

OPAP S.A. Consolidated Financial Results for the Three Month period ended March 31st, 2013

OPAP reiterates its 2013 net profit guidance despite the persisting recession and the 30% GGR taxation

ATHENS, Greece – May 23, 2013 – OPAP S.A. (OPAr.AT), the leading gaming operator in Greece, announces its consolidated financial results for the three month period ended March 31st, 2013, prepared in accordance with International Financial Reporting Standards (IFRS).

- Revenues down 18.4% to €869.3m (2012: €1,065.2m) due to the harsh local macroeconomic environment, fewer effective trading days and player winnings taxation
- GGR down 13.4% exhibiting an improved trend compared to the revenues' decline, further demonstrating successful risk-management
- EBITDA 68.8% lower to €57.6m (2012: €184.4m), hit by the 30% GGR taxation effective January 1st, 2013
- Net Profit down 70.5% to €38.9m (2012: €131.9m)
- Earnings per share at €0.12 (2012: €0.41)
- Cash position of €498.5m
- Management keeps intact its net profit guidance for the year at €116m as presented in the company's business plan

1. OVERVIEW

(€ 'm)	Q1 2013	Q1 2012	Δ%
Revenues	869.3	1,065.2	(18.4)
GGR (Gross Gaming Revenue)	302.6	349.3	(13.4)
EBITDA	57.6	184.4	(68.8)
Payout (%)	65.2%	67.2%	
EBITDA margin (on revenues)	6.6%	17.3%	
EBITDA margin (on GGR)	19.0%	52.8%	
Net profit	38.9	131.9	(70.5)
Net profit margin	4.5%	12.4%	

OPAP's revenues for the first quarter of 2013 decreased by 18.4% to €869.3m versus €1,065.2m in the corresponding period in 2012, owing to the continuing economic recession, a 5-days agents' strike in January, one less calendar day for the quarter and the adverse impact stemming from the player winnings taxation from the 1st Euro, which was amended on April 1st.

The Group's EBITDA reached €57.6m in Q1 2013 from €184.4m in Q1 2012 signifying a 68.8% decline due in the most part to lower revenues as well as the 30% GGR taxation amounting to €85.5m, partially counterbalanced by lower Stihima payout.

The Group's Q1 2013 net profit amounted to €38.9m from €131.9m in the corresponding period in 2012, carrying a positive effect from net interest income of €4.8m versus net interest expenses of €6.9m in Q1 2012, albeit hit by the higher corporate tax rate.

2. FINANCIAL REVIEW

Revenue per game for Q1 2013 and 2012			
(€ '000)	Q1 2013	Q1 2012	Δ%
STIHIMA	289,784	397,111	(27.0)
PROPO	4,125	5,477	(24.7)
PROPO-GOAL	291	528	(44.9)
MONITOR GAMES	14,797	24,868	(40.5)
GO LUCKY	503	1,744	(71.2)
TOTAL SPORTS BETTING	309,500	429,728	(28.0)
% total revenues	35.6	40.3	
KINO	480,785	542,561	(11.4)
JOKER	45,484	59,355	(23.4)
LOTTO	19,998	15,567	28.5
Super 3	5,400	7,601	(29.0)
PROTO	6,164	7,720	(20.2)
Extra 5	1,997	2,698	(26.0)
TOTAL NUMERICAL GAMES	559,828	635,502	(11.9)
% total revenues	64.4	59.7	
TOTAL REVENUES	869,328	1,065,230	(18.4)

Total sports betting revenues decreased by 28.0% to €309.5m in Q1 2013 from €429.7m in 2012 as a result of the 27.0% decrease in Stihima in the period.

Revenues from numerical games decreased by 11.9% to €559.8m in Q1 2013 from €635.5m in Q1 2012. KINO revenues in Q1 2013 stood at €480.8m, down by 11.4% versus the corresponding period in 2012.

Cost of Sales for Q1 2013 and 2012			
(€ '000)	Q1 2013	Q1 2012	Δ%
Prize payouts to lottery and betting winners	566,746	715,918	(20.8)
Agents' commissions	73,452	89,588	(18.0)
Tax on the GGR	85,469	-	-
Other cost of sales	56,268	47,996	17.2
Total cost of sales	781,935	853,502	(8.4)

Total cost of sales in Q1 2013 reached €781.9m from €853.5m in Q1 2012, lower by 8.4% y-o-y.

Payout to lottery and sports betting winners in Q1 2013 reached €566.7m from €715.9m in Q1 2012, signifying a 20.8% decrease. This payout corresponds to 65.2% of total revenues versus 67.2% in Q1 2012. In particular, Stihima payout in Q1 2013 decreased to 63.6% compared to 70.0% in Q1 2012, while KINO's payout increased to 69.3% versus 68.7% in Q1 2012.

Distribution costs for Q1 2013 and 2012			
(€ '000)	Q1 2013	Q1 2012	Δ%
Advertisement	2,030	2,201	(7.8)
Donations-Grants	4,809	3,094	55.4
Sponsorship	21,238	21,766	(2.4)
Subtotal	28,077	27,061	3.8
Remaining distribution cost	1,338	1,459	(8.3)
Total	29,415	28,520	3.1

Total distribution costs in Q1 2013 amounted to €29.4m versus €28.5m in the corresponding period in 2012. Sponsorships declined by 2.4%, while advertising expenses also decreased by 7.8% compared to the same period last year.

Administrative costs for Q1 2013 and 2012			
(€ '000)	Q1 2013	Q1 2012	Δ%
Total	8,075	7,559	6.8

In Q1 2013, administrative expenses reached €8.1m versus €7.6m in the corresponding period in Q1 2012, mainly due to one-off consulting fees linked with the acquisition of new licenses.

Other operating expenses for Q1 2013 and 2012			
(€ '000)	Q1 2013	Q1 2012	Δ%
Total	3,401	2,770	24.2

In Q1 2013, other operating expenses reached €3.4m versus €2.8m in the corresponding period in Q1 2012. This was mostly due to the impairment by €2.1m of the deposits of the subsidiaries OPAP CYPRUS and OPAP SPORTS.

Cash Flows for Q1 2013 and 2012			
(€ '000)	Q1 2013	Q1 2012	Δ%
Cash Flow from Operating Activities	133,943	169,432	(21.0)
Cash Flow from Investing Activities	(2,732)	(593)	-
Cash Flow from Financing Activities	(318)	(4,266)	-

Cash Flow from Operating Activities

Cash flow from operating activities in Q1 2013 decreased by 21.0% amounting to €133.9m from €169.4m in the corresponding period in 2012, as the cash outflow related to the GGR taxation for the quarter has taken place in Q2 2013.

Cash Flow from Investing Activities

Cash flow from investing activities in Q1 2013 amounted to an outflow of €2.7m, mainly due to fixed asset additions of €7.2m partially counterbalanced by interest income of €4.5m.

Cash Flow from Financing Activities

Cash flow from financing activities in Q1 2013 stood at €0.3m compared to €4.3m in the same period last year.

3. OUTLOOK

The negative effect stemming from the one-off factors that hurt Q1 performance (agents' strike, one less day for the quarter and player winnings taxation impact) was only partially included in the management presentation released in February 2013. In addition, the macroeconomic environment remains adverse with Q1 Greek GDP down by 5.3% and retail sales lower by 15% in January-February 2013. However, post the new amendment of the players' winnings tax regime published on 5.4.2013, management keeps intact its net profit guidance for the year at €116m.

4. MAIN DEVELOPMENTS

Acquisition of a 33% stake in OPAP

The Hellenic Republic Asset Development Fund concluded on May 1st an international public tender for the sale of a 33% stake in OPAP accepting EMMA DELTA's improved financial offer amounting to €652 million. The completion of the transaction is subject to the necessary approval of the competent authorities.

Amendment of players' winnings taxation

According to L. 4141/2013 which was passed by the Parliament on 26.3.2013, the taxation on players' winnings was amended. According to the new scheme effective April 1st, the taxation stands at 0% for players' winnings under the sum of €100, 15% of the players' winnings between the sums of €100 and €500 and 20% for players' winnings more than €500. This Law comes with the assent of the European Commission, which - at a request of the Ministry of Finance - responded positively.

Annual General Meeting (AGM) - Dividend Distribution

On Thursday, March 7th 2013, OPAP's Board of Directors resolved upon the proposal to the AGM the distribution of a €0.57 dividend for the fiscal year 2012. Subject to the AGM's (Friday, June 21st 2013) approval, the ex-dividend date will take place on Friday, June 28th 2013. Dividend payment to the entitled shareholders will then commence on Monday, July 8th, 2013.

Extraordinary General Meeting (EGM)

OPAP's EGM on April 6th approved the Draft Agreements' documents, between OPAP and INTRALOT for the commissioning, installation and transition to production operations of all necessary equipment regarding a new operational system to support all of the Company's games. The agreement will also cover the transition of OPAP's existing operations to the new operational system and will provide preventive and corrective maintenance services as well as technical support for procured equipment and software.

Cypriot exposure

Following the recent economic turmoil in Cyprus, the deposits of the subsidiaries OPAP CYPRUS and OPAP SPORTS have been impaired by €2.1m, included in the item "Other operating expenses" of the Q1 2013 consolidated statement of comprehensive income. It is noted that Cypriot subsidiaries' contribution to the Group's revenues in 2012 was less than 5%, while EBITDA contribution stood at less than 2%.

Conference Call Invitation

First Quarter 2013 Financial Results

Friday May 24th, 2013

4:00 p.m. (Athens) / 2:00 p.m. (London) / 9:00 a.m. (New York)

DIAL IN NUMBERS:

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ATTACHMENTS

1. Condensed Interim Statement of Financial Position as of March 31st, 2013 and December 31st, 2012
2. Condensed Statement of Comprehensive Income for the three-month period that ended on March 31st, 2013 and 2012
3. Condensed Cash Flow Statement for the three-month period that ended on March 31st, 2013 and 2012

1. Condensed Interim Statement of Financial Position As of 31 March 2013 and 31 December 2012

(Amounts in thousands of euro)

	GROUP		COMPANY	
	31.3.2013	31.12.2012 Adjusted	31.3.2013	31.12.2012 Adjusted
ASSETS				
Current assets				
Cash and cash equivalents	498,475	367,582	432,089	305,766
Restricted cash	95,710	95,710	95,710	95,710
Inventories	949	724	-	-
Trade receivables	52,975	27,859	54,608	30,769
Other current assets	<u>21,684</u>	<u>24,730</u>	<u>26,628</u>	<u>27,866</u>
Total current assets	669,793	516,605	609,035	460,111
Non - current assets				
Intangible assets	1,106,027	1,105,851	1,106,023	1,105,845
Tangible assets (for own use)	79,038	81,052	60,662	64,388
Investments	2,284	2,320	2,284	2,320
Goodwill	8,435	8,435	-	-
Investments in subsidiaries	-	-	43,054	43,054
Investments in associates	1,109	1,159	-	-
Long – term trade receivables	1,230	1,230	1,203	1,203
Other non - current assets	11,049	11,357	42,940	43,888
Deferred tax assets	<u>4,156</u>	<u>2,813</u>	<u>-</u>	<u>-</u>
Total non - current assets	<u>1,213,328</u>	<u>1,214,217</u>	<u>1,256,166</u>	<u>1,260,698</u>
TOTAL ASSETS	1,883,121	1,730,822	1,865,201	1,720,809
EQUITY & LIABILITIES				
Short - term liabilities				
Loans	85,247	84,903	85,247	84,903
Payables	85,343	58,714	81,052	60,970
Payables from financial leases	370	362	-	-
Tax liabilities	122,085	34,961	119,429	31,490
Accrued and other liabilities	<u>127,211</u>	<u>124,933</u>	<u>121,433</u>	<u>119,659</u>
Total short - term liabilities	420,256	303,873	407,161	297,022
Long - term liabilities				
Loans	166,202	165,686	166,202	165,686
Payables from financial leases	340	436	-	-
Deferred tax	5,436	4,435	5,436	4,435
Employee benefit plans	22,826	23,509	22,099	22,811
Provisions	57,661	61,266	56,436	60,066
Other long-term liabilities	<u>9,123</u>	<u>9,281</u>	<u>8,938</u>	<u>9,087</u>
Total long - term liabilities	261,588	264,613	259,111	262,085
Equity				
Share capital	95,700	95,700	95,700	95,700
Reserves	44,064	44,064	43,060	43,060
Retained earnings	<u>1,061,513</u>	<u>1,022,572</u>	<u>1,060,169</u>	<u>1,022,942</u>
Total equity	<u>1,201,277</u>	<u>1,162,336</u>	<u>1,198,929</u>	<u>1,161,702</u>
TOTAL EQUITY & LIABILITIES	1,883,121	1,730,822	1,865,201	1,720,809

2. Condensed Statement of Comprehensive Income For the three-month period that ended on 31 March 2013 and 2012

(Amounts in thousands of euro except earnings per share)

	GROUP		COMPANY	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
Revenues	869,328	1,065,230	818,561	1,015,207
Payouts to lottery and betting winners	(566,746)	(715,918)	(533,375)	(683,199)
Net revenues before tax (30%)	302,582	349,312	285,186	332,008
Tax on the net revenues	(85,469)	-	(85,469)	-
Net revenues after tax (30%)	217,113	349,312	199,717	332,008
Cost of services	(129,720)	(137,584)	(118,444)	(126,717)
Gross profit	87,393	211,728	81,273	205,291
Other operating income	361	423	5,118	5,207
Distribution costs	(29,415)	(28,520)	(29,277)	(27,936)
Administrative expenses	(8,075)	(7,559)	(8,558)	(7,985)
Other operating expenses	(3,401)	(2,770)	(1,094)	(2,758)
Operating result	46,863	173,302	47,462	171,819
Gain / (Loss) from sales of non-current assets	-	-	-	-
Gain / (Loss) from associates	(50)	(11)	-	-
Financial income	5,178	2,171	4,590	1,470
Financial expenses	(388)	(9,063)	(262)	(9,012)
Profit before tax	51,603	166,399	51,790	164,277
Income tax	(13,004)	(34,101)	(13,562)	(33,513)
Deferred tax	342	(392)	(1,001)	(650)
Profit after tax	38,941	131,906	37,227	130,114
Parent company shareholders	38,941	131,906	37,227	130,114
Other total income				
Actuarial profit / (loss)	-	554	-	554
Deferred tax	-	(111)	-	(111)
Other total income after tax		443	-	443
Total income after tax	38,941	132,349	37,227	130,557
Parent company shareholders	38,941	132,349	37,227	130,557
Basic earnings (after tax) per share in €	0.1221	0.4135	0.1167	0.4079

3. Cash Flow Statement For the three-month period that ended on 31 March 2013 and 2012

(Amounts in thousands of euro)

	GROUP		COMPANY	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
OPERATING ACTIVITIES				
Profit before tax	51,603	166,399	51,790	164,277
Adjustments for:				
Depreciation & amortization	10,732	11,077	10,150	10,755
Financial result	(4,751)	6,857	(4,289)	7,507
Employee benefit plans	308	409	285	377
Provisions for bad debts	500	600	500	600
Other provisions	(3,630)	2,600	(3,630)	2,600
Exchange differences	(39)	35	(39)	35
Other non-cash items	204	-	-	-
Loss / (income) from associates	50	11	-	-
Results from investing activities	±	±	±	±
Total	54,977	187,988	54,769	186,151
Changes in working capital				
(Increase) decrease in inventories	(225)	(311)	-	-
(Increase) decrease in receivables	(23,285)	2,731	(22,115)	1,519
Increase (decrease) in payables (except borrowings)	27,461	(11,599)	19,653	(4,900)
Increase (decrease) in taxes payables	<u>87,999</u>	<u>(3,168)</u>	<u>87,806</u>	<u>(2,904)</u>
Total	146,927	175,641	140,113	179,866
Interest expenses	(108)	(6,209)	(4)	(6,187)
Taxes paid	<u>(12,876)</u>	±	<u>(12,789)</u>	±
Cash flows from operating activities	133,943	169,432	127,320	173,679
INVESTING ACTIVITIES				
Establishment of a subsidiary	-	-	-	(15)
Outflow of intangible assets	(4,654)	(74)	(4,654)	(74)
Outflow of tangible assets	(2,533)	(2,543)	(39)	(567)
Interest received	<u>4,455</u>	<u>2,024</u>	<u>3,910</u>	<u>1,372</u>
Cash flows used in investing activities	(2,732)	(593)	(783)	716
FINANCING ACTIVITIES				
Payments of financial leases interests	(16)	(760)	-	(737)
Payments of financial lease capital	(88)	(3,387)	-	(3,306)
Dividends paid	<u>(214)</u>	<u>(119)</u>	<u>(214)</u>	<u>(119)</u>
Cash flows used in financing activities	(318)	(4,266)	(214)	(4,162)
Net increase / (decrease) in cash and cash equivalents	130,893	164,573	126,323	170,233
Cash and cash equivalents at the beginning of the period	<u>367,582</u>	<u>195,894</u>	<u>305,766</u>	<u>105,548</u>
Cash and cash equivalents in the end of the period	498,475	360,467	432,089	275,781