



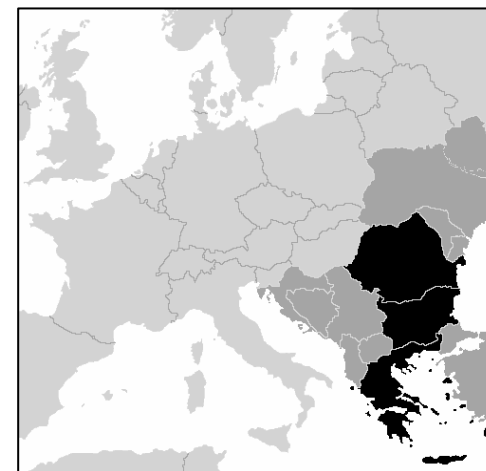
Greece and the Opportunity in South-Eastern Europe

A Private Equity Perspective

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Global Finance is a leading private equity firm in South-Eastern Europe

- Leading middle market buyout and growth investor
- Over \$600 million under management
- Over 50 investments in the region since 1991
- Local presence in Greece, Romania and Bulgaria
- 20+ investment professionals
- Over 100 years of combined PE related experience in the region
- Exceptional investment track record consistently above the returns obtained from stock-markets



Agenda

- **The History**

- The Present

- The Opportunity

- South-Eastern Europe Fund

Early investment environment in South-Eastern Europe

- In the early 90s the countries of South-Eastern Europe were slowly recovering from half a century of communism
- Rough investment environment, market economy at infant stage
 - ✓ Unstable political, legal, regulatory frameworks
 - ✓ Challenging macroeconomic/economic environment
- Early investors suffered from:
 - ✓ Bankruptcies (Bulgaria, Albania)
 - ✓ Hyperinflation (Romania, Serbia)

Early investment environment in South-Eastern Europe (cont.)

- Despite unfavorable environment, opportunity was apparent:
 - ✓ Little or no competition
 - ✓ Highly skilled labor force at very low cost
 - ✓ New products/services would be introduced soon to local markets
- Greek companies were among the first to expand in South-eastern Europe to capitalize on such opportunities

Greece an active investor in South-Eastern Europe

- More than 3,500 Greek companies ventured
- More than \$10 billion invested
- More than 200,000 jobs created
- Greece among top three financial investors
 - ✓ # 1 in Bulgaria, Albania & FYROM
 - ✓ # 3 in Romania
 - ✓ # 4 in Serbia

Were Greek companies successful?

Clear Winners

- Believed in the magnitude of the opportunities
- Invested heavily in capex providing appropriate focus and commitment
- Created strong management teams using balanced mix of expatriates and local talent with the necessary training
- Built strong market positions and recognized brand names

Skeptical Players

- Did not believe in market potential
- Provided inadequate capital with little commitment
- Did not invest in organization building, local management and training
- Tried to maximize short-term returns with minimum investments

The overall success level was low given the magnitude of opportunity

Household Greek names that expanded in South-Eastern Europe

Company	Industry	Year of entry	Market position	Global Finance Backed
HBC (Coca Cola)	Beverages	1991	#1	
Alpha Bank	Banking	1991	#8	
Delta	Ice Cream	1992	#1	√
Neoset	Furniture	1992	---	√
Viohalko	Aluminum	1993	#1	√
Athenian Brewery	Beverages	1994	#2	
Chipita	Snack Food	1996	#1	√
Germanos	Telecom Retail	1996	#1	√
Loulis	Flour Mills	1996	#1	√
Goody's	Fast Food	1997	---	√
Yioula	Glassworks	1997	#1	√
OTE	Telecom	1997	#1-2	

Global Finance helped Greek companies expand in the region, providing capital and management support

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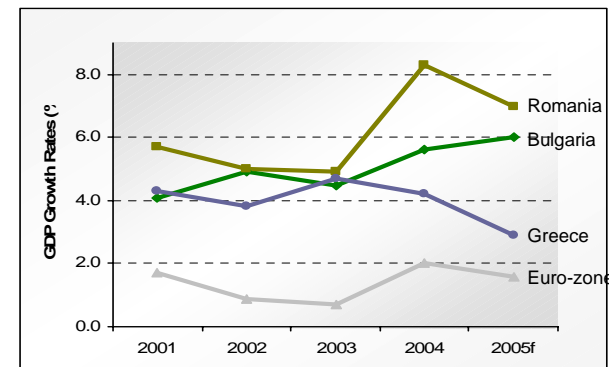
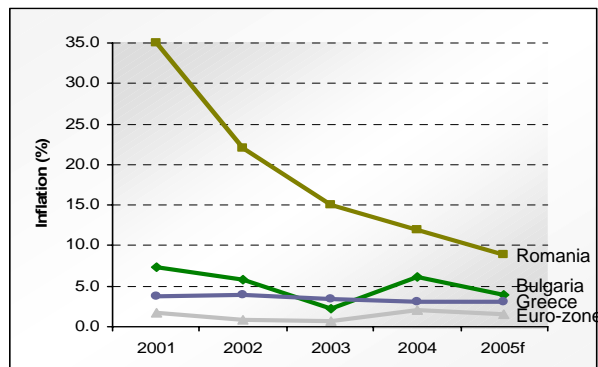
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EU accession accelerated reforms in Romania and Bulgaria...

- Romania and Bulgaria to be full EU members in 2007
 - ✓ Legal and regulatory frameworks now meet EU standards
- Tax rates are lower than those of EU-15; respective tax systems are simpler than those of EU-15
- Labor markets less regulated than in EU-15
- Stable banking system and market infrastructure
 - ✓ JPMorgan EMBI Eastern Europe spread over US Treasury has dropped from 600bps in 2002 to 150bps today

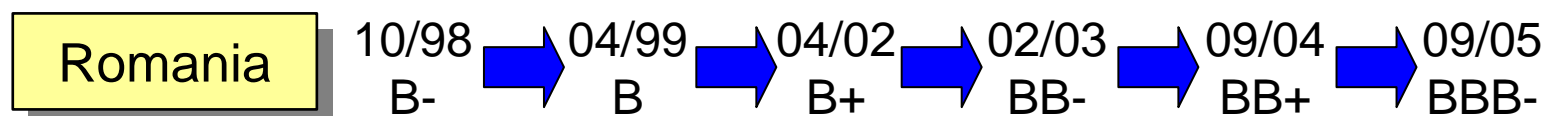
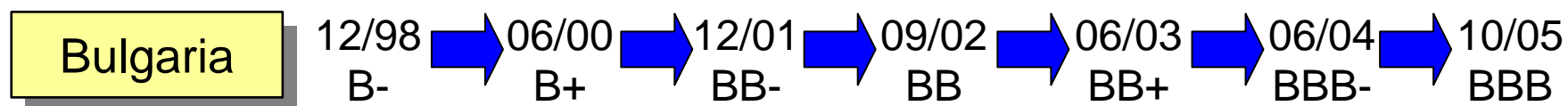
... creating a stable investment environment of vigorous economic growth

- Greatly improved macroeconomic environment has been converging to EU standards
 - ✓ GDP growth is 4x the EU average
 - ✓ Foreign direct investment expected to exceed \$7 billion in 2005 as companies are seeking to expand into higher value-added activities



Fiscal stability leading to upgrades from the credit agencies

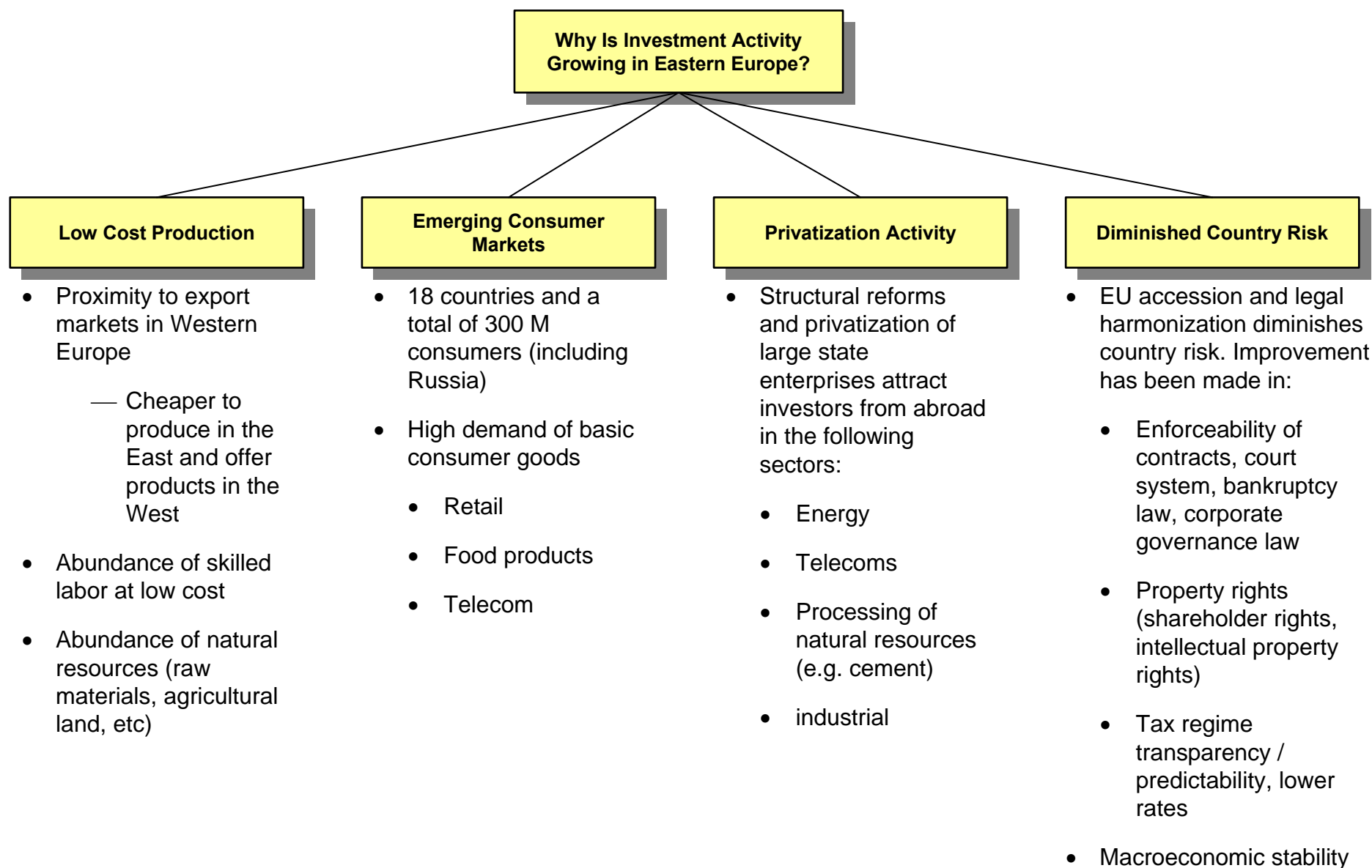
- S&P has rewarded Bulgaria and Romania by upgrading their ratings since 1998



Note: Foreign currency debt ratings

Source: Bulgarian Ministry of Finance, Romanian Ministry of Finance

Why is there such growth in South-Eastern Europe?

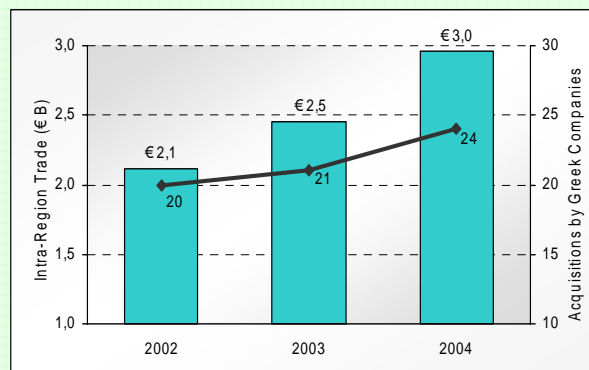


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Romania's & Bulgaria's EU Entry creates a unified economic space which...

- Total of 42 million people with combined GDP of \$350 billion
 - ✓ Region's GDP per capita up 71% since 2000
- Increased flow of goods and labor have been encouraged by:
 - ✓ Geographic proximity, cultural and religious ties
 - ✓ Existing strong interdependence (businesses, M&A, trade and labor)



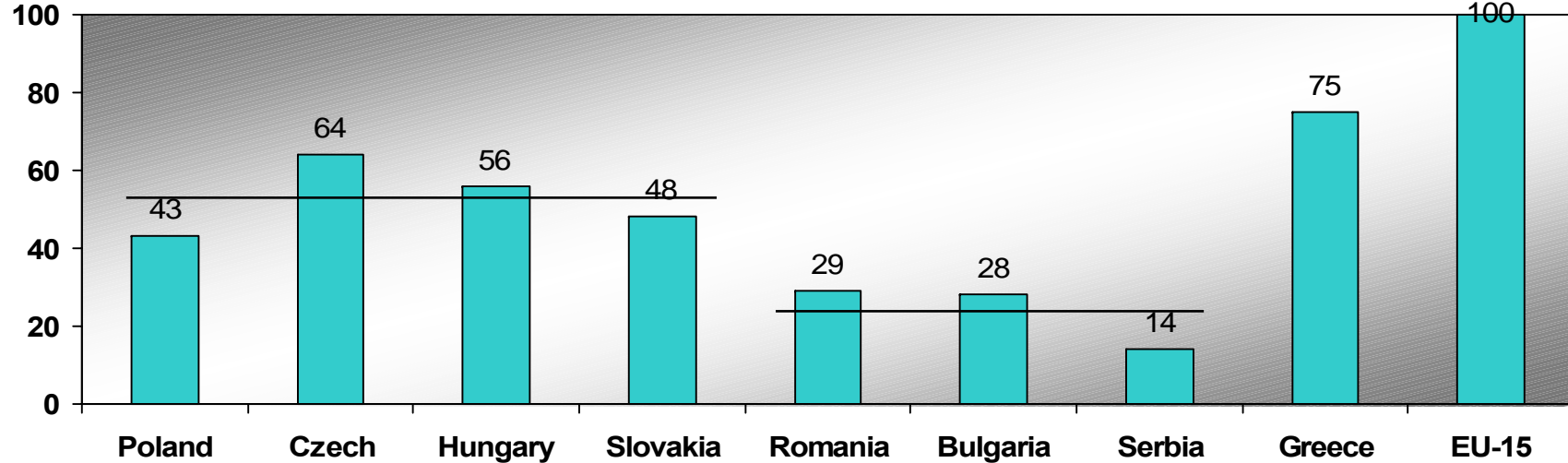
Integrated Business Environment

- Intra-Region trade rapidly increasing, especially Greek imports
- Greek M&A in area steadily growing (most deals in Romania & Bulgaria)

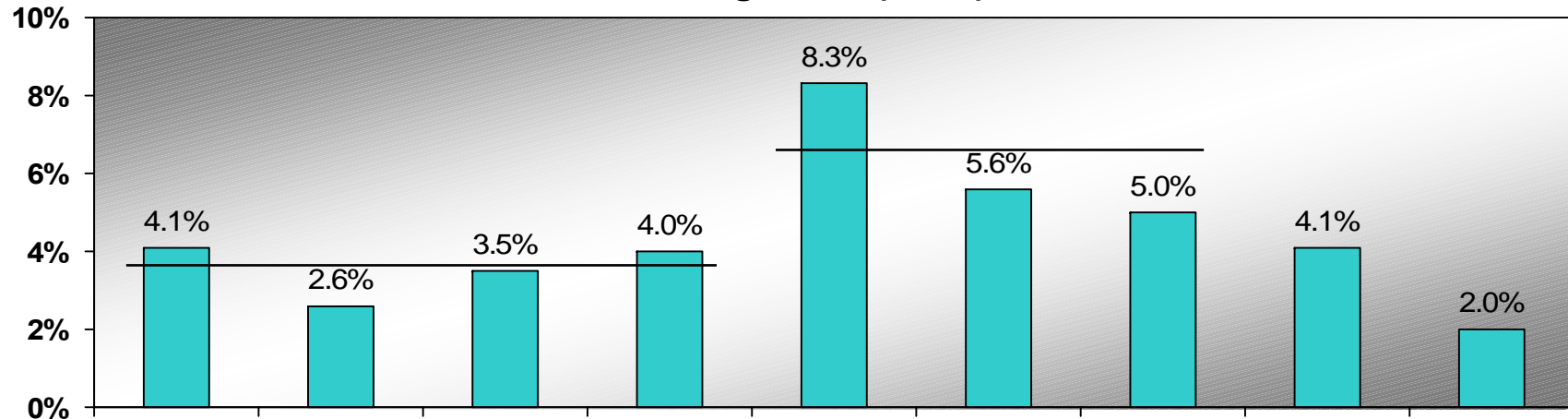
Sources: PriceWaterhouseCoopers, Bank of Bulgaria, Romanian National Institute of Statistics

... experiences the highest growth in all of Europe

GDP per capita in purchasing power standards (2004)



GDP growth (2004)

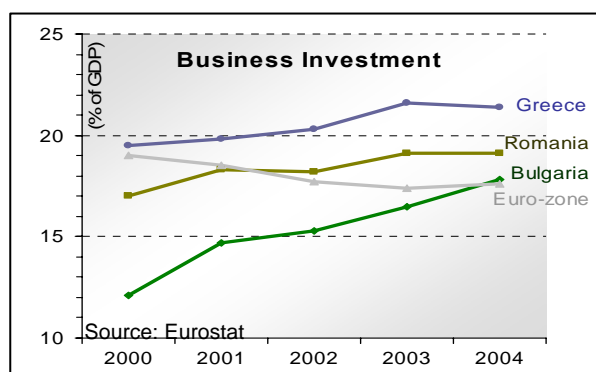


Country	Population
Poland	39M
Czech	10M
Hungary	10M
Slovakia	5M
Romania	22M
Bulgaria	8M
Serbia	11M
Greece	11M
EU-15	380M

Source: Eurostat

Implications for companies in the Region

- Greek companies **MUST** restructure to contain costs, compete sustainably and grow
- Romanian and Bulgarian companies expected to experience further growth supported by GDP growth and expanding consumer credit
- Companies will consolidate regional positions



Strong Investment levels

- Set to continue
- Infrastructure, modernization, consumption

This creates a necessity for business innovation and continuous investment in the region

A clear need favoring Private Equity

- Region offers rare combination for corporate improvement and top-line growth
- Private Equity is the main source of funding as alternatives remain limited
 - ✓ Equity markets provide little liquidity but are developing fast
 - ✓ Local capital is not abundant
 - ✓ Corporate debt markets are at infant stage

Private Equity funds fill the gap resulting from the scarcity of funding sources

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Global Finance: the leading Mid-Market Private Equity Investor

in South-Eastern Europe

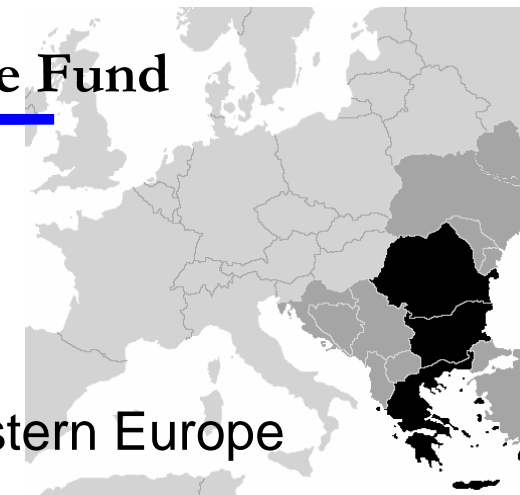
- Long commitment to the region since 1991
- Native in the region
 - ✓ Part of local business tissue
 - ✓ Extensive local network creates proprietary dealflow
- Proven investment style of active ownership
 - ✓ Value adding on multiple levels
- Multi-sector experience
 - ✓ Accumulated knowledge in retail, healthcare, IT, telecom, manufacturing

Exceptional investment track record⁽¹⁾ comfortably outperforming stock-market returns and peer funds

- ✓ **Annualized returns of 49%,**
- ✓ **2.6x invested capital**

(1) Realized, listed portfolio companies, as of 9-30-05

Introduction to the South-Eastern Europe Fund





















South-Eastern Europe Fund

- An up to €350M private equity fund for South-Eastern Europe
- Core countries: Greece, Romania, Bulgaria
- Successor of Global Finance's two current funds: (Black Sea Fund and Global Capital Investors II) of similar combined size
- 7th Fund by Global Finance for the Region since 1991

Main Investment Focus

- Majority Control: companies with unutilized potential; controlling stakes; supporting professional management
- Regional growth: dynamic, extrovert companies; regional development or other expansion plans

South-Eastern Europe Fund

	EU-15 Countries	South-Eastern Europe Fund	Emerging Asia
GDP growth			
Pro-business environment			
Currency stability			
Quality of legal framework			
Transparency			
Corporate governance			

SOUTH-EASTERN EUROPE FUND
EMERGING MARKET GROWTH AT DEVELOPED MARKET RISK

Conclusion

- South-eastern Europe is a region of opportunity
- Economies are growing significantly (well above EU-15) in a stable environment with little business risk
- Funding needs are increasing in the short and medium term and Private Equity is well positioned to fulfill them given the relative scarcity of alternative financing sources
- Global Finance is the leading Private Equity investor in the region with a proven investment track record

SOUTH-EASTERN EUROPE FUND
EMERGING MARKET GROWTH AT DEVELOPED MARKET RISK