

## GEK & TERNA H1 05 results

Comp.	Sales	Ch%	EBITDA	Ch%	Net income (a.m)	Ch%
GEK**	119.1	-54	36,7	-26,7	15.3	-38
TERNA	98.4	-61.7	23.3	-52.7	16.7	-45.4

### Under IFRS

*\*\* Non comparable with 2004*

*Changes% refer to the equivalent period last year/Amounts in million euros-consolidated*

- **“Unfavourable” comparison with strong “Olympic” 2004 construction / well positioned for 2006 / first 3 contracts in foreign markets already signed but not yet reflected in H1 05 figures / new government accelerates public works’ tendering**
- **Construction cash flow improved significantly / TERNA’s net debt reduced c25 million reflecting 45 million reduction of receivables**
- **Increasing energy contribution/One more wind park operational in June 05 (26 MW capacity)/ the gas fired plant (147 MW) performs very well in its first months of operation**
- **GEK S.A, the Group’s holding and real estate company, reports strong profitability in its real estate activity**

**Athens, Greece September 30<sup>th</sup> 2005 – GEK & TERNA group announces consolidated results for the first half 2005, ended June 30th, 2005.**

## 1. Overview

### TERNA S.A consolidated results:

**Revenues** reached € 98,4 million, a decrease of 61% compared to € 257,5 million in the same period last year. “Olympic” H1 04 was exceptionally strong (257,5 million) and the comparison seems “unfair” with H1 05, in which, recently signed projects are not “reflected”. **Operating cash flow** is now positive (+20,5 million from -31 million in H1 04), signaling further net debt reduction in the following quarters.

**EBITDA** reached 23.3 million compared to € 49,4 million in 04. Energy operations generated EBITDA of c7.5 million, or c32% of total EBITDA. Energy EBITDA stood at c3.2 million in H1 04, or c7% of total EBITDA.

**Net income after minorities** recorded a decrease of c 45.4 %, reaching € 16.7 million compared to € 30.6 million in 2004.

**Net debt** fell by 25 million compared to the previous quarter (Q1 05), and currently amounts to c113 million (including c20 million leasing obligations)

**Receivables** fell to c175 million from 230 million in Q1 05, but still, there are over 60 million to be received for Olympic works. These are estimated to be collected within the following quarters.

### GEK S.A consolidated results:

\*non comparable with last year

**Revenues** decreased 54% reaching € 119,1 million from € 262.2 million in the prior year’s equivalent period. This decrease is attributed to relatively weak construction results of TERNA.

**EBITDA** reached € 36,7 million, decreasing by 26.7%.

**Net income after minorities** reached € 15 million, a decrease of 38 % compared to the

equivalent period.

**Net Cash position (in the parent level)** amounted to c€ 52 million, aided by the sale of TERNA's shares. This cash will be mostly used in concession investments (from which TERNA will be benefited as the construction company)

**Long -term debt related to GEK's Real estate** stood at c€ 22 million.

**All other long term and short - term borrowings** are attributed to TERNA and are related to increased working capital needs (short term) and energy investments (short and long term).

As the management commented: **“the first half of 2005, as already expected, was relatively weak for our construction division, mainly due to unfavourable comparison with 2004 which was an “Olympic” year. Public tenders have started coming up again, a fact that reinforces our confidence for future local construction turnover. Moreover, the important contracts that we recently signed abroad (in the Balkan region), are of strategic importance, as they will support our construction activity and additionally, establish our presence in these countries.**

**In our energy division, wind parks' installation proceeds according to our estimations and also, gas fired plant generates sales and earnings above our expectations.**

**Real estate activity of the parent company, GEK S.A, performs very well and we expect significant profitability to derive from this activity in the following years.**

## 2. Main operations' outlook

### TERNA S.A

#### Construction:

In the **construction business** area, TERNA achieved, during the past years, to obtain a critical size and the fundamental soundness to consolidate its position as a contractor in the broader geographic area.

TERNA's backlog is coming up again, (c420 million at the end of June 05), mostly due to the recent award of projects abroad and some important projects locally.

Currently, the company contests for some major infrastructure projects in Greece (i.e. metro lines extension) and some projects in the Balkans. Moreover, TERNA will be the construction company in large-scale motorway concessions that will soon be launched by the state (in which GEK is the concessionaire)

The improved outlook in construction increases confidence for a strong 2006 in construction.

#### Energy:

In the **energy business** area, sales from wind parks (65 MW current installed capacity – 41 MW generated sales in H1 05) stood at approximately € 3.9 million. Another 58 MW of wind parks are currently under construction. TERNA's target remains the 200 MW installed by end 2006 and 400-450 installed by 2009.

HERON S.A\*, the gas fired plant (147 MW), generated sales of c15.8 million, c8.5 million EBITDA and PBT of c5.6 million.

Overall, in H1 05, energy constitutes c32% of total TERNA's EBITDA from c7% in H1 04.

\*HERON is owned 50% by TERNA and 50% by GEK and is consolidated equivalently.

### GEK S.A

Apart from consolidating Construction and Energy activity of TERNA, GEK's activities are:

#### Real estate:

In the **real estate** business of GEK, in H1 05 PBT amounted to 9.1 million, mostly due to the sale of a property and the revaluation of certain office spaces (for which a presale agreement has already been signed in Q3 05).

Also, the company has been positioned in the growing Balkan real estate market, from which significant value creation is expected.

#### Concessions:

Currently, GEK participates in several parking stations' concessions (more than 4300 parking spaces).

GEK is the concessionaire company in the forthcoming motorway concessions. Three major tenders are expected till end of H1 06, starting from November this year. GEK's JV with Ferrovial and ACS DRADADOS will contest for these value creating investments.

#### **About GEK & TERNA group**

GEK is the parent company of a group that is active mainly in four business areas, Construction, Energy, Real Estate and Concessions, achieving synergies and diversification of its activities. Construction and Energy are represented by TERNA, whereas Real Estate and Concessions are GEK's activities.

The group's excellent execution track record in its construction sector, the well established position in the Greek energy market, its major Real Estate assets and the intense activity in Concession business, have already consolidated the group among the leaders in these business areas. GEK group envisages future development through its credibility, know how, financial soundness and substantial experience, together with its commitment on delivering

to its customers the optimum outcome and creating shareholder's value.

## APPENDIX

### Consolidated Financial Statements of GEK Group

For the first half 2005 ended June 30, 2005

#### Consolidated Balance Sheet

	30.06.2005	31.12.2004
<b><u>ASSETS</u></b>		
Fixed assets	202.274	206.258
Participations & other L/T financial receivables	10.553	10.061
Inventories	59.793	63.499
Investment property	83.427	59.739
Reicevables	238.784	293.855
Cash & cash equivalents	89.044	83.786
Other assets	31.776	26.970
<b>Total assets</b>	<b>715.651</b>	<b>744.168</b>
<b><u>Liabilities</u></b>		
L/T obligations	125.806	116.805
Short term debt	95.328	127.851
Other S/T liabilities and accrued income	129.792	172.475
<b>Total Liabilities (a)</b>	<b>350.926</b>	<b>417.131</b>
<b>Shareholders' net asset value</b>	<b>264.094</b>	<b>244.737</b>
<b>Minority rights</b>	<b>100.631</b>	<b>82.300</b>
<b>Total net asset value (β)</b>	<b>364.725</b>	<b>327.037</b>
<b>Total liabilities (a) + (b)</b>	<b>715.651</b>	<b>744.168</b>

#### Consolidated Income Statement

	30.06.2005		30.06.2004	
	H1 05	Q2 05	H1 04	Q2 04
Sales	119.195	53.393	262.223	161.727
Cost of sales	-79.532	-34.413	-203.128	120.777
Gross profit	39.662	18.980	59.095	40.950
EBITDA	36.772	19.883	50.199	34.223
Depreciation	5.680	2.856	4.528	2.447
EBIT	31.092	17.027	45.671	31.776
<b>Earnings before tax</b>	<b>26.557</b>	<b>15.203</b>	<b>41.514</b>	22.066
Income tax	-3.185	-1.728	-7.681	-3.662
<b>Earnings after tax</b>	<b>23.372</b>	<b>13.475</b>	<b>33.833</b>	<b>18.404</b>
Attributed to shareholders of mother company	15.298	9.889	25.042	13.485
Minority rights	8.074	3.586	8.791	4.919
	<b>23.372</b>	<b>13.475</b>	<b>33.833</b>	<b>18.404</b>
<b>Earnings after tax per share – basic(in €)</b>	<b>0,23</b>	<b>0,15</b>	<b>0,90</b>	<b>0,49</b>

Consolidated Financial Statements of **TERNA S.A**

For the first half 2005 ended June 30, 2005

**Consolidated balance sheet**

	<u>30.06.05</u>	<u>31.12.2004</u>
<b><u>Assets</u></b>		
Fixed assets	154.458	156.817
Participations & other L/T receivables	208	263
Inventories	15.107	14.528
Investment property	29.368	29.368
Receivables	175.652	220.338
Cash & cash equivalents	31.962	37.013
Other assets	50.005	50.631
<b>Total assets</b>	<b><u>456.760</u></b>	<b><u>508.958</u></b>
<b><u>Liabilities</u></b>		
L/T Liabilities	74.250	73.710
Short term debt	86.765	110.840
Other S/T debt and accrued income	112.656	148.103
<b>Total liabilities (a)</b>	<b><u>273.671</u></b>	<b><u>332.653</u></b>
<b>Net asset value</b>	<b><u>164.962</u></b>	<b><u>158.358</u></b>
<b>Minority rights</b>	<b><u>18.127</u></b>	<b><u>17.947</u></b>
<b>Total net asset value (b)</b>	<b><u>183.089</u></b>	<b><u>176.305</u></b>
<b>Total liabilities (a) + (b)</b>	<b><u>456.760</u></b>	<b><u>508.958</u></b>

**Consolidated Income Statement**

	<u>01/01/05- 30/06/05</u>	<u>01/01/04- 30/06/04</u>	<u>01/04/05- 30/06/05</u>	<u>01/04/04- 30/06/04</u>
Sales	98.486	257.543	37.523	158.953
Cost of sales	-68.020	-201.400	-24.202	-121.924
Gross Profit	30.466	56.143	13.321	37.029
EBITDA	23.367	49.476	11.507	32.197
Depreciation	-4.510	-4.431	2.079	2.401
EBIT	18.857	45.045	9.428	29.796
<b>Earnings before tax</b>	<b><u>16.216</u></b>	<b><u>43.628</u></b>	<b><u>6.460</u></b>	<b><u>26.913</u></b>
Minus tax	1.559	-10.847	2.274	-5.797
<b>Earnings after tax</b>	<b><u>17.775</u></b>	<b><u>32.781</u></b>	<b><u>8.735</u></b>	<b><u>21.116</u></b>
<b>Attributed to:</b>				
Skareholders	16.717	30.626	8.523	19.227
Minority	1058	2.155	212	1.889
<b>Earnings after tax- per share (in €)</b>	<b><u>0,36</u></b>	<b><u>0,67</u></b>	<b><u>0,19</u></b>	<b><u>0,42</u></b>

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