

Privatisation Program

The decrease of the Government participation in the free market and the better utilization of the state property are the major goals of the privatization program implemented so far

Privatization constitute an important means of economic policy, which should principally target the opening of the markets, the restructuring and the efficiency of the enterprises to be privatized, the attraction of private sector investments, the development of new activities by using private funds and subsequently the revenues increase for the state.

The new era of privatization, is characterised by the departure from the accounting approach in favour of methods that maximize benefits for the Greek economy. Under this scope, it is important to emphasize the maximization of the value of state owned enterprises, before the privatization process. Moreover, the government proceeded first with mature enterprises, the “value” of which was widely recognized in the market.

For the year 2005 especially, we topped by 31,3% the National Budget target for revenues from privatisations which was set to € 1.6 bn. Within this context, we successfully carried out a series of privatisations in the period 2004–2005 which generated revenues of € 2,855 m, reducing the public debt correspondingly. More specifically:

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PRIVATISATIONS REVENUES 2004 - 2005					
Company	Transaction Date	% of share capital sold	Privatisation Method	Revenues (in € mm)	% of share capital remained to the State
Hellenic Petroleum	Aug 2004	8.21%	Sale of stake to existing shareholder	192	35.5%
National Bank of Greece	Nov 2004	7.46%	Secondary Offering to institutional investors through accelerated bookbuilding	562	0,00%
Football Prognostics Organisation	July 2005	16.44%	Secondary Offering	1.266	34,00%
Hellenic Telecommunications Organisation	Sep 2005	10.00%	Secondary Offering to institutional investors through accelerated bookbuilding	835	38,70%
Total 2004-2005				2.855	

A. Sale 8.21% of the share capital of the Hellenic Petroleum S.A.

- In August 2004 the Hellenic Republic sold 8.21% of the share capital of Hellenic Petroleum to the existing shareholder Paneuropean Oil & Industrial Holdings
- The transaction took place following extensive negotiations at the price of €7.65 per share (without any implications on the management of Hellenic Petroleum) and resulted in €192m of revenue for the Hellenic Republic
- No additional rights for the management of the company were given to the existing shareholder
- It's worth noting that the price of €7.65 per share was higher than that of the 2003 sale

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B. Sale of 7.46% of the share capital of National Bank of Greece S.A.

- In November 2004 the Hellenic Republic proceeded with the successful sale of 7.46% of National Bank of Greece to institutional investors in Greece and abroad
- This move led to the exit of the Hellenic Republic from the direct shareholding of National Bank of Greece, a fact that was positively appreciated by the market
- The transaction formed the largest placement in the stock exchange that took place in 2004 and the second largest that was realised through the accelerated bookbuilding process method

C. Restructuring of Agricultural Bank of Greece S.A.

- In June 2005, Agricultural Bank of Greece successfully completed the increase of its share capital by € 1,250 m with the aim of strengthening the Bank's equity and its capital adequacy ratios
- The Hellenic Republic exercised its rights according to its shareholding, i.e. 84.5%
- As a result of the above actions the shares of Agricultural Bank of Greece attracted significant interest from foreign investors for the first time since the I.P.O. of the bank in the Athens Exchange in 2000
- The Hellenic Republic is actively monitoring market conditions with the view to identifying the right opportunity to proceed with a secondary offering of up to 10% of Agricultural Bank's share capital via accelerated bookbuilding to institutional investors and thus increasing the free float and enhancing the liquidity of the Bank's shares. Any such offering should be decided by the Interministerial Privatisation Committee for. In any case, the Hellenic Republic intends to maintain a minimum shareholding of 51% in the Bank

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D. Sale of 16.44% of the share capital of Football Prognostics Organisation S.A. (OPAP)

- In July 2005 the Hellenic Republic successfully completed the sale of 52,450,000 shares of OPAP representing 16.44% of its share capital, through a combined domestic and international offering
- This transaction constitutes a great success within the framework of privatisations as the Hellenic Republic received €1,266 m, an amount that represents 80% of the target receipts from privatisations in 2005. This amount is also the highest ever raised through privatisations in Greece
- The offering is the largest placement that has ever taken place in the Athens Stock Exchange as well as the first that was completed with an Offering Circular drafted according to the new Regulation (EC) 809/2004 of the European Union
- The offering was characterised by the strong demand by international and domestic institutional investors and by the come back of retail investor participation with 61,338 applications, the highest number that has ever been registered in a Greek public offer

E. Sale of 10.00% of the share capital of Hellenic Telecommunications Organisation S.A. (OTE)

- In September 2005 the Hellenic Republic successfully completed the sale of 49.058.200 shares of OTE representing the 10% of its share capital to institutional investors in Greece and abroad through an accelerated bookbuilding process.
- The amount raised from this sale amounted to € 835 m for the Hellenic Republic.
- After the completion of this privatisation the shareholding of the Hellenic Republic in OTE is 38.70%

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Moreover, an extensive privatisation program is currently implemented including:

1. The restructuring of the Postal Savings Bank, the maximisation of its enterprise value and its listing in the Athens Exchange. Preparations for the listing are under way while the first indications are particularly positive. Moreover, a mutual exchange of 10% of each company's share capital between the Postal Savings Bank and the Hellenic Post is also included in the restructuring process.
2. The exploitation of the most significant assets of the Hellenic Republic which are currently being operated by the Hellenic Company of Touristic Development. Specifically, the development process has already started for the following units:
 - Faliro Marina
 - Corfu Casino
 - Rhodes Golf
 - Alikes Anavisos
 - Xenia Thasos, Vitina, Skiathos, Tsagaradas
3. The establishment of EEAP - Real Estate Company (an investment company, affiliate of KED) and its listing in the Athens Exchange
4. The listing of the Athens International Airport in the Athens Exchange
5. The exploration of the most appropriate method for the exploitation of state participations in listed and non listed companies.

In addition, we proceeded with a modern and flexible regulatory framework for PPPs and PFIs. The establishment of such a regulatory framework, on the one hand and the progress with the optimum use of the Olympic Properties, the real estate of Hellenic Tourist Development Company as well as real estate property of port authorities, through partnerships with private investors, on the other hand, could drastically transform the privatization framework in our country, triggering international and Greek funds that could reinforce the economy
