



**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF AKTOR SA  
ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE  
YEAR FROM  
1 JANUARY TO 31 DECEMBER 2013**

**AKTOR SA**  
CONSTRUCTION COMPANY  
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SA Reg. No. 8153/01AT/B/86/355/05

## **MANAGEMENT REPORT OF THE BOARD OF DIRECTORS “AKTOR SA” ON THE FINANCIAL STATEMENTS FOR FY 2013**

This report of the Board of Directors pertains to the twelve-month period from 01.01-31.12.2013 for the financial year then ended, and provides summary financial information about the annual consolidated and separate financial statements and results of the Company and the AKTOR SA Group. The Report outlines the most important events which took place during 2013, and the effect that such events had on the financial statements, the main risks and uncertainties the Company is faced with, while it also sets out qualitative information and estimates about future activities.

The companies included in the consolidation, except for parent company AKTOR SA, are those mentioned in note 8 of the financial statements.

The Group and more specifically the constructions sector, with AKTOR leading the field, managed under adverse circumstances to sustain its sales and also to create the conditions necessary in order to further reinforce its sales in view of the recovery of the Greek economy. During this prolonged economic crisis, the Group not only was able to retain its human capital but also managed to honour its obligations towards the state, its suppliers, subcontractors and employees and at the same time reduce its debt. The recent encouraging signs concerning the Greek economy, such as regaining trust, returning to capital markets and also the favourable conditions prevailing in the banking sector and the interest and trust investors have in the Greek stock market, find AKTOR prepared to address the new challenges and contribute to the growth of the Greek economy.

### **1. Financial results**

The Group's revenue remained relatively unchanged in 2013, amounting to € 900 million compared to € 904 million in 2012. 68% of the revenue came from the domestic projects and 32% came from foreign ones. Operating results stood at €34.9million compared to €24.8 million in 2012 and profits before taxes at €27.1 million compared to €14.8 million in 2012. The sum of €3.2 million was charged to the Group's results due to the impairment of investment properties.

The Group's cash and cash equivalents as of 31.12.2013 amounted to €227.2 million, compared to €117.8 million on 31.12.2012, and equity amounted to €350.1 million compared to €419.6 million on 31.12.2012.

Total borrowings at consolidated level stood at €137 million on 31.12.2013 compared to €148.8 million on 31.12.2012. Out of the total borrowings, the amount of €83 million, compared to €130.2 million at the end of 2012, corresponds to short-term loans and the amount of €54 million, compared to €18.6 million in 2012, corresponds to long-term loans.

The Group's net debt as of 31.12.2013 is presented in the following table:

Amounts in EUR million

	<b>GROUP</b>	
	<b>31-Dec-13</b>	<b>31-Dec-12</b>
Short-term bank borrowings	83,0	130,2
Long-term bank borrowings	54,0	18,6
Total borrowings	137,0	148,8
Less: Cash and cash equivalents (1)	246,4	136,9
<b>Net Debt/Cash</b>	<b>(109,4)</b>	<b>11,9</b>
<b>Total Group Equity</b>	<b>350,1</b>	<b>419,6</b>
<b>Total Capital</b>	<b>240,7</b>	<b>431,5</b>
<b>Gearing Ratio</b>	<b>-</b>	<b>0,028</b>
 <b>Gearing Ratio %</b>	 <b>-</b>	 <b>2,8%</b>

Note:

(1) Total Cash and cash equivalents of FY2013 amounting to EUR 227,2 million, (2012 EUR 117,8 million) include Restricted cash of 19,2 million, (2012 EUR 19,1 million).

The gearing ratio as of 31.12.2013 for the Group is not applicable (31.12.2012: 2.8%). This ratio is calculated as the quotient of net debt to total employed capital (i.e. total equity plus net debt).

At company level, AKTOR reported a turnover of €581.1 million (2012: €473.7 million) , up by 23% compared to the previous year. Operating results stood at €30.9 million compared to negative €10,5 million in 2012. Profits before taxes stood at €229 million compared to €184.7 million in 2012 which was mainly due to the recognition of dividends.

## 2. Evolution of activities

In 2013, AKTOR and its subsidiaries signed new contracts in Greece, of €980 million in total (proportionate total contractual amount). The largest new projects undertaken in Greece include:

1. Construction of Phase II of the Thriasion Pedion and Zefyrion Railway Station Complex, budgeted at €86 million, in consortium with an indirect stake of 65%.
2. Construction of infrastructure for the new double railway line on the Rododafni-Psathopyrgos section and Panagopoula tunnel, budgeted at €293 million, in a consortium with the participation percentage of 42.5%.
3. Design, construction and commissioning of the Thessaloniki Metro extension to Kalamaria, budgeted €371.7 million.
4. Extension of the air terminal, other installations and landscaping at the Chania Airport, budgeted at €46.1million.
5. Field study, supply of materials and construction of enrichment plant at Skouries, Chalkidiki, budgeted at €133 million.

6. Completion of the infrastructure and buildings for the new double railway line on the Tithorea-Domokos section, in consortium with a stake of 33.33%. The total project budget amounts approximately to €374,2 million.

AKTOR enhanced its backlog abroad with new projects:

1. New contracts of approximately €375 million were signed in Qatar, including:
  - Implementation of electrical-mechanical works at the Anantara resort on Banana island, budgeted at €13 million.
  - Construction of the multipurpose sports center Al Sadd Sports Club, on behalf of the Qatar Olympic Committee. The contractual amount stands at €104 million.
  - Infrastructure works for the construction of the Camp of the Internal Security Forces, budgeted at €480 million. The project was undertaken by a consortium led by AKTOR, which held a stake of 50%.
  - Construction of buildings for the new Doha international airport by a consortium in which AKTOR holds a 40% stake, and other smaller maintenance projects in which AKTOR holds a 100% stake, budgeted at a total of €44 million.
2. In Serbia, in the context of the construction of motorway E80 (Corridor X), AKTOR signed a contract for the construction of project LOT2: Stanicenje – Pirot East section, of approximately €75 million. The project is part of the Trans-European Network of motorways.
3. In Romania, AKTOR undertook the construction of a liquid water management unit in Bacau, amounting to €9.6 million.
4. In Bulgaria the AKTOR - HELECTOR consortium, in which AKTOR holds a 40% stake, undertook the construction of Phase II of the integrated municipal solid waste processing plant of the Municipality of Sofia, budgeted at a total of €9.6 million.

### **3. Outlook**

The prolonged recession of the Greek economy has played a key role in redefining AKTOR's strategy. AKTOR has been taking stable and careful steps to consolidate its presence in the Balkans and the Middle East, where it is established and enjoys already recognition and appreciation in the local markets. Based on the skills and experience of its human resources and on its large set of equipment, whose current replacement value stands at €410 million, AKTOR has been strengthening its foreign operations, aiming to reach a foreign backlog of more than 31% or even 50%. AKTOR's backlog stood at ~€3 billion at 31.12.2013, and there are contractsworth €1,270 million that are expected to be signed

#### **4. Risks**

The inability to secure liquidity from the banking sector has been delaying growth, in which the construction sector is expected to take the lead. So AKTOR, just like any other undertaking in Greece, is faced with the risk and uncertainty relating to the magnitude of the effect caused by prolonged recession. As regards foreign operations, each company's activity carried out abroad is a risk in itself, which can be limited, though, to the extent practicable through prevention and planning.

#### **5. Post 31.12.2013 events**

On 25/2/2014 AKTOR signed a contract for the operation and maintenance of the sewage treatment plant of Psittalia amounting to €138 million.

Kifissia, 27 March 2014  
For the Board of Directors

The BoD Chairman  
DIMITRIOS A. KOUTRAS

This report comprises five (5) pages and is the one mentioned in the audit certificate granted today.

Athens, 30 May 2014  
The Certified Auditor -Accountant

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