



HELLENIC REPUBLIC ASSET  
DEVELOPMENT FUND

## Press Release

### **The Hellenic Republic Assets Development Fund completes the privatization tender of the Greek State Lotteries**

**Athens, December 12, 2012.** The consortium of OPAP Investment Limited, Lottomatica Giochi e Partecipazioni S.r.l., Intralot Lotteries Limited and Scientific Games Global Gaming S.à.r.l. today submitted an improved financial offer of 190 million Euro for the privatization of the State Lotteries to the Hellenic Republic Assets Development Fund (HRADF).

The HRADF Board of Directors (BoD), after the positive opinion of the Council of Experts, accepted the improved offer and declared the above-mentioned consortium the Provisional Successful Bidder of the tender.

The total value of the financial consideration for the Hellenic Republic, in nominal values and including the upfront fee of **190 million Euro**, is estimated to be **1.5 billion Euro** over a 12-year concession period. This amounts to approximately **125 million Euros per year**.

During 2010, the Hellenic Republic's total net profit from the operation of the State Lotteries was approximately **80 million Euro**. The lotteries' performance dropped significantly during 2011 and 2012, with estimated profits at around 60 million Euro per year.

The privatization of the State Lotteries will result in significant benefits for the Hellenic Republic. Future revenues from the State Lotteries are expected to improve compared to 2012, and funding of Good Causes, that is traditionally associated with the operation of the State Lotteries, will be increased.

Commenting on the decision of the BoD on the State Lotteries tender, HRADF's Chief Executive Officer, Mr Ioannis Emiris, stated: *"Both the price offered, as well as the prestige and quality of the companies that will undertake the operation of the State Lotteries are completely satisfactory. Some of the biggest companies worldwide in the lotteries and gaming sector participate in a consortium that guarantees the development of the lotteries. We expect that this privatization will result in the significant increase of the Hellenic Republic's revenues, increased funding for Good Causes, and new job creation"*.

Specifically, we note the following:

1. The international tender process concerns the concession of the exclusive right of operation, distribution and promotion of the State Lotteries for a period of 12 years.
2. The financial consideration for the Hellenic Republic, amounting to 1.5 billion Euros, is analyzed as follows:
  - a. Upfront fee of **190 million Euro**, amounting to approximately of 3 years of current annual estimated profits
  - b. The concession agreement stipulates that that 30% of the Gross Gaming Revenue of the State Lotteries (excepting the New Year's Lottery) is paid to the Hellenic Republic. This amount is expected to exceed **1 billion Euro** during the 12 year concession period. In any case, the **guaranteed payments** to the Hellenic Republic, from its participation in the gross gaming revenues of the State Lotteries, amount to **580 million Euro**, which are broken down as follows: 30 million Euro in the first year of operation and 50 million Euro per year for each of the following 11 years
  - c. Unpaid winnings of players are paid out to the Hellenic Republic in order to fund Good Causes. Unpaid winnings are estimated at approximately **170 million Euro** over the 12-year concession period.
  - d. Furthermore, the profits of the New Year's Lottery will continue to be paid out to the Hellenic Republic in order to fund Good Causes. This is estimated to amount to approximately **130 million Euro** over the concession period.
3. The funding of Good Causes by State Lottery profits will continue and will be enhanced. 20% of the annual participation of the Hellenic Republic in the Gross Gaming Revenues of the State Lotteries will be allocated to Good Causes, estimated at about 200 million Euros in total. This amount, together with unpaid winning (2c) as well as the profits from the New Year's Lottery (2d) means that the total amount funding Good Causes will be approximately **500 million Euros** during the 12-year concession period.
4. As per the above, the concession of the State Lotteries is expected to lead to significant development of the Lotteries, creating new jobs, while retaining and enhancing their charitable character.

5. The concession agreement ensures the development of the existing lotteries and reintroduces for the first time in 10 years the Instant Lottery, which is expected to increase employment across its value chain, creating new sources of revenue for the Hellenic Republic.
6. The proper operation of the State Lotteries is guaranteed by the regulatory controls enacted by the Hellenic Gaming Commission, as well as the experience and quality of the members of the consortium, who are world-renowned gaming sector companies:
  - OPAP Investment Limited
  - Intralot Lotteries Limited
  - Scientific Games Global Gaming S.à.r.l.
  - Lottomatica Giochi e Partecipazioni S.r.l.
7. Following the decision of the Board of Directors, the tender file will be submitted to the Court of Auditors for preventative audit. After the completion of this audit, the concession agreement will be implemented.
8. The concession agreement will be ratified by law of the Greek Parliament. Ratification is expected in March 2013.
9. The new Concessionaire will start operating the State Lotteries in six (6) months, according to the provisions of the concession agreements regarding transition from the status quo to the new situation.
10. Credit Suisse Securities Europe Ltd and Eurobank Equities act as financial advisors of the HRADF for this tender process. The law firms Bahas, Grammitidis and Associates and Karatzas and Partners are the legal advisors on matters of Greek law, while Allen and Overy are the legal advisors on matters of European and international Law.

For more information regarding the tender, please visit: [www.hradf.com](http://www.hradf.com).

**Information to journalists:** Please contact Communications Officer of HRADF

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