NEWSLETTER

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Business Opportunity Outlook

Greece

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EUROFIN GROUP

This Newsletter is the official newsletter published by Eurofin Group bi-monthly, covering the market for the last 2 months. The purpose of the Newsletter is to provide an up-to-date summary and insight on current developments in both the private and public sectors in Greece and to highlight potential opportunities. The intended audience of the Newsletter is our clients, prospective investors and market participants all over the world.

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

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

Having established and operated our Athens office for over 25 years, we have been witnessing, monitoring and analysing the developments in Greece. During the recent years nonetheless, where the country has been in the forefront of global news for all the wrong reasons, we have kept a close watch on these developments, in an effort to share our observations with our audience.

NATIONAL ECONOMY NEWS AND TRENDS

- The Greek state posted a **primary budget surplus** during the January-November period, on a modified cash basis, of €4.6 billion down from €5.8 billion over the corresponding period of 2016, according to a report by the Finance Ministry.
- Greece's **current account deficit widened** to €624 million in October 2017 compared to the same month a year ago at €268 million, according to balance of payments figures released by the Bank of Greece (BoG).
- Greece has successfully completed a €30 billion voluntary **bond swap** aimed at boosting the liquidity of thinly traded government paper issued after its debt restructuring. The take-up reached 86% of bondholders, a government official told Reuters. Greece offered to exchange a strip of 20 government bonds issued after the debt restructuring in 2012 for 5 new benchmark issues. The new bonds have maturities ranging from 5 to 25 years and coupons from 3.5% to 4.2%.
- Greece's **annual headline consumer price index** accelerated according to statistics service data, being up in November 1.1% y-o-y from 0.7% in the previous month.
- Greek households were worse off in 2016 than 2015, as the Hellenic Statistical Authority (ELSTAT) data point to a reduction in their **disposable income, consumption and savings**. ELSTAT reported that households' disposable incomes shrank by 2.3% from €116.7 billion to €114 billion.
- Greece's **business environment** is continuing to lose ground, according to the World Bank's Doing Business 2018 report. The report showed Greece as having slipped to 67th place among 190 countries around the world, from 61st place in last year's report and this is the third year in a row that Greece has lost ground.
- The Finance Ministry revised downwardly its estimate for 2017 **growth rate** to 1.6%, from 1.8%, according to an internal document seen by Bloomberg. The EBRD, in its latest report, issued the same forecasts for Greek GDP growth for 2017 and 2018: 2% and 2.2% respectively. In its biannual "Economic Outlook" report the OECD said the Greek economy will only expand by 1.4% in 2017. Similarly, the OECD puts 2018 growth at 2.3%, compared to a 2.5% forecast by the government and the European Commission.
- The government has created **fresh debts** in the 2015-2017 period to end up owing €4.5 billion, up from €3.8 billion in 2014, despite receiving €5.1 billion from the European Stability Mechanism (ESM) up until October 2017 for clearing its arrears.
- Greece's Manpower Organization (OAED) appears to be particularly inefficient in helping people aged up to 34 to find work, as a special ELSTAT survey showed that only 2.4% of people aged 15-34 years received support from OAED in their effort to **find a job** during 2Q 2017.
- **Tax revenues** in Greece, as a percentage of GDP, skyrocketed in 2016 and reached at least a 30-year high, with the rate of tax revenue hikes being the highest among the OECD member-states during the previous year. The increase in the ratio between tax revenues and GDP has been impressive during the bailout era in Greece (2010-current), with the figure in 2010 at 32% and reaching 38.6% in 2016.
- After seven years of financial crisis, domestic devaluation and tax hikes, Greece ranks 22nd among 42 European countries in terms of **residents' purchasing power** (disposable income after the deduction of taxes and social security contributions), according to a continent-wide survey by GfK market researchers. The average per capita income in Greece amounts to €9,433 per year, which is just over two-thirds (67.7%) of the European average (13,397 €/year).
- **Public investments** appear to have been sacrificed this year on the altar of budget surplus overruns and handouts. According to the official data on budget execution for the first 11 months of 2017, Public Investment Program spending missed its target by €818 million. The 2017 Public Investment Program is expected to end the year with a shortfall of some €500 million, due to delays in the execution of projects co-funded by the Partnership Agreement for the Development Framework (ESPA).

- An analysis of **tax declarations** reveals that 80.8% of taxpayers – those who declare a low income – are responsible for just 16.8% of the total income tax on individuals, meaning that the remaining 83.2% of that tax is covered by 19.2% of Greeks.
- The Greek **trade deficit** rose 18.4% in the first 9 months of the year compared to 2016, to €16.1 billion, according to ELSTAT.
- The **financial state of Greek households** deteriorated further in November, with few managing to save any money, according to the latest business and consumer survey by the Foundation for Economic and Industrial Research (IOBE). The survey found that 9 out of 10 people had no plans to make any savings, up from 88% in October, with only 9% saying that they do manage to put some money away.
- **Tax authorities** have confiscated the salaries, pensions and assets of more than 180,000 taxpayers since the start of the year, but expired debts to the state have continued to rise, reaching almost €100 billion, as the taxpaying capacity of the Greeks is all but exhausted.
- In 2Q 2017 Greece had the highest **jobless rate** (21.1%) among member-states of the OECD. Crucially, while 2 out of every 3 people aged between 15 and 64 are employed in OECD countries on average, in Greece just 1 in 2 has a job. However, Greece's jobless rate fell to 20.2% in 3Q 2017, while about 75.6% of Greece's 970,000 jobless are long-term unemployed (at least 12 months).

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FINANCIAL MARKETS NEWS

- **Eurobank** 3Q 2017 net profit came to €61 million compared to €37 million in 2Q 2017 as provisions for impaired loans remained broadly flat. The company said the figure was before discontinued operations and restructuring costs from planned disposal of assets in Romania. Taking that into account, the bank reported a €15.3 million loss for 3Q 2017.
- **Piraeus Bank** turned loss-making in 3Q 2017, as higher provisions for impaired loans compared to the previous quarter offset an increase in net interest and commission income. Piraeus reported a net loss from continued operations of €19 million after a net profit of €7 million in 2Q 2017.
- **National Bank of Greece** (NBG) was loss-making in 3Q 2017 as weak net interest income and trading losses offset a decline in bad-debt provisions. NBG reported a net loss from continued operations of €44 million versus a net loss of €52 million in 2Q 2017.
- **Alpha Bank** reported lower 3Q 2017 profit compared to 2Q 2017 after booking higher provisions for impaired loans. Alpha's net profit from continuing operations was €35.6 million, down from €70.7 million.
- **Alpha Bank** is transferring debt in its portfolio from cards, consumer loans and small corporate loans delayed between 5 and 7 years, with a total value of €2.5 billion. The portfolio to go up for sale is made by up by 65% of consumer loans, 8% of credit card debts and 27% of small corporate arrears. They concern 240,000 loans taken out by 156,000 debtors, meaning that there are debtors with 2 or 3 loans (the bank has written off a high number of those loans).
- Banks appeared reluctant to proceed with **new corporate bond issues** scheduled by the end of the year due to the outflow of deposits they entail in what is a difficult period given that the capital controls remain in place.
- The application of the **new accounting standard IFRS 9**, will cost the Greek systemic banks some €7.6 billion according to Morgan Stanley, due to the additional provisions it will entail. Application of the new IFRS accounting standards will allow Greece's systemic banks a freer hand in reducing NPEs through write-offs and the sale of blocs of loans on secondary markets.
- According to BoG data, **total credit** in Greece's banking system contracted 1.5% y-o-y in

September after a 1.5% decline in the previous month.

- The ECB has lowered the ceiling on **emergency liquidity assistance** (ELA) Greek banks draw from the domestic central bank to €24.8 billion.
- Banks are preparing to offer **mortgage loans** especially for the acquisition of houses through auctions, in a bid to support property transactions that look set to increase in the coming months due to the start of online auctions.
- Banks have received a prosecutor's order to participate in an **investigation over possible legal violations** in the issue of corporate loans totaling €7.7 billion. The order concerns a probe into the entire set of credit issued to a multitude of large and medium-sized groups, including some that constitute the cream of Greek entrepreneurship, according to a report on the euro2day.gr website.
- Piraeus Bank announced an agreement with J.C. Flowers & Co to sell the latter its share capital in a Romanian subsidiary, **Piraeus Bank Romania S.A.**
- **Bad loans** of c. €20 billion have been deemed irretrievable by Greece's systemic banks. Those old nonperforming loans account for about a fifth of all NPEs of c. €100 billion in total, and were taken out by companies that ceased operations years ago with equipment of no value, professional loans issued to freelancers who are no longer active in their profession, consumer loans or credit provided to people who have left the country or are classified as long-term unemployed, as well as mortgage loans for properties that for various reasons have decreased in value.
- **Private sector bank deposits** increased slightly in November, rising for a second month in a row, according to central bank data, with balances remaining at 14-year lows. Business and household deposits rose to €123.9 billion from €123.7 billion in October, their lowest level since September 2003.
- Greek banks made further **progress in reducing their exposure to doubtful and nonperforming loans** during 3Q2017, according to central bank data. At the end of September, NPEs – the biggest challenge facing the sector – had fallen by 2.6% to €99.1 billion, or 50% of banks' overall loan book (0.8% better than the target).
- Domestic banks intend to settle the almost 170,000 **pending debt cases** that have stalled in the country's courts in a manner that is likely to lead to generous haircuts. They plan to do so by using judicial decisions already issued under the law that protects debtors' main residences as a guide.
- A total of 10 companies have received licenses by the BoG to enter the **domestic credit risk management sector**, as efforts to reduce the Greek banking sector bad debts are expected to accelerate in the coming weeks. A handful of other companies have submitted applications and are awaiting BoG approval.
- **Fitch Ratings** announced it had placed the CCC Viability Ratings of NBG, Alpha Bank, Piraeus Bank and Eurobank on Rating Watch Evolving (RWE).
- As of January 2018, **funds will be able to buy all kinds of loans**, including those collateralized by main residences with a taxable value of less than €140,000.

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BUSINESS NEWS

- **Aegean Air** reported a considerable increase in passenger seat occupancy rates over 9M 2017, with the rising traffic benefiting the carrier's financial results. Pretax profits reached €101.9 million, while after-tax earnings increased by 40% on a y-o-y basis to €71.7 million.
- A looming **cooperation between COSCO and the Danish logistics group Trans-IT** was reported, with the Chinese multinational eyeing a transformation of the port of Piraeus into a major distribution hub for cargoes destined for third countries in the EU. Cooperation with Trans-IT began last year.
- Canadian company **Eldorado Gold** said that it is freezing investment at the Skouries gold mine in northern Greece and has appealed to the Council of State, the country's highest body of arbitration, to uphold its legal rights.
- The food industry accounts for 25% of all **manufacturing enterprises in the country**, far ahead of metallurgical firms (13%) and apparel companies (12%) according to IOBE data. Food corporations also employ 28% of people who work in Greek manufacturing, while metals producers account for 9% and apparel for just 6%.
- **Greek exports to the US** were up by 12.3% y-o-y to €866.6 million, those to the Far East (with main destinations being Singapore and China) by 54.4% to €1.21 billion and those to Saudi Arabia by 52.4% to €513.6 million.
- **Hellenic Exchanges** (HELEX), the company that operates the Athens Stock Exchange, announced an increase in its nine-month net profits to €2.2 million from €1.9 million a year earlier.
- **Workers in Greece** receive an average of $10.2 per hour, while the OECD equivalent is $16.5 per hour. When workers lose their job in Greece they lose 32% of their income, against an average of just 6.5% in the OECD.
- The governing board of the **Hygeia group** rejected an offer from the holdings company of Giorgos Apostolopoulos, owner of the Athens Medical Center, for the acquisition of a 29.62% stake in the healthcare group.
- **Greek retail sales** by volume declined by 1.1% in October compared to the same month a year ago after a 0.8% drop in September and an upwardly revised 0.8% increase in August, according to ELSTAT.
- **Dutch supermarket chain Spar** is returning to Greece following a deal with the local retail group Asteras, after leaving the country in 2015, where it had a presence via the Veropoulos firm since 1969.
- **Greek cement maker Titan** plans to raise €250 million from issuing new notes to refinance debt and pay back bank and other commercial loans.
- The **COSCO-managed port of Piraeus** was expected to exceed the 4 million TEU threshold in terms of container cargo, at the end of 2017. The goal for 2019, according to the port's management, is 5 million TEU, which would render Piraeus as one of the 30 biggest commercial ports in the world.
- The few strong **export-oriented groups** listed on the Greek stock market have not only sustained but in several cases also improved their profits in 3Q 2017 and are preparing to end their best year in terms of fundamentals since the outbreak of the crisis just under 10 years ago.
- The Panhellenic Exporters Association (PSE) expected **exports** to increase between 5% and 7% in 2017 compared to 2016, reversing the declining trend of the 2 previous years.
- **Fraport Greece** revised goal for 2018 is to increase the passenger traffic by 5% vs. 2017, which compared to 2016, was up by 11.4%. The German-Greek consortium has also revised, upwards, its capital investment for the 14 regional airports around Greece that it acquired last April for a period of 40 years (the figure will reach €415 million).
- **Italy's FSI**, which assumed the management of Greek rail operator Trainose this year, is ready to present an upgraded route connecting the Ionian Sea cruise ship harbor of Katakolo with the ancient Olympia site with, expected to be called the Olympian Trail.

- **Greek industrial output** rose by 0.5% in October 2017 compared to the same month a year earlier, after an upwardly revised 3.2% increase in September, according to ELSTAT.
- **Investments in Greek industry** are estimated to have increased by 12.1% in 2017, following a difficult 2016 when investment had shrunk by 3.5%, according to the latest survey on the sector published by the Foundation for Economic and Industrial Research (IOBE).
- **Salaries** have declined considerably and the number of workers on low wages has expanded. The figures for 2017 show that more than 6 in 10 of the total 1.8 million workers employed at c. 250000 enterprises were on salaries of up to €1,000 per month gross.
- The latest estimates put the number of **SMEs in Greece** last year at 705,329 (European Commission report on SMEs), of which the vast majority (678,616) employed no more than 9 people and with their added value reaching €36.3 billion, from €55 billion in 2008.
- **US investment firm KKR** is taking over the historic factory and the output of Elais-Unilever on Pireos Street at Neo Faliro in Piraeus. It forms part of the wide-ranging deal providing for the acquisition by KKR of all Unilever's spread business worldwide, with the exception of South Africa.
- **New passenger car registrations** increased by 10.6% on an annual basis in November, according to provisional figures issued by the Association of Car Importers-Representatives.

Real Estate

- **Greece's commercial properties** market presented a mixed picture in 1H 2017. According to data released by BoG, sale prices of office spaces and store rental rates posted declines, while office rental rates and store sale prices climbed.
- **Residential property prices across Greece** are reverting to a more stable course after the acceleration of the decline recorded over 1Q 2017 due to uncertainty over delays in the second bailout review. The data released by BoG for 3Q 2017 showed a 0.6% drop on an annual basis, against decreases of 1.7% and 1.2% in Q1 and Q2 respectively.
- **Capital inflows from abroad** for the purchase of property in Greece are expected to come close to half a billion euros in 2017, after posting a remarkable 72% annual increase in the first 7 months of the year according to the analysis of BoG data.
- The adjustment of **property rates used for tax purposes** (known as "objective values") has been put off till March, as the Finance Ministry has not managed to bring them in line with actual market prices, nor will it implement the plan for the creation of 75 local committees to determine the rates. Chartered surveyors are undertaking the difficult task of adjusting these property rates for 2018.
- **Investment in construction** declined by 19.3% in 3Q 2017 on an annual basis, according to ELSTAT data, as the sector continues to hold back growth in Greece, having buckled under the burden of overtaxation and the decline in households' purchasing power.
- The **consortium set up by property development company Dimand and the EBRD** is planning a €250-300 million investment program within the next 3 years. Its aim will be the creation of projects in various areas of the property market, focusing on office buildings, mixed-use properties, city hotels and student accommodation.
- ATHEX-listed **Grivalia Properties Real Estate Investment Company** announced the acquisition of two stand-alone retail assets in Athens and Glyfada, worth €22.6 million in total.
- Of the 9,800 **indebted hotels in Greece**, according to the latest statistics collected by PwC and NAI Hellas, only 420 are in the five-star category while 1,340 are four-star units. Half of those are located on Crete and in the southern Aegean, though it is just a handful that will have to be sold via any type of procedure.
- There is growing **international interest in the acquisition of properties in Greece** via online auction and other sales that local banks are resorting to in a bid to reduce their losses from nonperforming loans. The low prices and the prospect of future capital gains, as well as the timing of Greece's expected exit from the bailout program, have boosted the appeal of the local property market, not only in the eyes of foreign investment funds but also individual

foreign investors from Russia and China.

- **Lampsa group** is the new owner of the building that houses the 5-star King George Hotel on Syntagma Square in central Athens, after coming to terms with Eurobank. Lampsa already manages the hotel, which is adjacent to Grande Bretagne, another hotel under the Lampsa brand. The Lampsa group also announced that it was adding a third hotel to its stable through the long-term leasing of the Kings Palace Hotel, which operates on property owned by a supplementary fund of employees of the former Agricultural Bank of Greece.

Tourism

- The **average tourist visiting Greece** spends 6.5 nights in the country and €67 per day, a new study on visitor spending for 1H 2017 by the Association of Greek Tourism Enterprises Institute (INSETE) has found. The study also found that average takings per visit came to €435, showing a small increase of 1% compared to the same period in 2016, while there was also a rise of 1.9% compared to last year in spending per night, though the average length of stay was slightly smaller, by 0.9%.
- **TUI Austria** this week announced that Greece topped its reservations list for the recently ended summer season, as well as for 2016, with turnover related to Greece increased by 25% in 2017 over the previous year.
- **Spanish low-cost carrier Volotea** this week announced a plan to use the Athens International Airport as a regional hub, beginning in the spring of 2018. The goal, according to the company, is to connect Athens with another 30 destinations around Europe by 2022, offering up to 1.2 million possible passenger transfers annually.
- **Athens's popularity as a destination for tourists** has grown considerably, with landmark hotels the Grande Bretagne and King George reporting occupancy rates at almost 60% in what is shaping up to be their best December in 15 years.
- The Greek government is eyeing a **liberalization of the gaming sector** in the country, with the intent of allowing the establishment of casinos in well-known tourism destinations in the country, such as Crete, Santorini and Mykonos.

Energy

- **Greece's power grid operator ADMIE** has signed a nonbinding agreement with China Development Bank as it looks for fresh capital to finance infrastructure projects. China's State Grid, the world's biggest utility, acquired a 24% stake in ADMIE earlier this year as part of a spin-off scheme under Greece's latest international bailout, aimed at opening up the power market.
- Greek energy firm **Energean** is considering listing on the London Stock Exchange to raise cash for a $1.5 billion development of gas fields off Israel's coast, sources familiar with the matter told Reuters. Israel Chemicals Limited (ICL) announced the signing of a contract with Greek energy company Energean for the long-term supply of natural gas to the Israeli firm. Israel's Energy Ministry granted preliminary approval to bids from Greek and Indian energy companies to explore for oil and gas in the Eastern Mediterranean. Energean will be granted licenses to explore 5 offshore blocks, while the Indian group will receive the license for one block, the Ministry said.
- Russia's largest oil producer Rosneft and Greece's Motor Oil Hellas Corinth Refineries have signed a deal on mutual **supplies of crude oil and oil products** for the next 5 years, according to Rosneft. Rosneft said the deal, signed with the participation of Petrocas Energy, a Rosneft subsidiary, implied the possibility of increasing annual oil and oil product supplies to up to 7.5 million tonnes (150,000 barrels per day).
- In **Greece electricity costs** are the same as in Sweden, where the per capita GDP is 2.5 times higher, as Greek power bills increased this year due to tax hikes the government imposed on power consumption. EUROSTAT data showed that Greek consumers paid 12.8%

more for each kilowatt/hour in 1H 2017 than in the same period in 2016, compared with a 0.5% annual reduction recorded in the EU on average.

- Greeks continue to pay dearly for **natural gas,** even though the price bears the lowest taxation in Europe. While gas rates in the EU declined by 6.3% on average in 1H 2017, in Greece they only eased by 0.7% from 1H 2016.
- Negotiations between the EU's competition watchdog, DG Comp, and representatives of Greece's Energy Ministry regarding the sell-off of 40% of the **Public Power Corporation's (PPC) lignite-fired power production** reportedly concluded with an agreement.
- **Public Power Corporation and the Copelouzos Group** have opened the door to China's Shenhua group to enter the Greek electricity market, by way of cooperation deals signed in the last few months. Among the specific deals announced were the acquisition by Shenhua Renewables of 75% of shares in four windparks, Copelouzos is developing and the signing of a three-way memorandum of understanding between Copelouzos, PPC and Shenhua for the Chinese group to become a partner in PPC Solar Solutions SA.
- The contract for the **concession of oil and gas exploration rights** in a block west of Corfu in the Ionian Sea was signed by representatives of Total, Edison and the Greek state.
- The EIB announced it was backing **renewable energy generation** on various Greek islands and the mainland through a new investment program implemented by state-run PPC. An €85 million loan agreement was signed in Athens in support of both the repowering of wind parks and smaller hydroelectric stations as well as the construction of new hydropower plants and wind parks across the country.

Investments

- In January-October of 2017, Greek companies raised some €616 million via **bond issues**. This has generated a negative climate in the banking arena, as besides the outflow of capital from the accounts of small investors toward the corporate bond market, several main stakeholders of companies have transferred funds from one bank to another – the latter being the consultant of the corporate issuer – to acquire bonds.
- Swiss company **DDM Holding AG** announced it is bringing in a new partner into its Greek investment nonperforming loans. The transaction will result in DDM's investment decreasing by €15 to €35 million and will rebalance DDM's portfolio, bringing the Greek share of the total NPL portfolio to about 32% of the book value.
- Two investment projects adding up to €181.4 million entered the **fast-track licensing system** by decision of the competent inter-ministerial committee headed by Economy and Development Minister. The first project concerns the construction of a luxury tourism accommodation unit, with the character of a VIP exclusive club, on the island of Skorpios, budgeted by Mykinai SA at €120 million. The second involves the construction of a next generation access (NGA) fiber-optics network for fixed telephony, by Vodafone, worth €61.4 million.
- **Petrichor Capital Partners** announced that it is considering an investment of up to €250 million in Greece over the next two years in order to develop a seaplane network, especially towards islands without airports.
- Copper and aluminum firm **ElvalHalcor** will receive €70 million from the EIB to support a planned technical and building infrastructure investment program worth €150 million.
- French **FDIs in Greece** in 2016 reached €2.1 billion, an increase of 9%, from the previous year, and 8.6% of the total. The Netherlands rank first in terms of FDIs in Greece, with €5.4 billion in value, or 22.6% of the total. Luxembourg, primarily due to the Grand Duchy hosting the headquarters of multinationals active in Greece, shows €5.1 billion in FDIs in Greece, or 21.6% of the total, followed by Germany, with €4.9 billion and 20.7%.
- **Attica Department Stores** announced the purchase of a small stake in Lamda Development Greece's biggest real estate developer and the lead company in a consortium holding the Helleniko property concession. ADS purchased 500,000 shares of Lamda, corresponding to

0.63%t of the listed company's common shares, and with a price tag of €2.750 million, or €5.50 per share.

- New investors have purchased a stake in **Lamda Development**. Panos Germanos' Olympia Group and interests of pharmaceuticals entrepreneur Vassilis Katsos's family have jointly acquired on a 50-50 basis the 12.8% stake in Lamda Development that GSO sold; the US fund operates under the umbrella of private equity giant Blackstone, which had exceeded the time limit for holding this stake.

Technology - Communications

- Troubled alternative telecommunications provider **Forthnet** has 4 suitors – two from the industry (Vodafone and Wind) and two others which have not been named but are private equity funds with a strategic interest.
- **OPAP**, Europe's fifth biggest gaming firm, said it was keeping to plans to have a total of 10,000 video lottery machines (VLTs) rolled out by the end of 2017. OPAP also announced that 1,000 self-service betting terminals (SSBTs) are now operational, and its new digital platform is on track for launch in the first quarter of 2018.
- Greece's biggest telecoms operator **OTE** posted a 2.3% drop in 3Q 2017 core profit, hit by what it described as challenging conditions in its international operations. OTE reported EBITDA of €348.7 million for the quarter, down from €357 million a year earlier.
- The latest generation of businesses in Greece is making **increasing use of new technology**, as the annual report by IOBE has found that 2 in every 10 new entrepreneurs state they use new technologies in their production process or in the provision of services. According to data processed by the Federation of Hellenic Information Technology & Communications Enterprises (SEPE), this rate is among the highest in the EU, ranking Greece second only to Germany.
- Two companies appear to remain interested in the **sale of Cyta's Greek arm**. Rival telecommunication service providers Vodafone and Wind Hellas have confirmed their participation in the tender for Cyta Hellas with the submission of binding offers.

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TENDERS - PROCUREMENTS

- The deadline for the submission of binding offers for the 66% controlling stake in gas grid operator **DESFA** has been put off from December to January 2018. State sell-off fund TAIPED accepted a request to that effect submitted by candidate investors, as they want more time to prepare their offers.
- Greece’s privatization agency opened a tender procedure for a concession to run **Egnatia Odos**, a motorway running from west to east in northern Greece. Authorities said the award of the services concession contract for the financing, operation, maintenance and commercial exploitation of Egnatia Odos and three annex roads to the preferred Investor is for a maximum period of up to 40 years. The tender process will be conducted in two phases, comprised of pre-qualification and a binding offers phase, while the expression of interest must be submitted by January 26, 2018, privatization agency TAIPED said.
- Greece's privatization fund invited investors to express interest in the sell-off of two key **marinas** in Athens and the Aegean island of Chios. TAIPED launched two separate international public competitive tender processes for granting the right to use and exploit the Alimos marina and the Chios marina for a period of at least 35 years in both cases.
- **Privatizations fund TAIPED** has started the process for the sale of its holdings in OTE telecom and Athens International Airport (AIA). It is commissioning financial consultants to be tasked with coming up with a utilization model and assisting the process until transactions are complete.
- Two groups (GEK Terna, an Athens-listed construction and energy group, and Belterra, a company controlled by Greek-Russian entrepreneur Ivan Savvidis) have expressed an interest in the first stage of the tender by **Gaiaose** for the utilization of the 670,000-square meter plot the railway property company controls at the old Gonou military camp in western Thessaloniki.
- The timetable for the completion of the 3 **privatizations in the energy sector**, which has just been agreed with the country’s creditors, provides for the process for Hellenic Petroleum (ELPE) and Public Gas Corporation (DEPA) getting under way in March 2018 and that for the sale of 17% of Public Power Corporation (PPC) starting in June.
- The government and Greece’s creditors have agreed that the contract for the concession to the ETVA BIPE - Goldair consortium of a **freight centre** on a 0.59 sq. Km plot at Thriasio, western Attica, owned by state railway property firm Gaiaose, will be approved in Parliament in January.
- At the same time, MPs must also ratify the announcement of a tender for the **concession** of another 1.4 sq. Km plot at Thriasio – in which China’s COSCO shows an interest, possibly in cooperation with Trainose.
- The contract for the concession of 67% of **Thessaloniki Port Authority** (OLTH) to the South East Gateway Thessaloniki consortium was finally signed, after numerous postponements. The German-French-Greek venture will pay €231.9 million to the state and make investments of €180 million.

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GREEK CONTROLLED SHIPPING MARKET DEVELOPMENTS

It's been an interesting few months in the Greek shipping market, with the dry bulk freight market picking up considerably in the last months of 2017. Owners rejoiced as Capesize earnings went above $35,000 per day on certain routes. Unfortunately, Capesize rates fell again in January, whereas smaller vessels remained fairly steady. The outlook is generally positive for 2018 and sentiment seems to have greatly affected the dry bulk sale & purchase market. Since Capesize rates dropped back to OPEX levels, asset prices haven't increased too much. However, this hasn't been the case with smaller vessels. Owners are paying well above last done for older vessels and this makes it difficult for small shipowners to find acquisition targets.

The crude tanker market is still taking a beating, after a year of reduced cargoes, mainly due to OPEC nations' efforts to curb oil production in an effort to raise the price of oil. That being said, most predictions for the price of oil over the next few months are bearish and the market is experiencing backwardation. Tanker owners and various researchers are optimistic that the market will pick up by the 4Q 2018.

The delivery schedule for tankers seems to have slowed down and the market is not expecting an oversupply any time soon. On the dry side, there has been an increase of newbuilding orders in the past months with delivery due in 2019 and 2020, in anticipation of a better market. Owners have taken advantage of the still low newbuilding prices and have perhaps placed substantial orders in anticipation of a better resale value by the time delivery comes.

Greek shipowners remain the dominant force in the global industry, staying on top of the tankers and dry-bulk carriers' chart while also rising to third in containerships, according to the Review of Maritime Transport Review 2017 by the United Nations Conference on Trade and Development (UNCTAD). Greeks have also increased their lead in the global shipping list based on capacity.

While Greek-controlled shipping increased its percentage of the global fleet, the number of vessels (above 1,000 gt) on the Greek registry fell slightly, with the difference seen in the commensurate increase in Greek-owned ships flying "flags of convenience". The percentage of Greek-owned vessels outside Greece's registry reached 77.9% in 2016, whereas in 2009 it was 68.8%, only to top at 78.8% in 2017.

Greek shipowners have apparently taken possession of a greater share of the new ships that were scheduled for delivery in 2017, compared to other national blocs of owners, according to data supplied by VesselsValue®. According to the maritime shipping monitor and analyst, of the 2,443 new vessels that were scheduled for delivery in 2017, 212 have been ordered by Greek interests (of the latter, 155 vessels have already been received.)

Greek shipowners' increased share in the containership market is remarkable: This is one of the sectors where the crisis in freight markets was particularly acute, so it is of additional significance that the Greek share has grown, mainly at the expense of German owners, to reach 8.13% in container capacity terms, compared to less than 3% at the start of the decade. Greek-controlled containerships number 563, with an average capacity of 3,224 containers. At the same time, the share of the German-owned containership fleet has dropped from over 30% a few years ago to 21.46%. The average capacity of the 2,100 German ships is 2,277 containers.

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