

# HELLENIC SUGAR INDUSTRY SA

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Presentation of Hellenic Sugar Industry SA

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Verona, Italy

by **Argyro Monokroussou, CEFS Representative**



## Was established in 1960 by

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- 90% The Agricultural Bank of Greece
- 10% the State

Main reason,

The Country was bleeding from immigration  
Poverty was overwhelming the Greek  
countryside



# The Sugar Industry brings development

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- ❑ Links agriculture with an intensive industry
- ❑ Moves all agriculture towards mechanization
- ❑ Develops country's infrastructure
- ❑ Develops a big number of side activities and professions
- ❑ Produces and gives motives for education



# TOP MANAGEMENT

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- 11 people appointed by the Bank originating from political circles

President and Managing Director appointed thereof

- Managerial Board, without statutory justification, consisting of 5 Branch Directors and 5 Factory Directors




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By 1975 the first goals for its establishment had been achieved and the company owned

5 Factories covering almost all the North European countryside.



★ SUGAR FACTORIES



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Like all the newly born, HSI had a tremendous development during the first 15 years of its life.

The first goals had been achieved, thus another one was put forward, to secure country's self sufficiency in sugar needs.



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Apart from development HSI was also used from the State as a tool to pass policies, to appoint and promote people they liked.

The criteria for the appointments were not always efficiency and abilities.

Therefore, politics and politicians were always influencing the business.

In this field growers have always played an important role.





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In such an environment the role of the company was confused and misjudged not only from the governments, the politicians and the growers but from company's own staff as well.




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In 1981 Greece accessed the EU and HSI received the total sugar quota allocated, that is

- 290.00 tons of A and
- 29.000 tons of B sugar

based on the then criteria used, performance of production and investments already accomplished.




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By 1992 the Company's daily capacity in total was 31.200 tons of beets/day


It was the biggest agricultural industry and between the 10 major ones of the Country.

Its permanent personnel reached 1500 people while during the campaign another 2000 people were finding job there.



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At that time, in 1992, the ownership state changed and the Bank sold 35% of its shares to the Stock Market.



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Due to this peculiar status that was permitting political interventions, full integration of the European system never happened.

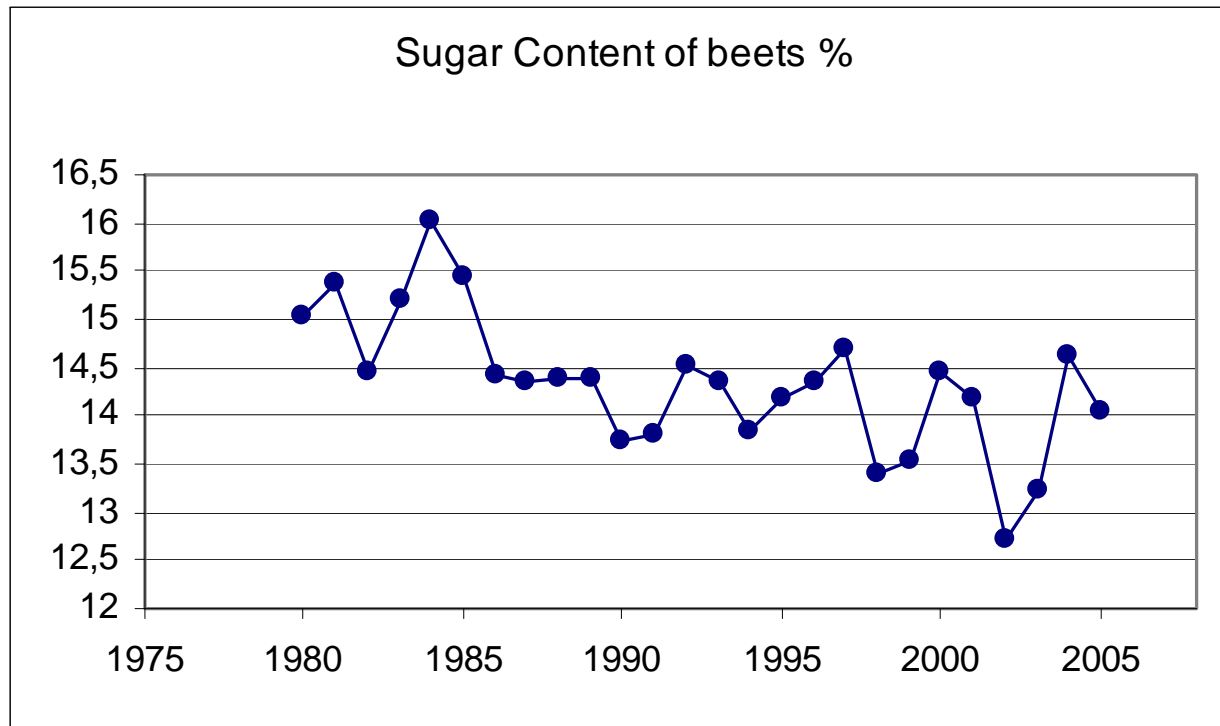
EU's sugar legislation was contributing to a favorable environment for both growers and the industry, thus resulting to high yields, high productivity, efficiency and specialization.




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Contrary to this, HSI's results followed instability and declination.

Sugar yields per ha instead of going up went down.

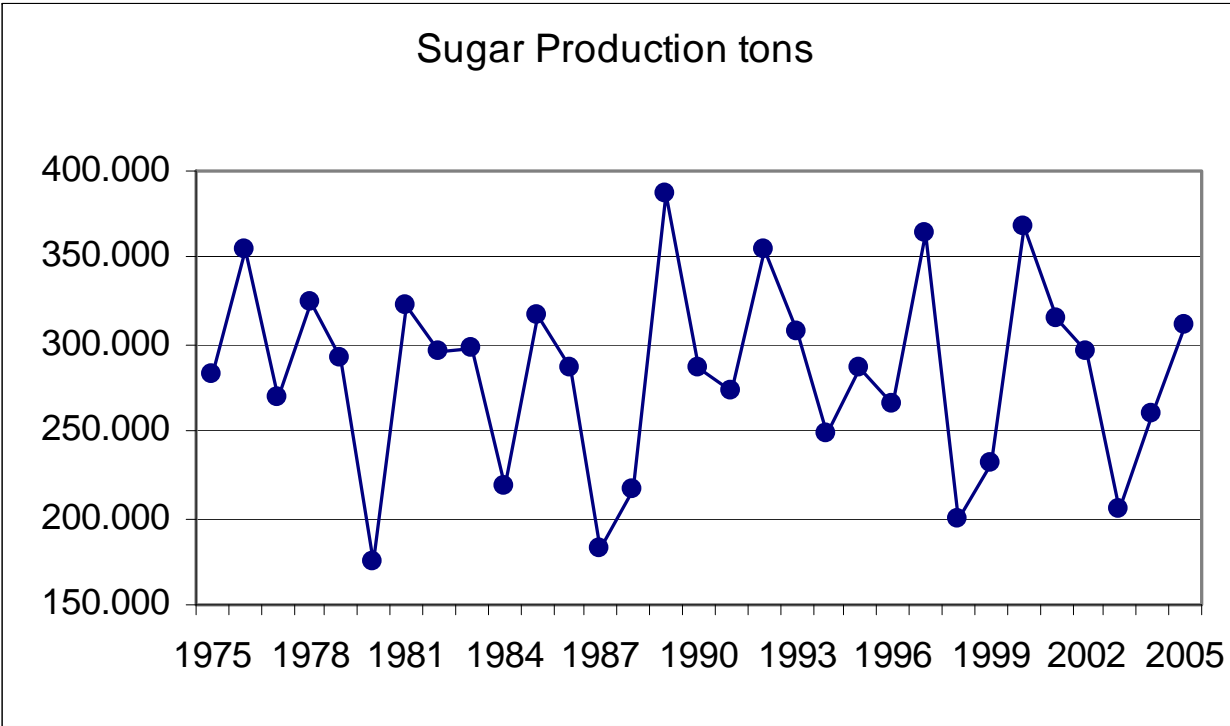





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Sugar production fluctuated so much from one year to another that massive imports were needed from one year to another to fulfill the need of the country.








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Nevertheless beet prices were higher than those provided by the regulation and paid only as A, beet growers were not satisfied by the income and abandoned the cultivation without any obligation whenever they liked.



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Hellenic Sugar Industry was surviving  
because it was the only Company producing  
and supplying the market with its needs.



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In 2001 HSI taking advantage of the prevailing conditions bought 2 sugar factories in Serbia with a daily capacity of about 11000 tons of beets per day.

This investment was wise because:

- Mother company imports at low prices and fulfills the needs of the internal market
- The results of Serbian factories help the averages of the Mother company to improve



# Reform of COM Sugar

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HSI was completely unprepared for this reform.

- First year of reform: renounced zero quota, produced 184.500 tons of sugar and paid a levy of 217,6 E/ton
- Second year of reform: renounced 50% of the quota, produced 102.000 tons and will pay a levy of 268 E/ton




# Bioethanol Plans

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The announcement of the quota renouncement was not made for closing down the factories but for transforming them into bioethanol producing ones.

Therefore, a tender was carried out in two phases

- first in order for HSI to select the possible investors
- Second to finalize their offers



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This decision to transform two factories instead of closing them down will cost HSI 25% less restructuring aid.

That is instead of receiving 115 million Euros, will finally receive 85 million Euros.

02/01/08 O=3.78 H=4.18 L=3.64 C=3.88 V=263451.0

Fluctuation of HSI's share in the Greek stock market during Mar2006-Jan2008







## Financial results of the last two years

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Hellenic Sugar Ind.      In Assoc. with Serbia

2005/06

-14.778.546,89 E

2005/06

- 2.757.261,30 E

2006/07

- 15.724.033,55 E

2006/07

- 5.837.701,19 E