

## OPAP PRIVATISATION - CLOSURE OF TRANSACTION

### 1. Issues to be resolved

- The shareholders agreement regarding the consortium that has acquired the **National Lottery** earlier this year has not been finalized and that prevents the transaction to be completed. As OPAP is the main shareholder in this separate privatization delays in the current transaction will also occur. Therefore, HRADF is now seeking to finish first the National Lottery transaction so that they are able to proceed with the transfer of OPAP shares to the Emma Delta fund.
- **Technology provider** contract has not yet been signed and as a result the possibility of withdrawing services by INTRALOT cannot be ruled out. The contract has been ratified by the Audit Court but the management has not indicated whether it will sign it or not. Complex negotiations are to take place over the next 2/3 weeks. A likely outcome is the further reduction in the duration of the contract to 2 years so that Lottomatica can in the meantime prepare another technical solution for OPAP. "As an industrial partner, Lottomatica Group expects to provide expertise in the areas of technology, operations, and the launch of new products," the company said on its

strategic investment in [Greece](#). "Our commitment is to invest up to 30 million euros" (Chief Executive Marco Sala reported by REUTERS 8/5/13).

## **2. Audit Court ratification and other approvals**

The next procedural step for the transaction is the ratification of the documents by the Audit Court. Up to now the ratification has been granted with a 2-1 majority by the relevant unit of the Audit Court. Difficulties may arise regarding sources of funding and consortium structure but the odds are that the Audit Court will proceed with the ratification. The process is likely to take from 2 to six months to go through.

## **3. Changes to come**

- Some changes to the Board of Directors and top management are expected to be introduced as soon as the transaction is completed.
- The introduction of VLTs will be speeded up by the new management as well as some new games that have been delayed by the privatisation process.

#### **4. Conclusions and outlook**

Overall some lobbies are fighting a rear guard action preventing early closure of the transaction in anticipation for negotiating a better deal for the future.

Despite the fall in profits in the first quarter “management maintains an unchanged target for net profit for 2013 to 116 million as presented in the business plan of the company”.

However, deep structural changes in consumption patterns are now feeding in to the games market turnover. The collapse of personal income is affecting players’ behavior and it will take some time for the recovery in the economy to reverse a downward trend.

Furthermore, the untested new regulatory regime may in the short term act as a brake in the efforts of the new management to introduce games.

Overall, 2013 is likely to be a transitory year with the new management not able to produce early results.

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