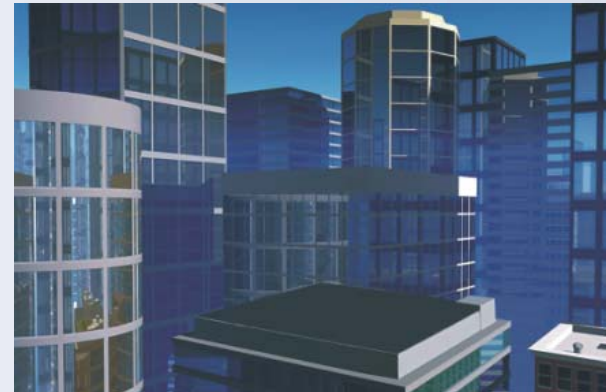


# ***GEK - TERNA GROUP***

*Group presentation*



## GEK - TERNA Group: Overview

- **GEK and TERNA** group holds one of the leading positions in Construction, Energy, Real Estate and Concessions, in Greece
- **GEK** is the parent company of the group, consolidating **Real Estate and Concessions' activity**
- **Construction and Energy** activity are represented on **TERNA**

## GEK - TERNA Group: Business Divisions

### *Business Divisions*

*Real Estate*

*Concessions*

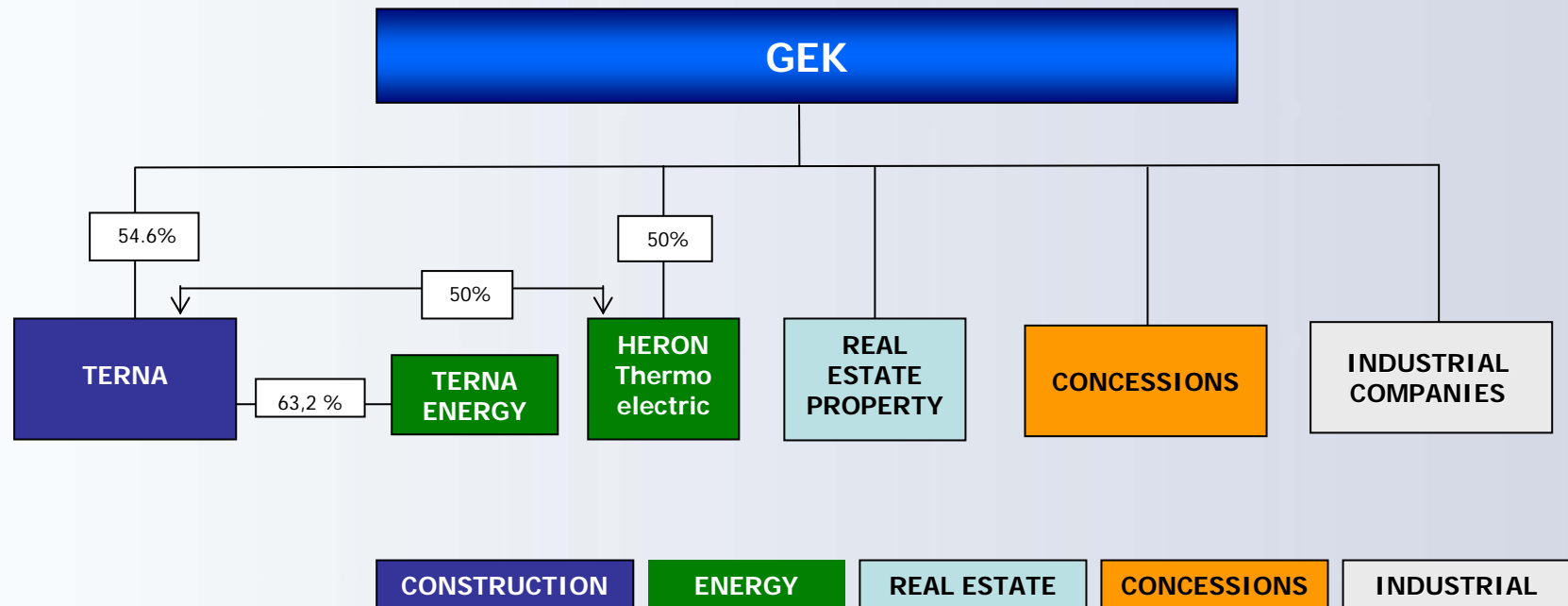
*Construction*

*Energy*

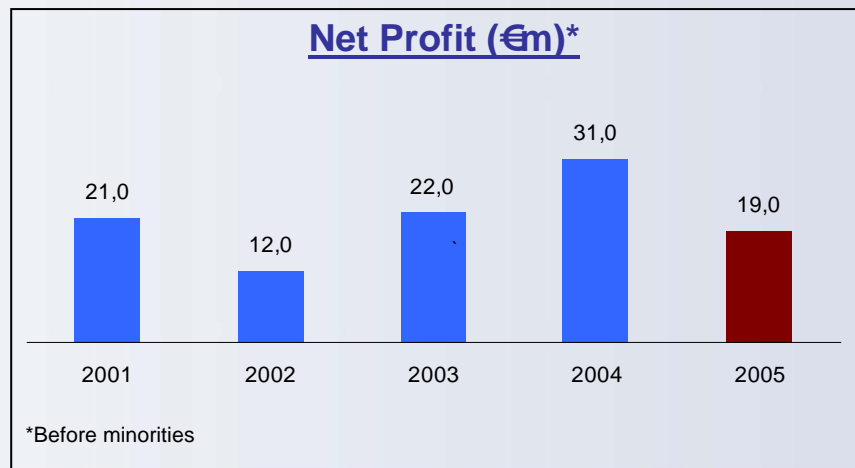
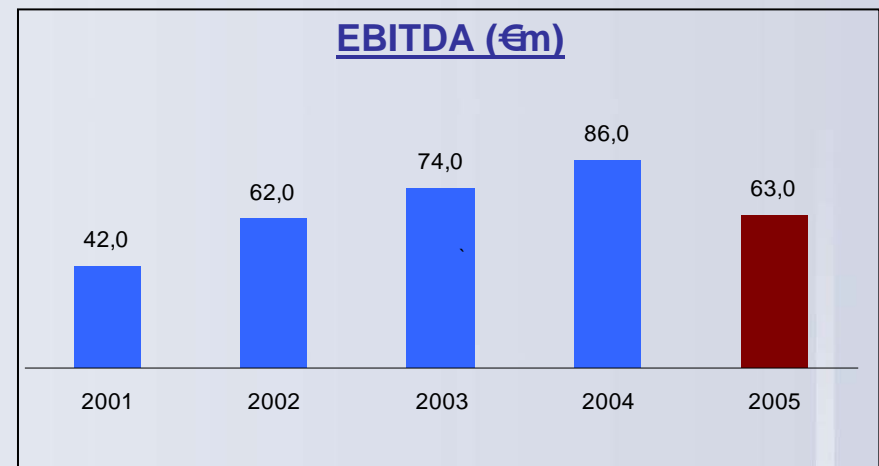
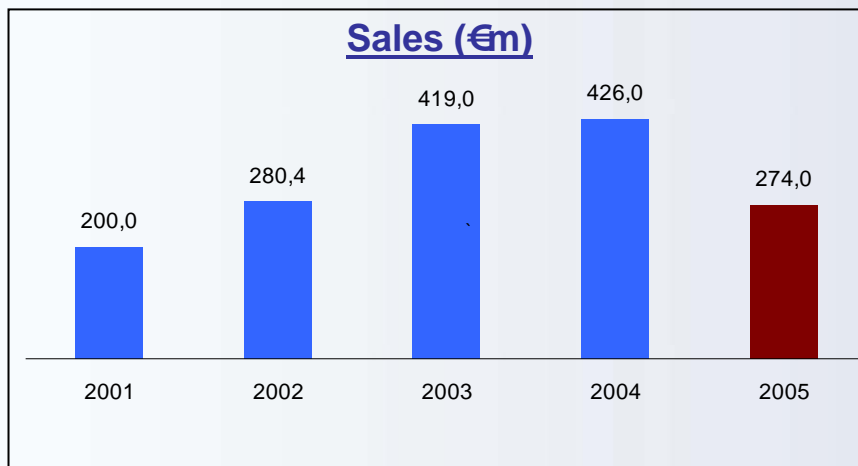
*Supplementary activities*  
*(Industrial Products, Quarries)*

# Group Structure

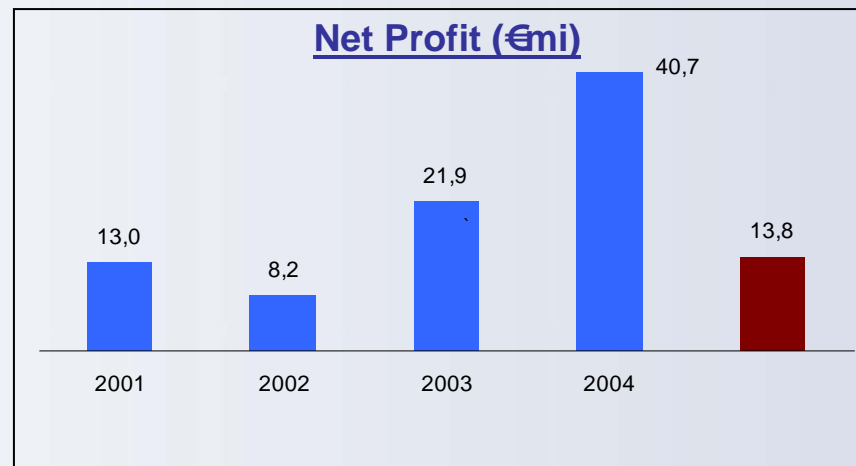
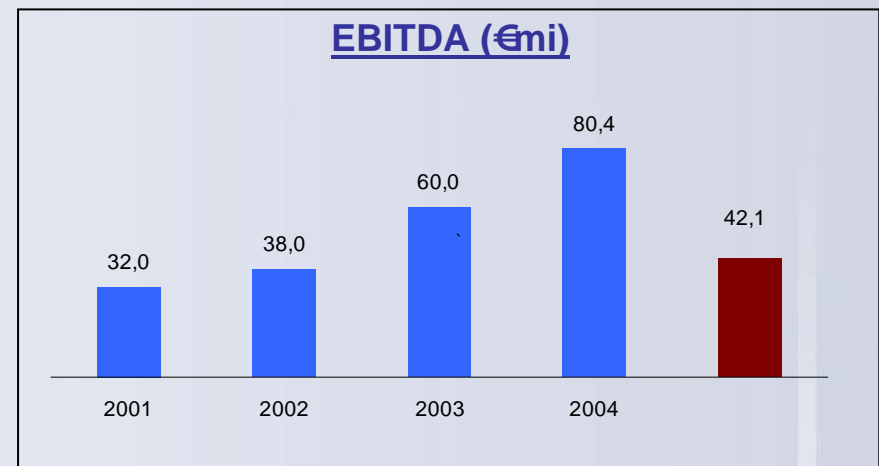
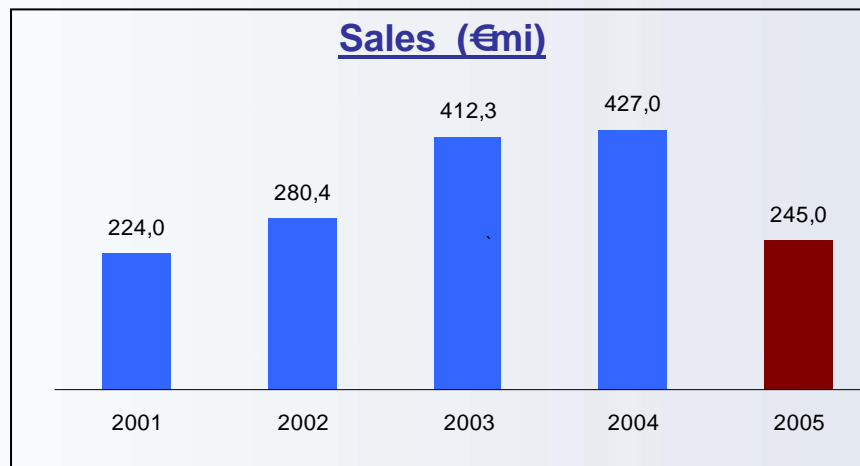
## Group Structure



## Historical Financial Indicators-GEK



## Historical Financial Indicators-TERNA



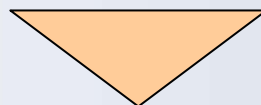
## **GEK: Real Estate Activity**

## Activity: Real Estate (GEK)



### GEK in Real Estate

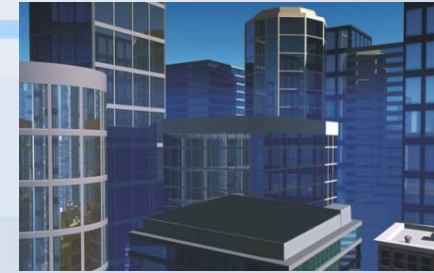
- GEK in Real Estate is a developer
- Owns (directly or indirectly) more than **60 real estate assets** (net asset value of **GEK's share** in these assets: c€130m)



Category	TOTAL (sq. m)	Value	% of total value
Offices	10,148	18,126	14,6%
Warehouses	4,257	2,130	2%
Commercial	14,016	7,8	6,3%
Residential	13,830	14,731	11,9%
Land	1,728,253	62,055	50%
Entertainment	21,267	19,371	15,6%



# Real Estate: Sector Outlook



Significant investment opportunities in:

- ✓ Logistic centers-industrial parks
- ✓ Office developments
- ✓ Entertainment parks
- ✓ Tourist residential
- ✓ Residential developments
- ✓ Commercial developments

+

- ✓ The Balkan real estate market
- ✓ The Russian real estate market

Currently low leverage used  
(c20%)

Leverage will increase (up to c50%)  
as land portfolio is being developed

Targeted return  
on equity  
employed in Real estate

12%  
annually (average)

## **GEK: Concession Activity**

## Concessions – BOT (GEK)

- The group contests for share in the large scale motorway concessions that will be tendered in the forthcoming months (indicative construction value: **€ 6 billion**)
- Partnership (33%) with **FERROVIAL- CINTRA and ACS - DRAGADOS**

	Status	Construction value
Ionian Road	Contract signed	1.1 billion
Central Greece Motorway	Bid presented*	1.5 billion (e)
North Peloponnesian Road	Bid presented	2 billion (e)
Attica roads	Bid estimated at beginning 07	1-1.5 billion (e)

\* The ministry already declared that it will proceed only with GEK's bid



**Current participation in concessions:**

- **More than 4.600 Parking Spaces in 5 major Greek cities**

## **Construction Activity**

# Construction: Domestic Sector Outlook



- Remaining construction spending from EU funds till end 2008 (3rd CSF)<sup>1</sup>: **€14 billion**

<b>Greek Infrastructure Plan 2005 - 2007 (€bn)</b>	
Roads, ports	4.4
Railways, City transports, Airports	2.1
Peripheral Infrastructure	1.6
Road Concessions	6.0
<b>Total</b>	<b>14.1</b>

Source: Ministry of Finance, Ministry of Public Works

- **4th CSF** (2007-2014): c€10 billion infrastructure spending
- An increase in private construction activity for the **post-Olympic games era** is anticipated (e.g hotels, tourism infrastructure)

Forecasted  
**5,9%**  
**average growth**  
of Greek Construction market  
**till 2012<sup>3</sup>**

Note (1): "CSF" Community Support Framework

Note (2): European Parliament

Note (3): Global Insight Report 2004

# Domestic Construction Division Outlook

Group's position in the post-Olympic era

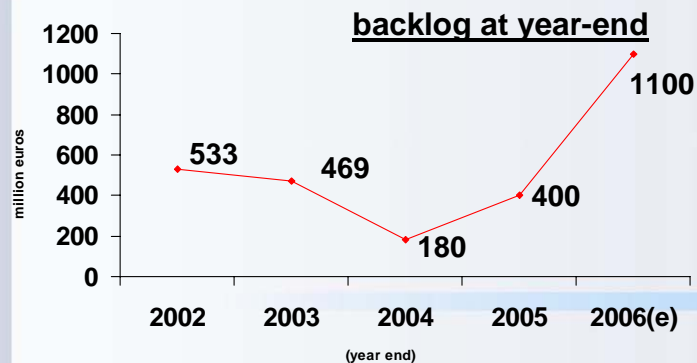
## Sustainable cash flow generation

- ✓ Greek Infrastructure Plan up to 2007
- ✓ Backlog at year end 06: € 1.1 billion
- ✓ Preferred bidders in E65 motorway (1.5 bio - 33%)

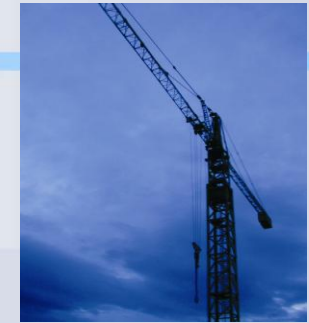
Backlog starts to increase again after a very weak post Olympic period

## Growth Potential

- ✓ Increase market share: The critical size of the Group enables TERNA to enjoy strong competitive position
- ✓ TERNA is currently bidding for more than 50 Greek public and private projects (value: €1.100m)
- ✓ TERNA contests for share in the construction of the 2 remaining large scale motorway concession projects
  - ✓ c3-3.5 bio (33.33% participation – partnership with FERROVIAL and ACS DRAGADOS)



# Construction activities abroad



## Outlook for international

### Balkans

- TERNA is already well positioned in the Balkans
  - ✓ 3 projects under construction (€175m)
  - ✓ no local player involvement
  - ✓ Project funding provided by EU (CSF)
- EU enlargement: significant potential in the Balkans (accession of Bulgaria, Romania, etc)

### Middle East

- 2 projects awarded (Qatar, Abu Dabi - c170m)
- Preferred bidders in
  - ✓ Bahrain (€ 200 m)
- Bidding process: Oman, Saudi Arabia, UAE, Qatar (total € 660 m)

**Target:**  
25% of construction sales **from abroad** within **three years**

## **TERNA: Energy Activity**



# Energy: Sector's Outlook

## Renewable Energy

RES & Hydro power %  
of **energy production** in 2010  
(EU directive: 2001/77/EE)

✓ **20% (8% currently)**



RES installed capacity

✓ Total wind park capacity should reach 2500 MW (by 2010) to meet the EU directive (current installed capacity: 519 MW) – **guaranteed contracts with Greek government**

## Thermal Energy

Anticipated Annual Growth  
of Electricity Demand in Greece:

✓ **4% up to 2010**

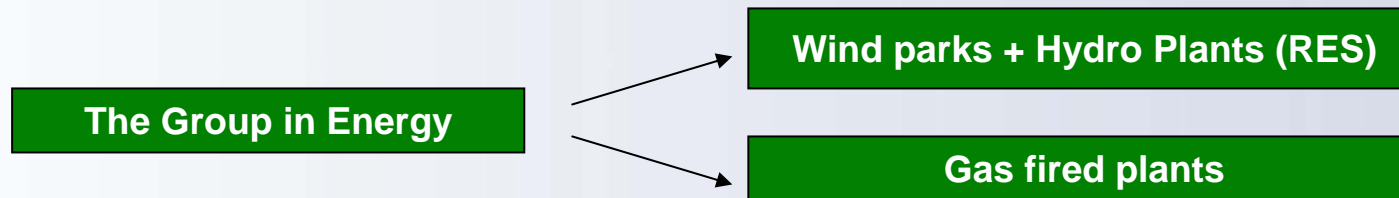


Annual Required extra installed capacity

✓ More than 400 MW up to 2010 (one new 400 MW gas fired plant each year)

Sector outlook is positive with strong growth and guaranteed cash flow opportunities

## Energy Business Division



- Activity with **secured cash flow** and **significant potential** guaranteed by EU directives
- Site locations and licensing secured (early entrant in the market - 1997)
- Aim: be established as the largest Greek private energy producer within 3 years

Status (MW)	Wind	Hydro	Thermal
In operation	109	-	147
Under construction	58	15	-
Under development	555	130	400
Pipeline	1034	50	
TOTAL	1756	195	547

## Energy: Wind parks (TERNA ENERGY S.A)



### Wind Park Installed Capacity

- ✓ 8 wind parks installed and operational (**109 MW**)
- ✓ **58 MW** under construction
- ✓ Licensed for over **555 more MW**
- ✓ The total installed capacity – till mid 2007 – will reach **170 MW**
- ✓ 2009 targeted installed capacity: **450 MW**

### Financial Description

- ✓ Investment cost per MW: € 1 million
- ✓ Funding structure: 30% own funds, 30% subsidies, 40% long-term debt
- ✓ Average IRR (post tax) of wind parks exceeds 20%
- ✓ Annual sales per MW: € 200.000
- ✓ EBITDA margin: 80%
- ✓ PBT margin: 30%
- ✓ Price per MW indexed (inflation protected)

## Energy: Hydro Plants (TERNA ENERGY S.A)



- The group starts the construction of its first small (RES) hydro power plants

### Hydro plants targeted capacity

- ✓ 2 small hydro plants installed by end 2007 (15 MW)
- ✓ Total 30 MW installed by 2009
- ✓ Licensed for over **150 more MW**
- ✓ Investment cost per MW: c €2 million
- ✓ Funding structure: 25% own funds, 35% subsidies, 40% long-term debt
- ✓ Average hydro plant load factor: **c55%**
- ✓ Similar to wind parks financial performance ( i.e profitability margins, IRR etc)

## Energy: Gas fired plants (HERON S.A)



### 147 MW GAS FIRED PLANT

- ✓ Total investment: €80m
- ✓ **Operational** since September 2004
- ✓ It covers reserve needs till the end of 2006
- ✓ In 2007, this plant enters the liberalized daily market

The first private gas-fired plant in Greece

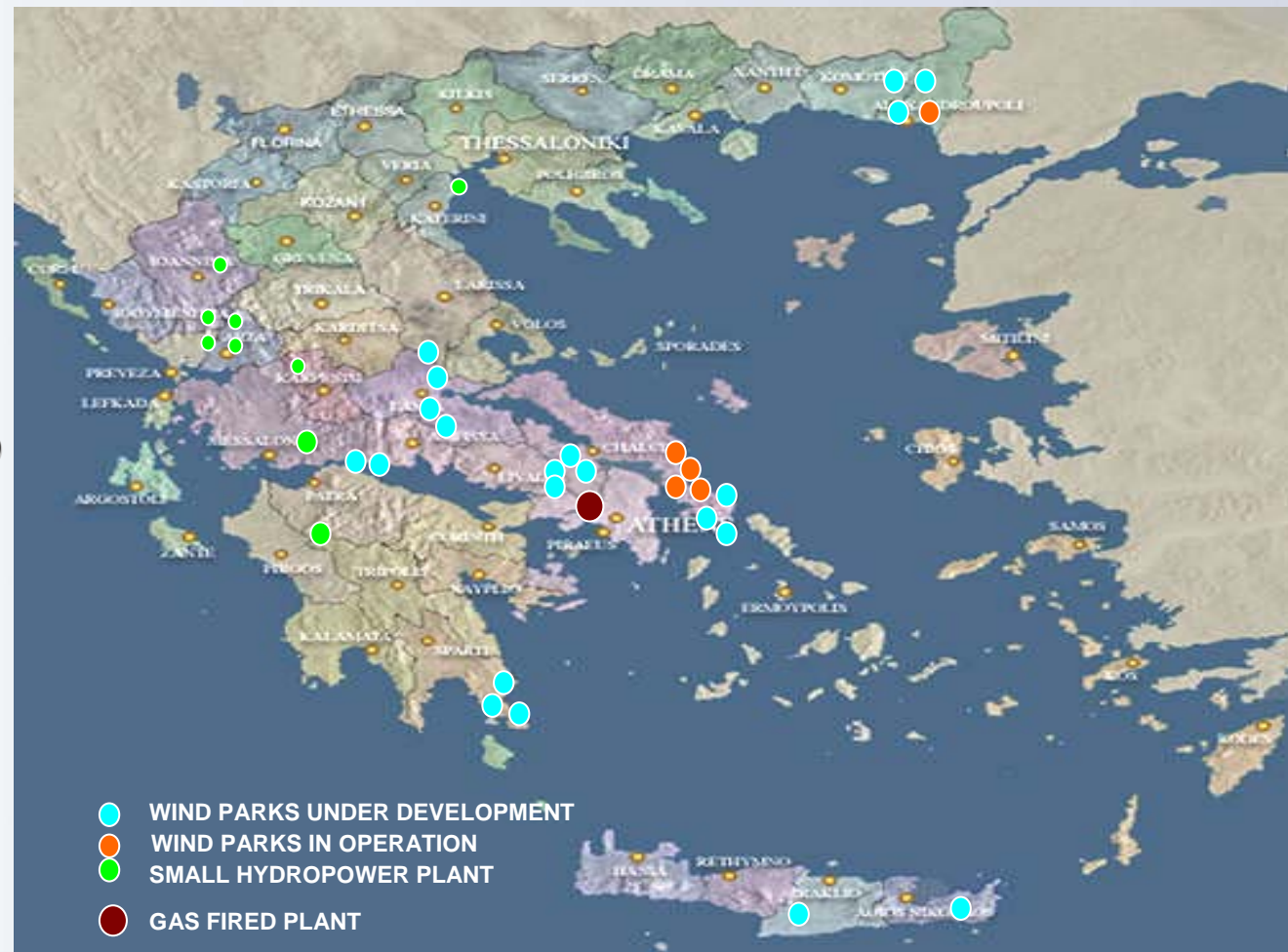
### 400 MW GAS FIRED PLANT

The group has received another license for a larger gas-fired plant (400 MW capacity)

- ✓ total investment: €220m
- ✓ 70% non-recourse project finance
- ✓ construction period: 26 months

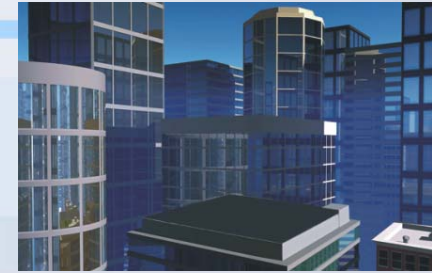
## Energy: locations occupied

**ENERGY PROJECTS  
(locations occupied)**



## **GEK - TERNA Group: Industrial Activity**

## Industrial Activity



### INDUSTRIAL ACTIVITY

- A plant that manufactures and trades **sleepers** for rail works
- 2 **Quarries**
- A plant that manufactures **wind turbine towers**
- A plant that manufactures **wooden** products

Supplementary to the core business

Synergies & cost efficiencies



## GEK Group: Capital Expenditure

Wind Energy	Equity	Debt	Subsidy	TOTAL
2006	18	24	18	60
2007	24	32	24	80
<b>TOTAL</b>	<b>42</b>	<b>56</b>	<b>42</b>	<b>140</b>

1MW per  
€1m of  
CAPEX

✓ CAPEX in wind farms through TERNA ENERGY  
✓ **Bank financing** provided by: **European Investment Bank** (€ 75 million)

Hydro Power	Equity	Debt	Subsidy	Total
2006-07	8	12	10	30

c2 MW per  
€1m of  
CAPEX

Gas fired plants*	Equity / Debt	Project Finance	TOTAL
2004	80	-	80
2006	-	-	-
2007	30	80	110
2008	30	80	110
<b>TOTAL</b>	<b>140</b>	<b>160</b>	<b>300</b>

147 MW

400 MW

**Project financing** for gas fired plants constitutes c70% of the total investment

Real Estate*	Own capital	Project Finance	TOTAL
2006	20	30	50
2007	15	15	30
<b>TOTAL</b>	<b>35</b>	<b>45</b>	<b>80</b>

Note (\*) Capex in gas fired plants is made through HERON S.A, a subsidiary of GEK S.A and TERNA S.A (50% each)

## **GEK Group: Investment Highlights**

## Summary – Investment points



### Achievements

- **Leading position** in Construction, Real Estate and Energy
- Significant **potential** in concessions
- **Critical size**, an important fact within a maturing market
- Strong **capital structure**, which reassures:
  - ✓ easier access in financing investment opportunities

### Potential

- Investments in **Energy and Concessions** → **recurrent activities**
- Change **risk profile**
- Strong **cash flow** generation
- **Growth** in earnings

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