



OPAP SA

Investment Thesis

Following the announcement of Q1-2019 financial results, we maintain our positive view on OPAP due to improved financial performance driven by VLT's and *Pame Stoixima*, the strong balance sheet and the gradual improvement of consumer spending in Greece. In addition, the recent acquisition of 51% of *Stoiximan* will significantly increase the exposure of the company on the online gaming segment and also will boost the total revenues of the company from H2-2019. Key downside risks include the final settlement by the Hellenic Gaming Commission for the operation of VLT's in the Greek market and the finalization of new regulations for the legal framework of online betting in Greece. Furthermore, the expected reduction on corporate tax from the new government and the decrease of Greek sovereign yields, will positively impact the fair value of OPAP, as corporate tax rate and bond yield are key drivers of our DCF-driven price. Finally, the strategy to leverage OPAP's vast agent network with introduction of new services such as Tora Wallet and Tora Direct and the cost cutting initiatives by the management could add significant value and trigger further upgrades.

Q1-2019 Financial Results

Overall revenue increased by 5% YoY to €396mn in the first quarter of 2019. Net Gaming Revenue improved 28% to 156mn, while net profit shot up 43,5% to €57.2mn. These revenues are OPAP's strongest quarterly results since 2010, reflecting the ongoing rollout of VLT's. VLT's revenue hit €69.00mn, up 59% YoY and VLT share of overall revenue was 17.4%.

Date	1/7/2019
Fair Estimated Price (€)	14,00
Investment Thesis	UV
Bloomberg Ticker	OPAP GA
Reuters Ticker	OPAr.AT
Closing Price	9,71
Low/High price 52w	7,53 / 10,24
Market Cap (€mn)	3.097
EPS (2019F)	0,59
DPS	0,70
Dividend Yield %	7,1%

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Dividend Policy

The company has adopted a dividend policy to return its majority of FCF to shareholders. For 2019, the total dividend is €0.70 per share (7.1 % dividend yield based on current share price), which is almost 80% of operating cash flow.

Valuation

We value OPAP at €14.00 per share through a DCF exercise. We apply a WACC of 7.2% with a risk free rate of 4.0%. OPAP operates in highly regulated environment. As a result, any changes in the taxation or regulation issues could affect significantly the valuation of the company.

Summary Financials				
(€ mn)	2017A	2018A	2019F	2020F
Profit & Loss Items				
Revenue (GGR)	1.456	1.547	1.644	1.759
EBITDA	306	354	385	406
Net Income	132	145	187	202
Balance Sheet Items				
Total Assets	1.798	1.750	1.783	1.827
Cash at Hand	246	191	156	233
Total Equity	759	760	725	705
Cash Flow Items				
Operating Cash Flow	245	253	276	298
Free Cash Flow	126	163	151	268
Key Financial Ratios				
Revenue Growth	4,1%	6,3%	6,3%	7,0%
EBITDA margin %	21,1%	22,9%	23,4%	23,1%
EPS	0,40	0,45	0,59	0,63
DPS	1,40	0,41	0,70	0,70
Dividend Yield	13,3%	5,4%	7,1%	7,1%
ROE	17,3%	19,1%	25,8%	28,7%
P/E (x)	25,5	16,7	16,7	15,4

**Ρήτρα Περιορισμού Ευθύνης:**

Απαγορεύεται η αναδημοσίευση του παρόντος χωρίς την άδεια της Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗΣ Α.Ε.Π.Ε.Υ. Οι απόψεις που περιέχονται βασίζονται σε πηγές που θεωρούνται αξιόπιστες, ωστόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. δεν ευθύνεται για την εγκυρότητα, ορθότητα ή αξιοπιστία τους και διατηρεί το δικαίωμα αλλαγής τους χωρίς πρότερη ειδοποίηση. Τόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. όσο και οι διευθύνοντες και υπάλληλοι της δεν φέρουν ουδεμία ευθύνη για οποιαδήποτε συνέπεια των πληροφοριών αυτών. **Το παρόν δεν αποτελεί προσφορά, προτροπή ή επενδυτική πρόταση για αγορά ή πώληση μετοχών ή άλλων κινητών αξιών. Οι επενδύσεις που αναφέρονται ενδέχεται να μην είναι οι ενδεικνυόμενες για ορισμένους επενδυτές.**

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Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερισμάτων	Dividend Yield
ROE:	Απόδοση Ιδίων Κεφαλαίων	Return on Equity
FV:	Τιμή Σοστής Αποτίμησης	Fair Value Price

Οδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk Stock Price < 20% of Fair
UV1	Χαμηλή Αποτίμηση/ Κίνδυνος	Underpriced/ Risk Stock Price < 10% of Fair
FV	Σοστή Αποτίμηση/ Χαμηλός Κίνδυνος	Fairly Priced/ Small Risk 10% < Stock Price < 10%
OV1	Σοστή Αποτίμηση/ Κίνδυνος	Fairly Priced/ Risk Stock Price > 10% of Fair
OV	Υπερτιμημένη Μετοχή	Overvalued Stock Price > 20% of Fair
N/R	Μη Αποτιμημένη Μετοχή	Not Rated