

ENTERPRISE GREECE
INVEST & TRADE

NEWSLETTER

JULY 18

**GREECE EMERGES
FROM CRISIS**

**REGIONAL
LOGISTICS HUB**

**PRIVATIZING
ENERGY ASSETS**

The newsletter is a monthly publication of Enterprise Greece, the national trade and investment promotion agency.

Greece Emerges from Crisis

Greece enters a new era next month, marking the end of an almost decade-long economic crisis and with the economy returning to growth. On Aug. 20, the country will conclude the last of three successive European oversight programs with analysts hailing Greece's economic reforms and a new, debt-relief deal reached with official creditors.

Since first seeking international aid in the spring of 2010, Greece has seen its economy shrink by more than 25% that has left more than a fifth of the workforce without a job. But starting in the spring of 2017, Greece has staged a remarkable turnaround and has put the crisis behind it.

Emerging from recession last year, the economy is now growing at a 2% rate – supported by an export boom and record tourism. Foreign investment has returned. Privatizations are accelerating, economic sentiment is up and unemployment is falling. In June, Enterprise Greece – in

cooperation with the Athens Stock Exchange and the American-Hellenic Chamber of Commerce – held a three-city investor roadshow in the U.S. to highlight Greece's growth story.

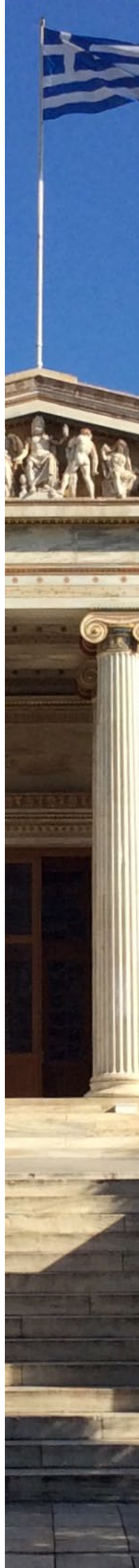
Also, after years of painful cutbacks, the Greek government budget is in surplus. And with the end of Greece's oversight programs approaching, Eurozone partners have agreed to ease the country's debt burden. A deal reached in late June includes a 10-year maturity extension and deferral of interest payments – in effect extending Greece's grace period on debt repayments to 2032. In the meantime, the Greek government has a contingency cash buffer of €24.1 billion.

International markets have reacted positively. In the past several weeks, financial analysts at Fitch ratings, and U.S. investment banks Morgan Stanley and JP Morgan, have written positively on Greece and its debt deal. Credit ratings agency Standard & Poor's, in a surprise move, has raised Greece's credit rating one notch to B+ and now forecasts 2.5%-3% growth over the next three years. Canadian rating agency DBRS has also raised Greece's rating one notch to B-high and has a positive outlook on the country.

In view of the positive market sentiment, Greek government officials have been meeting with bond investors in recent weeks to explore future debt issuances.

Greece's Debt Deal

- ✓ Freezes interest payments on official European debt until 2032
- ✓ Lengthens average maturity on debt due in 2022 by 10 years
- ✓ Returns an estimated €4-5 billion in Eurosystem profits to Greece
- ✓ Abolishes interest rate hike on bonds relating to 2012 debt restructuring



news in **brief**

Growth Forecast

Greece's economy will grow 2% in 2018 on the back of rising exports and investments, the Bank of Greece said in its 2017-18 Monetary Policy Report. The June debt deal with Eurozone creditors will ensure the sustainability of Greek public debt and have a positive impact on the markets and confidence, the report added.

Greek Exports

Booming exports of goods and services have helped to sharply narrow Greece's trade deficit, the latest data show. According to the Hellenic Statistical Authority, or Elstat, the country's trade deficit in the five months to May fell 15.2%, compared with a year earlier, to €8.55 billion. Greek goods exports in particular continue to post strong growth, rising 14.4% in May alone to €2.94 billion. For the first five months of the year, Greek exports of goods are up 13.7% to €13.41 billion -- on track to another record setting year.

Enterprise Greece

Grigoris Stergioulis has been appointed as Chairman of Enterprise Greece, the Greek state trade and investment promotion agency. A chemical engineer by training, Mr. Stergioulis has held several management roles -- including three years as managing director -- at Hellenic Petroleum.

ANIMA Network

Enterprise Greece has been re-elected to the vice-presidency of the ANIMA Investment Network for another two-year term. The ANIMA Investment Network is a cross-border association for economic cooperation and development in the Mediterranean, comprising national and regional investment promotion agencies as well as other private and public bodies and business associations.

Oil & Gas License

Greece's energy ministry has awarded an exploration license to an international consortium comprising U.S. oil giant Exxon Mobil, France's Total and Hellenic Petroleum to search for oil and gas off Crete. The license must still be approved by parliament before exploration can begin.

Bond Rating

International ratings agency Standard & Poor's has awarded an investment grade rating -- the first since the start of the crisis -- to a covered bond issue by National Bank of Greece. S&P assigned a BBB- rating to NBG's covered bond, four notches higher than Greece's B+ sovereign credit rating.

Piraeus Bank

Enterprise Greece has signed a cooperation agreement with Piraeus Bank to collaborate on initiatives to support FDI and exports, as well as the development of one-stop banking packages for foreign investors. The agreement is the first of its kind, and it is expected that other systemic banks in Greece will join the initiative.

Natural Gas

A consortium of Italy's Snam, Spain's Enagas, and Belgium's Fluxys has completed the acquisition of a 66% stake in DESFA, the Greek natural gas grid operator. The €535 million privatization deal was formally concluded in late July and highlights Greece's emerging position as a regional energy hub.

Greece builds up logistics, infrastructure sector

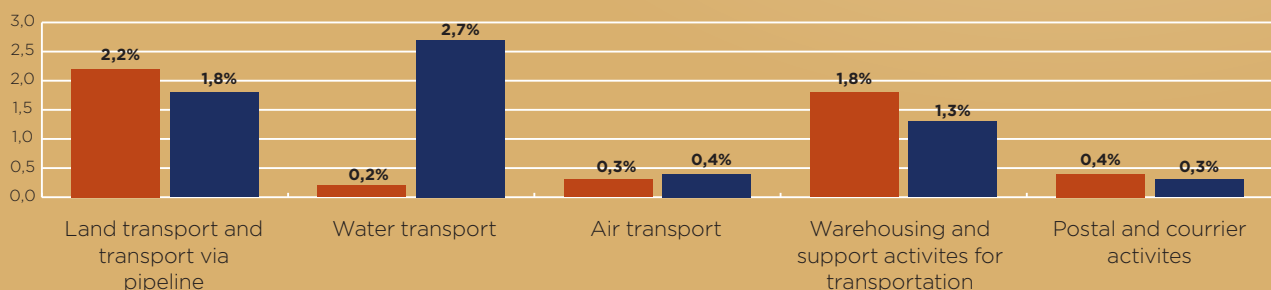
Just west of Athens, a new and ultra-modern transportation and logistics center is being built on a 60 hectare site at the nexus of Greece's new port, highway and rail network. The new center, at Thriassio Pedio, is part of a €25 billion national infrastructure plan aimed at positioning Greece as a shipping and distribution hub between Asia and the rest of Europe. Later this year, a private consortium, made up of Greek cargo handling company Goldair and ETVA VIPE, an industrial park developer, is expected to begin the construction of the first of two 120,000 square meter warehouse facilities at the site. The site is linked by rail to nearby Piraeus, the fast-growing port of Athens, while the warehouse facilities will serve as distribution centers for products rail- and road-bound for Europe.

On a voyage from East Asia to Europe, goods unloaded in Greece and sent onward by rail to northern Europe cuts eight days off shipping times. And since China's Cosco took over operations at Piraeus in 2009, container volumes have exploded, turning the port into the third busiest container port in the Mediterranean.

Hi-tech companies including China's Huawei and America's Hewlett Packard have set up facilities in Greece as central distribution points for the rest of Europe. Consumer product companies Unilever and Philip Morris are also focusing on Greece as a production and distribution hub for the region.



Logistics play a key role in Greece's economy (% contribution to GDP)



Source: Eurostat, Eurobank Research



COMING UP AUGUST

Greek Energy Privatizations

Draw Global Interest

Greece's energy sector is set to undergo radical transformation in the months ahead as a series of privatizations – from the country's leading refiner to natural gas and electricity assets – draw global attention from investors in Europe, North America and Asia.

Greece's privatization agency recently shortlisted international commodity trading companies Glencore and Vitol for the acquisition of a 50.1% stake in Hellenic Petroleum – one of the largest assets in country's privatization program. In July, the government also shortlisted half-a-dozen investors for the sale of lignite-fired power plants owned by Public Power Corporation. Among the bidders was a new joint venture between Greece's Coupelouzos Group and China Energy Investment Corporation Ltd – the largest power company in the world.

And earlier this summer Greek natural gas company DEPA reached agreement with Dutch oil giant Shell to buy out its 49% stake in the EPA Attiki and EDA Attiki gas distribution companies for a reported €150 million. The deal is part of a reorganization of DEPA – that also included the recent sale of assets in northern Greece to Italy's ENI – and opens the way for the privatization of DEPA later this year.

- National Holiday: Assumption of the Virgin Mary (Aug. 15)
- Greece concludes 3rd reform program (Aug. 20)

International Interest in Greek Energy

GLENCORE



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To learn more about the many investment and trade opportunities Greece offers, visit us today at www.enterprisegreece.gov.gr

109 Vasilissis Sophias Avenue
115 21 Athens
GREECE
T: +30 210 335 5700
Email: info@enterprisegreece.gov.gr

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