



ΟΙΚΟΝΟΜΙΚΟ ΕΠΙΜΕΛΗΤΗΡΙΟ ΤΗΣ ΕΛΛΑΔΑΣ
ECONOMIC CHAMBER OF GREECE



ATHEXGROUP
Athens Exchange Group

«The Stock Exchange as a driving force of new funding»

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INTRODUCTION

The Athens Stock Exchange (ATHEX), in cooperation with the Economic Chamber of Greece (ECG) conducted a survey on the role of the Athens Stock Exchange as a source of funding for Greek companies as well as a form of investment.

Greek corporates, especially small and medium, are not only the force of the Greek economy but also a key component of social cohesion. Economic growth based on solid fundamentals is the great challenge and the main prerequisite for turning the Greek economy on a sustainable path.

This survey emerged from the Memorandum of Understanding signed on 13 February 2019 between ATHEX and the ECG aiming at joint initiatives and actions, in order to achieve synergies between the business and academic communities, especially through information, training, research and data analysis.

The survey was conducted from March 15th, 2019 until April 3rd, 2019. The questionnaire that was sent to the members of ECG consisted of two sections: The section “Economy” and the section “Stock Exchange”. Almost 1,700 individuals / members of the ECG were surveyed from a wide range of business sectors, age, professional status, educational level, etc., which characterizes the findings as "statistically significant". Given the specialized knowledge of the members of ECG renders the survey not just a poll but a study on the perceptions of the financial community about the economy and the stock exchange, in particular.

Responses to what ECG members think about the Greek Economy should be taken into account by policymakers, while responses to what they think about ATHEX will contribute to designing new actions to support the role of the Stock Exchange as a fund raising mechanism and as a growth pillar of the Greek economy.

DEMOGRAPHIC CHARACTERISTICS

The questionnaire was sent to the members of the Economic Chamber and we received responses from 1,700 individuals / members of the ECG. The sample is representative, mainly because of the high number of participants. It is also worth noted that the participants belonged to a wide range of business sectors, ages, management levels, educational level, size of company etc. All the above, in our opinion, render the findings "statistically significant".

Figures 1 through 6, present the demographic characteristics of the sample:

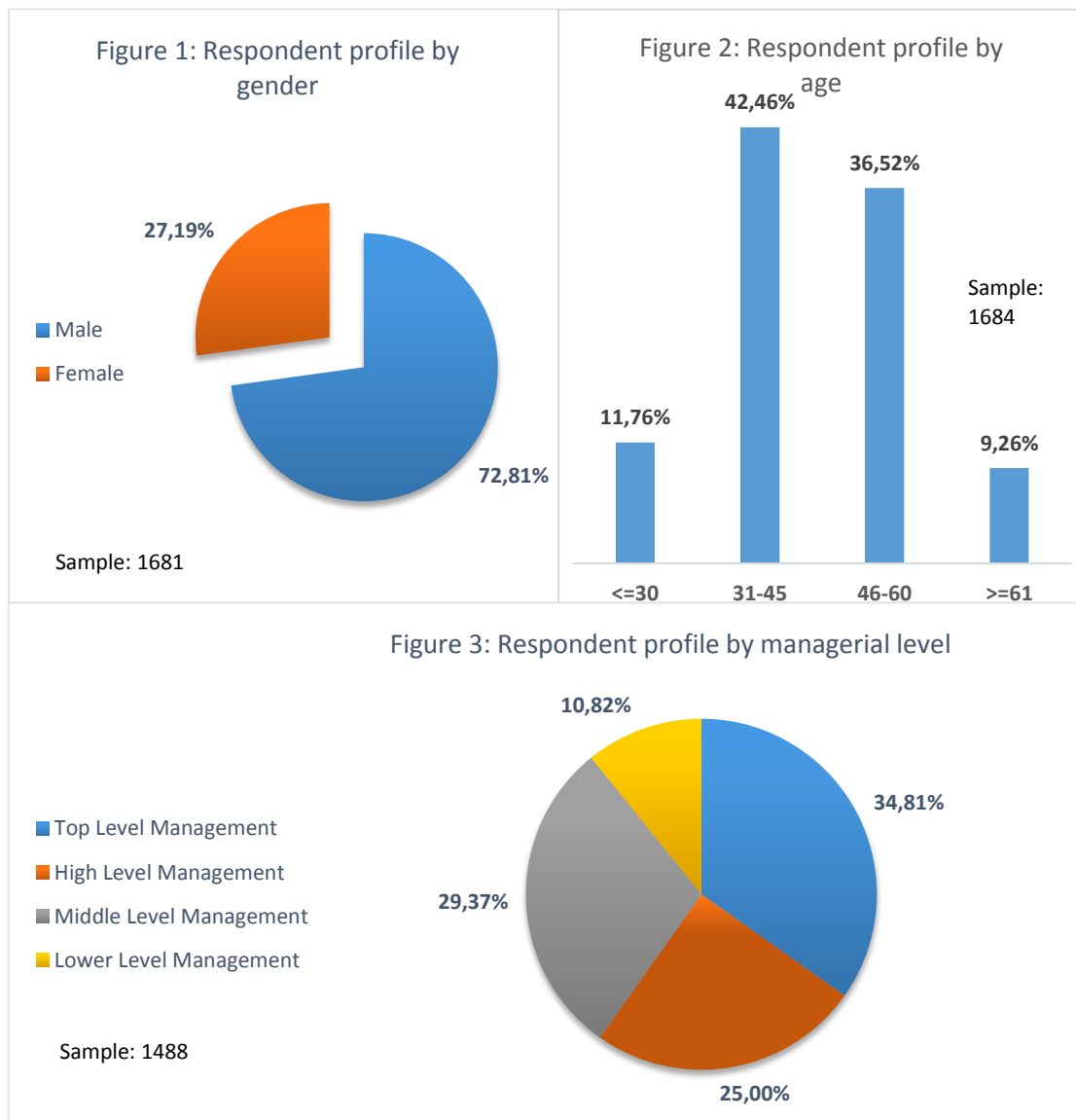


Figure 4: Respondent profile by occupation

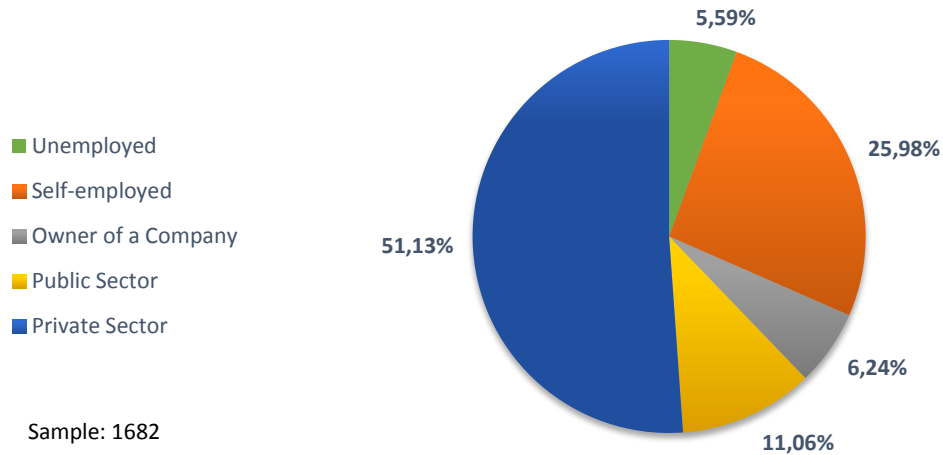


Figure 5: Respondent profile by level of education

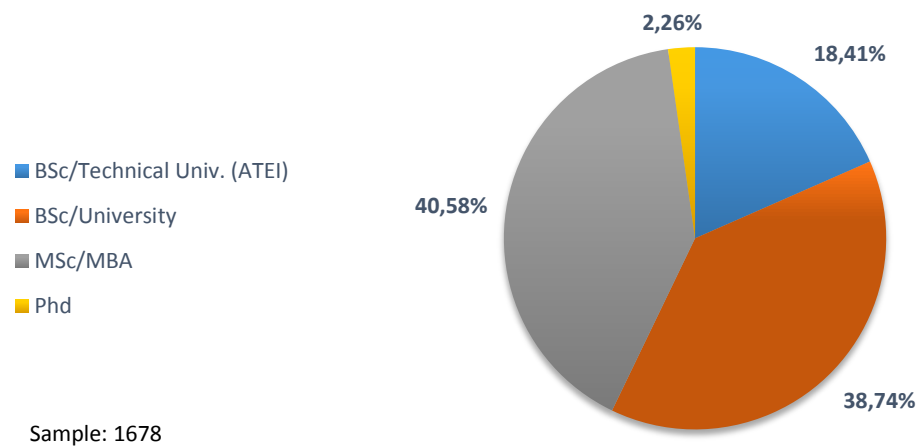
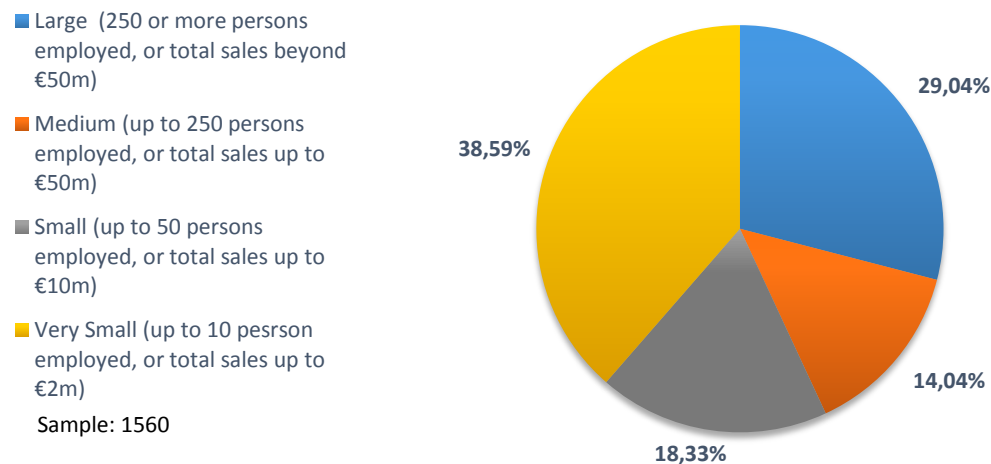


Figure 6: Which is the size of the firm you are working for?



METHODOLOGY

In the majority of the questions respondents were asked to pick a single answer from a pre-determined set of responses. However, in some questions participants had to rate and classify a group of choices, or they had the choice to pick more than one answers. In these cases, a scoring system was created that ranked answers, from higher to lower.

For example, if a question presented a set of 5 answers, where the respondent was able to pick up to three choices, the final score for each choice was a number between 1 to 3 based on the weighted average and the frequency of answers.

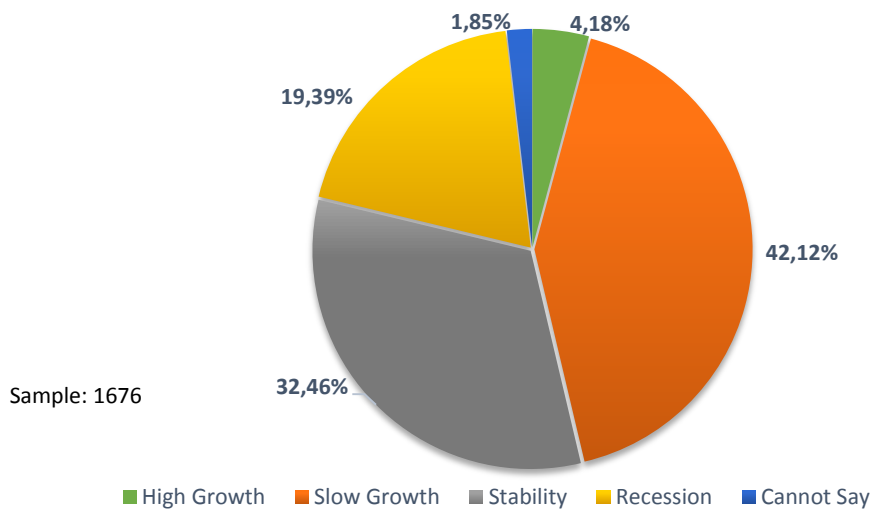
Moreover, the responses were evaluated both at an aggregate level as well as in detail based on all categories of demographic characteristics. In this paper we present the results on an aggregate level whilst we comment on analytical results in cases where the result is worth paying particular attention.

KEY POINTS

As far as the section “Economy” is concerned, the main conclusions are as follows:

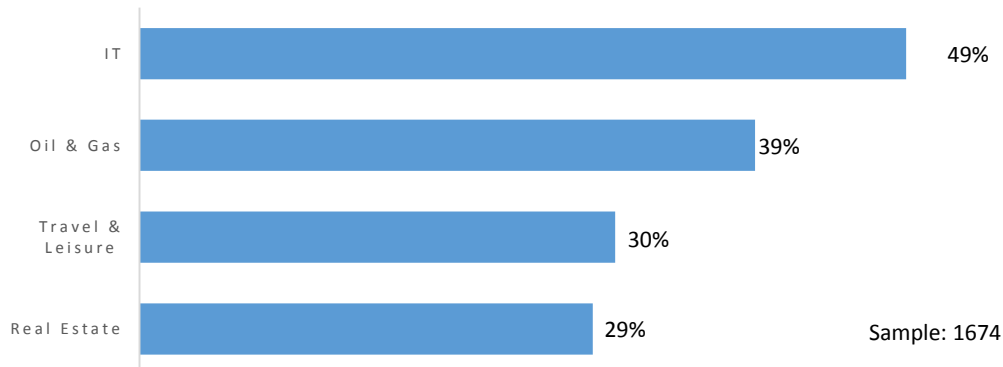
- 75% of respondents believe that over the next 3 years, the Greek economy will either be stable or will be growing mildly. Only 4% believe that Greek economy will present a high growth rate.

Figure 7: What is your view of economic development, over the next 3 years?

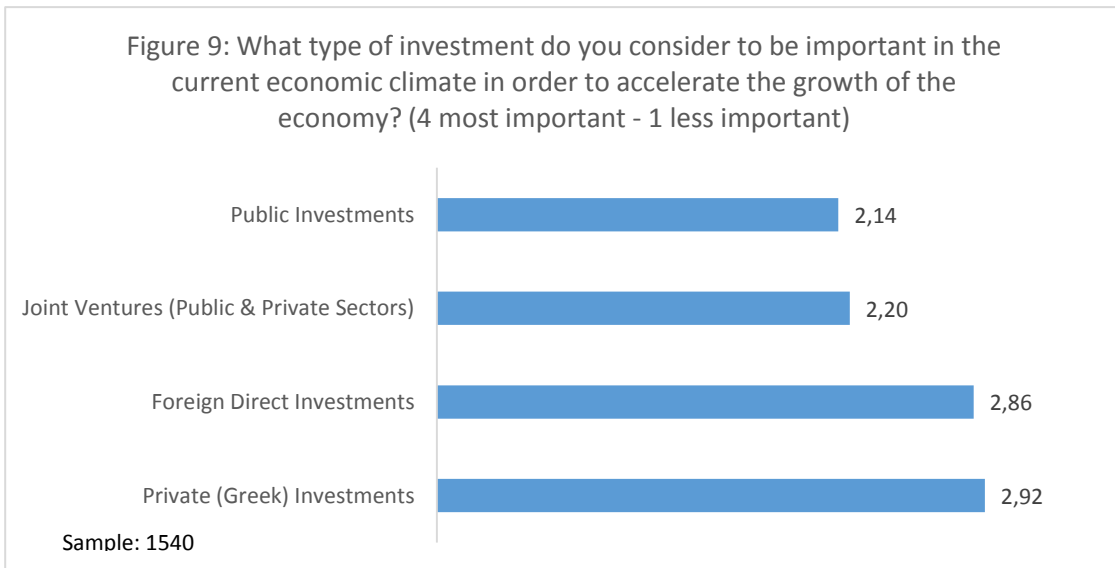


- Technology, Oil / Gas, Travel / Leisure are the 3 sectors that are expected to present investment opportunities over the next 3 years. Real Estate sector follows with small difference. At the same time, digital transformation is expected to significantly change the structure of the productive fabric of Greece.

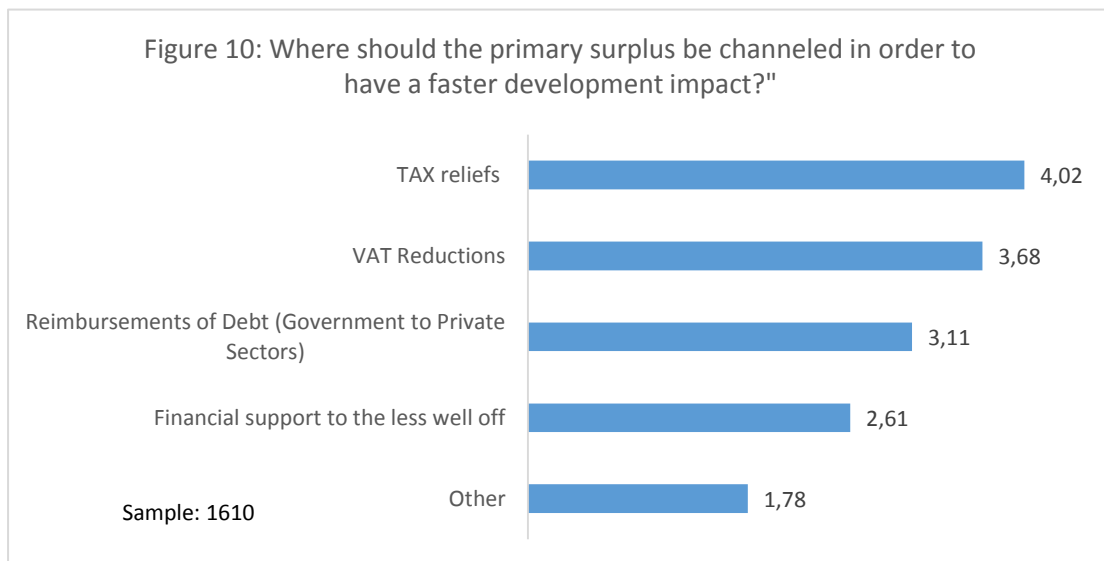
Figure 8: Choose up to 3 of the following industries that you estimate will present investment opportunities over the next three years



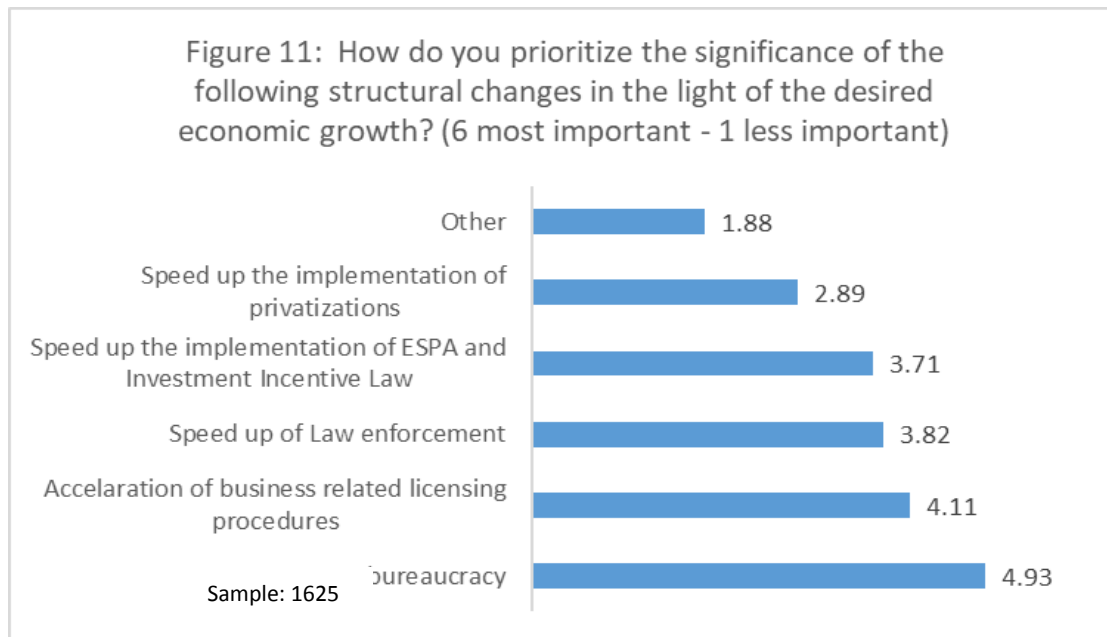
- Private investments, either from Greek private companies or from foreign companies, are the most needed at the moment to boost economic growth.



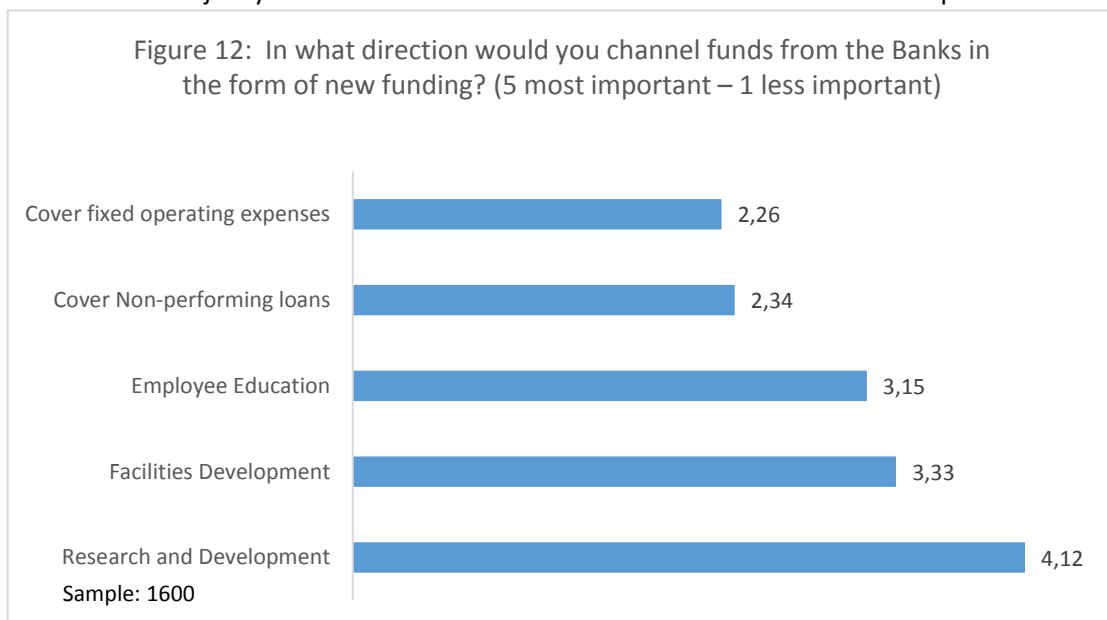
- Regarding the question "Where should the primary surplus be channeled in order to have a faster development impact?" respondents identified the need for tax relief for businesses and reduced VAT. The former is particularly important for the "Self-employed" category and the latter is widely demanded by all categories.



- The most important structural change needed is the reduction of bureaucracy. This is followed by the acceleration of licensing procedures, which is desirable mainly by the “company owners” category but is also widely accepted.

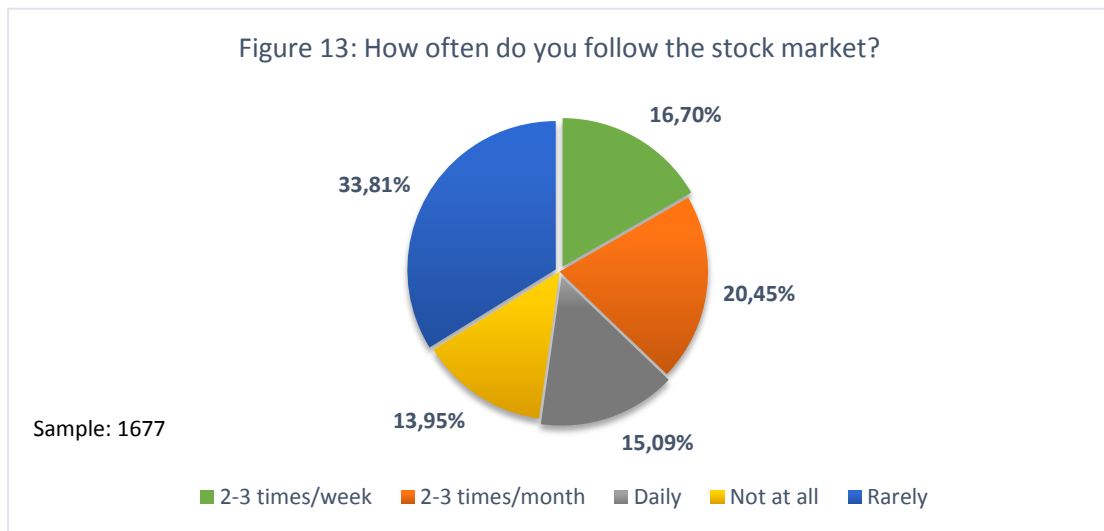


- To the question "in what direction would you channel funds raised from bank lending?" the vast majority identifies the need for Investment in Research & Development.

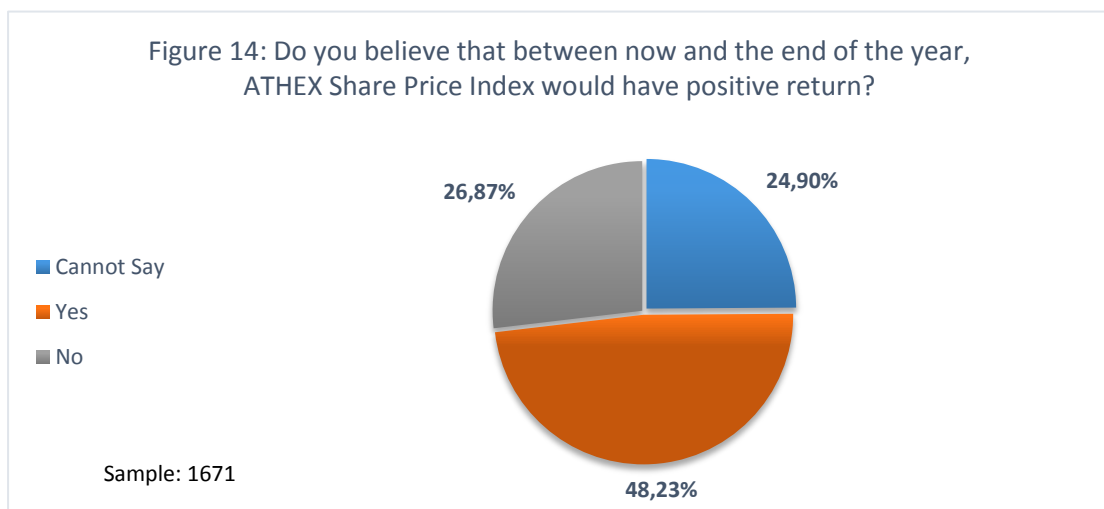


As far as the “Stock Exchange” section is concerned, the main conclusions were not as predictable as in the “Economy” section. More specifically:

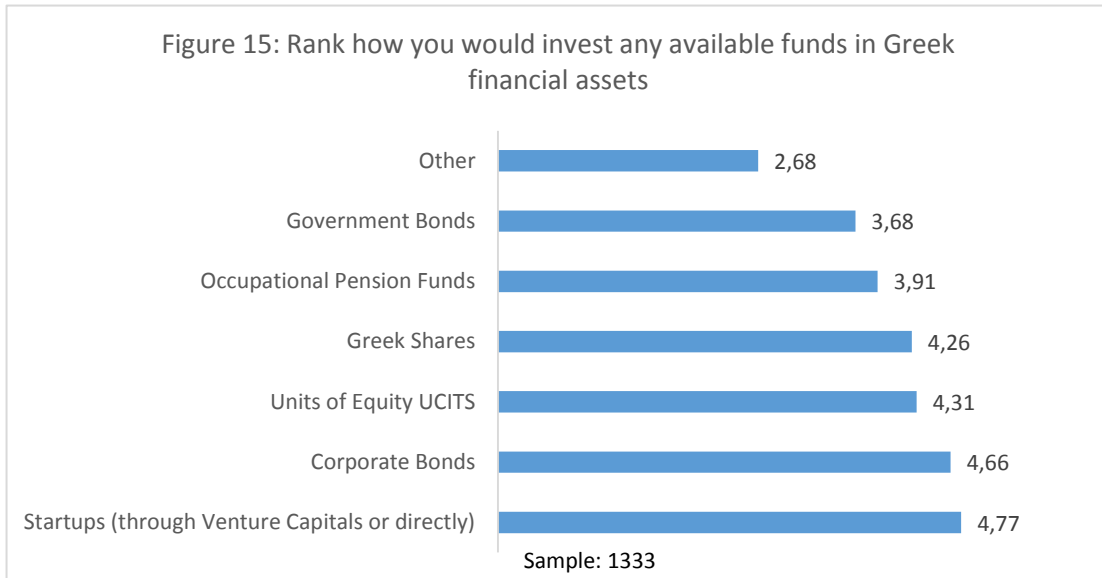
- The percentage of ECG members interested in the Stock Exchange is relatively low. Just 1/3 is watching the Stock Market either daily or 2-3 times a week, - although they are economists - and this percentage is even lower in young ages. On the contrary, older people are more active in terms of stock market interest. There is a need to attract young investors.



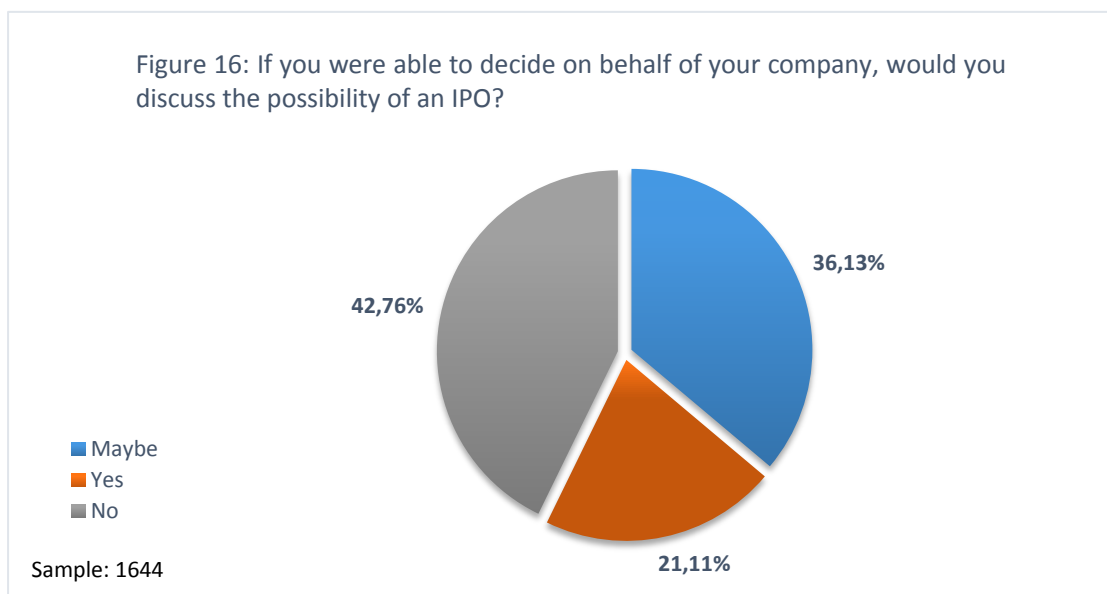
- Regarding the question related to the expectation of the performance of the ATHEX General Index in 2019, almost half (48.23%) of the respondents expect a positive return. Although this reveals a relative optimism, given the fact the survey was conducted at a time that the Greek stock market was already 15% up Ytd, then the figure seems to be relatively low. The fact that a quarter of the respondents (26.87%) believes that the General Index will have a negative performance is probably indicative of the low expectations that prevailed in the Stock Exchange during the time of the survey.



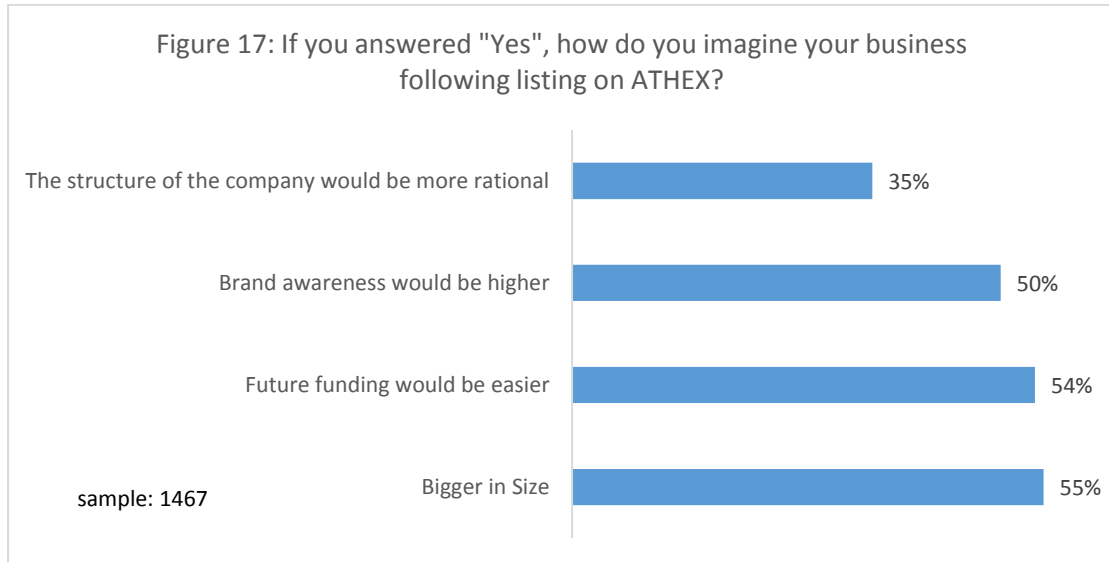
- When ECG members were asked to rank how they would invest any available funds among Greek financial assets, the biggest interest was for “Startups” and, followed by a small margin, for “Corporate Bonds”. “Units of Equity UCITS” and “Equity Shares” were ranked 3rd and 4th, respectively. It is worth mentioning that Company Owners are mostly interested in investing in Startups, while Private Sector Executives are interested in Corporate Bonds. Public Sector Executives show greater interest for Occupational Pension Funds and Government Bonds. It is disappointing that the 30-year-olds are not particularly interested in Equity Shares.



- Despite the fact that in recent years there have been no significant listings of companies on ATHEX, almost 1 in 5 respondents (21.1%) would choose to raise capital from the Stock Exchange if they had the option to do it. In particular, "Company Owners" are even more interested than the average (28%). A large proportion (36.1%) is undecided.



- “Bigger firm size”, “better terms for future financing” and “brand awareness” are considered the key benefits of listing in the Athens Stock Exchange. In contrast, “Loss of the company's family status”, “non-fulfillment of the listing criteria” and the “relatively low trading activity” are considered as deterrents for listing on the Stock Exchange.



CONCLUSIONS

The vast majority of the participants in the survey believe that in the near future the Greek economy will get stabilized and will slowly begin to grow at a moderate pace. To achieve this, private companies will have to invest in the Greek economy and in combination with FDI, we will probably experience faster growth rates.

In particular, the members of the Economic Chamber consider that these investments should focus mainly on Research and Development. It is no coincidence that respondents expect that the trend of the digital revolution would significantly change the structure of the productive fabric of Greece, and corporates have to follow.

As far as the Athens Stock Exchange is concerned, respondents do not very often deal with the Stock Exchange despite the fact that they have a financial background. Unfortunately, the category that abstains from the Stock Market is the age category up to 30 years old.

Survey participants state that they need to be informed and / or trained on existing financial instruments, capital markets and listing procedures on the Athens Stock Exchange.

A significant part of the participants would be interested in raising funds through the Stock market should they have the option for that, as they believe that after a stock listing the company would become bigger in size, future funding would be easier and there would be greater recognition. The “NO-sayers” base their decision on not being willing their company to become a public company. It is worth noting that the category that is particularly interested in raising funds through ATHEX is that of the Company Owners.