



THESSALONIKI WATER SUPPLY & SEWERAGE Co S.A.

## Analysts' Presentation June 2015



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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**



**Establish ecological awareness among consumers in relation to the proper use of water and environmental protection in general**

**Dried Sludge Plant**







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



**Implement awareness campaigns for consumers on issues of sustainable water management and environmental protection**



# EYATh today



-  **Rationalization of financial accounts**
-  **Removal of significant amount of sludge**
-  **Maintenance works increase with costs decrease**
-  **Ensuring profitability and liquidity**
-  **Partial replacement of network 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 operations extension of the Company.**





## EYATH S.A.

-  **In progress is the Investment Plan 2009-2014 of total value € 90.9 mil.**
-  **Design and Implementation of the new Investment Plan 2014-2018**
-  **Expansion of the customer base**
-  **Exploitation of renewable resources for energy production is part of the long term target**

 **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 €24.2 mil. under development 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 substantial amounts for the production of organic fertilizers
-  Progressive increase in demand for calcified material
-  Remaining quantity amounts to 155,000 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 2014:

**Average daily Service:** **183,500 m<sup>3</sup>**

**Amounts of wastes (m<sup>3</sup>/daily): a. Urban wastes** **182,500 m<sup>3</sup>**

**b. Industrial wastes** **-**

**c. Sewerage wastes** **1,000**

**Annual production of dewatered sludge** **53,375 tons**

**Annual production of dried sludge** **9,000 tons**

**Volume of treated waste for 2014 (m<sup>3</sup>):** **69,950,000**



## Outcome of the management policies :



**Annual Audit and composition of budgets with budget plan and accounts cross checking of the company figures**



**Arrangement of liabilities between EYATH SA and EYATH Fixed Assets for the previous years (final settlement during the period of 2013-2014)**



**Collection of bills from Municipalities and Governmental Bodies of €15 mil. (Collection of the greater part during 2013)**



**Improvement of infrastructure and facilities**



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





**Construction under development of the 2<sup>nd</sup> Branch of the Central Sewerage Treatment Plant of Thessaloniki (€24.2 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
- **2,340 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

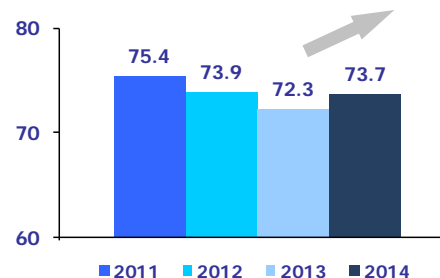


- Company turnover reached €73.7 mil. in 2014 from €72.3 mil. in 2013 succeeding an increase of €1.4 mil. or 1.93%
- Cost of sales reached the amount of €47.4 mil. in 2014 from €46.5 mil. in 2013, an increase of €946 th. or 2.04%
- Gross profit reached the amount of €26.3 mil. in 2014 from €25.8 mil. in 2013 succeeding an increase of €447 th. or 1.73%
- Earnings before tax reached €20.3 mil. in 2014 from €17.7 mil. in 2013 succeeding an increase of €2.6 mil. or 14.9%.
- After tax earnings reached €13.4 mil. in 2014 from €13.1 mil. in 2013 succeeding an increase of €308 th. or 2.35%.
- EBITDA reached €24.2 mil. in 2014 from €21.5 mil. in 2013 succeeding an increase of €2.7 mil. or 12.6%.
- Cash and equivalents reached €50.3 mil. in 2014 from €53.6 mil. in 2013 noting an increase of €3.3 mil. or 6.13%.

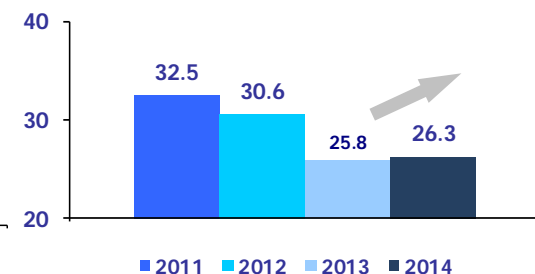
## Summary on Financials (€ th.)

	2014	2013	Difference
Turnover	73.693	72.299	1.93%
Cost of Water Sold	47.425	46.479	2.04%
Earnings Before Tax	20.333	17.696	14.90%
Earnings After Tax	13.383	13.075	2.36%
Gross Profit	26.268	25.821	1.73%
EBITDA	24.241	21.524	12.62%
Equity	145.784	143.363	1.69%
Cash and Equivalent	50.305	53.588	-6.13%

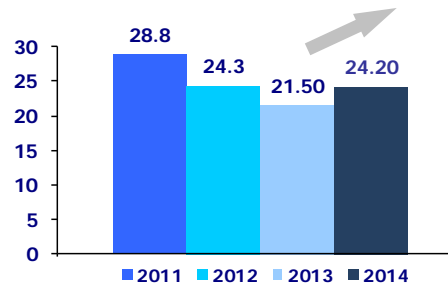
Turnover (€ mil)



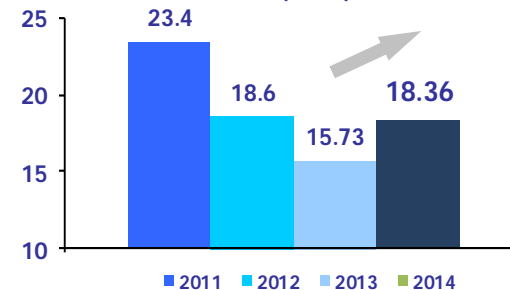
Gross Profit (€ mil)



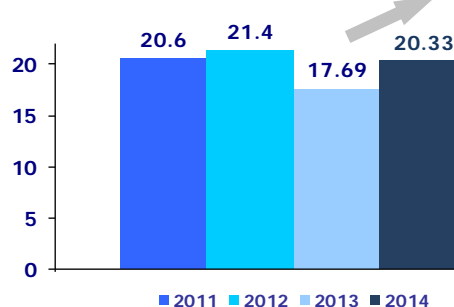
EBITDA (€ mil)



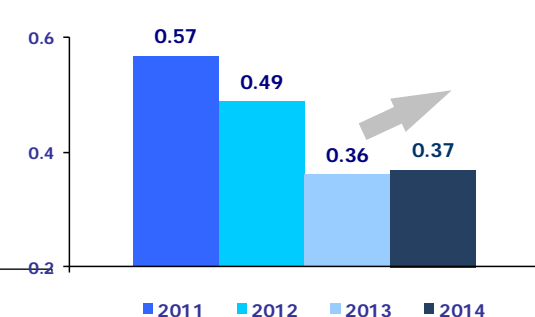
EBIT (€ mil)



Earnings before Tax (€ mil)



EPS (€)



- Increase in all fundamental economic accounts and equity position
- Operational expenses decrease by 16.3% (€11.3 m in 2014 vs €13.5 m in 2015)



	2014	2013
<b>(€ th.)</b>		
<b>Assets</b>		
Non Current Assets	87,087	88,324
Current Assets	102,286	103,296
<b>Total Assets</b>	<b>189,373</b>	<b>191,620</b>
Equity	145,784	143,363
Debt	43,589	48,257
<b>Total Liabilities</b>	<b>189,373</b>	<b>191,620</b>

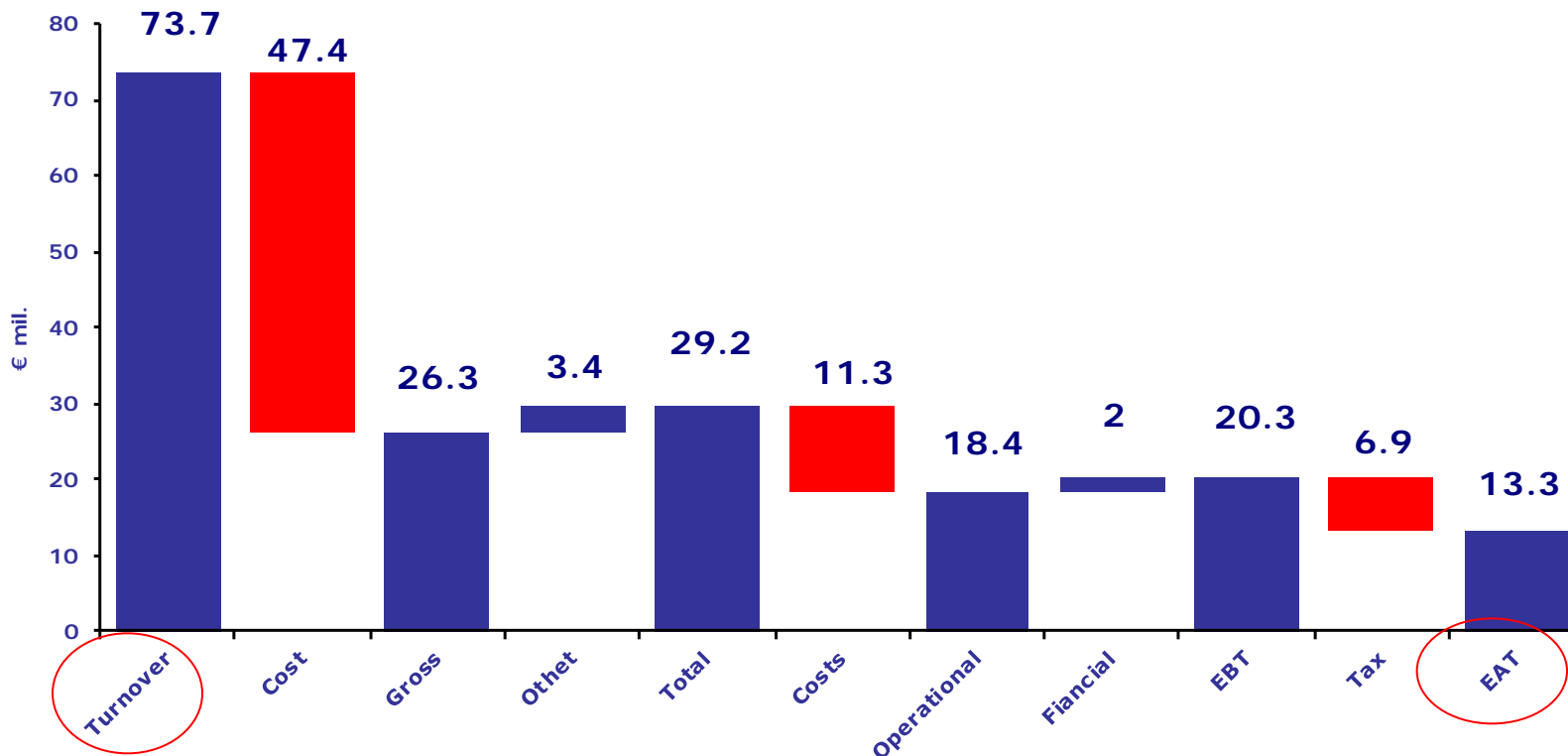
2012 figures adjusted to revised IAS 19

(€ th.)	2014	2013
Operating Activities	11,337	22,848
Investing Activities	- 4,129	3,686
Financing Activities	- 10,492	- 5,921
Cash - beginning	53,588	32,976
Cash - end	50,305	53,588
Cash - increase / decrease	- 3,284	20,612

2012 figures adjusted to revised IAS 19

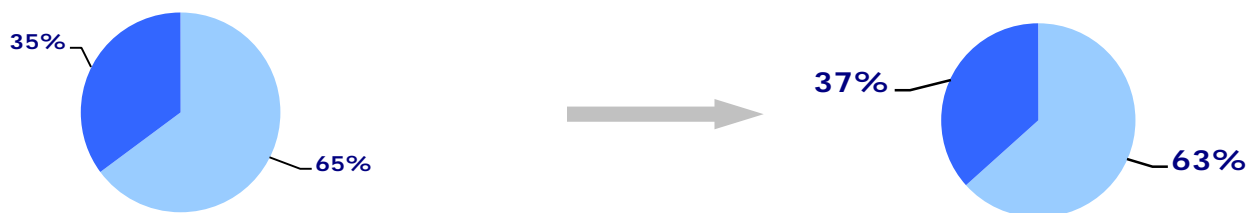
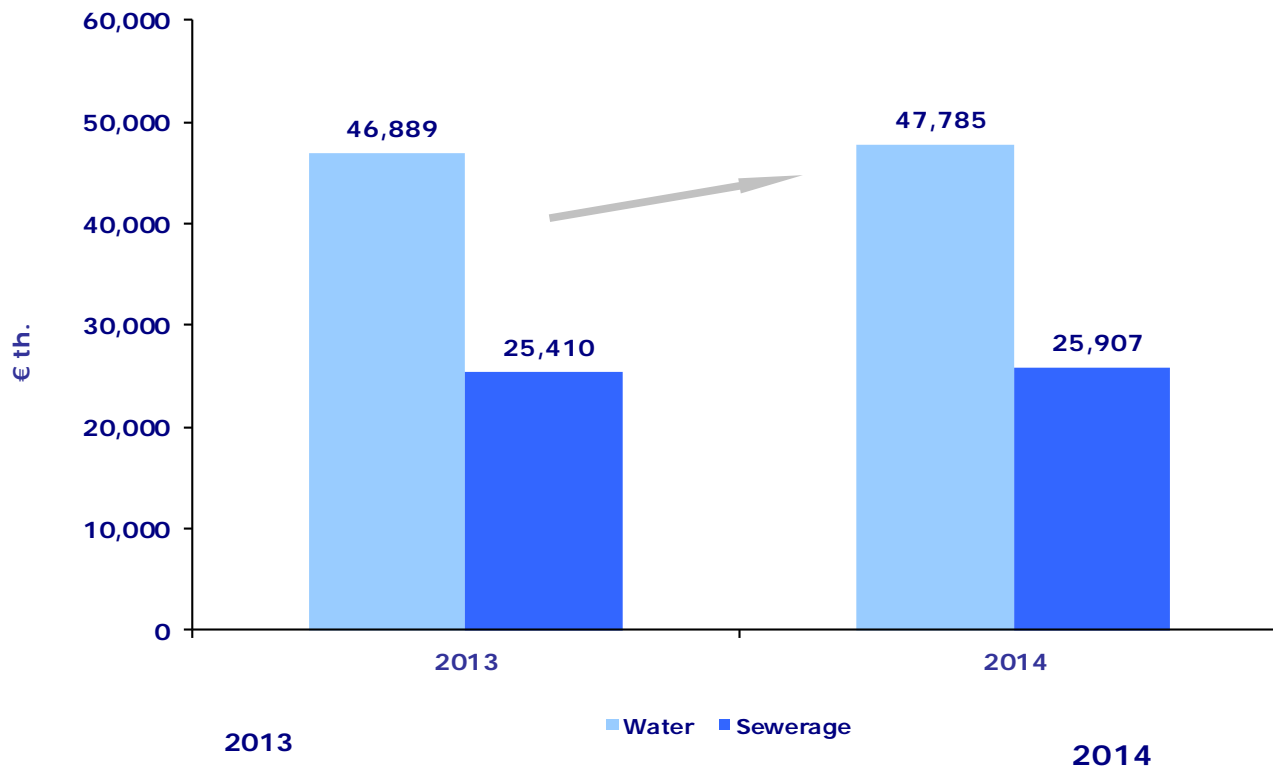
	2014	2013	2012	2011
<b>Productivity Ratios</b>				
Gross Profit Margin	35,65%	35.71%	41.39%	43.14%
EBIT	24,92%	21.77%	25.14%	31.06%
<b>Capital Return Ratios</b>				
ROE	13.95%	12.34%	15.71%	20.86%
ROA	10.74%	9.24%	11.18%	14.33%
<b>Liquidity Ratios</b>				
Liquidity	6.13%	4.81%	3.39%	2.76%
<b>Capital Structure Ratio</b>				
Equity / Debt	334,46%	297.08%	247.06%	219.11%
<b>Investment Ratio</b>				
EPS	0,37	0,36	0,49	0.57

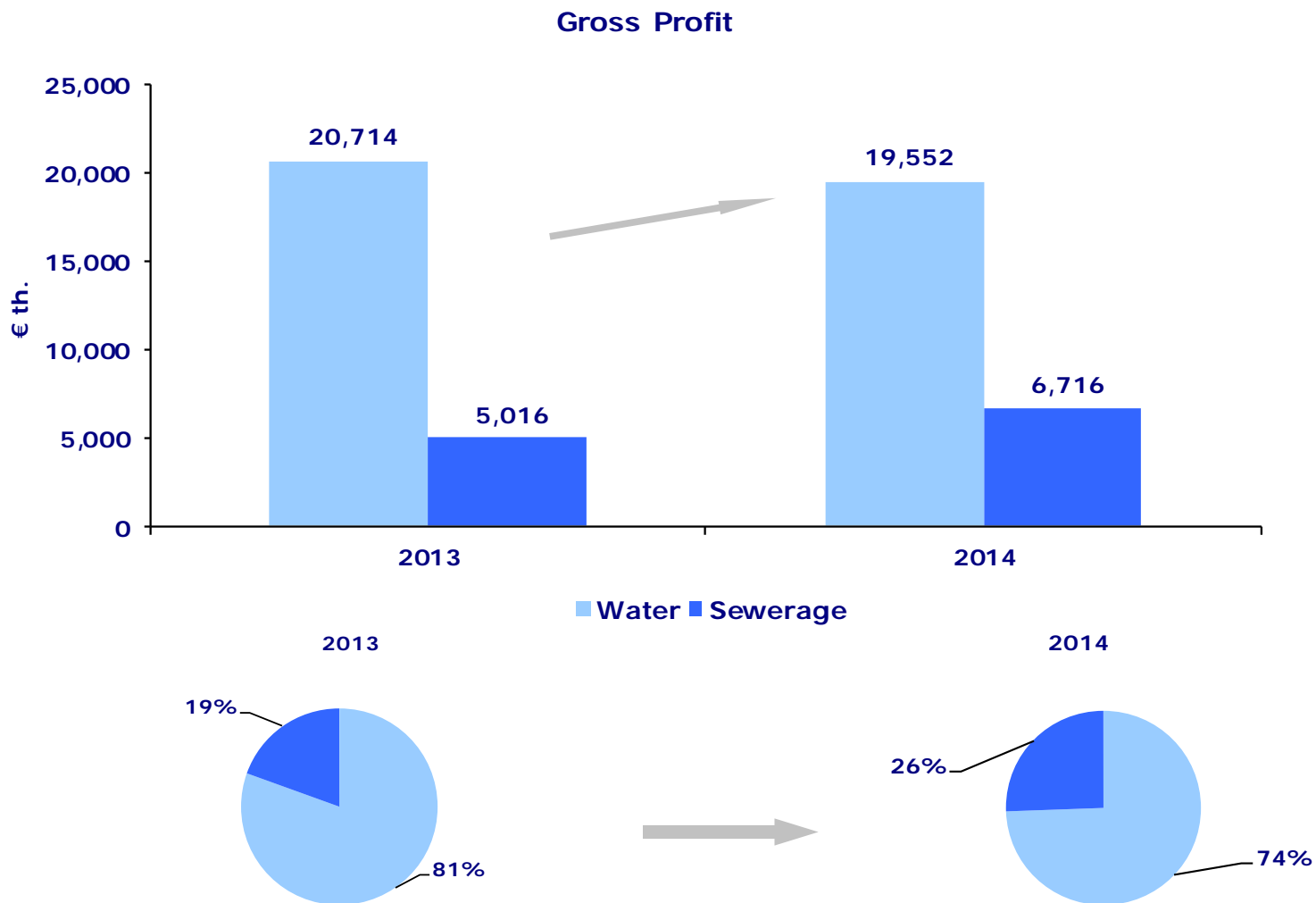
2012 figures adjusted to revised IAS 19

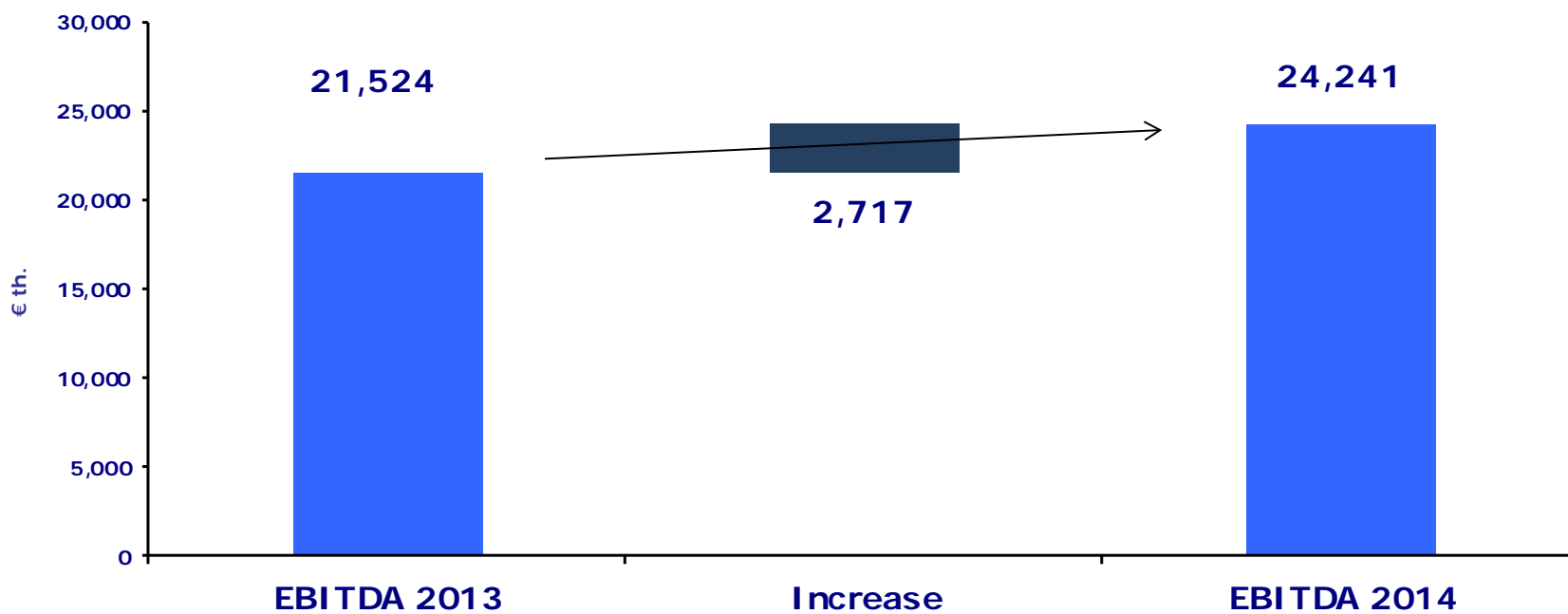


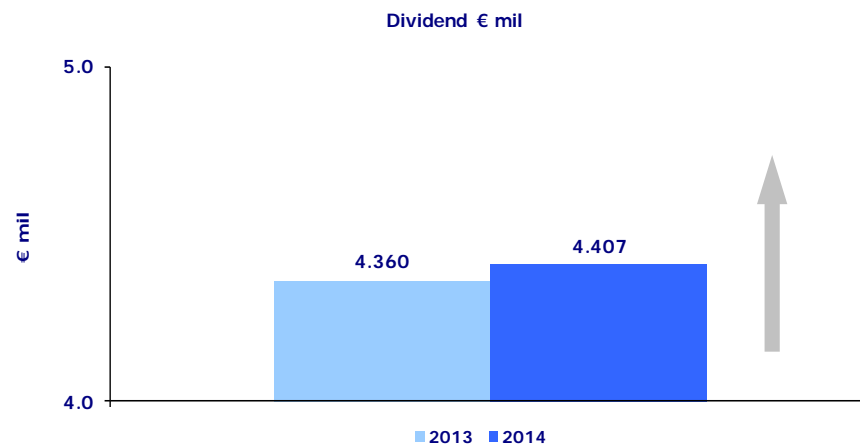
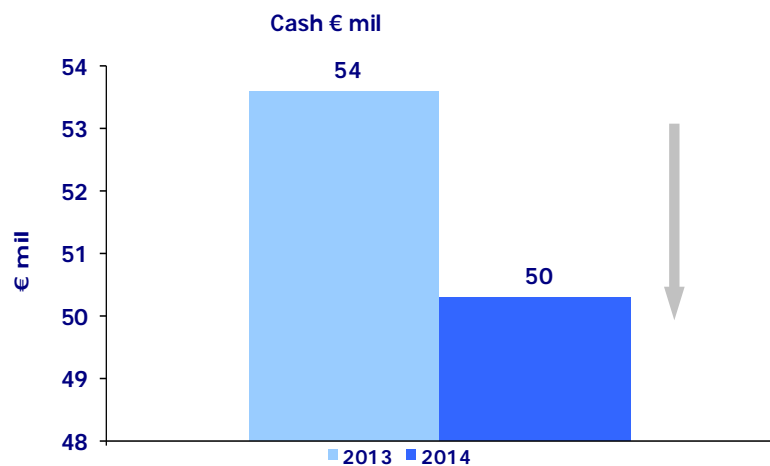
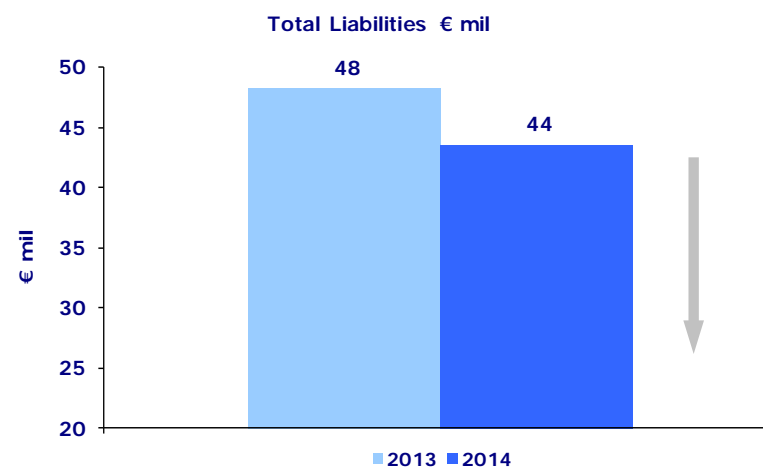
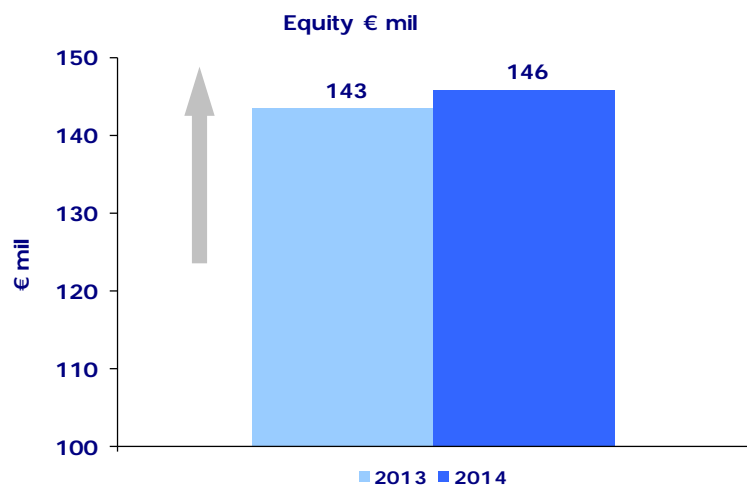


Turnover breakdown

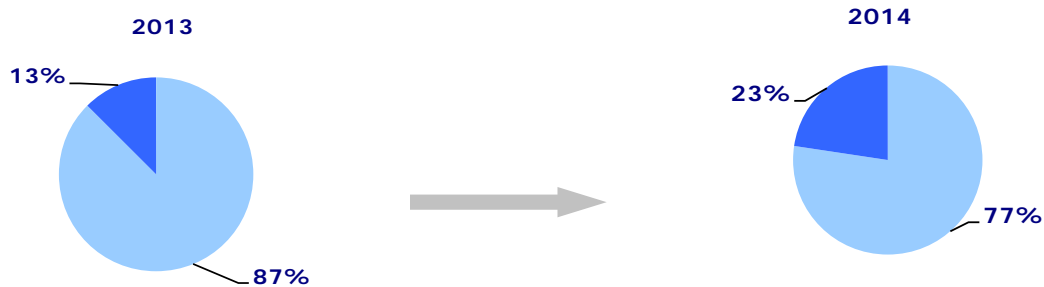
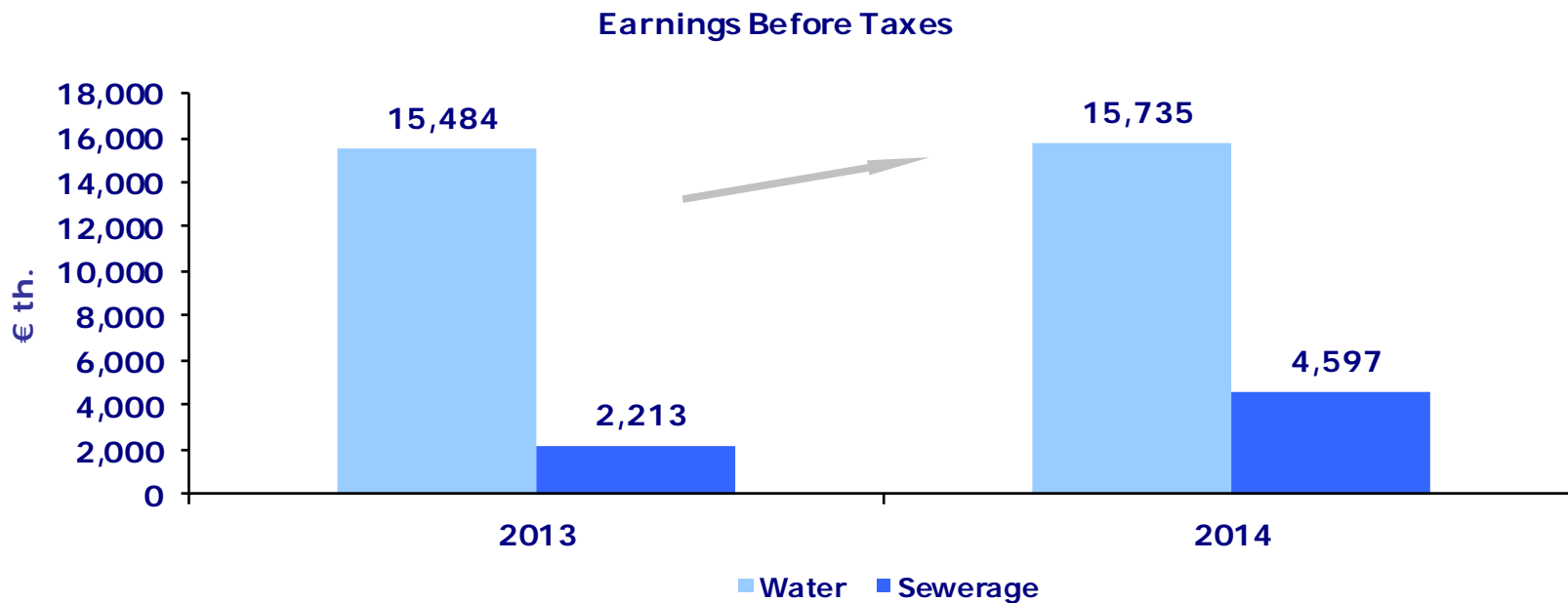


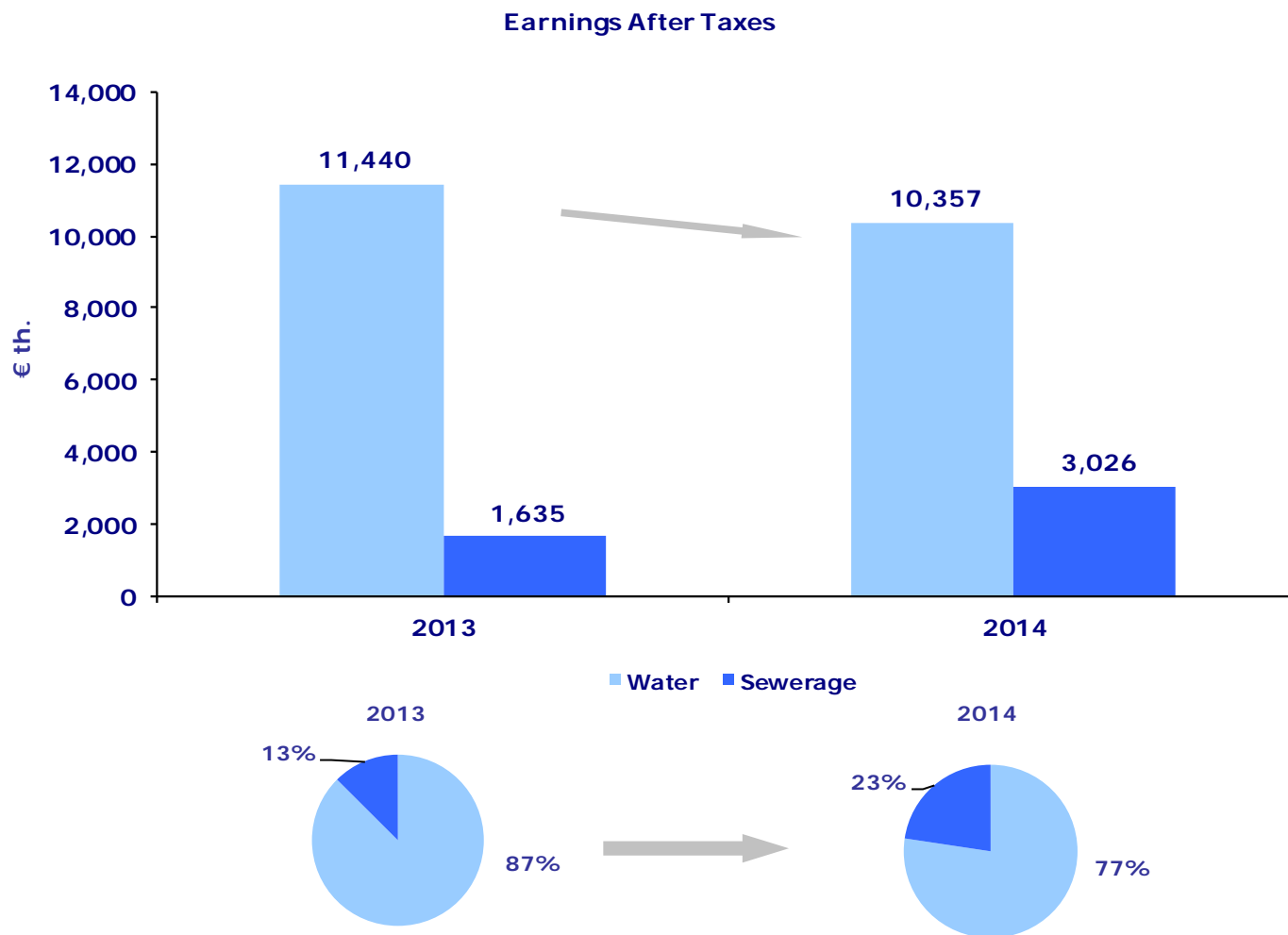


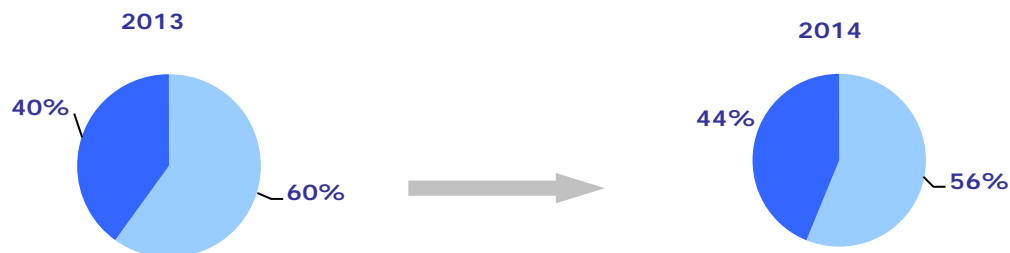
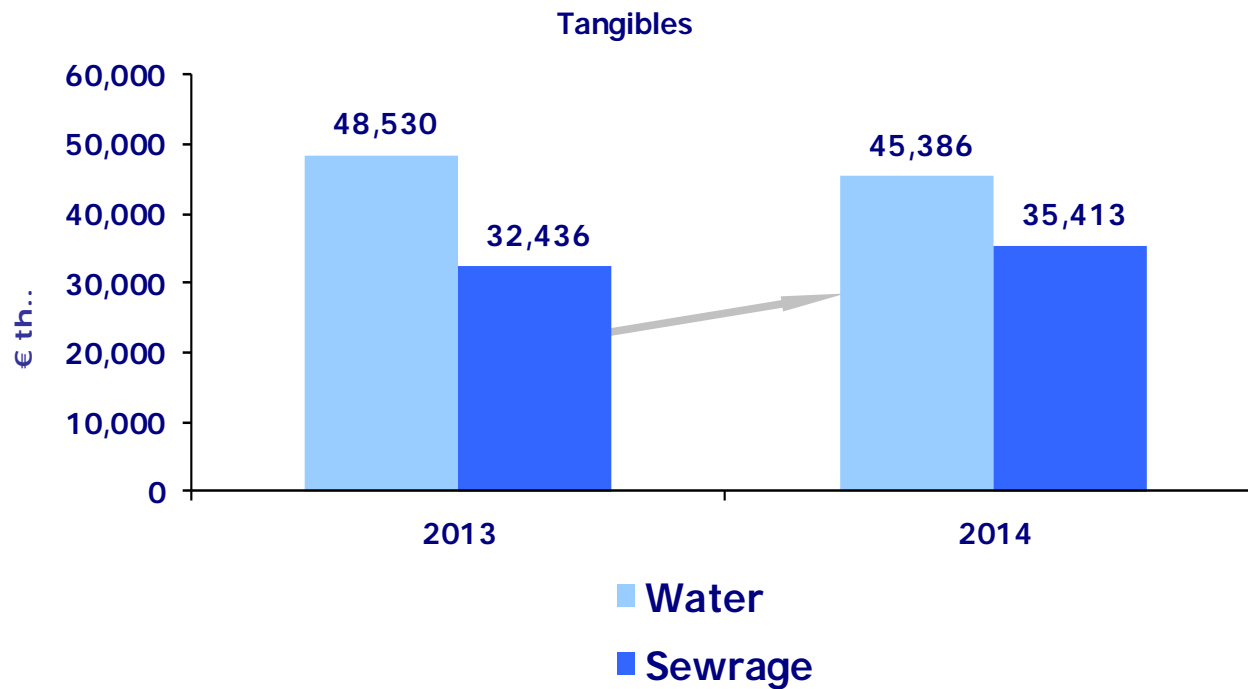


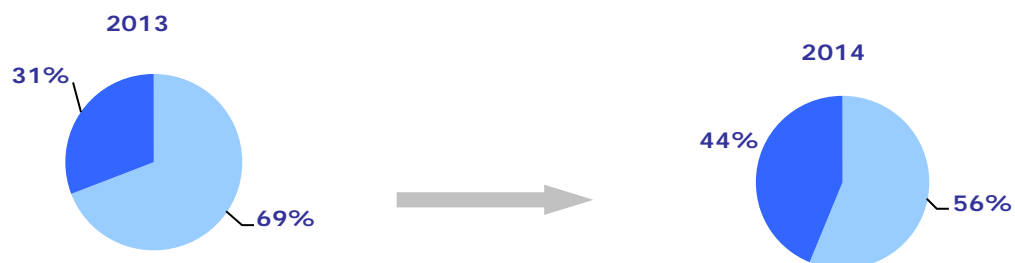
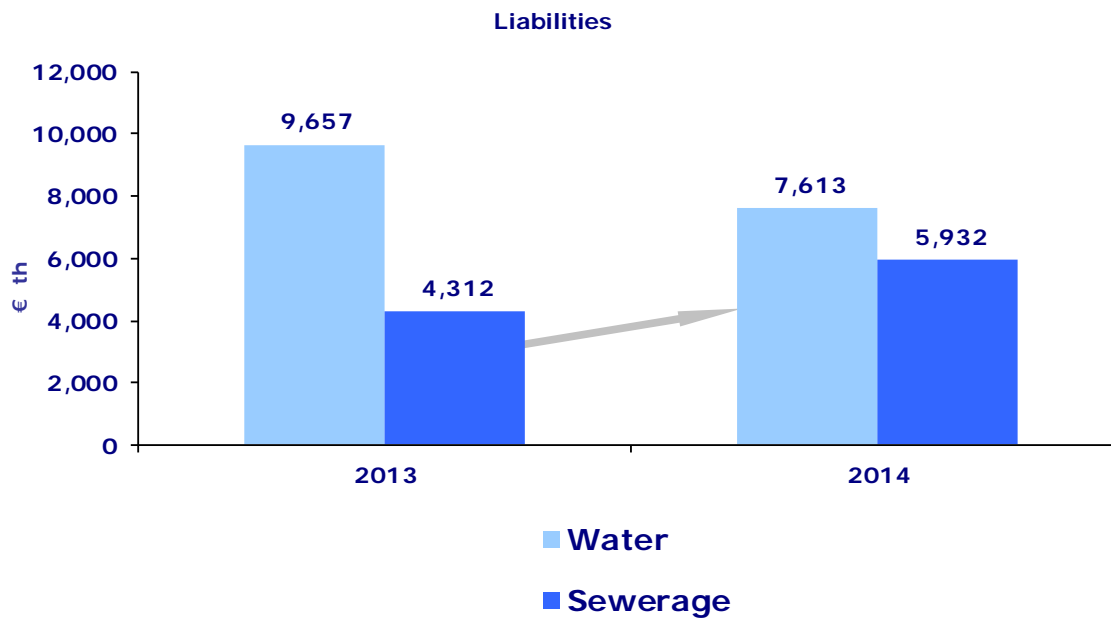






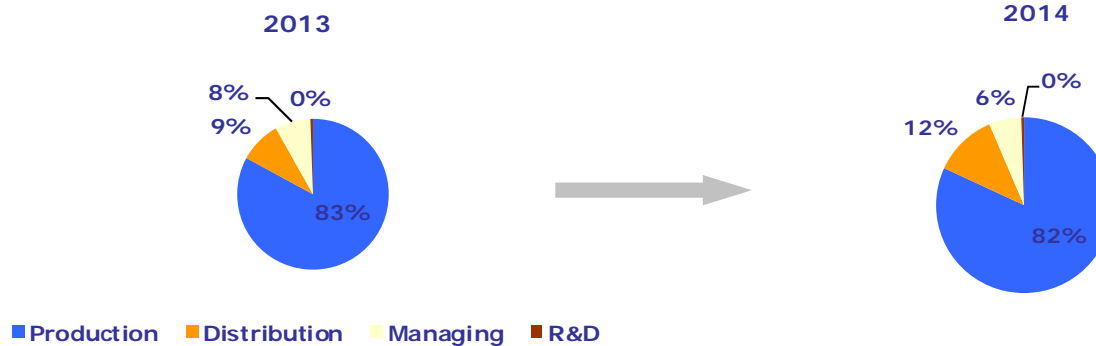
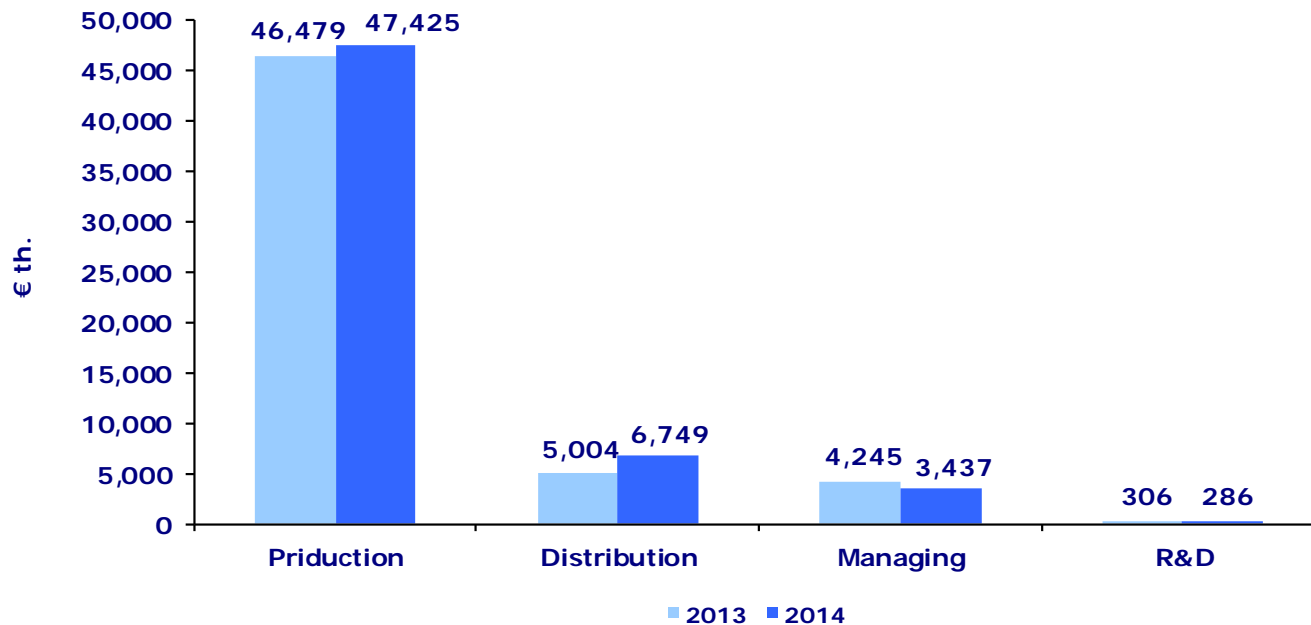


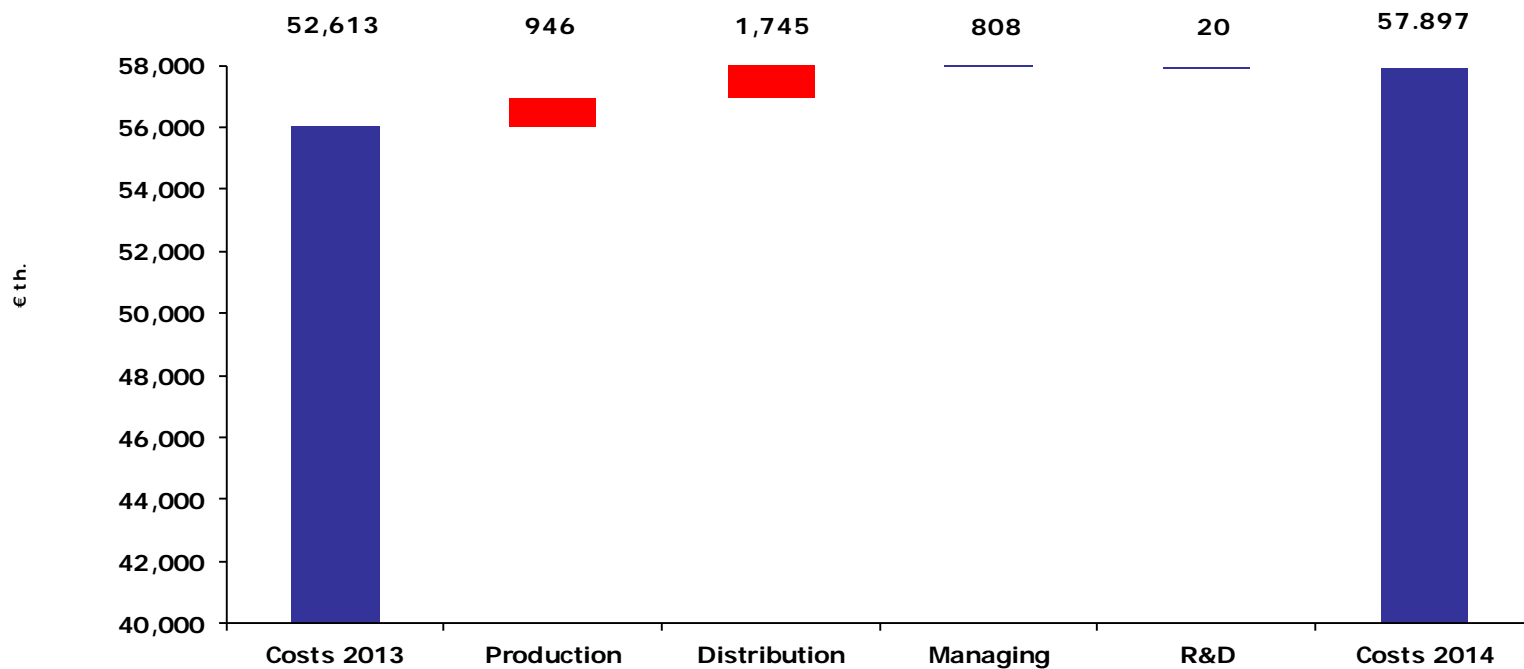






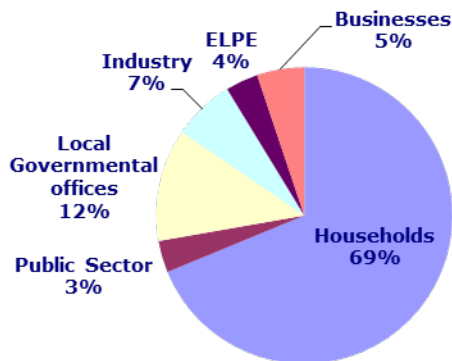
## Cost Analysis



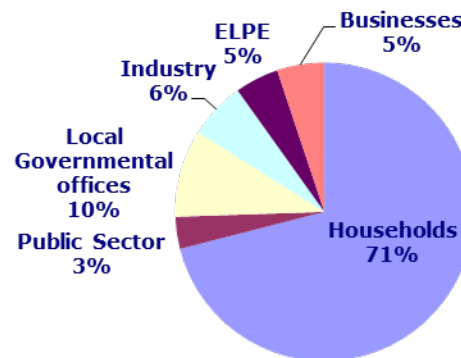


→ 3.3 % costs increase in 2014 compared to 2013

**Water Consumption Breakdown 2014**



**Water Consumption Breakdown 2013**

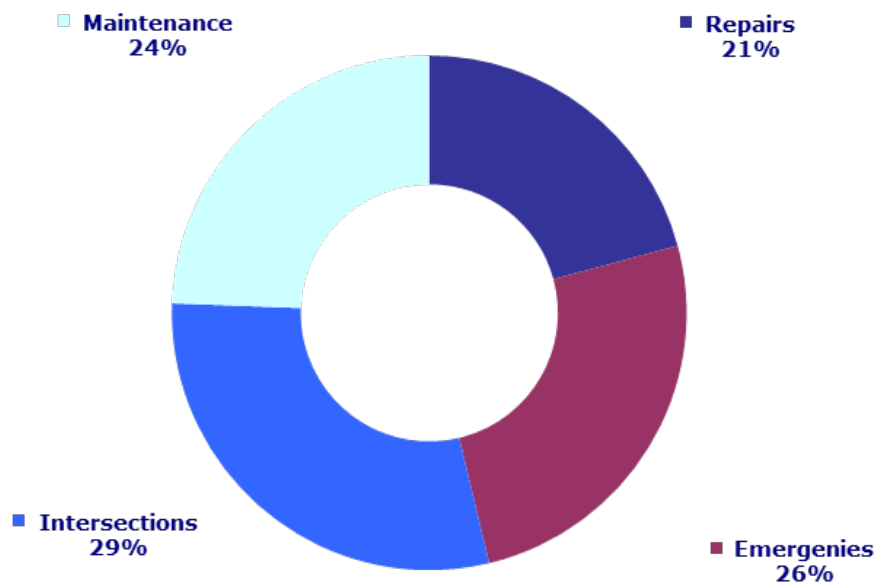


sq.m. (mil.)	2014	2013	%
Households	38.2	38	0.5%
Public Sector	1.9	1.8	5.6%
Public Sub Sector	6.8	5.1	33.3%
Industry	3.8	3.3	15.2%
ELPE	2	2.5	-20.0%
Businesses	2.9	2.7	7.4%
<b>Total</b>	<b>55.6</b>	<b>53.4</b>	<b>4.1%</b>

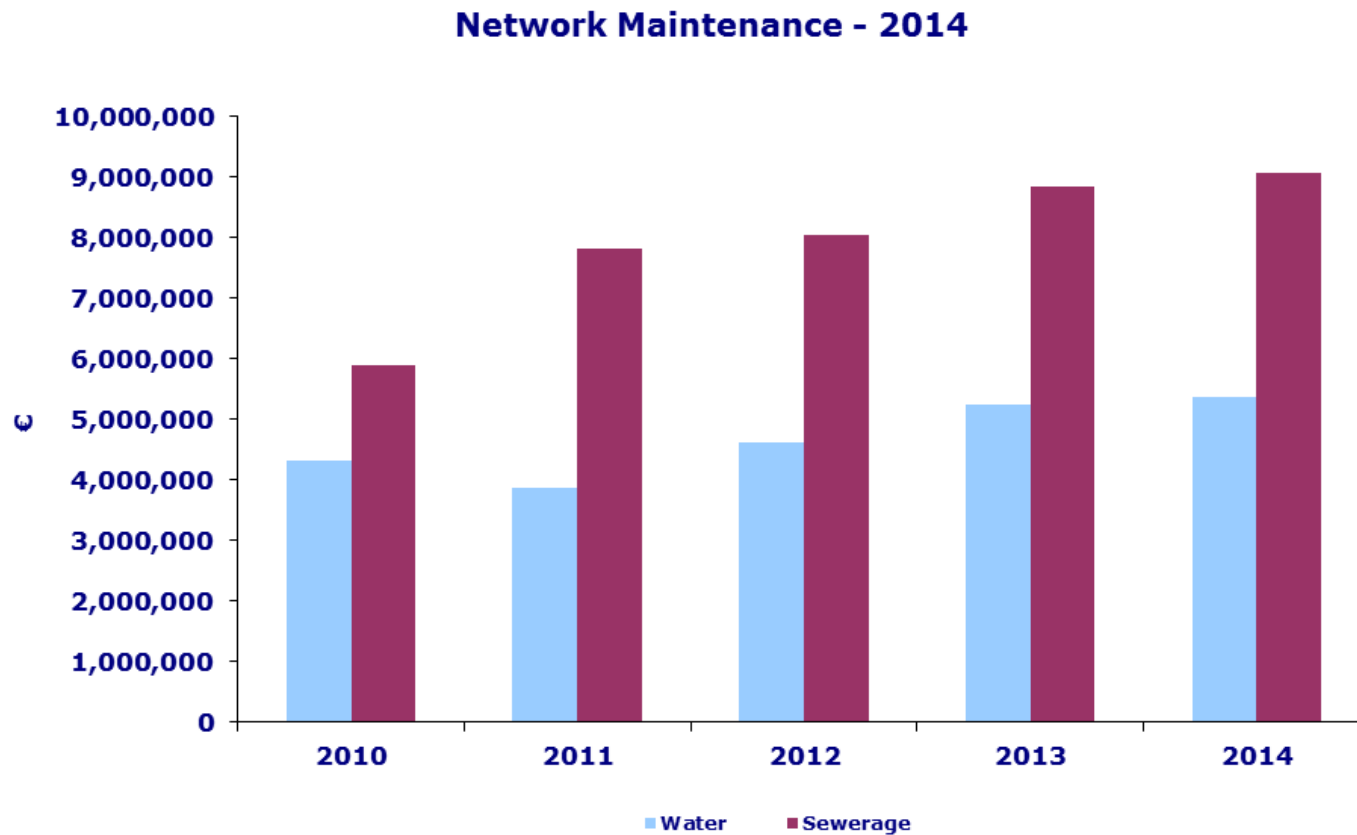
## Works Completed in 2014







## Works in the process 2014







-  According to the interim financial statements of the 1st quarter of 2015, Group's turnover reached the amount of €19.1 mil. from 19.2 mil. the respective period last year. (a decrease of 0.56%).
-  Gross profit reached the amount of €7.7 mil. from €8.1 mil. (decrease of 5.12%).
-  Earnings before taxes reached the amount of €6.75 mil. from €7.6 mil. the respective period last year (decrease of 11.6%).
-  Earnings after tax reached the amount of €4.9 mil. from €5.7 mil. the respective period last year (decrease of 14.63%).

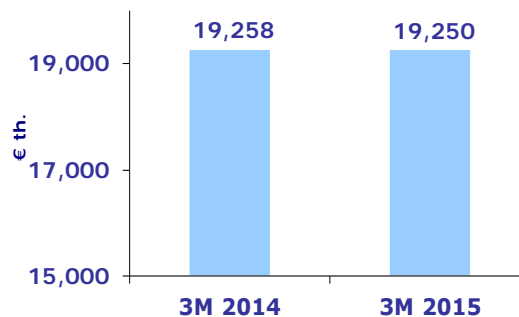
# Income Statement Q1 2015



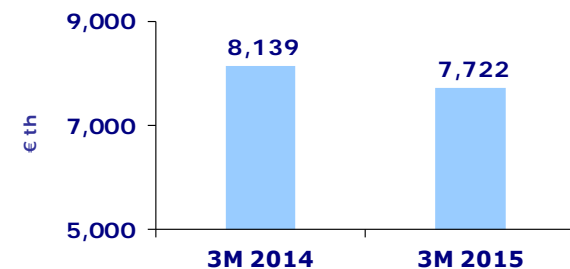
## Consolidated Financial Results (€ th.)

	3M 2015	3M 2014	Change
Turnover	19.150	19.258	-0.56%
Cost of Goods Sold	11.428	11.119	2.78%
Gross Profit	7.722	8.139	-5.12%
Earnings Before tax	6.758	7.645	-11.60%
Earnings After tax	4.884	5.721	-14.63%
EPS	0.1345	0.1576	-14.66%

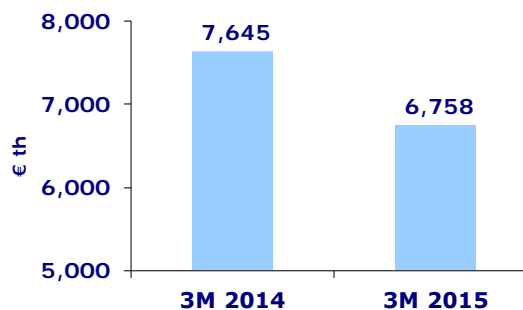
## Turnover 3M



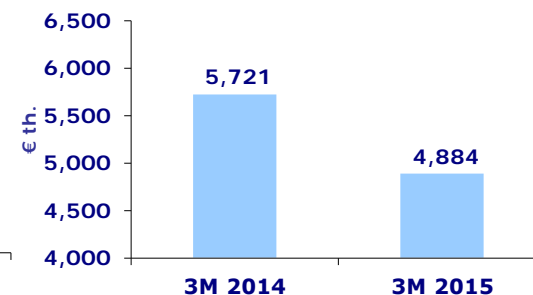
## Gross Profit 3M



## EBT 3M



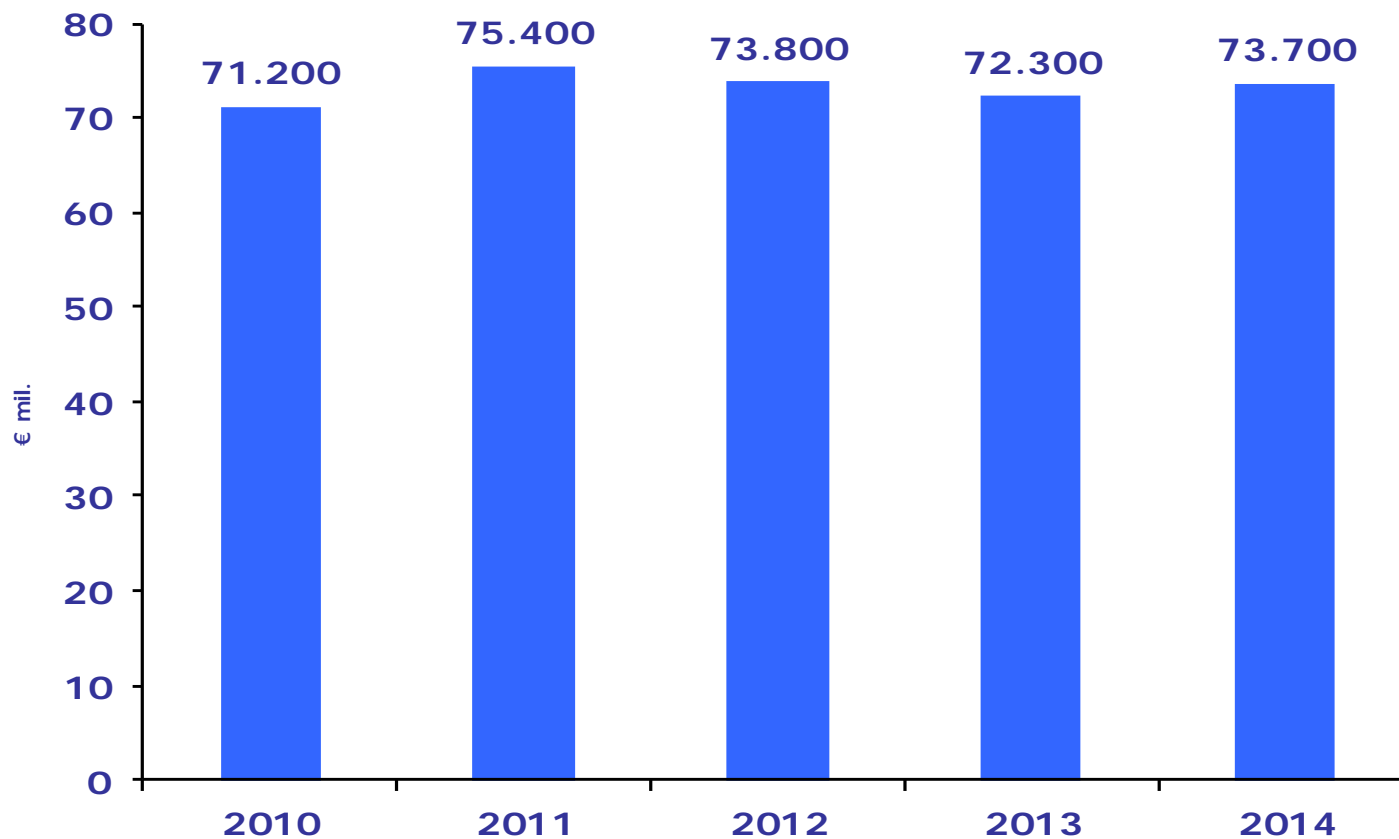
## EAT 3M



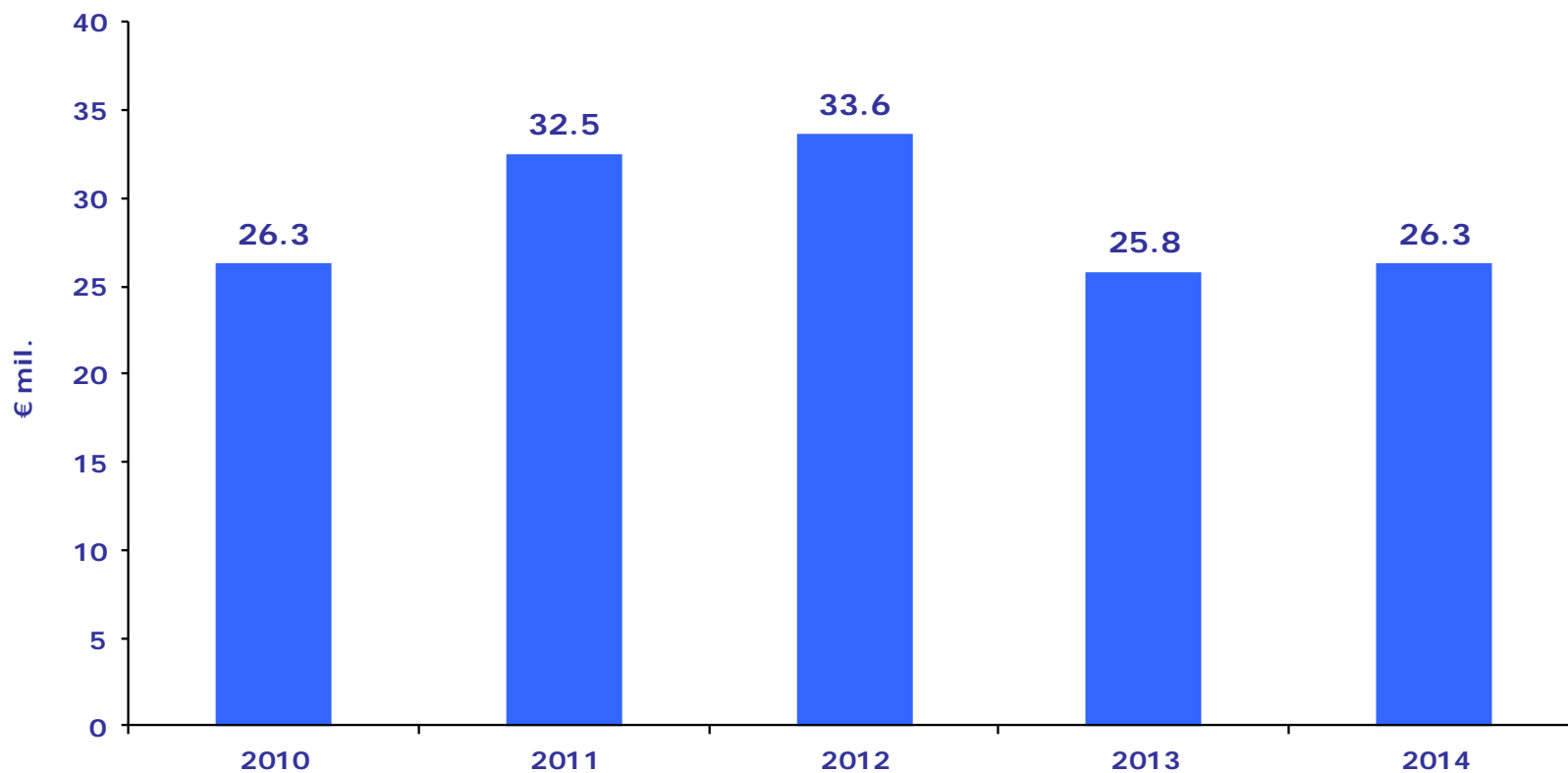
- Pricing policy for 2007-2013 in application since May 2007 concerning water consumers from 1/1/2007 with annual adjustment of costs for water and sewerage services
- 18/11/2008 – Water and sewerage pricing freeze for 2009 at the prices of 2008 for the first three scales of consumers and 20% decrease 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%.

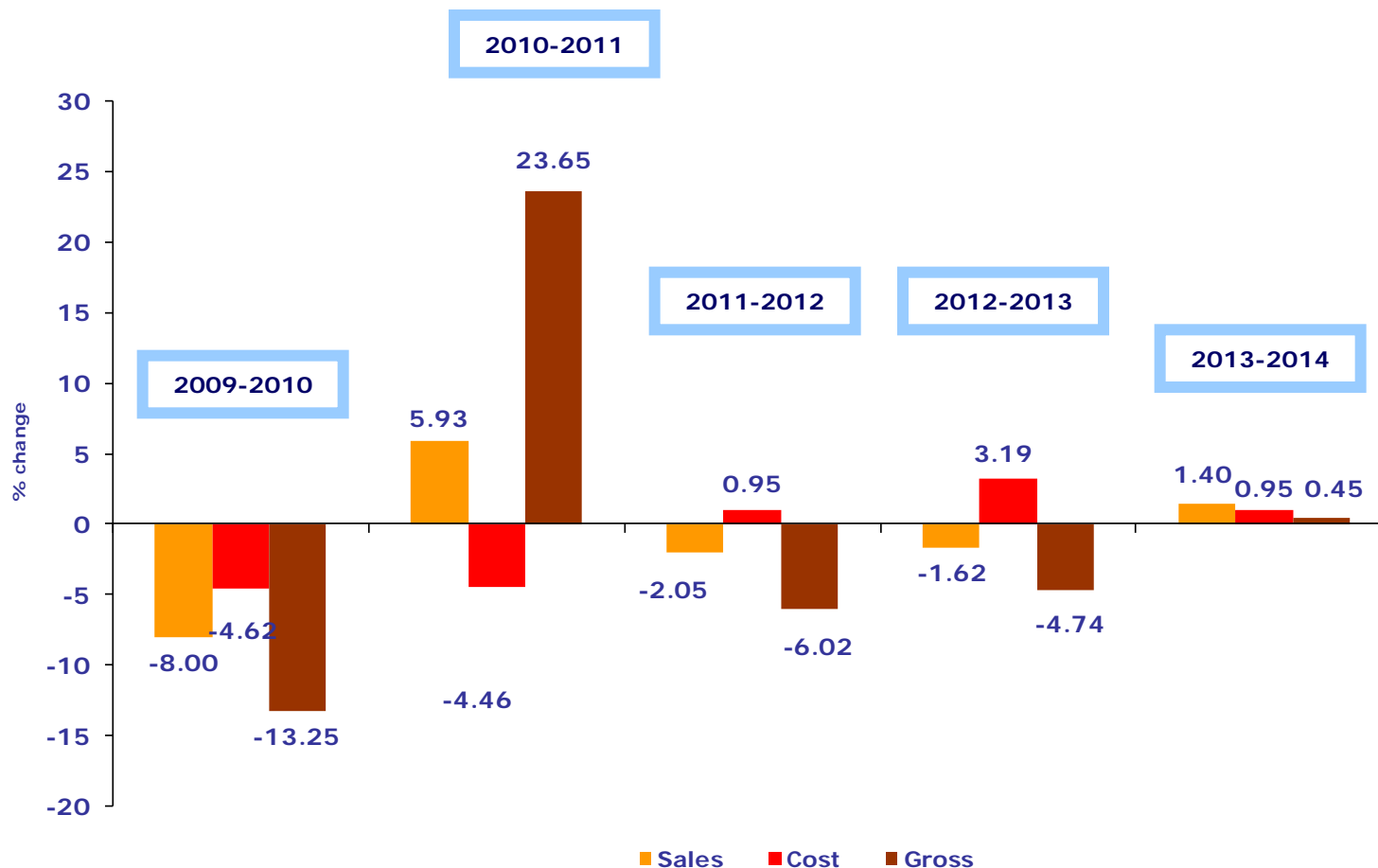
→ For 2014 water tariff to be kept on 2013 levels

Results	2010	2011	2012	2013	2014
Turnover	71,182	75,400	73,851	72,299	73,693
Costs	44,878	42,876	43,284	46,479	47,425
<b>Gross Profit</b>	<b>26,304</b>	<b>32,524</b>	<b>30,566</b>	<b>25,821</b>	<b>26,268</b>
Other Income	3,406	2,635	3,133	3,418	3,392
	<b>29,710</b>	<b>35,159</b>	<b>33,699</b>	<b>29,238</b>	<b>29,660</b>
Administrative Expenses	3,081	4,365	4,869	5,004	6,749
R&D Expenses	5,249	4,542	3,976	4,245	3,437
Distribution Expenses	541	446	484	306	286
Other Operational Expenses	1,826	2,389	5,803	3,947	828
<b>Operational Profit</b>	<b>19,013</b>	<b>23,416</b>	<b>18,567</b>	<b>15,736</b>	<b>18,361</b>
Financing Costs	1,865	2,592	2,831	1,960	1,972
<b>EBIT</b>	<b>20,878</b>	<b>26,008</b>	<b>21,397</b>	<b>17,696</b>	<b>20,333</b>
Investment Income	0	0	0	0	0
<b>EBT</b>	<b>20,878</b>	<b>26,008</b>	<b>21,397</b>	<b>17,696</b>	<b>20,333</b>
Taxation	8,475	5,413	3,681	4,621	6,950
<b>Earnings After Tax</b>	<b>12,402</b>	<b>20,595</b>	<b>17,716</b>	<b>13,075</b>	<b>13,383</b>



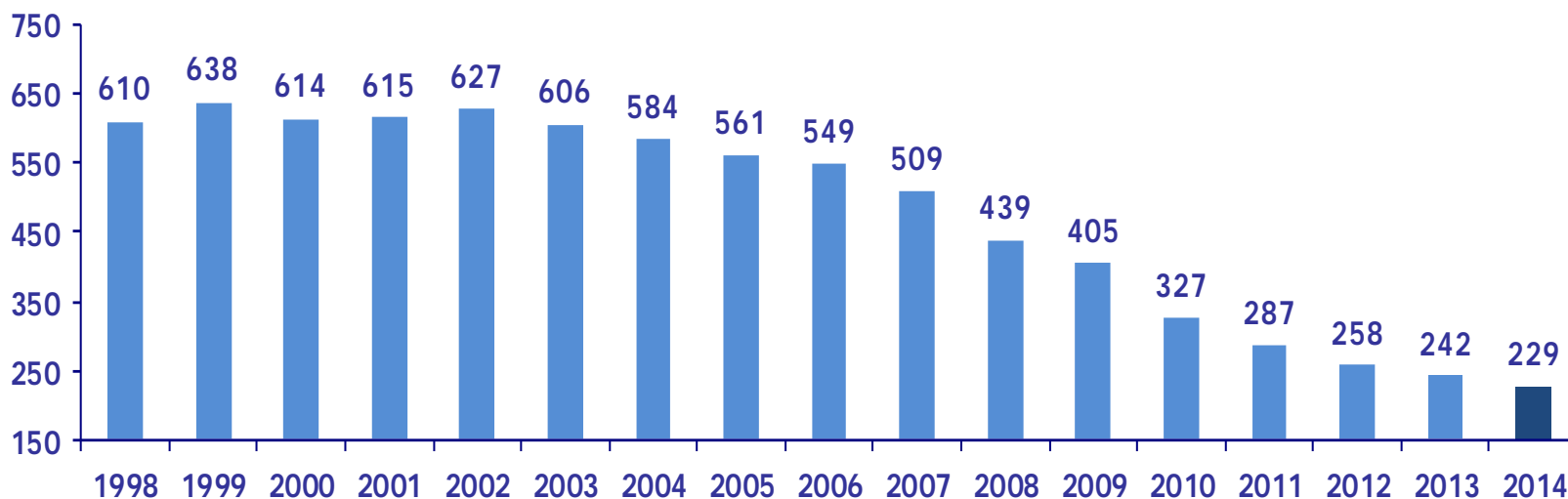






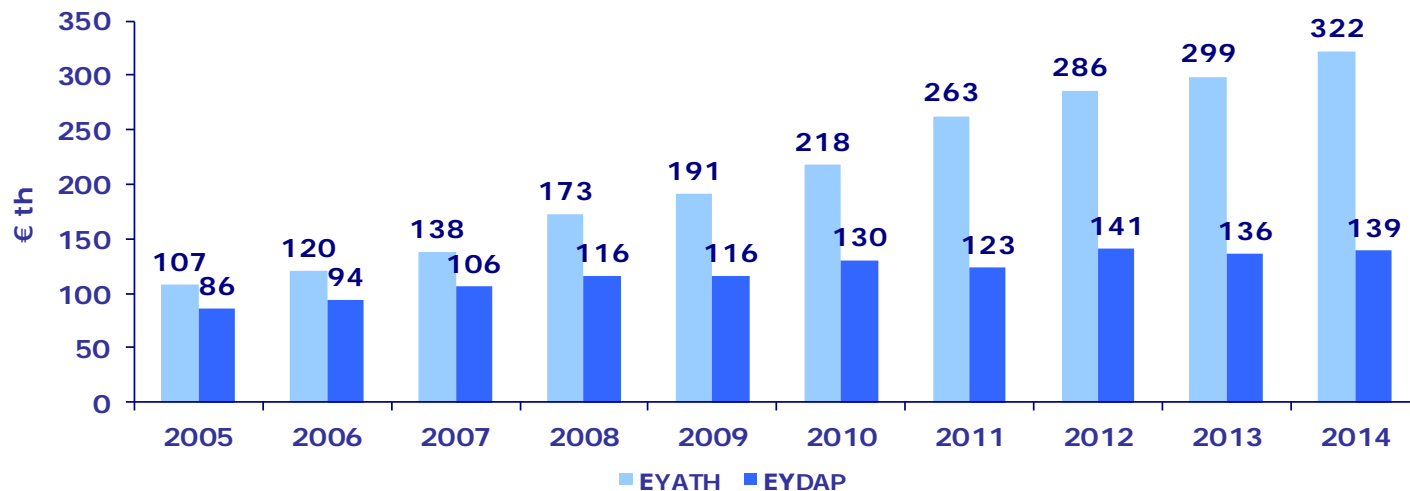
Visualization of the annual differences for the last 5 years

## Personnel



→ 65.4% staff decrease in 2014 compared to 2013

## Turnover per employee

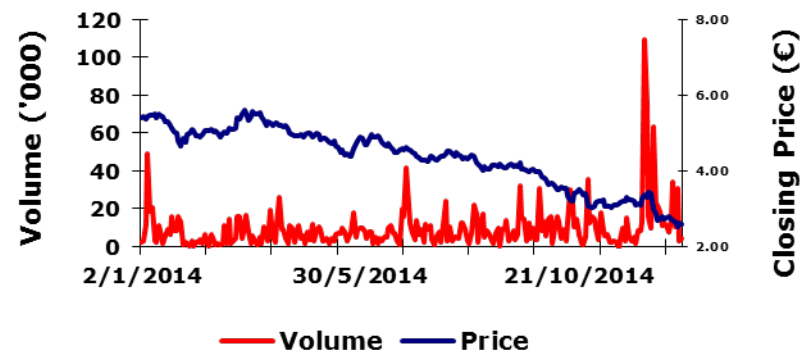
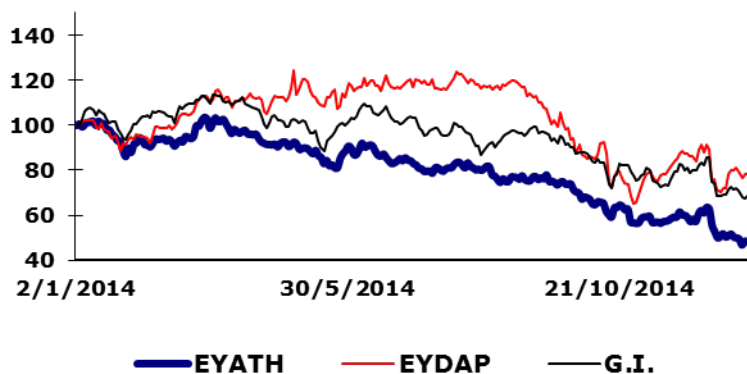


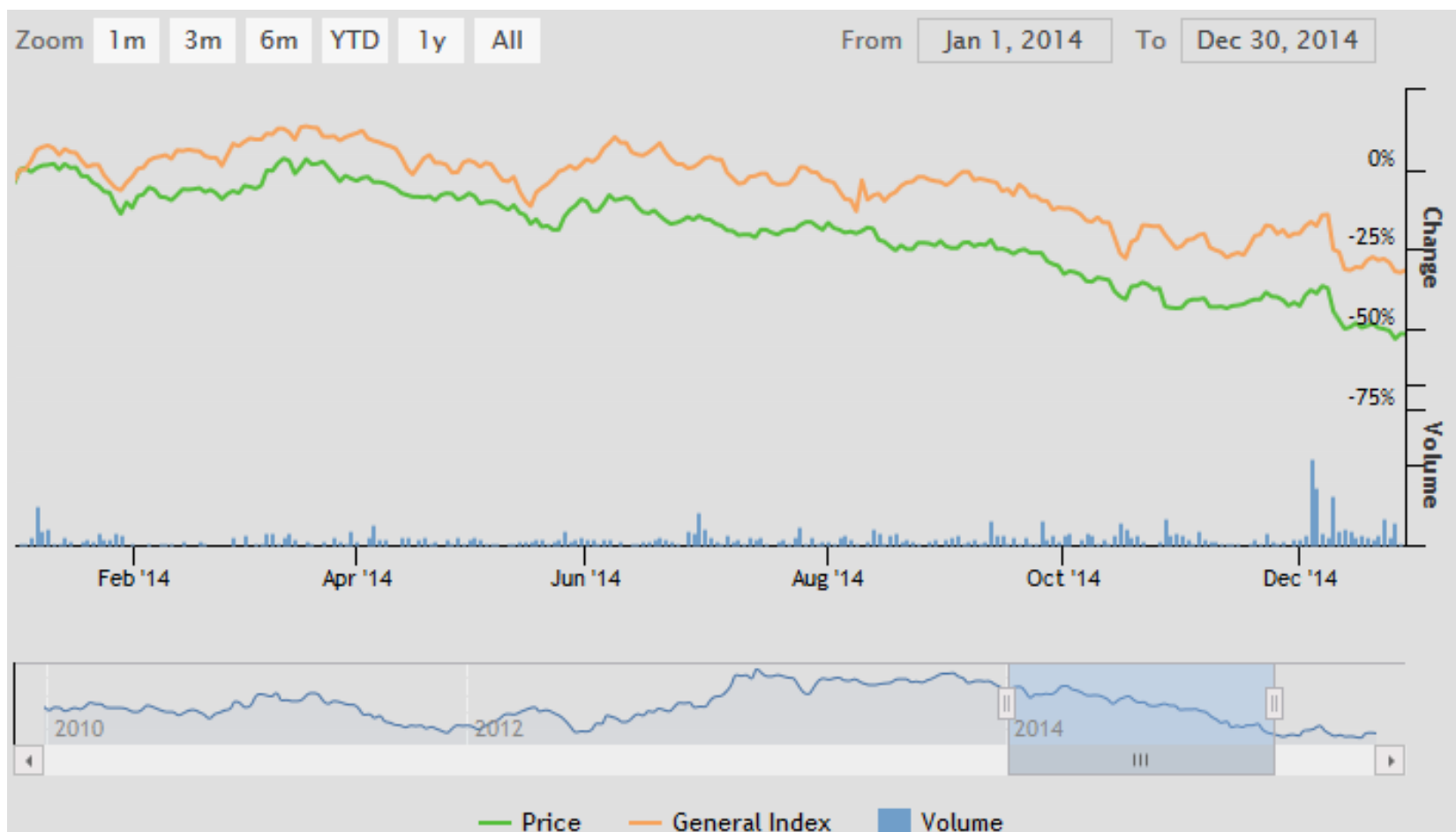
→ 7.7% turnover increase per employee in 2014 compared to 2013  
 (4,4% in '13 compared to '12)



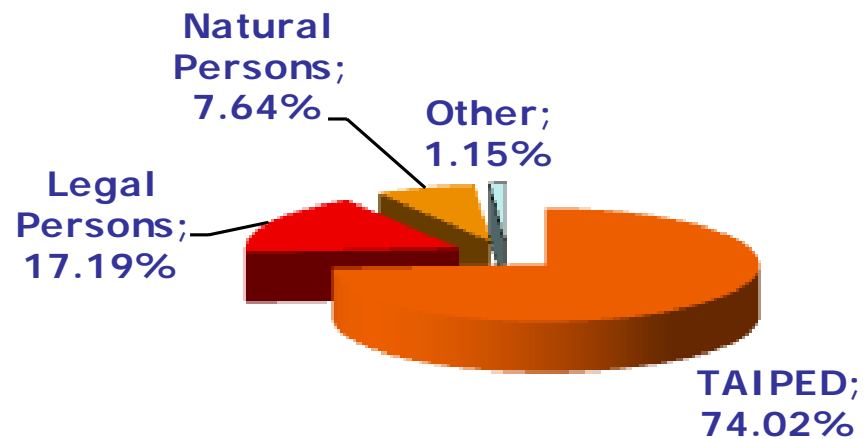
→ 7.4% earnings per employee decrease in 2014 compared to 2013  
(from 21.7% decrease in '13 compared to '12)

**Established:** 1998  
**IPO:** 2001  
**Reuters Code:** TWSr.AT  
**Bloomberg Code:** EYAPS:GA  
**Market Cap 31/12/2014:** € 94,7 mil.  
**No. of Shares:** 36,300,000  
**ASE Category:** Large Cap









Sector					
	Market Cap	P/E (x)	P/E 15(x) estimated	Price/Sales (x)	Dividend Return (%) 5year
<b>EYATH</b>	€ 101.6 m.	7,6	5.5	1.4	4.3
<b>EYADAP</b>	€ 550.6 m.	13.5	12.6	1.6	3.9
<b>Pennon Group</b>	GBP 3.5 b.	30	23.2	2.4	4
<b>Acqua America</b>	\$ 4.6 b.	21.2	20.6	5.9	2.5
<b>Veolia</b>	€ 10.4 b.	37.1	24.8	0.4	-
<b>Severn Trent</b>	GBP 5 b.	25.5	22.5	2.7	4.5

Source: Bloomberg

# 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

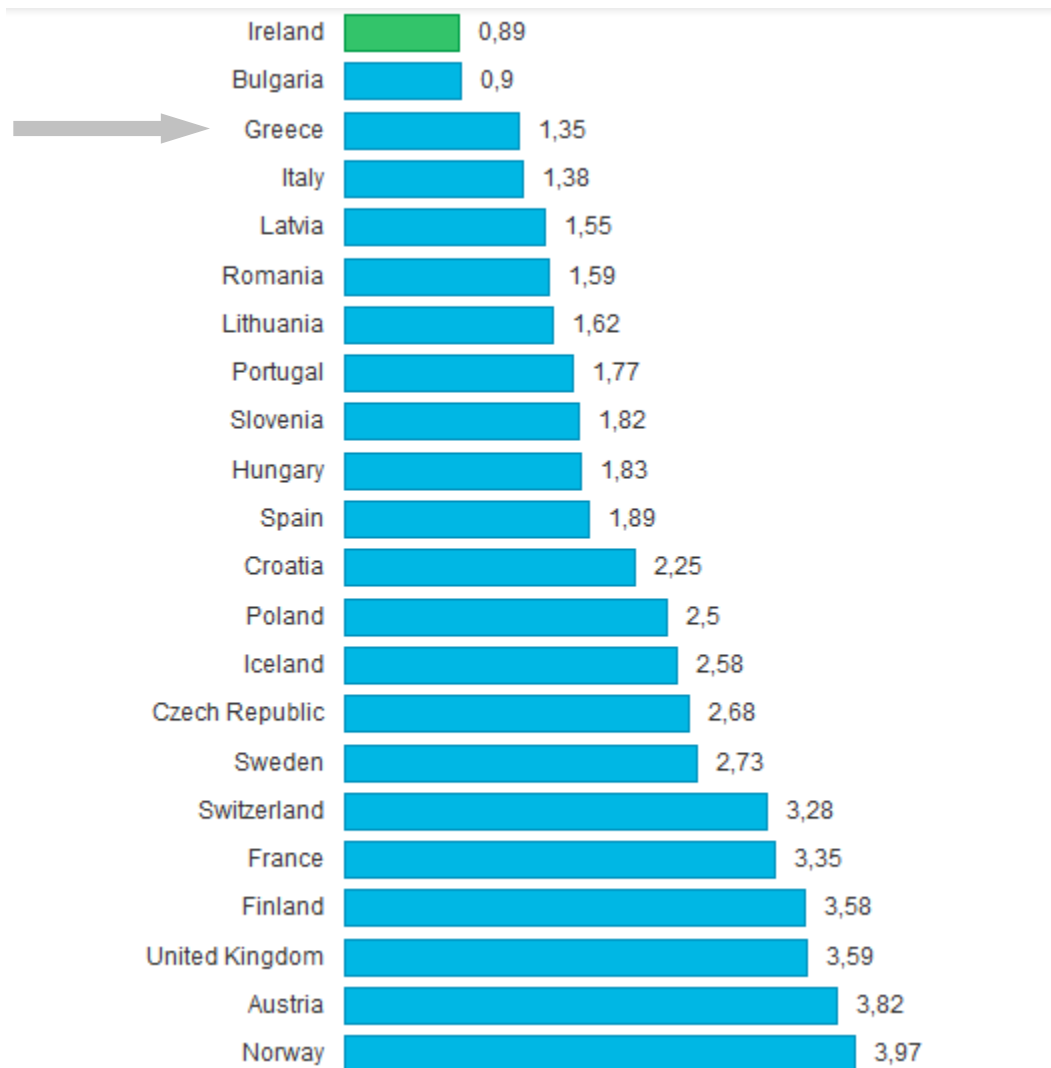


# Reporting Table of the Business Plan of EYATH S.A.



## STATEMENT OF INVESTMENTS 2010 - 2014

DESCRIPTION		2010	2011	2012	2013	2014
1	Buildings	0.00	0.00	0.00	0.00	850.00
2A	Machinery & Other	759,200.07	664,109.04	205,589.14	824,447.23	366,033.60
2B	Installed Water Meters	128,586.01	114,950.44	110,763.99	443,665.28	404,443.38
3	Transportation	0.00	0.00	190,270.40	24,750.00	283,722.79
4	Furniture	116,552.52	137,374.43	99,647.92	333,981.86	151,738.85
5	Water Pipe Network	2,540,830.35	2,698,163.78	1,705,996.42	2,990,963.30	1,810,740.00
6	Sewerage Pipe Network	3,263,220.01	2,247,701.52	1,187,483.08	482,137.71	2,121,945.17
7	Network maintenance	10,216,785.64	11,698,814.67	12,675,824.47	14,095,933.33	14,547,260.78
8	R&D expenses	16,413.13	139,358.35	510,814.70	353,941.83	237,961.11
TOTAL		17,041,587.73	17,700,472.23	16,686,390.12	19,549,820.54	19,924,695.68
EXPENSES IN TOTAL CONCERNING INVESTMENTS & MAINTENANCE FOR FIXED ASSETS						90,902,966.30



Πηγή: <http://www.irishtimes.com/news/politics/irish-water-charges-cheapest-in-europe-under-revised-package-1.2007413>

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THESSALONIKI WATER SUPPLY & SEWERAGE Co S.A.