



Company Update: OPAP S.A. Reason: Upgrade

Investment Thesis

We are upgrading OPAP's target price to €15,50 (from €13,00 published on December) following the 1H21 results and the full reopening of OPAP stores.

For the rest of year, we do not anticipate any further restrictions. Nevertheless, our model assumes that the COVID impact spreads out over the next years and is not limited in the past.

The key drivers of the upcoming GGR growth (Gross Gaming Revenue) are the VLTs and the online market.

In our model, we assume that the commulative annual growth rate (CAGR) of the VLTs will be 12.16% and the CAGR of the online segment will be 10,34%.

The former is a conservative estimate of the GGR that could be generated from the 25000 installed VLTs as COVID impact fades away. The management hinted that the Greek online gambling market that is expected to grow with a CAGR rate of 12,34% and at the same time OPAP's 49% market share could fall to mid thirties level. Both of these estimates are combined to come up with the 10,34% CAGR for OPAP online.

Excluding the effect of the VLTs, stores are expected to contribute a GGR CAGR of 7,7% to reach the pre-pandemic levels.

Worth noting that OPAP is committed to distribute annual dividend of €1,00 per share. At the current price of €13,60 this is a very tempting dividend yield of 7,3% that is distributed by a company with a 1,3 Net Debt/Ebitda ratio.

Valuation

OPAP is valued at €15.50 per share through a FCF exercise with the same applied WACC of 10.34% used at our December's report.

Date	21/9/2021
Fair Estimated Price (€)	15,50
Investment Thesis	UV
Bloomberg Ticker	OPAP GA
Reuters Ticker	OPAr.AT
Closing Price (15/12/20)	13,60
Low/High price 52w	6,92 / 13,79
Market Cap (€mn)	4.776
EPS (2020)	0,60
DPS (management commitment)	1,00
Dividend Yield %	7,3%

Lotteries and leisure



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For important disclosure information, please refer to the disclaimer page of this report.

All N. Chrysochoidis Stock Brokerage I.S.S.A. research is available on the company website and FactSet.



Summary Financials					
(€ mn)	2019A	2020A	2021F	2022F	2023F
Profit & Loss Items					
Gross Gaming Revenue (GGR)	1.620	1.130	1.616	1.812	1.908
Net Gaming Revenue (NGR)	1.086	737	1.102	1.235	1.301
EBITDA	413	260	606	657	682
Net Income	202	199	325	366	385
Balance Sheet Items					
Cash at Hand	643	512	621		
Total Equity	708	755	648		
Cash Flow Items					
Operating Cash Flow	314	308	455	505	529
Free Cash Flow	310	320	467	518	544
Key Financial Ratios					
Revenue Growth	4,45%	-32,12%	49,46%	12,11%	5,29%
EBITDA margin % (NGR)	25,5%	23,0%	37,5%	36,3%	35,8%
Earnings per Share	0,63	0,60	0,93	1,04	1,10
Dividend per Share	0,30	1,55	1,00	1,00	2,00
P/E (x)	18,7	18,4	14,6		

Ρήτρα Περιορισμού Ευθύνης:

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Σημειώσεις/Notes

P: Τρέχουσα Τιμή
 MCAP: Κεφαλαιοποίηση
 EPS: Καθαρά Κέρδη Ανά Μετοχή

Market Price
 Capitalization
 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 Μερισματος
 ROE: Απόδοση Ιδίων Κεφαλαίων
 FV: Τιμή Σωστής Αποτίμησης

Dividend Yield
 Return on Equity
 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 Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος Fairly Priced/ Small Risk
 10% < Stock Price < 10%
 OV1 Σωστή 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