

HELLENIC EXCHANGES S.A.

FY 2009 Earnings Conference Call

Corporate Participants

Spyros Capralos

Hellenic Exchanges - Chief Executive Officer

Simos Spyrou

Hellenic Exchanges – Strategy & Investor Relations Director

Presentation

Operator

Thank you for standing by ladies and gentlemen and welcome to the Hellenic Exchanges Holdings Essay Conference Call on the Year End 2009 Financial Results. We have with us Mr. Spyros Capralos, Chief Executive Officer and Mr Simos Spyrou, Strategy and Investor Relations Director. At this time all participants are in a listen-only mode. There will be a presentation followed by a question and answer session at which time if you wish to ask a question please press *1 on your telephone key pad and wait for your name to be announced. I must advise you this conference is being recorded today, **Monday March 8 2010**. We now pass the floor to one of your speakers today Mr Simos Spyrou; please go ahead.

Simos Spyrou

Ladies and gentlemen,

Good afternoon and good morning to those of you who are listening to us from the other side of the Atlantic.

We are here to make a brief presentation of the financial statements of our company for fiscal year 2009.

The total net after tax profit of the Group for 2009, amounted to €41.6m, reduced by 36% compared to the €65m in 2008.

As you probably know, in 2009 a one-off extraordinary tax was charged to companies in Greece. This tax amounted to €12.1m for HELEX.

The net after tax profit for 2009, after this extraordinary tax amounted to €29.5m, reduced by 55%.

The reduction in the profitability of the Group (besides the extraordinary tax), is exclusively due to the drop in our top line, since our operating expenses were reduced for the fifth straight year.

In turn, the Group's reduction in revenues is due exclusively to the drop in share prices, since the volume of transactions – the number of shares that changed hands – was up significantly in 2009. Last year 11.5 billion shares changed hands, compared to 9.6 billion in 2008, an increase of 20%. In terms of volume, 2009 was the second best year in the history of Athens Exchange, behind only 2007, when 12.1 billion shares had changed hands.

On the other hand, the value of transactions, on which HELEX calculates and collects its fees, was significantly reduced due to the drop in share prices. In 2009, the total value of transactions amounted to €50.9 billion, versus €78.2 billion in 2008, reduced by 35%.

The average daily value of transactions in 2009 amounted to €205 million, versus €316 million in 2008 and €481 million in 2007. During the year we saw transactions activity gradually improve, and so while we were doing €116 million per day in Q1 on average, in Q2 value traded almost doubled to €229 million, in Q3 we saw a slight dip to €210 million, and in Q4 an increase to €262 million per day. The best month of the year was October, when €300 million worth of shares were changing hands every day, on average.

In 2009, based on FESE data, Athens Exchange was in ninth place in terms of value traded among European Exchanges, compared to the tenth place in 2008.

The Athens Exchange General Index closed on December 31st 2009 at 2,196 points, an increase of 23% from the start of the year, despite the large drop in share prices in November and December 2009.

The total market capitalization of the Greek market on 31 December 2009 was €83.7 billion versus €68.1 billion at the end of 2008, an increase of 23%.

What is important to note, when trying to understand the drop in our revenues, is that the average market capitalization of our market in 2009 was €81.9 billion, compared to €127.7 billion in 2008, a 36% drop.

The consolidated turnover for the Group for 2009 amounted to €78.3 million vs. €108.4 million in 2008, reduced by 28%.

The revenue from the clearing and settlement of transactions in the cash market is by far the largest revenue line of the Group, accounting for 30% of the total. Revenue from clearing and settlement amounted to €23.9 million versus €38 million in 2008, reduced by 37%.

Revenue from stock trading was the second largest revenue driver with 19% of total revenue. Revenue from this line amounted to €15.2 million versus 22.6 million in 2008, reduced by 33%.

In total, revenue from the cash market (trading, clearing and settlement) accounted in 2009 for 49% of our top line, compared to 56% in 2008.

The third largest revenue line – with 15% of the total - is revenue from listed companies, which includes the quarterly subscriptions paid by listed companies and fees on rights issues and new listings on ATHEX; revenue from this line came in at €11.5 million in 2009 compared to €10.1 million in 2008, a 15% increase.

Despite the fact the revenue from listed company subscriptions was reduced significantly in 2009, due to the drop in their market capitalization, total revenue from listed companies increased by 15% due to the fees that we collected from rights issues.

In particular the fees from rights issues amounted to €6.9 million in 2009, versus €3.3 million in 2008, a 109% increase.

The derivatives market (trading and clearing) accounts for 11% of the Group's turnover. In 2009, revenue from the derivatives market was €8.4 million versus €11 million in 2008, a 24% reduction.

The average daily volume of transaction in this market was 42 thousand contracts in 2009 compared to 40 thousand in 2008, a 5% increase.

The 24% reduction in revenues from derivatives, given the increased volume is mainly due to the drop in the underlying share prices, on which the fees per contract for the stock options and stock futures are based.

Revenue from off-exchange transactions amounted to €2 million, significantly reduced by 69% compared to 2008 (€6.4 million).

Revenues from data vendors account for 6% of turnover and were increased by 7% to €4.9 million compared to €4.5 million in 2008.

Revenue from Central Registry Management accounts for 5% of the turnover of the Group and in 2009 amounted to €4.0 million, reduced by 22% compared to 2008 (€5.1 million), due to the reduction in share prices and the overall market capitalization of Athens Exchange.

Revenue from IT services accounts for 3% of turnover and amounted to €2.2 million vs. €1.7 million in 2008, increased by 27%.

Revenue from other activities posted a small €50 thousand increase, and amounted to €3.1 million vs. €3.07 million in 2008.

In 2009 €1.6 million in revenue from the DAC project - which concerns the connection of Athens Exchange with the emerging markets of Southeastern Europe - was recorded, which did not exist in 2008.

On the other hand, in 2008, the Egypt project was completed and €1.2 million in revenue was recorded, which does not exist in 2009.

The fee that we pay to our Regulator, which is calculated as a percentage of our trading and clearing revenues in the cash and derivatives markets, amounted to €3.7 million, reduced by 36% compared to 2008 (€5.7 million).

Thus, the operating revenue of the Group in 2009, after subtracting the Hellenic Capital Market fee, amounted to €74.7 million versus €102.6 million in 2008, reduced by 27%.

Before I tell you about our expenses, I would like to mention that in 2009 the Group had non-recurring revenue of €1.8m from the claim for the tax paid on the Capital Market Commission fee for fiscal year 2000. We went to court against the Greek State over this issue, and by a final judgment the Council of State decided that this amount should be paid to HELEX by the Greek State.

By comparison, in 2008 we booked €7.0 million in non-recurring revenue, mainly from the profits from the sale of our former headquarter building (€3.2 million), and the reversal of a tax provision (€3.3 million), which had been formed for the Hellenic Capital Market Commission fee paid in 1999.

Thus, the consolidated total revenue including the non-recurring items, and the fee to the Hellenic Capital Market Commission amounted to €76.4 million in 2009 versus €109.6 million in 2008, reduced by 30%.

Let us now turn to the cost side. The operating expenses of the Group in 2009 were reduced for a fifth straight year.

In particular, total expenses - before depreciation - of the Group in 2009 amounted to €23.1 million vs. €26.3 million in 2008, reduced by €3.2 million, a 12% reduction.

The fact that, from 2004 until today, the annual cost of running the Group has been reduced by 30% means that this year we will spend €11 million less for our operations than we did back in 2004.

All expense categories have been significantly reduced, except the building management expenses. These expenses are slightly increased because the Group has started covering the building management expenses itself, following the end of the contractual obligation by the constructor of the building to pay such costs in the first years of operation. In particular building management expenses amounted to €1.2 million in 2009, increased by €67 thousand compared to 2008.

The largest expense category by far is personnel remuneration and expenses, which accounts for 57% of total operating expenses.

Personnel remuneration and expenses amounted to €13.2 million versus €14.7 million in 2008, reduced by €1.5 million or 10%.

The number of employees of the Group, at the end of 2009 was 270 persons, slightly reduced compared to the end of 2008 (276 persons).

The reduction in personnel remuneration and expenses in 2009 is due to the reduction in headcount by 50 persons in 2008, since the compensation paid to personnel leaving the Group amounted to €116 thousand in 2009 compared to €580 thousand in 2008.

In 2009, €9.9 million was paid to employees compared to €10.6 million in 2008.

Additionally, in 2009 there were no expenses for the stock option plans, whereas in 2008 these expenses had amounted to €331 thousand.

IT support services accounted for 8% of our overall expenses and amounted to €1.8 million in 2009 versus €1.9 million in 2008, reduced by 5%.

Utilities expenses (electricity, water supply, communication networks etc.) accounted for 8% of total expenses, and amounted to €1.8m compared to €1.9m in 2008, also reduced by 6%. Note that approximately 40% of utilities expenses concern leased line expenses for connecting members with the Exchange using the "Athens Exchange Network"; a large part of these expenses are invoiced to Members and shows up as revenue on our top line.

Other expenses amounted to €2.1m compared to €3.1m in 2008, reduced by 33%.

The large reduction in expenses in this category is due to the fact that in fiscal year 2009 we did not have any expenses related to the Slovenian project or the Egypt project; in addition, travel expenses were reduced to €292 thousand from €544 thousand in 2008.

In particular:

- a) Egypt project expenses: €72 thousand in 2009 versus €804 thousand in 2008
- b) Slovenian project expenses: €0 this year versus €373 thousand in 2008
- c) travel expenses: €292 thousand this year versus €544 thousand in 2008

The remaining expense categories concern smaller amounts and were not materially different compared to 2008.

Thus, as I mentioned earlier, total expenses excluding depreciation for 2009 amounted to €23.1 million vs. €26.3 million in 2008, reduced by 12%.

In the 2009 results we also recorded non-recurring expenses in the amount of €509 thousand related to the reconstruction following the bomb attack on our building on the 2nd of September 2009. These expenses are expected to be covered by the insurance company.

Thus the earnings before interest and taxes (EBIT) of the Group amounted to €50.2 million versus €80.6 million in 2008, reduced by 38%.

The EBIT margin was 64%.

The tax rate on consolidated profits was 24.6%, and the net after tax profits, excluding the extraordinary tax, amounted to €41.6 million versus €65 million in 2008, reduced by 36%.

The net after tax profits of the Group in 2009, after the €12.1 million in extraordinary tax, amounted to €29.5 million versus €65 million in 2008, reduced by 55%.

This profit corresponds to forty five cents (€0.45) per share in 2009 versus ninety two cents (€0.92) in 2008, reduced by 51%.

Finally, the cash and cash equivalents of the Group on December 31st 2009 amounted to €125.2 million, out of which €115.2 million were in cash and cash equivalents, and €10 million in bonds.

Over the last 4 years, the company has distributed to shareholders approximately 60% of its net after tax profits in the form of ordinary dividends, and, in addition, each year it either paid out extraordinary dividends or bought back its shares for cancellation.

This year, the Board of Directors has decided to propose the following dividends, for approval at the upcoming Annual General Meeting of shareholders on May 19th:

- a) €0.22 per share as ordinary dividend, for a payout of €14.4 million, and
- b) €0.13 per share as extraordinary dividend, for a payout of €8.5 million

The total payout is therefore €0.35 per share or €22.9 million. This corresponds to a 78% payout ratio.

Based on the closing price of the last day in 2009 (€7.30), the dividend yield is 4.8%. Based on last Friday's close (€6.92), the dividend yield is 5.1%.

Thank you.

We may pass the floor now for the Q & A.

Questions and Answers

Bruce Hamilton - *Morgan Stanley*

Good afternoon guys, just checking on the kind of tax, you have outlined the extraordinary tax for 2009 and an underlying tax rate of 26.4%; what is your visibility on where you think that tax rate may go, looking forward from here? Can you give us any guidance on 2010-2011 given austerity measures and so forth in the Greek market? Thank you

Simos Spyrou

Hello Bruce; the €12.1 million was a one-off taxation, basically on the austerity measures that you mentioned; the corporate tax rate for the ordinary taxation was 24.6%, the effective rate actually for us for 2009. Actually a few days ago the Government has announced that the corporate taxation will gradually be reduced by 1% each year from 2010 up to 2014, starting from 2010 when it's going to be 24% down to 20% in 2014.

Lambros Papadopoulos - *Citigroup*

I've got a couple of questions for you; the first one is just on the numbers - a quick one - the revenue from the DAC project you may have spoken about it, but if you don't mind repeating what that was and whether it is going to be recurring in 2010 and the second one is more general with regards to the Government measures, do you have any update as to what's happening with the Capital Gains tax?

Simos Spyrou

Hi Lambros, the revenue from the DAC project is a one-off revenue actually, as you remember when we started the project we announced that this is subsidised by the Greek State to interconnect the markets in South Eastern Europe. So, this actually was the subsidy that we got and it's a one-off. Regarding the Capital Gains tax we do not have any further insight to what has been announced a couple of weeks ago we now expect the final load to be voted and then to see the ministerial decisions to when there are going to be particular definitions about the Capital Gains taxation, so at this stage we don't have any further news on that.

Lambros Papadopoulos

Has there been any work done by the Government? Have they got a technical team to discuss with you how it's going to work implementation wise?

Simos Spyrou

Yes, they did have a technical team discussing with all the market participants regarding the Capital Gains tax and I assume that they will announce their decisions within the following weeks.

Lambros Papadopoulos

So assuming it does come through, can you remind us how much of the daily turnover comes from people that will be affected by such tax - if that is an exercise that can be done?

Simos Spyrou

Well it really depends; if this means only Greek citizens, it's about 45% of the transactions, both in retail and institutional investors. If this is further expanded to people from outside Greece with all different countries that have not signed double taxation treaties it might get larger than that, but we have to wait and see that the particular definitions of the law by the Government before we find out exactly how many people it will affect.

Lambros Papadopoulos

Just for the [unclear] do you know if there will be a settlement of the gains and the losses that we seem to know and we know its going to be for the short term and not the long term; is there any detail at all that you can share with us or you don't even have any detail?

Simos Spyrou

No, not at all Lambros, again this is a detail that we expect to be defined by the Government; it is among the issues that they are discussing with the market participants and I assume that this is going to be defined by the Government.

Lambros Papadopoulos

Will there be any proactive moves on the fee side this year, considering that everything seems to be cut in Greece these days, or are you happy with the fee structure of HELEX for 2010?

Simos Spyrou

No, as we have announced, the only move that we are planning to do and actually was announced last year, is basically the post trading fees where we are going to unbundle them and we have now the exact time frame for that project. We have announced that we are going to start with our new clearing and settlement policy on September 3rd - the first Friday of September - where we are going to change the whole way of clearing in the Greek market. As you remember we have said that we are planning to charge a viable fee for clearing and then a fixed fee for settlement and another fixed fee for registration. Overall we expect the sum of the three fees is going to be very close to what we charge today, based on volumes around €200 million per day.

Lambros Papadopoulos

Unless of course it becomes less

Simos Spyrou

Exactly, if it gets lower it becomes more.

Martin Price - Merrill Lynch

Good afternoon; just in line to the proposed increase in the taxation of distributed profits which was announced by the Finance Ministry recently, I was wondering if you could comment on any implications for the dividend quality in 2010 at this stage? Might share buy-backs be a stronger possibility now or is it perhaps to early to say? Thank you.

Simos Spyrou

Martin, nothing has changed comparing to what we did last year; as you heard we continue the policy of the minimum ordinary dividend based by the Greek legislation, followed by a special dividend as we did last year. So based on the Greek legislation the minimum dividend that we can distribute - ordinary dividend - is 22 cents per share and this is what we are doing because this is taxed and on top of that we are paying another 13 cents as a special dividend.

Martin Price

In terms of the outlook for 2010 Simos, any views on the dividend policy for this year or perhaps to early to say?

Simos Spyrou

It is quite early Martin; I think it is quite early. It really depends on how we are going to do through out the year - our revenues, our profits and you know to see if there are any special taxes through out the year et cetera.

Panos Kladis - National P&K Securities

If my numbers are correct, in Q4 there was significant reduction in your personnel expenses, so if you can give us an explanation to that? That is compared to the previous Quarters?

Simos Spyrou

In Q4? Yes basically the reason, as we said, is that comparing to the previous year in this line the personnel expenses we had a reduction of about €330,000 for the stock option plans which was booked on Q4 in the previous years and this year was actually zero in 2009, due to the one-off remunerations that we were paying to our personnel which were leaving the Group in the previous Quarters. These were the lines that were reduced in the Q4.

Panos Kladis

Is it fair to assume that going forward this is a sustainable quarterly figure?

Simos Spyrou

I assume it's going to be a bit higher, not at this level a bit higher than that, but not at the level of the previous three Quarters.

I would like to thank you all very much for being with us today and we are available for any further questions if you have any you can call us directly. Thank you very much.