

## GEK & TERNA Q1 06 results

Comp.	Sales	Ch%	EBITDA	Ch%	PBT *	Ch%	Net Income	Ch%
GEK	56,7	-15	18,7	14,3	13,9	+31	8,1	+59
TERNA	51.4	-15.5	12,2	-17	7,5	-25.9	4.4	-48.6

### Under IFRS

\* Profit before tax and minorities

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

- **Construction is recovering and the full impact of the increased backlog should be expected in the following quarters**
- **More construction new business is anticipated, whereas concession projects will boost group's construction division in the coming years**
- **GEK's participation (33%) in Hellenic Autopistas (JV with Ferrovial and ACS DRAGADOS) secures significant construction business for TERNA / Hellenic Autopistas is already the best bidder in "Ionian road" concession (1.1 billion construction value) / Bids submitted for the second road concession (Central Greece motorway – 1.5 billion estimated construction value)/ two more bids for similar large scale road concessions in the coming months**
- **Energy performs very well / Energy EBITDA is increasing**
- **Real Estate (parent GEK) generated 4.3 million of PBT during the first quarter**

Athens, Greece May 30<sup>th</sup> 2006 – GEK & TERNA group announces consolidated results for the first quarter of 2006, ended March 31<sup>th</sup>, 2006.

## 1. Overview

### **TERNA S.A consolidated results:**

**Revenues** reached €51.4 million, a decrease of 15.5% compared to €60.9 million in Q105. Sales were affected by lower construction turnover. The increased backlog will affect positively construction sales within the coming quarters

**Net debt** (including leasing obligations) reached 113 million, a 15 million increase compared to the previous quarter, attributed mainly to wind park investments and working capital needs of construction (financing new projects). It is worth mentioning that the state still owes to TERNA 60 million for public works executed 1.5 years ago which are expected to be collected by the end of this year.

**EBITDA** reached 12,2 million compared to €14.8 million in Q105, decreasing by 17%.

**Net income after minorities** recorded a decrease of c48.6%, reaching € 4.48 million compared to €8.73 million in Q1 2005, an unfavorable comparison due to a deferred taxation asset which did not occur the current year.

### **GEK S.A consolidated results:**

**Revenues** decreased 15% reaching €56,7 million from €66,8 million in Q1 05. This decrease is attributed to construction turnover of TERNA.

**EBITDA** reached €18.7 million, increasing by 14.3%.

**Net income after minorities** reached €8.1 million, an increase of 59%,

**Net Cash position (in the parent level)** amounted to c€65 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 quarter of 2006 was satisfactory since construction performs relatively well and the outlook for the coming quarters is improving.**

**The Group, together with the Spanish companies FERROVIAL –CINTRA and ACS DRAGADOS are the best bidders in Ionian Road, a project which will create significant value both in construction and concession level. Moreover, we have submitted our offers for the second motorway concession (Central Greece) and we anticipate two more road concessions to be tendered in the coming months.**

**In our wind park activity, installed capacity is increasing and additionally, the outlook for wind park business is improved, awaiting for the new law regarding renewables which will facilitate investments in this business field.**

## **2. Main operations’ outlook**

### **TERNA S.A**

#### **Construction:**

The recovery in construction business has already begun and the increased backlog increases confidence for the coming years. The impact of the “Ionian Road” will be significant and a potential undertaking of at least one more motorway concession can boost TERNA’s construction activity for the next 6 years.

The backlog has increased, standing at c500 million at the end of Q1 compared to 400 million at the beginning of this year.

More new business should be expected within the coming months, since numerous public projects have been tendered by the Greek state. Moreover, TERNA is monitoring closely the Balkan (already positioned there) and the Middle East market.

It is worth mentioning that the state still owes to TERNA c60 million for works executed in the previous years. Working capital will be much improved after collecting these receivables and moreover, in the mid term, concession projects will further reduce working capital needs.

**Energy:**

In the **energy business** area, sales from wind parks (65 MW operational in the first quarter) stood at approximately €3 million. An extra 54 MW must be expected in the coming period.

The existing portfolio of licenses (650 MW) increases confidence that the total installed capacity will exceed 450 MW in wind parks by 2009. As soon as the new law regarding renewables passes from parliament, this target should be upgraded.

HERON S.A\*, the gas fired plant (147 MW), generated sales of c8.5 million, c4.4 million EBITDA and PBT of c2.9 million.

\*HERON is owned 50% by TERNA and 50% by GEK and is consolidated proportionally by each company.

**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, within the first quarter, profit before tax reached c4.3 million compared to -0.5 million in 2005.

Real estate portfolio of the parent company GEK S.A, maintains its significant potential (both in Greece and the Balkans) and is expected to create significant value

**Concessions:**

GEK is the concessionaire company in the forthcoming motorway concessions. In the first offer (Ionian Road) the group has been the best bidder, one more bid has been submitted (Central Greece motorway-1.5 billion construction value) whilst another 2 are expected within the coming months. GEK's JV with Ferrovial - CINTRA and ACS DRADADOS contests for these value creating investments.

Currently, GEK participates in several parking stations' concessions (more than 4.300 parking spaces), targeting to double this figure within 3 years.

**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 of its construction division, 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 quarter 2006 ended March 31, 2006

**Consolidated Balance Sheet**

<b>ASSETS</b>	<b>2006</b>	<b>2005</b>
Fixed assets	226.424	221.236
Participations and other long-term financial assets	13.551	16.729
Inventories	60.393	59.569
Real estate investments	82.575	66.467
Trade receivables	234.935	208.837
Cash and cash equivalents	110.445	104.179
Other Assets	19.554	23.493
<b>TOTAL ASSETS</b>	<b>747.877</b>	<b>700.510</b>
<b>LIABILITIES AND EQUITY</b>		
Long-term loans	75.183	68.957
Loans from finance leases	28.420	30.860
Other long-term liabilities	5.999	5.802
Provisions	3.404	3.901
Grants	15.795	16.087
Current liabilities to banks	90.207	82.129
Other short-term liabilities and deferred income	133.909	127.478
Total liabilities (a)	352.917	335.214
Shareholders' equity	285.749	265.171
Minority interests	109.211	100.125
Total equity (b)	394.960	365.296
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>747.877</b>	<b>700.510</b>

**Consolidated Income Statement**

	<b>2006</b>	<b>2005</b>
Turnover	56.785	66.820
Cost of sales	-41.067	-49.013
Gross profit	15.718	17.807
EBITDA	18.717	16.376
Depreciation	-4.116	-3.022
EBIT	14.601	13.354
Profit before tax	13.966	10.642
Income tax	-3.125	-1.091
Profit after tax	10.841	9.551
Attributable to:		
Shareholders of the Company	8.185	5.125
Minority interests	2.656	4.426
	10.841	9.551
Basic earnings after tax per share (in euro)	0,13	0,08

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

For the first quarter of 2006 ended March 31, 2006

**Consolidated balance sheet**

	<u>2006</u>	<u>2005</u>
<b><u>ASSETS</u></b>		
Fixed assets	175.768	160.496
Participations and other long-term financial assets	324	256
Inventories	13.659	14.260
Real estate investments	26.305	26.305
Trade receivables	173.776	163.511
Cash and cash equivalents	41.781	49.067
Other Assets	55.426	54.191
<b>TOTAL ASSETS</b>	<u>487.039</u>	<u>468.086</u>
<b><u>LIABILITIES AND EQUITY</u></b>		
Long-term loans	55.731	53.994
Loans from finance leases	15.782	17.353
Other long-term liabilities	20.349	21.474
Short-term liabilities to banks	83.516	75.267
Other short-term liabilities and deferred income	126.049	119.873
<b>Total liabilities (a)</b>	<u>301.427</u>	<u>287.961</u>
<b>Share capital</b>	<b>53.319</b>	<b>53.319</b>
<b>Other equity</b>	<b>113.008</b>	<b>108.205</b>
<b>Minority interests</b>	<b>19.285</b>	<b>18.601</b>
<b>Total equity (b)</b>	<u>185.612</u>	<u>180.125</u>
<b>TOTAL LIABILITIES AND EQUITY (a) + (b)</b>	<u>487.039</u>	<u>468.086</u>



**Consolidated Income Statement**

	<b>2006</b>	<b>2005</b>
Turnover	51.473	60.963
Cost of sales	-39.872	-45.759
Gross profit	11.601	15.204
EBITDA	12.278	14.807
Depreciation	3.421	2.628
EBIT	8.857	12.179
Profit before tax	7.589	10.247
Income tax	-2.422	-663
Profit after tax	5.167	9.584
Attributable to:		
Shareholders of the Company	4.483	8.738
Minority interests	684	846
	5.167	9.584
Basic earnings after tax per share (in euro)	0,10	0,19

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