

OPAP

Reuters: OPAr.AT, Bloomberg: OPAP GA

Sector: Gaming

Ownership Structure:

Greek State	64%
Institutional Investors	9%
Free Float	27%

Stock Data

Price (10/01/2007)	€ 29.50
Mkt Cap (in mn)	€ 9,410.50
Shares (in mn)	319.00

Stock Ratios

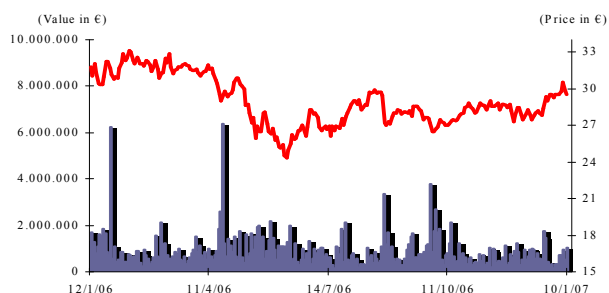
	2004	2005	2006 E	2007 E
P / E	18.61	20.53	18.22	15.58
P / BV	19.83	19.47	18.17	17.65
EV / EBITDA	13.67	12.60	11.93	10.88
Div. Yield	5.02%	4.81%	5.41%	6.32%
ROE	133.74%	95.68%	103.19%	114.94%
ROIC	114.02%	88.97%	98.95%	111.59%
Debt / Equity	0.10	0.05	0.03	0.03

Summary Financials

P&L (in mil €)	2004	2005	2006 E	2007 E
Turnover	3,177.21	3,695.23	4,660.42	4,844.19
Gross Profit	716.02	806.26	872.60	944.93
OPEX	87.82	120.51	153.70	157.48
EBITDA	660.97	713.97	750.15	826.97
Fin. Results	7.27	2.87	13.03	11.77
Depreciation	29.07	23.41	25.20	33.22
EBT	784.77	693.42	737.98	805.51
EAT & Minor.	505.63	458.32	516.62	604.15

Source: Company Data & VRS Projections

Stock Graph (52 weeks)
Min: € 24.30, Max: € 33.06



Christophoros J. Makrias, CA HCMC
Nicholas I. Georgiadis, CA HCMC
Zoe Vassiliou

KEY INVESTMENT POINTS

- **OPAP is one of the largest listed gaming companies in Europe**, with operations in Greece (the largest gaming company) and Cyprus, and a revenue growth strategy based on the introduction of new games and growing demand for existing ones.
- **OPAP holds the exclusive concession until fiscal 2020** to operate and manage 11 numerical lottery and sports-betting games (it currently operates 9 games). The Group has the exclusive right to operate fixed odds betting, including international horseracing and greyhound racing betting.
- **European Union protects the relatively monopolistic status of the gaming market**, while at the same time, the Greek State takes significant steps against illegal gaming (measures taken to counter illegal gaming, such as banning slot machines outside casinos).
- We expect Group turnover CAGR₂₀₀₅₋₂₀₁₀ of 5.98%. In addition, our projections imply gross profit margin's gradual increase, leading to EBITDA CAGR₂₀₀₅₋₂₀₁₀ of 5.22% and Net Income CAGR₂₀₀₅₋₂₀₁₀ of 7.31%. **The Group retains a healthy balance sheet structure with no debt accounts and strong dividend yield ratio.**
- By applying our forecasts for the coming 5-years in the DCF model, **we derive a fair price of OPAP stock at € 29.86 implying a neutral rating.** Our time horizon for this rating is approximately 12 months. The stock trades approximately on the average multiples of an international peer group.

Relative performance with G.I. (52 weeks)
Stock Return: -7.17% - G.I. Return: 16.01%

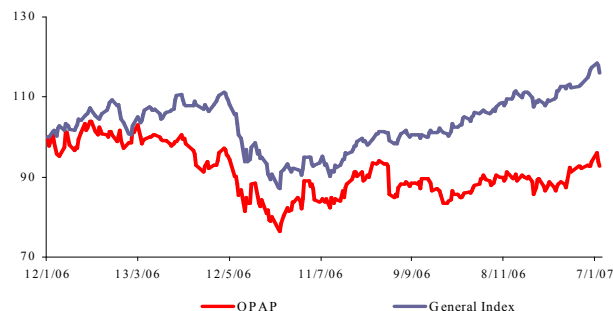


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INVESTMENT CASE

OPAP has an exclusive license until year 2020 for its games, reassuring its dominant position in the domestic gaming market (includes casinos, national lotteries and horse-race betting), where it commands over 52% market share. During 1Q 2007, OPAP will announce a 5-year business plan, the first ever to be disclosed that will include details on its investment strategy. According to our opinion, the growth of the Company in the coming years may be illustrated as follows:

1. further increases in Kino hours and frequency draws,
2. the full introduction of Greek football and other non sport activity bets to Pame Stihima game,
3. the undertaking of the risk management of Pame Stihima,
4. increase of payout ratio and other rejuvenation actions for the Pame Stihima game (i.e. single betting),
5. introduction of Bingo game (we expect it during 2nd half of fiscal 2007).

Further potential growth scenarios for the company could be:

1. the entrance in the market of casinos by participating as equity holder, thus utilizing its cash reach position,
2. the expansion of its operations internationally seeking opportunities as an advisor or management of lottery games in other countries. In addition, the Company could undertake the full operation of betting games in another country as soon as it receives the necessary know how for the risk management of these games (given the recent agreement with Intralot).

- **Pame Stihima**

The game's wide effect to the public made it the number one game in terms of sales consecutively from 2000 up to the fiscal 2006. We expect Pame Stihima revenues to increase by 64% y-o-y during the fiscal 2006. The increase is attributed to:

- a) the positive momentum following the World Cup football tournament and the launch of the Greek football matches in the coupon, and
- b) the ongoing favorable impact from the rejuvenation measures of the game that were implemented since their announcement in July 2005 (included increased payout, single and double betting events, over/under and live betting).

Future growth of this game depends on the full introduction of the Greek football and other non sport activity bets, and the increase of payout ratio (for the 9month

period it stood at 67.4% on average). In addition, OPAP will benefit from the undertaking of the operation of the Game during fiscal 2007. For that reason, the Company reached an agreement with Intralot for a total amount of € 65 million and for a six month period in order for the latter to:

1. transfer know-how regarding the risk management of the game,
2. supply and install the total technological infrastructure at headquarters,
3. supply 1,500 terminals on top of 2,000 already supplied providing full support to all games of OPAP.

Pame Stihima revenues are expected to represent at least 50.7% of total OPAP turnover at the end of fiscal 2010 from 38.9% at the end of 2005, growing on a CAGR₂₀₀₅₋₂₀₁₀ of 11.72%. Gross margin is expected to increase at 22% from 19.2% at the end of fiscal 2005 as a result of the undertaking of the full operation of the game.

- **KINO**

So far, the Kino game has exceeded our expectations reaching €1,715 million in fiscal 2005 and €1,305 million in the 9-month period of 2006, following the gradual extension of gaming hours (from September 2006). Future growth of the game will derive from:

1. the further extension of gaming hours,
2. the expansion of distribution channels outside agencies (i.e. passenger ferries, café shops, airport etc.), and
3. the stronger advertising campaign.

KINO revenues are expected to represent at least 35.9% of total OPAP turnover at the end of fiscal 2010 from 46.4% at the end of 2005, growing on a CAGR₂₀₀₅₋₂₀₁₀ of 0.70%.

- **Joker**

Joker is the Company's third most popular game and the third most important contributor to OPAP revenues. Since the introduction of KINO, Joker's revenues were affected by cannibalization. In addition, the game is significantly affected by jack pot rollovers. **We expect Joker revenues to drop in the next 5-year period, decreasing on a CAGR₂₀₀₅₋₂₀₁₀ of 3.22%, and representing at the end of fiscal 2010 approximately 4.61% of total OPAP turnover, from 7.26% at end fiscal 2005.**

- **Other Games**

With respect to the other lottery games (Propo, Lotto, Extra 5, Super 3), we expect a slowdown in the volume of players, due to further cannibalization from

KINO. However, OPAP might proceed to a higher pricing in order to partially outpace in value terms the volume reduction in these games.

- **Introduction of New Games**

OPAP has a concession contract for the game Bingo. The introduction of the new game depends on the course of the existing games (we expect it to initialize during the 2nd half of fiscal 2007). Bingo will have a weekly cycle, and a payout ratio of 60% of the total participation amounts. The game will be performed through a TV show with participants having bought a coupon from OPAP agents. We expect that the TV show will attract new players, who will see Bingo as a family game.

- **Broad Distribution Network**

All the games of OPAP are sold through a distribution network of over 5,300 agents, which represents the largest online retail network in Greece. Average agents' commissions as a percentage of total sales stand at approximately 8.0%.

OPAP provides agents with hardware and software, and as a result it is well placed to leverage this technology to provide more non-gaming services, such as the payment of utility bills, and sport ticketing. In our view, this expansion has no significant profit growth potential, it encourages however new customers to visit OPAP agents in order to pay their bill, attracting them at the same time to place 'some change' in the games.

- **High Economic Return**

OPAP generates strong cash flow, reflecting high ROE, ROA and ROCE ratios. In addition, the Company distributes high dividends with payout ratio reaching approximately 98% of net earnings reported under IAS, and dividend yields above 4.5% (based on current stock price levels). We expect that the payout ratio will sustain at approximately 99% of net earnings, resulting to an attractive dividend yield over the next 5-year period.

	2004	2005	2006 E	2007 E	2008 E
ROE	134%	96%	103%	115%	117%
ROA	55%	46%	52%	60%	62%
ROCE	114%	89%	99%	112%	115%
Div. Payout	93%	99%	99%	99%	99%

Source: Company Data & VRS Estimates

CORPORATE PROFILE

OPAP was founded in 1958 as a private legal entity and a year later introduced Propo, a sports-betting game. At that time, OPAP's mission statement was to subsidize and financially support athletic, social and cultural events rather than to generate profits for shareholders. In 1999, OPAP became a Société Anonyme and at the same time the Company rolled-out its online computer network to the agents. In 2001, OPAP was listed on the Athens Stock Exchange and stopped subsidizing the various governmental, cultural and social organizations that it had supported until that point. In 2003, OPAP acquired a fixed odds betting company in Cyprus, and a year later it established a new subsidiary "OPAP Services SA" for the development of commercially diversified activities and the upgrading of the agencies network.

The Company has an effective monopoly until 2020 to operate and manage nine existing numerical lottery and sports betting games as well as two new numerical lottery games, which it has yet to introduce. OPAP distributes its games through an extensive on-line network of approximately 5,400 dedicated agents. The Company also holds the sole concession to operate and manage any new sports betting games in Greece as well as a right of first refusal to the sole concession to operate and manage any new games permitted and regulated by the Hellenic Republic.

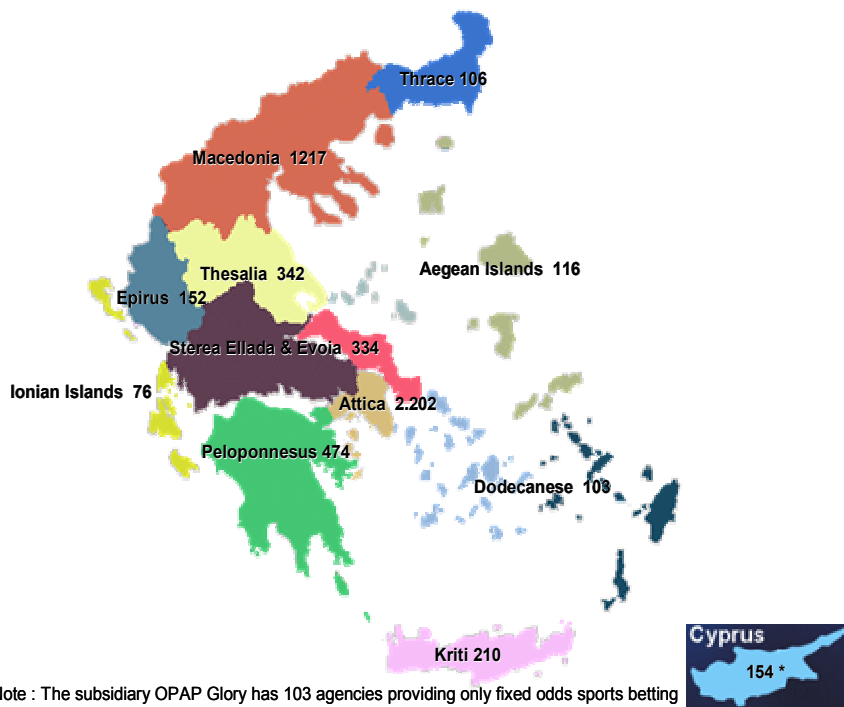
Today, OPAP is the largest gaming company in Greece, with approximately 50% market share in the Greek legal gaming market, and among the three largest listed gaming stocks worldwide.

Game Portfolio: The Group currently operates six numerical lottery games (Joker, Lotto, Proto, Extra 5, Super 3 and Kino) and three sports betting games (Stihima, Propo and Propogoal). Kino was introduced in late November 2003. It has also designed two new lottery games (Bingo, and Super 4).

Distribution Network: OPAP operates through a distribution network of agents in Greece and Cyprus. Agents may not sell products other than those of OPAP or the Hellenic Republic gaming products unless permitted by OPAP. In return for their services, agents receive a fixed percentage of revenue derived from the individual games which they sell. For Stihima and Super 3, they receive 8% of gross revenue, for KINO 8% (plus 1% retained by OPAP for upgrading the agency infrastructure) and for all other existing games they receive 12%. Although these agents are independent and their premises not owned by OPAP,

their equipment (terminals & KINO decoders) is supplied and supported by OPAP.

Distribution Network



* Note : The subsidiary OPAP Glory has 103 agencies providing only fixed odds sports betting

GAMING SECTOR

The Gaming Sector is globally divided in the casino, lottery, and betting sector, with OPAP operating in the last two. The European Union has not created a legal framework in order to secure monopolistic trends in the lottery and betting gaming market. The lottery sector constitutes a subject of strict and numerous settlements on a state level through out the European Union. The total legal gaming market in Greece amounted to approximately € 6.9 billion in 2005.

The Greek State has the control of the domestic sector of lottery games and issues 2 lotteries through the State Lottery Organization, which comprise an additional source of competition. Additionally, the Greek State has not yet given its concession operation right of the Instant Lottery (“Scratch Cards”). Mutual bets of domestic horse races are conducted from the state owned company Horseracing Conduct Organization of Greece S.A. and are supervised by the Hellenic Republic. Fixed odds Greek horse racing bets and international horse racing bets are for the time being illegal in Greece.

A significant impact in the formation of the lottery gaming sector in Greece during the last decade came from the introduction of new lottery games from OPAP S.A., and the concession of private casino operation licenses. After the grant of private casino licenses in 1995, nine casinos operate in Greece, most of which are private.

(in million €)		2000	2001	2002	2003	2004	2005
OPAP		1,420.2	1,766.4	1,934.2	2,230.6	3,067.9	3,592.9
	% of Total	37.88%	41.53%	42.03%	49.02%	49.41%	52.01%
State Owned Lotteries - Scratch Cards		472.1	497.8	505.1	462.5	376.9	416.6
	% of Total	12.59%	11.70%	10.98%	10.16%	6.46%	6.03%
Horserace Betting		347.9	349.3	336.4	347.9	328.7	322.4
	% of Total	9.28%	8.21%	7.31%	7.65%	5.63%	4.67%
Casinos		1,509.5	1,639.7	1,825.8	1,509.5	2,435.9	2,576.2
	% of Total	40.26%	38.55%	39.68%	33.17%	35.33%	37.29%
Sector Total		3,749.7	4,253.2	4,601.5	4,550.5	6,209.4	6,908.1

The sector’s expansion must be mainly attributed, to the operation of private casinos and to the introduction of Pame Stihima and KINO from OPAP.

RISK FACTORS

	Investment Risks / Concerns	Mitigating Factors / Important Notes
1	Lack of risk management system know-how for the betting game Pame Stihima (contributes the majority of OPAP turnover).	In early November 2006, OPAP reached an agreement with Intralot for undertaking the operation and management of Stihima in house. This agreement among others allows for the transfer of specific knowledge and expertise of the Greek market and the necessary risk management.
2	Low payout ratio of betting game compared to illegal competition.	The Company has increased the payout ratio during fiscal 2006, and we believe it will further increase it, assuming the undertaking of the full operation of the game.
3	Expected deregulation of gaming markets in Europe	The Company has a broad on-line agency network that is hard for a competitor to build.
4	Competition from other forms of gaming (casinos, national lotteries and horserace betting).	The percent of the OPAP stake to the total legal gaming market in Greece is rising during the last 5 years.
5	Given the natural life cycle of lottery games, the introduction of new games is vital.	The Group has already designed new games that will launch as soon as current game's life cycle starts declining.

Source: Company Data, VRS Research Department.

VALUATION

Based on our forecasts for the next 5-years (explicit period) and the long-term assumptions (implicit period), the application of the discounted free cash flow methodology leads to a fair price of € 29.86 for OPAP stock (implying a total value € 9,525.64 million).

	2006 E	2007 E	2008 E	2009 E	2010 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	26.12%	3.94%	-0.58%	-0.50%	3.12%	1.50%
EBIT Margin	15.56%	16.39%	17.49%	17.39%	17.34%	17.30%
Tax Rate	30.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Working Capital (% of sales)	-0.24%	0.23%	-0.39%	0.19%	-0.14%	0.00%
Capex (% of sales)	0.36%	1.67%	2.69%	1.05%	0.60%	0.60%
Cost of Capital	7.84%	7.87%	7.88%	7.89%	7.90%	7.90%
Depreciation (% of sales)	0.54%	0.69%	1.11%	1.22%	1.29%	0.60%
CASH FLOW STATEMENT						
Turnover	4,660,421	4,844,190	4,816,063	4,792,182	4,941,467	5,015,688
EBIT	724,950	793,745	842,099	833,140	856,670	867,714
Less: Adjusted Tax	221,395	201,378	213,231	211,073	217,390	228,976
Adjusted Operating Profit	503,554	592,367	628,868	622,067	639,280	638,738
Plus: Depreciation	25,204	33,222	53,548	58,552	63,929	30,094
Operating Cash Flow	528,758	625,588	682,416	680,619	703,209	668,832
Less: Change in Working Capital	-11,364	11,200	-18,762	9,124	-7,051	0
Less: Capex	17,000	81,000	129,704	50,151	29,448	30,094
Cash Flow to the Firm (FCFF)	523,123	533,388	571,474	621,344	680,813	638,738
Discount Factor	0.927	0.859	0.796	0.738	0.684	0.684
Present Value of Cash Flows	485,106	458,385	455,137	458,568	465,421	
Accumulated Present Value	485,106	943,492	1,398,628	1,857,196	2,322,617	
Residual Value						9,977,605
Present Value of Residual Value						6,820,941

VALUATION

Enterprise Value	9,143,558
% Residual Value of Total	74.6%
Less: Net Debt	-382,085

Value of firm (€ ,000)	9,525,643
Outstanding # of shares (000)	319,000
Value of share (€)	29.86

WACC CALCULATION

Risk Free Rate	4.0%
Beta Factor	0.80
Market risk Premium	5.0%
Cost of Equity	8.0%
Debt / Debt + Equity	1.9%
Cost of Debt	4.0%
Tax Rate	25.0%
Weighted Average Cost of Capital	7.90%

Source: VRS Estimates

We have applied the following major assumptions in our model:

- Average cost of capital at 7.9% for the infinite period.
- We have estimated sustained growth in all activities during the examined period and infinity sales growth of 1.5%.
- Infinite EBIT margin of 17.3%.

Applying a sensitivity analysis to the above DCF model, based on different growth rates and different values for weighted average cost of capital (WACC), we end up with the following table:

		WACC				
		7.00%	7.50%	7.90%	8.50%	8.90%
GROWTH	0.50%	25.13	24.75	24.45	24.01	23.73
	1.00%	27.57	27.13	26.79	26.29	25.96
	1.50%	30.77	30.26	29.86	29.27	28.89
	2.00%	32.78	32.22	31.78	31.15	30.73
	2.50%	35.16	34.54	34.06	33.36	32.91

Source: VRS Estimates

PEER GROUP COMPARISON

We compare OPAP with a peer group of international gaming companies. The analysis demonstrates that its earnings multiple trades approximately on the average multiples of an international peer group (based on projected fiscal 2006 multiples P/E & P/BV).

Company	Country	Mkt Cap.	P/E '06 E	P/BV '06 E
Scientific Games	US	2,668	30.20x	5.34x
Ladbrokes	UK	2,719	17.38x	na
William Hill	UK	2,414	15.77x	10.98x
Intralot	GR	1,679	18.08x	10.15x
OPAP	GR	9,410.5	18.22x	18.17x

Source: Bloomberg & Reuters estimates for fiscal 2006. Share prices as of January 10th 2007.

Stock Data & Valuation Ratios (historic & projected figures)

	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Price (in € as of 10/01/2007)	29.50					
Shares Outstanding	319.00					
Market Capitalization (in € mn)	9,410.5					
EPS (in €)	1.44	1.62	1.89	2.01	1.99	2.04
Book Value / Share (x)	1.52	1.62	1.67	1.74	1.77	1.83
EV (in € mn)	8.999	8.950	8.995	9.028	9.018	8,959
P/E (a.t. & m.i.)	20.53	18.22	15.58	14.71	14.86	14.43
P/BV	19.47	18.17	17.65	16.92	16.63	16.16
EV/EBITDA	12.60	11.93	10.88	10.08	10.11	9.73
EV/Sales	2.44	1.92	1.86	1.87	1.88	1.81
Dividend / Share (in €)	1.42	1.60	1.87	1.98	1.96	2.01
Dividend Yield	4.81%	5.41%	6.32%	6.70%	6.63%	6.83%

Source: Company Data & VRS Projections

FINANCIAL ANALYSIS

- **Revenue Growth Assumptions**

For the last 5-year period, the Organization has achieved strong growth rates, either through the introduction of new games, or through the adjustment of the existing games to the market's expectations. For the period that we examine, 2006-2010, we expect Group turnover CAGR of 5.98%, making the following key assumptions:

- The launch of Greek football matches in the coupon of Pame Stihima as of September 2006 is expected to partly cover a) the lack of last year's revenues coming from World Cup football in Germany and b) the expected lower payouts during the initial in-house running term of the game. Furthermore, 2008 European Football Cup, the launch of non-sport events in the coupon and the forthcoming 2010 World Cup Football will overbalance the normal reduction of the game during the years.
- The extension of KINO's playing hours from mid September 2006, will keep up high growth rates of the game during the current year. However as of 2008, we estimate that the game's progress will be slightly weakened, assuming that playing hours and POS will remain at 2007 levels.
- The remaining sport betting games are expected to remain at the same levels for the next 5-year period. Historical evidence shows that this player category remains loyal to those games. On the contrary, the numerical betting games are expected to present higher decline as of 2nd half of fiscal 2007, when the new game BINGO is expected to be launched.

- **Revenue Growth Potential**

The reduction of illegal internet betting could boost company's revenues. According to latest available data the turnover of illegal betting in Greece reaches annually € 450 million which obviously constitute unclaimed revenues for OPAP. During the last year in USA – and recently in France – the state attempts to regulate the eradication of this global trend. We believe that the Greek government should undertake similar action in the near future. However we have not included the above possibility in our model.

As far as KINO is concerned we estimate that the game's expansion to more POS as ships, airports etc. would boost its revenues by 30%. However neither this scenario is included in our model.

Activity Turnover Breakdown (historic & projected figures)

	2004A	2005A	2006P	2007P	2008P	2009P	2010P
PROPO	79.4	79.3	63.9	61.6	62.7	62.2	61.6
% of Total	2.5%	2.1%	1.4%	1.3%	1.3%	1.3%	1.2%
y-o-y Change %	-2.0%	-0.1%	-19.4%	-3.7%	1.8%	-0.8%	-1.0%
PROPO-GOAL	1.7	1.3	1.5	1.5	1.5	1.5	1.5
% of Total	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
y-o-y Change %	-31.7%	-24.4%	18.2%	-1.1%	-0.2%	0.0%	0.0%
STIHIMA	1,612.9	1,438.3	2,341.5	2,392.4	2,360.9	2,339.6	2,503.4
% of Total	50.8%	38.9%	50.2%	49.4%	49.0%	48.8%	50.7%
y-o-y Change %	-2.4%	-10.8%	62.8%	2.2%	-1.3%	-0.9%	7.0%
TOTAL SPORTS' BETTING	1,694.0	1,518.9	2,407.0	2,455.5	2,425.1	2,403.4	2,566.5
y-o-y Change %	-2.4%	-10.3%	58.5%	2.0%	-1.2%	-0.9%	6.8%
LOTTO	61.3	58.2	50.9	50.0	50.2	49.2	46.7
% of Total	1.9%	1.6%	1.1%	1.0%	1.0%	1.0%	0.9%
y-o-y Change %	-8.4%	-5.1%	-12.5%	-1.8%	0.4%	-2.0%	-5.0%
JOKER	270.7	268.4	223.3	224.4	225.5	226.7	227.8
% of Total	8.5%	7.3%	4.8%	4.6%	4.7%	4.7%	4.6%
y-o-y Change %	25.7%	-0.8%	-16.8%	0.5%	0.5%	0.5%	0.5%
PROTO	50.0	44.7	46.5	46.9	47.4	47.9	48.4
% of Total	1.6%	1.2%	1.0%	1.0%	1.0%	1.0%	1.0%
y-o-y Change %	3.8%	-10.7%	4.0%	1.0%	1.0%	1.0%	1.0%
EXTRA 5	34.1	20.0	16.7	14.9	14.0	13.7	13.4
% of Total	1.1%	0.5%	0.4%	0.3%	0.3%	0.3%	0.3%
y-o-y Change %	-36.0%	-41.3%	-16.7%	-11.0%	-6.0%	-2.0%	-2.0%
SUPER 3	122.9	70.0	66.6	56.0	52.6	50.5	48.5
% of Total	3.9%	1.9%	1.4%	1.2%	1.1%	1.1%	1.0%
y-o-y Change %	-19.1%	-43.0%	-4.8%	-16.0%	-6.0%	-4.0%	-4.0%
KINO	944.1	1,715.0	1,849.4	1,966.5	1,901.2	1,830.9	1,776.0
% of Total	29.7%	46.4%	39.7%	40.6%	39.5%	38.2%	35.9%
y-o-y Change %		81.7%	7.8%	6.3%	-3.3%	-3.7%	-3.0%
BINGO TV			0.0	30.0	100.0	170.0	214.2
% of Total				0.6%	2.1%	3.5%	4.3%
y-o-y Change %					233.3%	70.0%	26.0%
TOTAL NUMERICAL BETTING	1,483	2,176	2,253	2,389	2,391	2,389	2,375
y-o-y Change %	171.3%	46.7%	3.5%	6.0%	0.1%	-0.1%	-0.6%
Total Turnover	3,177	3,695	4,660	4,844	4,816	4,792	4,941
y-o-y Change %	39.23%	16.30%	26.12%	3.94%	-0.58%	-0.50%	3.12%

Source: Company Data & VRS Projections

Cost of Sales Breakdown (historic & projected figures)

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
PROPO	48.27	48.55	40.65	39.16	39.88	39.56	39.17
PROPO margin	39.21%	38.78%	36.42%	36.42%	36.42%	36.42%	36.42%
% of Total	2.03%	1.72%	1.10%	1.03%	1.08%	1.07%	1.03%
y-o-y Change %		0.59%	-16.27%	-3.68%	1.85%	-0.80%	-1.00%
PROPO-GOAL	1.01	0.80	0.95	0.94	0.94	0.94	0.94
PROPO-GOAL margin	40.70%	37.84%	37.84%	37.84%	37.84%	37.84%	37.84%
% of Total	0.04%	0.03%	0.03%	0.02%	0.03%	0.03%	0.02%
y-o-y Change %		-20.71%	18.19%	-1.11%	-0.20%	0.00%	0.00%
STIHIMA	1,259.83	1,162.47	1,952.11	1,939.82	1,841.50	1,824.92	1,952.67
STIHIMA margin	21.89%	19.18%	16.63%	18.92%	22.00%	22.00%	22.00%
% of Total	52.97%	41.18%	52.66%	50.94%	49.67%	49.54%	51.42%
y-o-y Change %		-7.73%	67.93%	-0.63%	-5.07%	-0.90%	7.00%
LOTTO	31.65	30.03	26.26	25.79	25.89	25.37	24.10
LOTTO margin	48.40%	48.40%	48.40%	48.40%	48.40%	48.40%	48.40%
% of Total	1.33%	1.06%	0.71%	0.68%	0.70%	0.69%	0.63%
y-o-y Change %		-5.13%	-12.54%	-1.78%	0.37%	-2.00%	-5.00%
JOKER	167.81	166.39	138.45	139.15	139.84	140.54	141.24
JOKER margin	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
% of Total	7.06%	5.89%	3.73%	3.65%	3.77%	3.81%	3.72%
y-o-y Change %		-0.85%	-16.79%	0.50%	0.50%	0.50%	0.50%
PROTO	32.42	28.94	30.11	30.41	30.72	31.02	31.33
PROTO margin	35.20%	35.20%	35.20%	35.20%	35.20%	35.20%	35.20%
% of Total	1.36%	1.03%	0.81%	0.80%	0.83%	0.84%	0.83%
y-o-y Change %		-10.74%	4.04%	1.00%	1.00%	1.00%	1.00%
EXTRA 5	23.20	13.62	11.35	10.10	9.50	9.31	9.12
EXTRA 5 margin	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%
% of Total	0.98%	0.48%	0.31%	0.27%	0.26%	0.25%	0.24%
y-o-y Change %		-41.28%	-16.68%	-11.00%	-6.00%	-2.00%	-2.00%
SUPER 3	83.60	47.62	45.32	38.07	35.79	34.35	32.98
SUPER 3 margin	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%
% of Total	3.52%	1.69%	1.22%	1.00%	0.97%	0.93%	0.87%
y-o-y Change %		-43.03%	-4.84%	-16.00%	-6.00%	-4.00%	-4.00%
KINO	720.93	1,307.00	1,443.49	1,543.72	1,492.46	1,437.24	1,394.12
KINO margin	23.64%	23.79%	21.95%	21.50%	21.50%	21.50%	21.50%
% of Total	30.44%	46.59%	39.13%	40.74%	40.46%	39.21%	36.88%
y-o-y Change %		81.29%	10.44%	6.94%	-3.32%	-3.70%	-3.00%
BINGO TV	0.00	0.00	0.00	21.60	72.00	122.40	154.22
BINGO TV				28.00%	28.00%	28.00%	28.00%
% of Total				0.57%	1.95%	3.34%	4.08%
y-o-y Change %					233.33%	70.00%	26.00%
Total Cost Games	2,368.73	2,805.43	3,688.70	3,788.76	3,688.50	3,665.66	3,779.90
% of Tot. Cost of Sales	96.24%	97.11%	97.38%	97.17%	96.63%	96.53%	96.47%
y-o-y Change. %		18.44%	31.48%	2.71%	-2.65%	-0.62%	3.12%
Other COGS	92.46	83.54	99.13	110.51	128.60	131.75	138.42
% of Total	3.76%	2.89%	2.62%	2.83%	3.37%	3.47%	3.53%
y-o-y Change %		-9.65%	18.66%	11.48%	16.37%	2.45%	5.06%
Total Cost of Sales	2,461.19	2,888.97	3,787.83	3,899.26	3,817.10	3,797.40	3,918.31
y-o-y Change. %		17.38%	31.11%	2.94%	-2.11%	-0.52%	3.18%

Source: Company Data & VRS Projections

- **Profit Margin Improvement**

According to our forecasts, EBITDA margin should add at least 250 basis points during the period 2007-2008 from the levels of fiscal 2006 (reaching the level of 18.6% at the end of fiscal 2008 from 17.1% in fiscal 2007 and 16.1% in fiscal 2006). The increase is attributed to the undertaking by the Company of the full operation of the Pame Stihima game during the fiscal 2007. According to our estimations the Group will:

1. save approximately € 240 million p.a. which constitute Intralot's management fee, and
2. increase expenses by about € 70 million p.a. due to the additional advertising (1% of game's turnover), operational (1% of game's turnover) and salary payment (1% of game's turnover) costs.

In total, the Group will retain about € 170 million p.a. We believe however, that the Company will utilize part of this amount in order to increase the payout of the game and strengthen its position in the market.

9-MONTH 2006 FINANCIAL RESULTS

During the 9-month period of fiscal 2006, consolidated turnover reached € 3,374.07 million, posting 29.80% increase compared to 9M 2005. Gross profit enhanced by 9.54% y-o-y with gross profit margin decreasing to 17.93% from 21.25% due to cost of sales higher increase compared to turnover. Cost of sales was affected by the higher payout of Pame Stihima game from 60% to 66%.

Earnings after tax & minorities recorded an increase of 12.42% y-o-y reaching € 355.44 million compared to € 316.18 million in 9M 2005, favorably affected by the lower tax rate (29.55% in 9M 2006 from 33.54% in 9M 2005).

	9M 2006	9M 2005	% Change
Turnover	3,374,067	2,599,429	29.80%
Cost of Sales	2,769,128	2,047,151	35.27%
% of Turnover	82.07%	78.75%	
Total Gross Operating Results	604,939	552,278	9.54%
Gross Operating Margin	17.93%	21.25%	
Other operating income - expense	1,610	3,779	-57.40%
Operating Expenses	111,424	88,605	25.75%
% of Turnover	3.30%	3.41%	
EBITDA	513,824	484,951	5.95%
EBITDA Margin	15.23%	18.66%	
Depreciation	18,699	17,499	6.86%
EBIT	495,125	467,452	5.92%
% of Turnover	14.67%	17.98%	
Net Financial Results	9,369	8,302	12.85%
Net Results Before Taxes	504,494	475,754	6.04%
EBT Margin	14.95%	18.30%	
Tax income	149,054	159,576	-6.59%
Effective Tax Rate	29.55%	33.54%	
Proportion of Minority rights	-1	-3	
Consolidated Net Results (a.t.&m.i.)	355,441	316,181	12.42%
Net Margin	10.53%	12.16%	

Source: Group accounts based on IFRS

Historic & Projected Profit & Loss Account

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Turnover	3,177,208	3,695,234	4,660,421	4,844,190	4,816,063	4,792,182	4,941,467
y-o-y Change. %		16.30%	26.12%	3.94%	-0.58%	-0.50%	3.12%
Cost of Sales	2,461,189	2,888,971	3,787,826	3,899,263	3,817,097	3,797,402	3,918,311
% of Turnover	77.46%	78.18%	81.28%	80.49%	79.26%	79.24%	79.29%
y-o-y Change. %		17.38%	31.11%	2.94%	-2.11%	-0.52%	3.18%
Other operating income / expense	151,723	4,795	6,059	6,297	6,261	6,230	6,424
Operating Expenses	87,823	120,506	153,704	157,479	163,127	167,869	172,910
% of Turnover	2.76%	3.26%	3.30%	3.25%	3.39%	3.50%	3.50%
y-o-y Change. %		37.21%	27.55%	2.46%	3.59%	2.91%	3.00%
EBITDA	660,974	713,966	750,153	826,967	895,647	891,692	920,599
EBITDA Margin	20.80%	19.32%	16.10%	17.07%	18.60%	18.61%	18.63%
y-o-y Change. %		8.02%	5.07%	10.24%	8.31%	-0.44%	3.24%
Depreciation	29,066	23,414	25,204	33,222	53,548	58,552	63,929
% of Turnover	7.22%	6.22%	5.81%	5.62%	5.72%	5.75%	5.87%
EBIT	629,486	690,552	724,950	793,745	842,099	833,140	856,670
% of Turnover	19.81%	18.69%	15.56%	16.39%	17.49%	17.39%	17.34%
y-o-y Change. %		9.70%	4.98%	9.49%	6.09%	-1.06%	2.82%
Net Financial Results	7,274	2,866	13,034	11,768	10,825	11,152	12,889
Net Results Before Taxes	784,772	693,418	737,984	805,513	852,925	844,292	869,558
EBT Margin	24.70%	18.77%	15.84%	16.63%	17.71%	17.62%	17.60%
y-o-y Change. %		-11.64%	6.43%	9.15%	5.89%	-1.01%	2.99%
Tax income	279,230	235,119	221,395	201,378	213,231	211,073	217,390
Effective Tax Rate	35.58%	33.91%	30.00%	25.00%	25.00%	25.00%	25.00%
Net Results After Taxes	505,542	458,299	516,588	604,135	639,693	633,219	652,169
EAT Margin	15.91%	12.40%	11.08%	12.47%	13.28%	13.21%	13.20%
y-o-y Change. %		-9.34%	12.72%	16.95%	5.89%	-1.01%	2.99%
Proportion of Minority rights	-92	-21	-28	-16	1	1	1
Net Results (a.t.&m.i.)	505,633	458,320	516,616	604,151	639,692	633,218	652,168
Net Margin	15.9%	12.4%	11.1%	12.5%	13.3%	13.2%	13.2%
y-o-y Change. %		-9.4%	12.7%	16.9%	5.9%	-1.0%	3.0%

Source: Company Data & VRS Projections

Historic & Projected Balance Sheet

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Assets							
Net Intangible Assets	244,704	227,655	219,655	223,170	219,279	188,963	158,372
Net Tangible Assets	40,350	36,038	35,835	80,097	160,145	182,060	178,169
Investments in Associates	338	0	0	0	0	0	0
Other L-term assets	39,260	30,485	37,856	39,523	38,447	38,356	38,924
Total Non-Current Assets	324,652	294,178	293,345	342,790	417,871	409,379	375,465
% Total Assets	32.05%	30.46%	28.79%	33.92%	39.88%	38.73%	34.65%
Inventories	482	404	497	586	651	703	752
Trade Receivables	29,461	52,663	53,190	56,381	61,455	65,143	67,748
Other Receivables	234,888	181,440	194,228	181,746	172,311	176,193	176,274
Cash in bank and at hand	423,567	437,001	477,659	429,092	395,422	405,568	463,365
Total Current Assets	688,398	671,508	725,573	667,805	629,839	647,607	708,140
% Total Assets	67.95%	69.54%	71.21%	66.08%	60.12%	61.27%	65.35%
TOTAL ASSETS	1,013,049	965,686	1,018,918	1,010,595	1,047,710	1,056,986	1,083,604
Equity & Liabilities							
Shareholder's Equity	474,515	483,183	517,840	533,205	556,104	565,837	582,144
Minority Rights	161	140	112	96	97	98	99
Total Equity	474,676	483,323	517,952	533,301	556,201	565,935	582,243
% Total Equity & Liabilities	46.86%	50.05%	50.83%	52.77%	53.09%	53.54%	53.73%
L-Term Bank Loans	25,345	10,227	2,673	0	0	0	0
Provisions for Staff Retirement	0	0	0	0	0	0	0
Deferred Tax Liabilities	0	0	0	0	0	0	0
Other long term debts	28,646	29,571	31,258	31,402	31,855	33,568	35,362
Total L-Term Liabilities	53,991	39,798	33,931	31,402	31,855	33,568	35,362
Suppliers	42,648	37,269	46,604	47,473	45,993	45,765	47,191
Banks	21,574	15,118	14,816	14,075	13,371	12,703	11,432
Taxes-duties	340,771	281,215	274,530	247,695	262,274	259,620	265,215
Other Payables	79,389	108,963	131,085	136,649	138,016	139,396	142,161
Total Current Liabilities	484,382	442,565	467,034	445,892	459,654	457,484	466,000
Total Liabilities	538,373	482,363	500,965	477,294	491,509	491,051	501,362
% Total Equity & Liabilities	53.14%	49.95%	49.17%	47.23%	46.91%	46.46%	46.27%
TOTAL EQUITY & LIABILITIES	1,013,049	965,686	1,018,918	1,010,595	1,047,710	1,056,986	1,083,604

Source: Company Data & VRS Projections

NOTES

Dynamic Securities Rating System

Rating	Ratings Breakdown	Definition of Rating System
Outperformed	75%	Expected to Outperform the Index by more than 10%
Neutral	25%	Expected to perform relative to the Index by +/- 5%
Underperform	0%	Expected to Underperform the Index by more than 10%

Notes: 1/ Ratings refer to a 12-month period.
 2/ Benchmark Index: ASE General Index.
 3/ Stock Universe: 40 Companies.
 4/ Current Stocks Covered: 4 Companies.

Ratings History

Company	Date	Rating	Target Price
SARANTIS	27/07/2006	Outperform	€ 9.10
INTRALOT	31/10/2006	Outperform	€ 25.55
THRACE PLASTICS	18/12/2006	Outperform	€ 2.72
OPAP	10/01/2007	Neutral	€ 29.86

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Dynamic Securities SA

Member of Athens Stock Exchange
Member of Derivatives Exchange
6-10 Harilaou Trikoupi Str.
106 79, Athens, Greece
Tel : +30 210 3677700
Fax : +30 210 3677777
E-mail : info@dynamicsec.gr

Equity Sales & Trading

Konstantinos Feggos +30 210 3677747
Dimitrios Kannelos +30 210 3677715
Katerina Tziafa +30 210 3677743
Olga Mpoziou +30 210 3677725
Barbara Abatzi +30 210 3677714

Derivatives Sales & Trading

Elias Mantoudiotis +30 210 3677740
George Christou +30 210 3677755
George Zoropoulos +30 210 3677746

Research Department

Nicholas I. Georgiadis (VRS) +30 210 3219557
Christophoros J. Makrias (VRS) +30 210 3219557
Nikolaos Kollias +30 210 3677795

Institutional Sales

Mary Anthopoulou +30 210 3677756
Michalis Stathikis +30 210 3677728

Investment Services

Christos Retsas +30 210 3677704