

Accelerating value creation to realize strategic growth

June 2024

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FOREWORD

At EY-Parthenon, **value creation** is viewed as a dynamic process that generates both immediate and long-term tangible and intangible benefits, thereby enhancing the collective value and prosperity of entities within key growth sectors.

The ability of an economy to create value is influenced by critical external factors, including the geopolitical landscape, the availability and mobility of human resources, changing consumer preferences and expectations, technological advancements, and the ongoing shift toward sustainability. To address these external challenges and foster value creation, organizations should focus on **five key drivers**: strategy, alliances and efficient capital utilization, a commitment to innovation and the improvement of products and services, investment in commercial and operational transformation, the development of human capital and customer relationships, and a dedication to accelerating the organization's sustainability and long-term value initiatives.

This report, prepared by EY-Parthenon –the global strategy consulting arm of EY– indicates that Greece is currently experiencing favorable conditions for value creation. This presents a wealth of opportunities for both the private and the public sectors, with substantial implications for economic growth.

Drawing upon insights from recent EY surveys conducted both within Greece and on an international scale, the report delves into seven case studies that exemplify organizations successfully leveraging these opportunities. These organizations span a diverse range of sectors, including transportation and logistics, energy, financial services, healthcare, food and beverage, hospitality, and real estate, and are at the forefront of driving value creation.

Despite challenging international conditions and a history of low growth rates, Greece exhibits positive macroeconomic characteristics and business prospects, along with an increasing rate of mergers and acquisitions (M&A) activity. If leveraged effectively, this could reveal untapped potential for further value creation, both organically and through strategic acquisitions, in both the private and the public sectors. Organizations that have successfully implemented a comprehensive strategy for value creation, based on the five drivers outlined in this report, are leading the way.



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ABBREVIATIONS

AI	Artificial intelligence
CAGR	Compound Annual Growth Rate
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ESG	Environmental, social and governance
ESF	European Social Fund
EY-P	EY-Parthenon
GDP	Gross Domestic Product
M&A	Mergers and acquisitions
NSRF	National Strategic Reference Framework
OECD	Organisation for Economic Co-operation and Development
PE	Private equity
RRF	Recovery and Resilience Facility
SME(s)	Small- and medium-sized enterprise(s)

EXECUTIVE SUMMARY

Despite Greece facing hurdles such as geopolitical instability and the energy crisis, significant value creation is observed, highlighting the essential role of the private and public sector in fostering economic development.

The EY-Parthenon “Accelerating value creation to realize strategic growth” report highlights Greece’s significant progress in enhancing its investment landscape and the associated value created thereof; a noteworthy development, given the backdrop of sluggish growth and prevalent macroeconomic challenges facing Europe and the OECD member countries.

1 The report’s findings indicate heightened value creation potential through **inorganic growth**, supported by various key indicators which showcase that:

- Over the past five years, M&A activity has demonstrated commendable compound growth rate of 7%.
- M&A transactions have exceeded €9.5 billion, with foreign investors making substantial contributions, surpassing €6 billion in 2022 alone.
- Sectors critical to global investment trends, such as energy, transportation, technology, and health and life sciences, demonstrate remarkable performance within Greece’s investment ecosystem, offering promising avenues for both domestic and foreign investors, with important M&A activity.
- Greece’s allocation from the RRF constitutes a substantial proportion of its GDP, nearing 20%, reflecting a secure funding environment.

Despite facing external challenges the EY-Parthenon research reveals significant value creation in the private sector. This augmentation of value is not solely a result of accessible funding channels and active M&A opportunities, but is deeply rooted in transformative processes, corporatization efforts, and modernization initiatives within large-scale enterprises.

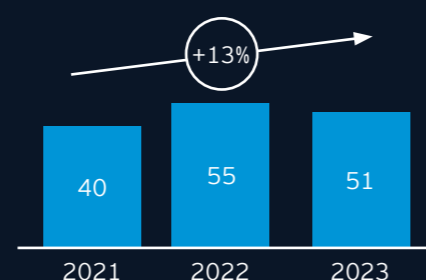
Furthermore, it’s essential to highlight the crucial role of the public sector in fostering economic development.

Through strategic investments in critical infrastructure, comprehensive digitalization initiatives, streamlining bureaucratic processes, and other pivotal efforts, the public sector has been instrumental in unlocking avenues for value creation and sustainable growth.

2 Lastly, a key enabler of economic value enhancement is the **organic growth** generated from:

- The internationalization of the Greek economy.
- Corporate governance modernization and transformation.
- Optimization of processes, which led to economies of scale and cost efficiency.
- Innovative product and service offerings.

Greek Exports (in billion euro)



Source: Eurostat

After an extended period, Greece is currently experiencing a favorable economic climate, characterized by significant GDP growth and promising projections for sustained development up to 2030. This positive trajectory is bolstered by European funds (e.g., RRF, NSRF) and Greece’s unique position in terms of capital allocation relative to GDP, coupled with a stable political environment, which further underpins economic optimism and creates higher financial potential.



Source: European Commission, Recovery and Resilience scoreboard

3 For EY-P, **value creation** encompasses the dynamic process of generating both short-term and long-term, tangible and intangible benefits, thereby enhancing the collective value and prosperity of entities across diverse sectors, and it is unlocked by **five specific drivers**.

Our research relies upon seven prominent case studies exemplifying the Greek investment landscape, illustrating the latent value achieved through these drivers, creating **important returns** for the investors.

Value Creation Drivers

Value realized in flagship cases

- Greek enterprises gravitate toward export-oriented strategies.
- Strategically taking advantage of differentiated revenue streams and focus on both organic and inorganic growth.



Areas for further value creation in Greece

- Establishing a coherent strategic vision.
- Implementing focused mergers and acquisitions.
- Forming strategic partnerships and alliances with external stakeholders can broaden capabilities, enable access to new markets, and drive innovation.

- Designing a new, value-based servicing model, aiming to manage the value destroyers.
- Creating a unique and digitalized customer experience.



- Prioritizing innovation and improving products.
- Customer-centricity and readiness to follow product trends.

- Modernization and transformation of corporate governance is influencing big Greek corporations.
- Embracing best-in-class practices which encompass digitalization strategies.



- Leveraging emerging technologies such as artificial intelligence (AI), cloud computing, and data analytics, can streamline operations, enhance customer experiences, and create new revenue streams.
- Adopting agile methodologies can accelerate decision-making, minimize risks, and increase responsiveness to changing market dynamics.

- Intensive upskilling program.
- A new merit-based approach will boost human resources development, efficiency and productivity.



- Accelerating decision-making and adapting to new organizational set-up, will lead to higher efficiency and value creation.
- Promoting diversity and inclusion initiatives can foster creativity and improve decision-making.

- The achievement of the 2030 and 2050 Net Zero goals, is facilitated through actions to reduce energy consumption and increase energy supply from Renewable Energy Sources (RES).
- Design and adopt robust ESG initiatives that promote sustainability and enhance reputation and social capital.



- Fostering circular economy practices in production processes can reduce operational costs and environmental impact.
- Sustainable sourcing practices and supplier partnerships can improve resilience, reduce risks, and enhance brand reputation.

4 Potential for future growth and generation of value creation

Our analysis shows that, while the Greek economic landscape is undergoing an important transformation and significant value has already been realized, there remain

numerous latent **opportunities to capitalize upon**, and untapped areas ripe for further value creation through **organic and inorganic growth**.



1

MACROECONOMIC LANDSCAPE

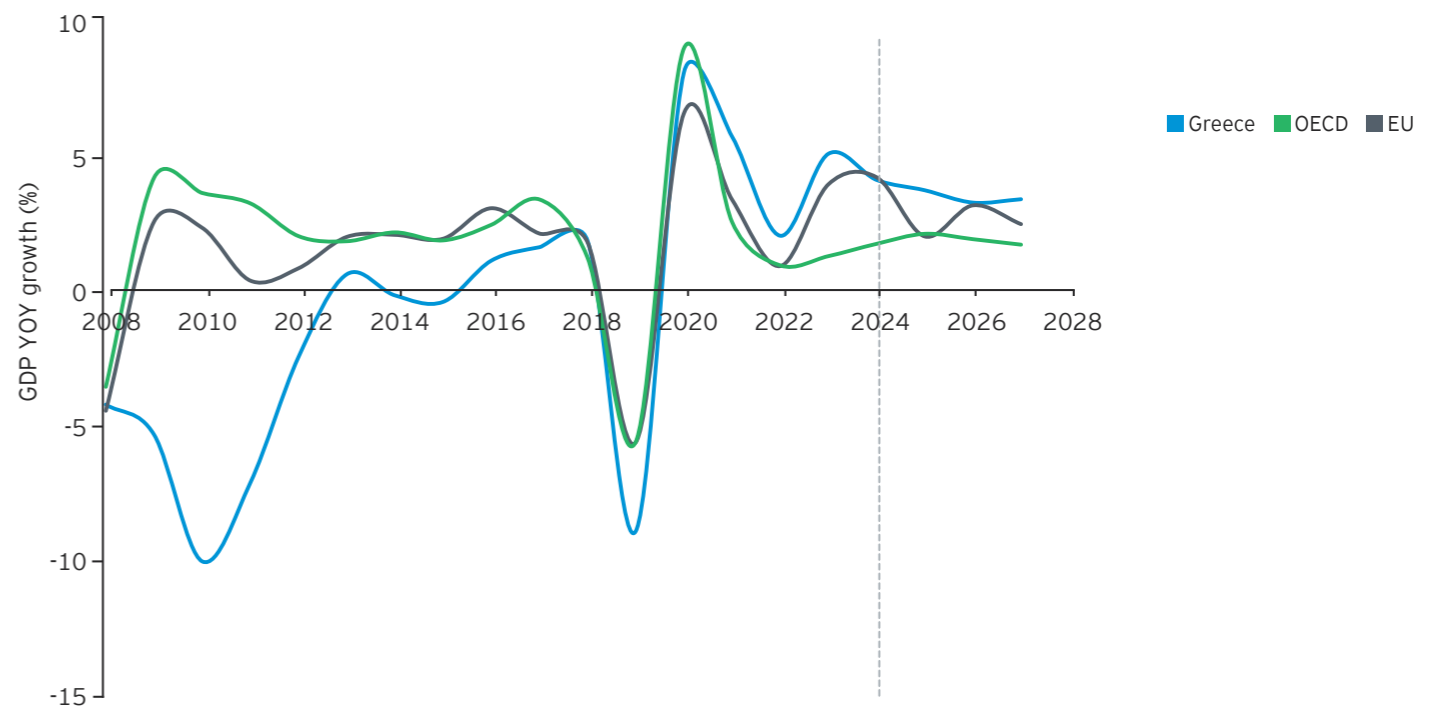
Setting the Stage: The dynamics of the global, European, and Greek macroeconomic landscapes

Key macroeconomic indicators

Through our analysis, we have garnered significant insights by delving into crucial macroeconomic indicators such as real GDP, foreign direct investment (FDI) inflows, and fixed capital formation. These indicators reveal Greece's distinct position within the economic cycle and underscore the nuanced market dynamics that set it apart from other countries.

Despite Greece's delayed economic recovery, the country's economy is outperforming both Europe and most OECD member countries.

GDP Y-O-Y (%) amongst Greece, EU & OECD

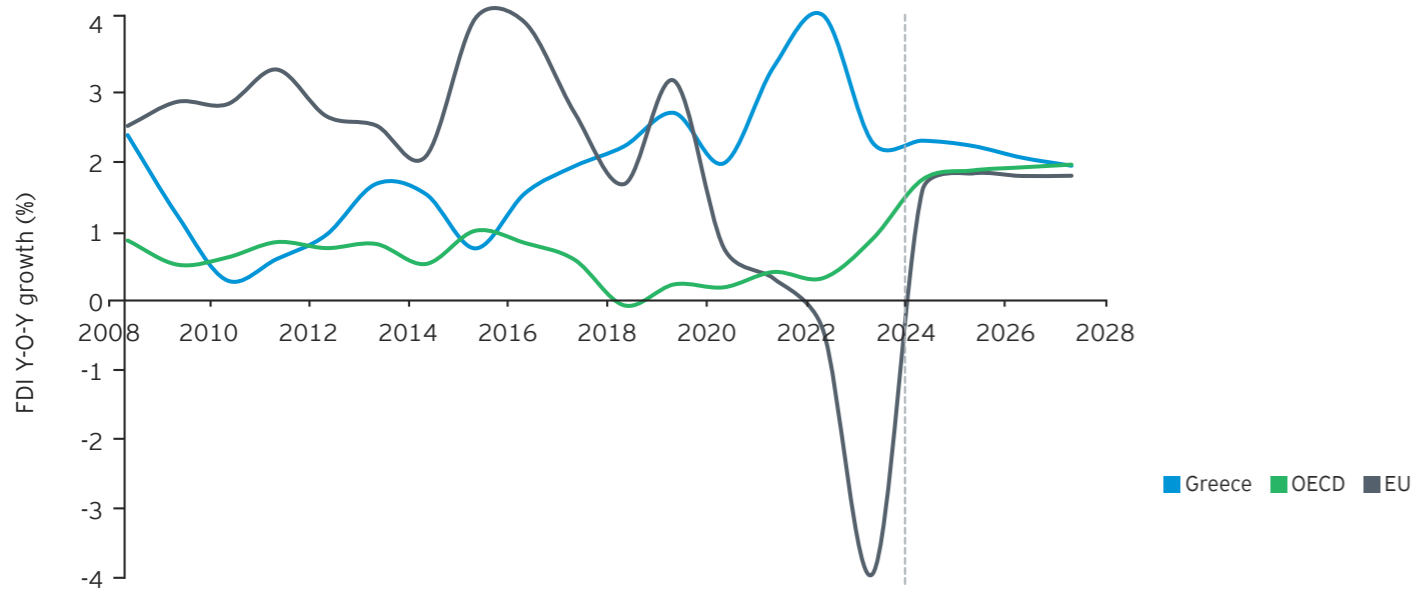


Sources:
1. Data retrieved from the "Oxford Economics" database during March 2024
2. Data retrieved from the "OECD" database during March 2024
3. Data retrieved from "www.imf.org" during March 2024

- ▶ While Europe and the OECD swiftly emerged from the economic crisis, Greece experienced a prolonged recovery period, achieving comparable rates of recovery a decade later, by 2018.
- ▶ Greece's delayed economic recovery was caused by a mix of internal challenges, such as structural weaknesses, fiscal mismanagement, and a lack of competitiveness, compounded by slow progress in implementing necessary reforms. The pandemic dealt a blow to all developed economies, but for Greece, it demonstrated the resilience mirrored by other European and OECD countries, characterized by a V-shaped recovery.
- ▶ In recent years, Greece has exhibited notable economic performance, surpassing - and is anticipated to continue surpassing - European and OECD countries until 2028. This trend indicates a stable and robust rebound of the Greek economy.

Despite a downturn in FDI during 2008-12, Greece has since improved its attractiveness as an investment destination, while Europe saw fluctuations until 2020, with Greece showing the most resilience during the COVID-19 downturn.

FDI as a percentage of GDP Y-O-Y (%) amongst Greece, EU & OECD

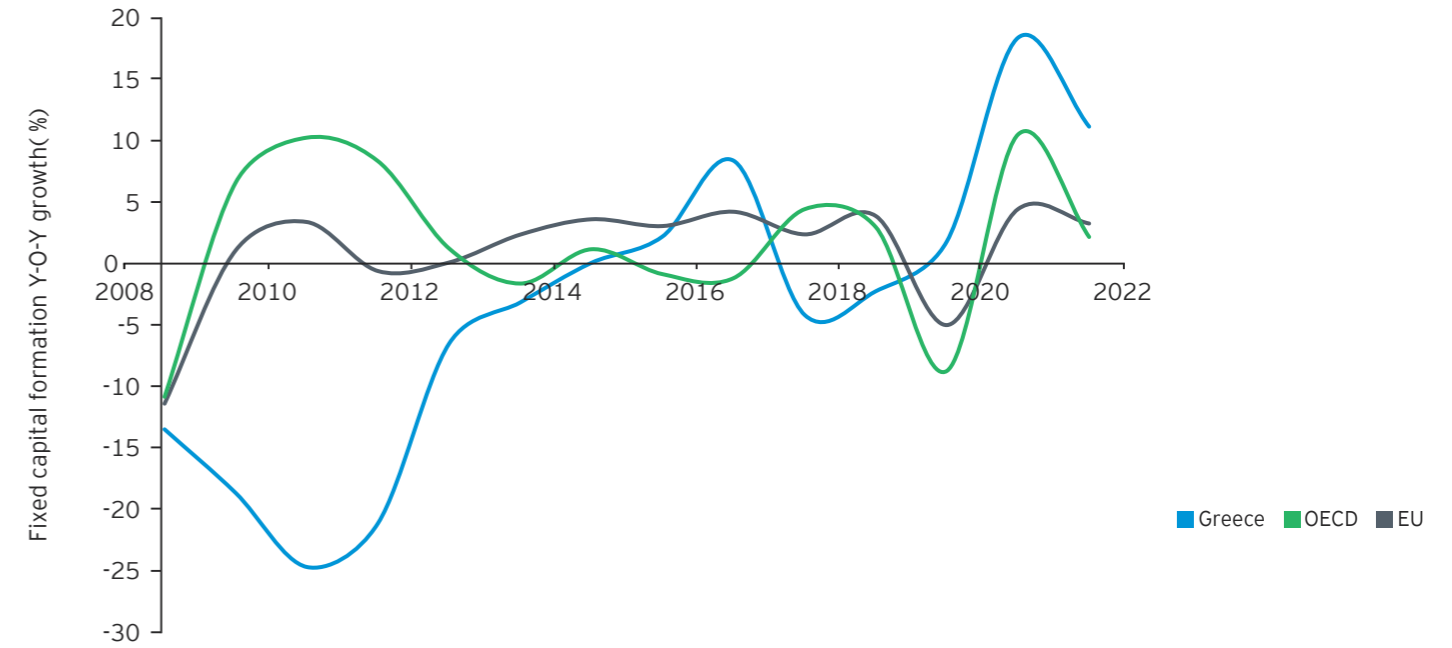


Sources:
 1. Data retrieved from the "Oxford Economics" database during March 2024
 2. Data retrieved from the "OECD" database during March 2024
 3. Data retrieved from "www.imf.org" during March 2024

- ▶ Greece faced a significant downturn in FDI during the challenging period of 2008-12, amid economic crisis. The country has since embarked on a journey of gradual improvement, showcasing resilience and determination in rebuilding its attractiveness to foreign investment.
- ▶ However, Europe experienced a significant decline in foreign direct investment from 2016 to 2023, possibly influenced by economic instability or less favorable governmental policies, while also the pandemic caused significant fluctuations.
- ▶ Despite the COVID-19 pandemic causing an economic downturn at an EU, OECD and local level, Greece exhibited the most resilience, possibly due to certain sectors (i.e., energy, real estate).
- ▶ In the forthcoming years, it is anticipated that Greece will continue to uphold its superior position when juxtaposed with the EU and the OECD. Such a scenario underscores the genuine long-term growth potential inherent within the economy.

Greece's economic resilience, amidst fluctuations, positions it as an attractive destination for investors, despite recent declines.

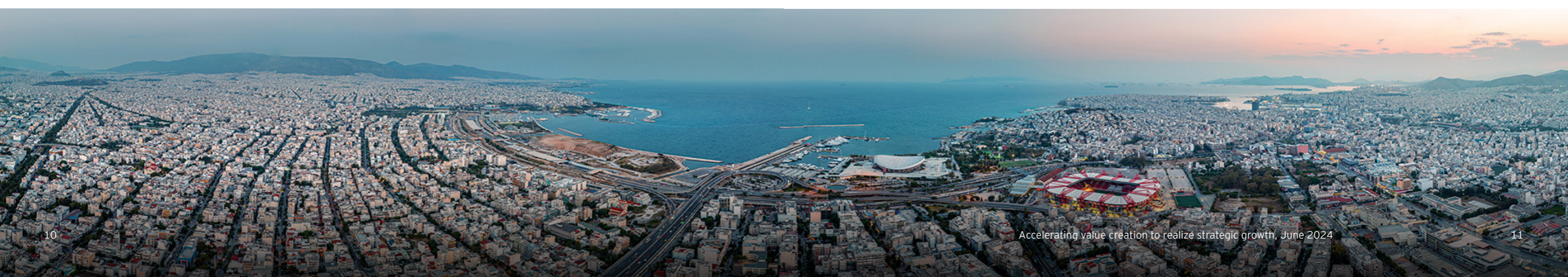
Fixed capital formation Y-O-Y (%) amongst Greece, EU & OECD



Sources:
 1. Data retrieved from the "Oxford Economics" database during March 2024
 2. Data retrieved from the "OECD" database during March 2024
 3. Data retrieved from "www.imf.org" during March 2024

- ▶ From 2008, to 2010, Greece faced a severe economic downturn while the EU and the OECD experienced strong growth. Greece rebounded in 2011, surpassing OECD countries by 2014; this upward trajectory continued up until 2016, followed by a sharp decline in 2017.
- ▶ Amid the COVID-19 pandemic, both groups declined; except for Greece, highlighting its resilience. Greece surged again in 2019, surpassing both groups by 2020, but subsequently experienced a significant decline, mirroring OECD countries, with Europe showing a more moderate decrease.
- ▶ Despite experiencing recent fluctuations, Greece remains a more attractive destination for foreign investors compared to other regions, thanks to promising signs of economic growth and sustained expansion.

Greece enhances its capacity to attract greater investments by occupying a distinct position in the economic cycle, compared to the regions under examination.

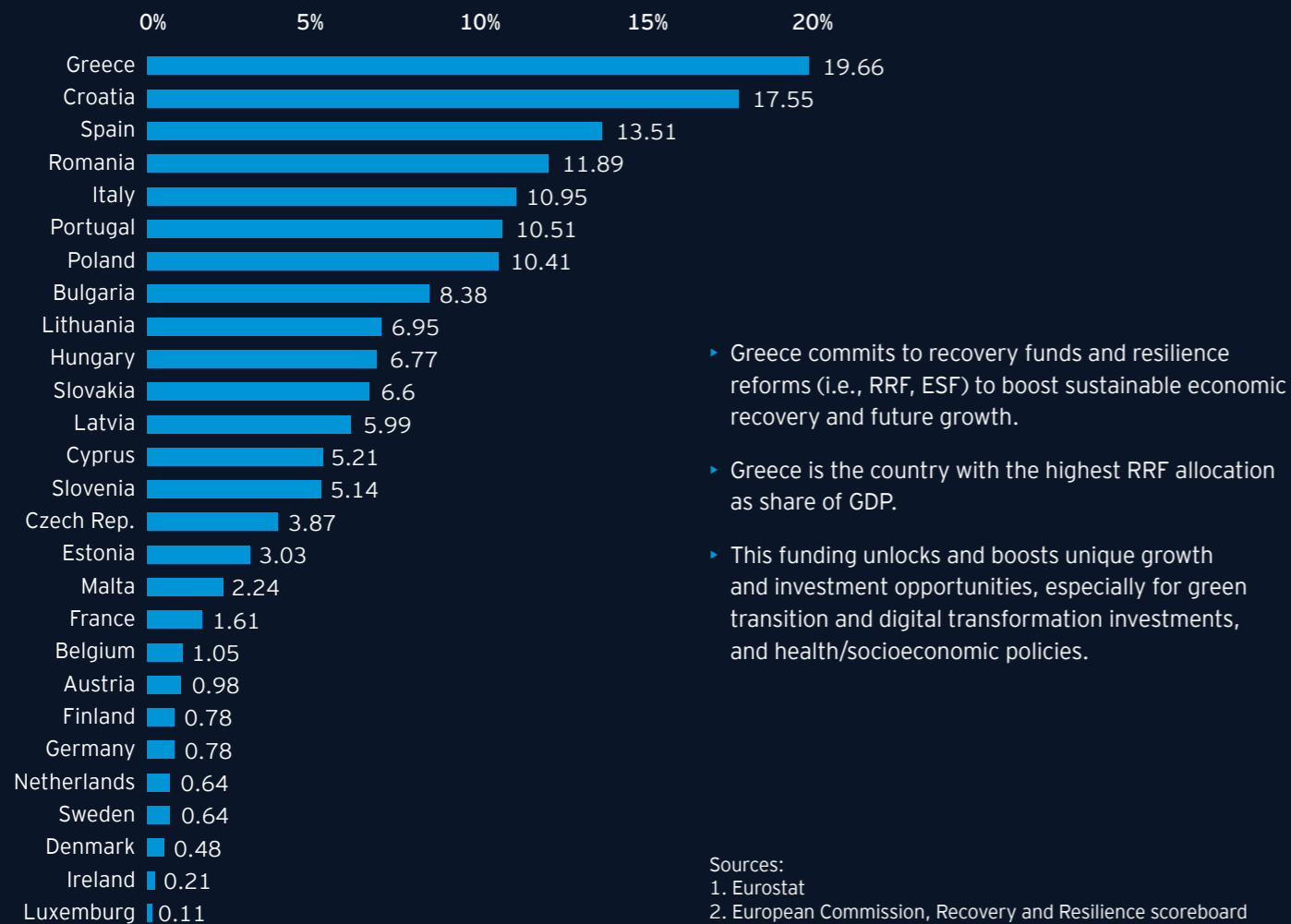


The differentiated macroeconomic landscape in Greece sets the scene for investment opportunities

In today's landscape, Greece's economic recovery remains a priority amidst global uncertainty, driving efforts for fiscal discipline and investment incentives. Despite hurdles, Greece's differentiated macroeconomic landscape shows a robust economy with positive outlook, following an efficient fiscal policy, alongside EU funds. These create higher appetite for investments and value creation opportunities.

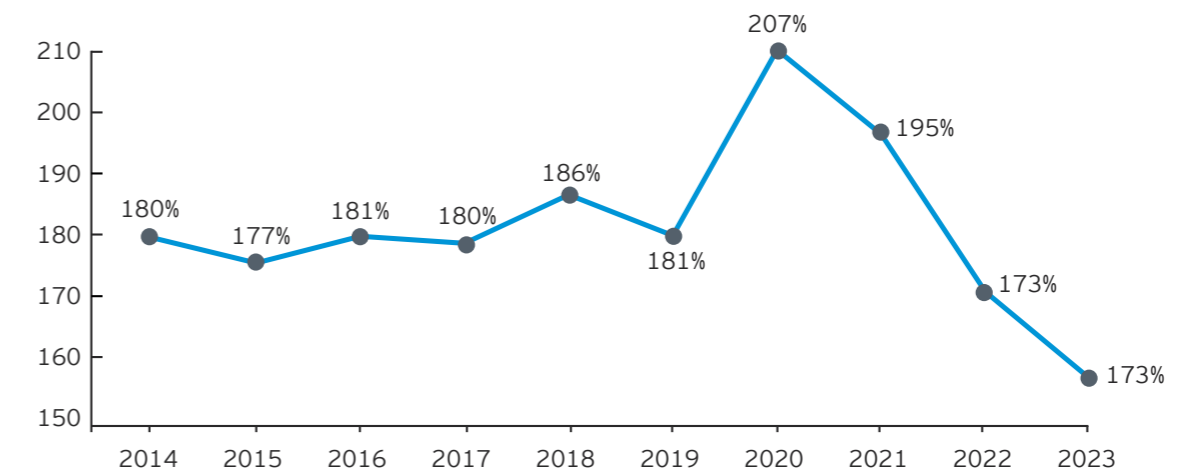
Greece leads in RRF funds allocation, fueling sustainable growth through green transition and digital transformation investments, as well as health/socioeconomic policies.

RRF funds allocation as share of GDP



Strong GDP growth and debt repayment plans aim to enhance sustainability and market confidence, attracting new investments.

Greece Government Debt to GDP



Source: Eurostat

- ▶ Real GDP is forecasted to reach over €233 billion in 2024. At the same time, the government plans the early repayment of expensive loans. The aim is to strengthen the viability of the public debt and the confidence of the markets in the prospects of the Greek economy.
- ▶ This robust dynamism will result in favorable performance, which could attract new investment due to Greece's advantage against the economic uncertainty at both European and global level.

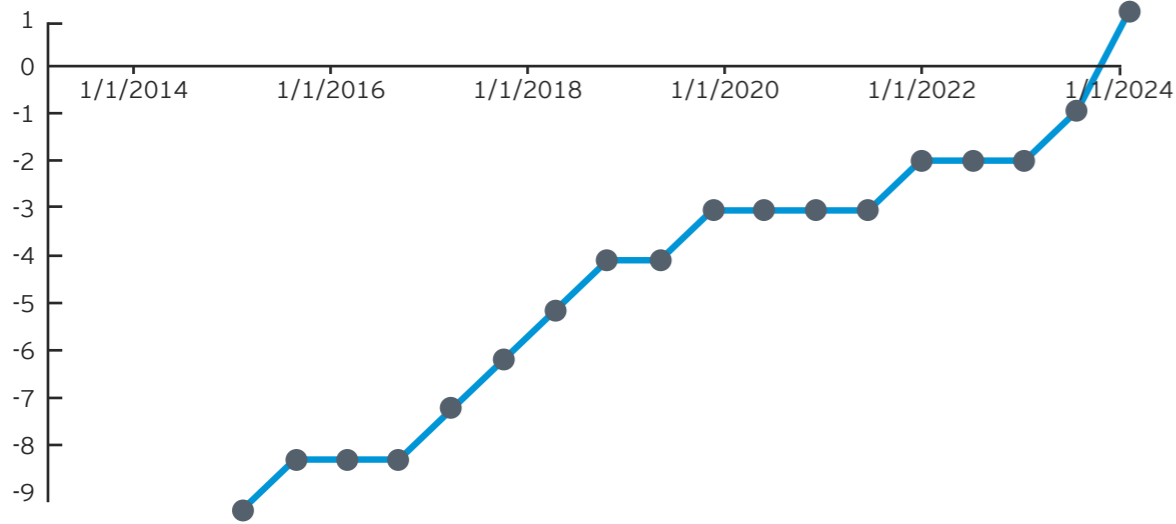


Driving growth: Surge of M&As in the Greek market

Greece's rapid economic expansion and upgraded credit ratings have positioned it as an attractive destination for low-risk investment funds, unlocking substantial global capital inflows.

The surge in M&A transactions, witnessed over the preceding five years within Greece, underscores promising advancements in the nation's economic landscape. Such an upturn bears significance, as it mirrors the stability and propensity of Greece's economy for expansion and creation of hidden value.

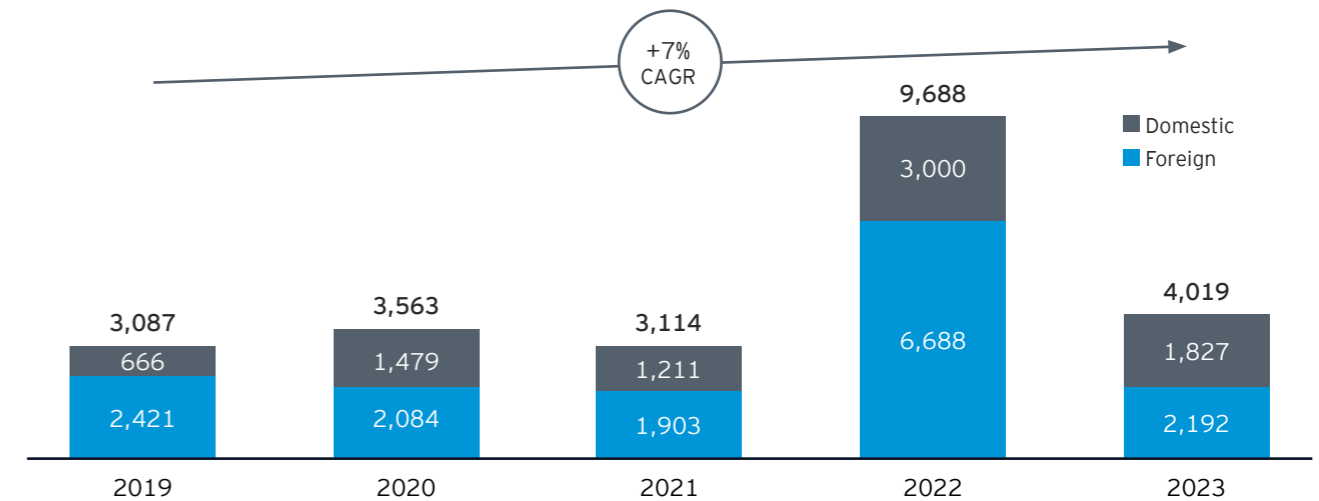
Greece Investment Rating



Source: ceicdata.com

- ▶ Currently, Greece stands as one of the swiftest expanding economies in Europe. Marking a substantial recognition of the nation's transformation, credit rating agencies, such as S&P Global Ratings, have upgraded their appraisal, allowing Greece to regain its investment grade status, inviting further substantial foreign investment.
- ▶ Greece is becoming a safe place for investment for funds with low-risk focused investments. This unlocks a great amount of global capital that can be directed to Greece.

M&A completed deals' volume (in million euro)



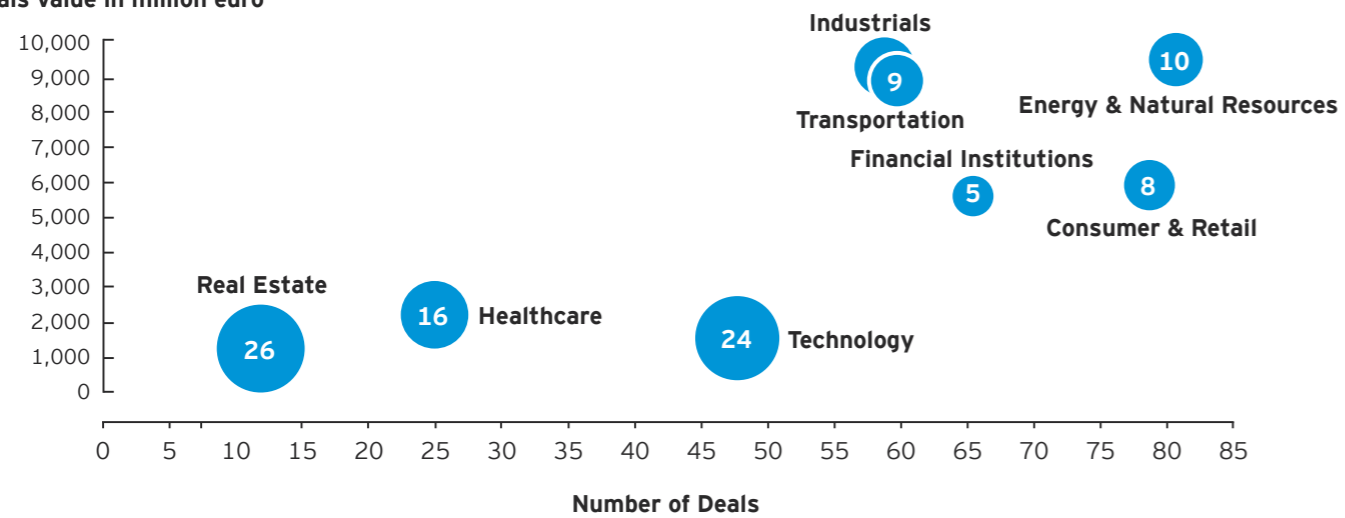
Source: mergermarket.com

The graphical representation above depicts a consistent upward trajectory over the past five years, marked by a noteworthy surge in 2022. This notable increase can be primarily attributed to the deployment of funds previously held during the pandemic period. As a result, a projection

of sustained and tangible growth is anticipated in the forthcoming years. Particularly noteworthy is the substantial rise in foreign investments, indicating Greece's readiness to attract serious global players due to the corporatization and modernization of its economy.

Announced sectoral M&A deals' cumulative value and volume, 2018-23

Deals value in million euro



■ Average EBITDA multiplier to find deal value

Source: mergermarket.com

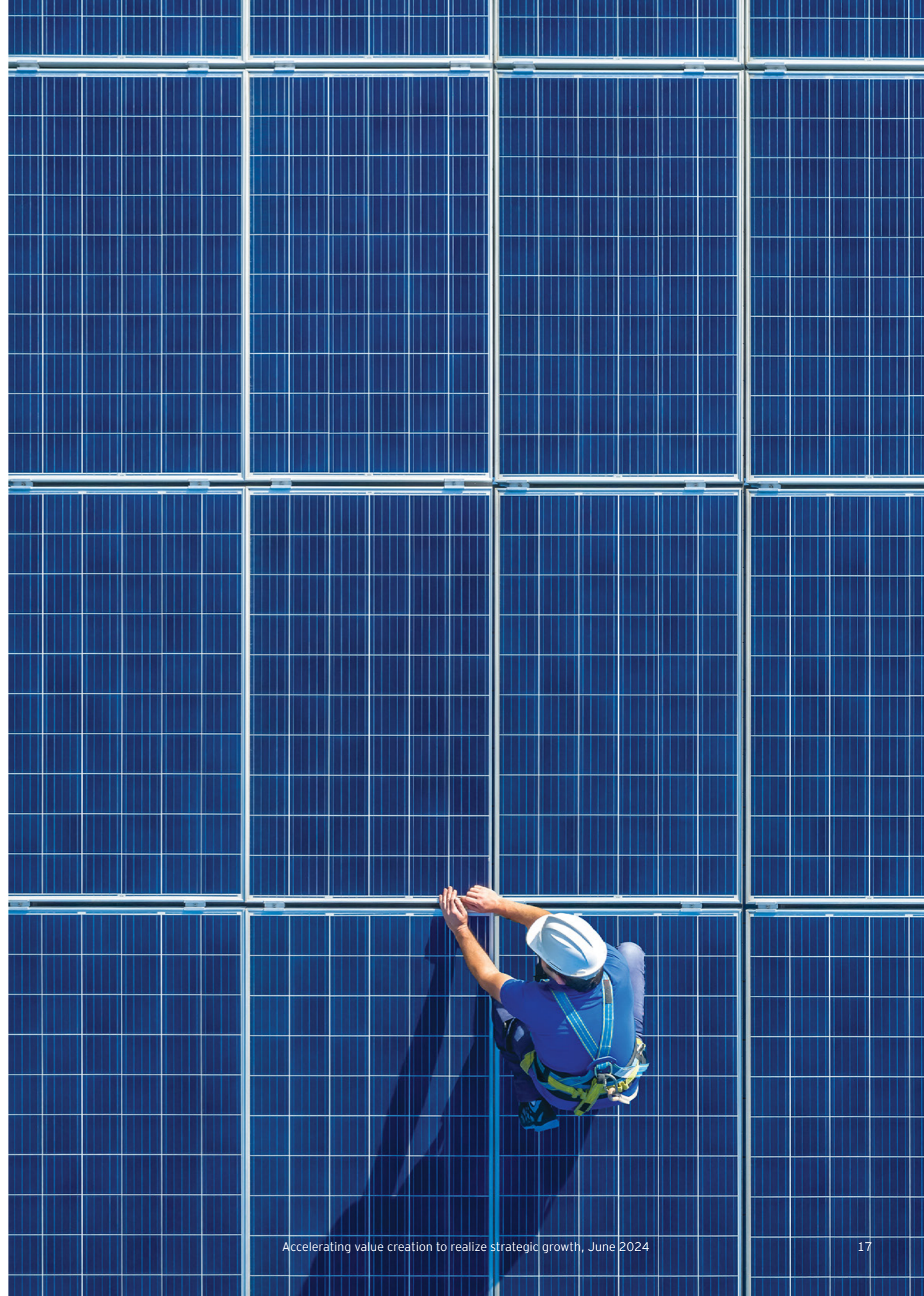
Various sectors have emerged as key drivers of M&A activity, notably energy and natural resources, consumer and retail, transportation, and industrials. This diversification underscores the evolving investment landscape within the Greek economy. A notable aspect of these transactions is the EBITDA multiplier, which is depicted by the size of the bubbles in our analysis.

Most "active"

- ▶ The energy and natural resources sector outperforms every other sector in volume and value of deals. Energy sector is supported from European funding and the green transition that energy companies focus on.
- ▶ The transportation sector stands as a pivotal domain within the economic landscape. Substantial investments have been directed toward positioning Greece as a prominent logistics hub and transportation hub.
- ▶ Lastly, the industrial sector demonstrates robust performance driven by extroversion, innovation, and modernization initiatives.

Most "promising"

- ▶ The sectors with the highest EBITDA multiplier to the final deal value are real estate, and technology.
- ▶ This signifies a promising outlook for both sectors, as the current low EBITDA, in comparison to the deal value, suggests that investors anticipate improved financial performance from the companies. This could stem from assured contracts in the real estate sector or anticipated company growth in the technology sector.



Challenges and opportunities in Greece

In the “realm” of Greek investment, opportunities abound amidst a landscape of complexities. Understanding these challenges is pivotal to navigating Greece’s investment terrain effectively.



Actions that unlock investment opportunities

Sample: 250 Executives from foreign companies responded, 151 located in Greece, 99 outside of Greece, to the question “In your view, where should Greece concentrate its efforts in order to maintain its competitive position in the global economy?” (up to 3 options)



The development of education, reduction of taxation, and support of small and medium-sized enterprises (SMEs) have been identified as opportunities for Greece to bolster its competitive position within the global economy. Most of them show improvement from last year amidst the reduction of labor costs. These targeted initiatives, represent strategic focal points where concerted efforts should be directed to enhance Greece’s economic resilience and sustainability amidst global competition.

Source: EY Attractiveness Survey Greece, October 2023

Main challenges

Sample: 250 Executives from foreign companies responded, 151 located in Greece, 99 outside of Greece, to the question “What do you perceive to be the most important risk regarding Greece’s overall attractiveness as an investment destination?” (up to 3 options)



The acknowledgement of growing inflation, energy challenges/crises, rising labor costs, and regulatory uncertainties, emphasizes the substantial risks influencing Greece’s attractiveness for investment. Addressing these issues is crucial to **preserve the country’s investment environment and uphold its appeal to potential investors.**

Despite the considerable value already generated, there exists ample opportunity for enhancement and addressing challenges to expedite and sustain long-term value creation within Greece’s investment landscape.

Source: EY Attractiveness Survey Greece, October 2023

2

VALUE CREATION DRIVERS



Maximizing value creation: Key investment drivers through 2023

In a fast-paced and challenging environment, businesses face the need to shy away from traditional investment methods and identify alternative ways to accelerate growth and create sustainable value.

What is value creation

Sustainable growth Value creation
Mergers & acquisitions Innovation
Stakeholder engagement

“

Value creation encompasses the dynamic process of generating both short-term and long-term, tangible and intangible benefits, thereby enhancing the collective value and prosperity of entities across diverse sectors.



What does this mean for the public sector

Sustainable development
Economic growth Social equity
Digitalization Green transition

“

Value creation in the public sector involves efficiently utilizing resources, managing and protecting public property, implementing effective policies, and providing high-quality services to meet citizens' needs, thereby maximizing societal well-being, fostering economic growth, promoting social equity, and ensuring sustainable development.

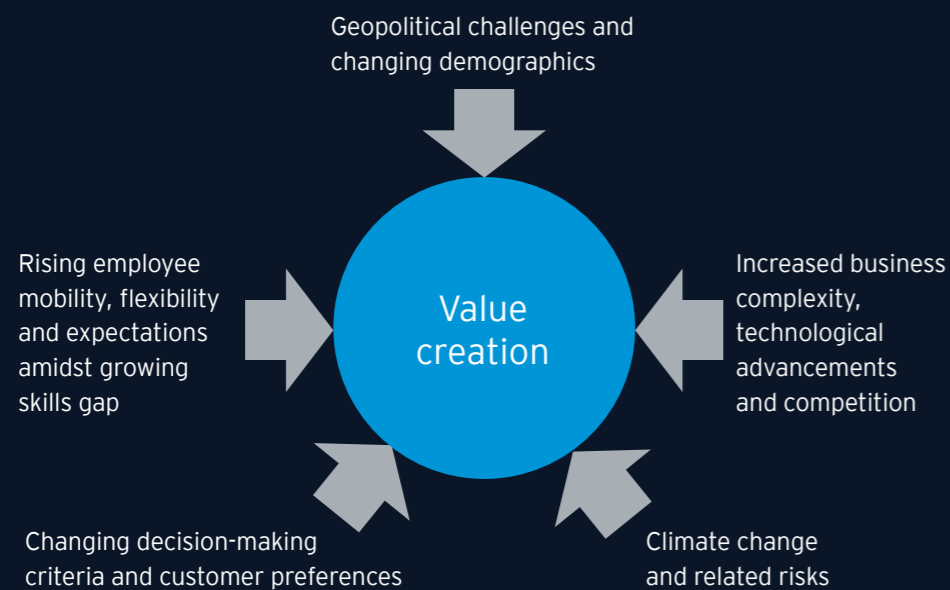




External forces affecting value creation

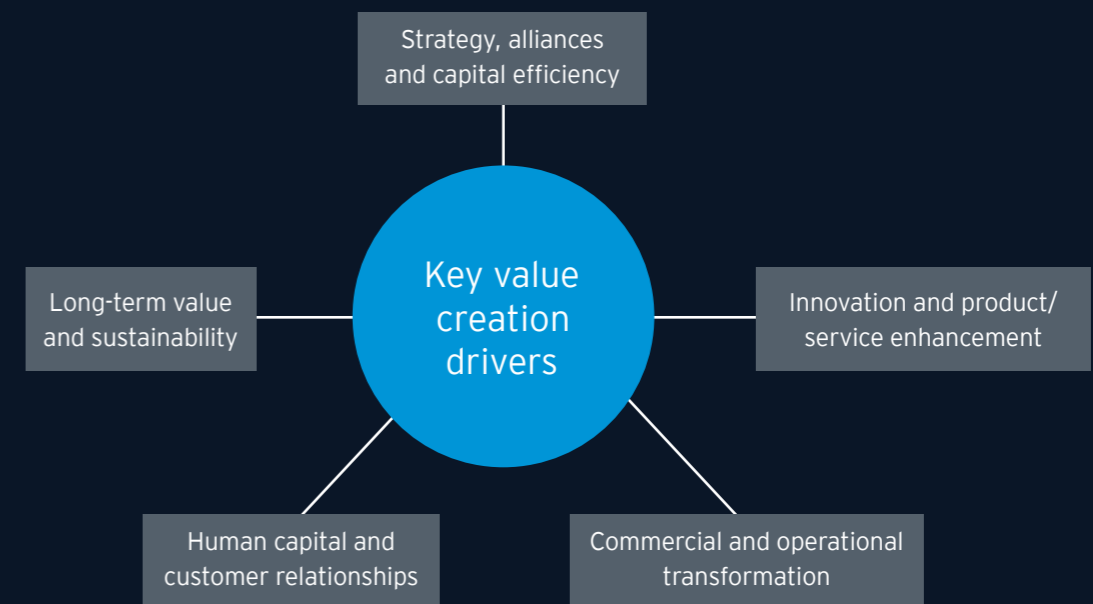
Amidst changing economic landscapes and external pressures, organizations are rethinking their strategies for long-term value creation. They acknowledge that traditional methods such as financial restructuring and cost-cutting, are insufficient in today's volatile and uncertain environment. Thus, they are expanding their approach to value creation, to adapt to the new economic challenges effectively.

External forces affecting business focus and approaches to deliver long-term value creation across stakeholders:



Representing the key value creation drivers

To effectively confront external challenges, it is imperative to foster long-term value creation by harnessing the power of five key drivers. These drivers serve as fundamental pillars, guiding organizations toward long-term growth and resilience.



1

Strategy, alliances and capital efficiency

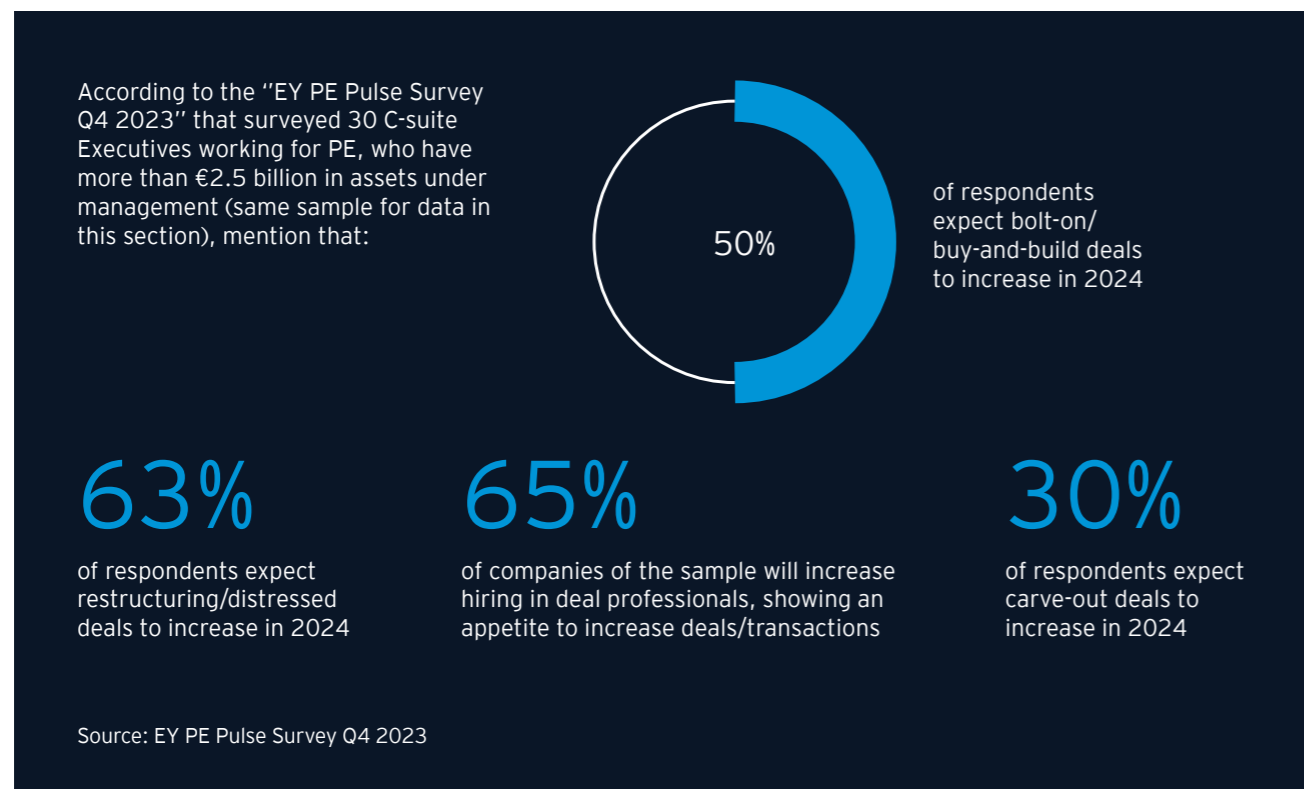
- ▶ Clear strategic vision and efficient management of financial resources
- ▶ Strategic M&A
- ▶ Robust and adaptable business model
- ▶ Adjustable strategic vision to geopolitical threats



- ▶ Improved financial performance, market leadership, sustainable growth and enhanced capital efficiency
- ▶ Diversified revenue streams and increased market share
- ▶ Ability to respond to changing market dynamics, helping it to grow and stay up to date

- ▶ In today's uncertain landscape marked by geopolitical instability and shifting demographics, strategic vision, alliances, capital efficiency, and targeted M&A deals are indispensable for companies navigating ambiguity.
- ▶ Strategy provides a roadmap for seizing opportunities amid uncertainty, while alliances offer strength through collaboration. Capital efficiency ensures judicious resource allocation, which is vital

- ▶ in turbulent times. Targeted M&A deals, strategically aligned, enable companies to bolster capabilities, expand market reach, and drive growth amidst external challenges.
- ▶ Embracing these pillars equips companies to navigate ambiguity effectively, fostering resilience and unlocking opportunities for sustained success in a rapidly evolving business environment.



2

Innovation and product/service enhancement

By prioritizing innovative products or services and integrating advanced technologies (AI, GenAI), corporations can anticipate heightened customer satisfaction, stronger brand recognition, and enhanced competitive advantage. This may result in elevated sales, improved customer retention, and the ability to tap into new customer segments.

Even with challenges such as rising capital costs, investors foresee that substantial technology investment will persist throughout this year.





3

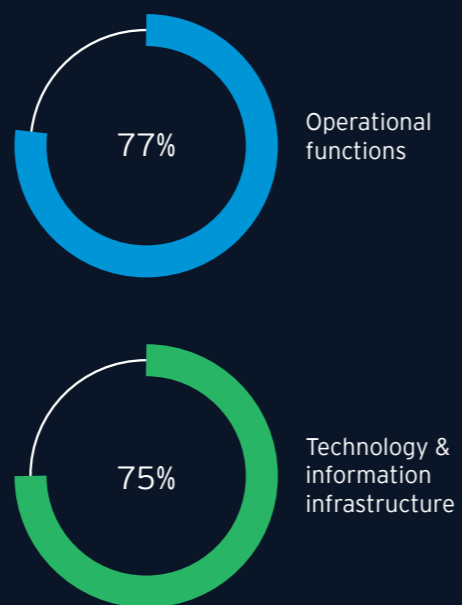
Commercial and operational transformation

- ▶ Streamlining processes
- ▶ Reducing waste
- ▶ Optimizing resources
- ▶ Reduced costs
- ▶ Increased profitability
- ▶ Increased productivity

▶ In the pursuit of operational excellence, companies are embracing transformative technologies to streamline processes and enhance efficiency. Technologies like AI and IoT play a pivotal role in this transformation, offering insights into operations, predicting demand fluctuations, and facilitating real-time monitoring of assets and processes. By harnessing these advancements alongside other innovative solutions, companies can minimize waste, reduce costs, and optimize resource utilization, driving sustainable growth and competitiveness in today's dynamic business environment.

▶ Their strategic emphasis on commercial transformation within the realm of private equity underscores a dedicated effort to drive tangible value creation. By revitalizing business models, optimizing operational efficiencies, and fostering market-centric strategies, they aim to unlock substantial growth potential and profitability across their portfolio.

According to the "EY Transformation Survey Greece 2023", who surveyed 70 C-suite Executives working for Greek and multinational companies, respondents mention that the primary focus areas of transformation programs are:

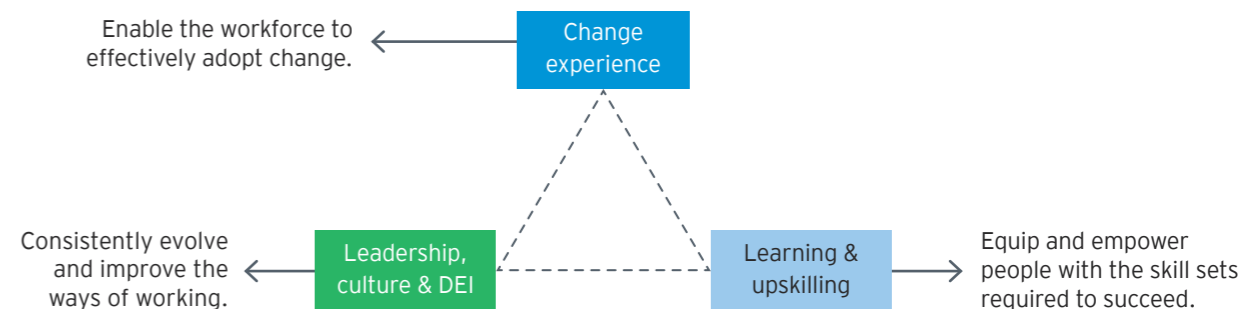


Source: EY Transformation Survey Greece, December 2023

4

Human capital and customer relationships

- ▶ Management team alignment with value creation objectives to effectively orchestrate human capital, can lead to increased productivity, creation of a motivated work environment, and reputation for excellent customer service and loyalty. This can translate into increased revenues, better talent retention, and expansion of the customer base.
- ▶ The company must foster a corporate culture and empower employees by providing the ability to perform and develop professionally.
- ▶ Upskilling and reskilling of employees to adapt to new technologies and processes, can enhance the company's competitiveness and contributes to employee satisfaction.



Source: EY PE Pulse Survey Q4 2023

5

Long-term value and sustainability

- ▶ Sustainability, business resilience, and the pursuit of long-term value have become paramount for companies navigating today's complex business environment. For companies, sustainability initiatives serve as strategic imperatives, aligning operations with ethical and environmental standards, while concurrently mitigating risks associated with regulatory changes and evolving consumer preferences. Beyond fostering goodwill, a robust commitment to sustainability can yield tangible financial benefits, including cost savings through efficiency improvements, enhanced access to capital, and strengthened brand loyalty, ultimately driving long-term profitability and shareholder value.
- ▶ Business resilience, the ability to withstand and rebound from challenges, is equally critical for companies' financial health and long-term value creation. Companies with robust risk management practices and flexible business models are better positioned to weather disruptions, ensuring business continuity and safeguarding shareholder returns.
- ▶ By integrating sustainability efforts and fostering business resilience, companies not only mitigate risks, but also uncover new avenues for growth and innovation. This strategic alignment bolsters financial performance while also enhances competitiveness, positioning companies as stewards of long-term value creation in a rapidly changing landscape.

According to the EY Long-Term Value and Corporate Governance Survey Greece, that surveyed 100 Executives and Board members in Greece:



According to the "EY Sustainable Value Study Greece 2023" that surveyed 75 Executives responsible for sustainability initiatives, working for companies that operate in Greece:



Sources:
 1. EY Long-Term Value and Corporate Governance Survey Greece, November 2023
 2. EY Sustainable Value Study Greece, July 2023

3

NOTABLE CASE STUDIES IN GREECE

Value creation realized: Case studies

Amidst an economic landscape, Greece's investment climate is exhibiting remarkable progress, as detailed in this report; from macro-environment analysis to the evaluating value creation potential. An analysis of Greece's investment environment unveils a complex scenario, where different sectors and market influences intersect to create opportunities for growth. From macro-level factors to intricate aspects of value generation, noticeable enhancements mirror the evolving economic dynamics of the country.

M&A dynamics

The M&A landscape serves as an indicator of economic activity and investor confidence. In Greece, M&A activity has seen significant expansion, especially in transactional deals spanning various sectors. Key industries such as energy, transportation, and industrials have emerged as drivers of this growth, suggesting promising investment and expansion prospects. Moreover, the diverse range of deals in health and life sciences, technology, and real estate reflects a comprehensive transformation in the business environment, demonstrating resilience and adaptability amid evolving market dynamics.

Exploring flagship case studies

Within this section, we will examine diverse sectors, including transportation and logistics, energy, banking, health and life sciences, food and beverage, real estate, and hospitality. Through comprehensive analysis, we aim to explore successful investments in Greece, illustrating effective strategies for value creation across these industries. The objective is to uncover the underlying drivers behind these achievements and offer valuable insights for investors navigating the Greek market.

Transportation and logistics

A leading global alternative investment firm with more than \$50b of capital under management, has performed strategic acquisitions of six groups with international presence, aiming to develop a scalable and expandable transportation and logistics platform.



Main objectives

- ▶ Offer end-to-end services across all primary value chain activities, such as storage, transportation, distribution, etc.
- ▶ Use Greece as a gateway to central Europe and develop a scalable and expandable logistics platform with strong international presence.



Value creation drivers	Description
1 Strategy, alliances and capital efficiency	<ul style="list-style-type: none"> ▶ Organic growth through focusing and upgrading existing strengths, i.e., established partnerships with networks, relationships with key accounts. ▶ Inorganic growth and geographical expansion through acquisitions of companies in the Balkans.
2 Innovation and product/service enhancement	<ul style="list-style-type: none"> ▶ Capitalize on knowledge transfer to enhance quality of provided services. ▶ Take advantage of cross-selling opportunities arising from the provision of a wide pool of services.
3 Commercial and operational transformation	<ul style="list-style-type: none"> ▶ Investment in digital tools to monitor and optimize diverse business processes and functions.
4 Human capital and customer relationships	<ul style="list-style-type: none"> ▶ Enhanced customer experience by ensuring specialization and customization to client needs.
5 Sustainability and societal impact	<ul style="list-style-type: none"> ▶ Commitment to reducing environmental footprint, promoting responsible resources use, supporting local communities, responsible logistics, and embracing innovation (i.e., investing in sustainable logistics solutions).

Expected impact



Targeted increase in revenues from 2022 to 2030

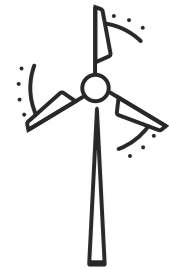
- ▶ Service line growth projected by realizing top-line synergies.
- ▶ Significant revenue increase from cross-selling opportunities.
- ▶ Additional revenues from implementation of automations and digital solutions.
- ▶ Reduced costs as discounts and more beneficial contracts can be achieved with suppliers due to economies of scale.
- ▶ Creation of job opportunities due to increased needs and development of middle-level management positions.
- ▶ Increase in productivity by assigning employees to the right position based on their skills.
- ▶ Operationalizing a sustainability strategy stands as a testament to efforts in empowering sustainability and fostering change, with the least possible impact on the environment.



Through successive acquisitions, operating model redesign and synergy realization, aims to create the leading logistics platform within Greece and Southeast Europe, as well as to offer end-to-end logistics services to clients.

Energy

One of the biggest players in the energy sector in Greece, has performed a strategic structural and corporate governance transformation, making them a more dynamic and flexible company. The new era of the company follows the trends of digital transformation in energy, with sustainable development and circular economy as its axes.



Main objectives

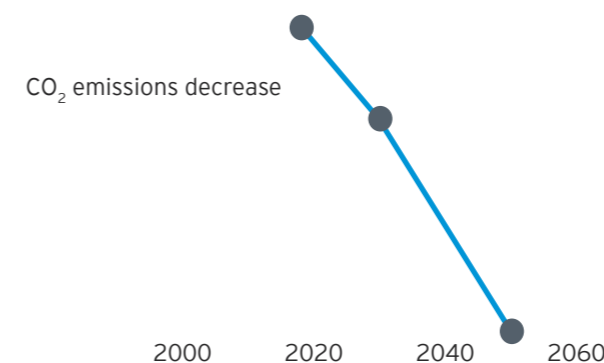
- ▶ New structure to support growth and clarify activities for investors, while aiming for increased market value and investment grade rating.
- ▶ Operational model promotes synergy, direct decision-making, decentralization of management decisions and a strong focus on merit-based HR development.
- ▶ Expand into new opportunities like infrastructure, technology, and international markets.



Value creation drivers	Description
1 Strategy, alliances and capital efficiency	<ul style="list-style-type: none"> ▶ Strategically positions itself at the forefront of the energy transition as a leading and integrated “green” utility, with an international presence. ▶ Establish itself as a point of reference for competitive “green” metallurgy in the European landscape. ▶ Equity story simplified to unlock hidden value.
2 Innovation and product/service enhancement	<ul style="list-style-type: none"> ▶ The product/service enhancement is at the center of the structural transformation, leading the company to offer innovative solutions in trending sectors such as infrastructure, technology, as well as in new geographies. ▶ This will diversify the company’s revenue streams.
3 Commercial and operational transformation	<ul style="list-style-type: none"> ▶ Corporate transformation upgrades the company in the infrastructure space, with the creation of two new subsidiaries, which will be strategically positioned. The company will split in two independent entities based on their activities; energy and metal. ▶ Modernize corporate governance by replacing executive committee with a “Cabinet of the CEO”, to speed up decision-making processes. ▶ Leadership Council - a new management innovation, is introduced.
4 Human capital and customer relationships	<ul style="list-style-type: none"> ▶ The new merit-based approach will boost human resources development, efficiency and productivity.
5 Sustainability and societal impact	<ul style="list-style-type: none"> ▶ The achievement of the goals 2030 and 2050 net zero goals, is facilitated through actions to reduce energy consumption and increase the energy supply from RES.

Expected impact

44% ↑ Increase in revenues from 2021 to 2023



This transformation depicts the company’s efforts to modernize and not only be established as a major player in the Greek market, but also as a competitive actor in international markets. The new structure unlocks growth opportunities and secures a high-efficiency governance structure.

Banking

Designed and implemented a value creation strategy for the retail mass segment of a systemic bank in Greece, focusing on maximizing revenue generation through cross/up-selling, and minimizing servicing costs through rigorous management of value “destroyers”.



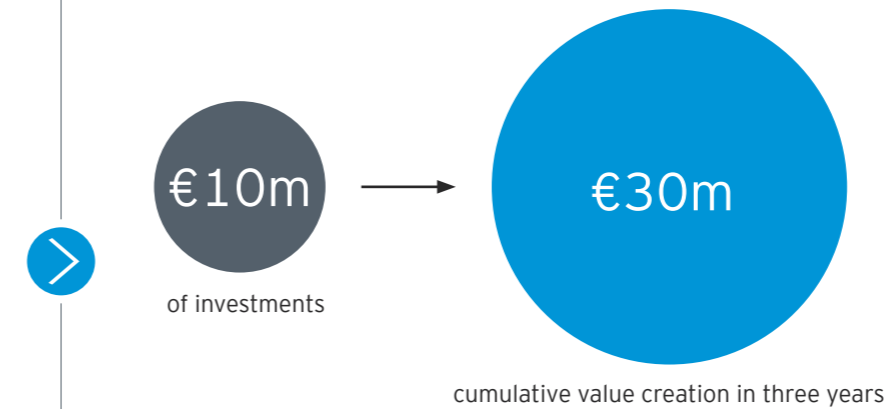
Main objectives

- ▶ Sub-segmentation of mass customer bases and definition of a value-based servicing model.
- ▶ Repurpose branch network as a channel for complex sales, by centralizing servicing activities, providing sales tools and upskilling Relationship Managers.



Value creation drivers	Description
1 Strategy, alliances and capital efficiency	▶ Alignment of client service level with current and potential customer value and redesign of branch blueprint, aiming to reduce cost to serve, but also increase sales effectiveness through new technologies and upskilling.
2 Innovation and product/service enhancement	▶ Design of a new, value-based servicing model aiming to manage value destroyers and increase the value of high-potential customers.
3 Commercial and operational transformation	▶ Top-line growth driven by a 56% increase in sales meetings on the back of centralization of non-sales activities and new sales tools.
4 Human capital and customer relationships	▶ Intensive upskilling program and establishment of a high-touch RM-like model for priority mass customers.
5 Sustainability and societal impact	

Expected impact



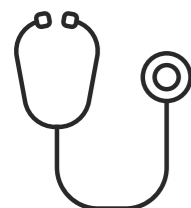
25% weighted average increase in time of sales activities, resulting to more client meetings and thus more product sales



The value created here is expected to be a +3% in net revenue retention when the project is fully phased (2026 onward) and €20m of net cumulative value is created within four years time.

Health and life sciences

A leading global private equity investment fund (more than €110b in assets under management), has established a major group in the health and life sciences sector through acquisitions of major primary and secondary healthcare companies in Greece and Cyprus, holding dominant position (largest market share) among privately owned hospitals.



Main objectives

- ▶ Offer a holistic and integrated value chain healthcare ecosystem (diagnostic centers, hospitals, maternity clinics, IVF), providing end-to-end diversified services to patients.
- ▶ Provide top-notch services, utilizing state-of-the-art technology, to attract domestic and international patients.



Value creation drivers	Description
1 Strategy, alliances and capital efficiency	<ul style="list-style-type: none"> ▶ Organic growth, through leveraging inter-company synergies and operational efficiencies. ▶ Inorganic growth, through vertical and horizontal acquisitions of healthcare companies.
2 Innovation and product/service enhancement	<ul style="list-style-type: none"> ▶ Strong brand recognition, with focus on quality of services. ▶ Integrated and interconnected offerings, enabling cross-selling of services (primary and secondary care) and products (medical supplies) across companies and geographies.
3 Commercial and operational transformation ¹	<ul style="list-style-type: none"> ▶ Companies financially and operationally optimized post-acquisition, with economies of scale being into effect. ▶ Investments in technology, aiming to optimize the patient journey and increase customer satisfaction.
4 Human capital and customer relationships ²	<ul style="list-style-type: none"> ▶ >20% reduction in patient complaints. ▶ >25% increase in employees trained. ▶ Generation of additional jobs (5% increase in employees). ▶ Emphasis on the employment of young people (2% increase in 2022 - 26% in 2021).
5 Sustainability and societal impact	<ul style="list-style-type: none"> ▶ >30% electricity from renewable sources. ▶ >80% reduction in oil consumption. ▶ >10% reduction in gas consumption. ▶ Silver award from EcoVadis for the socially responsible practices in entrepreneurship and sustainability.

Sources:
 1. 2022 data, % change from the previous year
 2. EY-Parthenon analysis; Estimations based on Group's largest assets

Expected impact

>50% ↑ increase in group revenues during 2018-22

> **~2x** increase in group EBITDA during 2018-22

>25% ↑ increase in group EBITDA margin during 2018-22

The group, through acquiring, optimizing and enhancing a diverse portfolio of assets that offer complementary services within the health and life sciences sector, has successfully harnessed substantial commercial and operational synergies, further improving its market-leading position.

Food and beverage

A leading global alternative investment management firm focused on private equity, secondaries and credit, with more than €180b of assets under management, acquired the biggest Greek player in dairy and drinks, frozen foods, food services and entertainment. This transaction was followed by five acquisitions and two divestments from the acquired company, the last three years, depicting the aim of the initial investment; to be the leader in the above sectors.



Main objectives

- ▶ The restructuring of the holdings company.
- ▶ Establishing the company as the leader in all the sectors in which it is active.
- ▶ The focus is on modernizing and developing each subsidiary.



Value creation drivers	Description
1 Strategy, alliances and capital efficiency	<ul style="list-style-type: none"> ▶ The targeted acquisitions and the development of the subsidiaries enhanced the company's leading position in the various active sectors. ▶ The exports and acquisitions increase was a strategic goal that improved the holding company's financial results.
2 Innovation and product/service enhancement	<ul style="list-style-type: none"> ▶ The company's plan foresees investments in new store concepts, but also new product proposals, with the focus being on creating a unique and digitalized customer experience. ▶ Expansion of companies in new markets, such as Saudi Arabia, Romania, etc.
3 Commercial and operational transformation	<ul style="list-style-type: none"> ▶ The group is acquiring companies with the aim of creating economies of scale, cross-selling and cooperation opportunities between the subsidiaries. ▶ At the same time, all companies are run as independent, and there is a strong focus on transforming each of them in a financially healthy, modern and competitive player in their respective sectors. ▶ The fund transformed the financial liabilities for the group, by unshackling the cross-collateral terms between the companies, after a deal with systemic banks.
4 Human capital and customer relationships	<ul style="list-style-type: none"> ▶ Customer service and customer relationships are in the center of the group's plans. The focus is on delivering products to every geographic segment in Greece, even by acquiring other local players. ▶ Enhancement of customer journey with the improvement of in-store and digital experience.
5 Sustainability and societal impact	

Expected impact

+12% Increase in revenues from 2020 to 2022



This investment plan undoubtedly creates enormous value for the Greek economy, transforming companies, from the state of default to market leaders. Except of the social value created, these companies have now managed to lead the sectors they compete in and are showcasing stable and robust growth.

Real estate

The owner of one of the largest property portfolios, encompassing over 35,000 properties, has analyzed a representative property sample. Due to limited information available for many properties in the portfolio, this analysis aims to facilitate the design of strategies that enhance the company's efficiency.



Main objectives

- ▶ Understand the quality and commercial potential of the assets held in the portfolio.
- ▶ Segment the portfolio into groups of properties based on specific criteria to facilitate the company's ability to exploit them.



Value creation drivers	Description
1 Strategy, alliances and capital efficiency	<ul style="list-style-type: none"> ▶ Increase the number of properties that are under exploitation and improve the terms under which assets are currently exploited. ▶ Reduce the number of properties held in the portfolio that do not have development potential.
2 Innovation and product/service enhancement	<ul style="list-style-type: none"> ▶ Based on the conclusions drawn from the sample analysis, gathered all available technical and legal information for strategically selected property groups, identified any gaps, and proceeded with relevant remediation efforts to prepare more properties for commercial exploitation.
3 Commercial and operational transformation	<ul style="list-style-type: none"> ▶ The sample analysis revealed deficiencies in the quality, sufficiency, and appropriateness of data held per property within the company's assets registry/management platform. As a result, recommendations for remedial actions were made to enhance the company's capacity for effective portfolio management.
4 Human capital and customer relationships	<ul style="list-style-type: none"> ▶ Identification of key personnel within the company who possess valuable knowledge for major property groups, particularly if this information is not formally recorded. ▶ Recording and analyzing this information and integrating it into strategy design.
5 Sustainability and societal impact	

Expected impact
<ul style="list-style-type: none"> ↑ Increase in rental revenues and sales proceeds from improved efficiency in the commercial exploitation of properties. ↓ Reduction of operating expenses resulting from the optimization of the portfolio.
<ul style="list-style-type: none"> ↑ Increase in company's revenues due to expediting the commercial exploitation of selected properties. This also provided financing for preparing other properties for commercial use.
<ul style="list-style-type: none"> ↑ Increased efficiencies in the management of the property's portfolio resulting from the improved information that can be shared among different departments in the company (technical, legal, and commercial departments).
<ul style="list-style-type: none"> ▶ Safeguarding valuable information to prevent loss, while simultaneously enhancing personnel motivation and productivity.



The creation of the platform within the real estate sector, will establish and enhance Greece's unique location and characteristics and, among others, create value for the Greek economy.

Hospitality

An international hospitality group known for a diverse portfolio of design-led boutique hotels has been investing in Greece the last five years, planning to expand from the current 13 units to more than 40 in Greece and Cyprus.

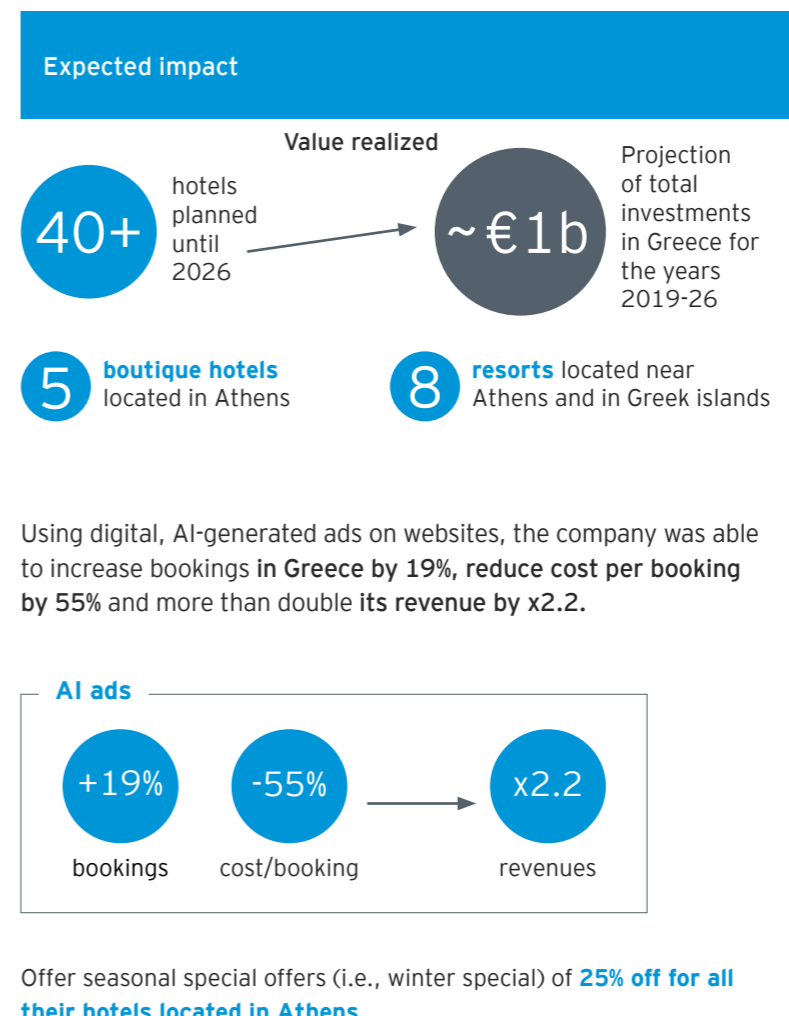


Main objectives

- ▶ Current capacity from 2019, is 4,000 rooms, with 2,000 employees and 13 hotels across Greece. Plan is to exceed 40 hospitality units.
- ▶ Expansion of services from design-led boutique hotels to big all-inclusive hospitality units in Athens, near Athens destinations and Greek islands.



Value creation drivers	Description
1 Strategy, alliances and capital efficiency	▶ The company started its activity in Greece in 2019 with the launch of operations in Omonoia, and since then, it has bet to increase investments in the center of Athens, which has done by reviving the greater Omonoia area. Afterward, it has dynamically expanded outside of Athens, in the resorts space.
2 Innovation and product/service enhancement	▶ The group was mostly focused on design-led boutique hotels. ▶ However, they have also opened an all-inclusive type of hotel, and they plan to expand this section in Greece and other countries as well.
3 Commercial and operational transformation	▶ Their goal is the revival and regeneration either of urban or suburban areas. The transformation of ex-successful areas, unlocks their hidden value, and focus is on capitalizing on it with modernized and high-quality hospitality solutions.
4 Human capital and customer relationships	▶ Signing memorandums of understanding with colleges for employee upskilling. ▶ The current workforce numbers 2,000 employees with a significant increase to be expected as the investment plan moves forward. The upskilling of the workforce will also create value for the hospitality sector by offering higher quality of services.
5 Sustainability and societal impact	



Greece stands as a prominent player in the global hospitality industry, a testament to its significant investment initiatives swiftly executed, demonstrating substantial value creation for both private enterprises and the public sector.

4

ACCELERATING VALUE CREATION

Further potential for value creation in Greece to be realized

- ▶ After presenting notable sectoral case studies illustrating successful investments in Greece, it is imperative to highlight that these initiatives have yielded significant value by leveraging essential investment drivers, including strategic alliances, innovation, transformation, human capital development and customer relationship management, as well as sustainability initiatives.
- ▶ These endeavors have resulted in both organic and inorganic growth, achieved through strategic partnerships and facilitated by geographical expansion, modernization of corporate governance practices, capitalizing on cross-selling opportunities, and enhancing customer experiences.
- ▶ Additionally, a strong emphasis has been placed on the realization of sustainability objectives. Nonetheless, it is evident that there remains substantial latent value awaiting to be realized.

Areas, within five drivers, that could unlock further value creation potential

Strategy, alliances and capital efficiency

- ▶ Setting a clear strategic vision.
- ▶ Executing targeted M&As.
- ▶ Redesigning the operating model and realizing both revenue and cost synergies can enhance the ability to remain proactive in response to changing market dynamics, overall strengthening market and financial position.

Innovation and products/services enhancement

- ▶ Introducing new products or enhancing existing ones with advanced features or improved functionalities, can attract new customers and increase market share.
- ▶ Offering personalized products or services tailored to individual customer preferences and needs, can enhance customer satisfaction and loyalty.
- ▶ Leveraging data analytics and customer feedback to gain insights into market trends, preferences, and pain points, can inform product development efforts and drive innovation.

Sustainability and societal impact

- ▶ Implementing energy-efficient practices and technologies, can reduce operational costs and environmental impact.
- ▶ Minimizing waste generation and implementing recycling programs, can lower disposal costs and enhance resource efficiency.
- ▶ Developing sustainable products and services can attract eco-conscious consumers, drive sales, and differentiate the brand in the market.

Value creation

Commercial and operational transformation

- ▶ Redesigning organizational structures and workflows to improve agility, collaboration, and decision-making, can enhance efficiency and innovation.
- ▶ Cultivating a culture of innovation, adaptability, and continuous learning, can facilitate successful transformation initiatives
 - ▶ Leveraging emerging technologies such as artificial intelligence, cloud computing, and data analytics, can streamline operations, enhance customer experiences, and create new revenue streams.

Human capital and customer relationships

- ▶ Acceleration of value creation from managing ExCo team dynamics in a differentiated way.
- ▶ Delivering exceptional customer service, personalized interactions, and addressing customer feedback, can increase customer satisfaction, loyalty, and advocacy.

As shown in this report and the case studies examined therein, Greece combines macroeconomic traits and distinctive prospects, which -if capitalized properly- can unlock short- and long-term value for both private entities and public organizations.

The case studies presented in this report highlight Greece's

potential for investment value creation. While these cases have already yielded success, they also point to untapped opportunities for further value creation.

Greece's resilience and growth across sectors make it an attractive destination for investors seeking emerging opportunities in a dynamic market.



METHODOLOGY

ACKNOWLEDGEMENTS

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The primary objective of this report is to address the inquiry “Accelerating value creation to realize strategic growth”. It aims to scrutinize whether particular sectors and compelling justifications for investment exist.

The assessment of real gross domestic product, inflation, foreign direct investment and fixed capital formation datasets, relies upon data provided by Oxford Economics and the Organization for Economic Co-operation and Development (OECD). Oxford Economics enjoys global recognition for the accuracy and reliability of its data and forecasts. Additionally, the OECD is esteemed as one of the world’s largest and most credible sources of comparative socio-economic data and analysis. The data regarding the Recovery and Resilience Facility (RRF) allocation and the Greek Government’s debt is sourced from Eurostat, renowned as the most reliable data repository for European countries. Lastly, Greece’s investment grade rating is based on Bloomberg data, which is a leading authority in financial markets reference data. Lastly, we incorporated data and insights from: EY PE Pulse Survey 2023, EY Attractiveness Survey Greece 2023, EY Long-Term Value and Corporate Governance Survey Greece 2023, EY Transformation Survey Greece 2023.

The analytical rationale stems from a macroeconomic perspective, juxtaposing Greece’s performance against that of the EU and the OECD, to evaluate overarching economic conditions and the trajectory and robustness of economic growth. This provides valuable insights into future business prospects and company performance. Subsequently, attention was directed towards identifying key drivers poised to enhance value creation and delineating the challenges and opportunities within the Greek economic landscape. Utilizing merger and acquisition (M&A) data affords an understanding of the prevailing sectors in Greece and those likely to act as catalysts to the nation’s economic transformation, thereby enabling a clearer understanding of capital allocation and focus within the country. Furthermore, case studies have been incorporated to substantiate the value generated from investments in burgeoning sectors.

* This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

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