



## Company Update: OPAP S.A. Reason: Upgrade

### Investment Thesis

We upgrade our target price for OPAP SA at €18,50, which presents a 40% upside potential.

Back in September 2021, we were projecting that COVID would spread across the following two years, resulting in lower than normal GGR revenues from stores. Indeed the Omicron variant affected December's GGR, resulting in an EBITDA of €550M in 2021 (€50M less than expected). However, it appears that we should relax our assumptions for COVID. We no longer expect 2 months of interruptions in 2022 and 1.3 months in 2023.

OPAP was unfortunate to see the VLT rollout completion coincide with the beginning of the pandemic in 1Q20. We now expect that the current 2022 fiscal year, will be the first year that the 2500 installed VLT machines will record their full potential (€357M GGR in this line of business from €294M GGR in 2019). Revenue from stores excluding VLTs is also expected to be significantly higher at €1290M (€885M in 2021 with 4.9months of restrictions, €1313M in 2019) Our assumptions for the growth of the online business remain unchanged. Under this assumptions we come up with an expected €2.09bn annual GGR. Note that the management is expecting GGR 2022 to be within the range of €2,17bn~€2,22bn.

OPAP is committed to distribute annual dividends of more than €1,00 per share over the next years, something that has been communicated since last summer. The announcement for 2022 includes €0,50 cash dividend and €0,90 capital return (1,40€ in total). At the current €13,00 level this is a dividend yield of 10,77% that is distributed by a company with a very low Net Debt/Ebitda ratio (currently at 0.3).

### Valuation

OPAP is valued at €18.50 per share through a FCF exercise with a WACC of 8.61%. Keeping our older WACC of 10.34% would result in a target price of €15.50 which is still offering a very attractive upside potential.

<b>Date</b>	<b>28/3/22</b>
<b>Fair Estimated Price (€)</b>	<b>18,50</b>
Investment Thesis	UV
Bloomberg Ticker	OPAP GA
Reuters Ticker	OPAr.AT
Closing Price (24/03/22)	12,91
Low/High price 52w	11,10 / 13,79
Market Cap (€mn)	4.577
EPS (2021A)	0,74
DPS (2022 to be proposed)	1,40
Dividend Yield %	10,8%

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)	2020A	2021A	2022F	2023F
<b>Profit &amp; Loss Items</b>				
Gross Gaming Revenue (GGR)	1.130	1.539	2.093	2.091
EBITDA	260	550	703	703
Net Income	199	261	398	397
<b>Balance Sheet Items</b>				
Cash at Hand	512	864		
Total Equity	755	949		
<b>Cash Flow Items</b>				
Operating Cash Flow	261	406	545	545
Free Cash Flow	272	428	567	566
<b>Key Financial Ratios</b>				
Revenue Growth	-32,12%	41,58%	36,39%	-0,10%
EBITDA margin % (NGR)	23,0%	35,8%	33,6%	33,6%
Earnings per Share	0,60	0,74	1,13	1,13
Dividend per Share	0,62	1,40	1,00	1,00
P/E (x)	18,4	19,5		

#### Ρήτρα Περιορισμού Ευθύνης:

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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 Μερίσματος	Dividend Yield
ROE:	Απόδοση Ιδίων Κεφαλαίων	Return on Equity
FV:	Τιμή Σωστής 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	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