



THESSALONIKI WATER SUPPLY & SEWERAGE Co S.A.

## Analysts' Presentation June 2013



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The management has adopted modern technology to control all applications for even better water quality as well as improvement of sewerage treatment.



With respect to the environment and the water resources the management's main target is the protection of the Thermaikos bay.





-  **Constant improvement of the provided services**
-  **Secure provision of excellent quality drinking water**
-  **Efficient environmental protection**
-  **Improvement of the company financials**





**The Company Strategy focuses upon the fulfillment of its obligations as a Public Utility Company**






# Global Statistics







-  According to the most recent global statistics the world's 36% of the global population (2.5 bil. people) live in areas with limited water access
-  In those areas the 22% of the world's GDP is produced or \$9.4 tril.
-  In the scenario that the global water production increases after technological advancements and leaks reduction, this will rest 1 bil. people from water shortage and 21% fewer kids with limited water access.



## EYATh today







-  **Rationalization of financial accounts**
-  **Removal of significant amount of sludge**
-  **Maintenance works increase with costs decrease**
-  **Ensuring profitability and liquidity**
-  **Partial replacement and leaks limitation**
-  **Bills payment through the internet and favorable terms of claims payment**
-  **Participation in leading research activities**
-  **Series of actions with an informative and social profile**
-  **Extension of activities in cooperation with the municipalities**
-  **Business Plan for the modernization of infrastructure**







- The reuse of the treated liquid waste in cultivation close to the Treatment Plant
- The reinforcement of the production plant and exploitation of biogas from the sludge, which is already in the Sindos plant as well as the exploitation of its heating power.
- Finally, the company Business Plan includes the infrastructure modernization as well as the technological advancement and the extension of operations in the Northern Greece and the Balkan area.

**Refinery**





## EYATH S.A.

-  In progress is the Investment Plan 2008-2012 of total value € 87.9 mil.
-  Design and Implementation of the new Investment Plan 2012-2016
-  Expansion of the customer base
-  Exploitation of renewable resources for energy production

  
**Sindos Biological  
Treatment Plant**





**Main axis for strategy planning remains the sustainability in growth as well as the choices for humanity**



**Combination of business operations and social responsibility**



**Provision of high level water and sewerage services with the minimum possible cost**



**Protection of the water sources and provision of excellent water quality**



**Protection of the environment**



**Zero pollution of the Thermaikos Gulf**





**Design and implementation of the following:**



**Upgrade of the Sewerage Treatment Plant in cooperation with the Greek Development Bank as a management body of the Sindos Industrial Area**



**Electronic monitoring of the Water and Sewerage Network for the precise estimation of operation and maintenance**



**Gradual replacement of water meters in order to ensure precise recording of the water consumption**



**Based on the target to widen up the company operations, the ability to explore the sewerage network with the installation of optical fibers is examined, for the provision of electronic services**





Two important projects were announced.



These projects concern the 'Construction of the 2<sup>nd</sup> Branch of the Main Sewerage Pipe of Thessaloniki' budget of €44 mil. and the 'Construction of Extension of Water treatment Plant Phase 2' budget of €36.5 mil.



In the same direction, constructed and delivered were projects of the biological treatment such as dried sludge and other projects total cost of €17.5 mil.

**Sindos Biological  
Treatment Plant**








## Operation & Maintenance :

- Receiving the majority of the urban waste
- Removal of 28,000 tonnes for the production of organic fertilizers
- Progressive increase in demand for calcified material
- Remaining quantity amounts to 208,000 tonnes
- The product of the plant will be provided to agricultural land (budget of €3.7 mil.)





## Capacity :

	Capacity of Organic Load (design):	296,000 m <sup>3</sup>
	Population Served (design):	1,333,000
	Service Data for 2012:	
	Average daily Service:	173,700 m <sup>3</sup>
	Amounts of wastes (m <sup>3</sup> /daily):	
	a. Urban wastes	172,600
	b. Industrial wastes	-
	c. Sewerage wastes	1,100
	Annual production of dewatered sludge	56,160 tonnes
	Annual production of dried sludge	7,850 tonnes
	Volume of treated waste for 2012 (m <sup>3</sup> ):	63,405,000



## Outcome of the management policies :



**Audit and composition of budgets during 2010-2012 with accounts cross checking**



**Completion of previous years liabilities**






**Improvement of infrastructure and facilities**



**Management of the biological treatment product and removal of dewatered sludge for immediate use in agriculture.**





-  **Planned construction of the 2<sup>nd</sup> Branch of the Central Sewerage Treatment Plant of Thessaloniki (€44 mil.)**
-  **Planned construction of the Water Treatment Plant Extension in Thessaloniki (€36.5 mil.)**
-  **Preparation of relevant study for investigation of possible ways for exploitation of sludge in conjunction with the product of the heating plant already in operation.**





## Water

- **250,000 m<sup>3</sup>** average daily water production
- **510,000** customers-consumers
- **2,200 th.** pipe network length
- **120 sqm.** service area

## Sewerage

- **175,000 m<sup>3</sup>** average daily sewerage treatment
- **1,700 th.** total network length
- **510,000** customers-consumers
- **637 sqm.** service area

## Refinery





## EYATH fixed Assets

Raw water conveyance system:  
112 Facilities



**4 Pumping stations**



**45 Storage Tanks**

Water Treatment  
Quality Control



**Pipes Network**

**EYATH S.A.**

- In July '01, E.Y.A.Th. Fixed Assets signed a 30 years exclusive agreement with E.Y.A.Th. S.A.
- E.Y.A.Th. SA purchases unprocessed water from E.Y.A.Th. FA securing customer needs

**EYATH S.A. focuses upon:**

- Maintenance,
- Service,
- Renovation,
- Leaks Decrease and
- Existing Network improvement



# Financial Results & Share





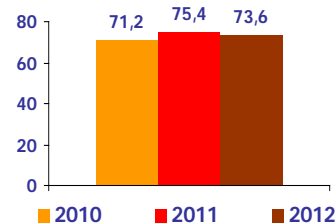
- Company turnover reached €73.9 mil. in 2012 compared to €75.4 mil. in 2011 a decrease of 2.05%
- Cost of sales reached the amount of €43.3 mil. in 2012 compared to €42.3 mil. in 2011 an increase of 0.95%
- Gross profit reached €30.5 mil. in 2012 compared to €32.5 mil. in 2011 a decrease of 6.02%
- Earnings before taxes reached €21.4 mil. in 2012 compared to €26 mil. in 2011 a decrease of 17.42%.
- Earnings after taxes reached €17.8 mil. in 2012 from €20.6 mil. in 2011 a decrease of 13.7%.
- EBITDA reached €24.4 mil. in 2012 compared to €32.5 mil. in 2011 a decrease of 6.02%
- Cash and equivalent reached €33 mil. in 2012 compared to €23.2 mil. in 2011 an increase of 42%.



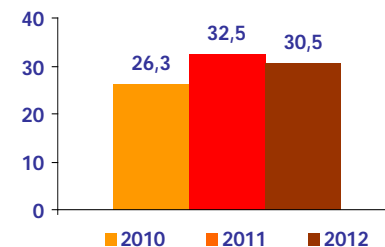
## Summary on Financials (€ th.)

	2012	2011	Difference
Turnover	73,581	75,400	-2,41%
Cost of Water Sold	43,284	42,876	0,95%
Earnings Before Tax	21,477	26,008	-17,42%
Earnings After Tax	17,780	20,595	-13,67%
Gross Profit	30,566	32,524	-6,02%
EBITDA	24,396	28,792	-15,27%
Equity	135,608	124,653	8,79%
Cash and Equivalent	32,976	23,159	42,39%

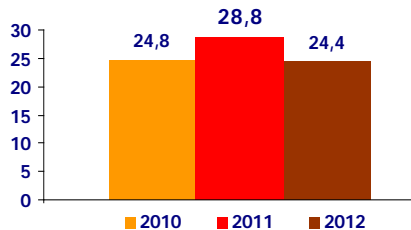
Turnover (€ mil)



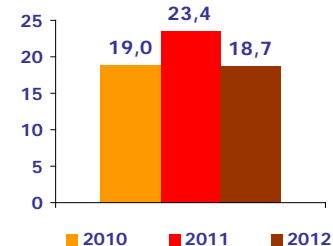
Gross Profit (€ mil.)



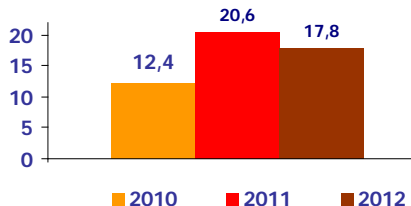
EBITDA (€ mil.)



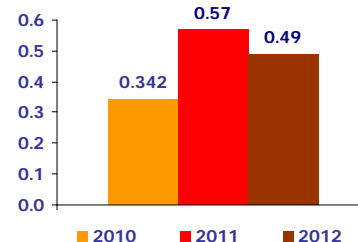
EBIT (€ mil.)



Earnings After Tax (€ mil.)



EPS (€)



→ Net Equity Position increase as well as Cash



(€ th.)	2012	2011
<b>Assets</b>		
Non Current Assets	91.608	92.509
Current Assets	98.818	89.033
<b>Total Assets</b>	<b>191.426</b>	<b>181.542</b>
Equity	135.608	124.653
Debt	55.818	56.890
<b>Total Liabilities</b>	<b>191.426</b>	<b>181.542</b>

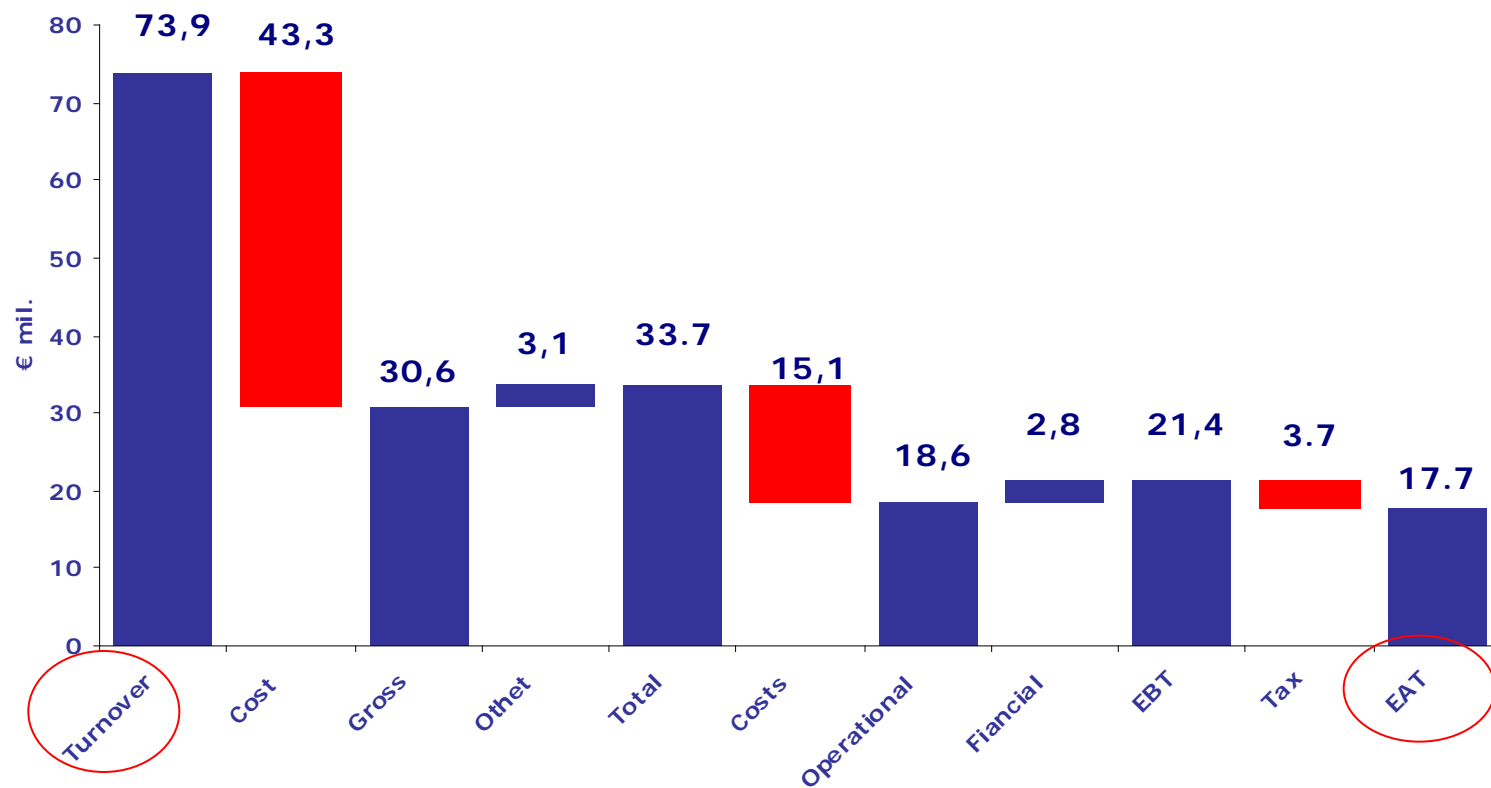


(€ th.)	2012	2011
Operating Activities	17.461	16.954
Investing Activities	- 435	- 3.453
Financing Activities	- 7,208	- 4,707
Cash - beginning	23.159	14.364
Cash - end	32.976	23.159
Cash - increase / decrease	9.818	8.795

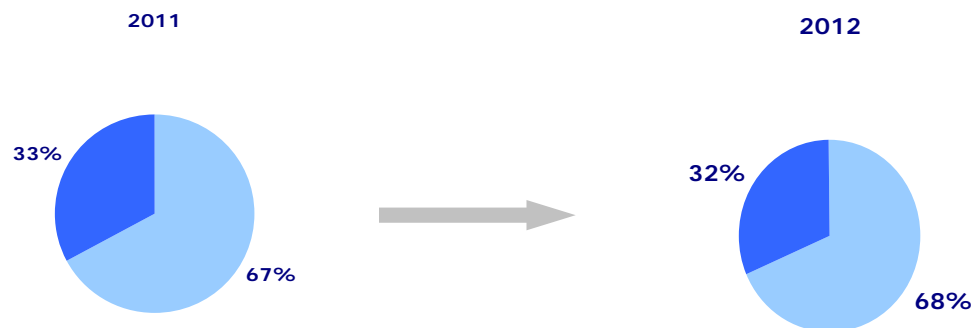
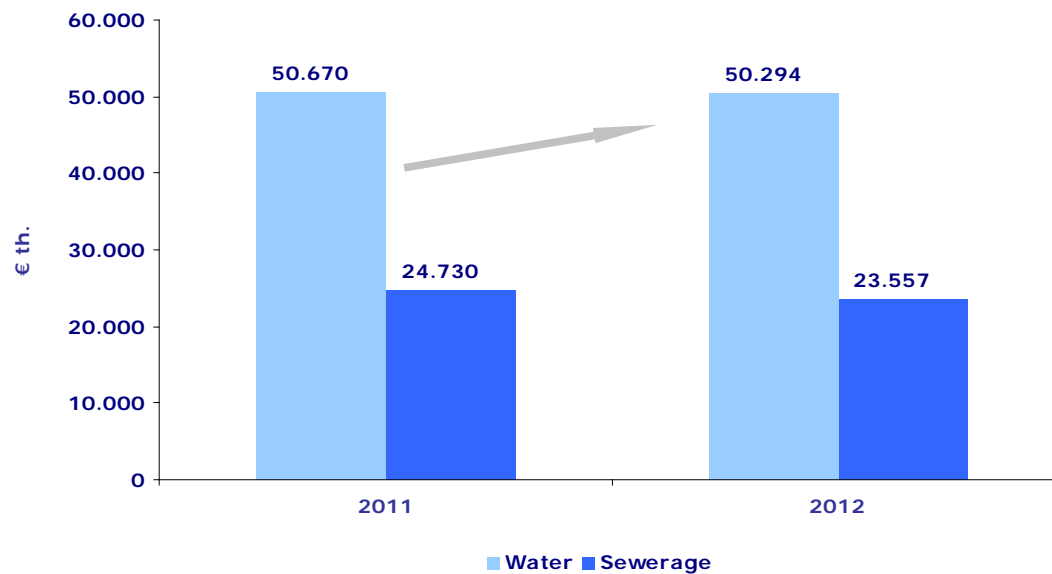


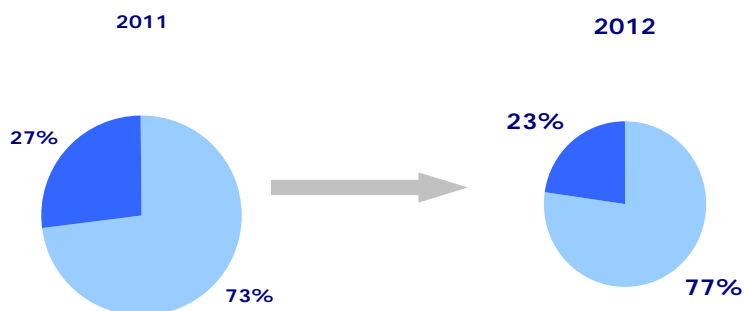
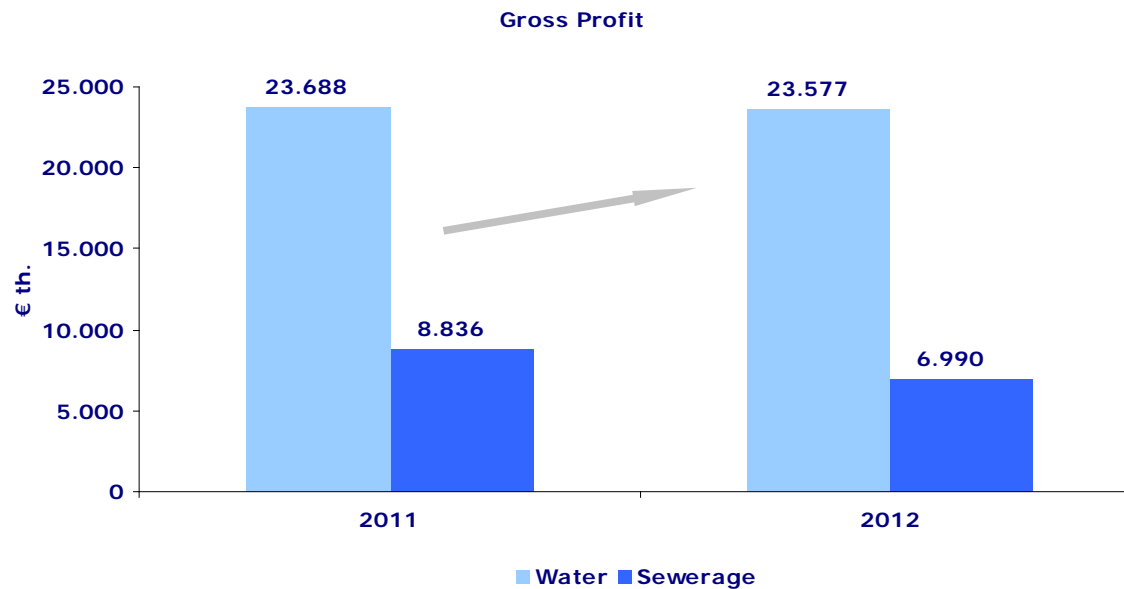
	2012	2011	2010	2009
<b>Productivity Ratios</b>				
Gross Profit Margin	41,39%	43,14%	36,95%	39,19%
EBIT	25,25%	31,06%	26,71%	26,57%
<b>Capital Return Ratios</b>				
ROE	15,84%	20,86%	19,30%	21,96%
ROA	11,22%	14,33%	12,46%	13,99%
<b>Liquidity Ratios</b>				
Liquidity	3,39%	2,76%	2,18%	2,28%
<b>Capital Structure Ratio</b>				
Equity / Debt	242,95%	219,11%	182,32%	175,52%
<b>Investment Ratio</b>				
EPS	0,49	0,57	0,34	0,40

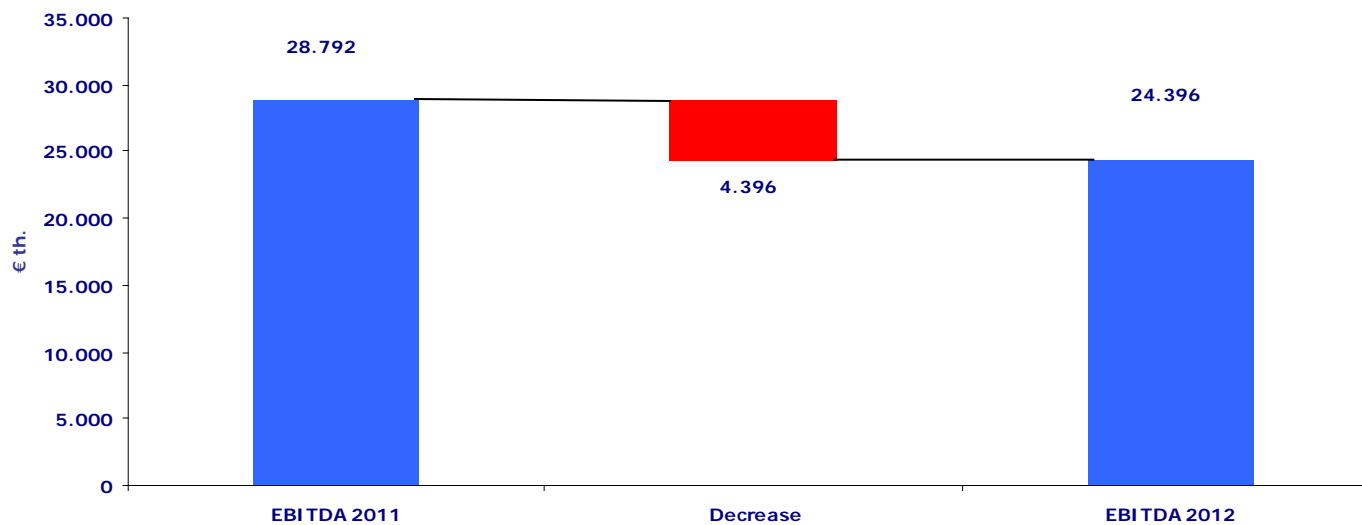


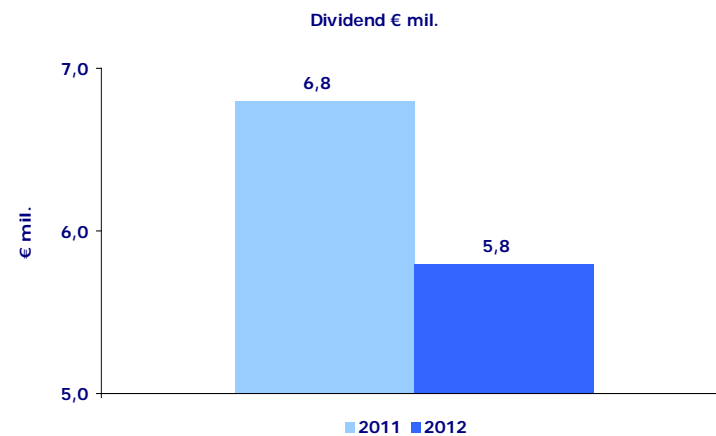
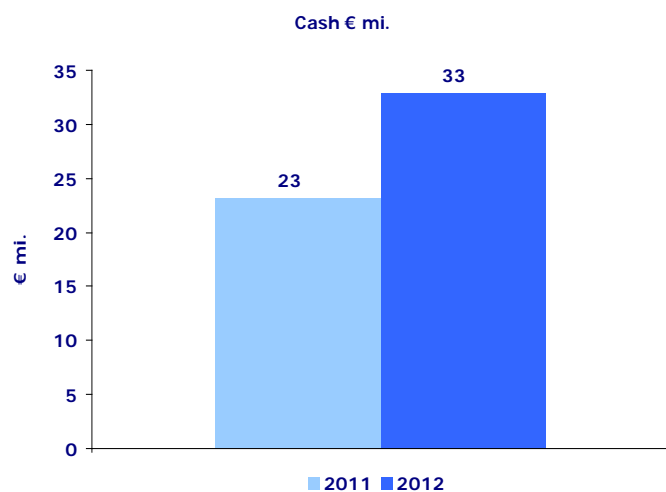
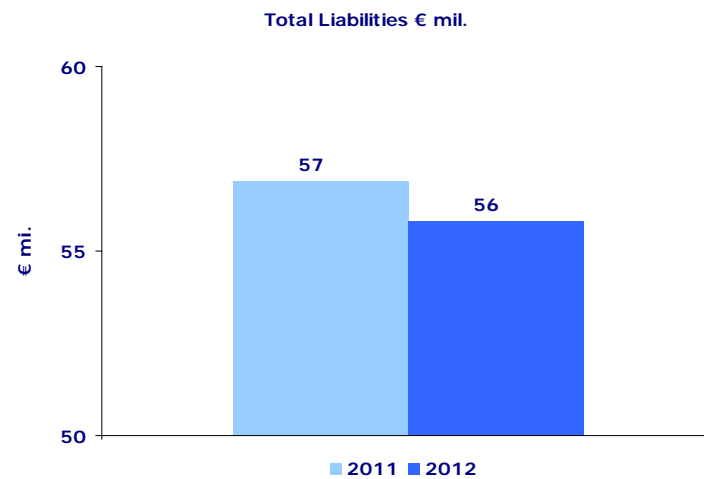
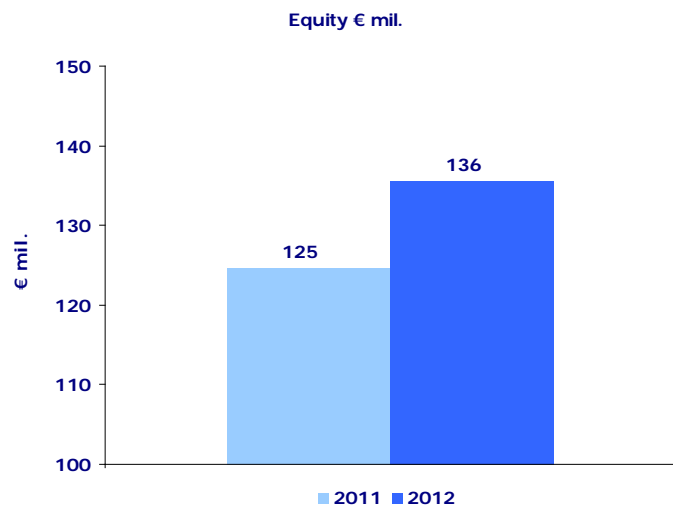


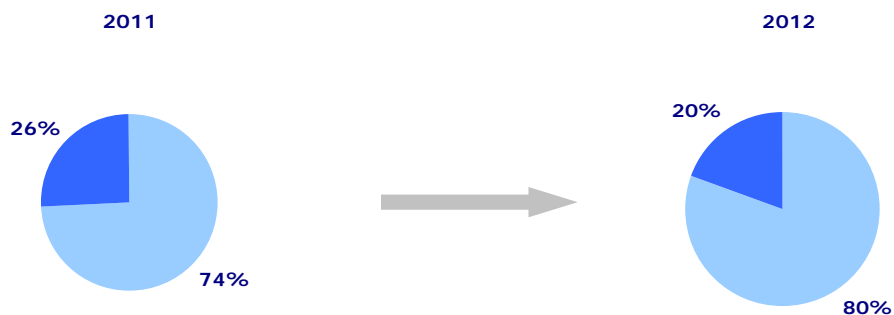
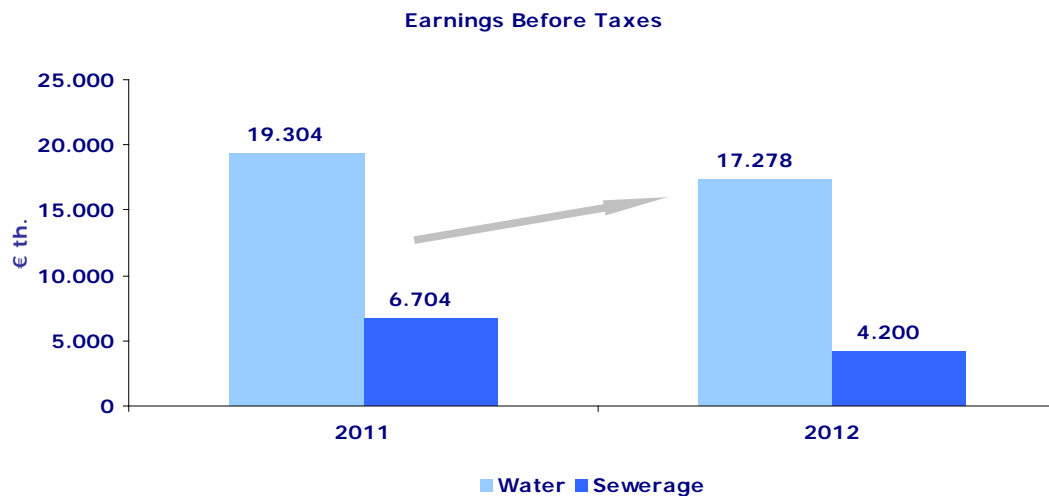
### Turnover breakdown



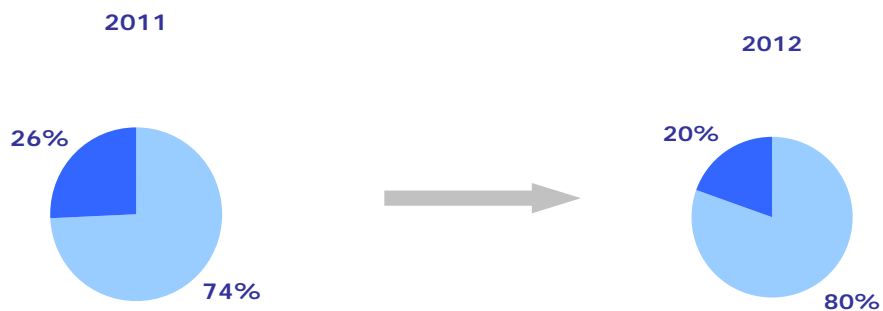
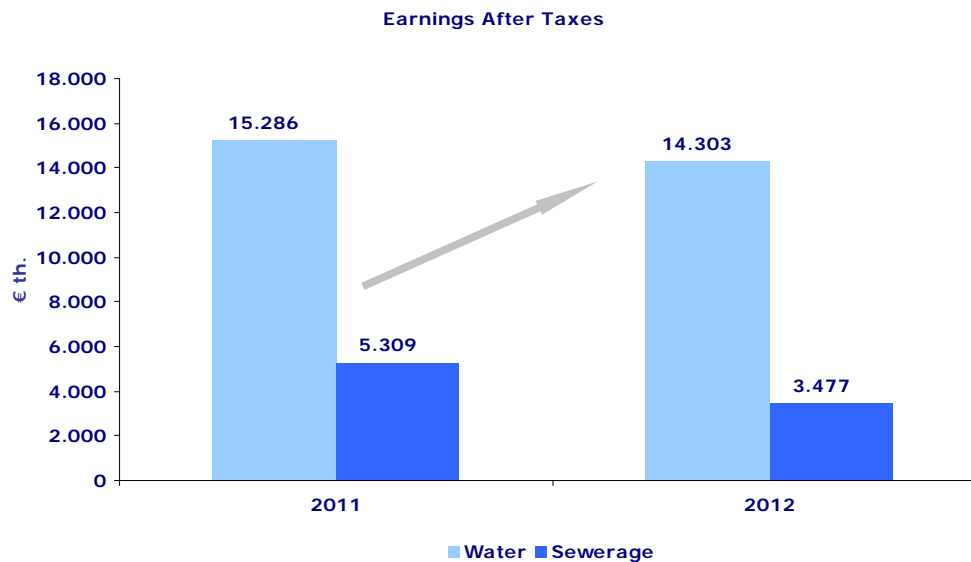




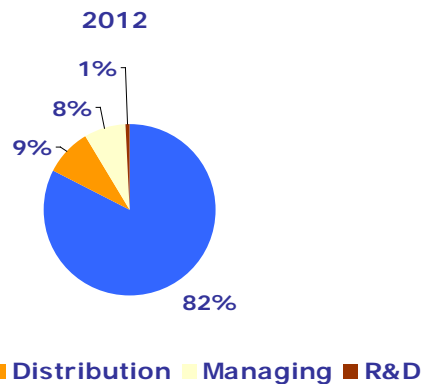
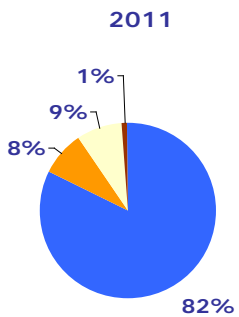
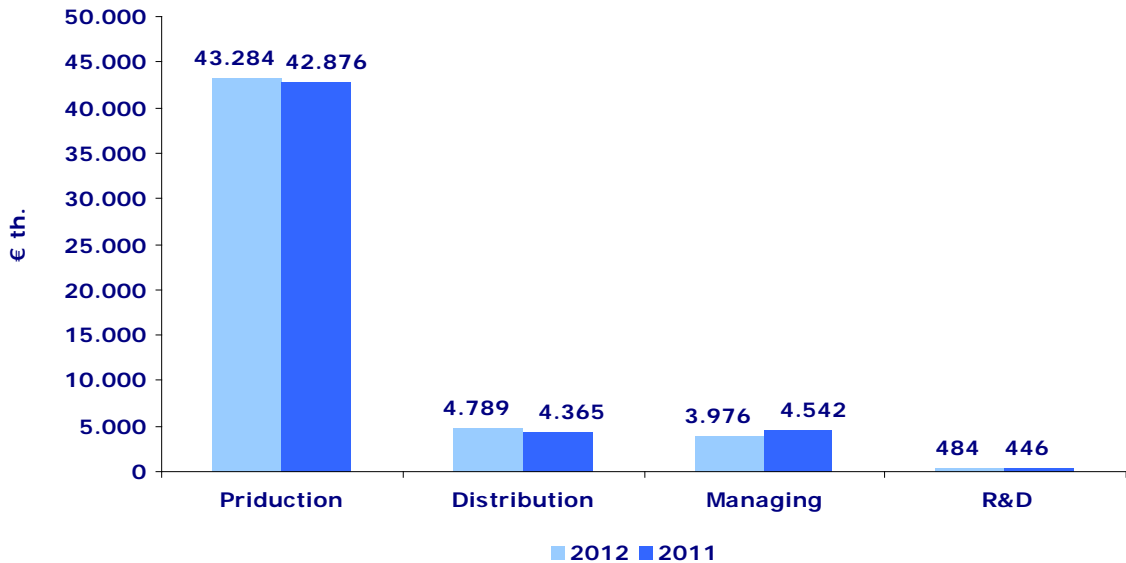


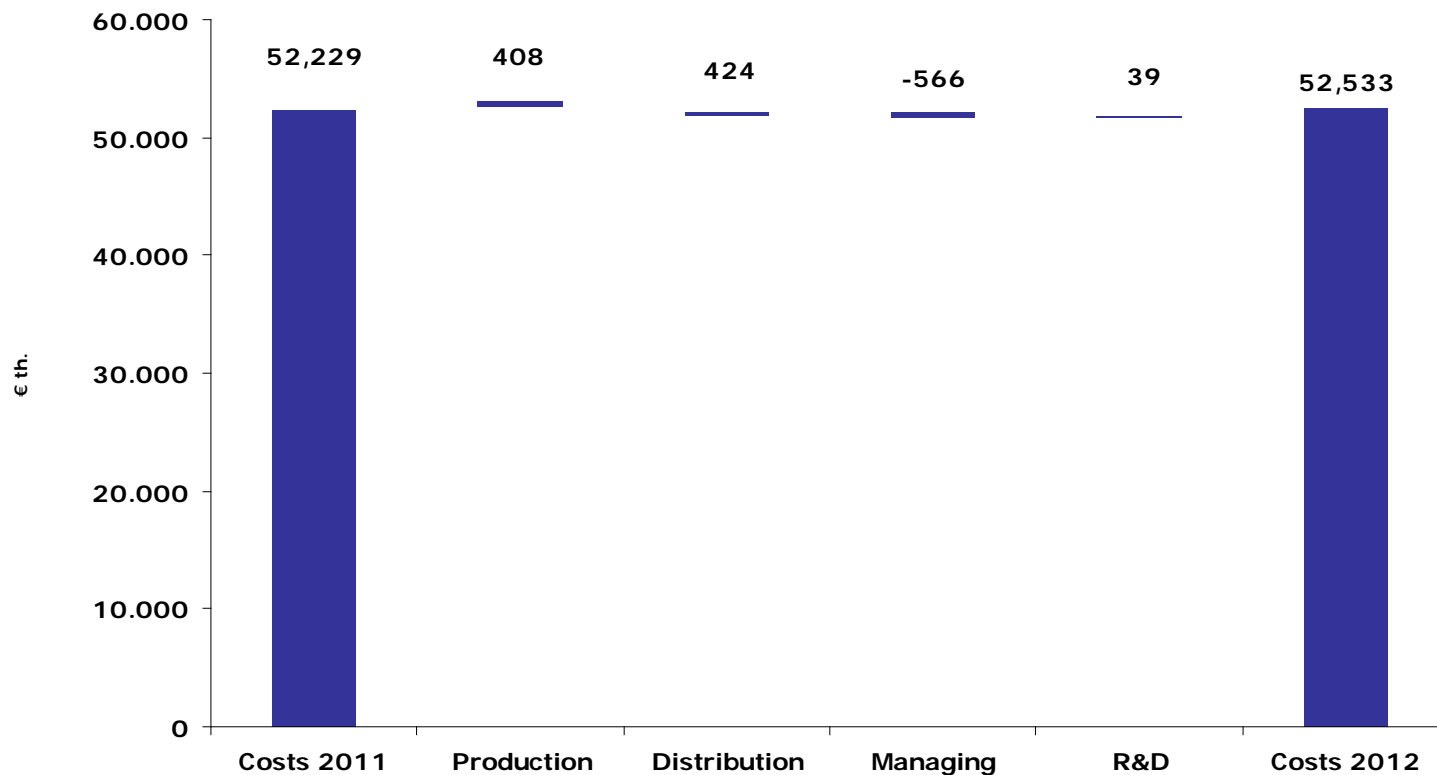






## Cost Analysis

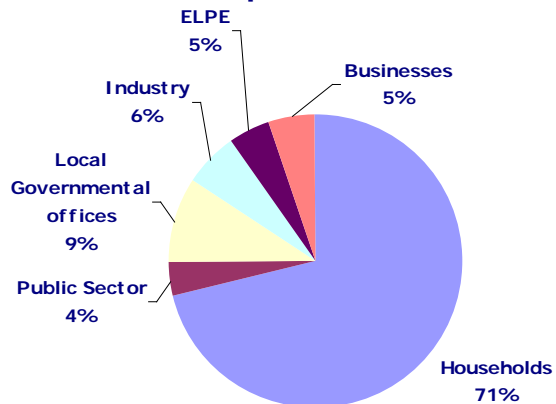




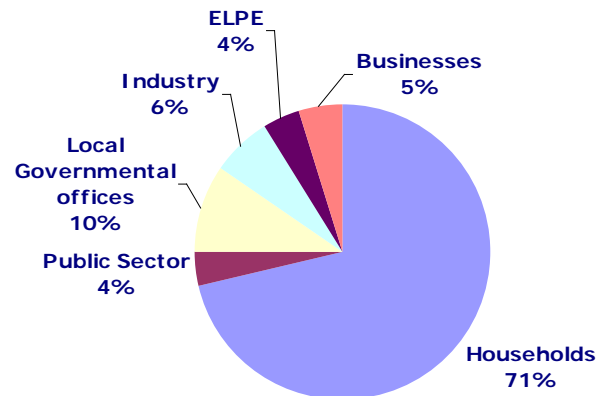
→ 0.6% costs increase in 2012 compared to 2011



## Water Consumption Breakdown 2012



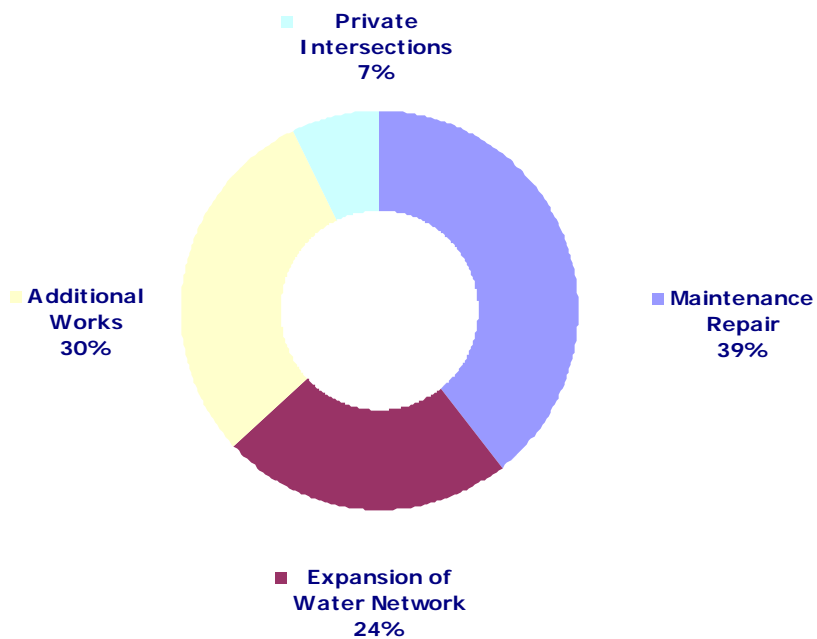
## Water Consumption Breakdown 2011



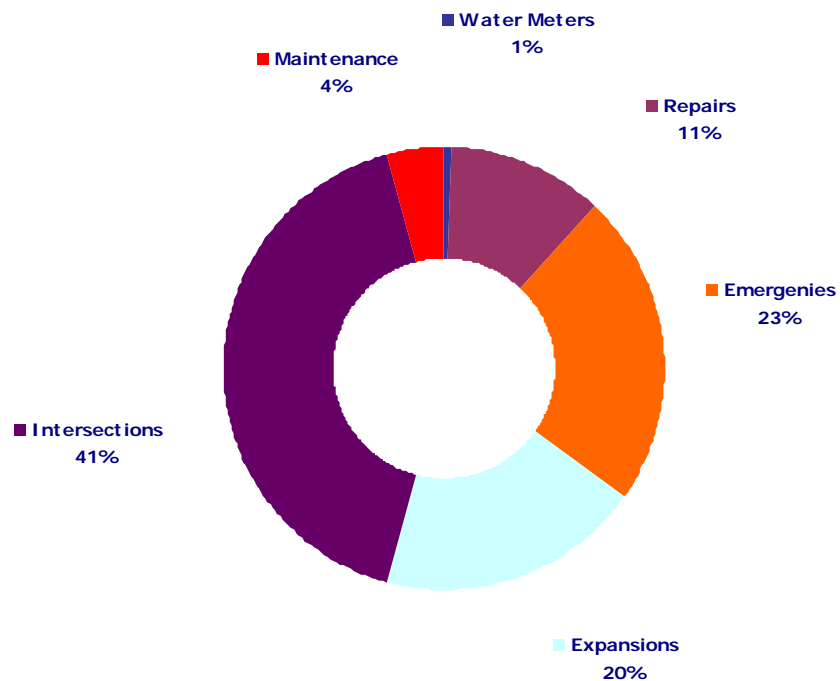
sq.m. (mil.)	2012	2011	%
Households	40	43,4	-7,83%
Public Sector	2	2,4	-16,67%
Public Sub Sector	5,3	6	-11,67%
Industry	3,5	3,9	-10,26%
ELPE	2,7	2,5	8,00%
Businesses	2,8	3	-6,67%
<b>Total</b>	<b>56,3</b>	<b>61,2</b>	<b>-8,01%</b>








## Works Completed in 2012



## Works is the process 2012



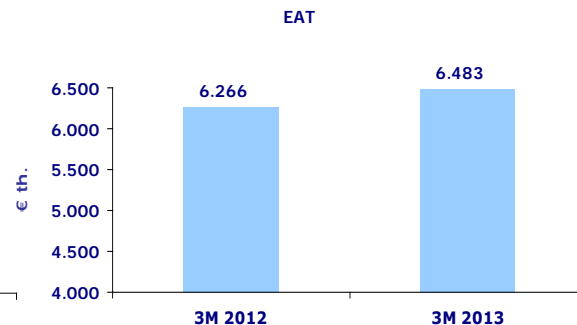
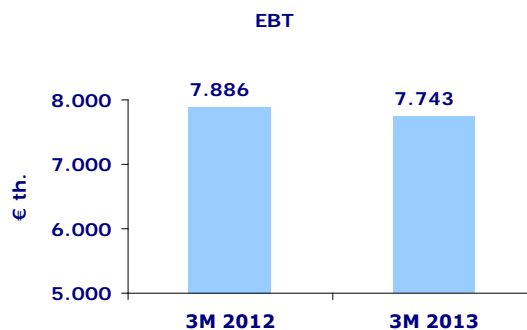
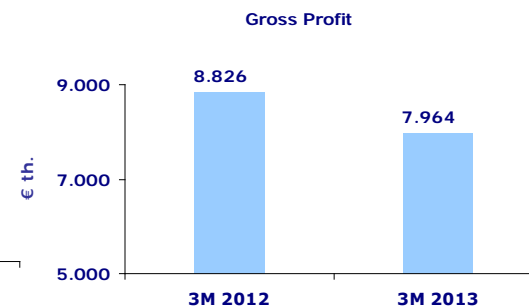
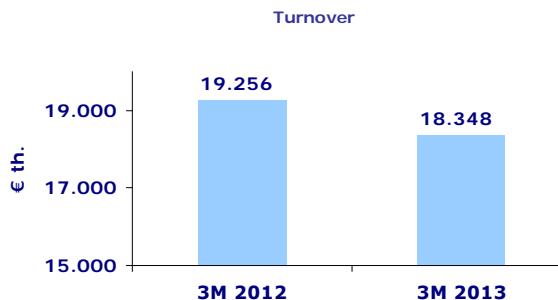


-  Turnover reached €18.3 mil. in Q1 2013 compared to €19.3 mil. in Q1 2012 a decrease of 4.72%.
-  Cost of goods sold reached €10,38 mil. in Q1 2013 compared to €10.43 mil. in Q1 2012 a marginal decrease of 0.44%.
-  Gross profit reached €8 mil. in Q1 2013 compared to €8.8 mil. in Q1 2012 a decrease of 9.8%.
-  Operating results reached €7.2 mil. in Q1 2013 compared to €7.1 mil. in Q1 2012 an increase of 1.7%.
-  Earnings before taxes reached €7.7 mil. in Q1 2013 compared to €7.9 mil. in Q1 2012 a decrease of -1.8%.
-  Earnings after taxes reached €6.5 mil. in Q1 2013 compared to €6.3 mil. in Q1 2012 an increase of 3.5%.
-  Earnings per share increased by €0.1786 in Q1 2013 compared to €0.1726 in Q1 2012.



## Consolidated Financial Results (€ th.)

	3M 2013	3M 2012	Change
Turnover	18,348	19,256	-4,72%
Cost of Goods Sold	10,384	10,430	-0,44%
Gross Profit	7,964	8,826	-9,77%
Earnings Before tax	7,743	7,886	-1,81%
Earnings After tax	6,483	6,266	3,46%
EPS	0,1786	0,1726	3,48%



→ Continuation of rational management of production costs which resulted in the decrease of costs of goods sold

→ Earnings per share increase

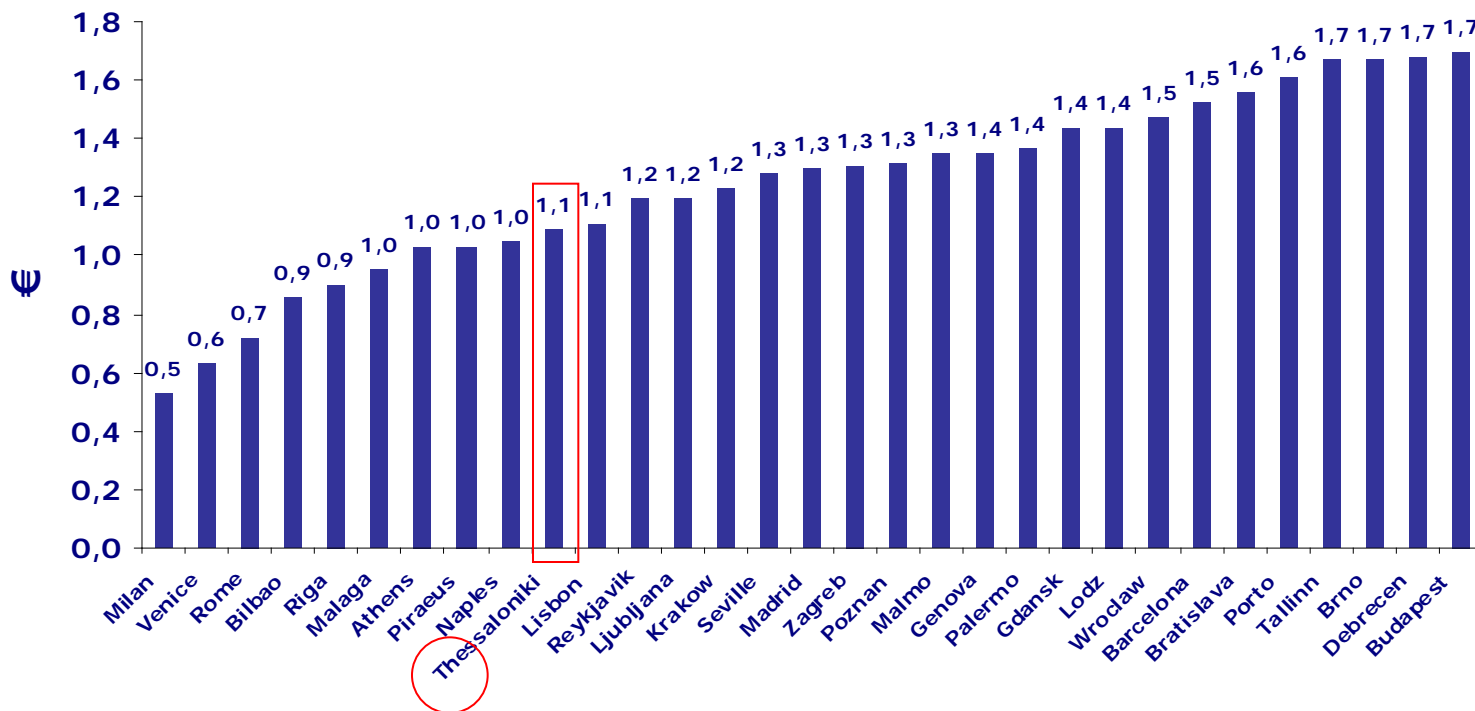




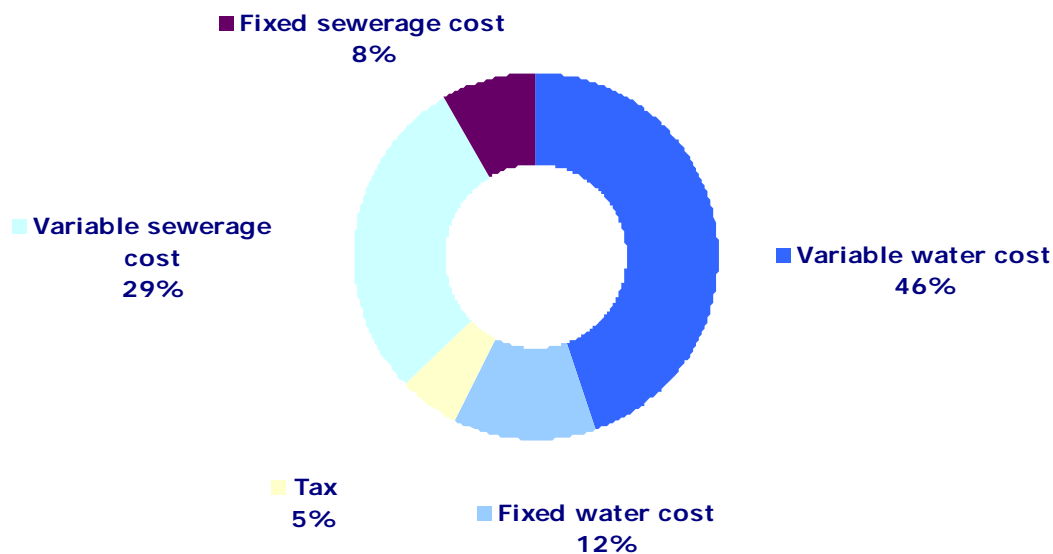
- Pricing policy for 2007-2011 in application since May 2007 concerning water consumers from 1/1/2007 with annual adjustment of costs for water and sewerage services
- 18/11/2008 – Water and sewerage pricing freeze for 2009 at the prices of 2008 for the first three scales of consumers and 20% decrease for 2009 for families with more than 3 children
- 30/6/2010 – Decision to keep the same household pricing until 31/8/10 and application of the 2010 pricing from 1/9/10
- 4/8/2011 – In application for the whole 2011 the prices as for 2010.
- 19/12/2012 – price levels kept as at 2012, special tax levied at €0,07/sq.m., consolidation of fixed fee in a single fee and from 2013 weighted average increase in water tariff and sewerage by 1%.



## Tariff Policy (€)



Source: AQUANOMICS 2011 (02/02/2012)

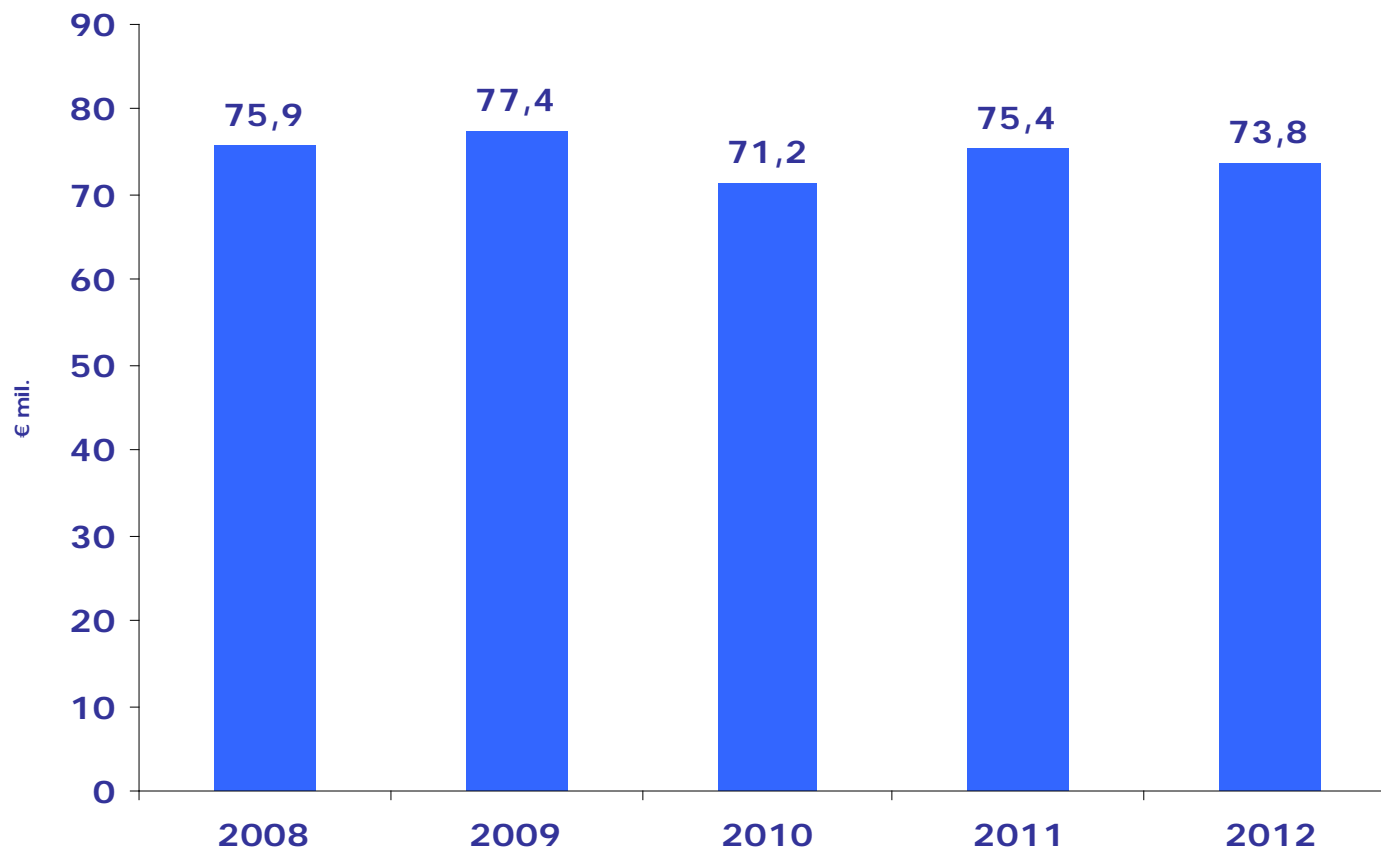


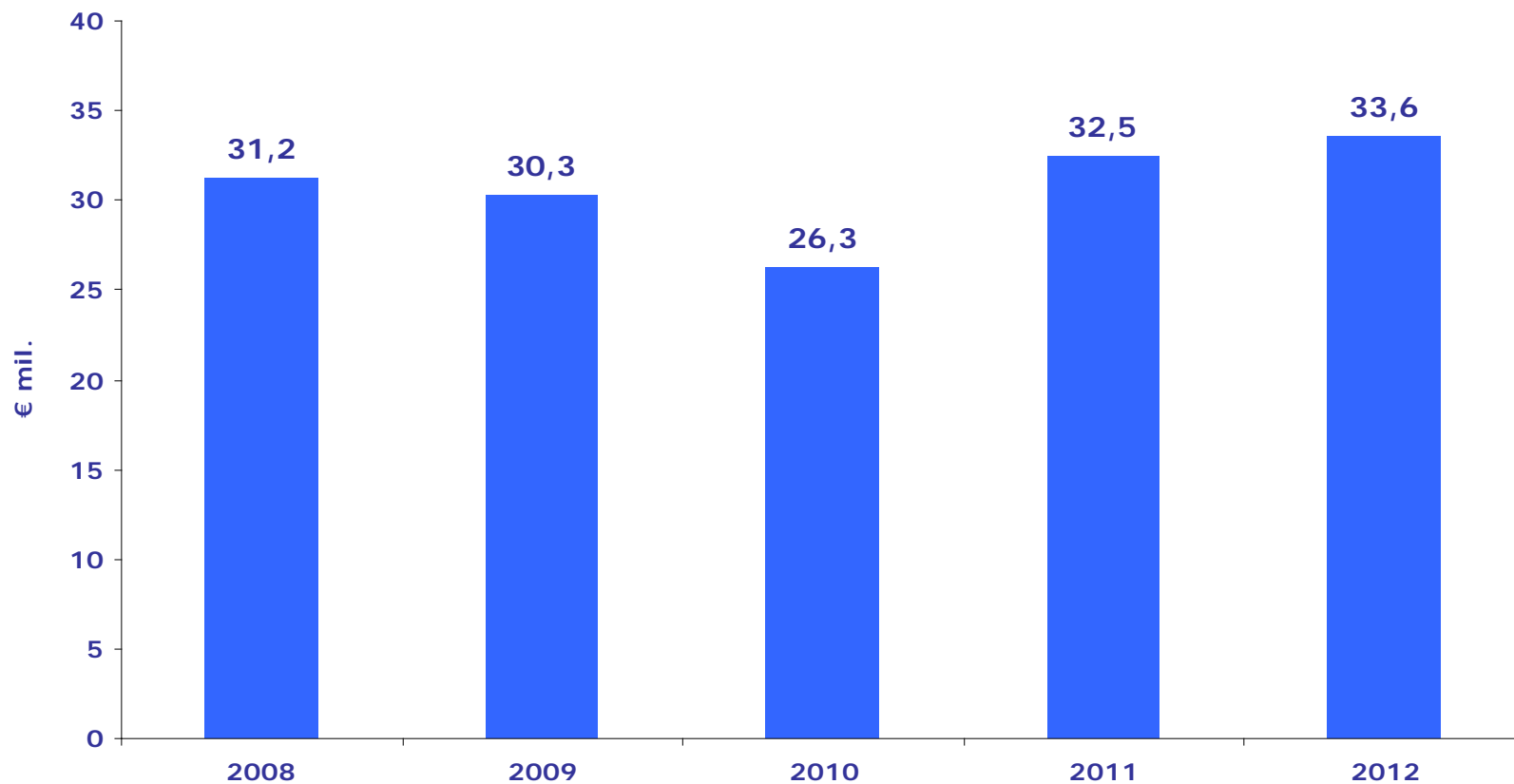
Global research shows that the sewerage costs counts for 37% for every €2, whereas the water cost counts for 58% with the remaining 5% to be taxation.

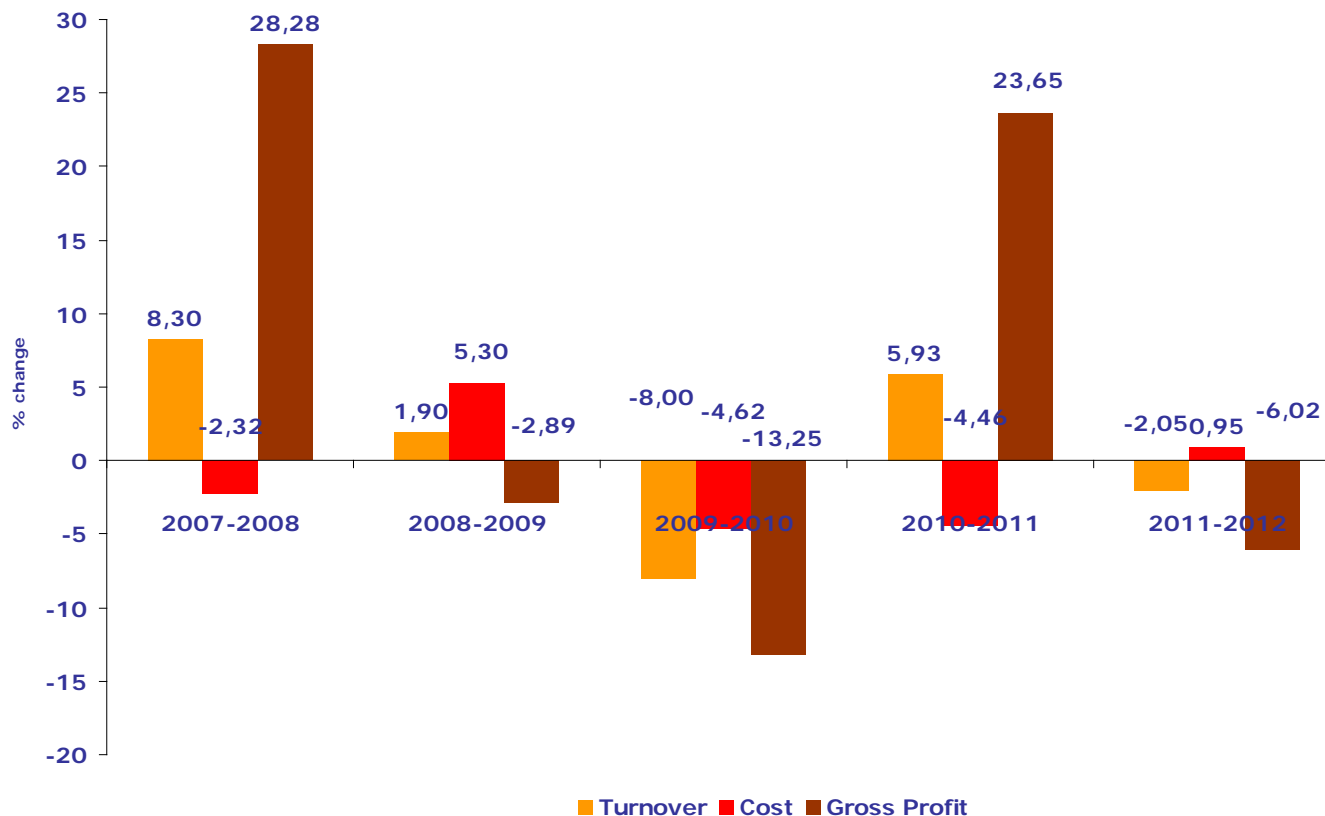
Source : [www.globalwaterintel.com](http://www.globalwaterintel.com)



Results	2008	2009	2010	2011	2012
Turnover	75.919	77.376	71.182	75.400	73.851
Costs	44.693	47.054	44.878	42.876	43.284
<b>Gross Profit</b>	<b>31.226</b>	<b>30.322</b>	<b>26.304</b>	<b>32.524</b>	<b>30.566</b>
Other Income	4.037	4.748	3.406	2.635	3.133
	<b>35.263</b>	<b>35.070</b>	<b>29.710</b>	<b>35.159</b>	<b>33.699</b>
Administrative Expenses	7.668	7.489	5.249	4.542	3.976
R&D Expenses	496	314	541	446	484
Distribution Expenses	3.871	5.745	3.081	4.365	4.789
Other Operational Expenses	2.888	962	1.826	2.389	5.803
<b>Operational Profit</b>	<b>20.340</b>	<b>20.561</b>	<b>19.013</b>	<b>23.416</b>	<b>18.647</b>
Financing Costs	1.660	1.533	1.865	2.592	2.831
<b>EBIT</b>	<b>22.000</b>	<b>22.093</b>	<b>20.878</b>	<b>26.008</b>	<b>21.477</b>
Investment Income	0	0	0	0	0
<b>EBT</b>	<b>22.000</b>	<b>22.093</b>	<b>20.878</b>	<b>26.008</b>	<b>21.477</b>
Taxation	6.885	7.703	8.475	5.413	3.697
<b>Earnings After Tax</b>	<b>15.116</b>	<b>14.390</b>	<b>12.402</b>	<b>20.595</b>	<b>17.780</b>



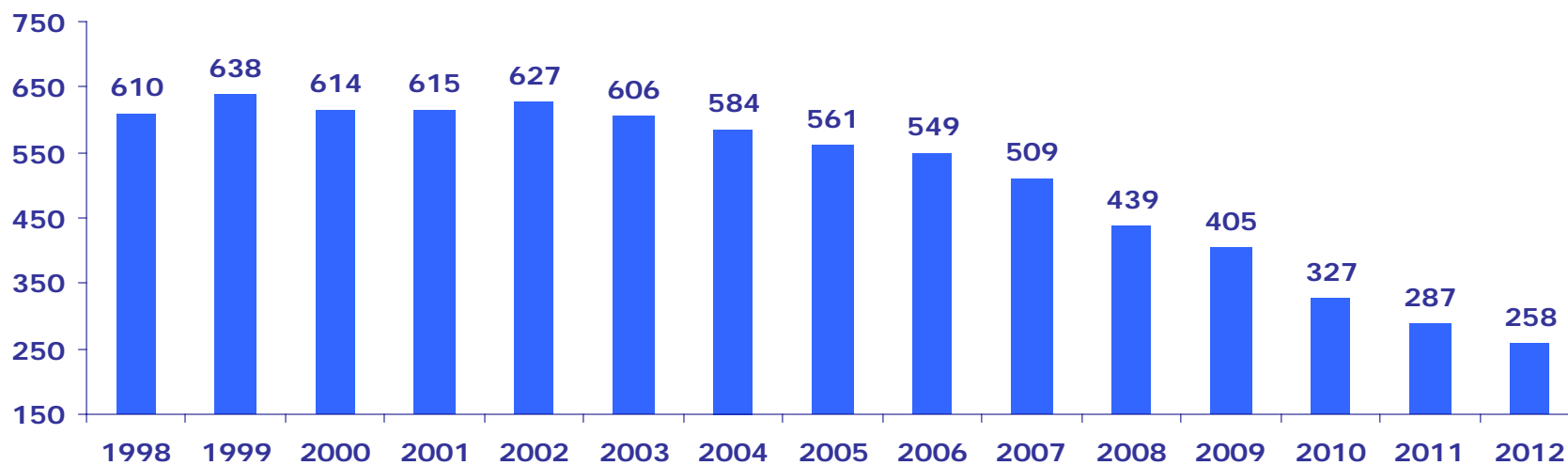




Visualization of the annual differences for the last 5 years

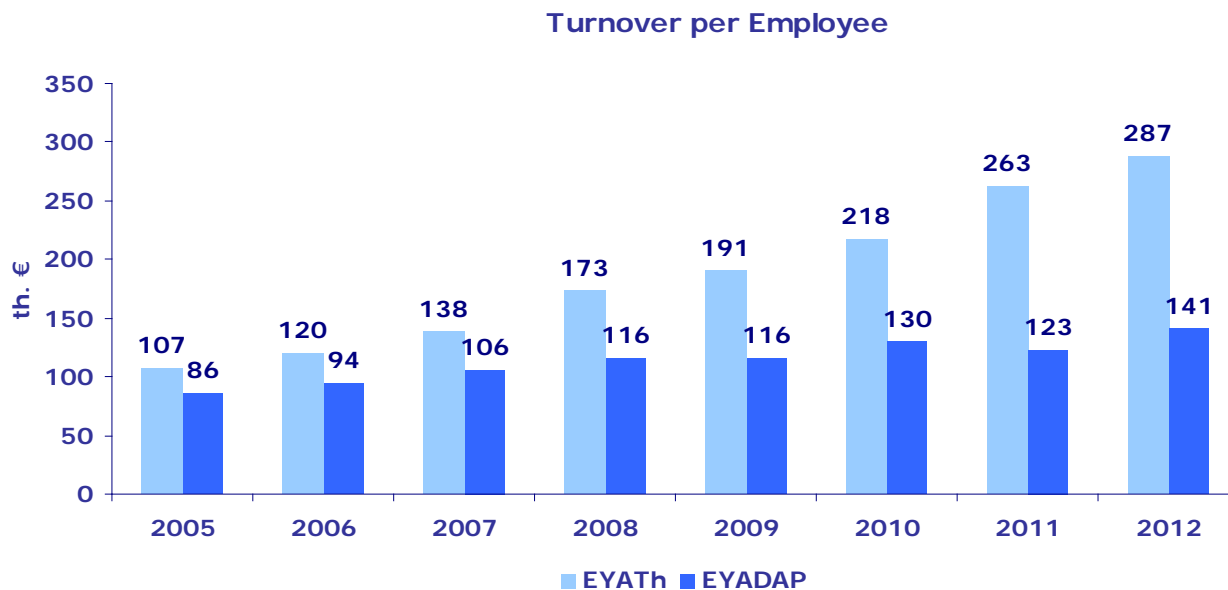


## Personnel

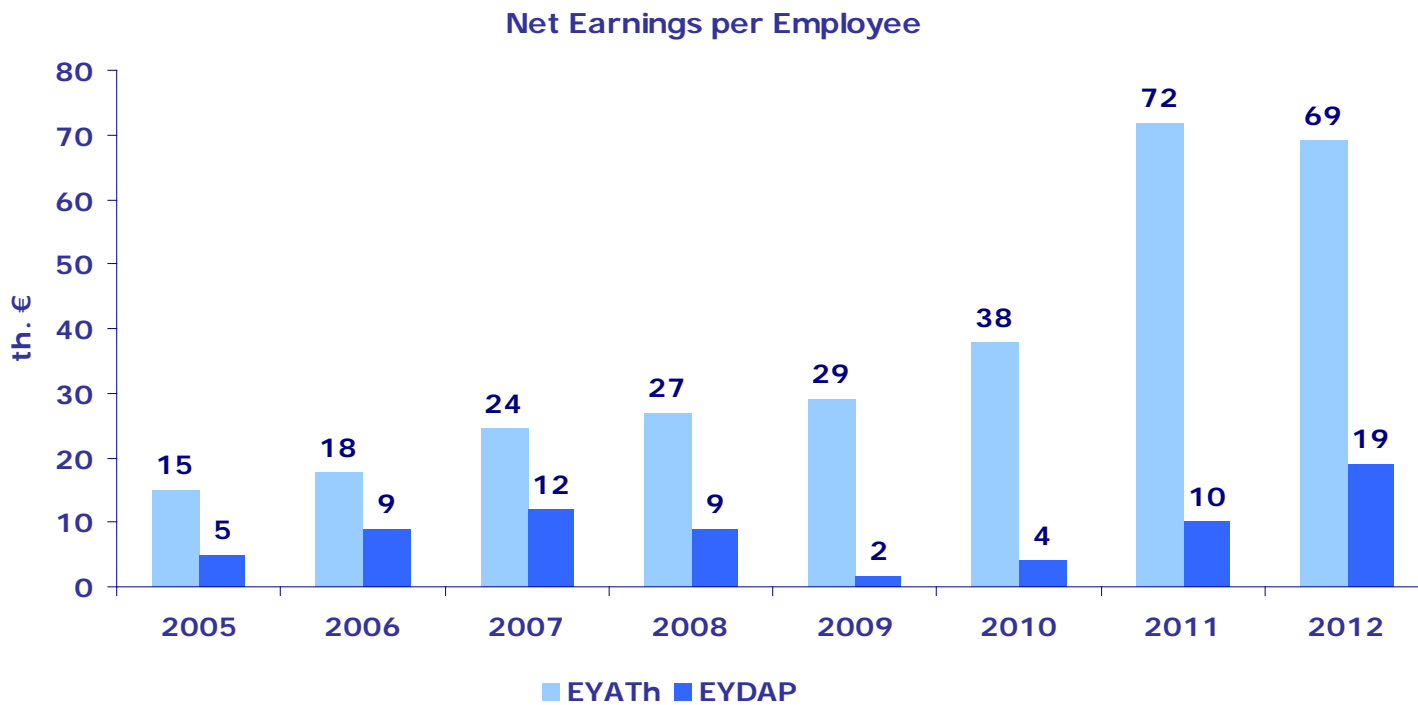


→ 10% staff decrease in 2012 compared to 2011



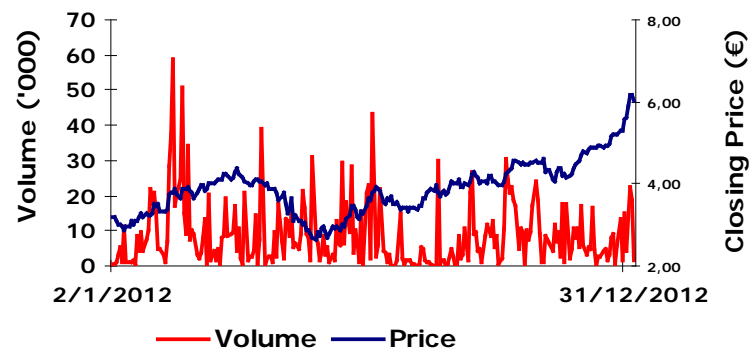
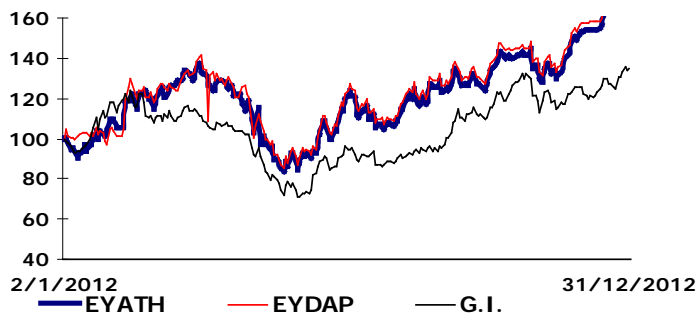


→ 9% turnover increase per employee in 2012 compared to 2011

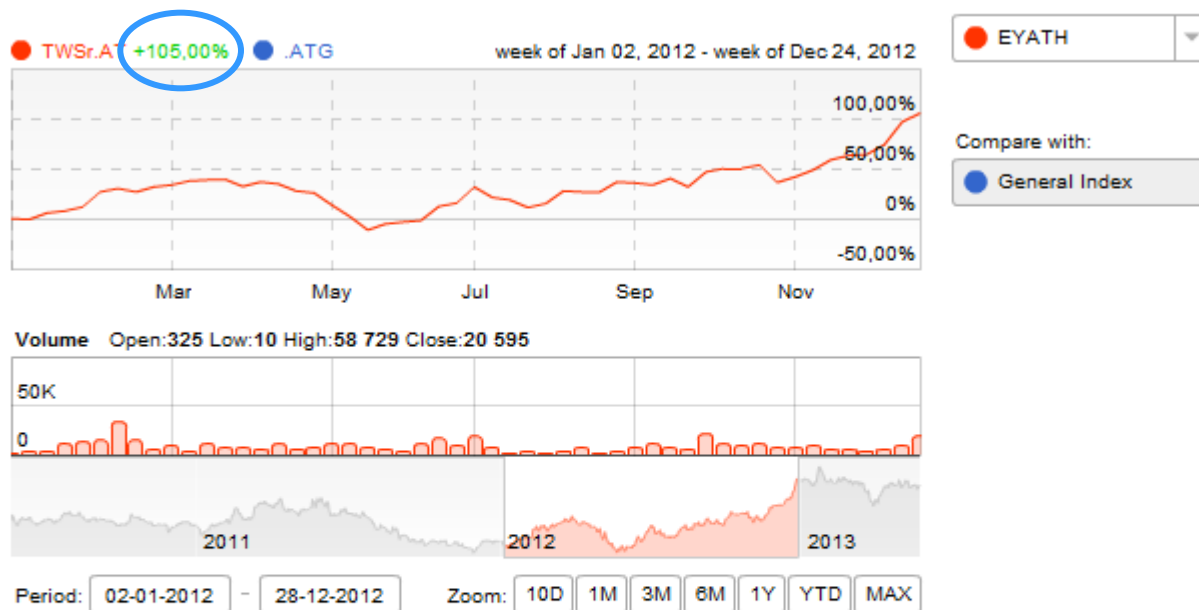


→ 4% earnings per employee decrease in 2012 compared to 2011

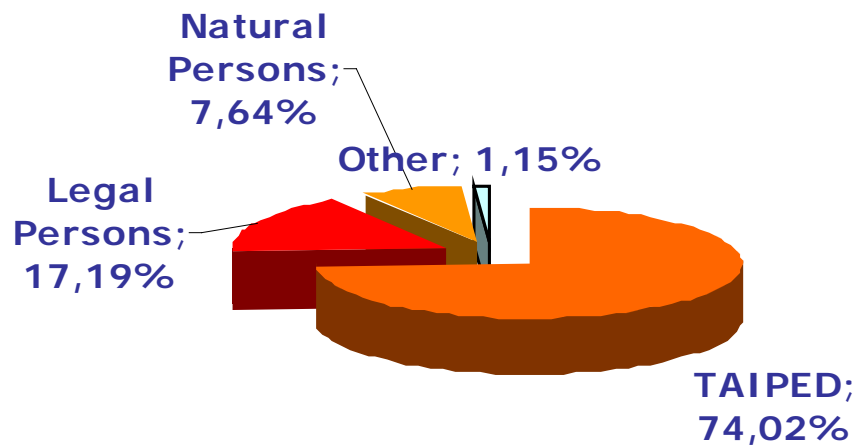
**Established:** 1998  
**IPO:** 2001  
**Reuters Code:** TWSr.AT  
**Bloomberg Code:** EYAPS:GA  
**Market Cap 31/12/2012:** € 219.6 mil.  
**No. of Shares:** 36,300,000  
**ASE Category:** Large Cap



EYATH



→ 105% returns increase in 2012



Sector					
	Market Cap	P/E (x)	P/E 13(x) estimated	Price/Sales (x)	Dividend Return (%) 5year
EYATH	€ 218.5 m.	12.3	12,3	2.3	9.4
EYADAP	€ 639 m.	13.6	13.9	1.8	3
Pennon Group	GBP 2.5 b.	14.5	16.5	2	7.4
Acqua America	\$ 4.5 b.	23.2	23	5.8	6.6
Veolia	€ 5.6 b.	593.5	22.7	0.2	-7.5
Severn Trent	GBP 4.9 b.	21.9	23.4	2.7	16.5

Source: Bloomberg

→ The lowest P/E and the 2<sup>nd</sup> highest dividend return

# Growth Strategy





- **Strategy which ensures the sustainability of the Company targeting the Customer service and the Environmental protection**
- **Expansion of the Company's operations to take place initially in the areas the EYATH services and then into new areas**
- **Automation of facilities with the installation of technically advanced controlled systems and a single operation – administration centre**
- **Development of business initiatives on new operations**
- **Increase of the real value of EYATH S.A. under the acquisition of expertise and superior technology infrastructure**





	Targets	Strategy
<b>Water Supply</b>	<ul style="list-style-type: none"> <li>→ Efficient Resource Management</li> <li>→ Network Modernisation</li> </ul>	<ul style="list-style-type: none"> <li>→ Investments improving capacity</li> <li>→ Use of alternative water resources</li> <li>→ Optimization of Quality Control</li> <li>→ Implementation of exquisite technological methods</li> </ul>
<b>Sewerage Network</b>	<ul style="list-style-type: none"> <li>→ Geographical Network Expansion</li> <li>→ Protection of the Thermaikos Bay</li> </ul>	<ul style="list-style-type: none"> <li>→ Sewerage network construction</li> <li>→ Subsequent maintenance and precaution program</li> <li>→ Implementation of environmental friendly technologies</li> <li>→ Anti flood protection</li> </ul>



## Operational Restructure

Targets	Strategy
→ HR programs	→ Seminars – Conferences → Training Programs
→ Client Service	→ Client Satisfaction rating system adoption → Electronic client support and communication network upgrade
→ Cost Management	→ Upgrade & control of the production and management costs → Implementation of Analytical Accounting System
→ Admin & Productivity Reinforcement	→ Upgrade of IT systems



## New Business Units

### Targets

- Customer Base Expansion
- New services based on EYATH's competitive advantages and existing client base

### Strategy

- Expansion into municipalities beyond exclusive jurisdiction
- Strategic Alliances
- Energy
- Implementation of modern methods in network construction & maintenance

# Reporting Table of the Business Plan of EYATH S.A. 2008 – 2012





## Statement of Investments 2008 - 2012

	DESCRIPTION	2008	2009	2010	2011	2012
1	Buildings	465.403,36	0,00	0,00	0,00	0,00
2α	Machinery	125.305,97	142.205,70	759.200,07	664.109,04	205.589,14
2β	Water meters	924.146,09	280.298,40	128.586,01	114.950,44	110.763,99
3	Transportation	4.865,95	0,00	0,00	0,00	190.270,40
4	Furniture	441.486,74	306.516,68	116.552,52	137.374,43	99.647,92
5	Water Pipe Network	3.475.380,79	3.604.693,41	2.540.830,35	2.698.163,78	1.705.996,42
6	Sewerage pipe Network	3.913.417,83	3.101.196,74	3.263.220,01	2.247.701,52	1.187.483,08
7	Maintenance	9.387.363,26	9.879.692,10	10.216.785,64	11.698.814,67	12.675.824,47
8	R&D expenses	246.351,13	186.281,76	16.413,13	139.358,35	510.814,70
<b>TOTAL</b>		<b>18.983.721,12</b>	<b>17.500.884,79</b>	<b>17.041.587,73</b>	<b>17.700.472,23</b>	<b>16.686.390,12</b>
<b>GRAND TOTAL</b>			<b>87.913.055,99</b>			



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THESSALONIKI WATER SUPPLY & SEWERAGE Co S.A.