



Company Update: OPAP SA Reason: Update

Investment Thesis

OPAP SA deserves an upgrade from €18.50 to €20.00, which is a staggering 26% upside potential from current levels.

OPAP offers earnings with high visibility at a magnitude north of €750M EBITDA, absolute alignment of the controlling shareholder's interest with that of the minority (100% of net income is distributed), and evidence that the firm defends market share despite the competition from new comers.

Back in 2022, we were pencilling a significant reduction of OPAP's market share in the online betting and casino business from the 67% market share of 2021 to 33% market share in 2028. Such a path does not seem to be materialising and our hypothesis is being revised upwards. With the re-engineering of the older games of Lotto and Tzoker and the introduction of Tipsters, OPAP remains relevant and enjoys more than 50% of the online market. We now expect that this number will settle at 37% market share over the next 5 years.

On top, the VLTs project that was interrupted by the pandemic is running strong. The rolling of the total number of devices has been effected and we are now in the process of updating them with new devices and games. The daily revenue per VLT stands at €40 and we project that this number can grow to €44 over the next 5 years.

The 2023 results were satisfactory, despite being compared with the one-off €183M inflow from the 2022 sale of Betano. 2024 is another year of expected solid growth. The introduction of EURO Jack Pot, the EURO2024 in Germany and the Olympic Games in Paris give enough reasons to invest in OPAP.

Valuation

OPAP is valued at €20.00 per share through a FCF exercise with a WACC of 8.61%.

Date	27/3/24
Fair Estimated Price (€)	20.00
Investment Thesis	UV
Bloomberg Ticker	OPAP GA
Reuters Ticker	OPAr.AT
Closing Price (26/03/23)	16.25
Low/High price 52w	14.27 / 17.35
Market Cap (€mn)	6,014
EPS (2023A)	1.12
DPS *	0.85
Payout Yield % **	6.9%

* includes the remaining dividend and capital return to be to be distributed in 2024

** includes the dividend, capital return and €98M buybacks during 2024



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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)	2022A	2023A	2024F	2025F	2026F
Profit & Loss Items					
Gross Gaming Revenue (GGR)	1,939	2,088	2,220	2,254	2,290
Net Gaming Revenue (NGR)	1,333	1,436	1,527	1,550	1,575
EBITDA	736	730	757	783	791
Net Income	596	414	448	468	474
Balance Sheet Items					
Cash at Hand	728	491			
Total Equity	1075	775			
Net Debt	107	195			
Cash Flow Items					
Operating Cash Flow	567	572	582	609	615
Key Financial Ratios					
Revenue Growth	26.00%	7.67%	6.35%	1.53%	1.60%
EBITDA margin % (NGR)	38.0%	35.0%	34.1%	34.7%	34.6%
Earnings per Share	1.64	1.12	1.21	1.26	1.28
Dividend per Share	1.90	1.45	1.21	1.26	1.28
P/E (x)	8.9	15.0			

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