</b>	<b>-1.1%</b>	<b>-2,499,765</b>	<b>-3.3%</b>	<b>-2,527,681</b>	<b>-1.1%</b>	
		%breakdown		%breakdown		%breakdown		%breakdown		%breakdown		%breakdown	
Total Sporting Bets	-1,804,807	42.5%	-1,824,963	40.0%	-1,584,663	38.0%	-1,602,360	38.0%	-1,737,125	41.0%	-1,756,524	41.0%	
Total Numeric Bets	-2,441,798	57.5%	-2,469,067	60.0%	-2,585,504	62.0%	-2,614,377	62.0%	-2,499,765	59.0%	-2,527,681	59.0%	
<b>Total Group COGS</b>	<b>-4,246,606</b>	<b>100.0%</b>	<b>-4,294,030</b>	<b>100.0%</b>	<b>-4,170,167</b>	<b>100.0%</b>	<b>-4,216,737</b>	<b>100.0%</b>	<b>-4,236,890</b>	<b>100.0%</b>	<b>-4,284,205</b>	<b>100.0%</b>	

## P&L Projections for Flagship Games Stihima & Kino

As seen in **Exhibit 7**, we expect payout for Stihima to be sustained at 71% levels for 2010 (sliding during the following years), while Kino payout is seen steady at 69.5%.

For 2010, given the add-in of World cup games, we raise our like-for-like Stihima gross wins estimate to €636mn from €610mn in 2009, also on the back of the delayed introduction of the new tax. All in, we expect Stihima sales at €2,194mn in 2010, up 8.3% yoy.

As far as Kino is concerned, we remain conservative on maturity issues and look for a -1.9% slide despite the delayed introduction of the uniform tax rate on players' wins.

#### Exhibit 7: Summary P&L Account Projections for Stihima & Kino (2010E -2013F)

Summary P&L Account for Stihima and Kino					
Stihima Betting	2009	2010 E	2011 E	2012 E	2013 E
Sales	2,026,319	2,141,540	1,979,206	2,116,709	2,105,067
% growth	-8.5%	5.7%	-7.6%	6.9%	-0.6%
<b>PAYOUT</b>	<b>1,416,397</b>	<b>1,520,494</b>	<b>1,286,484</b>	<b>1,418,195</b>	<b>1,368,294</b>
Payout %	69.9%	71.0%	65.0%	67.0%	65.0%
Intralot Commission	0	29,166	40,833	0	0
Agent Fees	162,106	171,323	158,337	169,337	168,405
Agent Fees %	8%	8%	8%	8%	8%
Allocated cost of goods sold	73,156	47,868	63,592	111,492	108,220
Gross Profit	374,660	372,690	429,960	417,685	460,148
Gross Profit Margin %	18.5%	17.4%	21.7%	19.7%	21.9%
Kino Betting	2009	2010 E	2011 E	2012 E	2013 E
Sales	2,861,702	2,739,057	2,743,805	2,705,684	2,829,426
% growth	1.3%	-4.3%	0.2%	-1.4%	4.6%
<b>PAYOUT</b>	<b>1,983,159</b>	<b>1,903,644</b>	<b>1,906,945</b>	<b>1,880,450</b>	<b>1,966,451</b>
Payout %	69.3%	69.5%	69.5%	69.5%	69.5%
Agent Fees	228,936	219,125	219,504	216,455	226,354
Agent Fees %	8%	8%	8%	8%	8%
Allocated cost of goods sold	87,754	44,595	186,653	129,275	161,746
Gross Profit	561,852	571,693	430,703	479,503	474,874
Gross Profit Margin %	19.6%	20.9%	15.7%	17.7%	16.8%

Source: ATE Sec. Research

In early August, OPAP's BoD decided the extension of the Company's agreement with Intralot for its systems support and maintenance, while OPAP will in due course announce an international claim for the attraction of a new provider of operating system, technical support services, installation, & completion of the system.

For Intralot's services, the Company will disburse an annual fixed fee of €57mn (plus VAT) in 12 installments. In addition, OPAP will pay 8% of its gross revenues for the games that will be implemented through TAX (20 games) and Monitor Games (5 games) that Intralot will install at its own cost.



# Valuation

## Valuation Models

Given the current domestic economic condition, we have altered our basic assumptions to a risk-free rate of 8% from 7% previously, but lowered market risk premium at 5%, beta at 0.5, and a FCF growth rate of 0%. Accordingly, our Weighted Average Cost of Equity (Ke) results to 10.5%.

**Exhibit 6. Basic Value Assumptions**

OPAP (IFRS-Cons-€'000)	
Basic Assumptions	
Raw Beta	0.500
Time-Adjusted Beta	0.660
Raw Beta (Levered)	0.500
Time-Adjusted Beta (Levered)	0.660
Long-Term risk free	8.00%
Market Risk Premium	5.00%
Cost of Debt (after tax)	7.88%
Cost of Equity (used for PV of FCF WACC)	10.50%
Cost of Equity (used for PV of Residual Value WACC)	11.30%
Expected Perpetual FCF growth	0.00%

Source: ATE Sec. Research

## DCF Valuation

**Exhibit 7. DCF Valuation Summary**

DCF Valuation €'000	2010e	2011f	2012f	2013f	2014f	Terminal Value
FCFF	35,911	137,021	191,107	374,750	319,053	380,268
Discount Factor	0.1000%	0.0905%	0.0819%	0.0741%	0.0671%	0.0607%
PV of FCFF	35,911	124,001	156,514	277,750	214,000	230,823
Sum of PV of FCF until 2013						808,176
Sustainable FCF (in Perpetuity)						380,268
PV of Perpetual FCF						2,042,679
Firm Value						2,850,855
Less: Net Debt - Plus: (Net Cash)						-512,264
Less: Minorities						0
Equity Value						3,363,119
Share Number						319,000,000
<b>Intrinsic Share Price (€)</b>						<b>10.54</b>
Current Market Price						12.4
Discount/Premium						-15.0%

## EVA Valuation

**Exhibit 8. EVA Valuation Summary**

EVA (Abnormal Returns) Valuation					
€'000	2010e	2011f	2012f	2013f	2014f
Total Equity	522,712	490,812	522,712	554,612	570,562
Net Income (EAT&M)	513,834	478,219	501,327	577,692	599,935
Charge for the use of Equity	54,885	51,535	54,885	58,234	59,909
Abnormal Earnings	458,949	426,684	446,442	519,458	540,026
Discount Factor	1.0000	0.9050	0.8190	0.7412	0.6707
PV of Abnormal Earnings	458,949	386,140	365,629	385,002	362,215
Sum of PV of Abnormal Earnings					2,527,703
Residual Value (Abnormal Earnings)					5,143,109
PV of Residual Value					3,449,662
Total Equity (2008 year-end)					618,412
<b>Shareholder Value</b>					<b>6,595,777</b>
Number of Shares					319,000,000
<b>Intrinsic Share Price (€)</b>					<b>20.68</b>
Current Market Price					12.40
Discount/Premium					66.7%

Source: ATE Sec. Research

## DDM Valuation

## Exhibit 9. DDM Valuation Summary

Dividend Discount Valuation					
€'000	2010e	2011f	2012f	2013f	2014f
Total Dividends	401,940	370,040	401,940	433,840	449,790
Discount Factor	1.0000	0.9050	0.8190	0.7412	0.6707
PV of Dividends	401,940	334,878	329,182	321,546	301,690
Sum of PV of Dividends	961,642	1,296,520	1,625,702	1,947,248	2,248,938
Residual Value (Dividends)					3,980,442
PV of Residual Value					2,669,822
<b>Shareholder Value</b>					4,918,759
Number of Shares					319,000,000
<b>Intrinsic Share Price (€)</b>					<b>15.42</b>
Current Market Price					12.40
Discount/Premium					24.3%

Source: ATE Sec. Research

## Combined Target Price

## Exhibit 10. Combined Valuation Target according to Scenario

OPAP Weighted Target Price			Model
	Intrinsic Share Price	Weight	Price Component
DCF Valuation	10.54	0.33	3.51
EVA Valuation	20.68	0.33	6.89
DDM Valuation	15.42	0.33	5.14
<b>Share Target Price (€)</b>			<b>15.54</b>

Source: ATE Sec. Research

# Financials

## Exhibit 13. Profit & Loss Statement -- Balance Sheet -- Cash Flow Statement -- Selective ratios

OPAP (IFRS-Cons-€'000)	2009a	2010e	2011f	2012f	2013f	2014f	2015f	CAGR 09-013F	CAGR 09-015F
<b>PROFIT &amp; LOSS (€'000)</b>									
<b>Total Turnover</b>	<b>5,483,472</b>	<b>5,287,754</b>	<b>5,208,438</b>	<b>5,291,773</b>	<b>5,397,608</b>	<b>5,505,561</b>	<b>5,615,672</b>	-0.4%	0.2%
COGS	-4,311,256	-4,202,577	-4,124,597	-4,189,725	-4,268,575	-4,348,897	-4,430,717	0.0%	0.5%
Gross Profit	1,172,216	1,085,177	1,083,841	1,102,048	1,129,034	1,156,664	1,184,954	-2.1%	-0.8%
Other Operating Income	2,639	5,000	5,000	5,000	5,000	5,000	5,000	-0.5%	-0.4%
Administrative Expenses	-43,447	-37,014	-57,293	-52,918	-59,374	-55,056	-56,157	6.3%	3.6%
Distribution Expenses	-154,562	-145,413	-156,253	-169,337	-167,326	-165,167	-168,470	4.1%	3.0%
Other Operating Expenses	-10,458	-5,000	-5,100	-5,202	-5,306	-5,412	-5,520	-23.6%	-17.0%
Financial Results	23,050	-216	-242	-268	-298	-322	-348		
<b>EBITDA</b>	<b>989,446</b>	<b>902,533</b>	<b>869,953</b>	<b>879,324</b>	<b>901,730</b>	<b>935,707</b>	<b>959,459</b>	-3.1%	-1.4%
Depreciation Exp.	-42,540	-44,029	-45,570	-47,165	-48,816	-50,524	-52,293	-12.7%	-8.4%
<b>Operating Income</b>	<b>946,906</b>	<b>858,505</b>	<b>824,383</b>	<b>832,159</b>	<b>852,914</b>	<b>885,183</b>	<b>907,167</b>	-2.3%	-0.8%
Plus: Income (loss) from Participations & Securities	0	0	0	0	0	0	0	#DIV/0!	#DIV/0!
<b>EBT</b>	<b>987,819</b>	<b>901,463</b>	<b>869,490</b>	<b>879,520</b>	<b>902,644</b>	<b>937,399</b>	<b>961,994</b>	-1.2%	0.0%
Taxes	-352,358	-387,629	-391,270	-378,194	-324,952	-337,464	-346,318	3.3%	3.3%
Deferred Taxes	-759	0	0	0	0	0	0	-100.0%	-100.0%
<b>EAT</b>	<b>634,702</b>	<b>513,834</b>	<b>478,219</b>	<b>501,327</b>	<b>577,692</b>	<b>599,935</b>	<b>615,676</b>	-3.6%	-1.7%
Minority Rights	0	0	0	0	0	0	0	-100.0%	-100.0%
<b>EBT after minorities</b>	<b>987,819</b>	<b>901,463</b>	<b>869,490</b>	<b>879,520</b>	<b>902,644</b>	<b>937,399</b>	<b>961,994</b>	-1.2%	0.0%
<b>EAT after minorities</b>	<b>634,702</b>	<b>513,834</b>	<b>478,219</b>	<b>501,327</b>	<b>577,692</b>	<b>599,935</b>	<b>615,676</b>	-3.6%	-1.7%

Source: ATE Securities Research

## Exhibit 14. Balance Sheet

OPAP (IFRS-Cons-€'000)	2009a	2010e	2011f	2012f	2013f	2014f	2015f	CAGR 09-013F	CAGR 09-015F
<b>BALANCE SHEET (€'000)</b>									
<b>ASSETS</b>									
Net Fixed Assets	86,932	96,932	106,932	116,932	126,932	136,932	146,932	5.1%	5.8%
Intangible Assets & Goodwill	233,305	211,994	190,795	171,715	154,544	139,089	125,180	-10.0%	-10.0%
Subsidiaries & Associates	12,938	12,938	12,938	12,938	12,938	12,938	12,938		
Other Non current Assets	14,558	14,558	14,558	14,558	14,558	14,558	14,558		
Deferred Taxes	21,320	20,736	20,000	20,231	20,763	21,562	22,128	-1.2%	0.0%
<b>Total Non-current Assets</b>	<b>369,053</b>	<b>357,158</b>	<b>345,223</b>	<b>336,374</b>	<b>329,734</b>	<b>325,079</b>	<b>321,736</b>	-3.8%	-3.0%
Inventories	1,166	1,152	1,131	1,188	1,178	1,236	1,226	-2.1%	-0.9%
Accounts Receivable	38,877	62,532	37,356	64,130	39,386	66,201	41,497	-10.7%	-7.1%
Other Receivables	194,098	229,328	236,208	243,295	250,593	258,111	265,855	2.2%	2.4%
Cash	699,587	545,675	591,777	622,166	702,031	713,542	775,069	-0.1%	1.3%
<b>Total Current Assets</b>	<b>933,728</b>	<b>838,687</b>	<b>866,472</b>	<b>930,779</b>	<b>993,188</b>	<b>1,039,090</b>	<b>1,083,647</b>	-0.2%	1.1%
<b>TOTAL ASSETS</b>	<b>1,302,781</b>	<b>1,195,845</b>	<b>1,211,695</b>	<b>1,267,153</b>	<b>1,322,922</b>	<b>1,364,169</b>	<b>1,405,383</b>	-1.1%	0.0%
<b>LIABILITIES &amp; EQUITY</b>									
Short term Bank Debt	32,411	33,411	31,911	32,411	31,911	31,911	30,911	-9.8%	-7.5%
Suppliers	145,341	143,924	141,253	143,484	146,184	148,935	151,737	-0.1%	0.4%
Taxes Payable	397,554	405,957	420,165	434,871	450,092	465,845	482,149	3.5%	3.5%
Other Current Liabilities	32,395	55,652	58,991	62,530	66,282	70,259	74,475	6.0%	6.0%
<b>Total Current Liabilities</b>	<b>607,701</b>	<b>638,944</b>	<b>652,321</b>	<b>673,296</b>	<b>694,469</b>	<b>716,950</b>	<b>739,272</b>	2.0%	2.3%
Employee Benefit Plans	23,514	24,016	24,736	25,478	26,242	27,030	27,841	3.0%	3.0%
Long Term Bank Debt (financial leases)	8	0	0	0	0	0	0		
Provisions	45,290	35,052	36,804	38,645	40,577	42,606	44,736	5.0%	5.0%
Other Non-Current Liabilities	7,856	7,022	7,022	7,022	7,022	7,022	7,022		
<b>Total Non-current Liabilities</b>	<b>76,668</b>	<b>66,089</b>	<b>68,562</b>	<b>71,145</b>	<b>73,841</b>	<b>76,657</b>	<b>79,599</b>	-4.7%	-2.3%
<b>Total Liabilities</b>	<b>684,369</b>	<b>705,033</b>	<b>720,883</b>	<b>744,441</b>	<b>768,310</b>	<b>793,607</b>	<b>818,871</b>	1.2%	1.8%
Share Capital & Capital in Excess	95,700	95,700	95,700	95,700	95,700	95,700	95,700		
Reserves	43,809	43,809	43,809	43,809	43,809	43,809	43,809		
Retained Earnings - Profit Brought Forward	128,026	128,026	128,026	128,026	128,026	128,026	128,026		
Proposed Dividends	350,900	255,200	223,300	255,200	287,100	303,050	319,000	-8.5%	-4.7%
Adjustments - exchange differences	-23	-23	-23	-23	-23	-23	-23		
<b>Total Equity</b>	<b>618,412</b>	<b>522,712</b>	<b>490,812</b>	<b>522,712</b>	<b>554,612</b>	<b>570,562</b>	<b>586,512</b>	-4.0%	-2.1%
Minorities	0	0	0	0	0	0	0		
<b>TOTAL LIAB. &amp; EQUITY</b>	<b>1,302,781</b>	<b>1,227,745</b>	<b>1,211,695</b>	<b>1,267,153</b>	<b>1,322,922</b>	<b>1,364,169</b>	<b>1,405,383</b>	-1.1%	0.0%

Source: ATE Securities Research

**Exhibit 15. Cash Flow Statement**

<b>OPAP (IFRS-Cons-€'000)</b>							
<b>CASH FLOW (€'000)</b>	<b>2009a</b>	<b>2010e</b>	<b>2011f</b>	<b>2012f</b>	<b>2013f</b>	<b>2014f</b>	<b>2015f</b>
<b>EAT</b>	<b>634,702</b>	<b>513,834</b>	<b>478,219</b>	<b>501,327</b>	<b>577,692</b>	<b>599,935</b>	<b>615,676</b>
Plus: Depreciation	96,537	42,540	44,029	45,570	47,165	48,816	50,524
Less: Taxes	352,358	387,629	391,270	378,194	324,952	337,464	346,318
Cash Earnings	324,884	170,234	132,519	170,298	301,556	312,996	321,651
Less: Increase in Inventory	-144	-14	-21	57	-11	58	-10
Less: Increase in Receivables	-30,460	23,655	-25,176	26,774	-24,745	26,815	-24,703
Less: Increase in Other Receivables	-30,800	35,230	6,880	7,086	7,299	7,518	7,743
Plus: Increase in Suppliers	-1,787	-1,417	-2,671	2,230	2,700	2,751	2,802
Plus: Increase in Other Liabilities	-17,135	23,257	3,339	3,539	3,752	3,977	4,216
<b>Change in Working Capital</b>	<b>42,482</b>	<b>-37,032</b>	<b>18,986</b>	<b>-28,148</b>	<b>23,909</b>	<b>-27,663</b>	<b>23,987</b>
Less: Increase in Goodwill	-28,416	-21,311	-21,199	-19,079	-17,172	-15,454	-13,909
Less: Increase in Deferred Taxes	-759	-584	-735	231	532	799	566
Plus: Increase in Employee Benefits	877	502	720	742	764	787	811
Plus: Increase in Cross Currency Swap Payables Relating to Borrowings	-32,411	-8	0	0	0	0	0
Plus: Increase in Other Non-Current Liabilities	834	-834	0	0	0	0	0
Plus: Increase in Tax & Social Security	18,589	8,403	14,208	14,706	15,220	15,753	16,305
<b>Operating Cash Flow</b>	<b>356,014</b>	<b>141,849</b>	<b>167,169</b>	<b>157,367</b>	<b>340,918</b>	<b>301,074</b>	<b>362,188</b>
Plus: Increase in Retained Earnings	-95,700	-95,700	-31,900	31,900	31,900	15,950	15,950
Plus: Increase in Exchange Differences	0	0	0	0	0	0	0
Less: Increase in Participations & LT Receivables	10,713	0	0	0	0	0	0
Less: Increase in Fixed Assets	0	0	0	0	0	0	0
<b>Investment Cash Flow</b>	<b>-106,413</b>	<b>-95,700</b>	<b>-31,900</b>	<b>31,900</b>	<b>31,900</b>	<b>15,950</b>	<b>15,950</b>
<b>Free Cash Flow</b>	<b>263,098</b>	<b>35,911</b>	<b>137,021</b>	<b>191,107</b>	<b>374,750</b>	<b>319,053</b>	<b>380,268</b>
Plus: Increase in ST Debt	-21,063	1,000	-1,500	500	-500	0	-1,000
Less: Dividends	350,900	255,200	223,300	255,200	287,100	303,050	319,000
<b>Financing Cash Flow</b>	<b>-371,963</b>	<b>-254,200</b>	<b>-224,800</b>	<b>-254,700</b>	<b>-287,600</b>	<b>-303,050</b>	<b>-320,000</b>
Change in Provisions	13,497	-10,238	1,753	1,840	1,932	2,029	2,130
Change in Cash & Securities	-6,801	-153,912	46,102	30,389	79,865	11,511	61,527
Theoretical change in Cash & Securities	-108,865	-218,289	-87,779	-63,593	87,150	16,003	60,268

Source: ATE Securities Research

## Exhibit 16. Selective ratios

## SELECTIVE RATIOS

Value	2009a	2010e	2011f	2012f	2013f	2014f	2015f
Mkt Cap (€'000)	3,955,600	3,955,600	3,955,600	3,955,600	3,955,600	3,955,600	3,955,600
Enterprise Value (€'000)	4,622,768	4,467,864	4,515,466	4,545,355	4,625,720	4,637,231	4,699,758
<b>Profit Margins</b>	<b>2009a</b>	<b>2010e</b>	<b>2011f</b>	<b>2012f</b>	<b>2013f</b>	<b>2014f</b>	<b>2015f</b>
Gross Margin	21.4%	20.5%	20.8%	20.8%	20.9%	21.0%	21.1%
EBITDA Margin	18.0%	17.1%	16.7%	16.6%	16.7%	17.0%	17.1%
EBT Margin	18.0%	17.0%	16.7%	16.6%	16.7%	17.0%	17.1%
EAT Margin	11.6%	9.7%	9.2%	9.5%	10.7%	10.9%	11.0%
<b>Per share Data (€)</b>	<b>2009a</b>	<b>2010e</b>	<b>2011f</b>	<b>2012f</b>	<b>2013f</b>	<b>2014f</b>	<b>2015f</b>
Share Num. (adj.)	319,000	319,000	319,000	319,000	319,000	319,000	319,000
EPS (after tax)	1.99	1.61	1.50	1.57	1.81	1.88	1.93
EPS (pre tax)	3.10	2.83	2.73	2.76	2.83	2.94	3.02
EBITDAPS	3.10	2.83	2.73	2.76	2.83	2.93	3.01
CFPS	2.12	1.75	1.64	1.72	1.96	2.04	2.09
DPS	1.75	1.26	1.16	1.26	1.36	1.41	1.46
BVPS	1.94	1.64	1.54	1.64	1.74	1.79	1.84
<b>Valuation Ratios (x)</b>	<b>2009a</b>	<b>2010e</b>	<b>2011f</b>	<b>2012f</b>	<b>2013f</b>	<b>2014f</b>	<b>2015f</b>
P/E	6.2	7.7	8.3	7.9	6.8	6.6	6.4
EPS Growth	-9%	-19%	-7%	5%	15%	4%	3%
PEG	-0.7	-0.3	-1.1	1.7	0.5	1.8	2.5
EV/EBITDA	4.7	5.0	5.2	5.2	5.1	5.0	4.9
P/BV	6.4	7.6	8.1	7.6	7.1	6.9	6.7
P/S	0.7	0.7	0.8	0.7	0.7	0.7	0.7
EV/S	0.8	0.8	0.9	0.9	0.9	0.8	0.8
P/CF	5.8	7.1	7.6	7.2	6.3	6.1	5.9
<b>Profitability Ratios (%)</b>	<b>2009a</b>	<b>2010e</b>	<b>2011f</b>	<b>2012f</b>	<b>2013f</b>	<b>2014f</b>	<b>2015f</b>
ROE (avg)	97.9%	90.1%	94.4%	95.9%	110.5%	109.8%	107.9%
ROCE (avg)	46.9%	40.6%	39.2%	40.2%	45.6%	45.6%	45.1%
ROA (avg)	46.9%	40.6%	39.2%	40.2%	45.6%	45.6%	45.1%
ROE - EBITDA (avg)	152.6%	158.2%	171.7%	168.2%	172.5%	171.2%	168.2%
ROA - EBITDA (avg)	73.2%	71.3%	71.3%	70.5%	71.2%	71.1%	70.3%
<b>Liquidity Ratios</b>	<b>2009a</b>	<b>2010e</b>	<b>2011f</b>	<b>2012f</b>	<b>2013f</b>	<b>2014f</b>	<b>2015f</b>
Current Liquidity	1.54	1.31	1.33	1.38	1.43	1.45	1.47
Acid Ratio	1.22	0.95	0.96	1.02	1.07	1.09	1.10
Gearing	90%	74%	68%	70%	72%	72%	72%
Debt / EBITDA	0.03	0.04	0.04	0.04	0.04	0.03	0.03

Source: ATE Securities Research

# Disclosures

## GENERAL DISCLOSURES

- The contents of this report have been prepared and issued by ATE Securities SA, a subsidiary of ATEbank. ATE Securities SA is supervised by the Hellenic Capital Markets Commission (HCMC).
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## ANALYST CERTIFICATION

ATE Securities SA research analysts certify that:

- (i) The views expressed in this research report **accurately reflect** their personal view about the relevant securities or issuers on the date the report is issued.
- (ii) **No part of their compensation** was, is, or will be, directly or indirectly, related to the specific views or recommendations expressed in the report.

## COMPANY-SPECIFIC DISCLOSURES

### Share Price

All financial data calculated, are based on the closing price of the previous day, unless otherwise stated.

### Frequency of Disclosures

There is no predetermined period for revision updates. ATE Securities SA policy, however, outlines that any major developments in the companies mentioned, should be carefully screened, and it is the analyst's decision whether any such developments materially change their view or opinion stated herein, in order to proceed for an update.

### Companies Mentioned in the Report

### Investment Outlook History



	Date	Price (€)	TP (€)	Upside / Downside(%)	View
1	09.10.09	18.10	23.87	+31.9%	O-2-3
2	28.01.10	15.94	20.07	+25.9%	O-2-3
3	02.06.10	12.30	15.41	+25.3%	O-2-3
4	24.11.10	12.40	15.54	+25.3%	O-2-3

### Disclosures Outline

- 1 ATE Securities SA and / or any of its affiliates owns 5% or more of the total share capital of the Company
- 2 The Company and / or its affiliates owns 5% or more of the total share capital of ATE Securities SA and / or its affiliates
- 3 ATE Securities SA acts as a market maker for the securities of the Company
- 4 ATE Securities SA has been asked to prepare and or will receive compensation from the company for the preparation of the report
- 5 ATE Securities SA, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company within the past 12 months
- 6 ATE Securities SA, its affiliates or subsidiaries has received compensation for investment banking services from this company within the past 12 months
- 7 ATE Securities SA, provides, or has provided the company with non-investment-banking, securities related services in the past 12 months
- 8 ATE Securities SA, receives, or has received non-investment-banking, securities related services by the company, in the past 12 months
- 9 ATE Securities SA, receives, or is expected to receive investment banking services from this company within the next 3 months
- 10 ATE Securities SA, receives, or is expected to receive non-investment-banking, securities related services from this company, in the next 3 months
- 11 i ATE Securities SA has sent this report to the company prior to publication for factual verification
- ii ATE Securities SA has altered the contents of the report sent initially, on the following issues: NO ALTERATION
- 12 The analyst/s expressing views on the company/ies covered by ATE Sec. Universe, has/have a financial interest in the named company/ies: NONE
- 13 The analyst/s expressing views on the company/ies covered by ATE Sec. Universe, has/have a BoD position in the named company/ies: NONE



## EQUITY RATING SYSTEM

As of Aug.1 2006, ATE Securities SA has adopted a new rating system. Under the old rating system, ratings and definitions were: Buy, when the estimated valuation fair value exceed current market price by 20% or more, Sell, when the current market price exceed the estimated valuation fair value by 20% or more and Hold, when the estimated valuation fair value falls between the two above range points.

### ATE Securities SA - Universe

ATE Securities SA Universe has a universe focused mainly on large capitalisation stocks that represents approx. 76% of ATHEX Market Cap.

### Guide to Investment Research Rating System

Under the new Investment Research Rating System, in effect as of Aug.1 2006, **Investment Outlook** refers to the overall view of the analyst covering the company and is not a recommendation. The overall assessment of the company includes a *three factor rating system*: **Investment Rating (O, N, U, NR, UR, R, RS, CS) - Risk Rating (1, 2, 3) - Income Rating (1, 2, 3, 4)**.

Quantitative factors are updated at least quarterly or when deemed necessary.

### Investment Rating

The five different categories are indicative of expectations of stock return, compared to the Market Return. Stock return includes price appreciation over the next 6-12 months. In specific:

VIEW	Prefix	Definition
Overweight	<b>O</b>	Stock Return > +9%
Neutral	<b>N</b>	Stock Return in the range [-9%, +9%]
Underweight	<b>U</b>	Stock Return < -9%
Not Rated	<b>NR</b>	The company is not covered by ATE Securities SA Research & Analysis Department
Under Review	<b>UR</b>	Rating not currently available
Restricted	<b>R</b>	ATE Securities SA policy and/or law prohibits investment recommendation
Rating Suspended	<b>RS</b>	There is no sufficient fundamental basis for determining an investment rating or target.
Coverage Suspended	<b>CS</b>	We have suspended coverage on this company

### Risk Rating

Risk is measured by a 2-factor equally-weighted model, which takes into account (i) Stock Volatility and (ii) Liquidity

Risk Factor	Definition	Quantification <sup>(1)</sup>
Stock Volatility	The stocks' standard deviation annualized (log scale)	Bottom 25% percentile
		Medium 25% percentile
		Top 50% percentile
Liquidity	Net Shares traded as % of total shares over a 12-month period	Top 20% percentile
		Medium 40% percentile
		Bottom 40% percentile

(1) percentiles of ATE Securities SA Universe

Source: Athens Stock Exchange, Bloomberg, Effect Finance Database

We use a scale of 1 to 3 to describe Low, Medium, High risk respectively, also taking into account qualitative factors.

When a rating is applied on an IPO, the scale 3 - "High Risk" is applied for a 12-month period.

### Income Rating

An Income Rating is produced, based on the forecasted dividend yield for a 12-month period. This is then compared with the YtM of the 10-yr Greek Government bond, as shown below:

Income Measure	Definition	Quantification
Equity Div. Yield	Relative performance w.r.t. the 10-yr Greek Government bond	More than 50bps
		Within the range [-50bps, +50bps]
		Less than 50bps
		No dividend
		High Div. Yelder Medium Div. Yelder Low Div. Yelder No Cash div. Yelder

We use a scale of 1 to 4 to describe Low, Medium, High and No Div. income rating respectively.

### ATE Securities SA Ratings Distribution

Ratings Distribution	Total	Overweight	Neutral	Under weight	Not Rated	Under Review	Restricted	Rating Suspended	Coverage Suspended
Equity Universe	25	5 (20%)	1 (4%)	-	55%	4 (16%)	1 (4%)	-	-
Invest. Banking Services (per category)	0	-	-	-	0%	-	0%	-	-

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