

Continued privatisation of the state-controlled gambling operator OPAP adds Euro 1.3 billion to the Greek treasury

Article by Martin Oelbermann

The block of shares just sold by the Greek government, amounting to 16.44% of OPAP, was oversubscribed four times and thus points to the potential of privatisations in the gambling industry.

London, August 2nd, 2005: Last week the Greek government sold an additional 16.44% of its shares in the gambling provider OPAP. That same week the share price rose to nearly Euro 27.00 and thus achieved what is so far its absolute peak.

OPAP's privatisation is among the most successful of its kind. Since OPAP shares have been traded, their value has risen from Euro 5.50 to currently nearly Euro 27.00 – this is an increase of ca. 400% over barely four years.

The value of the shares held by the Greek state (51%) has thus risen from Euro 0.9 billion to over Euro 4.0 billion. Now the Greek government decided to give up the role of majority shareholder and offered an additional 16.44% of its shares on the Athens stock exchange. The sale of these 52 million shares added ca. Euro 1.3 billion to the Greek treasury.

The continued placing of the state's shares in the case of OPAP shows the potential of privatisations in the gambling industry. Accordingly, some experts think that other EU countries should also consider privatising their gambling operators, if only to tame continuous budget deficits. According to Martin Oelbermann, co-author of a study on the

subject by the consulting firm MECN, the potential is enormous: „If we applied the current valuation of OPAP to, for example, the French state-controlled operator Française des Jeux, we'd be talking about a total value of ca. Euro 14 billion, and the value of the German Lottoblock would also come to a total of Euro 13-14 billion.“

But Mr. Oelbermann also warns against acting in haste: „Little is known about the concrete advantages and disadvantages associated with the privatisation of the gambling sector.“ The MECN study therefore takes up some of the most crucial topics (the study can be obtained at www.privatisation.mecn.net).