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We are pleased to attach the first edition of Eurofin's monthly Greek Newsletter providing business news and highlighting investment opportunities in Greece.

EUROFIN GROUP

The purpose of this newsletter is to provide an up-to-date summary of current developments in both the private and public sectors in Greece and highlight areas of potential interest for prospective investors all over the world.

The Eurofin Group is an investment banking boutique established in 1984. With offices in London, Athens and Singapore, Eurofin offers advisory services and assistance to companies and individuals conducting business or considering investments in a number of different industries and countries.

Although the main focus of the Group is in the shipping industry, over the years Eurofin has also been active in other sectors such as Energy, Telecoms and Tourism among others.

Having established our Athens office in 1989, we have kept a close watch on the developments in Greece, especially in the past few years as the country has been in the forefront of global news due to all the wrong reasons

NATIONAL ECONOMY NEWS AND TRENDS

- **Fiscal Targets:** The Government remains broadly on track to meet the 2013 fiscal targets. In this respect there is a high probability of a small national primary surplus this year.
- **Privatization Programme:** There are delays in the implementation of the 2013 Greek Government Privatization Programme. The 2013 target revenues of the privatization programme amounts
- **European Structural Funds:** Greece will get from the Community Support Framework € 14.5 bn for infrastructure projects and schemes to combat youth unemployment, plus another € 1.8 bn will be given for rural development. Greece is also set to be given about € 2 bn more in 2016, when its participation in the EU budget will be reassessed because of the crisis.

€ 1.6 bn while until today the current revenues are estimated at € 157 mil. The sale of OPAP, the Greek Lottery Organization, could improve the situation. However, it is estimated that at the end of the year the actual revenues from privatizations will be some € 450 mil below the budgeted figure.

- Competitiveness: Internal devaluation since 2009 has recouped 3/4 of competitiveness loss during the 2000s, while the restoration of flexibility and economic performance in the labour market implies further gains in competitiveness over the next few years.

- Foreign Direct Investments: The FDI figure for the period January - May 2013 was equal to € 1.1 bn, whilst in the same period in 2012 the FDI was only € 224 ml.

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FINANCIAL MARKETS NEWS

- The four systemic banks of Greece (National Bank of Greece, Alpha Bank, Piraeus Bank, Eurobank) are preparing their five year restructuring business plans that must be submitted to the Ministry of Economy, the Bank of Greece, the HFSF (Hellenic Financial Stability Fund) and the DG Comp (European Commission) by the end of September.
- These systemic banks, which have been recapitalized by about € 26 bn, as well as funded to the tune of another € 16 bn by the HFSF, thus qualifying as state aid banks, have committed to DG Comp:
 - > to sell all their noncore assets (not related to their banking activities), eg. Alpha Bank is preparing to sell the Hilton Hotel in Greece, National Bank is selling Vouliagmeni Astir Palace Hotel complex, Eurobank is selling its Eurolife Insurance company.
 - > to sell assets/subsidiaries abroad. In this context, among other similar activities:
 - National Bank of Greece is preparing to sell a share of its Finansbank investment in Turkey, although as it is a profitable investment the bank would prefer to sell a minority stake, if at all.
 - Such asset sales, together with branch closures and task force reductions, will support the banks' capital needs which are being stressed by the increase in non performing loans, a result of the austerity measures imposed so far.
- Eurobank in particular, which has recently absorbed TT (Hellenic Postbank) and New
- In the same context, the Bank of Greece set up a Liquidations Committee in August to oversee all the "bad" banks that were created from the restructuring of Proton, Agricultural Bank of Greece and TT, which are in the process of liquidation by lawyers with limited experience with the sale of distressed assets. In the case of the FBB "bad" bank, the Bank of Greece turned the liquidation over to PwC in an effort to assess whether the process can be improved through the use of a specialist firm.
- Distress Funds: Many distress investment funds have expressed an interest to explore investments possibilities in Greece. In specific Carlyle Group has been visiting Greece and having meetings with ministries/ companies exploring ways of cooperation. Other funds that visited Greece include Apollo Capital, Monarch Alternative Capital, Oaktree Capital Management, York Capital, Marathon Asset Management, Fairfax, Blackstone, KKR and Third Point.
- London Roadshow: 27 Greek companies participated in the roadshow of 5-6 September in London. According to the President of the Greek Stock Exchange Market there was a "huge" interest from the investors' side, as there were over 150 fund managers that participated in the event. Just a few days after the completion of the 8th annual roadshow and a number of major well known investment and distress funds have started planning their visit to Greece and arranging appointments with Greek companies in order to explore possibilities of cooperation with them (e.g. OTE, OPAP, ETE, Alpha, DEH, Jumbo, Folli Follie Group, ELPE).
- It is expected that an olive oil contracts

Proton Bank is being restructured with the aim to be sold to an outside investor(s) within 2014. Prior to the sale, the bank will be further, recapitalized by the HFSF to the tune of € 2bn.

- Another commitment to the DG Comp is the reduction of the deposit spreads for all systemic banks. As a result, any outside investor who will buy a controlling share in Eurobank, or any other bank for that matter, will have a competitive advantage in the banking market both in terms of spread charged on loans, as well as higher deposit spreads, since the bank will be outside the DG Comp state aid rules.

commodities market will start operating within 2014 under the supervision of the Greek Stock Exchange Market. A similar plan is expected to be implemented regarding an energy derivative market. In this manner, there will be two new major markets in Greece.

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BUSINESS NEWS

- A number of chambers of commerce associated with Greece (Greek-American, Greek-French, Greek-Chinese, Greek-German and Greek-Arab) have confirmed that there is increasing interest in investments in Greece, mainly in the sectors of tourism, real estate, food and in the hydrocarbons field exploration.
- Tourism: During the period of January - June 2013, there was an increase of 12.3% in the arrivals of tourists in Greece compared with the same period in the previous year. The corresponding revenues have shown an increase of 17.8%. In this context, the most notable arrival increases were as follows: 13.6% from Germany, 14.7% from France and 47% from Russia. These statistics show that the tourism sector is slowly regaining a course of dynamic growth.
- Real Estate: According to Global Property Guide, the house nominal prices during the first quarter of 2013 show a decrease of 12.55% on an annual basis which is the largest decrease among 42 countries all over the world. It must be noted that over the same period in 30 out of these 42 countries house prices have actually increased. Notwithstanding this drop aggregating more than 50 % since the beginning of the crisis, very few real estate transactions are taking place, reflecting the lack of liquidity in the market. Liquid buyers can cherry pick prime commercial or residential property with virtually no competition.
- Hydrocarbon Exploration Projects: Goldman Sachs shows a vivid interest for projects involving exploration of oil and natural gas in Greece.
- Electricity Energy Market: The expected increase of the residential electricity tariffs and the possibility to compete over an annual turnover of € 6 bn in the near future provide a new landscape for the alternative electric energy service providers in Greece. In order to be able to compete with the Public Power Corporation (DEH), these providers are seeking alliances and partnerships in the European Market. They are expected to start selling their services in 2014 to low and medium voltage consumers.
- Seaplanes: The new legislation regarding the operation of seaplane passenger services has attracted the interest of many potential investors based in London, Dubai, Qatar, Canada and other countries.

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TENDERS PROCUREMENTS

The main procurements of tenders come from the Hellenic Republic Asset Development Fund (HRADF), but there are also private tenders taking place. Referring to HRADF, its sole mission is to maximize the proceeds of the Hellenic Republic from the development and/or sale of assets. The aim is to transfer assets to the private sector. Besides earning money from the operation, the government hopes that the transfer to the private sector will give a boost to the economy and encourage more private sector initiative.

- DEPA (Public Gas Corporation): A new attempt at privatizing DEPA is expected to be launched in October. This effort is expected to attract international companies, which in cooperation with Greek entrepreneurs, may want to take advantage of the Trans Atlantic Pipeline (TAP) project that will be implemented in Greece. The Trans Adriatic Pipeline (TAP) is a natural gas pipeline project starting from Greece via Albania and the Adriatic Sea to Italy and further to Western Europe, allowing gas to flow directly from the Caspian region to European markets.
- TRENSE (Greek Railways Corporation): The deadline for the submission of expression of interest for the privatization of TRENSE is the 16 September 2013. Three consortia have submitted their expression of interest (EoI) - SNCF from France, RZD from Russian Federation in collaboration with the Greek company GEK-TERNA and GFR from Romania.

- ROSCO (Hellenic Company for Rolling Stock Maintenance S.A.): The deadline for the submission of EoI for the privatization of ROSCO is the 30 September 2013. ROSCO is currently the sole provider of rolling stock maintenance services in Greece.
- Regional Airports: There are 11 consortia that have submitted their expression of interest (EoIs) for the privatization of 14 regional airports. The evaluation of these EoIs has been moved from July to September 2013. Seven out of eleven consortia have been qualified to participate in the tender procedure.
- Marinas: The bidding process regarding the first cluster of marinas to be privatized is on track. There are 11 consortia participating in the process. Further clusters are expected to be privatized in the near future.

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GREEK CONTROLLED SHIPPING MARKET DEVELOPMENTS

In view of its sizeable contribution to Greece's GDP, shipping has received and continues to receive special treatment by successive governments.

Today, despite the small size of the country, Greek interests control the world's largest fleet in terms of cargo capacity.

Although Greek shipping has not suffered similarly to other local industries as a result of the economic crisis in Greece, it has been affected by the global financial crisis and the contraction of global trade.

Vessel earnings and values have dropped significantly and many Greek shipowners have had to restructure their debt.

However many shipowners have used part of their liquidity they amassed over the boom years 2003 - 2008 to take advantage of the record low prices and expand their fleets. During 2013, Greek interests have made capital investments in the shipping industry of over US\$12 Bn.

The success of Greeks shipowners in asset play has not gone unnoticed by Private Equity. During 2012-2013 a number of reputable Greek Shipping families have joined forces with well known and sizeable PE funds (primarily US based) to invest in shipping, such as: Oaktree, York Capital, Matlin Patterson, Texas Pacific Group, Perella Weinberg Partners, Kelso and Carlyle.

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