

# Corporate Presentation

Nov. 2019







# Disclaimer

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as “outlook”, “guidance”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “target” and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding the future financial position and results of ADMIE Holding and ADMIE (IPTO), the outlook for 2018 and future years as per IPTO’s business strategy and five-year business plan planning, the effects of global and local economic and energy conditions, the impact of the sovereign debt crisis, effective tax rates, future dividend distribution and management initiatives regarding ADMIE Holding’s and IPTO’s business and financial conditions are forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, because current expectations and assumptions as to future events and circumstances may not prove accurate. Actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including potential risks described in ADMIE Holding’s Greek Information Prospectus originally drafted and approved by the Hellenic Capital Market Commission in the Greek language as well as Affiliate ADMIE’s (IPTO) Annual Financial Report 31 December 2017.

ADMIE Holding S.A. is owner of a 51% stake in “Independent Power Transmission Operator S.A.” (ADMIE/IPTO).

EBITDA = Operating Income before Income tax and Financial Income (Expense) + Depreciation & Amortization.

# Agenda

1. ADMIE Holding & IPTO Overview

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2. Islands Interconnection

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3. Ariadne Interconnection

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4. GRID Telecom

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5. Peer group analysis

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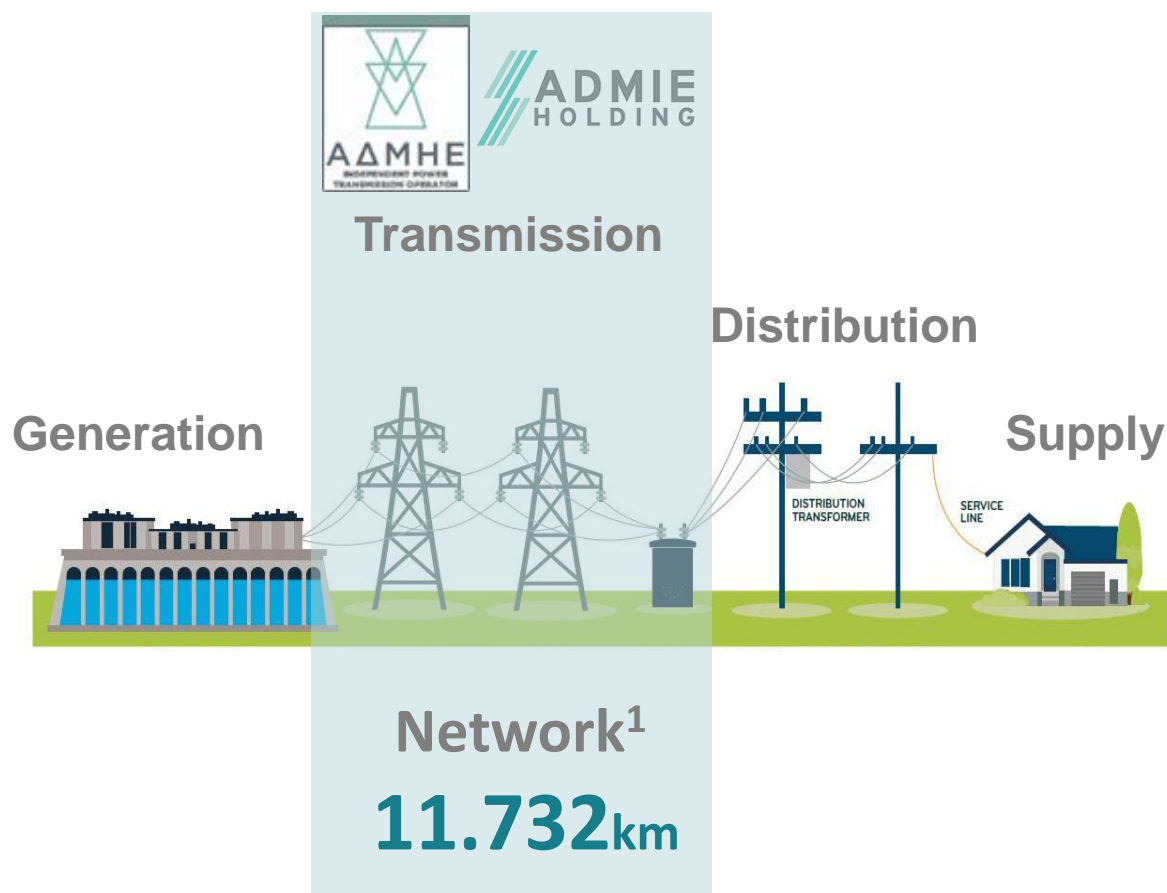
Key Speaker:

**Iason Rousopoulos**

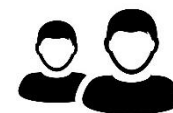
Chairman of ADMIE Holding

Deputy CFO of IPTO SA

# ADMIE at a glance



- Sole Transmission System Operator (TSO) in Greece



Employees

**1.272**



Transported Energy

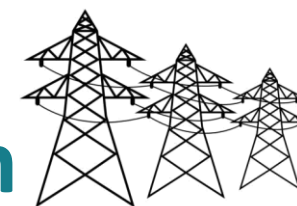
**51.5 TWh**



Net Profit<sup>2</sup>  
**€85.9m**

RAB

**€1,5bn**



<sup>1</sup>11,868 km is the distance between Paris, France and Christmas Island, Australia

<sup>2</sup>relates to FY'18

# Investment proposition

## Natural monopoly in Greece

11,732 km of HV transmission lines

## Boosting dividend returns

Reduced borrowing costs and established minimum 50% earnings payout

## Investments

c. €4b of cumulative investments from 2019 to 2027

## Rational regulatory environment

Independent authority prioritizing asset growth

## Leading TSO as Strategic Investor

State Grid International Development, of China, holder of 24% IPTO stake with execution input

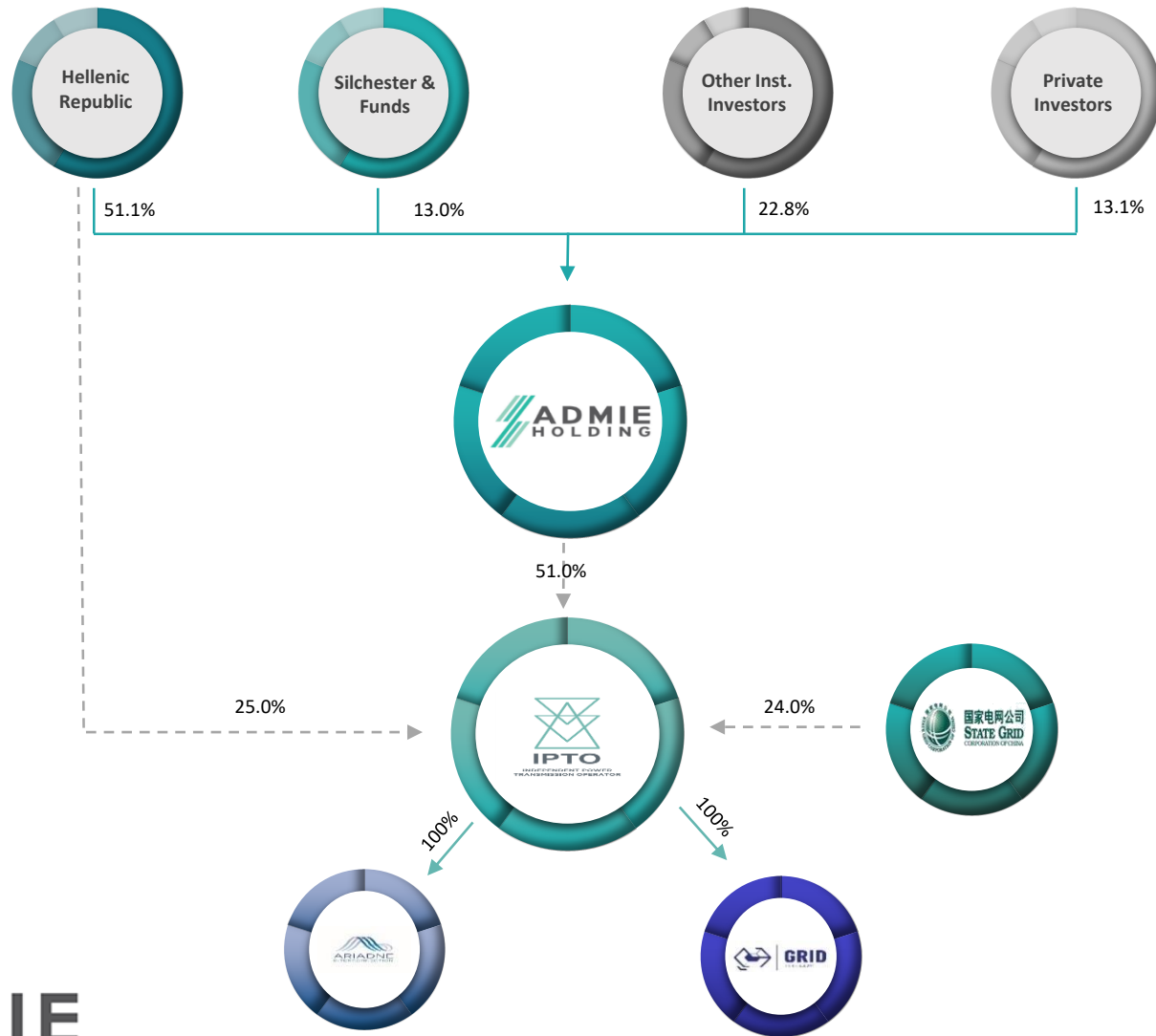


1.

# ADMIE Holding & IPTO Overview



# Corporate Structure



05.09.2019

## Athens Stock Exchange

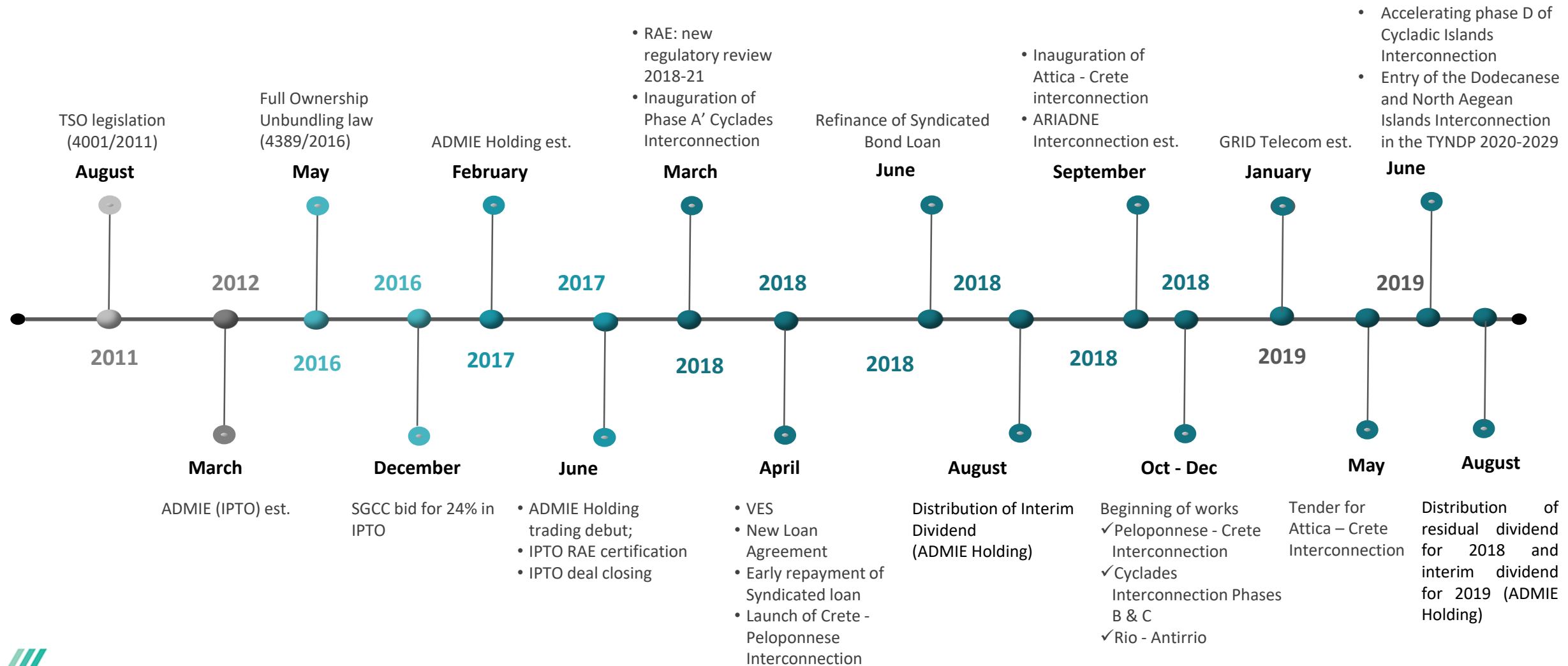
**ATHEX:** ADMIE

**Bloomberg:** ADMIE GA

**Reuters:** ADMr.AT

232,000,000 common shares

# Key milestones





# Strategic Plan



# IPTO 2018 Highlights

## TOTAL REVENUES

**€249.2m**

PY €256.5m

- Slight decrease by -6% on rent; the amount due will be recovered in 2020
- Other Revenues increased by +35%, mainly due to higher contractor revenues related to PPC

## EBITDA

**€183 m**

PY €172 m

- OPEX (ex. D&A) decreased by -21,6%, mainly on the back of a provision release amounting €26,6m
- IAS 19 negative effect of c.€10m and an amount of €1,6m related to 2<sup>nd</sup> VES, increased further the OPEX line

## Net PROFIT

**€85.6m**

PY €61.7m

- Active cash management led to higher financial Income by +308.1% and lower financial expenses by -35.2%
- Effective tax rate of 21,5%

# IPTO selected items

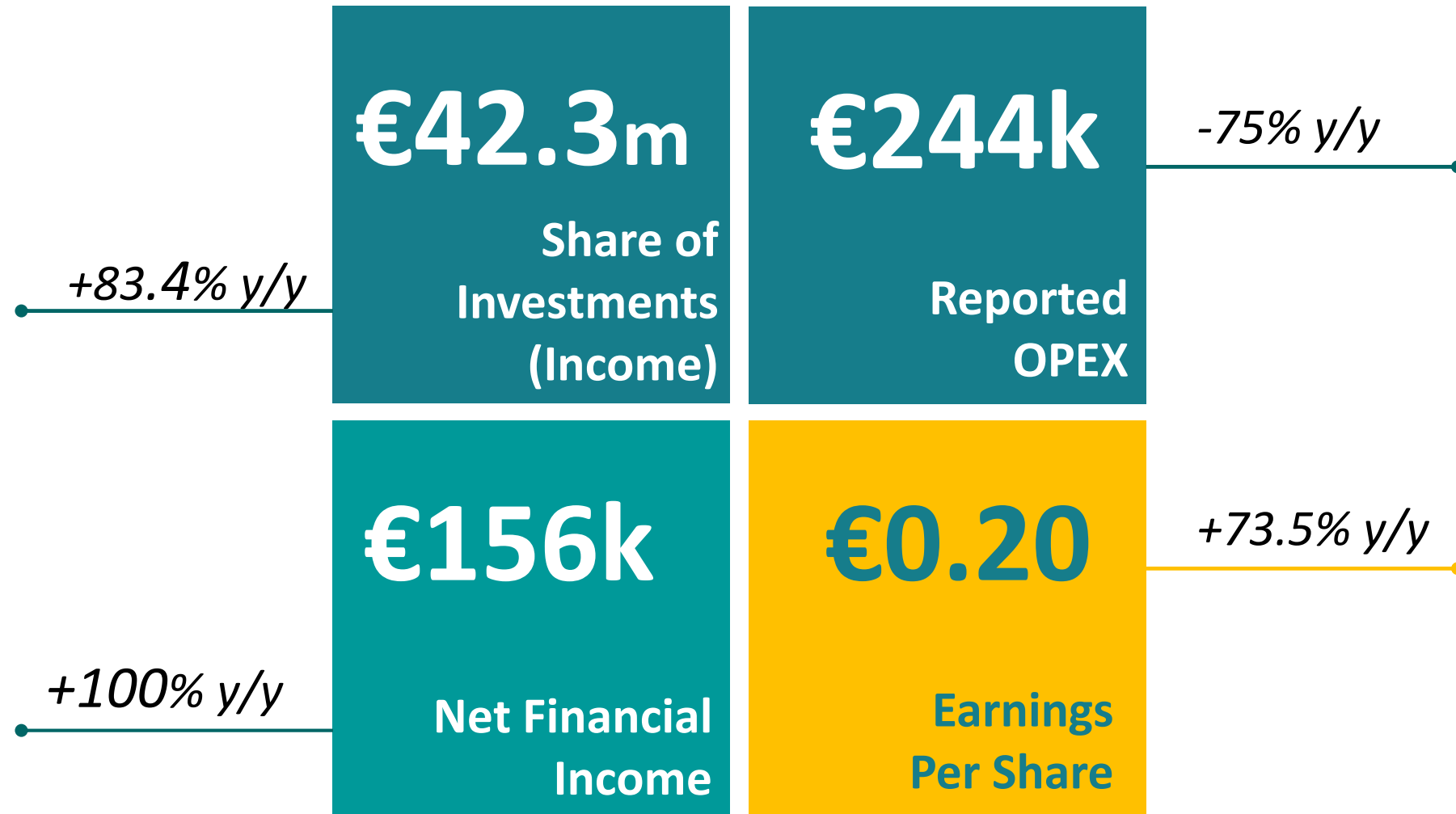
Balance sheet	Group	IPTO S.A.	
	31.12.2018	31.12.2018	31.12.2017
Non-current assets	1.676,3	1.876,3	1.607,4
Current assets	1.436,3	1.235,9	2.131,3
<i>Of which: Cash &amp; equiv.</i>	602,9	402,6	771,8
<b>Total Assets</b>	<b>3.112,6</b>	<b>3.112,2</b>	<b>3.738,7</b>
Equity	1.028,0	1.027,7	967,2
Interest-bearing liabilities	686,5	686,5	530,3
Non-current liabilities	506,9	506,9	456,2
Current liabilities	891,3	891,1	1.785,0
<b>Equity &amp; Liabilities</b>	<b>3.112,6</b>	<b>3.112,2</b>	<b>3.738,7</b>

P&L	Group	IPTO S.A.		
	2018	2018	2017	Chg yoy
System rent	222,7	222,7	236,9	-6,0%
<b>Total revenues</b>	<b>249,2</b>	<b>249,2</b>	<b>256,5</b>	<b>-2,8%</b>
Reversals/(Provisions & Impairments)	27,0	27,0	-0,8	
<b>EBITDA</b>	<b>182,8</b>	<b>183,0</b>	<b>172,0</b>	<b>6,4%</b>
<b>EBITDA margin</b>	<b>73,3%</b>	<b>73,4%</b>	<b>67,0%</b>	<b>6,4 pp</b>
Operating Income	115,4	115,6	107,7	7,4%
<i>Financial Expenses</i>	-17,8	-17,8	-27,4	-35,2%
<i>Financial Income</i>	11,7	11,2	2,7	308,1%
Net Financial Expenses	-6,1	-6,6	-24,7	-73,1%
<b>Net profit/(loss)</b>	<b>85,9</b>	<b>85,6</b>	<b>61,7</b>	<b>38,6%</b>
<b>Cash flows</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>Chg yoy</b>
CF from Operations before WC	169,4	169,6	175,4	-3,3%
CF from Operations after WC*	-195,7	-195,4	626,3	-131,2%
CF from Investments	-86,8	-287,4	-53,0	442,2%
CF from Financing	113,6	113,6	-95,6	-218,9%
<b>Change in cash</b>	<b>-168,9</b>	<b>-369,2</b>	<b>477,8</b>	<b>-177,3%</b>

\* Pass-through amounts included; source: ADMIE (IPTO)



# ADMIE Holding 2018 Highlights



# ADMIE Holding selected items

Balance sheet	31.12.2018	31.12.2017
Non-current assets	550,5	520,1
Current assets	14,7	2,3
<i>of which: Cash &amp; equiv.</i>	<i>4,8</i>	<i>2,2</i>
<b>Total Assets</b>	<b>565,2</b>	<b>522,4</b>
Equity	565,2	518,7
Current liabilities	0,02	3,7
<b>Total Equity &amp; Liabilities</b>	<b>565,2</b>	<b>522,4</b>

P&L	2018	2017
Income from Affiliate	42,4	24,0
EBITDA	42,1	23,1
Operating Income	42,1	23,0
Net profit	42,3	23,0
Cash flows	2018	2017
CF from Operations	-1,3	-1,6
CF from Financing	3,9	3,8
<b>Change in cash</b>	<b>2,7</b>	<b>2,2</b>

source: ADMIE (IPTO)

# IPTO 2018-2023 outlook

EUR	2018	Guidance	Comments
Regulated Asset Base (RAB)*	€1.45B	~€2.60B (2023)	Increase 80%
Investments (System & Users)	€171M	~ €2.20B (2023)	Ariadne Interconnection included
EBITDA*	€183.6M	~ €280M (2023)	Consolidated with Ariadne Interconnection
Dividend	~ €0.0316	~€0.09 (2020)	At least 50% payout ratio



# Tax adjustments in 2019 enhancing business

Two major taxation changes during 2019\*:

- ✓ Corporate tax from **28%→24%**
- ✓ Dividend tax from **10%→5%**

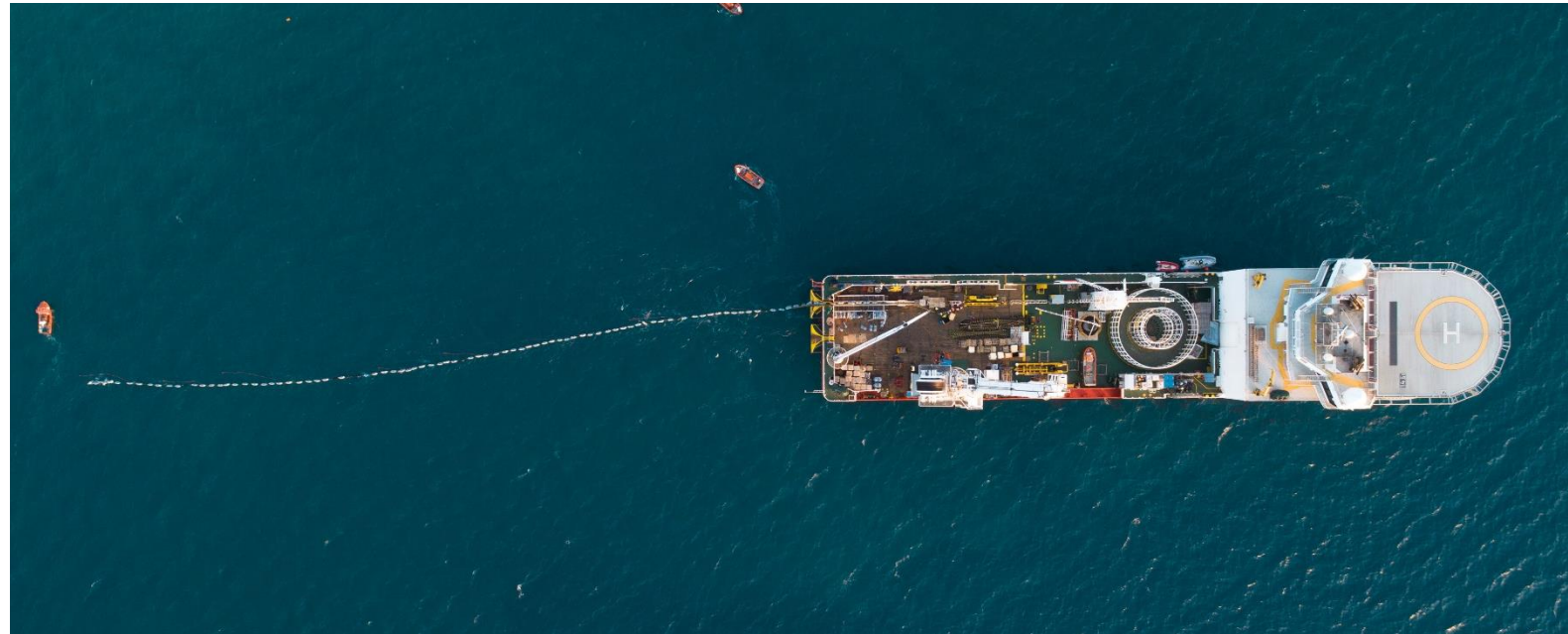
# TAX



\*Formal announcement has been made from the Government. It is expected to be voted soon

# 2.

## Islands Interconnection



# Islands Interconnection

## Main Objectives

### Cost Reduction

- Drastic reduction of electricity generation cost in the islands
- Substitution of oil units with RES plants and imports from the mainland

### Environmental benefits

- Most of the local old oil-fired units are located near residential and tourist areas
- They will be set in “cold reserve” status after the interconnection

### System stability

Ensuring a safe supply of energy for the islands electricity system

### PSOs elimination

More than €300m/year due to the electricity supply of Crete and €50m/year for the Cycladic islands, from high cost oil-fired unit

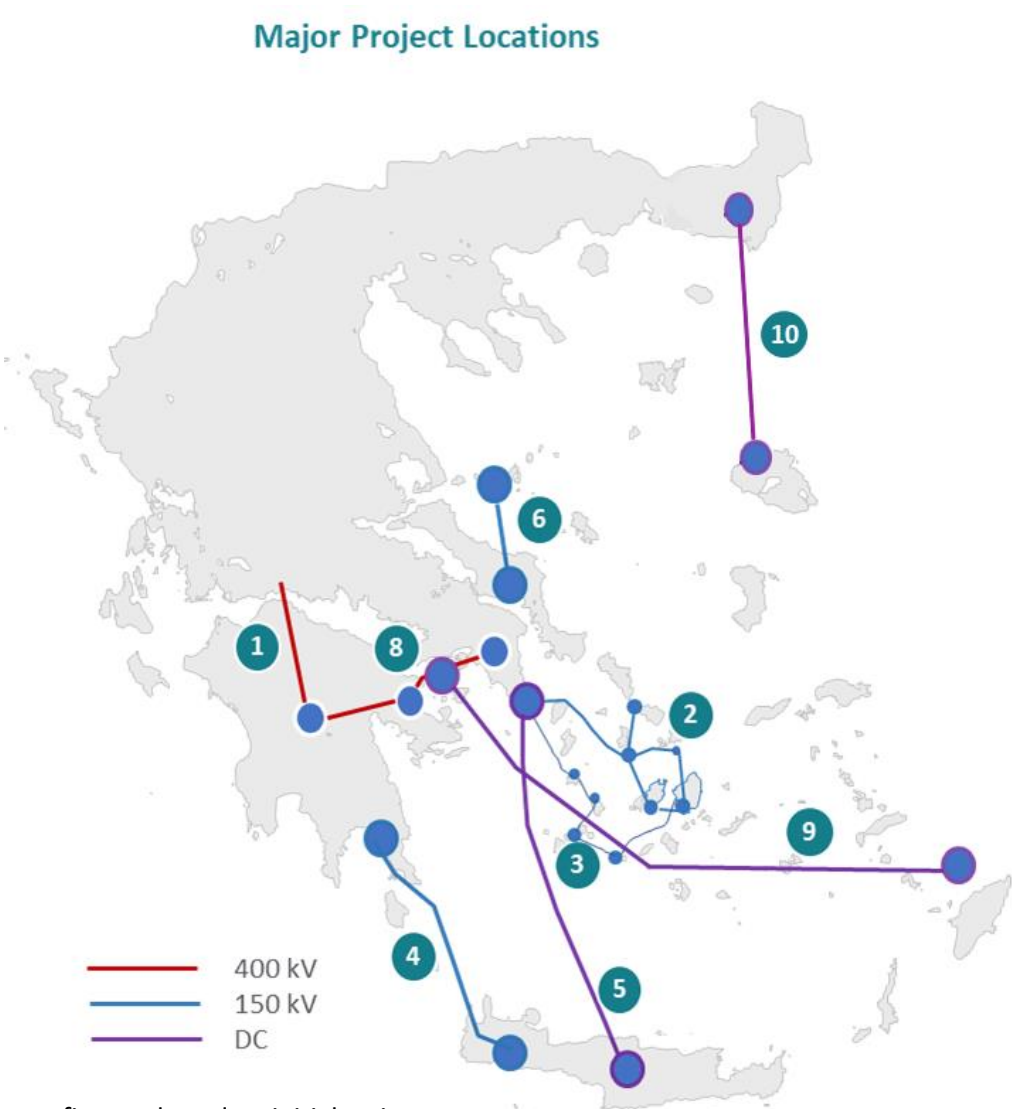
### RES Enhancement

- The majority of the energy needs will be met by RES, while the rest will be imported from the mainland
- Reduction of energy dependence on imported fuels
- The achievement of the major 2020 energy goals of the country, in terms of enhancing RES penetration and reducing CO<sub>2</sub> emissions



# Main investment projects 2019-2028

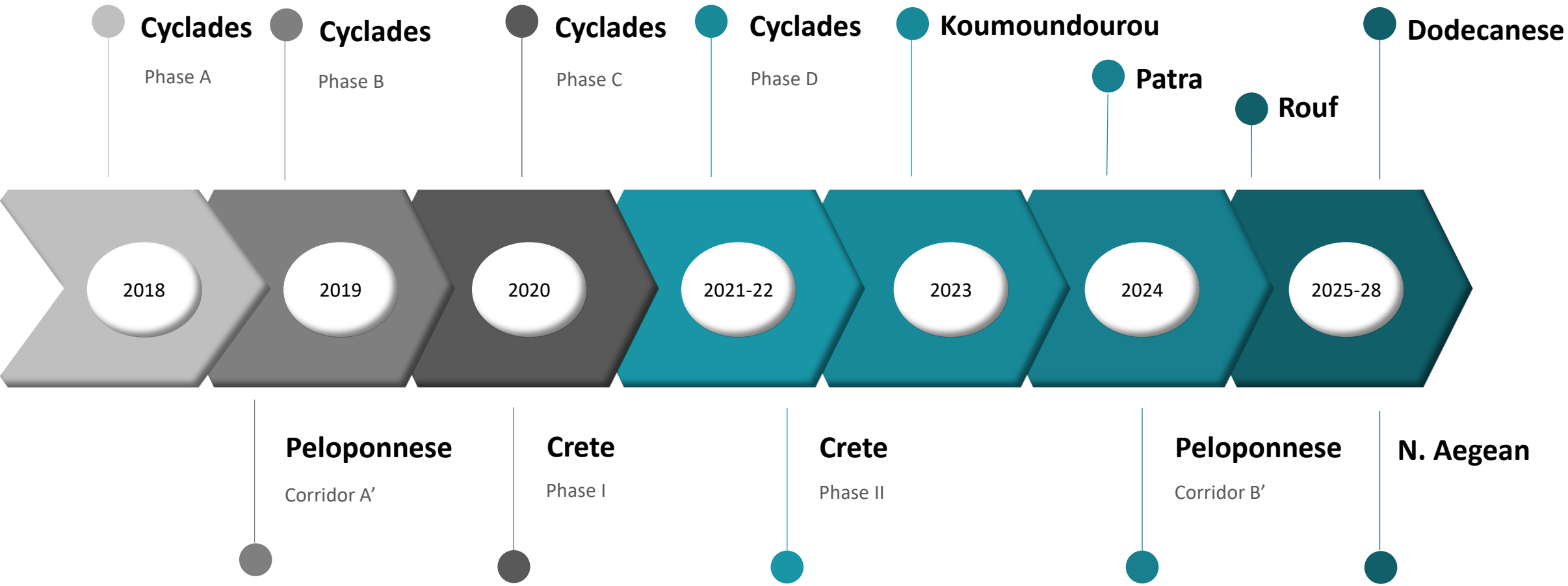
Capex for the period according to the submitted Ten Year Network Development Plan (TYNPD)



ID	Project description	Expected commissioning	Project Cost (2019-28) €m
1	Corridor A' 400 kV to Peloponnese (OHL Megalopoli – Patras – Acheloos)	2019	67
2	Cycladic Islands Interconnection (Phases B and C)	2020 Phase B 2019 Phase C 2020	146
3	Cycladic Islands Interconnection Phase D	2023	386
4	Crete Interconnection (Phase A)	2020	292
5	Crete Interconnection (Phase B) Ariadne Interconnection	2022	1,006
6	Skiathos Island Interconnection	2021	50
7	High Voltage Substations (Koumoundourou, Patra, Rouf)	2023-25	205
8	Corridor B' 400 kV to Peloponnese (OHL Megalopoli – Korinthos – Koumoundouros)	2024	99
9	Dodecanese Interconnection	2027	1,500*
10	North Aegean Interconnection	2028	1,000*
	Various projects		285
Total Capex			5,036
Subsidies			1,000

\*Approximate figures, based on initial estimates.

# Major Projects 2018-2028 (Expected commissioning year)

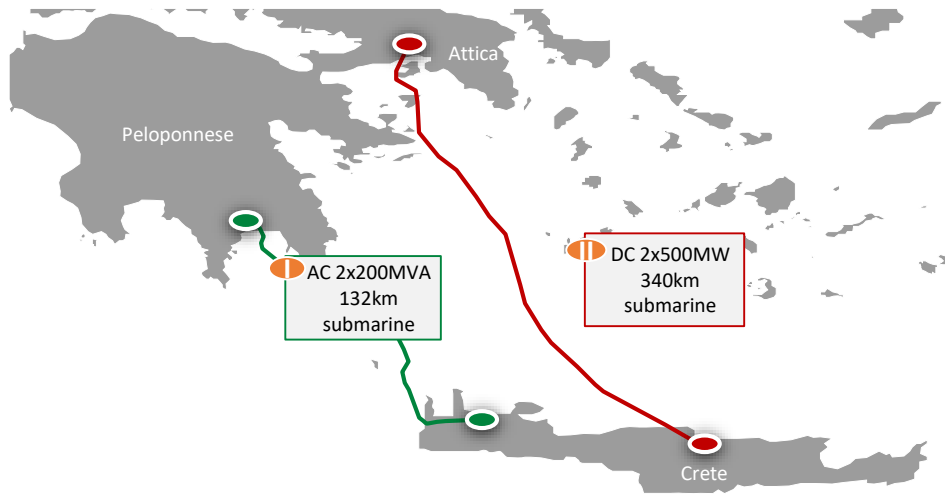


# Crete Interconnection

Interconnection of Crete with the mainland through two distinct links

The project is implemented in two phases (A, B)

## Phase A' : Connection Peloponnese - Crete



**Commissioning:** 2020

**Estimated budget:** c. €330m

**Contractualisation:** 11.2018

- **Fulgor:** western submarine interconnections and the underground connections in the Peloponnese
- **Prysmian Powerlink:** eastern submarine interconnection
- **Hellenic Cables:** underground interconnections in Crete within the Peloponnese-Crete interconnection
- **Terna:** construction of the new Substation in the South East Peloponnese, the upgrading and extension of the existing substation in the Chania area in Crete

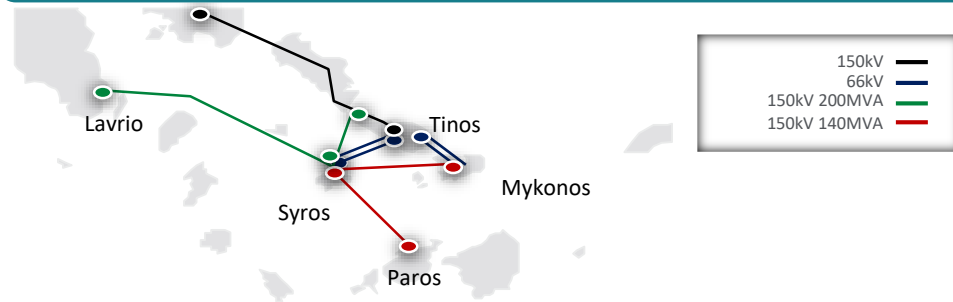
### Technical Characteristics

- Voltage: 150 kV AC
- 2 GIS Substations
- Capacity: 2 x 200 MVA
- Cable technology: XLPE
- Maximum depth: ~980 m
- Cable length: 2 x 132 km



# Cycladic Interconnection

## Phase A



Radial Interconnection of Syros island with the mainland (Lavrio), Paros, Mykonos and Tinos islands. 13 islands in total connected to the mainland.

**Completed:** May 2018 (Interconnection of Syros and Paros March 2018; Mykonos May 2018)

**Budget:** c. €250m

## Phase B



Interconnection of Naxos island with Paros and Mykonos islands (close loop between Syros-Mykonos-Naxos-Paros)

Reinforcement of the existing interconnections Andros – Evia and Andros - Tinos

**Expected completion:** 2019

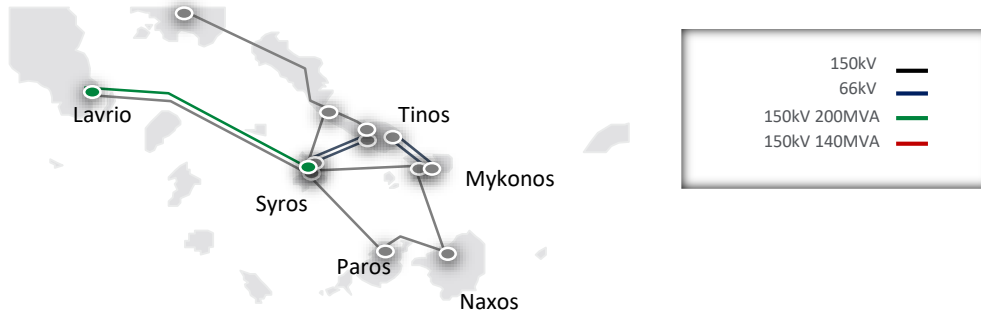
**Estimated budget:** c. €72m

The **Hellenic Cables SA - Fulgor SA consortium** has undertaken the construction of the submarine cables connecting Naxos with Paros and Mykonos, while the **Consortium of Nari Group Corporation – Elektromek S.A.** was selected as the contractor for the construction of the 150 KV Substation in Naxos.

The tender for the installation of new increased capacity lines (200 MVA) at the Interconnections of Evia - Andros and Andros - Tinos, has also been completed and IPTO has signed a contract with the contractor **Prysmian**

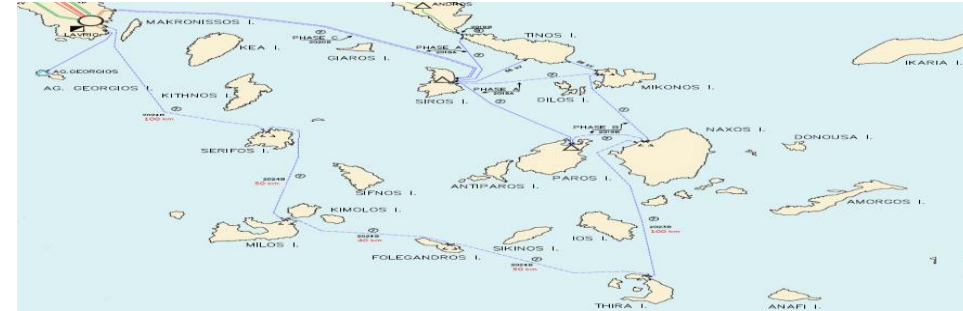
# Cycladic Interconnection

## Phase C



Construction of second submarine cable between Lavrio and Syros  
**Nexans** was the successful bidder  
**Expected completion:** 2020  
**Estimated budget:** c. €111m

## Phase D



Expansion to the West and Southern Cycladic Islands

Interconnection of Lavrio - Serifos – Milos – Folegandros - Thira – Naxos (or Paros).

**Estimated budget for Phase D:** c. €386m

**Expected completion:** 2023

It creates an additional strong connecting route to all the Cycladic Islands, ensuring their reliable supply for many years and also permits wider development of local RES.

# New projects coming

## Dodecanese Interconnection

- Expected commissioning: 2027
- Project Cost: 1550m€

## North Aegean Interconnection

- Expected commissioning: 2030
- Project Cost: apr. 1000m€

# 3.

## Ariadne Interconnection





“

“... by undertaking the most important infrastructure project currently under construction in Greece and one of the most important interconnections across Europe, IPTO becomes an even stronger company and consolidates its leading position in the power transmission energy industry”

”

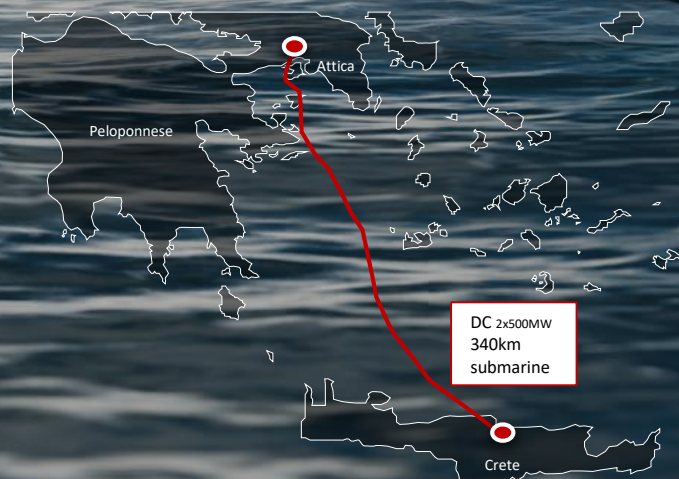
Manos Manousakis, CEO of IPTO

“

“... IPTO’s managerial team has envisioned the new era for the Operator, with the interconnection of the islands as its central strategic aim. The company that until now was operating a mainly overland grid, is dynamically expanding its activities to the field of island interconnections, creating value for the consumers and the shareholders”

”

Iason Rousopoulos, Ariadne Interconnection BoD member





# Crete – Attica Interconnection

The company Ariadne Interconnection SPSA, a currently 100% subsidiary of IPTO, has been established as a SPV (Special Purpose Vehicle – SPV) in order to finance and construct the project of Crete – Attica Interconnection

The **Attica-Crete interconnection** is a 2X500MW capacity DC link consisting of two 328km submarine cables, additional underground and overhead lines

The **purpose** of the project is to improve the **security of supply** of Crete's electricity system

The **main benefits** of the project are the elimination of Public Service Obligation (**PSOs**) of more than € **400mn/year**, the reduction of the energy cost and environmental benefits

**Project Cost: approx. 1 Billion euro**

**Current Share Capital: 200 million euro**



# Crete – Attica Interconnection

The project is considered **Project of Major Importance (PMI)**, so a Premium rate of return can be approved by the regulator (RAE), on top of the normal rate of return. The percentage of the premium return can be from 1% to 2.5% and is provided from the electrification of the project up until the 12th year from the scheduled year of electrification

## **Electrification of the Project:** year 2022

The two following **tenders** have been released and the contracts are expected to be signed in the near future:

- Engineering, Procurement, Cable installation and Electrode Stations  
**Status:** Offers have been submitted since August and are being evaluated by Ariadne's team
- Engineering, Procurement and Installation of two Converter Stations and a GIS  
**Status:** Deadline for submitting binding offers is set on 30/09/2019

# Crete – Attica Interconnection



**Commissioning:** 2022

**Estimated budget:** c. €1b

**Implementation:** Ariadne Interconnection

## Technical Characteristics

- VSC MMC Converters
- Voltage: ~500kV
- Bipolar Configuration
- Link Capacity: 2 x 500 MW
- Cable technology: MIND/XLPE
- Maximum depth: ~1250m
- Cable length: 2 x 340 km submarine and additional underground (at both sides) and overhead lines (in Crete)

## Similar projects in Europe:

**SAPEI:** Sardinia-Italy, 1000 MW, 500 kV, LCC, depth 1650 m, 420 km long

**MONITA:** Italy-Montenegro, 1000 MW, 500 kV, LCC, depth 1200 m, 415 km long

**SKAGERRAK IV:** Denmark-Norway, 700 MW, 500 kV, VSC, depth 550 m, 137 km long

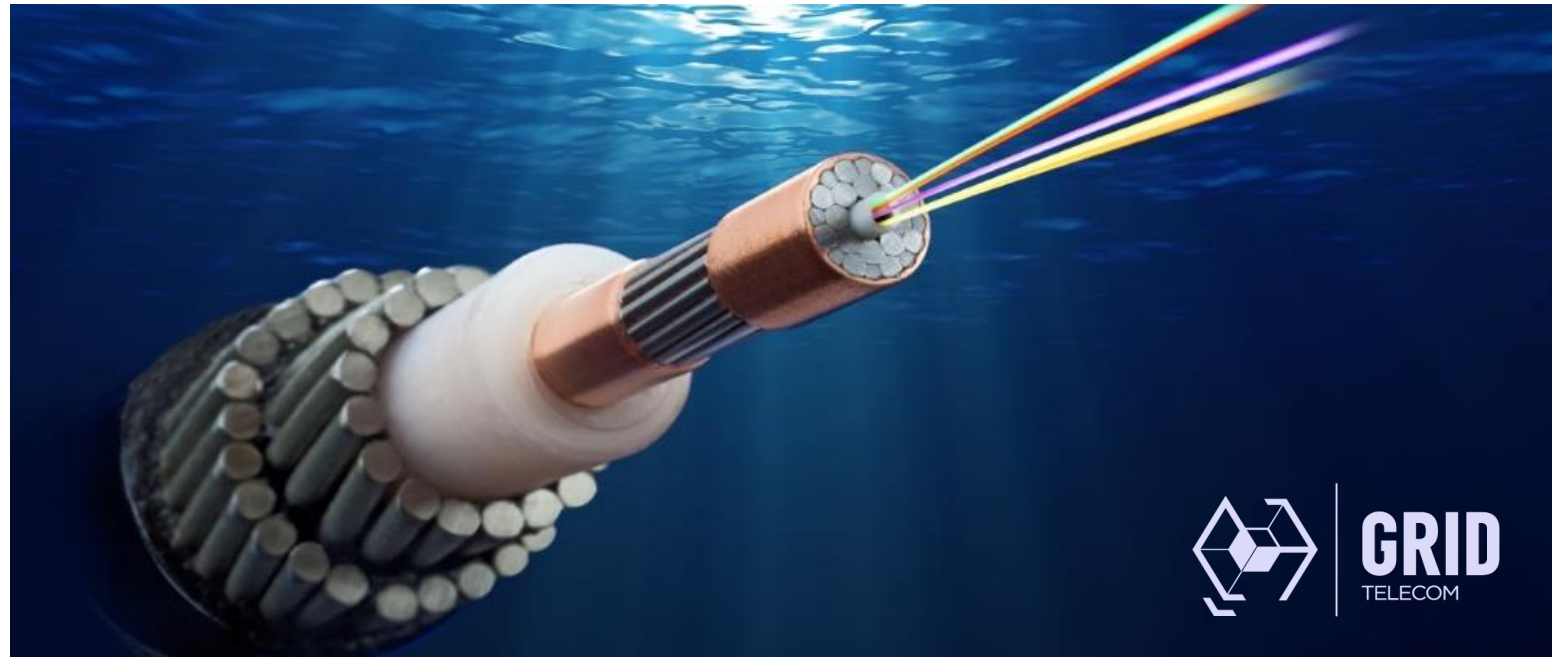
**NORD.LINK:** Germany-Norway, 1400 MW, 525 kV, VSC, depth 230 m, 623 km long

**NSL:** UK-Norway, 1400 MW, 525 kV, VSC, depth 600 m, 730 km long



4.

# GRID Telecom



# Services



Having direct access to the extended (2.500 km) fiber optic network throughout Greece owned by IPTO, Grid Telecom provides super high speed capacity services from 10 to 100 Gbps via state-of-the-art DWDM network.

IPTO is quickly developing its land and submarine network ensuring alternative routing thus providing protected circuits and the highest levels of availability to Carriers.



Grid Telecom provides collocation services within protected areas in IPTO's substation sites.

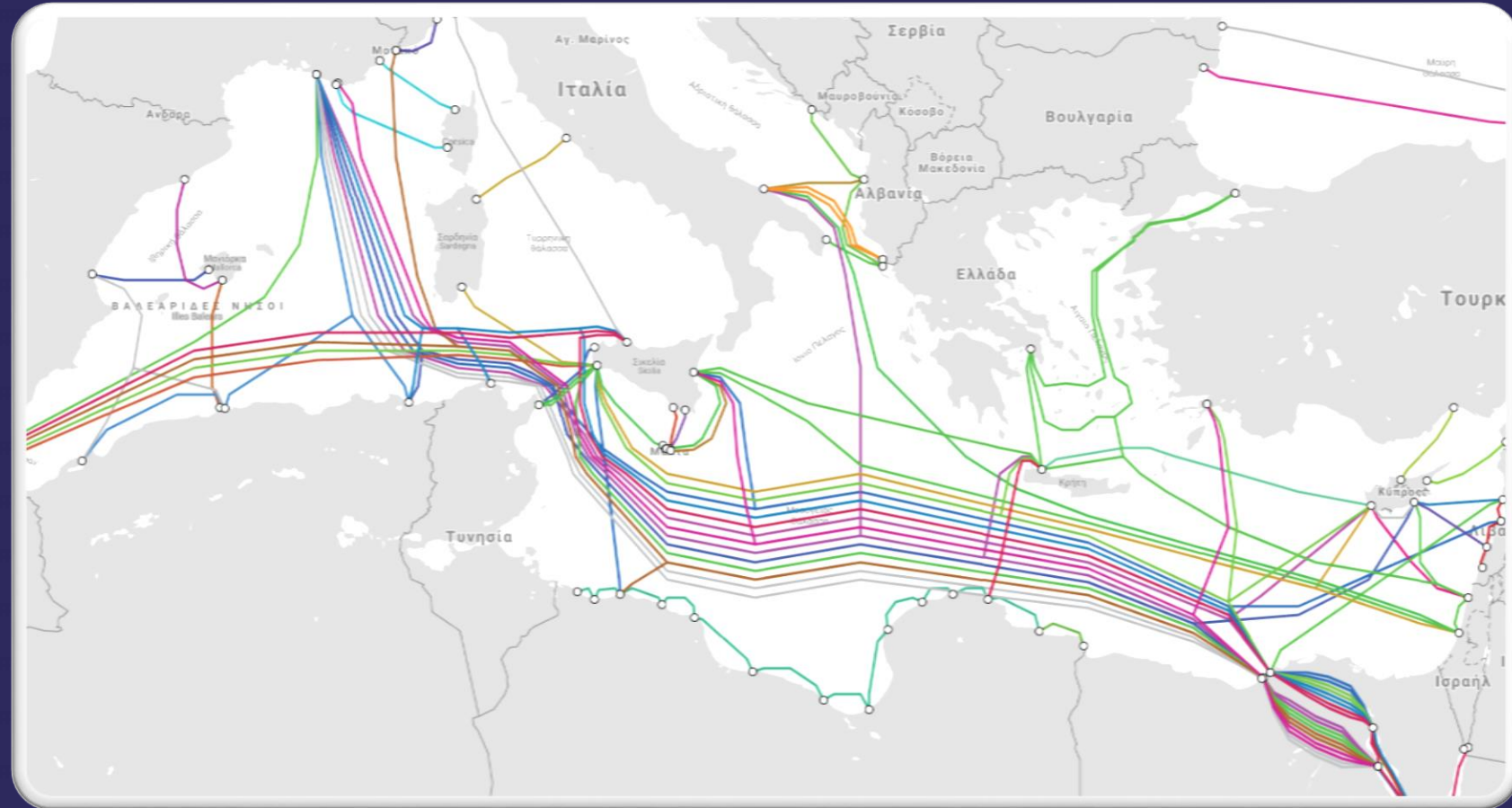


In the near future Grid Telecom will be providing collocation services to mobile telecom operators on IPTO's Powers Pylons which are set up all over Greece.













# Our Vision

- ✓ Submarine cables transfer 99% of internet traffic.
- ✓ Many local operators (East Europe) seek routes to major gateways (Athens and Chania)
- ✓ Balkans are currently under-served and by-passed by the main fiber corridors connecting Asia, Africa and Western Europe
- ✓ IPTO could provide access to main Internet Hubs in co-operation with local TSOs.



# Peer Group analysis

Company	Country	Market Cap	Equity RAB <sup>1</sup>	Trading status
		£30.8bn	£19.3bn	60% <i>premium</i>
		€11.9bn	€6.6bn	81% <i>premium</i>
 Redes Energéticas Nacionais		€1.8bn	€1.6bn	11% <i>premium</i>
		€9.6bn	€4.4bn	118% <i>premium</i>
		€0.96bn <sup>2</sup>	€1.4bn	-32% <i>discount</i>

<sup>1</sup>Equity RAB= Reported RAB – proportionate Net Debt

<sup>2</sup>based on price as of 11-11-2019 and adjusted for 51% stake



# Q&A





# Appendix

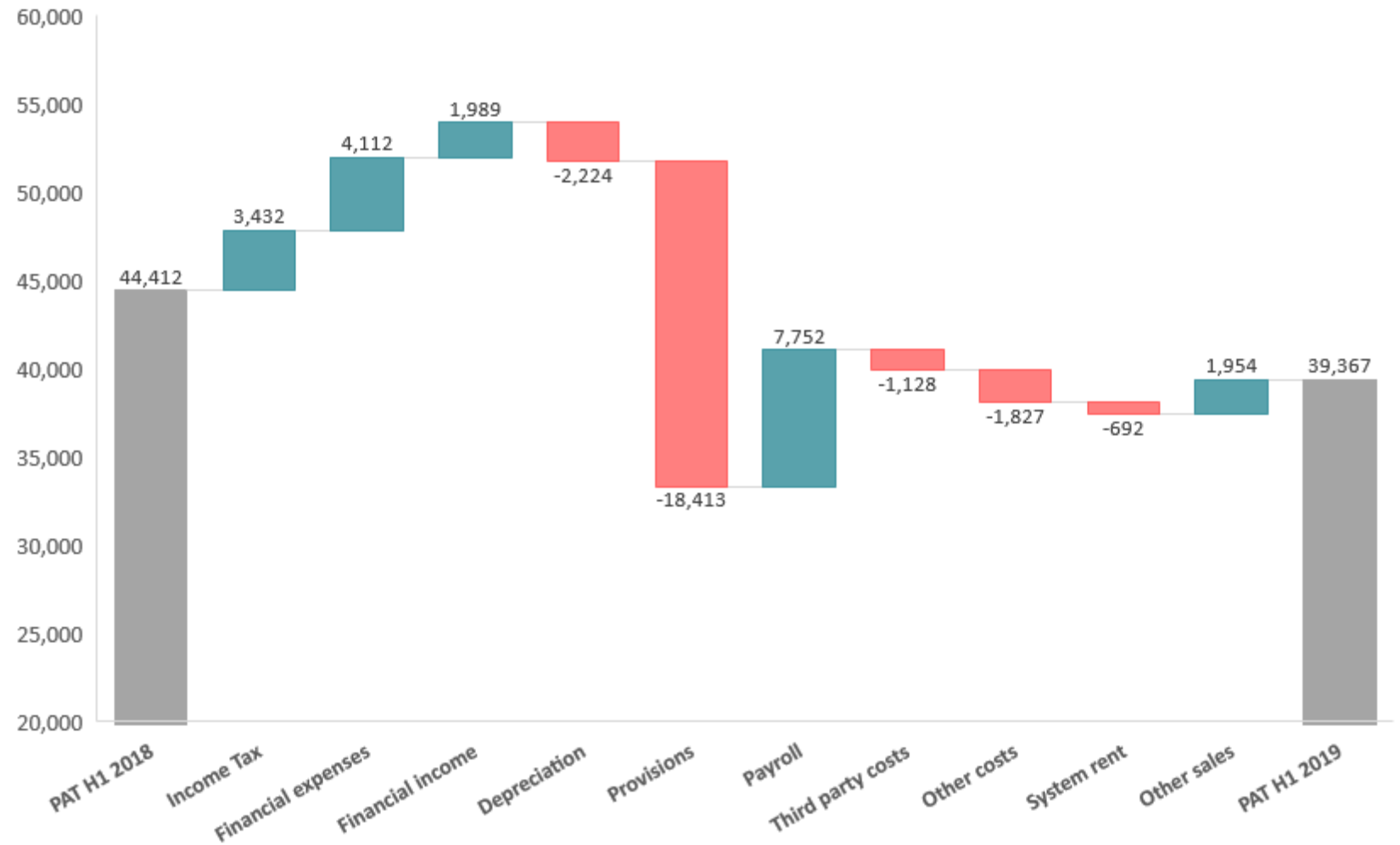
IPTO key financial items/  
Regulatory Framework

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# Net profit drivers

€ Th.

- The expected reduction in tax rates was not included in tax calculations.
- Total OPEX decreased by 4.8m, as result of a decrease in Payroll and an increase in other OPEX categories. Payroll was positively affected by VES in 2018 and a reduction in the expense regarding the actuarial report.
- Financial income rose by €2 million due to a significant increase in the capital invested in the special account of Bank of Greece combined with an increase of differed income from “Polypotamos” Project. Financial expenses decreased by €4.1 million, reflecting the significant decrease of the interest rates of IPTO’s loan portfolio.



# Regulatory overview

Year	2018	2019	2020	2021
Average RAB	1,449.8	1,684.5	1,941.3	2,059.8
X				
WACC (real, pre-tax)	7.0%	6.9%	6.5%	6.3%
=				
Allowed remuneration	101.5	116.2	126.2	129.8
+				
Authorized OPEX	77.3	77.9	78.5	79.1
+				
Regulatory Depreciation	55.2	58.3	76.4	77.1
=				
Allowed revenue	234.0	252.4	281.0	285.9
Inflation (RAE 100/2019)		0,6%		
Adjusted allowed revenue *		253.9		

\* It is expected that RAE will incorporate inflation in the next years

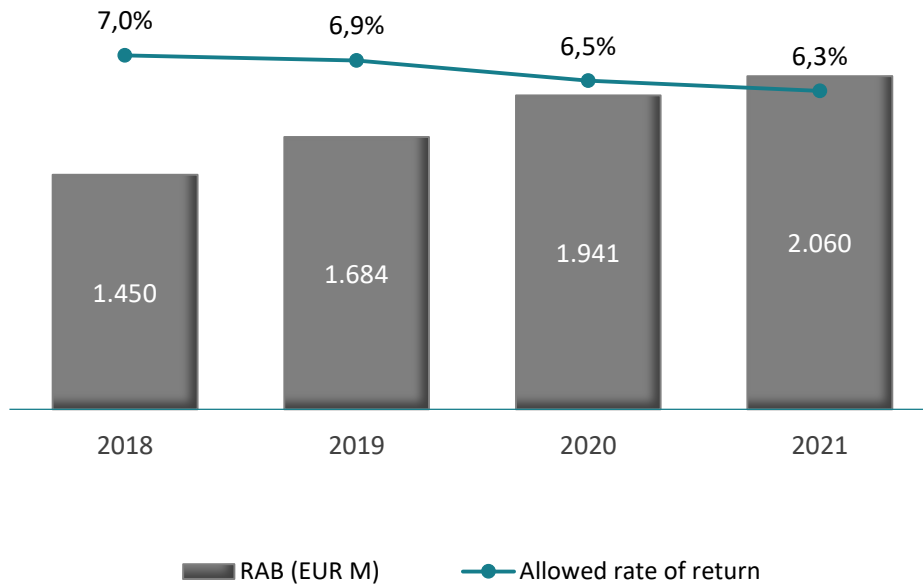
Source: RAE (235/2018 & 100/2019)



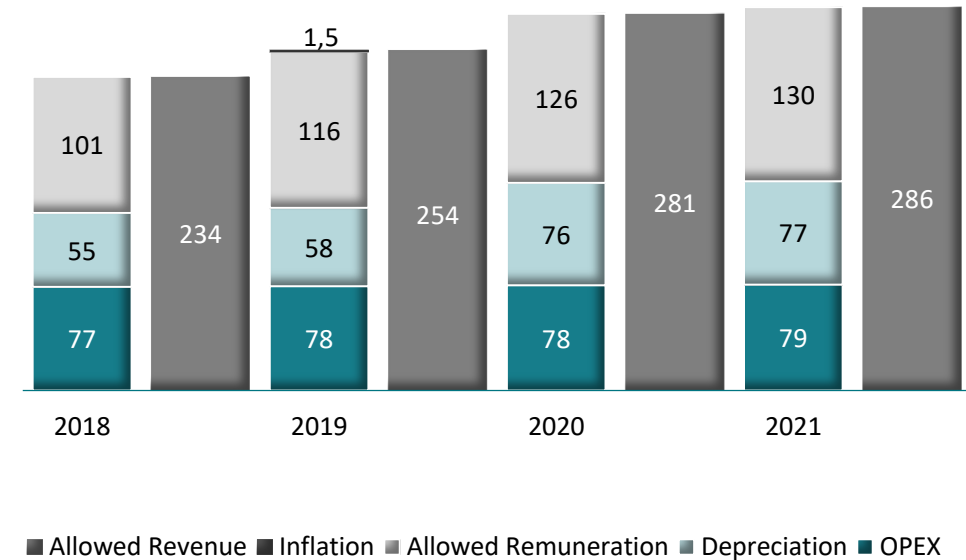
# Regulatory period 2018 – 2021

€ m

## Regulated Asset & Rate of Return



## Allowed Revenue build out



Allowed Revenue per year detailed across regulatory period; Required Revenue mandated annually

# WACC calculation

WACC components	2018	2019	2020	2021
Risk-free	0.7%	0.7%	0.7%	0.7%
Market risk	5.0%	5.0%	5.0%	5.0%
Equity beta	0.68	0.73	0.67	0.72
Country risk	2.3%	2.0%	1.8%	1.5%
<b>Cost of equity post-tax</b>	<b>6.4%</b>	<b>6.4%</b>	<b>5.9%</b>	<b>5.8%</b>
Tax rate	29.0%	29.0%	29.0%	29.0%
<b>Cost of equity pre-tax</b>	<b>9.0%</b>	<b>9.0%</b>	<b>8.3%</b>	<b>8.2%</b>
<b>Cost of debt pre-tax</b>	<b>5.3%</b>	<b>5.6%</b>	<b>5.0%</b>	<b>5.1%</b>
Gearing	36.3%	41.3%	36.3%	40.3%
<b>WACC nominal</b>	<b>7.64%</b>	<b>7.6%</b>	<b>7.1%</b>	<b>6.95%</b>
Inflation	0.6%	0.6%	0.6%	0.6%
<b>WACC real, pre-tax</b>	<b>7.0%</b>	<b>6.9%</b>	<b>6.5%</b>	<b>6.3%</b>

# Required Revenue calculation

<b>Regulatory Period</b>	<b>Four years</b>
<b>Regulatory Asset Base (RAB)</b>	Undepreciated invested capital + maintenance/development CapEx/ WiP + working capital - disposals - subsidies
<b>Allowed Revenue (AR)</b>	Operator's Allowed Revenue
In real terms for each year O Dep R = RAB x WACC Incentive	AR = O + Dep + R annual operating costs annual depreciation of fixed assets return on employed capital 100-250 bp for critical projects
<b>Required Revenue (RR)</b>	<b>Amount recovered through System usage charges</b>  <b><math>RR = AR \pm K \pm \Pi_1 \pm \Pi_2 - \Pi_3 \pm \Pi_4 - \Pi_5</math></b>
$\pm K$ $\pm \Pi_1$ $\pm \Pi_2$ $-\Pi_3$ $\pm \Pi_4$ $-\Pi_5$	cost of investments financed by 3rd parties settlement due to under-/over-recovery of RR settlement due to deviations from AR amount from auction of Interconnection Capacity Rights amount from Inter-TSO Compensation Mechanism amount from TSO income from non-regulated activities



# Contact

For additional information please contact  
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