

Investor

FACTSHEET



LOGISTICS

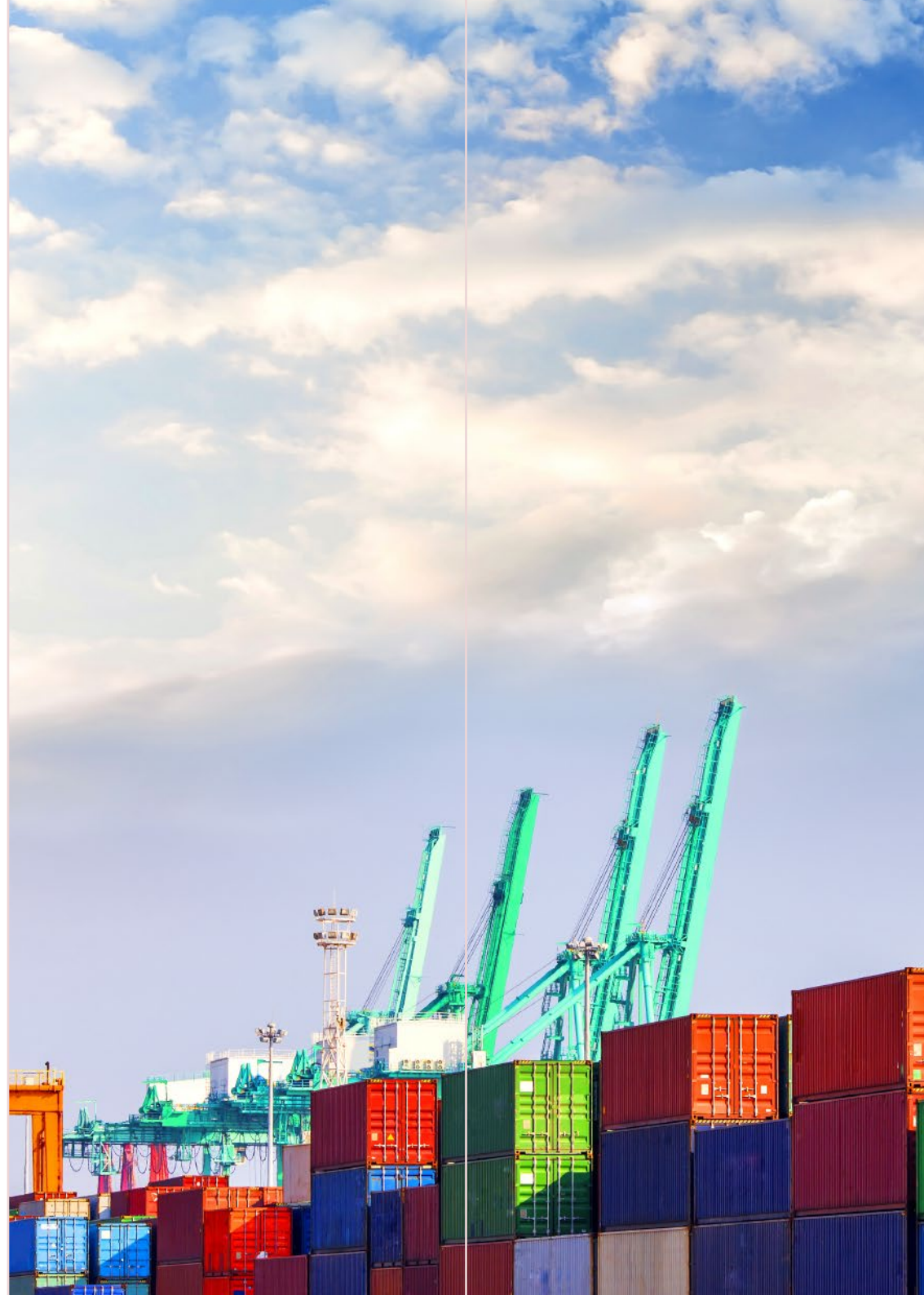
in Greece

Introduction

Logistics refers to the process of organizing and executing transportation and storage of goods from one point (origin) to another (consumption). The European Commission defines logistics as the set of services that includes planning, organization, management, execution and monitoring of a company's material, goods, and information flows, from purchasing, production and warehousing, to added value services, distribution, and reverse logistics.

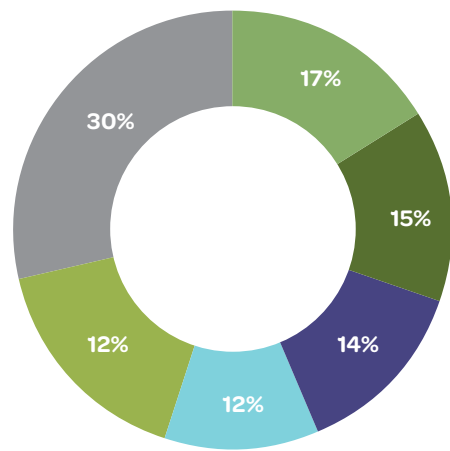
Logistics is a sector of **strategic importance** for Greece, given its aspiration to become a regional and European transshipment and logistics hub, connecting Western Europe and Asia, via its ports (mainly Piraeus and Thessaloniki ports), airports, rail and road networks and the respective logistics infrastructure, by leveraging:

- Its geographical location (a cross-road of three continents) and the steadily increasing trade flows between Asia and Europe
- The significantly upgraded infrastructure
- The holistic institutional framework established
- The largest merchant fleet in the world that is Greek owned
- Major upcoming investments within the framework of the RRF and flagship projects at the national level
- The expanding presence of large international companies in the field of logistics



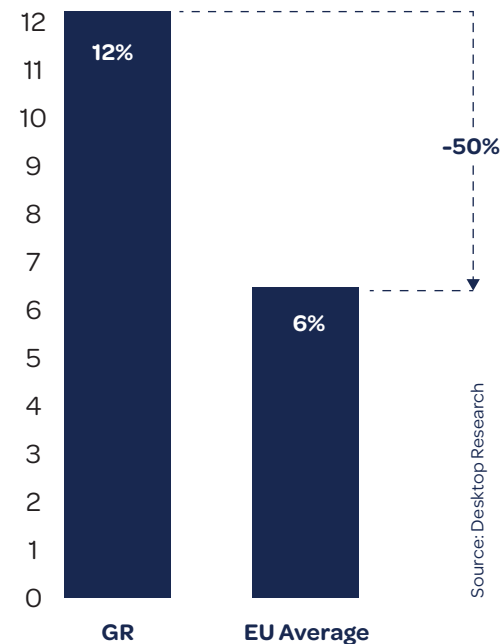
Transportation & Logistics ranks as one of the top 5 sectors of the Greek economy and has attracted significant investments (12% of total FDI), double compared to EU average (6% of total FDI), on average during the period 2017-2019.

Foreign Direct Investment (FDI) contribution per sector (average 2017 – 2019)



Source: Desktop Research

Logistics Sector FDI contribution vs EU (average 2017 – 2019)



Source: Desktop Research

According to Alpha Bank's survey "Sectors in focus: Logistics 2021", **19% of foreign investors expressed willingness to invest in supply chain/logistics in Greece.**

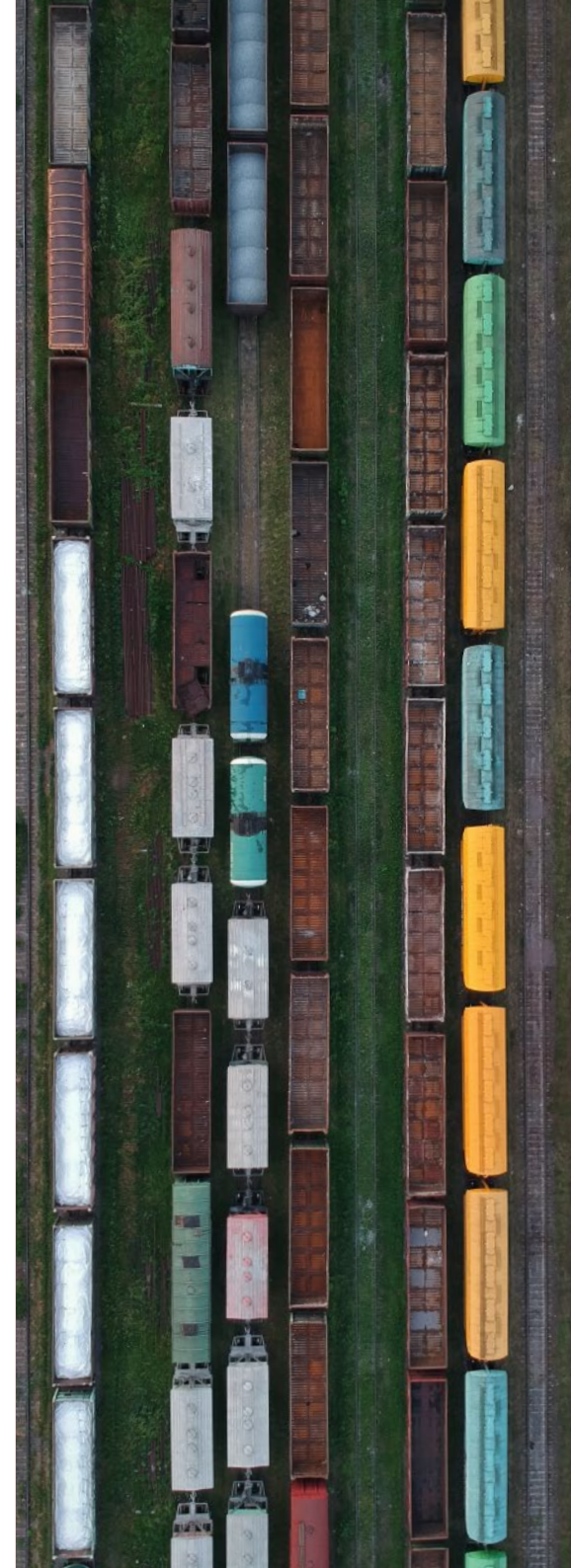
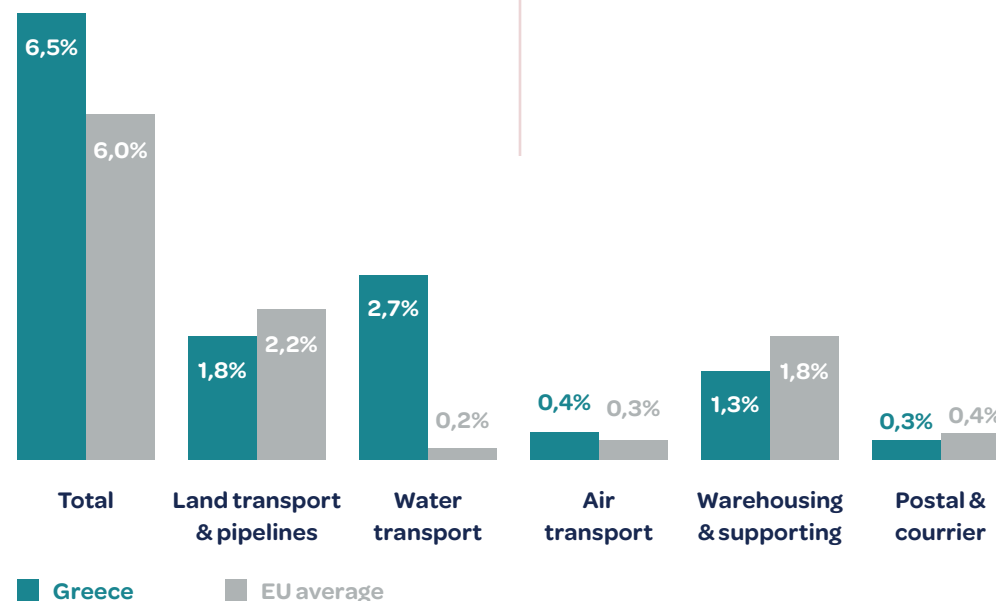
According to Eurostat, logistics sector is comprised by five sector sub-divisions:

- 1. Land transport and transport via pipelines** (which includes freight rail transport, freight transport by road and removal services, transport via pipeline),
- 2. Water transport** (which includes sea and coastal freight water transport and inland freight water transport),
- 3. Air transport** (which includes freight air transport and space transport),
- 4. Warehousing and support activities transportation**, and
- 5. Postal and courier services.**

Greece has made **significant progress** in the performance of the logistics sector during the last years, as depicted in the **Logistics Performance Index of the World Bank**, moving from the 54th position in 2010 to the 42nd in 2018, on a global level.

Yet, the geographical and the competitive advantages of the country still have significant investment opportunity. The GVA of the Transportation and Storage sector in Greece stood at **6.5% of total GVA** in 2016, vs a Eurozone average of 5%. However, if the **shipping sector is excluded**, 2016 GVA falls to 3.8% vs a Eurozone average of 4.8%, indicating significant room for growth

*Logistics sector sub-division
(Greece, EU, Sector GVA %, 2016)*



Key Facts:

Land transport:

- Greece has one of the most developed road networks in Southeast Europe, consisting of more than 2,000 km of highways and motorways.
- Greece ranked 11th among EU countries in 2019 regarding tonnes of commercial road transport, with 354m tonnes.

Water transport:

- In 2021, Greek owned ships accounted for 15,6% of the global fleet in deadweight tonnage, while vessels controlled by Greeks transfer 21% of global seaborne trade.
- In 2019 and in 2020, Piraeus ranked as the fourth largest port in Europe in terms of TEUs and the largest in the Mediterranean
- In total, more than 25 important commercial seaports are currently operating in Greece, five of which have been identified by the EU as ports of strategic interest and key maritime interfaces of the Orient / East-Med (OEM) corridor.

Air transport:

- Greece has a total of 45 airports: 15 are international, 26 domestic and four are municipal
- In 2015, a 40-year concession agreement with Fraport for 14 regional airports led to major investments for their renovation and further development
- Air transport in Greece accounts for approximately 35% of trade value, and between 2017 – 2018, air cargo transport grew by 10% with EU countries and 6% with Third Countries

Logistics sector can be further distinguished in 2 main categories:

In-house Logistics and Third-Party Logistics.

In-house logistics refers to an activity or operation conducted within a company, instead of relying on outside providers. A Third-Party Logistics Provider (hereinafter 3PL) offers outsourced logistics services which include any service linked to the management of storing or shipping items, such as freight forwarding and transportation.

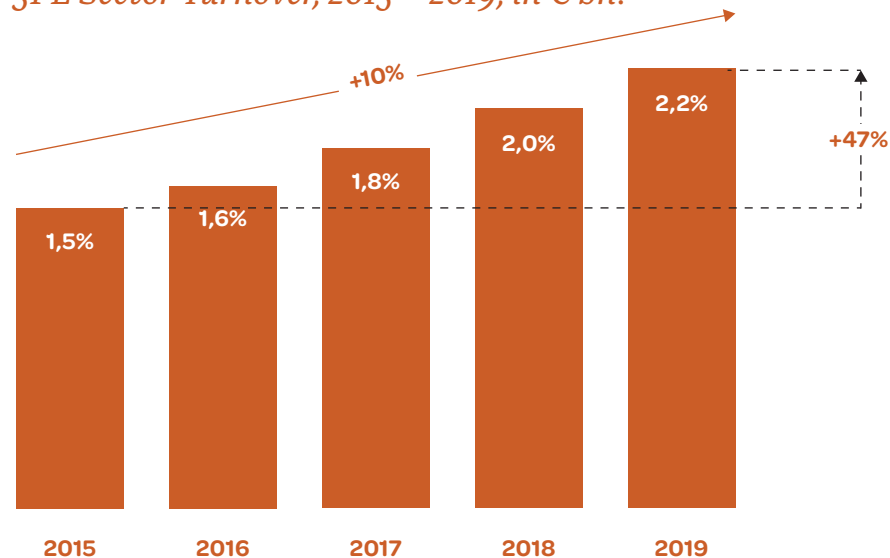


A dynamic Greek 3PL market

The **3PL sector in Greece** demonstrated strong growth, between 2015-2019, with turnover growing at a **CARG of 10%**, while the market has increased in 2019 by **more than 45%**, compared to 2015. The market has a significant size consisting of about 1.550 companies, with turnover higher than €1m.

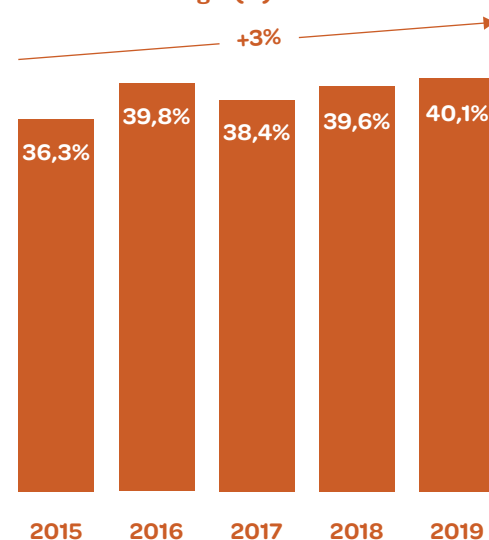
In addition, during the same period the Companies operating in the 3PL sector have managed to gradually **increase their profit margin**, which led to a significant growth in collective **EBITDA at a CAGR of 15%**, highlighting the increasing profitability of the sector and its high potential.

3PL Sector Turnover, 2015 – 2019, in € bn.

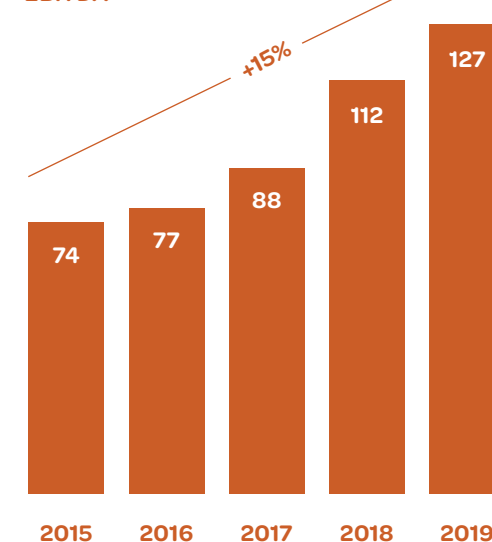


3PL Sector Profit Margin (%) and EBITDA (€ mn.), 2015 - 2019

Gross Profit Margin (%)



EBITDA



Regulatory Framework for Logistics

Strategic priority of the Greek Ministry of Infrastructure and Transport is to transform Greece into an international hub for transport services, logistics and the supply chain, aiming to make everyday life easier for citizens and saving valuable resources for public administration and businesses. Within this context, the Greek state has taken the following legislative initiatives:



Act of legislative content 20 (2020): Establishment and operation of the Governmental Committee for the development of the supply chain

According to the Act of legislative content 20, Government Gazette 113/A/2020 the Committee has the following responsibilities:

- a) The formulation, approval, and supervision of the implementation of the National Strategy for the Supply Chain, as well as its evaluation and revision.
- b) The approval, monitoring and supervision of the implementation of the National Action Plan for the Supply Chain, as well as its evaluation and revision.
- (c) The formulation of proposals for the revision of regulatory acts and other texts on the supply chain.
- (d) The planning of investments, coordination, and utilization of available sources of funding, national and European resources, or private investments for the development of the supply chain.

Law 4599/2019, Sustainable Urban Mobility Plan

The Law on Sustainable Urban Mobility Plan **includes Urban Distributions** within the framework that governs infrastructure and operations of each city.

Law 4302/2014: Regulation for supply issues and other provisions

The Greek State, recognizing the importance of the supply chain for the Greek economy, adopted **in 2014 the first law** (L. 4302/2014-Official Gazette 225/A/2014), a **holistic regulatory framework** that officially recognizes and sets the definitions and procedures for its operation. According to the Law 4302/2014, logistics activities are, indicatively, the collection, loading, transport, transshipment, unloading and delivery of goods and merchandise, the grouping (consolidation) and separation (deconsolidation) of goods and merchandise, the storage and management of the inventory of goods etc.

The New Development Law 4887/2022

The new Law 4887/2022 of the Ministry of Development and Investments defines the conditions of eligibility and the framework for the establishment of schemes for the granting of state aid. The Law provides aid schemes that will allow the business community to plan, develop and implement their initiatives with significant and modern forms of investment in all sectors of the Greek economy. Manufacturing and Supply Chain is among the priority sectors. This sector includes investments mainly in infrastructure projects related to the country's **transport system** with the aim of improving its competitiveness. Infrastructure projects promote digital transformation and smart infrastructure to develop high-quality, smart, and sustainable infrastructure and transport systems. The grant for each investment can reach 70% - 80% of total budget, and the time from the submission of an investment plan to the evaluation and inclusion in the corresponding regime is expected to last no longer than 60 days.

State Incentives and other Initiatives

The National Recovery and Resilience Plan “Greece 2.0”

Modernization and upgrading, through Public Private Partnership, of the national railway network (€130 mn.) with the development of telecommunications, electromechanical systems and invest in 5G networks on the 6 Greek highways with a total length of over 2,000 kilometers. The main goal is to transform Greece as the main trade gateway to Europe. “Greece 2.0” is also including an investment (€450 mn.) for the rehabilitation of the road network in various regions of Greece to improve operations and safety of road transport. Another emblematic project is the construction of the BOAK, northern road axis (€427 mn.) which is going to connect 4 major cities in Crete, by attracting many additional regional investments.

Updating of the National Logistics Action Plan of the Ministry of Infrastructure and Transport

Main priorities:

- Attracting international freight flows, increasing transit cargo, and providing value-added services.
 - Reducing the negative environmental impact of transport and enhancing sustainable mobility.
- The transition to low-carbon logistics.
- The digital transformation of transport and the provision of innovative transport and mobility services by applying Intelligent Transportation Systems technologies.
 - Investments in new technologies to map freight flow data.

Free Trade Zones

Free Trade Zones are special areas near ports or airports for the storage of imported goods, with beneficial customs conditions, VAT or excise duties, until goods are released into free circulation. In Greece, there are **5 Free Trade Zones**, located in Piraeus port, Thessaloniki port, Heraklion port, Platigali-Astakos Etoloakarnanias and Boetia, providing benefits to importers and shippers, in terms of improved cash-flow and greater flexibility, attraction of Foreign Direct Investments, collaboration and synergies among key-players inside and outside trade zones and transparency.

E-Logistics Portal

E-Logistics Portal is a digital platform developed by the Hellenic-German Chamber of Commerce and Industry, which gives access to a large database, available information and trends concerning the supply chain. The portal is addressed to Chamber’s members and any other interested party, active in the logistics market. The main thematic units of the digital platform are the following: a) international trade terms, b) road transport, c) waterage, d) air transport, e) transport insurance, f) dangerous goods.

FENIX Project and the Hellenic Observatory of Transport & Logistics

“FENIX” application (A European Federated Network of Information exchange in Logistics) is an initiative developed by the Hellenic Institute of Transport, the Institute of Communication and Computer Systems (ICCS) of the National Technical University of Athens in collaboration with the Greek Ministry of Infrastructure and Transport, ensures the exchange and sharing of data between transport and logistics platforms, by using innovative technologies. One of the main benefits of the FENIX project is the creation of the Hellenic Observatory of Transports and Logistics to become a reference point for the entire Greek transport and logistic ecosystem, by improving the positioning of Greek services in Europe.

Major Logistics projects in Greece

Thriasio Logistics Park (Thriasio I & Thriasio II)

Thriasio I is a large investment project in Attica, undertaken by the ETVA Industrial Parks and Goldair Consortium, including the design and construction of the first logistics park in Greece and the development of warehouses and supporting building facilities. It will be operational in 2023 with 235.000m² of usable space.

Within the context of Thriasio II, the contractor will undertake the project for the Freight Station and the Sorting Station, the cargo storage areas, the customs, offices areas, additional storage areas etc.

COSCO Shipping -Piraeus Port

Under a 2016 privatization deal, COSCO Shipping acquires 67% of the main port of Greece, in Piraeus. Piraeus port is the biggest port in Greece with a significant capacity both as a container port/transshipment center and as a car terminal. It is worth mentioning that Piraeus Port is the largest port Mediterranean port as well as it takes the 5th place in terms of volume of containers in Europe. It is close to the main Mediterranean maritime route (210 nautical miles) and provides access to logistics center in Thriasio and a high-speed cargo train route leading into Europe.



Geostrategic investments in the ports of Thessaloniki and Alexandroupolis.

The port of Thessaloniki, in Central Macedonia is the second largest port in Greece after the port of Piraeus. The port was privatized in March 2018. Plans for the development of the Gonos Logistics Center (ex-military camp) near the port of Thessaloniki are undertaken. By the end of 2022, there is a prospect of tripling the possibility of receiving and serving containers in the 6th pier of the port, an investment of €300 m. in total.

The port of Alexandroupolis, in Eastern Macedonia and Thrace is developing into a key regional port, with the implementation of investments in infrastructure and with the improvement of the capacity of the railway network in the region. The port has a capable pier for large cargo ships, 500 meters long pier and ~50,000 square meters of open space adjacent to the pier. The port hosts U.S transport ships, while is also a hub for American and NATO military operations in the Balkans and Eastern Europe.

Upgrading and expansion of the Greek Rail Network

Concerning the Greek rail network, a strategic action is the agreement between the Greek rail company TRAINOSE, acquired by Ferrovie dello Stato Italiane, and HP for the exclusive transport of HP goods coming through Piraeus to the European markets.

The Greek state and TRAINOSE signed an agreement for the supply of hybrid and modern trains, the upgrading, and digitization of passenger service systems.

A modern road network

Greece has one of the most developed road networks in Southeastern Europe. For example, Egnatia Motorway is one of the largest road construction projects in Europe, 670 kilometers long and 24,5 meters wide, starting from the Igoumenitsa in Epirus and ending at the Greek-Turkish border in Kipis in Thrace.

Major Logistics projects in Greece

Air Freight Transport through the Greek Airports

The “Eleftherios Venizelos” Athens International Airport (AIA) is the predominant Greek airport, in terms of both freight volumes and passenger traffic. From 2017 to 2021, Fraport Greece company completed an investment program to upgrade 14 regional airports (Thessaloniki Macedonia Airport, Mykonos, Zakynthos, Crete, Chania, Kavala etc., including the construction of new air stations, extensions, and renovation of runways.

The Hellenic Republic Asset Development Fund (TAIPED)

The Hellenic Republic Asset Development Fund (TAIPED) is expanding its mandate by creating a **project preparation facility** for the effective implementation of investment projects. The Strategic Projects Pipeline is expected to deal with projects (€20 mn.) in sectors such as energy, environment, **transport** and digital. Over 40 projects, with a median size of around €120 million will be coordinated within this context.

