

Remarks by Dr. Kenneth Matziorinis, President of Hellas Capital, at the Montreal Society of Financial Analysts (CFA Society), with respect to the Greek Companies Road Show to Institutional Investors in Canada. Montreal, January 18, 2005, St-Francois Room, The Fairmont Queen Elizabeth Hotel.

WHY GREECE?

I would like to thank you for coming to our luncheon event today to learn more about the economic activities and prospects of some dynamic and promising Greek companies listed on the Athens Stock Exchange and to learn more about the Greek market for equities and the Greek economy more generally. I would also like to thank our guest companies with their CEOs and CFOs who traveled from Athens to Montreal to speak about their companies.

I am here today not as a presented, but as a co-sponsor of this event along with Mr. Nick Demos, President of the Hellenic Investor Relations Institute (HIRI). May I take this opportunity to thank the Montreal CFA Society for their work and excellent organization and more specifically Mr. Dan Popescu, Vice-President of the Society and Chairman of today's event and Suzie Ethier, the Administrative Director who has worked behind the scenes, for making this event possible.

Hellas Capital (Canada) Inc. is a Montreal-based firm whose role is to provide economic information, intelligence and economic insight on Greece and South Eastern Europe to firms and investors interested in doing or actually doing business in Greece, whether this business is in the form of direct investment, portfolio investment, joint ventures or international trade.

In my brief remarks, there is only one issue that I want to address with you today. The issue is a simple one, and it is "*Why Greece?*". Why should we, located here in Canada on the North American continent, be interested in investment opportunities in Greece at the tip of South Eastern Europe and more specifically in portfolio investments in shares of Greek companies?

But before I answer this question, I would like to say few words about my background. I am an economist with all three of my degrees from McGill University where I have taught for over 25 years. But teaching is not my only professional activity. I have been practicing management consulting for the same length of time and I am an economic analyst and forecaster who advises institutional clients on economic and financial trends in the Canadian and global economy.

I am not only addressing you from my dual role as an academic and a consultant, but as a Canadian of Greek origin as well. Born in North America I have also spent part of my formative years in Greece where I lived and went to school. I therefore speak to you not as a Greek who has come to Canada to sell, but as a Canadian who happens to have a unique and deep understanding of the Greek environment and reality.

Why should you be interested in investing in Greece?

High Growth Performance and Potential.

Over the past eight years Greek economic growth has averaged around the 4% range and for nine years running now has surpassed the EU-15 average. Greece, along with Ireland and Finland, have been the growth leaders in Europe. More importantly, economic growth over the next 10 to 15 years will continue to outperform the Euro average, as the Greek economy continues its real convergence going from a per capita GDP of nearly 73% of the EU average to 100% over the next ten years. To put it differently, Greece has the population of Ontario the GDP of Québec and the flare of California. Imagine now Québec's GDP growing to reach that of Ontario. This is the kind of investment opportunity that Greece presents over the next 10-15 years.

Changing Legal, Monetary and Corporate Governance Structure.

Greece has been a full member of the EU since 1981. In 2001, it joined the eurozone and adopted the euro as its national currency. Having adopted EU legislation and standards, progress in applying EU practices is still being made and will continue at a greater pace in the next few years, as real as opposed to nominal convergence takes hold. From 2005, Greek companies along with all EU companies will switch from national to international accounting standards, making the assessment of financial

statements in Greece more transparent and consistent with those of companies across Europe. The corporate governance culture has also been evolving as pressure from domestic and foreign institutional investors is building up.

There is more than “Greece” to Investing in Greece.

Greece is no longer an island of Western Europe disconnected from South Eastern Europe by the “iron curtain”. When the Berlin Wall collapsed in 1989 it did not only permit the re-unification of East with West Germany, Eastern with Western Europe, but the re-unification of Greece with the remainder of the Balkan peninsula and the South-Eastern European region in general, a historical geopolitical region over which Greeks have operated for centuries, with a common cultural, linguistic and religious tradition. In May of 2004 we saw the entry of 10 countries in the EU, most of them from Eastern and Central Europe, along with Cyprus and Malta. In two years time we will see the addition of Bulgaria and Romania, while within ten years we will see the entry of the countries that formerly constituted Yugoslavia and Albania, while it looks increasingly likely that Turkey as well will be in a position to join by 2015.

The countries of South Eastern Europe or the Balkan peninsula, represent a population of more than 66 million people with a GDP exceeding \$600.0 billion USD. They represent economies in transition to market based societies, which by the end of this decade will become part of the European Union. These "converging" economies represent an excellent trade and investment opportunity similar to what Western Europe used to be in the mid-1950s.

When we include Turkey, Russia, the Ukraine and the other countries of the Black Sea region, we are looking at an economic area covering nearly 20 million square kilometers, 325 million people and a GDP exceeding \$3.0 trillion USD. This region in my view is going to become the most rapidly developing part of the world economy after South East Asia! Straddling Europe and Asia, with centuries-old cultures and civilizations, rich in resources and with a western orientation and virgin markets, the South Eastern European and Black Sea region has already taken-off.

Why is all this relevant to Greece? Because in countries like Albania, FYROM, Bulgaria and Romania, not to mention Cyprus, Greece is among the top three major foreign direct investors. A whole array of Greek companies including the ones presenting to you today are amongst those who have made significant foreign direct investments in these countries, that export and are participating in this expanding region of the world.

Opportunities Exist Where the Crowd is Not Looking.

The biggest investment opportunities are to be found not in the main mature competitive markets where the whole world wants to be invested, where every analyst is looking, where every fund finds it fashionable to be invested in. By the time the crowd moves in the opportunity vanishes. Rather, opportunities to assume risk and enjoy superior appreciation lie with markets that are undergoing structural change like the one presented to you today. Investing in Greek companies is like investing in a portfolio of South Eastern Europe countries. With significant and growing exposure to South Eastern Europe, it is worth doing your homework and investing in these companies. As a geopolitical economist, I am pointing out where the opportunities lie. As analysts, it is your job to identify which are these companies and when and how to get involved. Since you are here today, you are obviously not part of the “Crowd”.

I hope you will be teased by what you are going to here from them. Thank you for taking the time to listen to me.

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