

OPAP



New Tax Law positive effect combined with legislative prospects for the gaming market

Investment Rating

(Overweight - Medium Risk - High Yield)

O - 2 - 3

Price (close 23/03/11)

€16.14

Target Price (previous €15.54)

€20.18

Upside/Downside

+25.0%

Key Data

BBG - RIC	OPAP GA / OPAP Ar.AT
Shares o/s	319.00mn
Market Cap	5,330.5mn
Free Float	66%
52wk Range	€9.95 - €17.73
Av. Daily Vol.	678K shares
St. deviation	44.7%

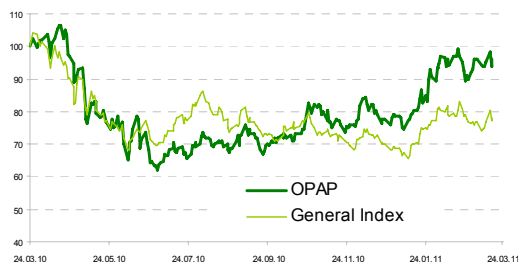
Financial Highlights

Financial Highlights	2010a	2011e	2012f	2013f
TOTAL ASSETS	1,220,680	1,399,035	1,454,547	1,495,415
Cash	657,488	771,523	833,990	866,767
Total Current Liabilities	447,596	621,138	642,169	664,390
Total Liabilities	524,106	689,700	713,313	738,231
Total Equity	696,574	709,334	741,234	757,184
Total Turnover	5,140,015	5,068,055	5,154,212	5,262,450
Gross Profit	1,035,969	946,017	965,441	993,413
EBITDA	911,252	738,126	748,762	772,084
EAT after minorities	575,802	504,497	512,374	579,058
EPS (after tax)	1.81	1.58	1.61	1.82
DPS	1.54	1.46	1.56	1.61

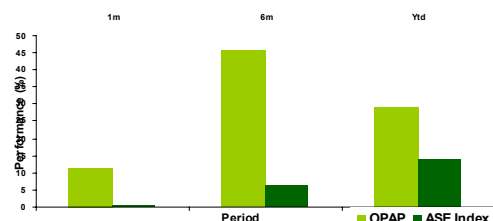
Valuation Metrics

Valuation Ratios (x)	2010a	2011e	2012f	2013f
P/E	8.9	10.2	10.0	8.9
EPS Growth	-3%	-12%	2%	13%
PEG	-2.9	-0.7	6.5	0.8
EV/EBITDA	6.4	8.0	8.0	7.8
P/BV	7.4	7.3	6.9	6.8

Relative Graph (52wk)



Absolute Performance



Anthony Christofidis

Research Director
+30 210 36 87 852
achristofidis@ate.gr

Please refer to important disclosures at the end of the report
The full valuation report is available upon request

INVESTMENT SUMMARY

Given the accomplishment of our previous target price, the release of FY 2010 results, and the latest developments in the domestic market due to recent legislation, we reiterate an O-2-3 rating (Overweight, Medium Risk, High Yield) on the stock; with a new TP of €20.18 implying a +25% upside from current levels. According to our estimates, the stock trades on a P/E11e of 10.2x and P/BV11e of 7.3x, remaining attractive against its European peers.

Greek new tax law – Estimate upgrades

Following the recent law of Greek corporate taxation as well as the announcement of 2010 corporate results, we have fine-tuned our EPS estimates for OPAP to a higher level. Our new EPS estimates do not include a potential uplift from Greek gaming opportunities (VLTs, online gaming) to be forwarded over the coming months. Our dividends per share estimates have increased by 25.8% for 2011E and 23.8% for 2012F. Our price target for OPAP has increased by 29.8% to €20.18 from our previous target of €15.54.

Draft Gaming law submitted to parliament

The Greek Finance Ministry has already submitted the new draft law to the parliament, scheduling VLT licenses to be granted via an international tender with the exception of any rights that may arise for OPAP due to its monopoly agreement with the Greek State. Each market participant will be able to acquire only one license, but in case some of the licenses remain unsold, the rest of the terminals can be evenly distributed to those who have received licenses. Tax charges stand at 30% of gross gains and will be handed on a quarterly basis. Further, a 10% tax on players' gains will be imposed both in VLTs and Internet betting, while the minimum payout is set at 80%. The regulator that will be established will cooperate with the ISPs, in order to block all unauthorized internet betting sites and will set up a live monitoring system in order to log transactions and activity on real time. Each VLT and internet site has to be permanently connected to the system.

Valuation

We have refreshed our valuation models, using some basic valuation assumptions including a risk-free rate of 8%, a market risk premium at 5%, a beta of 0.5, and a FCF growth rate at 0.5% from 0% previously. Accordingly, our Weighted Average Cost of Equity (Ke) results in 10.5%.

Our current scenario results in PE11e and PE12e of 10.2x and 10x respectively, while PBV11e comes to 7.3x. Accordingly, we assign a new target price of €20.18, which implies a 25% upside from current levels. Meanwhile, we now expect a total dividend of €1.46 for 2011 yielding 9.2% to the current price. As such, we retain our Overweight rating for the stock.

Risks

OPAP operates in a monopolistic environment, under a twenty year concession that expires in 2020. Disputes among OPAP and other international gaming intermediates have yet not resulted in any harmful operating results for the Company; nevertheless, longer term environment in the specific industry is still under on-going restructuring that may prove somewhat adverse for state-controlled providers. OPAP also faces substantial market challenges in the medium-term such as a) the impact of 10% taxation in players' gains that eventually result to a further shrink in payouts, b) the impact of the smoking ban that was implemented in July and yet has to be quantified in the medium-term, c) the impact of a recessionary domestic economic environment with negative implications for both companies & households, d) possible developments on the regulatory front to derive from EC initiatives, e) the impact of intense competition from internet betting, following its regulatory setup f) the impact of one-off taxation until 2012, g) the outcome of OPAP's efforts to expand abroad (refreshed by management in its latest presentation of FY2010 results, and h) the medium-term impact of the domestic market's opening to new gaming products.

All the above factors can provide for negative or positive risk reassessment of our estimates, and sustain a rather difficult to predict operating environment of the stock.

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Company Profile

OPAP is the leading gaming company in Greece, enjoying the sole concession to operate and manage six numerical and three sports betting games until 2020. In addition, OPAP holds the sole concession to operate and manage any new sports betting games in Greece as well as the right of first refusal to operate and manage any new lottery games permitted by the Hellenic Republic. The state is likely to extend OPAP's license for an additional 10 years.

Investment Positives

- Dominant franchise in Greece
- Licence for athletic bets valid until 2020
- Commitment of agents through the gradual signing of new agreements
- High and sustainable dividend yield
- Strong fundamentals with a ample cash position, robust operating cash flow and clean balance sheet
- New games opportunities (VLTs, internet) are likely to enhance market penetration.

Profit & Loss

PROFIT & LOSS (€'000)	2010a	2011e	2012f	2013f
Total Turnover	5,140,015	5,068,055	5,154,212	5,262,450
Gross Profit	1,035,969	946,017	965,441	993,413
Operating Expenses	-169,967	-212,890	-221,679	-226,329
EBITDA	911,252	738,126	748,762	772,084
Depreciation Exp.	-39,655	-41,043	-42,479	-43,966
Operating Income	871,597	697,084	706,283	728,118
EBT	889,550	720,711	731,963	755,072
EAT	575,802	504,497	512,374	579,058
EAT after minorities	575,802	504,497	512,374	579,058

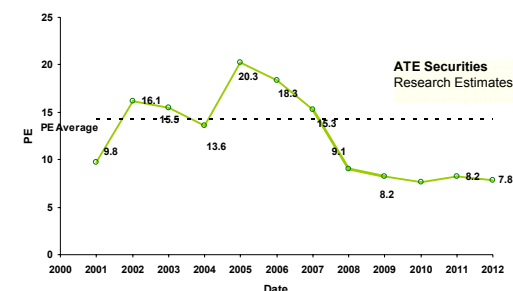
Balance Sheet

BALANCE SHEET (€'000)	2010a	2011e	2012f	2013f
Net Fixed Assets	88,209	98,209	108,209	118,209
Intangible Assets & Goodwill	208,554	190,795	171,715	154,544
Total Non-current Assets	327,600	329,654	320,862	314,282
Other Receivables	226,693	287,593	290,758	304,054
Cash	657,488	771,523	833,990	866,767
Total Current Assets	893,080	1,069,381	1,133,685	1,181,133
Taxes Payable	305,978	420,165	434,871	450,092
Total Current Liabilities	447,596	621,138	642,169	664,390
Total Non-current Liabilities	76,510	68,562	71,145	73,841
Total Liabilities	524,106	689,700	713,313	738,231
Proposed Dividends	306,240	319,000	350,900	366,850
Total Equity	696,574	709,334	741,234	757,184
TOTAL LIAB. & EQUITY	1,220,680	1,399,034	1,454,547	1,495,415

Cash flow Statement

CASH FLOW (€'000)	2010a	2011e	2012f	2013f
EBT	889,550	720,711	731,963	755,072
Plus: Depreciation	-42,975	-39,655	-41,043	-42,479
Less: Taxes	301,050	216,213	219,589	176,014
Cash Earnings	548,845	463,454	469,895	535,092
Change in Working Capital	-29,414	-3,411	3,988	-8,171
Operating Cash Flow	441,226	564,125	489,042	542,315
Investment Cash Flow	-39,379	12,760	31,900	15,950
Free Cash Flow	401,016	569,230	522,783	560,197

PE Graph



Source: Historical PE values, Bloomberg

Shareholder Structure

Major Shareholders	
Hellenic Public Sector	34.00%
Capital Research & Management Group	15.00%
Free Float	51.00%
Total	100.00%

Financial Structure Data

Convertible Bond:
Stock Option Scheme:

Investment Risks-Challenges

- Challenging market environment and frequent tax regime changes sustain uncertainty
- EU-enforced regulatory change can alter future prospects
- Games slowdown may be persistent in 2011, given the continuation of recession
- Competition from illegal gambling and internet betting due to higher payouts, nevertheless due to be relaxed via the new gaming law.

Management

Chairman of BoD: Charis Stamatopoulos
CEO: John Spanoudakis
CFO: Venio Rogakos
IRO: Nikos Polymenakos

Events Calendar

11/05/2011 AGM
16/05/2011 ex-dividend date
23/05/2011 dividend payment date
23/05/2011 Q1 results announcement
25/08/2011 H1 results announcement

Index Weightings

ASE Index: 8.82% (23/11/2010)
FTSE/ASE 20: 10.09% (23/11/2010)

Notes

Ke : Cost of Equity
Kd : After-tax cost of debt
Rf : 10yr bond yield
ERP : Equity Risk Premium

Value - Margins

Value	2010a	2011e	2012f	2013f
Mkt Cap (€'000)	5,148,660	5,148,660	5,148,660	5,148,660
Enterprise Value (€'000)	5,813,172	5,927,838	5,989,805	6,022,082
Profit Margins	2010a	2011e	2012f	2013f
Gross Margin	20.2%	18.7%	18.7%	18.9%
EBITDA Margin	17.7%	14.6%	14.5%	14.7%
EBT Margin	17.3%	14.2%	14.2%	14.3%
EAT Margin	11.2%	10.0%	9.9%	11.0%

Key Ratios

Per share Data (€)	2010a	2011e	2012f	2013f
Share Num. (adj.)	319,000	319,000	319,000	319,000
EPS (after tax)	1.81	1.58	1.61	1.82
EPS (pre tax)	2.79	2.26	2.29	2.37
EBITDAPS	2.86	2.31	2.35	2.42
CFPS	1.68	1.45	1.47	1.68
DPS	1.54	1.46	1.56	1.61
BVPS	2.18	2.22	2.32	2.37
Valuation Ratios (x)	2010a	2011e	2012f	2013f
P/E	8.9	10.2	10.0	8.9
EPS Growth	-3%	-12%	2%	13%
PEG	-2.9	-0.7	6.5	0.8
EV/EBITDA	6.4	8.0	8.0	7.8
P/BV	7.4	7.3	6.9	6.8
P/S	1.0	1.0	1.0	1.0
EV/S	1.1	1.2	1.2	1.1
P/CF	9.6	11.1	11.0	9.6
Profitability Ratios (%)	2010a	2011e	2012f	2013f
ROE (avg)	87.6%	71.8%	71.3%	79.0%
ROCE (avg)	45.6%	38.5%	38.3%	40.0%
ROA (avg)	45.6%	38.5%	38.3%	40.0%
ROE - EBITDA (avg)	138.6%	105.0%	104.2%	105.3%
ROA - EBITDA (avg)	72.2%	56.4%	56.0%	53.3%
Liquidity Ratios	2010a	2011e	2012f	2013f
Current Liquidity	2.00	1.72	1.77	1.78
Acid Ratio	1.59	1.34	1.39	1.40
Gearing	133%	103%	104%	103%
Debt / EBITDA	0.00	0.00	0.00	0.00

Valuation

Value Assumptions

OPAP (IFRS-Cons-€'000)	
Basic Assumptions	
Raw Beta	0.500
Time-Adjusted Beta	0.660
Raw Beta (Levered)	0.500
Time-Adjusted Beta (Levered)	0.660
Long-Term risk free	8.00%
Market Risk Premium	5.00%
Cost of Debt (after tax)	7.88%
Cost of Equity (used for PV of FCF WACC)	10.50%
Cost of Equity (used for PV of Residual Value WACC)	11.30%
Expected Perpetual FCF growth	0.50%

Source: ATE Securities Research

Investment Overview

Positives

Dominant Position	• Dominant position in the Greek gaming market through an extensive retail network of around 5,500 POS
Agents' Commitment	• Commitment of agents through the gradual signing of new agreements
Monopoly-Strategic Focus	• OPAP enjoys a monopolistic status till 2020. Despite the compressed economic conditions, management focuses on maintaining strong profitability and supports initiatives to expand outside the organization's core concession
Strong Fundamentals	• Strong fundamentals with an ample cash position, robust operating cash flow and clean balance sheet (no debt)
High Dividend Yield	• High and sustainable dividend yield
Supportive Markets	• Gambling spending in Greece appears resilient
New Games Opportunities	• The Greek market opening will provide the opportunity for developing new games such as VLTs and internet plays
Idle Legal Challenges	• Legal challenges from the European Commission fail to progress or rule in OPAP/Greece's favour.
Favourable Game Ergonomics	• A contained payouts appear to be well maintained (Stihima)
Lack of Competition	• Competitive threats recede with monopoly status holding well
Focus on International Penetration	• Drive for international penetration – both geographical as well as through internet

Risks-Challenges

New Tax Scheme Implications	• The recent introduction of a new corporate tax provides for a positive bias in relation to the previous status; nevertheless, one-off tax charges will sustain a negative effect in medium-term profitability
Market Challenges	• Challenging market environment due to the economic compression experienced domestically
Deregulation Proceeds	• Uncertainty may be consistent as deregulation in the gaming markets becomes more profound, and EU-enforced regulatory change is under way. Recent domestic initiatives undertaken through legislative changes towards a partial liberalization in online and VLTs gaming are currently seen positive for OPAP. However, the potential opening of the entire gaming market could lead on revenues and profitability segmentation as well as on market position
Games Slowdown	• Games slowdown that may persist in 2011, given a recessionary environment
New Taxation Regimes	• The new tax regimes bear a negative impact both on players' returns and on corporate bottom-line results
Illegal Gaming	• Competition from illegal gambling and internet betting due to higher payouts. Despite the introduction of the new gaming law, internet rivals may continue to pose a serious threat for the Company
New Challenges	• The forthcoming reintroduction of slot machines (VLTs) should bear a negative impact on Kino
Lack of International Exposure	• The Group's current lack of international exposure is seen as a constraining factor for OPAP's competitive position, especially in the case of an early full market deregulation

Legislative/Market Developments

Positive implications from the new tax law

The new tax law restrains OPAP's effective tax rate, and allows for higher dividends

A new draft tax bill was presented by the Greek Finance Ministry to the Greek Cabinet on 25 January for approval. Following its ministerial approval in January, the bill has now been passed into law by Parliament as of 21 February, 2011. For 2010, the corporate tax rate in Greece will be 24% on both distributed and undistributed profit (previously a 40% tax on distributable profit) and there will be a 21% withholding tax on the dividend for the year. From 2011 onwards, the corporate tax rate in Greece will be 20% on both distributed and undistributed profit with a 25% withholding tax on the dividend. The crisis levy charge of 10% of PBT applied retroactively will remain in place as expected over the period 2010-12, while the payment for 2010 was taken in Q2 last year with a charge of €93.788mn.

Corporate earnings will be taxed with a uniform tax rate of 24% for FY2010 and 20% from FY2011 onwards, while a 21% for FY2010 and 25% for FY2011 onwards tax will be deducted from dividends. Through the previous legislation, retained earnings were taxed with a rate of 24%, while dividends assumed a tax rate of 40% at the company level.

Exhibit 1. Corporate Tax Law Implications

Features of the Latest Tax Law

Fiscal years starting after January 2011 are set a corporation tax rate at 20% (previously at 24%). This applies to all profits and there is no longer any distinction between distributed profits (previously taxed at 40%) and retained ones.

Withholding tax on dividends is reintroduced at 25% (previously at 10%).

Dividends from abroad will not suffer the withholding tax, provided these are not distributed.

Source: Greek Ministry of Finance

Given OPAP's high dividend payout ratio, the changes are materially positive for the Company. As OPAP distributes around 90% of its earnings in dividends, last April's tax law changes and the implementation of a 40% corporate tax on dividends led to OPAP's underlying tax rate increasing to c.39% (with the crisis levy effectively doubling the underlying tax rate to close to 50% for the next 3 years). The net impact of the new tax law change for OPAP boosts earnings as the effective corporate tax rate falls to 35.3% for 2010, and is expected at 30% for 2011E and 2012F. Furthermore, from 2013F onwards, OPAP's effective tax rate will further drop to the range of 20% as the crisis levy falls off (we have conservatively placed it at a stable 23%).

Implications from the dividend taxation revision for stock valuations are overwhelming with the Company being subjected to a lower effective tax rate, thus enhancing EPS and leading to higher dividend yields. On our calculations, OPAP DPS are enhanced by 23% and 30% from previous estimates for 2011E and 2012F respectively, maintaining dividend yield to the range of 10%.

Gaming market gradual stretch out, with VLTs & internet first in the row

Greece's regulated betting market consists of state-controlled operator OPAP, nine casinos, a horse racing operator and state lotteries, while total proceeds were about €8.7bn in 2008. OPAP is Europe's biggest betting firm, offering three fixed-odds sports bets and six lotteries in Greece and Cyprus, and producing revenues of €5.14bn in 2010. The Company has exclusive rights on sports betting and lotto games in Greece until 2020. Reforms help OPAP to further penetrate the market and benefit in terms of cash flows, exploiting its large size and market strength. Nevertheless, the monopoly issue is a matter that depends on common EU policy related to gambling, from where we cannot rule out any negative surprises for the longer run. In any case, OPAP's unique relation with the state and market positioning should remain solid for the foreseeable future.

Greece banned all gambling machines in 2002, excluding OPAP and slot machines in casinos, after illegal operators mushroomed but the EU ruled that the ban violated European law and has fined Greece about €11.5mn a year. Despite the ban, there remain between 10,000 and 20,000 so-called "amusement with prize" (AWPs) machines and 100,000 to 150,000 terminals. In respect to internet, more than 250 illegal gambling websites currently offer services, handling about €2bn of bets each year. On top of that, several unlicensed bookmakers and operators offering poker and casino games have annual turnover of up to €2bn. The expected enhancement on legal competition may eventually move payout ratio's somewhat higher; nevertheless I don't believe that the industries lucrative profit margins will take any alerting hit. Growth on the other hand is seen to gain substantially, given the popularity and ease of use for VLTs.

OPAP is likely to take most of the benefits from the market opening, exploiting its size and

The new gaming legislation is set to introduce new games that assume an 80% payout and 6% turnover tax, being handed from 4 to up to 10 VLT licenses, and from 15 to up to 50 e-gaming licenses.

market strength

With regards to VLTs, the government intends to tender four to ten 10year licenses for a total of 30,000 machines (equal number of machines per license). Meanwhile, another 5,000 machines could be allocated through smaller scale licenses. Bidders for the first type of licenses can be public entities with share capital exceeding €500,000 which are based in Greece or have a permanent presence in the country. Minimum payout is set at 80%, and min-max stakes will range between €0.10 and €5. Slot machines will be allowed only in licensed outlets. Each bidder can receive only one license but if there are no interested parties, successful bidders have the right to extend their license and be awarded additional machines. Regarding the online gaming, a number of 15 to 50 5year licenses will be introduced with a 6% tax imposed on amounts staked.

We expect OPAP to bid for more than one license in both markets, attempting to dominate the market at its birth. On a second stage, we assume that OPAP's licenses can be sub-contracted to other players. In internet, OPAP can also bid for multiple licenses, segmenting its product mix. Benefits are seen to outpace any drawbacks, as the opening of the market will terminate or at least minimize illegal gambling that for many years troubled legal participants. Off-course, some negative effects will derive from the initiation cost and the possible cannibalization effect in current games. Issues that have not yet been cleared include issues like the cost of VLT machines, and the range of online (internet) activities to be legalized. I expect the overall effort to be positive for both OPAP and Intralot, as the market opening promotes revenue collection, consumer protection and abandonment of illegal e-gambling.

Changes to draft gaming bill

The Greek government has recently proposed some changes to the draft gaming bill:

VLTs

For VLTs, the total number of terminals stands at 30,000 (instead of 25,000 previously) with 4-10 licensees, while the government :

- a) recognises OPAP's right of first refusal,
- b) provides the ability for one player to take over all or most of the market with licenses to be awarded to the highest bidder following a tender process, and
- c) sets the maximum bet in per VLT to a lower €2 from €5 previously.

Referring to OPAP's right of first refusal, the Greek government recognizes that OPAP has the right of first refusal for some part of the VLTs. Nevertheless, we believe that OPAP will strongly engage in the VLT market and is a positive for the Company to have its right of first refusal recognized. With a strong cash position in end 2010, we believe OPAP is best positioned to be able to take advantage of the bidding process to capture a significant amount of market share.

Online gaming

In relation to online gaming the total number of proposed online gaming licenses remains unchanged, while the government sets :

- a) a more favorable tax structure for operators with a potential 30% tax on gross gaming revenue/gross win across all products including online sports betting (previously 6% tax on wagers) and gaming,
- b) a less favorable tax structure for consumers with a 10% tax charge on players' winnings, and
- c) a cost for each online gaming license at c€100,000.

The original draft bill submitted to the Greek Cabinet on 25 January proposed a blanket 6% gaming tax on wagers across online betting and gaming but this has now been revised to a more favorable tax structure with a 30% tax on for all online gaming products. This appears to be applicable to both online sports betting as well as gaming, which is seen as positive for the online gaming.

Post regulation, online operators in Greece are expected to pass on at least part of the tax to consumers and that this should reduce pressure on OPAP's gross win margin in Stihima. Furthermore, OPAP will be able to participate in the online gaming market in Greece, further boosting revenues. Nevertheless, the 10% tax on players' winnings in online gaming may bring some pressure to payers' appetite, particularly as retail winnings are subject to a minimum threshold of €100 below which they are not taxed.

Implementation process

The bill is sent to the European Commission for approval, before getting a final vote through the Greek Parliament. We expect the entire process to take around 6 months, although there may be delays through required changes to concession terms. A tender process of international offers should immediate follow.

Financial Review – Q4/FY 2010 Results

Solid 2010 results, despite the domestic economic containment

OPAP exhibited a solid performance in 2010, albeit a adverse operating environment

OPAP announced on March 16 that its net profit of 2010 decreased by 3% to €575.8mn (slightly better than consensus estimates), while revenues for 2010 decreased by 5.6% to €5,140mn, mainly due to declining Kino and Joker revenues as a result of the adverse economic environment. The negative effect was partially counterbalanced by the strong performance of Stihima during the World Football Cup in June 2010. The Group's EBITDA reached €911.3mn in 2010, down 5.7%, mainly due to decreased top line revenues and higher Stihima payout, counterbalanced by reduced operating expenses. Taking off extraordinary items such as windfall taxation, adjusted 2010 Net Profit decreased by 3.5% to €667.7mn from €691.9mn last year. Adjusted Reported net Profit for 2010 decreased by 3.0% to €575.8mn from €593.8mn in the corresponding period of 2009.

Q4 sales reached €1,261.4mn, -14% yoy due to the overall macroeconomic conditions and less operating days, while Kino sales stood at €653.2mn (-12.9% yoy). Meanwhile, Stihima's revenues came to €493.9mn (-12.8% yoy). Stihima payout stood at 71.8% versus 68.7% last year, while gross wins were down -21.4% yoy and -11.5% qoq. In line with the higher Stihima payout, as well as increased distribution expenses, EBITDA came in at €215.3mn, down -21.3% yoy. Although bottom line result was burdened by €3mn impairment, total operating expenses were contained at €55.3mn, aiding net income to settle at €162.7mn, somewhat ahead of consensus estimate (€154.9mn). Reported net profit in Q4 2010 compares to €92.1mn in 2009, due to the extraordinary tax charge of €98.1mn reported in Q4 2009.

Exhibit 2. Q4/FY2010 Results

Q4 Published Results						FY Published Results					
(€mn)	Q4 10A	Q4 09A	Q4 10E	(%) A	(A-E) %	(€mn)	FY 10A	FY 09A	FY 10E	(%) A	(A-E) %
Sales Total	1,261.4	1,467.0	1,286.0	-14.0%	-1.9%	Sales Total	5,140.0	5,444.2	5,164.7	-5.6%	-0.5%
Stihima	493.9	566.1	500.7	-12.8%	-1.4%	Stihima	2,051.8	2,026.3	2,058.6	1.3%	-0.3%
Kino	653.2	750.2	650.9	-12.9%	0.4%	Kino	2,583.0	2,861.7	2,580.7	-9.7%	0.1%
EBITDA	215.3	273.6	214.5	-21.3%	0.4%	EBITDA	911.3	966.8	910.4	-5.7%	0.1%
Net Income	162.7	92.1	154.9	76.7%	5.0%	Net Income	575.8	593.8	568.0	-3.0%	1.4%

Source: Published Financial Statements, consensus estimates

Source: Published Financial Statements, consensus estimates

The Board of Directors of OPAP resolved upon proposing to AGM the distribution to the shareholders of a total dividend for the fiscal year 2010, of €1.54 per share (before 21% withholding tax), compared to €1.75 per share for the fiscal year 2009.

Exhibit 1. 2010 Dividend Distribution

OPAP Dividend Distribution 2010		21%	Net
€'000	Dividend	Withholding tax	Payment
Interim Dividend	0.58	0.12	0.46
Final Dividend	0.96	0.20	0.76
Total Dividend	1.54	0.32	1.22

Source: OPAP Financial Report 2010

During the Company's conference call, management confirmed that OPAP may have to raise debt until the end of the year in order to support its expansion initiatives. Geographic expansion abroad has been reset as an objective, while internet betting penetration is also a priority for which OPAP may seek an international partner. Furthermore, OPAP appears interested for both licenses of the National sweepstake Lottery and the scratch ticket game that was abandoned some years ago. In relation to the monitor games (to be fully deployed by mid 2011), OPAP's management expects c€100mn sales in the current year (2 monitor games - virtual and real dog racing - and 2 self service terminal games - balloon shooting and penalty shootout – have been introduced through agencies in Northern Greece).

Concerning the changes in the gaming law that recognizes the right of first refusal for the VLTs, management is due to negotiate with the government for the number of terminals to be granted, while it will also negotiate for the right of first refusal on online betting.

Regarding the extension of the monopoly license, OPAP is in the process of finalizing the appointment of legal and financial advisors and then will wait for the finalization of the new gaming law and the form that it will take after the discussions with the European Union and the Greek parliament. Then it plans to start negotiating with the government for the extension of the monopoly licence.

Management sees the distribution cost improving further, with a target slide by 5% yoy in 2011. The company plans to spend €15mn for store refurbishments during current year, while the program is expected to finish in 2012.

Stihima & Kino Growth Patterns

Stihima sales have advanced on the back of the World Cup

Stihima revenues stood at €493.9mn in Q4 2010, -12.8% lower yoy. Nevertheless, FY results saw Stihima to post a 1.3% rise given the contribution of the World Cup in the summer.

We see total athletic bets to post a further drop of -5% in 2011 (+0.5% in 2010), mainly on the lack of major athletic events during the year.

Kino matures and should eventually stabilize at lower levels

Sales in FY2010 came in at €2,583mn, -9.7% down yoy. Nevertheless, Q4 €653.2mn sales' result was +10.4% higher on a qoq basis, as management was seen to gradually use €25mn of unclaimed winnings for the promotion of the game. We have altered our projection to a -1.3% slide for 2011, as we think that the game may regain some positive momentum also aided by promotional efforts. A new extension of the playing hours may provide some additional help, but the burst of domestic economic crisis remains a constraining factor that lowers consumer spending and has a negative impact on gambling appetite. The game's maturity should eventually lead revenues to even lower levels; nevertheless, the prospective introduction of VLTs during the current year should bring a major reshuffling in the Company's revenue balances by game.

Other numeric games

Joker revenue came down to €61.6mn in Q4 2010 (-31.9% yoy), mainly due to the lack of jackpot series following Q2 strong growth due to a favorable jackpot rollover in April.

We expect total numeric games to advance in revenue by almost 1.1% for 2011, as Kino is seen to somewhat rejuvenate (expected +2.2% yoy), while other numeric games should remain rather compressed albeit depending on the series of jackpots recorded during the year.

New Revenue / Costs Assumptions

In our model's scenario, we expect the following revenue readings per game (**Exhibit 4**):

Revenues Assumptions

■ Revenues

Exhibit 4. Revenues Assumptions

Revenue Breakdown (€m n) - % Growth	2010a	%	2011e	%	2012f	%	2013f	%	2014f	%	2015f	%
Stihima	2,051,786	1.3%	1,925,861	-6.1%	2,061,685	7.1%	2,052,356	-0.5%	2,157,605	5.1%	2,156,256	-0.1%
Propo	30,635	-32.9%	50,681	65.4%	51,542	1.7%	52,625	2.1%	53,940	2.5%	55,289	2.5%
PropoGoal	707	-37.3%	1,520	115.1%	1,546	1.7%	1,579	2.1%	1,618	2.5%	1,659	2.5%
Total Sporting Bets	2,083,128	0.5%	1,978,062	-5.0%	2,114,773	6.9%	2,106,559	-0.4%	2,213,163	5.1%	2,213,203	0.0%
Joker	307,087	-6.4%	283,811	-7.6%	242,248	-14.6%	236,810	-2.2%	248,125	4.8%	259,857	4.7%
Lotto	73,326	14.3%	70,953	-3.2%	51,027	-28.1%	49,993	-2.0%	48,546	-2.9%	49,760	2.5%
Protto	40,748	-19.2%	40,544	-0.5%	46,388	14.4%	47,362	2.1%	48,546	2.5%	49,760	2.5%
Extra 5	10,940	-11.2%	10,136	-7.3%	12,886	27.1%	10,525	-18.3%	10,788	2.5%	11,058	2.5%
Super 3	41,749	-18.4%	45,612	9.3%	51,542	13.0%	52,625	2.1%	53,940	2.5%	55,289	2.5%
Kino	2,583,037	-9.7%	2,638,936	2.2%	2,635,348	-0.1%	2,758,576	4.7%	2,770,904	0.4%	2,889,936	4.3%
Total Numeric Bets	3,056,887	-9.2%	3,089,993	1.1%	3,039,439	-1.6%	3,155,891	3.8%	3,180,849	0.8%	3,315,658	4.2%
Total Sales	5,140,015	-5.5%	5,068,055	-1.4%	5,154,212	1.7%	5,262,450	2.1%	5,394,011	2.5%	5,528,862	2.5%

(€m n) - % Composition	2010a		2011e		2012f		2013f		2014f		2015f	
Stihima	2,051,786	39.9%	1,925,861	38.0%	2,061,685	40.0%	2,052,356	39.0%	2,157,605	40.0%	2,156,256	39.0%
Propo	30,635	0.6%	50,681	1.0%	51,542	1.0%	52,625	1.0%	53,940	1.0%	55,289	1.0%
PropoGoal	707	0.0%	1,520	0.0%	1,546	0.0%	1,579	0.0%	1,618	0.0%	1,659	0.0%
Total Sporting Bets	2,083,128	40.5%	1,978,062	39.0%	2,114,773	41.0%	2,106,559	40.0%	2,213,163	41.0%	2,213,203	40.0%
Joker	307,087	6.0%	283,811	5.6%	242,248	4.7%	236,810	4.5%	248,125	4.6%	259,857	4.7%
Lotto	73,326	1.4%	70,953	1.4%	51,027	1.0%	49,993	1.0%	48,546	0.9%	49,760	0.9%
Protto	40,748	0.8%	40,544	0.8%	46,388	0.9%	47,362	0.9%	48,546	0.9%	49,760	0.9%
Extra 5	10,940	0.2%	10,136	0.2%	12,886	0.3%	10,525	0.2%	10,788	0.2%	11,058	0.2%
Super 3	41,749	0.8%	45,612	0.9%	51,542	1.0%	52,625	1.0%	53,940	1.0%	55,289	1.0%
Kino	2,583,037	50.3%	2,638,936	52.1%	2,635,348	51.1%	2,758,576	52.4%	2,770,904	51.4%	2,889,936	52.3%
Total Numeric Bets	3,056,887	59.5%	3,089,993	61.0%	3,039,439	59.0%	3,155,891	60.0%	3,180,849	59.0%	3,315,658	60.0%
Total Sales	5,140,015	100.0%	5,068,055	100.0%	5,154,212	100.0%	5,262,450	100.0%	5,394,011	100.0%	5,528,862	100.0%

Source: ATE Sec. Research

COGS Assumptions Further, we expect the following COGS readings per game (**Exhibit 4**). We do not expect much change on the cost structure and see it change as a percentage of sales. Nevertheless, for the longer run we are in favor of a further cost cutting potential for OPAP, also driven mainly by a gradual decrease in agent's number. Management remains focused on its efforts to shrink operating expenses; while in Q4 2010 operating costs were seen to advance by only 2.4% yoy to €44.6mn (administrative expenses fell by -10.6% yoy to €6.68mn).

■ Costs

Exhibit 5. Costs Assumptions

COGS Break down (€'000) - % growth	2010a	%	2011e	%	2012f	%	2013f	%	2014f	%	2015f	%
Stihima	-1,731,263	4.8%	-1,516,315	-12.4%	-1,662,869	9.7%	-1,609,888	-3.2%	-1,637,012	1.7%	-1,708,970	4.4%
Propo	-33,410	13.2%	-32,942	-1.4%	-35,564	8.0%	-36,311	2.1%	-40,455	11.4%	-44,231	9.3%
PropoGoal	-1,542	58.6%	-1,520	-1.4%	-1,546	1.7%	-1,579	2.1%	-1,618	2.5%	-1,659	2.5%
Total Sporting Bets	-1,766,215	5.0%	-1,550,778	-12.2%	-1,699,979	9.6%	-1,647,778	-3.1%	-1,679,085	1.9%	-1,754,859	4.5%
Joker	-154,200	-25.4%	-152,042	-1.4%	-154,626	1.7%	-157,874	2.1%	-161,820	2.5%	-165,866	2.5%
Lotto	-28,270	-25.7%	-27,874	-1.4%	-27,833	-0.1%	-28,943	4.0%	-29,667	2.5%	-30,409	2.5%
Protto	-33,410	-2.6%	-32,942	-1.4%	-32,987	0.1%	-33,153	0.5%	-35,061	5.8%	-35,938	2.5%
Extra 5	-8,738	-3.7%	-9,122	4.4%	-8,762	-4.0%	-8,420	-3.9%	-9,170	8.9%	-9,399	2.5%
Super 3	-42,148	15.6%	-43,078	2.2%	-42,265	-1.9%	-43,678	3.3%	-45,310	3.7%	-46,995	3.7%
Kino	-2,122,818	-7.7%	-2,265,158	6.7%	-2,179,839	-3.8%	-2,305,224	5.8%	-2,345,234	1.7%	-2,343,683	-0.1%
Total Numeric Bets	-2,389,585	-8.9%	-2,530,217	5.9%	-2,446,312	-3.3%	-2,577,293	5.4%	-2,626,262	1.9%	-2,632,289	0.2%
		%breakdown		%breakdown		%breakdown		%breakdown		%breakdown		%breakdown
Total Sporting Bets	-1,766,215	42.5%	-1,550,778	38.0%	-1,699,979	41.0%	-1,647,778	39.0%	-1,679,085	39.0%	-1,754,859	40.0%
Total Numeric Bets	-2,389,585	57.5%	-2,530,217	62.0%	-2,446,312	59.0%	-2,577,293	61.0%	-2,626,262	61.0%	-2,632,289	60.0%
Total Group COGS	-4,155,800	100.0%	-4,080,995	100.0%	-4,146,291	100.0%	-4,225,071	100.0%	-4,305,347	100.0%	-4,387,149	100.0%

Source: ATE Sec. Research

Cost containment & new bets are expected to support profitability

OPAP's management appears to be focusing its efforts primarily on cost efficiencies in order to add value to the Company. Although we cannot account for any drastic changes in the cost structure through our current model, we are monitoring expenses and are ready to alter our estimates when necessary. Furthermore, latest decisions by agents to go on strikes during the last quarters of 2010, bring pressure on OPAP to further negotiate on agent rights (especially on the practice when new games will be introduced). The introduction of a wider variety of bets through a live betting platform should add contribution to revenues during the current year. VLTs and internet betting still require some time for getting into the line, although steps are seen to accelerate.

Divergence from previous estimates

In respect to our previous basic model assumptions, the divergence of our new stance can be seen in the following tables:

Exhibit 6. Revenues Assumptions vs previous estimates

Revenue Break down (€'000) - % Growth	2010a	%	2010old	%	2011e	%	2011old	%	2012f	%	2012old	%
		yoy		revised		yoy		revised		yoy		revised
Stihima	2,051,786	1.3%	2,141,540	-4.2%	1,925,861	-6.1%	1,979,206	-2.7%	2,061,685	7.1%	2,116,709	-2.6%
Propo	30,635	-32.9%	44,946	-31.8%	50,681	65.4%	52,084	-2.7%	51,542	1.7%	52,918	-2.6%
PropoGoal	707	-37.3%	1,058	-33.1%	1,520	115.1%	1,563	-2.7%	1,546	1.7%	1,588	-2.6%
Total Sporting Bets	2,083,128	0.5%	2,187,544	-4.8%	1,978,062	-5.0%	2,032,853	-2.7%	2,114,773	6.9%	2,171,214	-2.6%
Joker	307,087	-6.4%	185,071	65.9%	283,811	-7.6%	255,213	11.2%	242,248	-14.6%	248,713	-2.6%
Lotto	73,326	14.3%	66,097	10.9%	70,953	-3.2%	56,772	25.0%	51,027	-28.1%	52,389	-2.6%
Protto	40,748	-19.2%	44,946	-9.3%	40,544	-0.5%	54,689	-25.9%	46,388	14.4%	47,626	-2.6%
Extra 5	10,940	-11.2%	9,518	14.9%	10,136	-7.3%	10,417	-2.7%	12,886	27.1%	13,229	-2.6%
Super 3	41,749	-18.4%	55,521	-24.8%	45,612	9.3%	54,689	-16.6%	51,542	13.0%	52,918	-2.6%
Kino	2,583,037	-9.7%	2,739,057	-5.7%	2,638,936	2.2%	2,743,805	-3.8%	2,635,348	-0.1%	2,705,684	-2.6%
Total Numeric Bets	3,056,887	-9.2%	3,100,210	-1.4%	3,089,993	1.1%	3,175,585	-2.7%	3,039,439	-1.6%	3,120,559	-2.6%
Total Sales	5,140,015	-5.5%	5,287,754	-2.8%	5,068,055	-1.4%	5,208,438	-2.7%	5,154,212	1.7%	5,291,773	-2.6%

(€'000) - % Composition	2010a		2010old		2011e		2011old		2012f		2012old	
Stihima	2,051,786	39.9%	2,141,540	38.0%	1,925,861	38.0%	1,979,206	37.0%	2,061,685	40.0%	2,116,709	40.0%
Propo	30,635	0.6%	44,946	1.0%	50,681	1.0%	52,084	1.0%	51,542	1.0%	52,918	1.0%
PropoGoal	707	0.0%	1,058	0.0%	1,520	0.0%	1,563	0.0%	1,546	0.0%	1,588	0.0%
Total Sporting Bets	2,083,128	40.5%	2,187,544	39.0%	1,978,062	39.0%	2,032,853	38.0%	2,114,773	41.0%	2,171,214	41.0%
Joker	307,087	6.0%	185,071	4.4%	283,811	5.6%	255,213	4.3%	242,248	4.7%	248,713	4.5%
Lotto	73,326	1.4%	66,097	0.9%	70,953	1.4%	56,772	0.9%	51,027	1.0%	52,389	0.9%
Protto	40,748	0.8%	44,946	0.9%	40,544	0.8%	54,689	0.9%	46,388	0.9%	47,626	0.9%
Extra 5	10,940	0.2%	9,518	0.2%	10,136	0.2%	10,417	0.2%	12,886	0.3%	13,229	0.2%
Super 3	41,749	0.8%	55,521	1.0%	45,612	0.9%	54,689	1.0%	51,542	1.0%	52,918	1.0%
Kino	2,583,037	50.3%	2,739,057	53.6%	2,638,936	52.1%	2,743,805	54.7%	2,635,348	51.1%	2,705,684	51.5%
Total Numeric Bets	3,056,887	59.5%	3,100,210	61.0%	3,089,993	61.0%	3,175,585	62.0%	3,039,439	59.0%	3,120,559	59.0%
Total Sales	5,140,015	100.0%	5,287,754	100.0%	5,068,055	100.0%	5,208,438	100.0%	5,154,212	100.0%	5,291,773	100.0%

Accordingly, our new costs structure compares as follows to our initial assumptions:

Exhibit 7. Costs Assumptions vs previous estimates

COGS Breakdown		%		%		%		%		%		%
(€'000) - % growth	2010a	yoy	2010old	revised	2011e	yoy	2011old	revised	2012f	yoy	2012old	revised
Stihima	-1,731,263	4.8%	-1,768,851	-2.1%	-1,516,315	-12.4%	-1,549,246	-2.1%	-1,662,869	9.7%	-1,699,024	-2.1%
Propo	-33,410	13.2%	-34,370	-2.8%	-32,942	-1.4%	-33,855	-2.7%	-35,564	8.0%	-36,513	-2.6%
PropoGoal	-1,542	58.6%	-1,586	-2.8%	-1,520	-1.4%	-1,563	-2.7%	-1,546	1.7%	-1,588	-2.6%
Total Sporting Bets	-1,766,215	5.0%	-1,804,807	-2.1%	-1,550,778	-12.2%	-1,584,663	-2.1%	-1,699,979	9.6%	-1,737,125	-2.1%
Joker	-154,200	-25.4%	-158,633	-2.8%	-152,042	-1.4%	-156,253	-2.7%	-154,626	1.7%	-158,753	-2.6%
Lotto	-28,270	-25.7%	-29,083	-2.8%	-27,874	-1.4%	-28,646	-2.7%	-27,833	-0.1%	-28,576	-2.6%
Protto	-33,410	-2.6%	-34,370	-2.8%	-32,942	-1.4%	-33,855	-2.7%	-32,987	0.1%	-33,867	-2.6%
Extra 5	-8,738	-3.7%	-8,989	-2.8%	-9,122	4.4%	-9,375	-2.7%	-8,762	-4.0%	-8,996	-2.6%
Super 3	-42,148	15.6%	-43,360	-2.8%	-43,078	2.2%	-44,272	-2.7%	-42,265	-1.9%	-43,393	-2.6%
Kino	-2,122,818	-7.7%	-2,167,364	-2.1%	-2,265,158	6.7%	-2,313,102	-2.1%	-2,179,839	-3.8%	-2,226,180	-2.1%
Total Numeric Bets	-2,389,585	-8.9%	-2,441,798	-2.1%	-2,530,217	5.9%	-2,585,504	-2.1%	-2,446,312	-3.3%	-2,499,765	-2.1%
		%breakdown		%breakdown		%breakdown		%breakdown		%breakdown		%breakdown
Total Sporting Bets	-1,766,215	42.5%	-1,804,807	40.0%	-1,550,778	38.0%	-1,584,663	38.0%	-1,699,979	41.0%	-1,737,125	41.0%
Total Numeric Bets	-2,389,585	57.5%	-2,441,798	60.0%	-2,530,217	62.0%	-2,585,504	62.0%	-2,446,312	59.0%	-2,499,765	59.0%
Total Group COGS	-4,155,800	100.0%	-4,246,606	100.0%	-4,080,995	100.0%	-4,170,167	100.0%	-4,146,291	100.0%	-4,236,890	100.0%

P&L Projections for Flagship Games Stihima & Kino

Exhibit 8: Sales Growth Rational (2011E -2015F)

Sales Growth %		Rationale	Event
2009a	-1.4%	pressure on Stihima sales-Kino maturity	-
2010a	-5.5%	recovery of athletic bets impeded by a poor economy	World Cup 2010
2011e	-1.4%	Lack of major events-stabilization of growth at lower levels	-
2012f	1.7%	recovery of athletic bets	Olympic Games 2012
2013f	2.1%	economic recovery- growth at higher levels	-
2014f	2.5%	economic recovery-stabilization of growth	World Cup 2014
2015f	2.5%	economic recovery-stabilization of growth	

Source: ATE Sec. Research

As seen in **Exhibit 9**, we expect payout for Stihima to retreat to 67% levels for 2011 (reboosting during the following year), while Kino payout is seen steady at 69.5%. For 2011, we raise our like-for-like Stihima gross wins estimate to €635.5mn from €595mn in 2010, mainly on the back of a thinner payout. Meanwhile, we expect Stihima sales somewhat lower at €1,926mn in 2011, down -6.1% yoy. As far as Kino is concerned, we see promotional efforts to bring results while remaining conservative on maturity issues and look for a +2.2% advancement during the year.

Exhibit 9: Summary P&L Account Projections for Stihima & Kino (2011E -2013F)

Summary P&L Account for Stihima and Kino				
Stihima Betting	2010	2011E	2012F	2013F
Sales	2,051,786	1,925,861	2,061,685	2,052,356
% growth	1.3%	-6.1%	7.1%	-0.5%
PAYOUT	1,456,768	1,290,327	1,443,179	1,375,078
Payout %	71.0%	67.0%	70.0%	67.0%
Intralot Commission	29,166	40,833	0	0
Agent Fees	164,143	154,069	164,935	164,188
Agent Fees %	8%	8%	8%	8%
Allocated cost of goods sold	81,186	31,087	54,755	70,621
Gross Profit	320,523	409,545	398,816	442,468
Gross Profit Margin %	15.6%	21.3%	19.3%	21.6%
Kino Betting	2010	2011E	2012F	2013F
Sales	2,583,037	2,638,936	2,635,348	2,758,576
% growth	-9.7%	2.2%	-0.1%	4.7%
PAYOUT	1,795,211	1,834,061	1,831,567	1,917,211
Payout %	69.5%	69.5%	69.5%	69.5%
Agent Fees	206,643	211,115	210,828	220,686
Agent Fees %	8%	8%	8%	8%
Allocated cost of goods sold	120,964	219,982	137,444	167,328
Gross Profit	460,219	373,778	455,509	453,352
Gross Profit Margin %	17.8%	14.2%	17.3%	16.4%

Source: ATE Sec. Research

In early August, OPAP's BoD decided the extension of the Company's agreement with Intralot for its systems support and maintenance, while OPAP will in due course announce an international claim for the attraction of a new provider of operating system, technical support services, installation, & completion of the system.

For Intralot's services, the Company will disburse an annual fixed fee of €57mn (plus VAT) in 12 installments. In addition, OPAP will pay 8% of its gross revenues for the games that will be implemented through TAX (20 games) and Monitor Games (5 games) that Intralot will install at its own cost. OPAP has already received interministerial approval to launch the new forms of gaming (Monitor games), expected to be rolled out by end of March.

Valuation

Valuation Models

Given the current domestic economic condition, we maintain our basic assumptions to a risk-free rate of 8%, market risk premium at 5%, beta at 0.5, while fostering our perpetual FCF growth rate expectation to +0.5% from 0% previously. Accordingly, our Weighted Average Cost of Equity (Ke) results to 10.5%.

Exhibit 10. Basic Value Assumptions

OPAP (IFRS-Cons -€'000)	
Basic Assumptions	
Raw Beta	0.500
Time-Adjusted Beta	0.660
Raw Beta (Levered)	0.500
Time-Adjusted Beta (Levered)	0.660
Long-Term risk free	8.00%
Market Risk Premium	5.00%
Cost of Debt (after tax)	7.88%
Cost of Equity (used for PV of FCF WACC)	10.50%
Cost of Equity (used for PV of Residual Value WACC)	11.30%
Expected Perpetual FCF growth	0.50%

Source: ATE Sec. Research

DCF Valuation

Exhibit 11. DCF Valuation Summary

DCF Valuation €'000	2010e	2011f	2012f	2013f	2014f	Terminal Value
FCFF	401,016	569,230	522,783	560,197	646,386	654,198
Discount Factor	0.1000%	0.0905%	0.0819%	0.0741%	0.0671%	0.0607%
PV of FCFF	401,016	515,140	428,151	415,197	433,553	397,098
Sum of PV of FCF until 2013						2,193,057
Sustainable FCF (in Perpetuity)						654,198
PV of Perpetual FCF						3,676,832
Firm Value						5,869,889
Less: Net Debt - Plus: (Net Cash)						-664,512
Less: Minorities						0
Equity Value						6,534,401
Share Number						319,000,000
Intrinsic Share Price (€)						20.48
Current Market Price						16.14
Discount/Premium						26.9%

EVA Valuation

Exhibit 12. EVA Valuation Summary

EVA (Abnormal Returns) Valuation					
€'000	2010e	2011f	2012f	2013f	2014f
Total Equity	696,574	709,334	741,234	757,184	805,034
Net Income (EAT&M)	575,802	504,497	512,374	579,058	622,818
Charge for the use of Equity	73,140	74,480	77,830	79,504	84,529
Abnormal Earnings	502,662	430,017	434,545	499,554	538,289
Discount Factor	1.0000	0.9050	0.8190	0.7412	0.6707
PV of Abnormal Earnings	502,662	389,156	355,885	370,250	361,050
Sum of PV of Abnormal Earnings					2,507,858
Residual Value (Abnormal Earnings)					5,382,895
PV of Residual Value					3,610,495
Total Equity (2008 year-end)					618,412
Shareholder Value					6,736,765
Number of Shares					319,000,000
Intrinsic Share Price (€)					21.12
Current Market Price					16.14
Discount/Premium					30.8%

Source: ATE Sec. Research

DDM Valuation

Exhibit 13. DDM Valuation Summary

Dividend Discount Valuation					
€'000	2010e	2011f	2012f	2013f	2014f
Total Dividends	491,260	465,740	497,640	513,590	561,440
Discount Factor	1.0000	0.9050	0.8190	0.7412	0.6707
PV of Dividends	491,260	421,484	407,559	380,653	376,577
Sum of PV of Dividends	970,757	1,392,242	1,799,801	2,180,454	2,557,032
Residual Value (Dividends)					5,198,519
PV of Residual Value					3,486,828
Shareholder Value					6,043,859
Number of Shares					319,000,000
Intrinsic Share Price (€)					18.95
Current Market Price					16.14
Discount/Premium					17.4%

Source: ATE Sec. Research

Combined Target Price

Exhibit 14. Combined Valuation Target

OPAP Weighted Target Price				Model
	Intrinsic Share Price	Weight	Price Component	
DCF Valuation	20.48	0.33		6.83
EVA Valuation	21.12	0.33		7.04
DDM Valuation	18.95	0.33		6.31
Share Target Price (€)				20.18

Source: ATE Sec. Research

Comparative Valuation

We have examined European gaming firms, deriving to an appropriate sample that best compares with OPAP, and constructed a valid peer group table, as shown below:

Peer Group Valuation

Multiples Comparison

OPAP currently trades at 10.2x forward PE2011E and 8x forward EV/EBITDA2011E. On a PE basis, the stock appears at a discount of 42% to its European peers in 2011 and 34% in 2012. On EV/EBITDA, OPAP also trades at a discount to the sector by 11% in 20011E, and 3% in 2012F. We believe that the above undermine the importance of balance sheet strength while inflating the possible risks of the business and of future earnings.

On the other hand, the stock trades at a wide premium to its book value, reaching 198% in 2011E and 262% in 2012F also explained by the overwhelming RoE that stands at 115% above peer group average for 2011E. OPAP shares have historically traded at a premium to the broad European market due to its market leadership, its lucrative profitability status, and its generous dividend payout. Nevertheless, given the overall findings of our peer group comparison, OPAP currently appears at discount with its fair pricing standing at €19.59/share (+21% upside potential). Please note that our comparative valuation table is only informative, as we do not take it into consideration in our target price outcome.

Exhibit 15. Peer Group Comparison

Peer Group Comparables Matrix

Company	Country	Local Currency	Mcap (€mn)	Ytd (%)	PE		PBV		ROE (%)		DivYield (%)		EV/Sales		EV/EBITDA	
					11e	12f	11e	12f	11e	12f	11e	12f	11e	12f	11e	12f
OPAP SA	GREECE	EUR	5,327	29.1	10.2	10.0	7.3	6.9	71.8	71.3	9.0	9.7	1.2	1.2	8.0	8.0
INTRALOT S.A.	GREECE	EUR	410	3.61	7.7	6.8	1.4	1.2	18.7	19.9	5.1	5.6	0.8	0.7	5.3	4.6
LADBROKES PLC	BRITAIN	GBp	1,344	5.05	9.0	8.1	3.5	2.8	42.7	37.9	5.8	6.4	1.7	1.6	6.8	6.4
LOTTOMATICA SPA	ITALY	EUR	2,169	35.96	13.9	11.8	1.1	1.1	4.5	6.0	4.2	5.2	2.1	2.1	6.2	6.0
PADDY POWER PLC	IRELAND	EUR	1,439	-3.71	16.4	14.7	4.7	3.8	33.8	30.7	2.7	3.0	2.7	2.4	10.1	9.2
RANK GROUP PLC	BRITAIN	GBp	661	16.85	13.8	12.2	5.1	3.9	-	-	1.9	2.2	1.2	1.1	7.3	6.7
WILLIAM HILL PLC	BRITAIN	GBp	1,445	5.04	8.6	8.1	1.4	1.3	16.9	16.2	5.0	5.5	1.6	1.5	5.7	5.5
888 Holdings	BRITAIN	GBp	165	-24.20	17.7	15.2	1.9	1.8	12.7	15.1	0.7	1.8	0.6	0.6	6.2	5.7
Party Gaming	GIBRALTAR	GBp	870	-9.93	11.4	10.4	2.3	2.1	31.2	28.0	0.2	0.3	1.4	1.3	5.2	4.6
Sporting Bet	BRITAIN	GBp	292	-18.56	7.9	7.3	2.5	2.1	31.7	27.4	3.2	3.4	0.9	0.9	4.1	3.8
Weighted Average					12.3	11.7	3.2	2.7	44.9	23.4	4.0	4.1	2.0	1.8	7.1	6.9
Premium/discount					-41.6%	-34.4%	198.3%	262.0%	114.8%	322.0%	100.5%	94.1%	-45.0%	-39.6%	-10.8%	-2.9%

Source: ATE Securities, Bloomberg consensus estimates

Note: Averages are MCap weighted

Exchange rates: EUR/GBP: 0.91

Source: ATE Sec. Research

Financials

Exhibit 16. Profit & Loss Statement -- Balance Sheet -- Cash Flow Statement -- Selective ratios

Profit & Loss Statement

OPAP (IFRS-Cons-€'000)	2010a	2011e	2012f	2013f	2014f	2015f	CAGR 10-14F	CAGR 10-15F
PROFIT & LOSS (€'000)								
Total Turnover	5,140,015	5,068,055	5,154,212	5,262,450	5,394,011	5,528,862	1.0%	1.0%
COGS	-4,104,046	-4,122,038	-4,188,770	-4,269,037	-4,350,852	-4,434,246	1.2%	1.1%
Gross Profit	1,035,969	946,017	965,441	993,413	1,043,159	1,094,615	0.1%	0.8%
Other Operating Income	5,595	5,000	5,000	5,000	5,000	5,000	-2.2%	-1.6%
Administrative Expenses	-29,687	-55,749	-51,542	-57,887	-53,940	-55,289	12.7%	9.3%
Distribution Expenses	-127,442	-152,042	-164,935	-163,136	-161,820	-165,866	4.9%	3.8%
Other Operating Expenses	-12,838	-5,100	-5,202	-5,306	-5,412	-5,520	-15.9%	-11.4%
Financial Results	0	0	0	0	0	0		
EBITDA	911,252	738,126	748,762	772,084	826,987	872,941	-1.9%	-0.6%
Depreciation Exp.	39,655	41,043	42,479	43,966	45,505	47,098	2.8%	2.5%
Operating Income	871,597	697,084	706,283	728,118	781,482	825,843	-2.2%	-0.8%
Plus: Income (loss) from Participations & Securities	-3,204	-1,602	-801	-841	-883	-927		
EBT	889,550	720,711	731,963	755,072	809,773	855,536	-1.9%	-0.6%
Taxes	-301,050	-216,213	-219,589	-176,014	-186,955	-196,107	-9.1%	-5.9%
Deferred Taxes	-12,698	0	0	0	0	0		
EAT	575,802	504,497	512,374	579,058	622,818	659,429	1.6%	2.0%
Minority Rights	0	0	0	0	0	0		
EBT after minorities	889,550	720,711	731,963	755,072	809,773	855,536	-1.9%	-0.6%
EAT after minorities	575,802	504,497	512,374	579,058	622,818	659,429	1.6%	2.0%

Source: ATE Securities Research

Balance Sheet

OPAP (IFRS-Cons-€'000)	2010a	2011e	2012f	2013f	2014f	2015f	CAGR 10-14F	CAGR 10-15F
BALANCE SHEET (€'000)								
ASSETS								
Net Fixed Assets	88,209	98,209	108,209	118,209	128,209	138,209	7.8%	6.6%
Intangible Assets & Goodwill	208,554	190,795	171,715	154,544	139,089	125,180	-7.8%	-7.0%
Subsidiaries & Associates	8,839	8,839	8,839	8,839	8,839	8,839	0.0%	0.0%
Other Non current Assets	13,376	13,376	13,376	13,376	13,376	13,376	0.0%	0.0%
Deferred Taxes	8,622	18,435	18,723	19,314	20,714	21,884	19.2%	14.2%
Total Non-current Assets	327,600	329,654	320,862	314,282	310,227	307,489	-1.1%	-0.9%
Inventories	428	1,794	466	1,841	523	1,900	4.1%	23.7%
Accounts Receivable	45,811	51,385	47,463	53,460	49,986	56,047	1.8%	2.9%
Other Receivables	180,882	236,208	243,295	250,593	258,111	265,855	7.4%	5.7%
Cash	657,488	771,523	833,990	866,767	941,794	988,070	7.5%	6.0%
Total Current Assets	893,080	1,069,381	1,133,685	1,181,133	1,258,886	1,320,342	7.1%	5.7%
TOTAL ASSETS	1,220,680	1,399,035	1,454,547	1,495,415	1,569,113	1,627,831	5.2%	4.2%
LIABILITIES & EQUITY								
Short term Bank Debt	316	816	1,316	1,816	2,316	2,816	48.9%	36.7%
Suppliers	94,550	141,166	143,451	146,200	149,002	151,858	9.5%	7.0%
Taxes Payable	305,978	420,165	434,871	450,092	465,845	482,149	8.8%	6.7%
Other Current Liabilities	46,752	58,991	62,530	66,282	70,259	74,475	8.5%	6.9%
Total Current Liabilities	447,596	621,138	642,169	664,390	687,422	711,298	9.0%	6.8%
Employee Benefit Plans	22,698	24,736	25,478	26,242	27,030	27,841	3.6%	3.0%
Long Term Bank Debt (financial leases)	1,131	0	0	0	0	0		
Provisions	44,459	36,804	38,645	40,577	42,606	44,736	-0.8%	0.1%
Other Non-Current Liabilities	8,222	7,022	7,022	7,022	7,022	7,022	-3.1%	-2.2%
Total Non-current Liabilities	76,510	68,562	71,145	73,841	76,657	79,599	0.0%	0.6%
Total Liabilities	524,106	689,700	713,313	738,231	764,079	790,896	7.8%	6.1%
Share Capital & Capital in Excess	95,700	95,700	95,700	95,700	95,700	95,700		
Reserves	43,827	43,827	43,827	43,827	43,827	43,827		
Retained Earnings - Profit Brought Forward	250,830	250,830	250,830	250,830	250,830	250,830		
Proposed Dividends	306,240	319,000	350,900	366,850	414,700	446,600	6.3%	5.5%
Adjustments - exchange differences	-23	-23	-23	-23	-23	-23		
Total Equity	696,574	709,334	741,234	757,184	805,034	836,934	2.9%	2.7%
Minorities	0	0	0	0	0	0		
TOTAL LIAB. & EQUITY	1,220,680	1,399,034	1,454,547	1,495,415	1,569,113	1,627,830	5.2%	4.2%

Source: ATE Securities Research

Cash Flow Statement

OPAP (IFRS-Cons-€000)						
CASH FLOW (€000)	2010a	2011e	2012f	2013f	2014f	2015f
EBT	889,550	720,711	731,963	755,072	809,773	855,536
Plus: Depreciation	-42,975	-39,655	-41,043	-42,479	-43,966	-45,505
Less: Taxes	301,050	216,213	219,589	176,014	186,955	196,107
Cash Earnings	548,845	463,454	469,895	535,092	577,313	612,331
Less: Increase in Inventory	-738	1,366	-1,328	1,375	-1,318	1,377
Less: Increase in Receivables	6,934	5,574	-3,921	5,997	-3,474	6,060
Less: Increase in Other Receivables	-13,216	55,326	7,086	7,299	7,518	7,743
Plus: Increase in Suppliers	-50,791	46,616	2,285	2,749	2,802	2,856
Plus: Increase in Other Liabilities	14,357	12,239	3,539	3,752	3,977	4,216
Change in Working Capital	-29,414	-3,411	3,988	-8,171	4,053	-8,109
Less: Increase in Goodwill	-24,751	-17,759	-19,079	-17,172	-15,454	-13,909
Less: Increase in Deferred Taxes	-12,698	9,813	288	591	1,399	1,171
Plus: Increase in Employee Benefits	-816	2,038	742	764	787	811
Plus: Increase in Cross Currency Swap Payables Relating to Borrowings	1,123	-1,131	0	0	0	0
Plus: Increase in Other Non-Current Liabilities	366	-1,200	0	0	0	0
Plus: Increase in Tax & Social Security	-91,576	114,187	14,706	15,220	15,753	16,305
Operating Cash Flow	441,226	564,125	489,042	542,315	596,507	620,167
Plus: Increase in Retained Earnings	-44,660	12,760	31,900	15,950	47,850	31,900
Plus: Increase in Exchange Differences	0	0	0	0	0	0
Less: Increase in Participations & LT Receivables	-5,281	0	0	0	0	0
Less: Increase in Fixed Assets	0	0	0	0	0	0
Investment Cash Flow	-39,379	12,760	31,900	15,950	47,850	31,900
Free Cash Flow	401,016	569,230	522,783	560,197	646,386	654,198
Plus: Increase in ST Debt	-32,095	500	500	500	500	500
Less: Dividends	306,240	319,000	350,900	366,850	414,700	446,600
Financing Cash Flow	-338,335	-318,500	-350,400	-366,350	-414,200	-446,100
Change in Provisions	-831	-7,655	1,840	1,932	2,029	2,130
Change in Cash & Securities	-33,628	114,035	62,467	32,777	75,027	46,276
Theoretical change in Cash & Securities	62,681	250,730	172,383	193,847	232,186	208,098

Source: ATE Securities Research

Selective ratios

Value	2010a	2011e	2012f	2013f	2014f	2015f
Mkt Cap (€'000)	5,148,660	5,148,660	5,148,660	5,148,660	5,148,660	5,148,660
Enterprise Value (€'000)	5,813,172	5,927,838	5,989,805	6,022,082	6,096,609	6,142,385
Profit Margins	2010a	2011e	2012f	2013f	2014f	2015f
Gross Margin	20.2%	18.7%	18.7%	18.9%	19.3%	19.8%
EBITDA Margin	17.7%	14.6%	14.5%	14.7%	15.3%	15.8%
EBT Margin	17.3%	14.2%	14.2%	14.3%	15.0%	15.5%
EAT Margin	11.2%	10.0%	9.9%	11.0%	11.5%	11.9%
Per share Data (€)	2010a	2011e	2012f	2013f	2014f	2015f
Share Num. (adj.)	319,000	319,000	319,000	319,000	319,000	319,000
EPS (after tax)	1.81	1.58	1.61	1.82	1.95	2.07
EPS (pre tax)	2.79	2.26	2.29	2.37	2.54	2.68
EBITDAPS	2.86	2.31	2.35	2.42	2.59	2.74
CFPS	1.68	1.45	1.47	1.68	1.81	1.92
DPS	1.54	1.46	1.56	1.61	1.76	1.86
BVPS	2.18	2.22	2.32	2.37	2.52	2.62
Valuation Ratios (x)	2010a	2011e	2012f	2013f	2014f	2015f
P/E	8.9	10.2	10.0	8.9	8.3	7.8
EPS Growth	-3%	-12%	2%	13%	8%	6%
PEG	-2.9	-0.7	6.5	0.8	1.2	1.4
EV/EBITDA	6.4	8.0	8.0	7.8	7.4	7.0
P/BV	7.4	7.3	6.9	6.8	6.4	6.2
P/S	1.0	1.0	1.0	1.0	1.0	0.9
EV/S	1.1	1.2	1.2	1.1	1.1	1.1
P/CF	9.6	11.1	11.0	9.6	8.9	8.4
Profitability Ratios (%)	2010a	2011e	2012f	2013f	2014f	2015f
ROE (avg)	87.6%	71.8%	71.3%	79.0%	80.6%	82.7%
ROCE (avg)	45.6%	38.5%	38.3%	40.0%	41.2%	42.2%
ROA (avg)	45.6%	38.5%	38.3%	40.0%	41.2%	42.2%
ROE - EBITDA (avg)	138.6%	105.0%	104.2%	105.3%	107.0%	109.5%
ROA - EBITDA (avg)	72.2%	56.4%	56.0%	53.3%	54.7%	55.9%
Liquidity Ratios	2010a	2011e	2012f	2013f	2014f	2015f
Current Liquidity	2.00	1.72	1.77	1.78	1.83	1.86
Acid Ratio	1.59	1.34	1.39	1.40	1.46	1.48
Gearing	133%	103%	104%	103%	105%	106%
Debt / EBITDA	0.00	0.00	0.00	0.00	0.00	0.00

Source: ATE Securities Research

Disclosures

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COMPANY-SPECIFIC DISCLOSURES

Share Price

All financial data calculated, are based on the closing price of the previous day, unless otherwise stated.

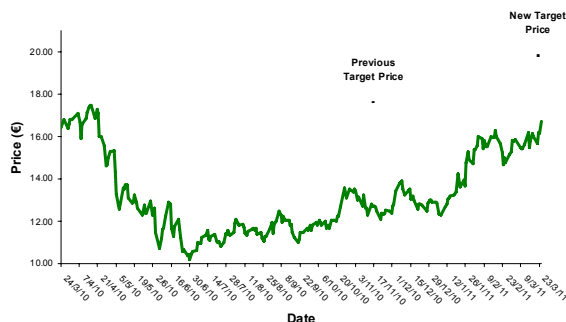
Frequency of Disclosures

There is no predetermined period for revision updates. ATE Securities SA policy, however, outlines that any major developments in the companies mentioned, should be carefully screened, and it is the analyst's decision whether any such developments materially change their view or opinion stated herein, in order to proceed for an update.

Companies Mentioned in the Report

OPAP (OPAP GA / OPAr.AT)		Gaming		FTSE 20	TP: € 20.18
Price	Market Cap	L (52wk)	H (52wk)	Ytd (%)	P/E (10)
€ 16.14	€ 5,330.5mn	€ 9.95	€ 17.73	29.13	10.50x

Investment Outlook History



	Date	Price (€)	TP (€)	Upside / Downside(%)	View
1	09.10.09	18.10	23.87	+31.9%	O-2-3
2	28.01.10	15.94	20.07	+25.9%	O-2-3
3	02.06.10	12.30	15.41	+25.3%	O-2-3
4	24.11.10	12.40	15.54	+25.3%	O-2-3
5	24.03.11	16.14	20.18	+25.0%	O-2-3

Disclosures Outline

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- 2 The Company and / or its affiliates owns 5% or more of the total share capital of ATE Securities SA and / or its affiliates
- 3 ATE Securities SA acts as a market maker for the securities of the Company
- 4 ATE Securities SA has been asked to prepare and or will receive compensation from the company for the preparation of the report
- 5 ATE Securities SA, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company within the past 12 months
- 6 ATE Securities SA, its affiliates or subsidiaries has received compensation for investment banking services from this company within the past 12 months
- 7 ATE Securities SA, provides, or has provided the company with non-investment-banking, securities related services in the past 12 months
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- 10 ATE Securities SA, receives, or is expected to receive non-investment-banking, securities related services from this company, in the next 3 months
- 11 i ATE Securities SA has sent this report to the company prior to publication for factual verification
- ii ATE Securities SA has altered the contents of the report sent initially, on the following issues: NO ALTERATION
- 12 The analyst/s expressing views on the company/ies covered by ATE Sec. Universe, has/have a financial interest in the named company/ies: NONE
- 13 The analyst/s expressing views on the company/ies covered by ATE Sec. Universe, has/have a BoD position in the named company/ies: NONE

EQUITY RATING SYSTEM

As of Aug.1 2006, ATE Securities SA has adopted a new rating system. Under the old rating system, ratings and definitions were: Buy, when the estimated valuation fair value exceed current market price by 20% or more, Sell, when the current market price exceed the estimated valuation fair value by 20% or more and Hold, when the estimated valuation fair value falls between the two above range points.

ATE Securities SA - Universe

ATE Securities SA Universe has a universe focused mainly on large capitalisation stocks that represents approx. 76% of ATHEX Market Cap.

Guide to Investment Research Rating System

Under the new Investment Research Rating System, in effect as of Aug.1 2006, **Investment Outlook** refers to the overall view of the analyst covering the company and is not a recommendation. The overall assessment of the company includes a *three factor rating system*: **Investment Rating (O, N, U, NR, UR, R, RS, CS) - Risk Rating (1, 2, 3) - Income Rating (1, 2, 3, 4)**.

Quantitative factors are updated at least quarterly or when deemed necessary.

Investment Rating

The five different categories are indicative of expectations of stock return, compared to the Market Return. Stock return includes price appreciation over the next 6-12 months. In specific:

VIEW	Prefix	Definition
Overweight	O	Stock Return > +9%
Neutral	N	Stock Return in the range [-9%, +9%]
Underweight	U	Stock Return < -9%
Not Rated	NR	The company is not covered by ATE Securities SA Research & Analysis Department
Under Review	UR	Rating not currently available
Restricted	R	ATE Securities SA policy and/or law prohibits investment recommendation
Rating Suspended	RS	There is no sufficient fundamental basis for determining an investment rating or target.
Coverage Suspended	CS	We have suspended coverage on this company

Risk Rating

Risk is measured by a 2-factor equally-weighted model, which takes into account (i) Stock Volatility and (ii) Liquidity

Risk Factor	Definition	Quantification ⁽¹⁾
Stock Volatility	The stocks' standard deviation annualized (log scale)	Bottom 25% percentile
		Medium 25% percentile
		Top 50% percentile
Liquidity	Net Shares traded as % of total shares over a 12-month period	Top 20% percentile
		Medium 40% percentile
		Bottom 40% percentile

(1) percentiles of ATE Securities SA Universe

Source: Athens Stock Exchange, Bloomberg, Effect Finance Database

We use a scale of 1 to 3 to describe Low, Medium, High risk respectively, also taking into account qualitative factors.

When a rating is applied on an IPO, the scale 3 - "High Risk" is applied for a 12-month period.

Income Rating

An Income Rating is produced, based on the forecasted dividend yield for a 12-month period. This is then compared with the YtM of the 10-yr Greek Government bond, as shown below:

Income Measure	Definition	Quantification
Equity Div. Yield	Relative performance w.r.t. the 10-yr Greek Government bond	More than 50bps
		Within the range [-50bps, +50bps]
		Less than 50bps
		No dividend
		High Div. Yelder Medium Div. Yelder Low Div. Yelder No Cash div. Yelder

We use a scale of 1 to 4 to describe Low, Medium, High and No Div. income rating respectively.

ATE Securities SA Ratings Distribution

Ratings Distribution	Total	Overweight	Neutral	Under weight	Not Rated	Under Review	Restricted	Rating Suspended	Coverage Suspended
Equity Universe	25	5 (20%)	1 (4%)	-	55%	4 (16%)	1 (4%)	-	-
Invest. Banking Services (per category)	0	-	-	-	0%	-	0%	-	-

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ATE Securities SA, Member of the ATEbank Group

Member of the Athens Exchange

Head Office: Filellinon Street, 10557 Athens, Greece. Email: atex@ate.gr, Tel: +30 210 36.87.700, Fax : +30 210 36.44.481

Name	Email	Telephone	Fax
Research & Analysis		aterearch@ate.gr aterearch@bloomberg.net	+30 210 36.87.850
Anthony Christofidis	achristofidis@ate.gr	+30 210 36.87.852	
Electra Doumas	edoumas@ate.gr	+30 210 36.87.853	
Nikos Papadopoulos	nipapadopoulos@ate.gr	+30 210 36.87.857	
Institutional Sales			
George Bogiatzis	gbogiatzis@ate.gr	+30 210 36.87.750	
Equities Trading			+30 210 36.44.530
Vassilios Tatarakis	vtatarakis@ate.gr	+30 210 36.87.711-741	
Ioannis Voidonikolas	ivoidonikolas@ate.gr	+30 210 36.87.777-888	
Konstantinos Mpallios	kbalios@ate.gr	+30 210 36.87.708	
Fotis Karalis	fkarak@ate.gr	+30 210 36.87.719	
Derivatives			
Michael Matsoukas	mmatsoukas@ate.gr	+30 210 36.87.828	
Othonas Siakoulis	osiakoulis@ate.gr	+30 210 36.87.705	

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