The Privatization Program
and its contribution to the restarting of
the Greek Economy

Andreas Taprantzis
Executive Director

14th Annual Investor Forum – Greece
Building a New Greece – Capital Link Forum

New York, November 29th, 2012
The Privatization Program

✓ Agreed with Greece’s creditors and enshrined by Law

✓ Based on a clear business context

✓ Aims to raise €11,1 bn by 2016 and €25,6 bn by 2020

✓ A major initiative to attract direct investments from the private sector in key sectors of the economy

✓ Aims to transform the development model of the economy and regain the country’s credibility
Main objectives of the privatization program

- Debt Repayment
- Competition
- Investment attraction
- Creation of new job opportunities
- Creation of liberalized and functional markets
Restarting Greek Economy

According to preliminary estimates by IOBE*, the privatization program will increase:

- investments by €60 billion (with the average investment multiplier amounting around 2)
- GDP by up to 1% per year during the program’s life
- employment opportunities by 50,000 net new job positions
- direct tax revenues by €3 billion (1.5% of GDP) per year

*Foundation for Economic and Industrial Research
Infrastructure Portfolio

✓ Extensive portfolio of prime infrastructure assets, which encompasses the following:

• 12 major commercial ports (including the ports of Piraeus, Thessaloniki, Igoumenitsa, etc.)

• The 50 most significant small ports and marinas

• All the airports of the country (including the Athens International Airport)

• Motorways

• Water Distribution in Athens and Thessaloniki

• National Train Organisation
Corporate Portfolio

✓ Extensive portfolio of high quality corporates in the sectors of:

- Gaming (OPAP – the largest gaming operator, State Lotteries)
- Energy (Electricity, Natural Gas, Petroleum Refining and Trading)
- Natural Resources (Ferronickel Production)
- Defense Industries
- Banking (shares in Greek banks acquired through recapitalisation but not redeemed)
Land Portfolio

✔ More than 70,000 public properties including:

- Hellinikon (the largest urban coastal area in Attica, twice the size of Central Park)

- Other major properties suitable for:
  - tourism development
  - commercial facilities
  - golf courses
  - hotels
  - thermal spa
Outline Privatisation Strategy

Our three principles

- Consensus
- Transparency
- Execution
Outline Privatisation Strategy

Consensus

- Harmonization with governmental policies and strategies
- Formation of a clear strategic direction
- In-depth analysis of the effects on all parties involved:
  - National economy
  - Local communities
  - Workforce
- Communication with key parties involved and presentation of the benefits from the assets’ development
Outline Privatisation Strategy

Transparency

• Internationally accepted tender procedures which ensure transparency and equal treatment towards all parties involved, maximizing competition

• Objective selection criterion: the highest economic offer

• Wide publicity in international and domestic media:
  • of all calls for tenders
  • of all press releases after each meeting of the BoD, regarding the decisions
  • continuous update concerning the time evolution of the projects

• Monitoring of the procedure by the Council of Experts and submission of opinions before the tender’s award

• Evaluation of the asset by an independent valuer at the time of privatization

• Full control of the process followed in every privatization by the Court of Auditors before the signing of the contract
Outline Privatisation Strategy

Execution

• Proper and quick implementation of the strategy and the decisions

• Determination and resolution of key issues impacting on privatisation prior to launching the tender

• Focus on the end result, which has two dimensions
  • Short implementation time
  • Optimum economic benefit

• Control systems and procedures ensuring the early warning for every divergence from the goals pursued
Outline Privatisation Strategy

Main parties and development procedure

- **Hellenic Republic**
  - Strategic directions
  - Assets transfer
  - Legislation

- **HRADF**
  - Members of the Board of Directors
  - Independent observers

- **HRADF’s staff**

- **Financial, legal, technical advisors**

- **Council of Experts**

- **Preferred Bidder**

- **Independent Valuer**

- **Court of Auditors**

**CONTROL**
## Privatisation Programme Overview

### Greece: Privatization Plan - 2011-2016

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Total (€'mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Assets</td>
<td>1.558</td>
<td>32</td>
<td>2.215</td>
<td>1.777</td>
<td>374</td>
<td>374</td>
<td>6.330</td>
</tr>
<tr>
<td>Land Development</td>
<td>0</td>
<td>69</td>
<td>342</td>
<td>570</td>
<td>767</td>
<td>1.167</td>
<td>2.915</td>
</tr>
<tr>
<td>Banks</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1.900</td>
<td>1.900</td>
</tr>
<tr>
<td><strong>Total Proceeds</strong></td>
<td>1.558</td>
<td>101</td>
<td>2.557</td>
<td>2.347</td>
<td>1.141</td>
<td>3.441</td>
<td>11.145</td>
</tr>
<tr>
<td><strong>Cummulative</strong></td>
<td>1.558</td>
<td>1.659</td>
<td>4.216</td>
<td>6.563</td>
<td>7.704</td>
<td>11.145</td>
<td></td>
</tr>
</tbody>
</table>

### Graph

- **Corporate Assets**
- **Land Development**
- **Banks**
- **Cumulative Proceeds**

The graph shows the annual and cumulative proceeds from privatization efforts. The cumulative proceeds reach €11.145 mn by 2016.
## Privatisation Programme Overview - Timeline

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
</tbody>
</table>

**CORPORATES**
- Public Gas (DEPA/DESFA)
- Thessaloniki Water (EYATH)
- Football Prognostics Organization (OPAP)
- Horserace Betting Organization (ODIE)
- Hellenic Petroleum (HELPE)
- Athens Water (EYDAP)
- Hellenic Post (ELTA)
- Mining and Metallurgical Company (LARCO)
- Defense Industries (EAS, ELVO)
- Athens International Airport (AIA)
- Public Power Corporation (PPC)
- Railways (Trainose)

**CONCESSIONS**
- State Lottery
- Egnatia Odos
- Small ports and marinas
- Regional airports
- Large regional ports
- South Kavala Gas Storage
- Digital Dividend

**LAND DEVELOPMENT**
- Hellinikon
- IBC
- Cassiopi
- Real Estate lot 1 (Afantou)
- Sale/repo 28 buildings
- Astir Vouliagmenis
- Real Estate lot 2
- Real Estate lot 3

Legend:
- Preparation
- Tender
- Audits & Approvals
Program Status

Projects in progress

- Sale of State Lotteries
- Sale of DEPA/DESFA (natural gas supply, transportation, distribution)
- Sale of 33% stake in OPAP (gaming operator)
- Development of Kassiopi area in Corfu
- Development of Hellinikon
- Development of Afantou area in Rhodes

Preferred Bidder selected by

- Q4/2012
- Q1/2013
- Q1/2013
- Q2/2013
- Q3/2013
- Q3/2013
A concerted effort of restructuring the Economy

- A large number of Government actions needs to be accomplished in order that:
  - Privatisations can proceed successfully
  - The overall economy can become more open and competitive
- More than 80 major, critical Government Pending Actions (GPAs) were identified in August 2012
  - Accumulated since several months
  - Encompassing structural matters such as:
    - Establishment of regulatory authorities
    - Abolishment of minimum state participation
    - New zoning and town planning legislations
- Through a concerted effort between the State and the Fund, about half have been finalised; by the end of the year more than 75% will be accomplished
  - Fully in line with the Privatisation Program
Targeting Investors

HRADF is targeting investors from all around the globe:

• with long time horizons
• with strategic commitment
• who are convinced that Greece can provide the extra return

What the Fund offers:

• friendly approach and truly excellent assets
• well defined and market orientated privatization concepts characterized by:
  • transparent procedures
  • speed of execution
  • legal clarity
Conclusions

- The largest committed investment program in the world
- Structured in an absolute business context
- A concerted effort between the Government and the Fund to implement all the necessary restructuring initiatives in a focused manner
- Greek economy has seen the worst, as:
  - GDP has been shrinking by 30%, for the last six years; Greek assets trade at much lower values than their real ones
  - Labor costs shrunk by at least 25%
- The Privatisation Program is now at the point of full deployment
- Within the next two years, all the infrastructure and corporate assets, as well as the most important real estate ones, will be privatised
  - Appropriate time for international investors to consider investing in Greece
The End

Thank you for your attention