



---

# **PUBLIC GAS CORPORATION (DEPA) S.A.**

Business Opportunities with DEPA

**December 2010**

**Harry Sachinis, Chairman & CEO, DEPA S.A.**

A decorative graphic consisting of several overlapping, wavy, horizontal bands in shades of light blue and green, located at the bottom of the slide.



# Business Opportunities with DEPA

---

- ✓ Southeast Europe is growing economically and the gas market is expected to grow by 17-18 bcm by 2025 (60%-80% increase)
- ✓ Greece is the geographic and economic entry point into SE Europe
- ✓ DEPA, the incumbent gas supplier in Greece, aims to be the premier regional gas company, offering a broad portfolio of attractive opportunities



---

## Why Southeast Europe?





## Why Southeast Europe?

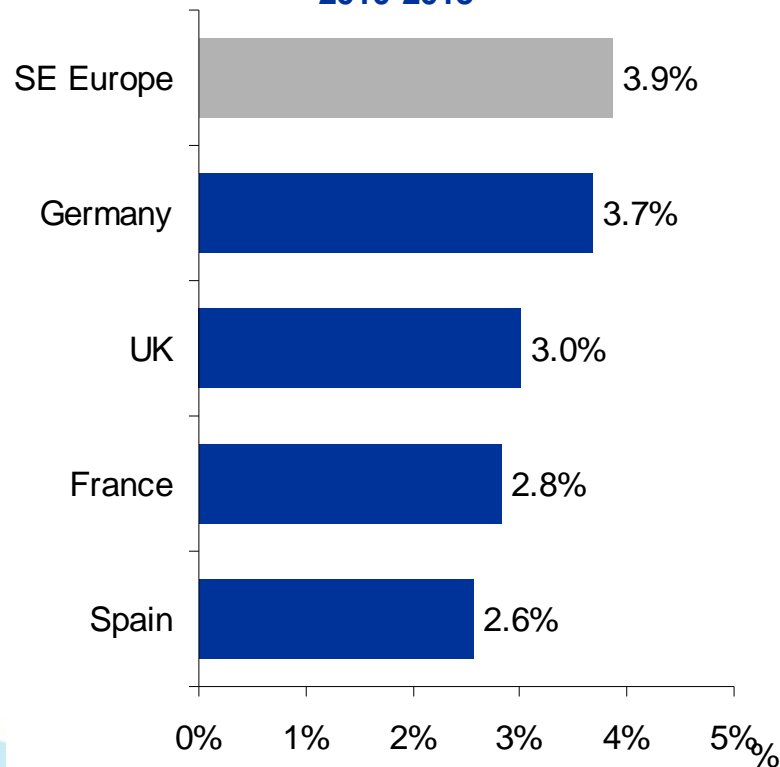
---

- ✓ IMF forecasts 3.9% average growth from 2010 to 2015.
- ✓ Low per capita energy use means much potential growth.
- ✓ Gas is underused in the region and has great scope to grow.
- ✓ High dependence on Russia creates need for diversification.
- ✓ Forecast that regional gas demand will grow 60%-80% by 2025.



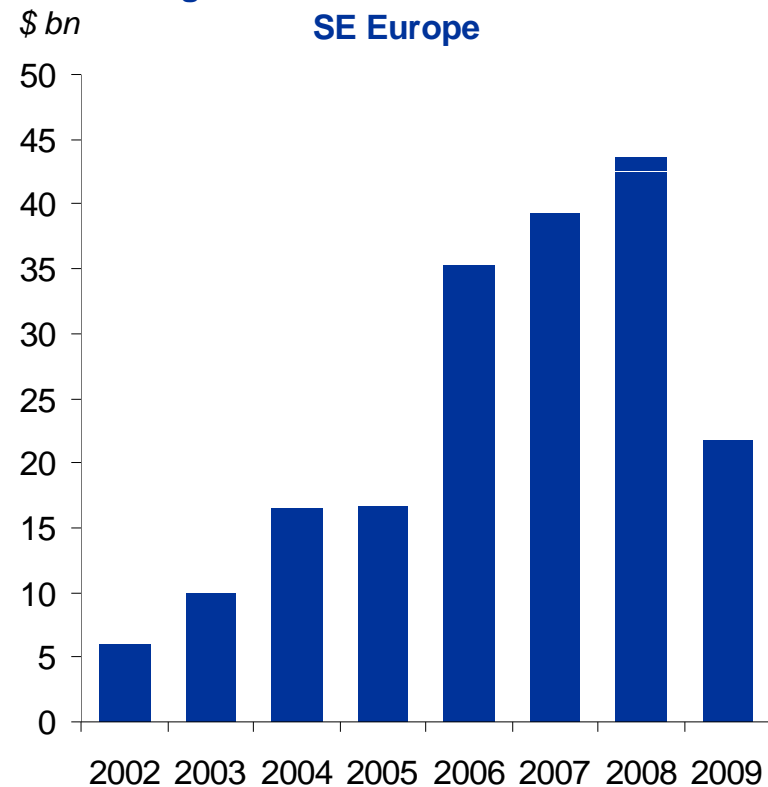
# SE Europe: Economic Growth & Attracting Foreign Investment

**Real Annual Average GDP Growth:  
2010-2015**



Source: International Monetary Fund (IMF)

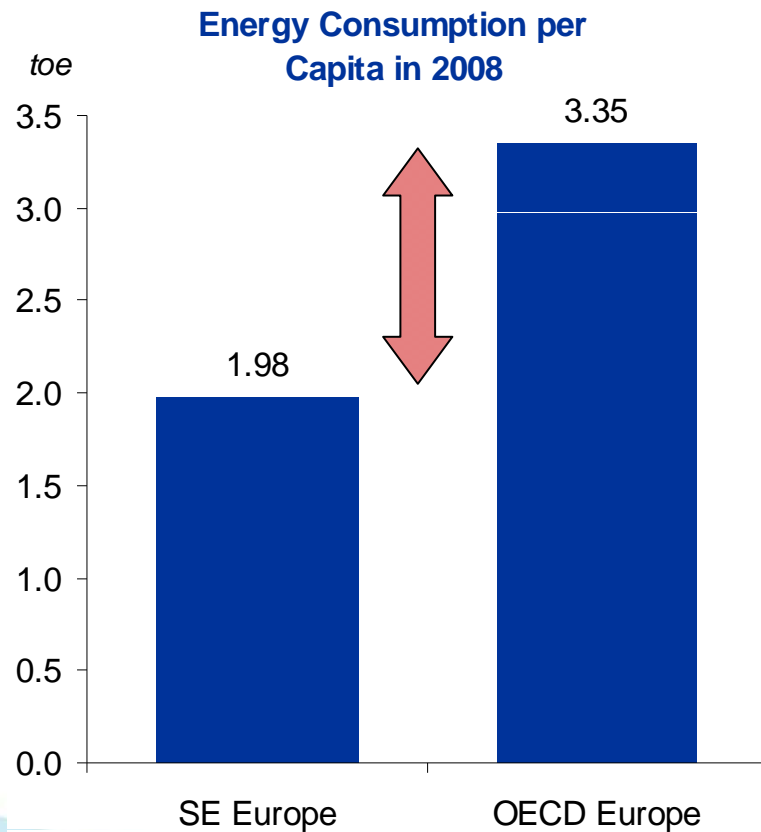
**Foreign Direct Investment Inflows into  
SE Europe**



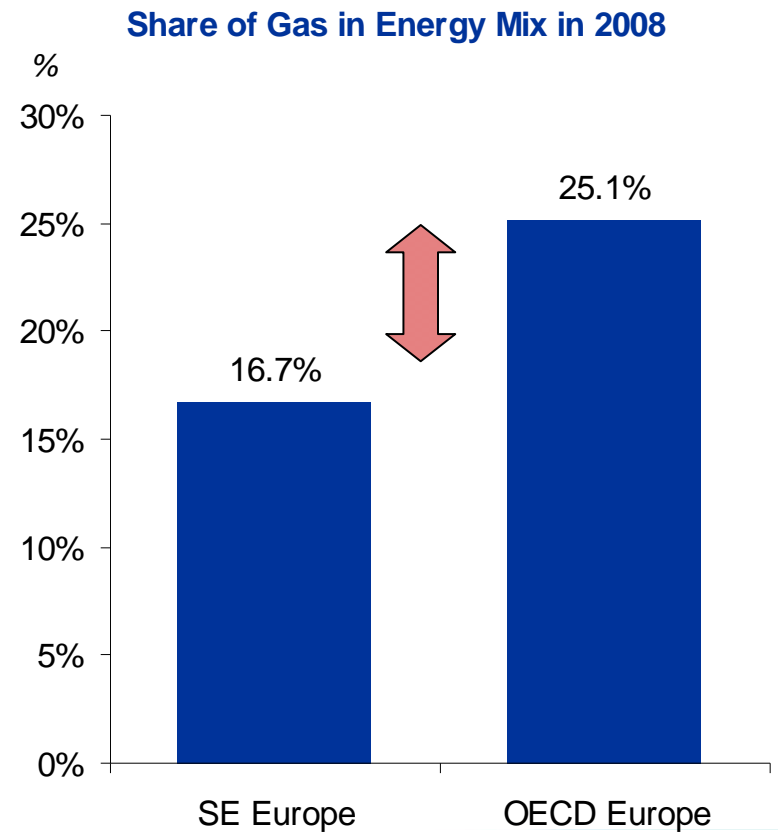
Source: UNCTAD, PFC Energy



# SE Europe Can Consume More Energy and More Gas



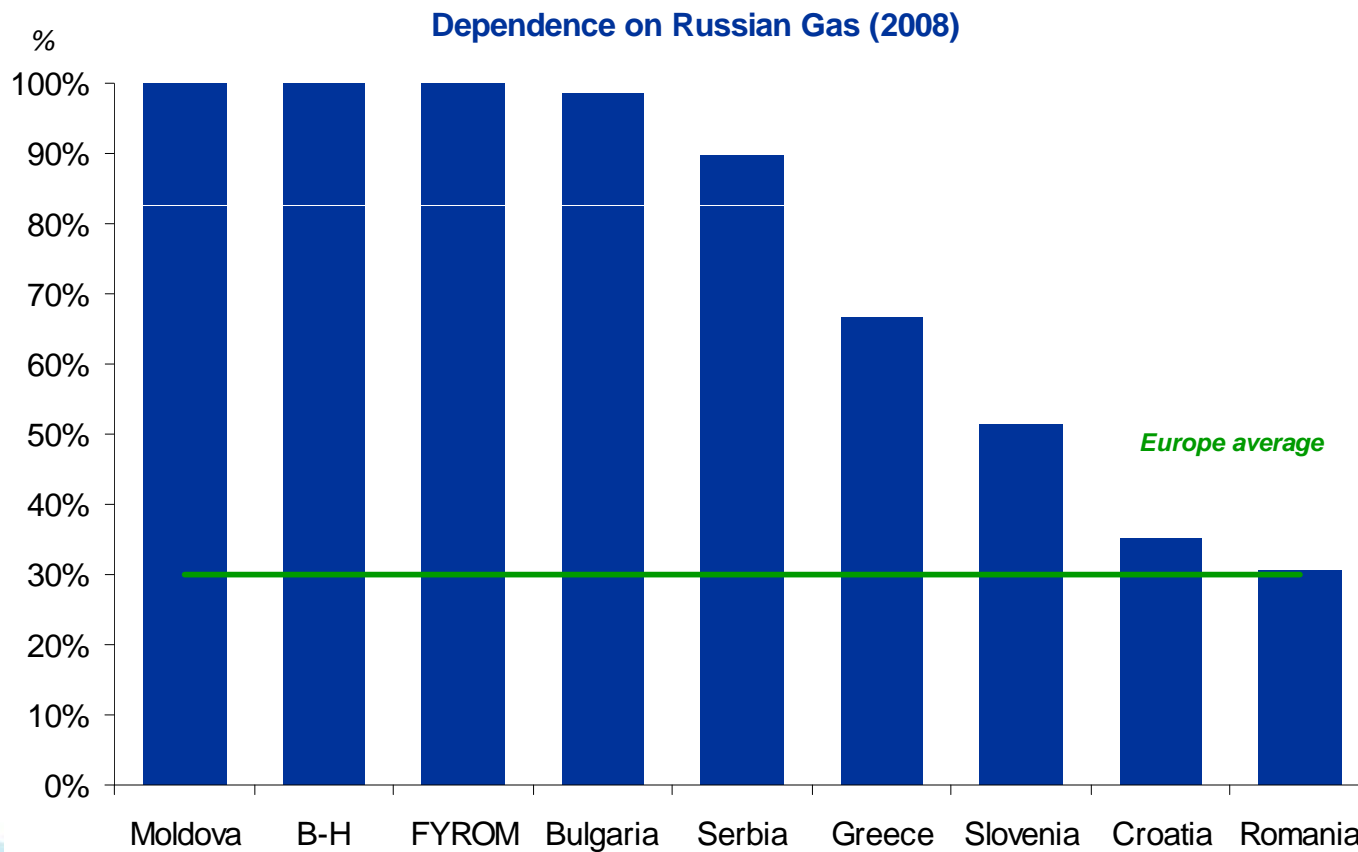
Source: IEA, PFC Energy



Source: IEA, PFC Energy



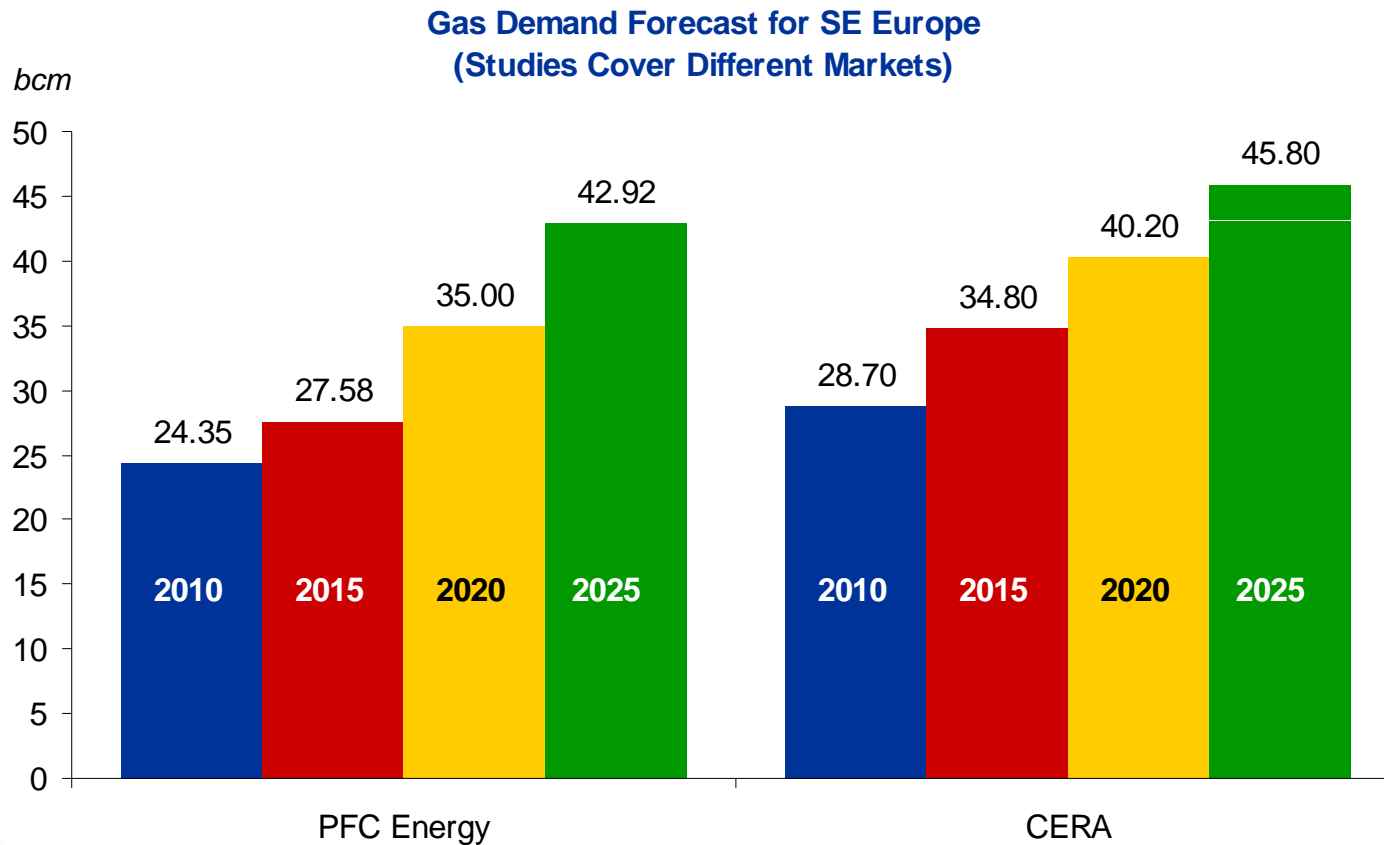
# SE Europe Wants to Diversify From Russia



Source: IEA, PFC Energy



# SE European Market to Grow 17-18 bcm by 2025







---

Why Greece?





# Greece is a Major Economic Player in the Region

## *Foreign Investment (2008)*

Country	Greek Foreign Direct Investment Stock, \$ mm	Greek % of Total Foreign Direct Investment Stock	Rank of Greece in Country FDI
Albania	906	25.0%	1
Bulgaria	3,530	8.3%	2
FYR Macedonia	561	15.0%	1
Romania	4,720	6.5%	6
Serbia	2,862	15.0%	2
Total	12,578	8.9%	-

## *Foreign Trade with Greece (2008)*

Country	Greece Share of Total Country Exports	Exports to Greece as Share of GDP
Albania	11.6%	1.0%
Bosnia	0.4%	0.1%
Bulgaria	9.9%	4.5%
FYR Macedonia	12.4%	5.2%
Montenegro	12.3%	2.0%
Romania	1.8%	0.4%
Serbia	2.2%	0.4%

Source: Economist Intelligence Unit



# “Greece is Changing” say the IMF and the European Commission

- ✓ International Monetary Fund, First Review Under the Stand-By Arrangement (September 2010)
  - ✓ “Policy implementation has made a strong start ... Fiscal, banking, and structural reforms are ahead of schedule. A major pension reform was approved in July. Substantive labor market reform is also underway. A significant budget legislation reform, local government reform, and legislation governing the Financial Stability Fund have been passed”
- ✓ European Commission, The Economic Adjustment Programme for Greece - First Review (Summer 2010)
  - ✓ “Greece has managed impressive budgetary consolidation during the first half of 2010. It has also achieved impressive progress in major structural reforms which will help to transform the economy. Some of these reforms have been undertaken ahead of schedule.”
  - ✓ “All budgetary performance criteria for June 2010 have been met.”
  - ✓ “All fiscal measures foreseen to be taken in 2010 have been adopted.”
  - ✓ “Significant progress has been achieved in structural fiscal reforms”
  - ✓ “Major steps forward have also been made in the broader structural reform agenda.”

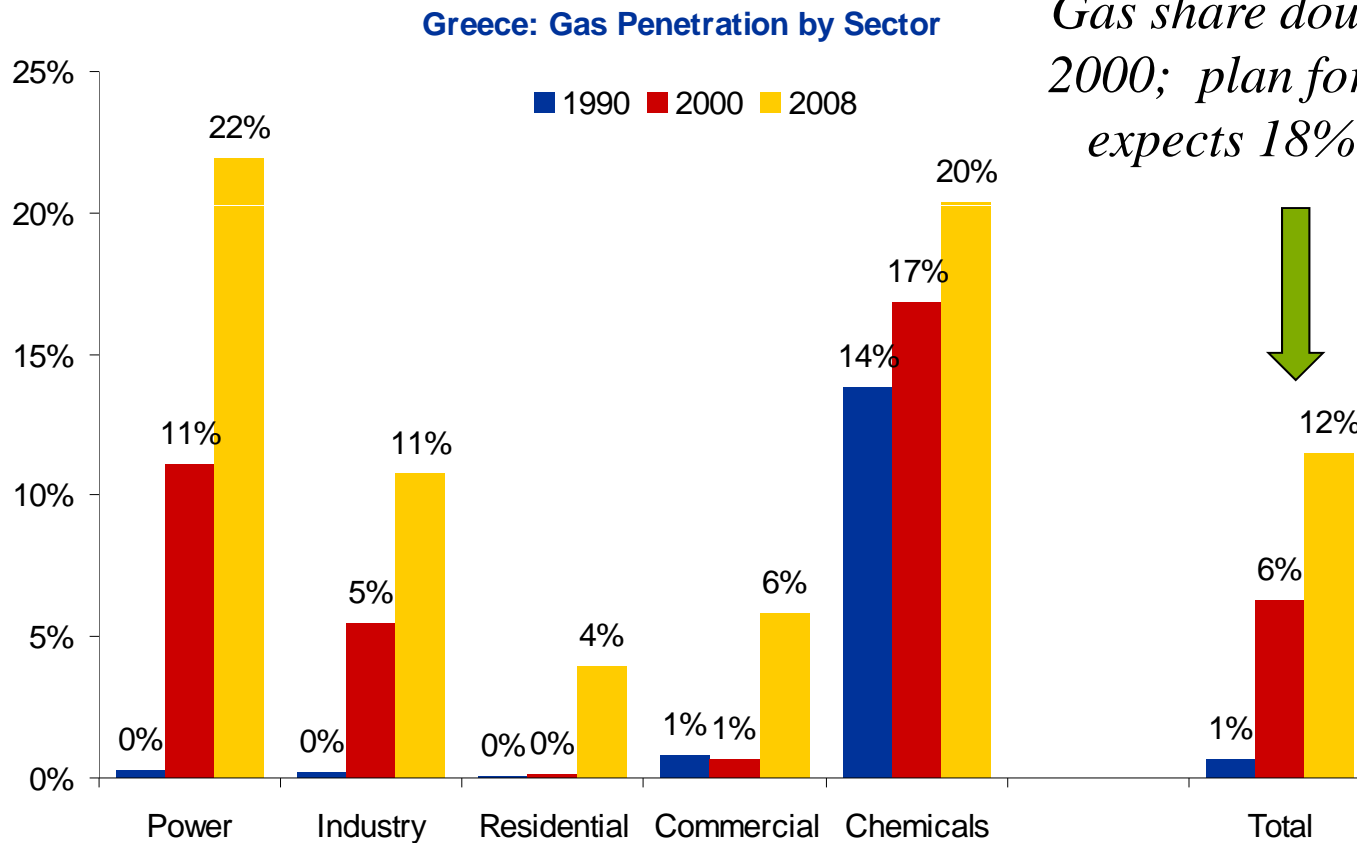


# “Fast Track” Process for Foreign Investment

- ✓ Fast Track is a process to “cut through the red tape” and minimize delays and overlapping risks by creating a one-stop-shop for investors interested in Greece
- ✓ Fast Track focuses on sectors which are crucial for Greece’s development and is meant for large-scale investments with a positive multiplying effect on GDP.
- ✓ “Invest in Greece” is the state agency responsible for issuing to the investor all required licenses, permits, etc. within the deadlines set in the Fast Track law.
- ✓ Fast Track promotes fairness and transparency:
  - ✓ (a) it sets an objective evaluation and selection process, which does not include any committee or subjective scoring at any stage of the evaluation;
  - ✓ (b) its exclusive deadline and deemed-approvals mechanisms protect an individual investor from any intentional delay or any other type of “extortion” potentially caused by anyone in the permit/licensing pipeline;
  - ✓ (c) all permits, interim or final resolutions, agreements, concessions, etc., shall be introduced in the Greek Parliament for exhaustive review and ratification.



# Gas Role Rising in Greek Energy



*Gas share doubled since 2000; plan for 20-20-20 expects 18% by 2020*

Source: IEA, PFC Energy



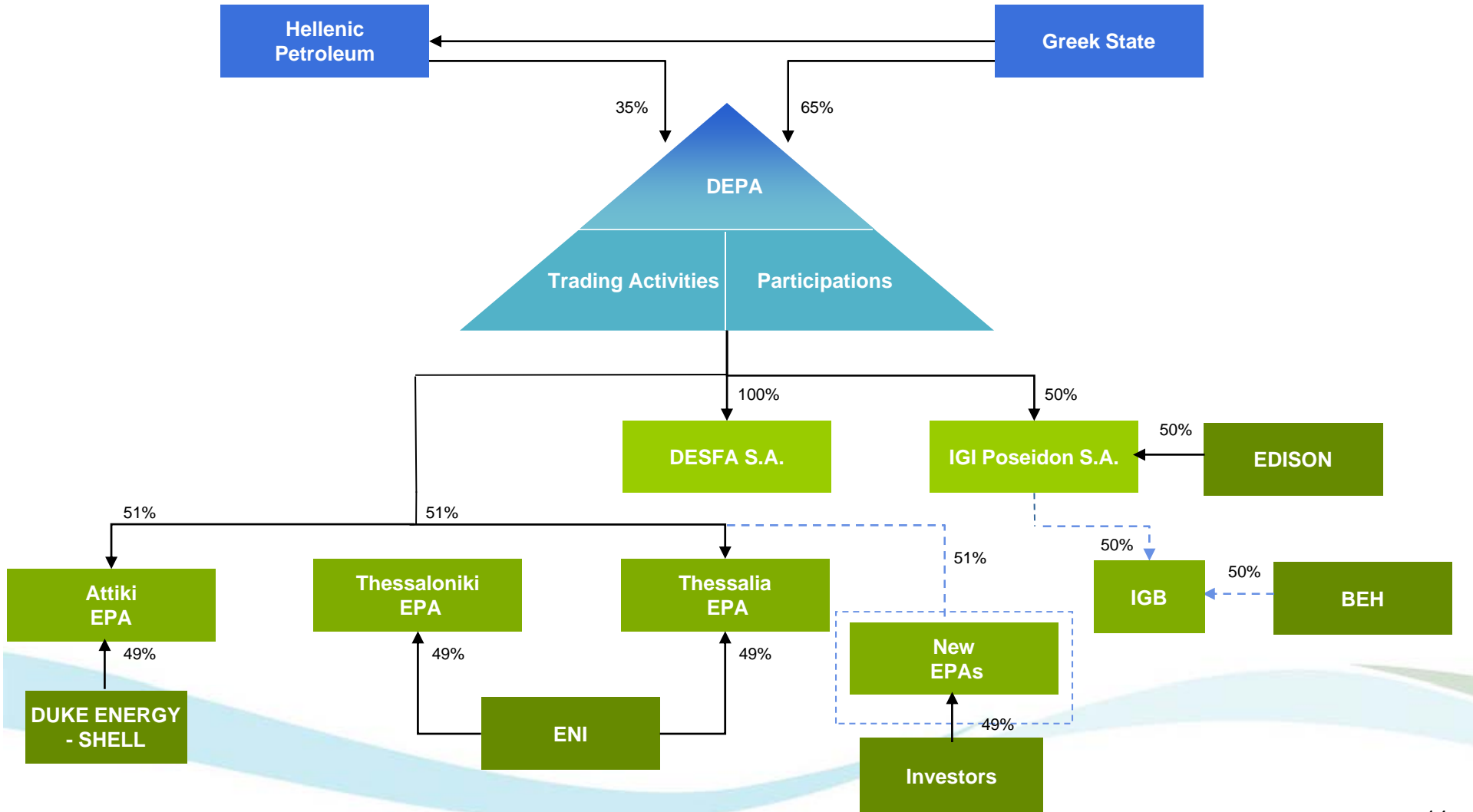
---

Why DEPA?

Decorative wavy lines in shades of green and blue at the bottom of the slide.



# The DEPA Group





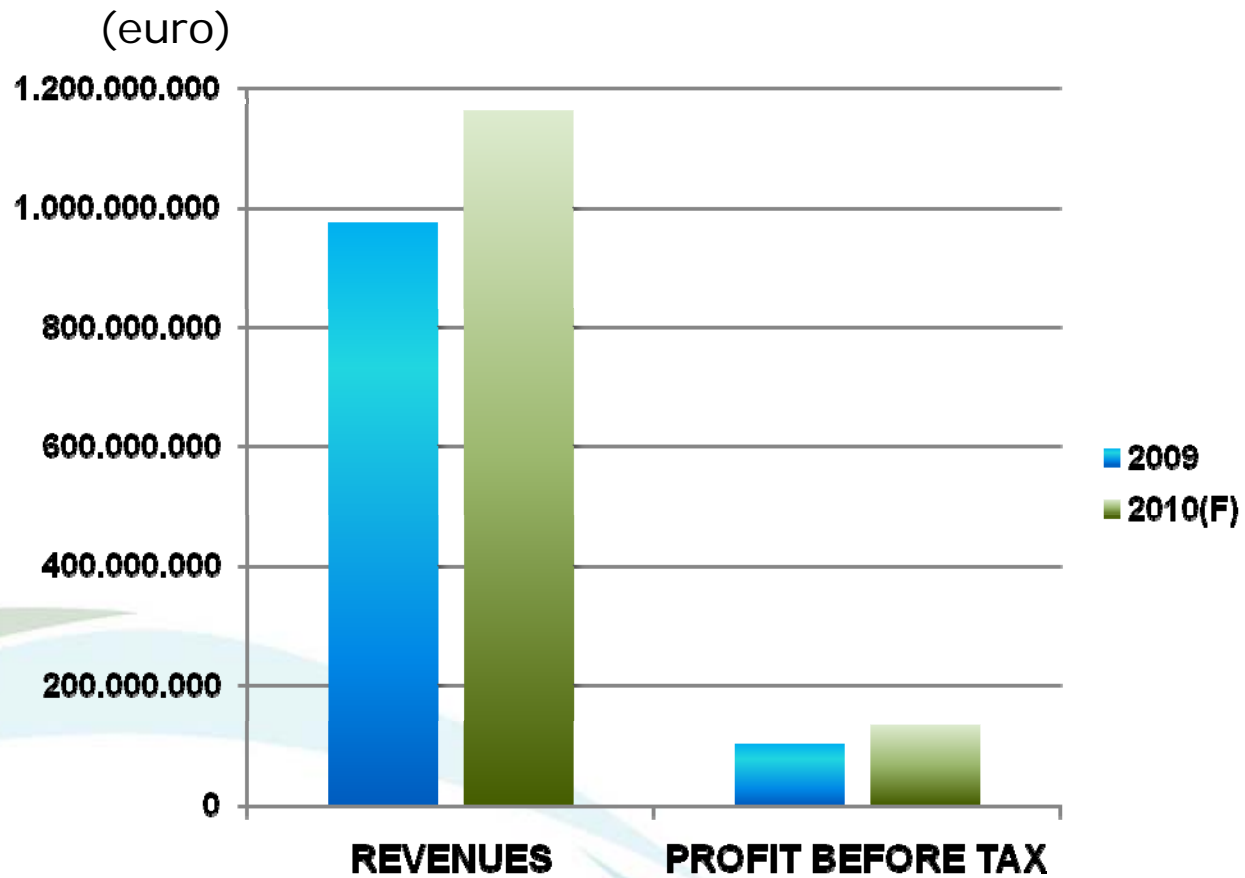
## DEPA: Experienced & Ambitious

- 1987: Agreement with USSR to supply gas to Greece
  - 1988: DEPA incorporation
  - 1992: Pipeline construction
  - 1996: First gas deliveries
  - 1999: LNG terminal completed
  - 2000: Opening distribution market
  - 2005: Liberalization law
  - 2007: Legal unbundling of DEPA from DESFA (operator of transmission)
  - 2008: IGI Poseidon incorporation
- ✓ Retain sizeable market share in liberalized Greek market and raise gas share in energy mix
  - ✓ Develop material position in neighboring countries to take advantage of market liberalization there
  - ✓ Deepen and diversify supply portfolio of piped gas and LNG
  - ✓ Develop cross-border pipelines, turning Greece into a hub for the region
  - ✓ Expand non-gas business such as integration with power



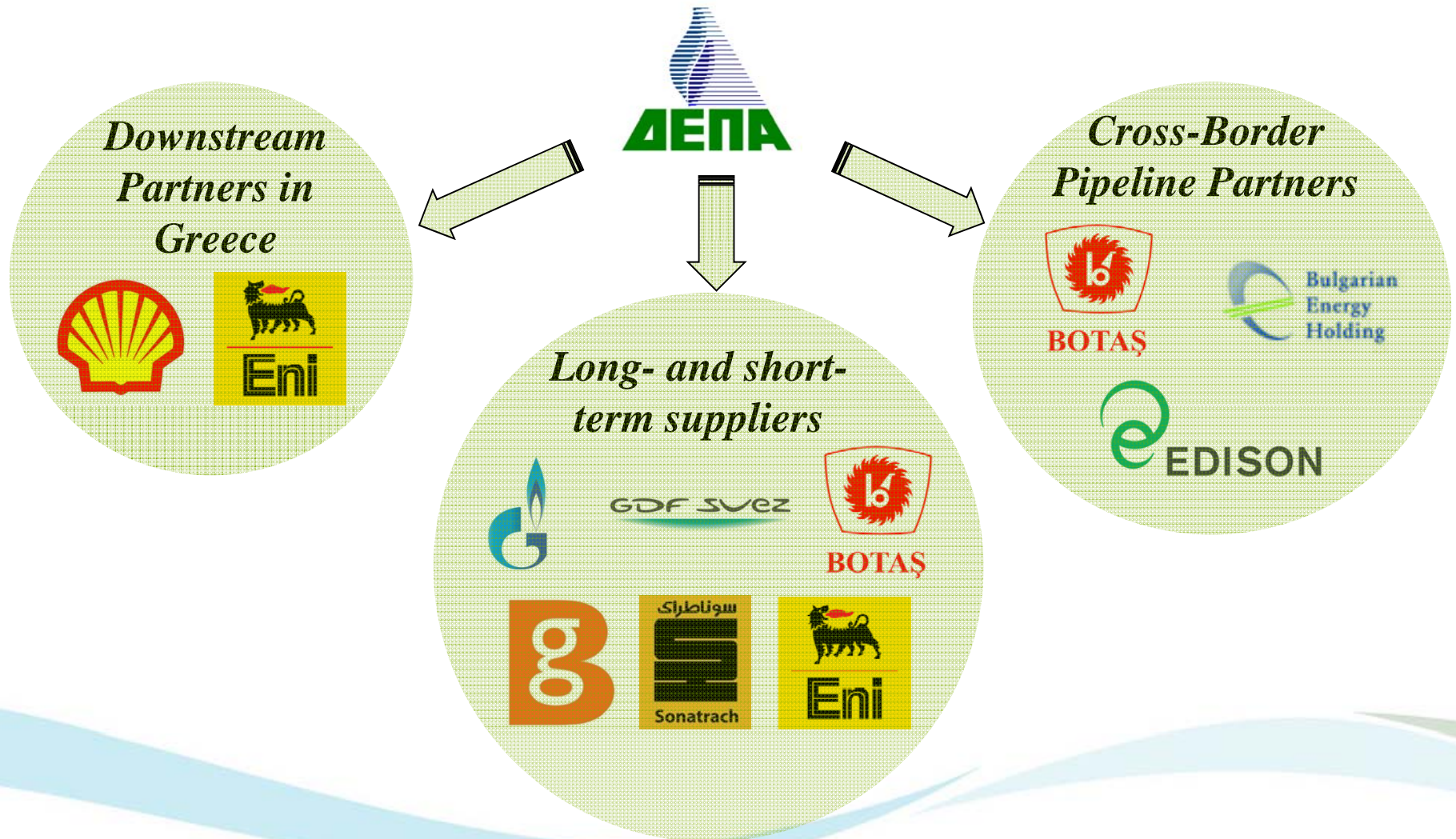


# DEPA Group Revenues and Profits





# DEPA: Deep Relationships with Major Gas Players





---

# Business Opportunities



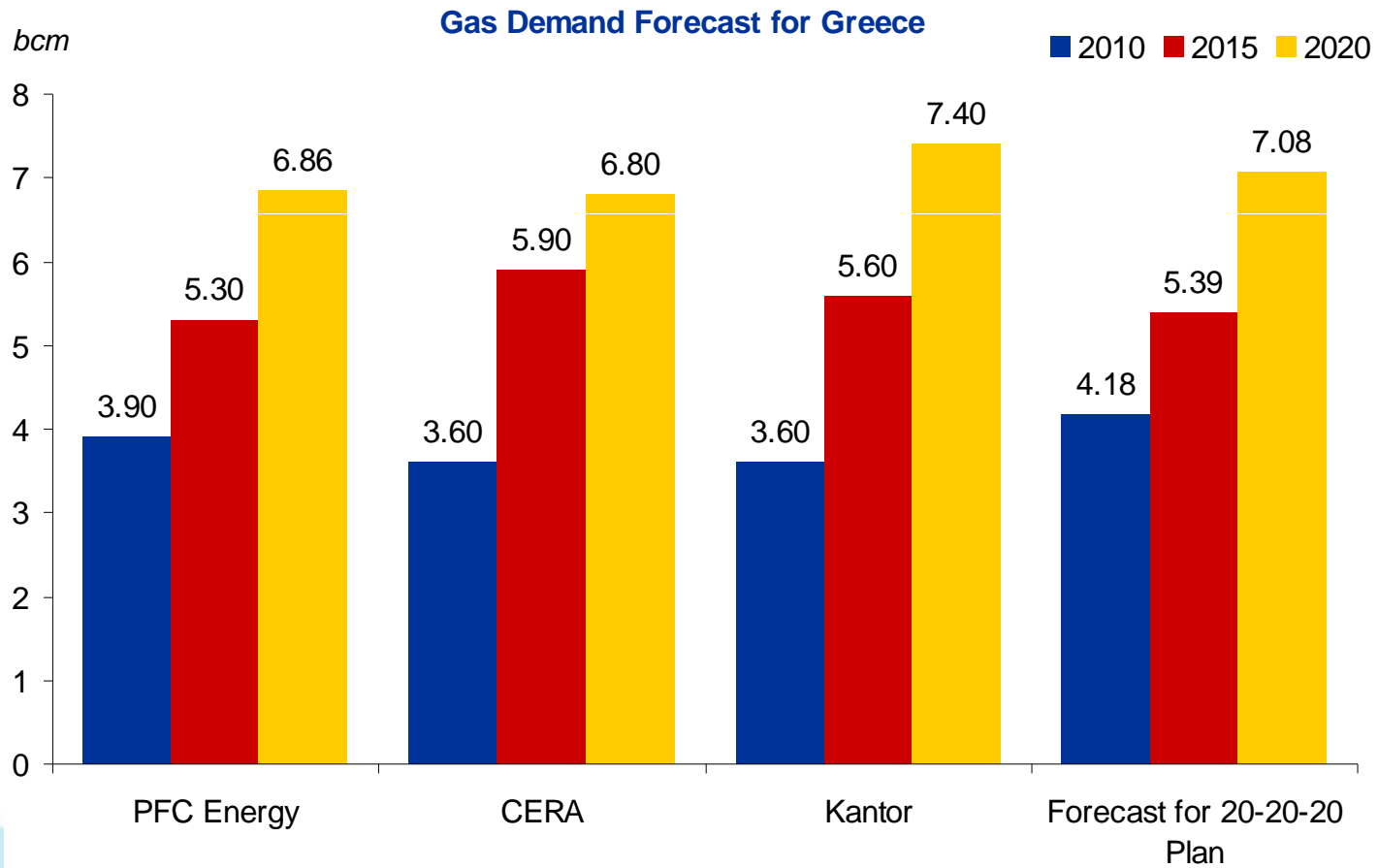


# Several Business Opportunities

- ✓ Greece and the Balkans need diversified long-term supply
- ✓ Investment in new infrastructure
  - Aegean LNG regasification terminal in Northern Greece
  - South Kavala underground gas storage facility at the crossroads of key cross-border pipelines
    - Interconnector Greece-Bulgaria (IGB)
    - Interconnector Turkey-Greece-Italy (ITGI)
- ✓ Investment in Companies
  - Three existing distribution companies – one is looking for new investors
  - New distribution companies to be set up to further gasify Greece
  - Government plans for DEPA privatization



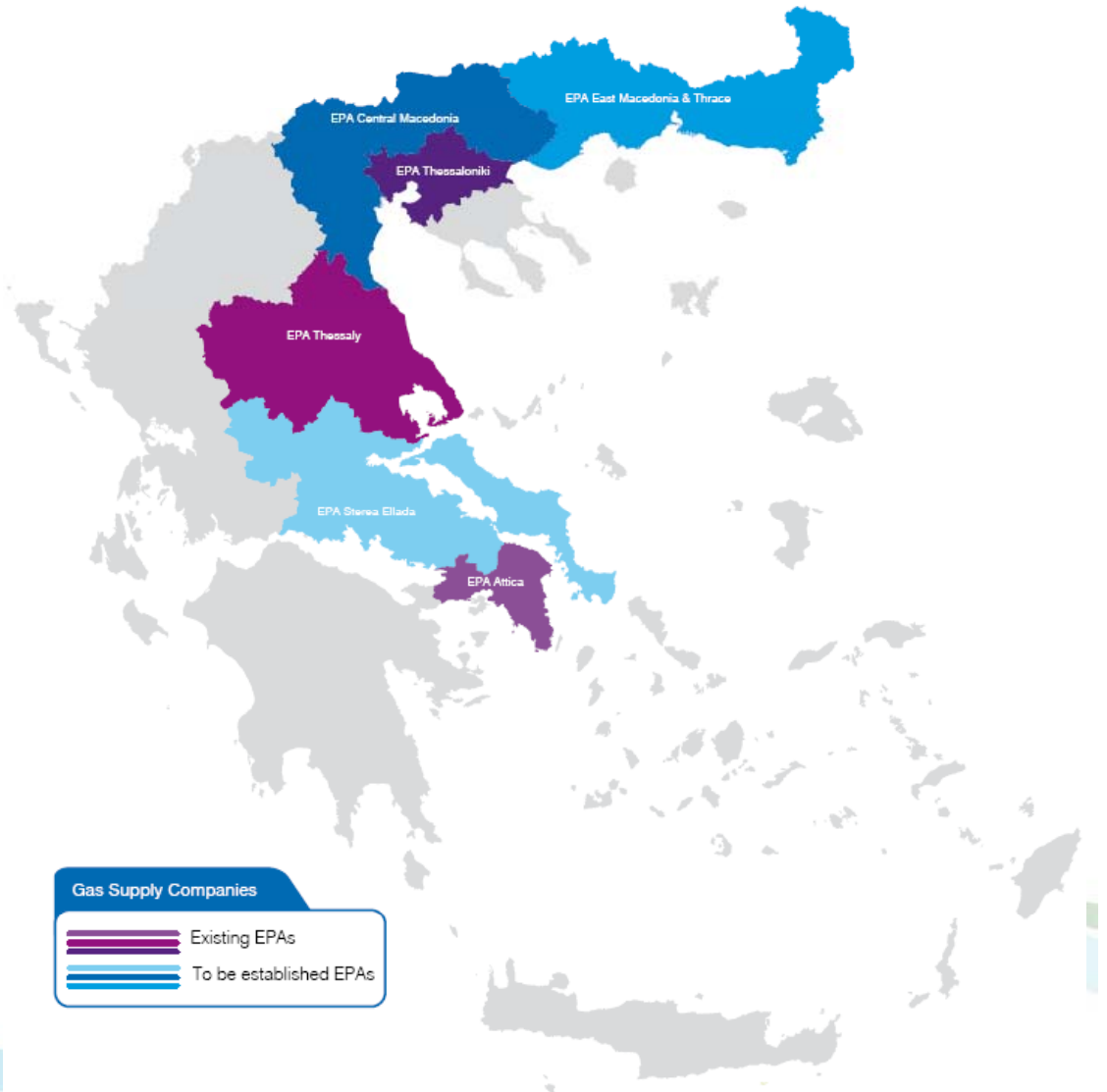
# Greek Market to Grow to ~7 bcm by 2020 from under 4 bcm in 2010





# Downstream Opportunities with Attractive Margins

- ✓ Greece has three existing distribution companies with long-term exclusivity licenses
- ✓ Attractive margins although EPA Attica has suffered from sales strategy
- ✓ New opportunities in new parts of Greece



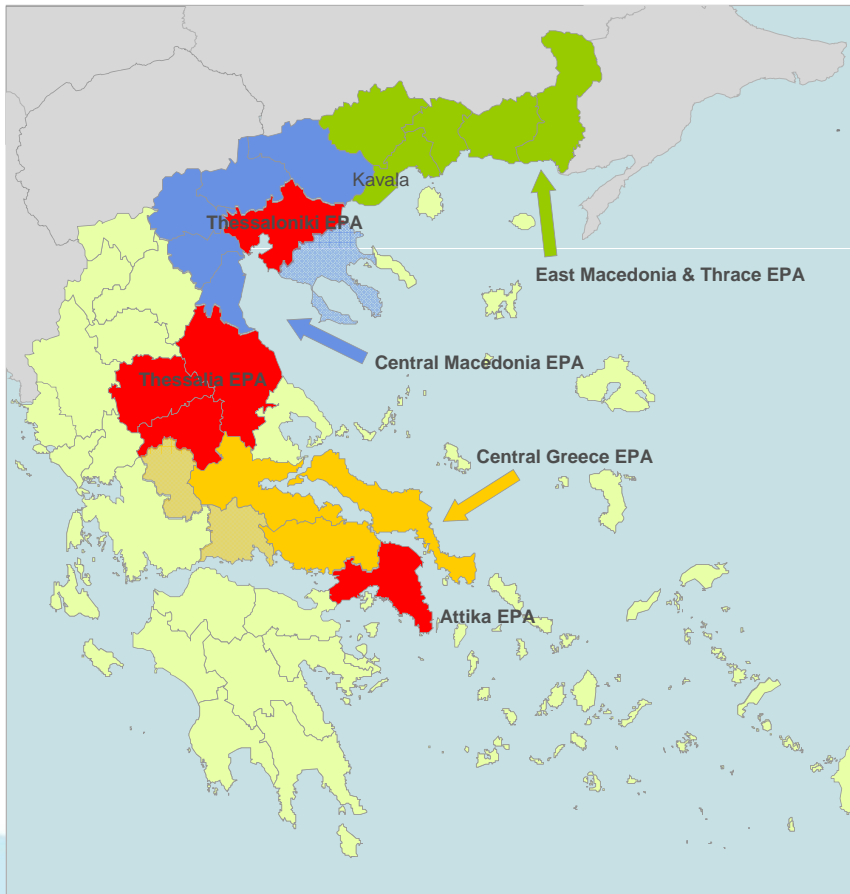
## EPA Attiki



- ✓ Procedure in progress for selecting new Investor to acquire an interest of up to 49% with management rights (rest of 51% owned by DEPA)
- ✓ EPA Attiki key characteristics :
  - The largest gas supply company, including the wider Athens urban area (~ 4,5 mm inhabitants, ~ 1 mm households)
  - Gas market potential ~1 bcm (current sales volume ~ 300 mm cm)
  - Exclusive license to develop operate & exploit a distribution network of more than 3200 km.



# New Distribution Companies to Further Gasify Greece

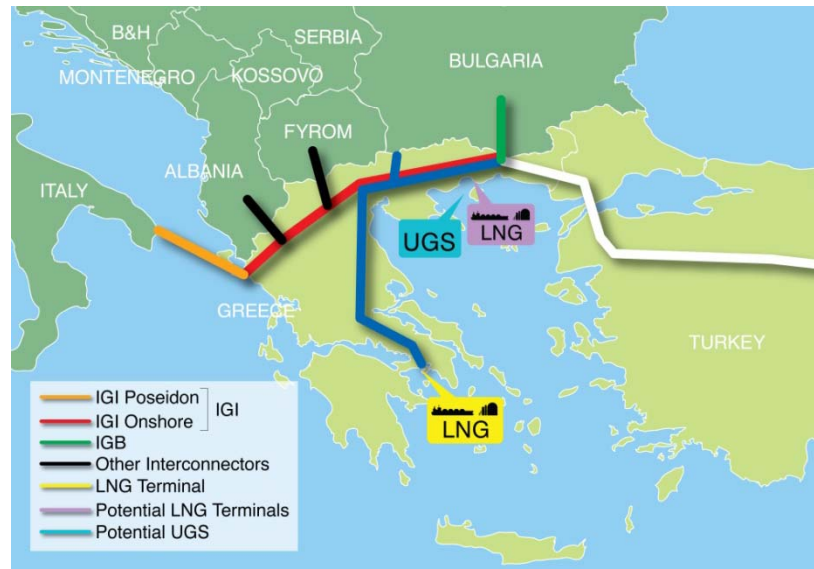


- ✓ Tenders for the new distribution companies launched in 2011
- ✓ DEPA majority shareholder; foreign investors for 35%-49%, including management
- ✓ Long-term exclusivity agreement guarantees market





# New infrastructure at Energy Crossroads



Project	Concept	Participants	New infrastructure Link
Turkey-Greece-Italy Interconnector	8-11 bcm/yr from Turkey to Greece to Italy.	DEPA-Edison	Connection with Italian market, targeting SE demand centers.
Interconnector Greece-Bulgaria	~100 mile pipeline from Komotini in Northern Greece to Haskovo, Bulgaria for 3-5 bcm/yr by 2012.	DEPA-Edison-BEH	Link north to broader regional market, including Bulgaria and Romania.



# The Aegean LNG project

- Regasification terminal in Northern Greece to target the broader SE European market
  - Onshore site identified and secured with preliminary technical study
  - Pre-feasibility study for offshore concept
- Proposed size: 4 to 6.8 bcm
- Estimated start date: 2013-2014
- Cost estimate: \$350 - \$600 mm (depending on size, project configuration)
- Third-party access exemption likely
- Project structure: consortium with 3-4 investors, including suppliers

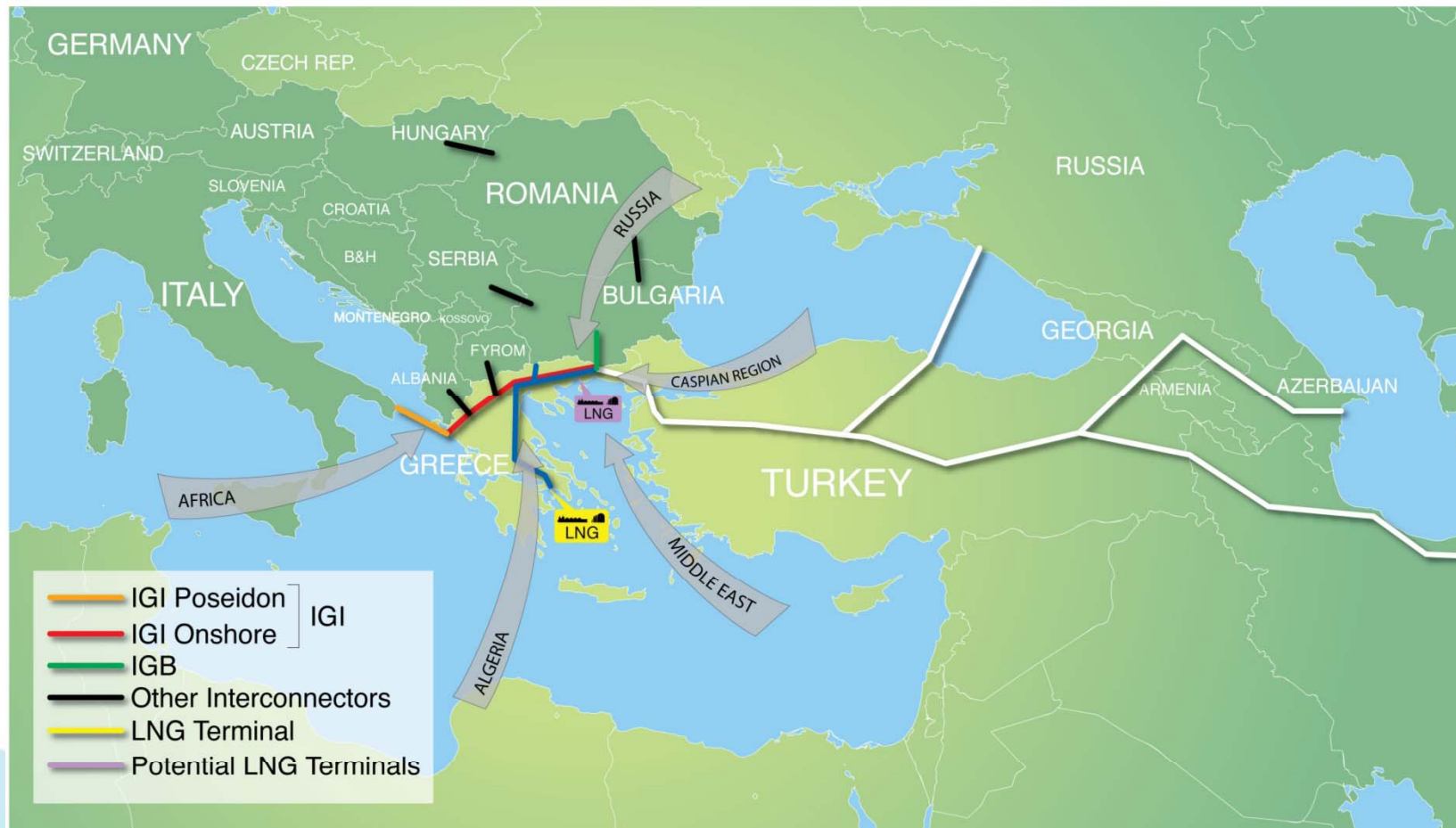


## South Kavala UGS project

- Conversion of an almost depleted gas field into an underground gas storage facility
- The only UGS project in Greece
- Working gas volume : ~ 400 mm cm/day
- Deliverability : 4 mm cm/day
- Investment cost estimate : ~ 400 mm €
- Strategic locations to cover local (mainly) and regional needs
- Structure is under examination



# Greece: The Regional Hub





---

Thank You!

