



15<sup>th</sup> Annual Report for Greek Ferry Market 2016

**«Back to Profitability with concerns»**

*August 2016*

## INVITATION INSTEAD OF PREAMBLE

This year, instead of making a preamble, we proceed towards an open invitation in order to stop a humiliating incident that occurs in the heart of the biggest port of our country, Piraeus. An old coastal ship, with a history and offer of her own, whose shipping company was financially collapsed, “Panagia Tinou” was seized by organizations and creditors of high influence, among others by the Piraeus Port Authority (OLP) and the Navy Retirement Fund (NAT). The situation is not unusual and has already happened too many times in the past to many other vessels, the shipowners of which went bankrupt.

Waiting for the long standing procedures about her auction, the vessel “got tired” and leaned dangerously



touching the bottom of the harbor, “unable” to understand what a resourceful man deals with. And it was only then, that the –confused about the responsibility - people in charge started to (unsuccessfully) pumping out the waters in order to bring her in the upright position as a bright spot of Greek Ferry Market, adorable by the passengers and not only by them. Perhaps the real purpose of the pumping was to prevent any further environmental disaster as the ship was finally abandoned, leaning to the side and taking a rest from the “experiments” of bureaucrats, bearing no seamanship at all.



The vessel that once used to give life in many islands, now unwillingly stands as a “wrecking terror” to all the passengers of the port, abandoned by the humans, similarly to the successful exhibition of damaged scrap by car accidents in major highways that Police imposes with a warning “Drive Carefully”.

So, we are inviting you, our dearest bureaucrats, to put an end to this situation immediately. Move the vessel as it is technically possible to happen directly without any problem with a very low cost at the same time. Moreover, do not refer to the cost as the vessel’s value has already been humiliated by the proud

respect you show to the procedures and delays.

Act immediately in order the vessel not to be seen by the people who will return from their vacation. Act immediately, for those who tireless work for the preservation of the Greek Shipping Miracle and cannot tolerate watching this maritime misery from their offices. A trace of naval dignity needs to be found, because the matter is no political, it is Maritime.

“Remove the Panagia Tinou vessel immediately”

## NOTE TO THE RECIPIENTS

*This study (the “Study”) was exclusively prepared for displaying information related to the Review and Analysis of the Greek Ferry Sector focusing on four major companies. The information contained in the study are reportedly dated July 2016 (unless stated otherwise).*

*This Study contains a number of references to laws, agreements and documents. Accurate and complete descriptions of laws, agreements or documents to which the study is reported to are not mentioned. Nevertheless, the Study reports predominantly throughout the text of laws, agreements or documents.*

*This Study was prepared and distributed by the company XRTC – Business Consultants. The content of the information in the Study is derived from information provided by the Ferry Companies, including information gathered from public sources.*

*The company XRTC - Business Consultants does not make or give any kind of representation, warranty or commitment (direct or indirect) nor assumes any responsibility as to the accuracy or correctness of the Study as far as the reasonableness of any estimates, projections, assumptions or opinions referred to therein. The Study does not constitute a recommendation of acceptance of funding from XRTC-Business Consultants company for any recipient of this information. This Study is not the only decision criterion for funding or investment in shipping companies. With the acceptance of this Study each recipient simultaneously accepting the necessity of further personal research and due diligence so as judged necessary by the recipient.*

*The Study was published with a sole purpose of information use for the recipient.*

*The Study and the information contained therein must be used by the recipient in totally confidential basis and cannot be disclosed, reproduced or used in part or in whole for any other purpose, nor be forwarded to another person without the written consent of XRTC-Business Consultants company. The recipient may disclose or display this information to executives or employees or consultants associated with the Study.*

*XRTC Business Consultants 1999-2016*

## CONTENTS

<b>LIST OF TABLES .....</b>	<b>5</b>
<b>LIST OF FIGURES .....</b>	<b>5</b>
<b>MAIN POINTS OF THE STUDY .....</b>	<b>6</b>
<b>1. INTRODUCTION.....</b>	<b>7</b>
<b>2. GREEK FERRY SECTOR MARKET PRESENTATION.....</b>	<b>8</b>
2.1. MARKET OVERVIEW .....	8
2.2. DEMAND ANALYSIS OF LISTED COMPANIES AND HELLENIC SEAWAYS .....	9
2.3. OFFERING CAPACITY ANALYSIS OF LISTED COMPANIES AND HELLENIC SEAWAYS .....	12
2.4. SHAREHOLDING STRUCTURE OF MAIN PLAYERS .....	14
<b>3. MARKET FINANCIAL ANALYSIS .....</b>	<b>15</b>
3.1. COST ANALYSIS.....	15
3.2. OPERATING REVENUES.....	16
3.3. EBITDA ANALYSIS .....	18
3.4. INCOME BEFORE TAXES .....	19
3.5. BANK DEBT .....	21
3.6. MARKET'S COMPARATIVE ANALYSIS.....	22
<b>4. PRESENTATION AND ANALYSIS OF COMPANIES.....</b>	<b>25</b>
4.1. LISTED.....	25
4.1.1. ANEK LINES .....	25
4.1.2. ATTICA GROUP .....	28
4.1.3. MINOAN LINES .....	30
4.2. NON LISTED COMPANIES .....	32
4.2.1. HELLENIC SEAWAYS .....	32
4.2.2. OTHER COMPANIES .....	35
▶ <b>RISK ANALYSIS.....</b>	<b>37</b>
▶ <b>SWOT ANALYSIS.....</b>	<b>40</b>
▶ <b>CONCLUSIONS – PROPOSITIONS .....</b>	<b>41</b>

## LIST OF TABLES

Table 1: Overview of Listed Companies and Hellenic Seaways.....	7
Table 2: Fleet per shipping group .....	13
Table 3: Comparison of transportation volumes <i>ανεκ</i> lines 2014/2015 .....	26
Table 4: Key financial figures ANEK LINES (2010 - 2015).....	27
Table 5: Key indicators ANEK LINES (2010 - 2015).....	27
Table 6: Key financial figures ATTICA GROUP (2010 - 2015).....	29
Table 7: Key indicators ATTICA GROUP (2010 - 2015) .....	29
Table 8: Key financial figures MINOAN LINES (2010 - 2015) .....	31
Table 9: Key indicators MINOAN LINES (2010 - 2015).....	31
Table 10: Key financial figures HELLENIC SEAWAYS (2010 - 2015) .....	33
Table 11: Key indicators HELLENIC SEAWAYS (2010 - 2015).....	34
Table 12: Small-Medium Sized Greek Ferry Companies .....	35
Table 13: Market's environment analysis .....	40

## LIST OF FIGURES

Figure 1: Greece's Transport Volume 2009-2015 (Listed Companies and HSW).....	8
Figure 2: Tourist Arrivals in Greece (1996-2015) .....	9
Figure 3: Passenger Transport Volume 2009-2015 (Listed Companies and HELLENIC SEAWAYS).....	9
Figure 4: Market Shares of Car Traffic Volume 2009-2015 (Listed Companies and HELLENIC SEAWAYS) .....	10
Figure 5: Market Shares of Trucks Traffic Volume 2009-2015 (Listed Companies and HELLENIC SEAWAYS) ..	11
Figure 6: Fleet Development of Listed Companies and Hellenic Seaways 2000-2015 .....	12
Figure 7: Fleet Development per Vessel Type 2000 – 2015 .....	13
Figure 8: Analysis of Voting Rights 2016 .....	14
Figure 9: Fuel & Lubricants Cost Development 2009-2015 (Listed Companies & HSW).....	15
Figure 10: Fuel & Lubricants Cost Evolution as % of Operating Costs (2009 - 2015).....	16
Figure 11: Evolution of Operating Revenues-Regional Distribution 2009-2015 (Listed & HSW) .....	17
Figure 12: Evolution of Revenues – Regional Distribution (Listed & HSW 2009 - 2015).....	17
Figure 13: Revenues Comparison per Transported Unit Equivalent in Greece & Abroad (2009 - 2015).....	18
Figure 14: EBITDA of Listed Companies & HSW (2009 - 2015).....	19
Figure 15: EBITDA Annual Development per Company (2009 - 2015).....	19
Figure 16: Income before Taxes Vs EBITDA Margin/Transported Unit Equivalent (2009 - 2015).....	20
Figure 17: Vessels' Impairment of Listed Companies & Hellenic Seaways (2009 - 2015).....	20
Figure 18: Bank Debt of Listed Companies and HELLENIC SEAWAYS (2009 - 2015).....	21
Figure 19: Evolution of Key Market Indicators (2009 - 2015) .....	23
Figure 20: Annual Evolution of Key Market Indicators (2009 - 2015).....	24
Figure 21: Annual Evolution of Key Market Indicators (2004 - 2009).....	24
Figure 22: ANEK LINES Fleet Evolution (2006 - 2015) .....	25
Figure 23: ATTICA GROUP Fleet Evolution (2006 - 2015).....	28
Figure 24: MINOAN LINES Fleet Evolution (2000 - 2015).....	30
Figure 25: HELLENIC SEAWAYS Fleet Evolution (2006 - 2015).....	32
Figure 26: Analysis of Oil Prices .....	37
Figure 27: Evolution of Fuel Prices and EUR/USD Exchange Rate.....	38
Figure 28: Bankruptcy Risk Analysis .....	39

## **MAIN POINTS OF THE STUDY**

1. Positive results with dangerously reduced volumes due to crisis and inelastic freights.
2. The continuing increase in tourist arrivals has not a particular positive effect in Ferry companies' passenger volumes.
3. The fall in oil prices is the main reason for the positive financial results of the companies.
4. Increased competition from the airline companies is the main reason for the reduction in traffic volumes of Greek Coastal Shipping beyond the performance of Greek Economy.
5. After 5 consecutive years of cumulative losses of €935 million the companies we examine recorded EBITDA of approximately €170 million and net income of €56.4 million.
6. The actual passenger traffic in 2015 is estimated to show a decrease of 7%, not taking into consideration the refugee movement.
7. The imposed capital controls during the two most important months (July/August 2015) and the negative general economic condition played a deterrent role to domestic tourism and therefore to the use of coastal means of transport.
8. The remaining major Ferry Shipping Companies are now four (three listed and Hellenic Seaways) after NEL has left the industry.
9. The merger trends continue in order the companies to deal with shrinking. ANEK-ATTICA consortium continues its operation in the lines of Crete and Adriatic Sea, while the Grimaldi Group continues its effort to acquire Hellenic Seaways through Minoan Lines, hoping that Piraeus Bank, the other major shareholder of Hellenic Seaways, will declare a tender for the disposal of its own percentage (39,5%)
10. Smaller companies managed to survive in the market and increase their fleet
11. High transport demand, mainly attributed to the refugee crisis, prevents tourist volumes in the islands of the Eastern Aegean Sea.
12. The continuing fall in transportation volumes prevents any further decline in ticket prices
13. Companies still show high operating costs. That makes them vulnerable to external dangers.



## 1. INTRODUCTION

The following Study is the 15<sup>th</sup> annual comprehensive study on the Greek Ferry Market elaborated by XRTC Business Consultants Ltd.

Efforts to rationalize the companies' operation, the upgrading of their services, the renewal of their fleet and the completion of their debt restructuring, undoubtedly helped the sector to recover. In recent years companies made considerable efforts to continue their operations. The fall in oil prices was a "helping hand" in the necessity of the companies to turn into profitability during 2015.

Still, supply by itself cannot reverse the negative climate. Demand is the factor that can balance the situation. The decline in demand derives from the extraordinary situation that the country faces and companies seek way outs to offset the revenues stemming from a shrinking domestic market. As a result, ATTICA managed to open new sea routes for the deployment of its vessels through a new company established with Moroccan shareholders. The Morocco – continental Europe Line is highly promising and of course not the only line that Greek Ferry owners may expand. This is the first step made after almost a decade of introspection of Greek Coastal Shipping and certainly after a period of deep crisis, where many vessels were removed from the market, vessels that could have contributed to the sector's necessary internationalization.

Nevertheless the companies have not exhausted their rationalization efforts yet. On the other hand their effort to cover the offering capacity by overwhelming the market with offers in the late dates of July is not the appropriate one. The coastal shipping companies do not suffer any more by the internal competition. They suffer by the competition with the airlines.

In today's Greek economic downturn, we witness millions of unemployed people and thousands of shut downs in the market; nothing seems to prepare us for "better days to come".

The Greek Ferry shipowners managed to survive after their big investments in newbuilding vessels, the large number of their fleets in the past decade and the high oil prices. Following the restructuring of their high debt their loans perform now normally. But the current economic crisis in Greece is not unfortunately a temporary one and if the shipowners want to increase the levels of domestic tourism they should proceed in freight reductions for both passengers and cars. This could happen should a series of external factors, such as fuel costs and traffic, stabilize, accompanied by a mixture of internal reorganization of the companies.

The overview of the companies analyzed in this Study comes as follow:

**TABLE 1: Overview of Listed Companies and Hellenic Seaways**

Companies	Number of Employees	Number of Vessels	Pax	Cars	Trucks
Attica Group	1.077	12	3.543.956	405.133	259.410
Minoan Lines	360	5	1.113.000	184.000	134.000
ANEK	819	7	1.000.000	176.000	137.000
Hellenic Seaways	479	21	3.269.958	210.718	62.425
<b>Σύνολο</b>	<b>2.735</b>	<b>45</b>	<b>8.926.914</b>	<b>975.851</b>	<b>592.835</b>

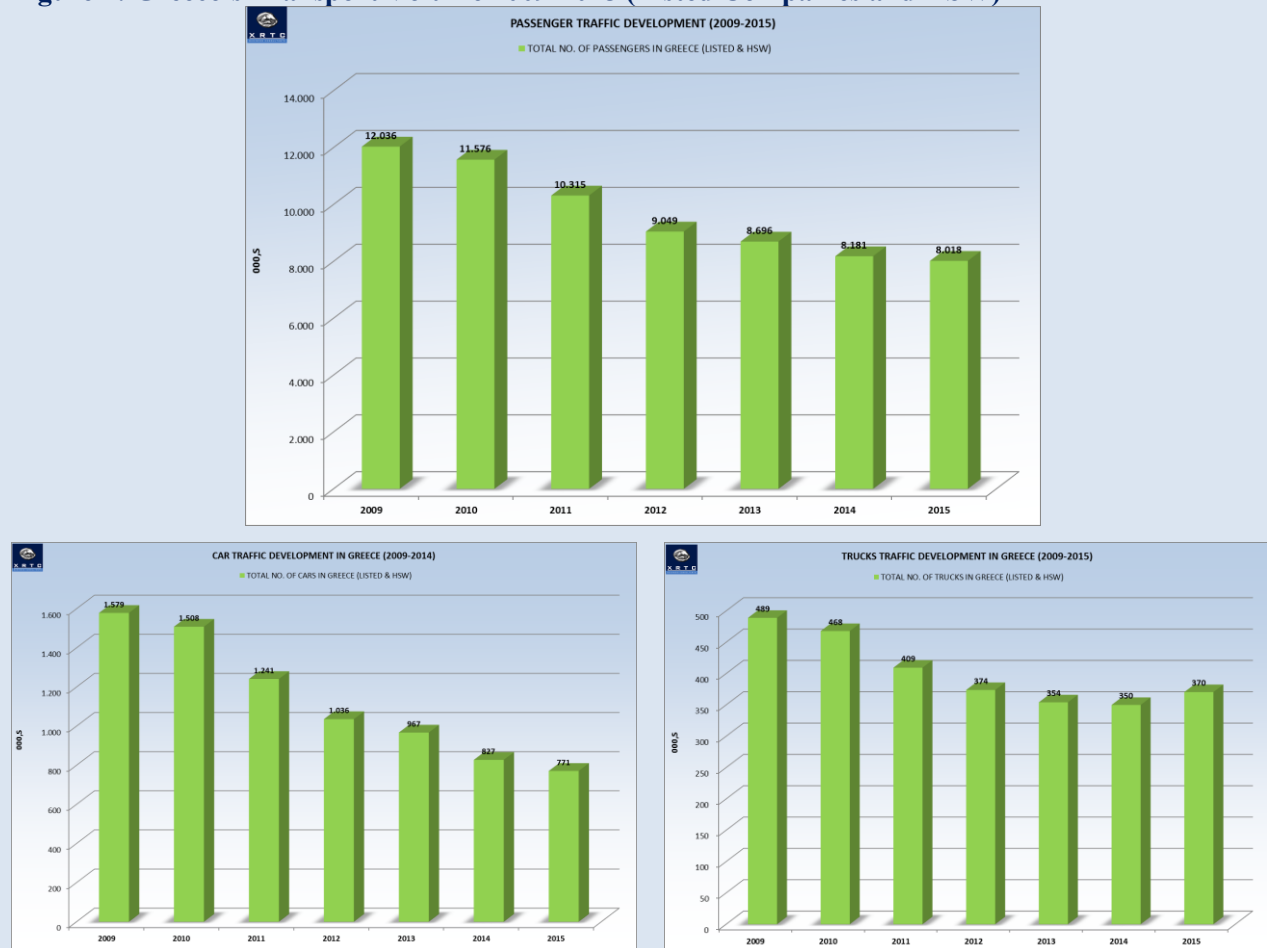
Companies	Turnover	EBITDA	Net Profit before taxes	Net Profit after taxes	Loan	Fleet Value
Attica Group	277.625.000 €	80.700.000 €	33.399.000 €	33.182.000 €	285.256.000 €	565.153.000 €
Minoan Lines	172.432.000 €	36.049.000 €	17.939.000 €	17.696.000 €	194.540.000 €	386.000.000 €
ANEK	159.845.000 €	29.600.000 €	954.000 €	559.000 €	283.561.000 €	253.802.000 €
Hellenic Seaways	131.901.000 €	24.600.000 €	4.107.000 €	3.878.000 €	179.584.000 €	230.000.000 €
<b>Total</b>	<b>741.803.000 €</b>	<b>170.949.000 €</b>	<b>56.399.000 €</b>	<b>55.315.000 €</b>	<b>942.941.000 €</b>	<b>1.434.955.000 €</b>

## 2. GREEK FERRY SECTOR MARKET PRESENTATION

### 2.1. Market Overview

Our analysis starts with setting 2009 as a year base due to the fact that in 2009 shipping companies marked losses on their EBITDA results for the first time. Although Trucks Traffic shows an increase of **6%**, Passenger and Car Traffic continue to decline. Passenger and Car traffic figures show a decrease of **-2%** and **-7%** respectively.

**Figure 1: Greece's Transport Volume 2009-2015 (Listed Companies and HSW)**

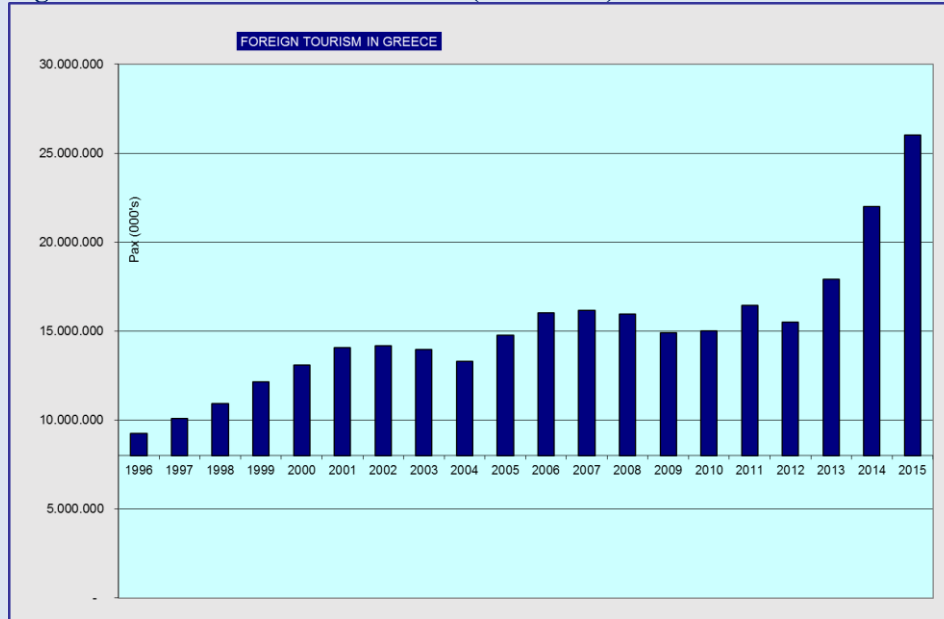


Source: XRTC Database, National Statistical Service of Greece (ESYE) and Port Authorities Data

Despite the fact that 2015 was a record year regarding tourist arrivals, the impact in Greek ferry traffic is limited. Almost 26 million tourists arrived in our country but the Passenger Traffic volume of the companies we examine, barely exceeds 8 million. This evidence is very important as it indicates that Passenger Traffic in Greece is mainly consisted of Greek users and not tourists from abroad. It is the Greek users that Greek Ferry Companies must address to and research their needs further.



**Figure 2: Tourist Arrivals in Greece (1996-2015)**



Source: XRTC Database, National Statistical Service of Greece (ESYE)

## 2.2. Demand Analysis of Listed Companies and Hellenic Seaways

This section analysis includes shipping companies listed in Athens Stock Exchange and Hellenic Seaways. Our analysis focuses on transport volume and the offering capacity both in Greek and Adriatic region.

**Figure 3: Passenger Transport Volume 2009-2015 (Listed Companies and HELLENIC SEAWAYS)**

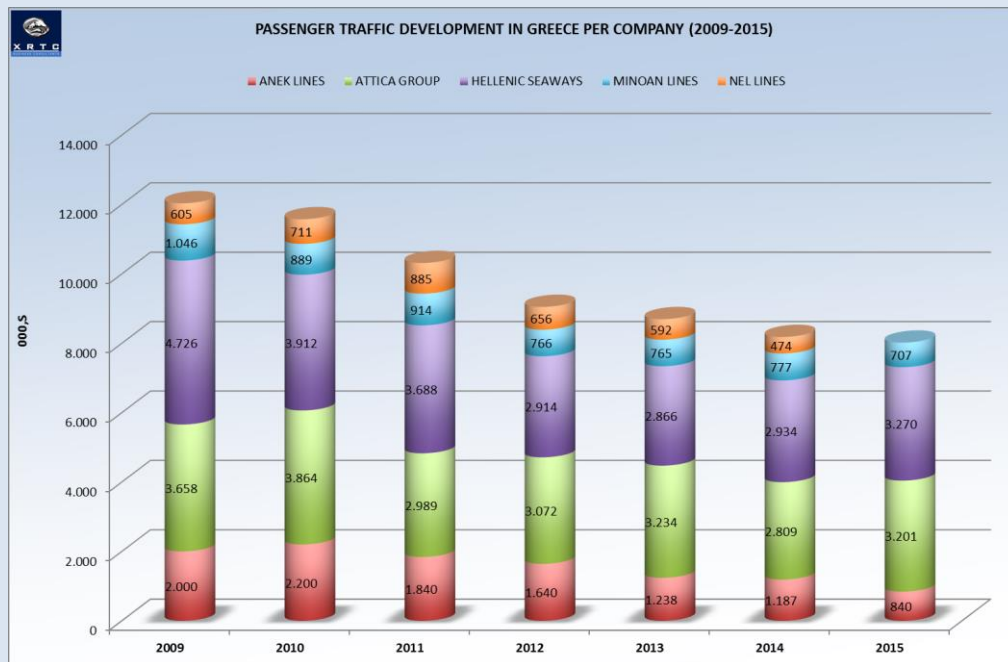


Figure3 shows the decrease in the Greek market for 6<sup>th</sup> consecutive year. Although the reduction reaches -2% it is worth noting that between 2009 and 2015 passenger transport volume has decreased by -33% overall.

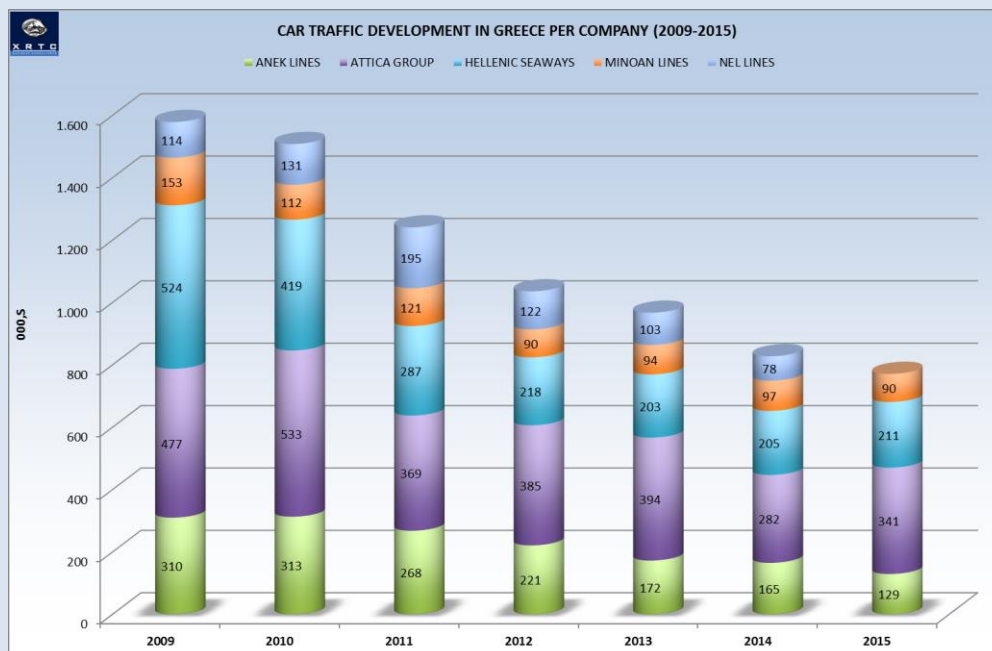
In the Greek market there is increased demand for ATTICA GROUP (14%) followed by HELLENIC SEAWAYS (11%). ANEK LINES and MINOAN LINES show a reduction of -29% and -9% respectively.



The Adriatic Sea volumes after increasing for two consecutive years, show an important decrease of **-22%** regarding 2014 (year on year basis). More specifically, on a descending order, ANEK LINES (**-32%**), η ATTICA GROUP (**-31%**) and MINOAN LINES (**-6%**).

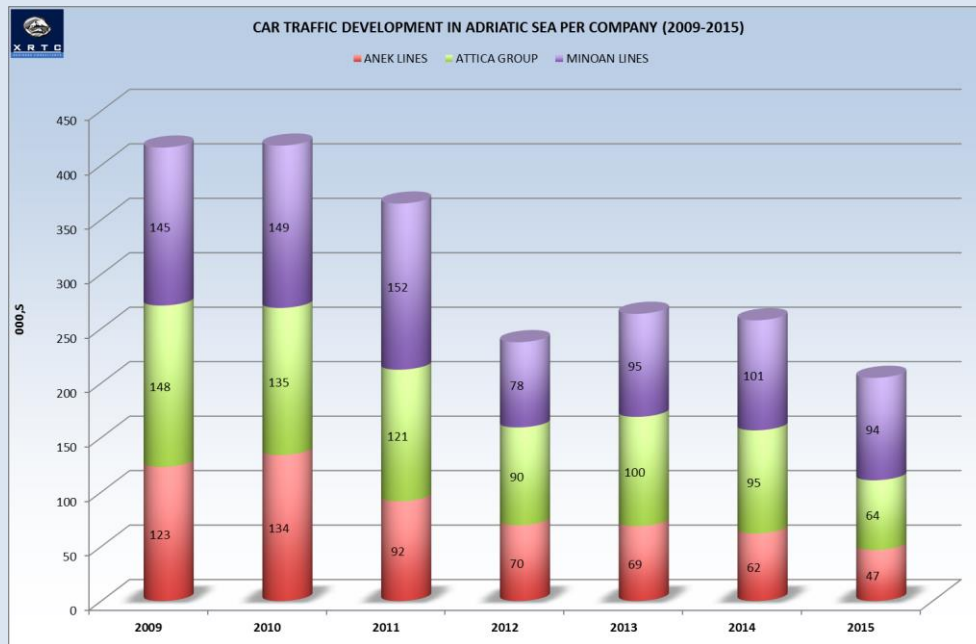
Source: XRTC

**Figure 4: Market Shares of Car Traffic Volume 2009-2015 (Listed Companies and HELLENIC SEAWAYS)**



As in Passenger Traffic, the situation was the same in Car Traffic for the period 2009-2015. The domestic market continues declining for 6<sup>th</sup> consecutive year on a **-7%** y-o-y basis (Figure 4).

ATTICA GROUP shows increase of **21%** followed by HELLENIC SEAWAYS (**3%**). ANEK LINES shows a decrease of **-22%** and MINOAN LINES also shows a decrease of **-7%**.

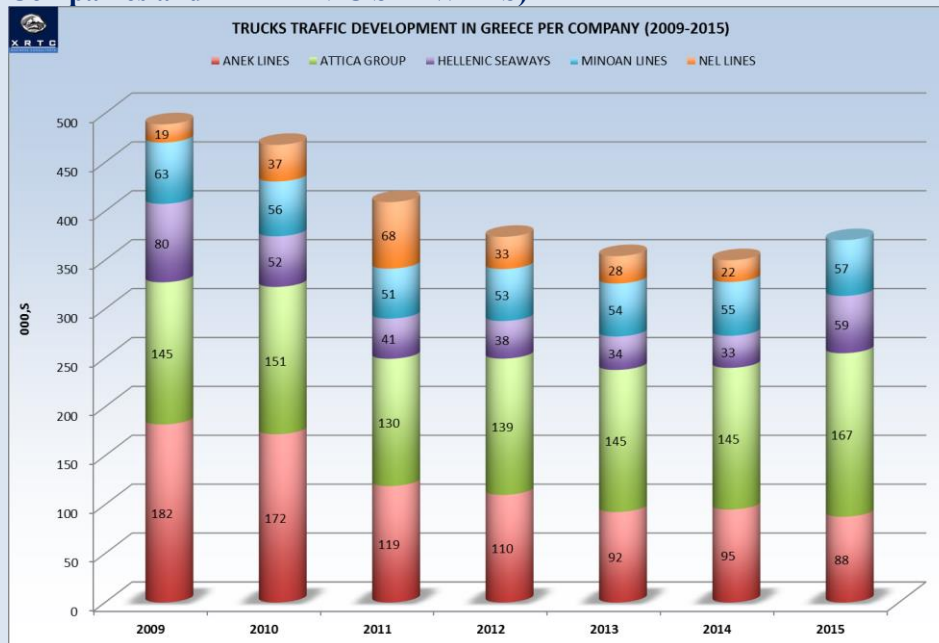


Πηγή: XRTC ΕΠΕ

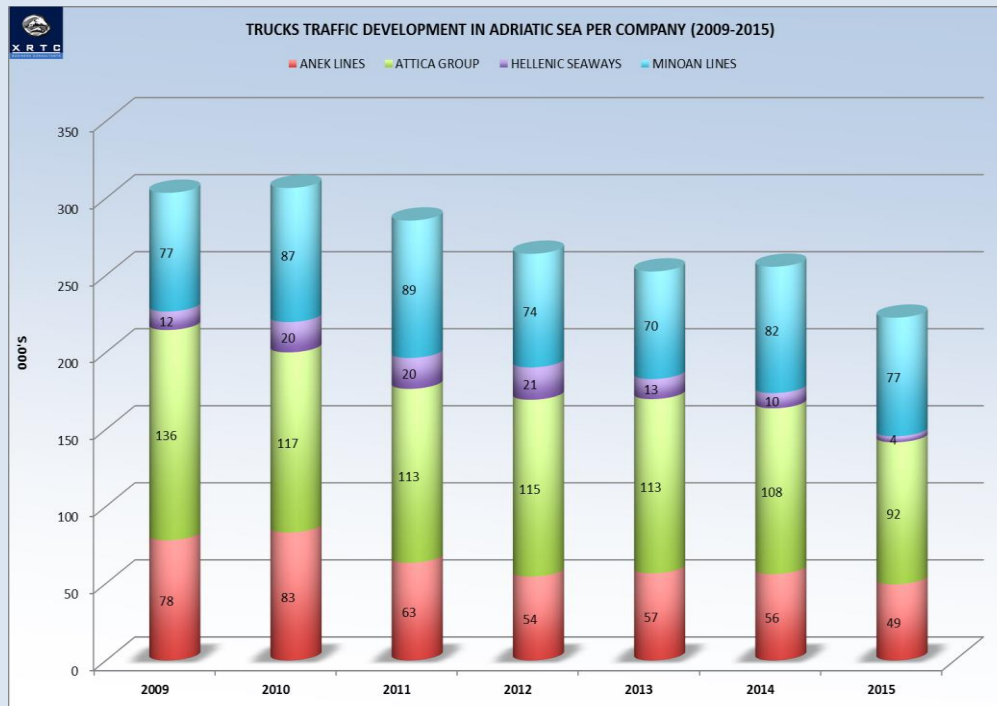
In the market of the Adriatic Sea, all companies show a decrease in Car Traffic of about -25%. ATTICA GROUP (-32%), ANEK LINES (-25%) and MINOAN LINES of Grimaldi Group (-7%).

As it refers to Greece, for the period 2014-2015, the situation in Trucks Traffic is totally different to the above mentioned categories of transportation.

**Figure 5: Market Shares of Trucks Traffic Volume 2009-2015 (Listed Companies and HELLENIC SEAWAYS)**



In the Greek market there is an increase of about +6% (Figure 5). By examining the companies of Greece individually, ANEK LINES shows a decrease of -8% while MINOAN LINES shows increase of 4%, ATTICA GROUP of 15% and HELLENIC SEAWAYS of 78%.



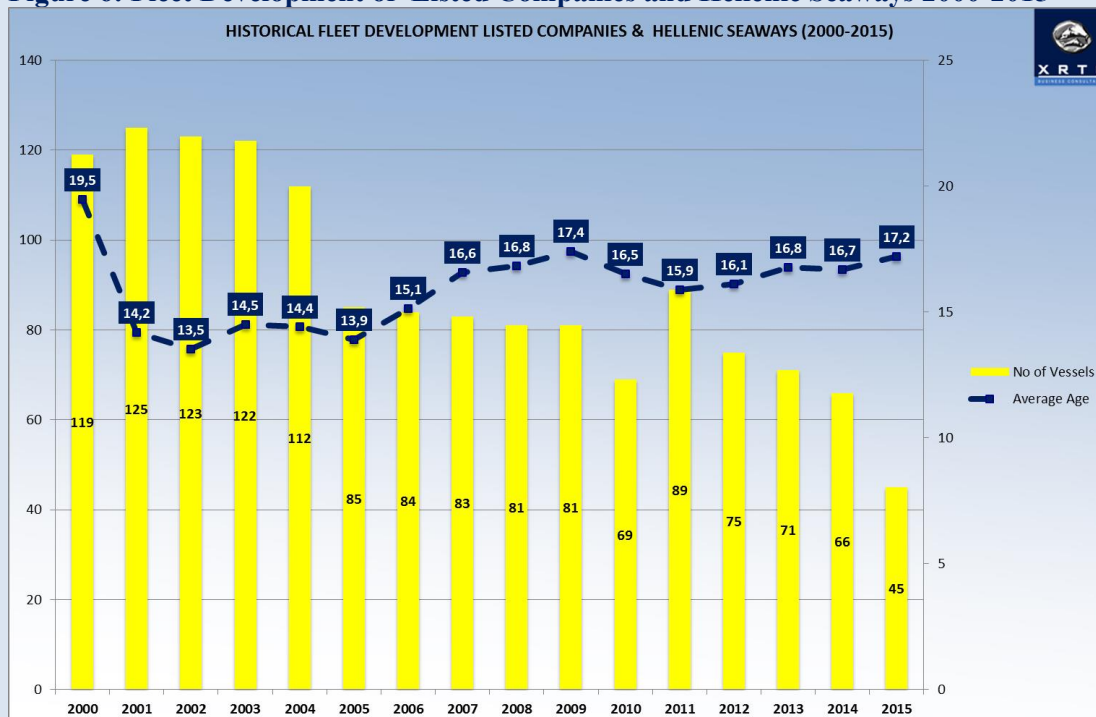
In the Adriatic Sea, the trucks market follows the performance of passengers and cars categories respectively, showing a decrease of about **-13%**. In separately, MINOAN LINES shows a decrease of **-6%**, ANEK LINES also show a decrease of **-12%**, ATTICA GROUP also shows a decrease of **-14%** and HELLENIC SEAWAYS with a decrease of **-61%**.

Source: XRTC

### 2.3. Offering Capacity Analysis of Listed Companies and Hellenic Seaways

The consecutive decrease in the supply of means for transporting goods and passengers in Greece reaches worrying levels (Figure 6). After 13 ships of NEL left the industry, the Listed Companies and Hellenic Seaways operate in Greek Coastal Market with 45 vessels whose average age is still the lowest among EU countries.

Figure 6: Fleet Development of Listed Companies and Hellenic Seaways 2000-2015



Source: XRTC

The situation mentioned above is also depicted in Figure 7, where the RO-PAX vessel type, show a significant decrease in their numbers. The RO-PAX vessels offer the largest carrying capacity.

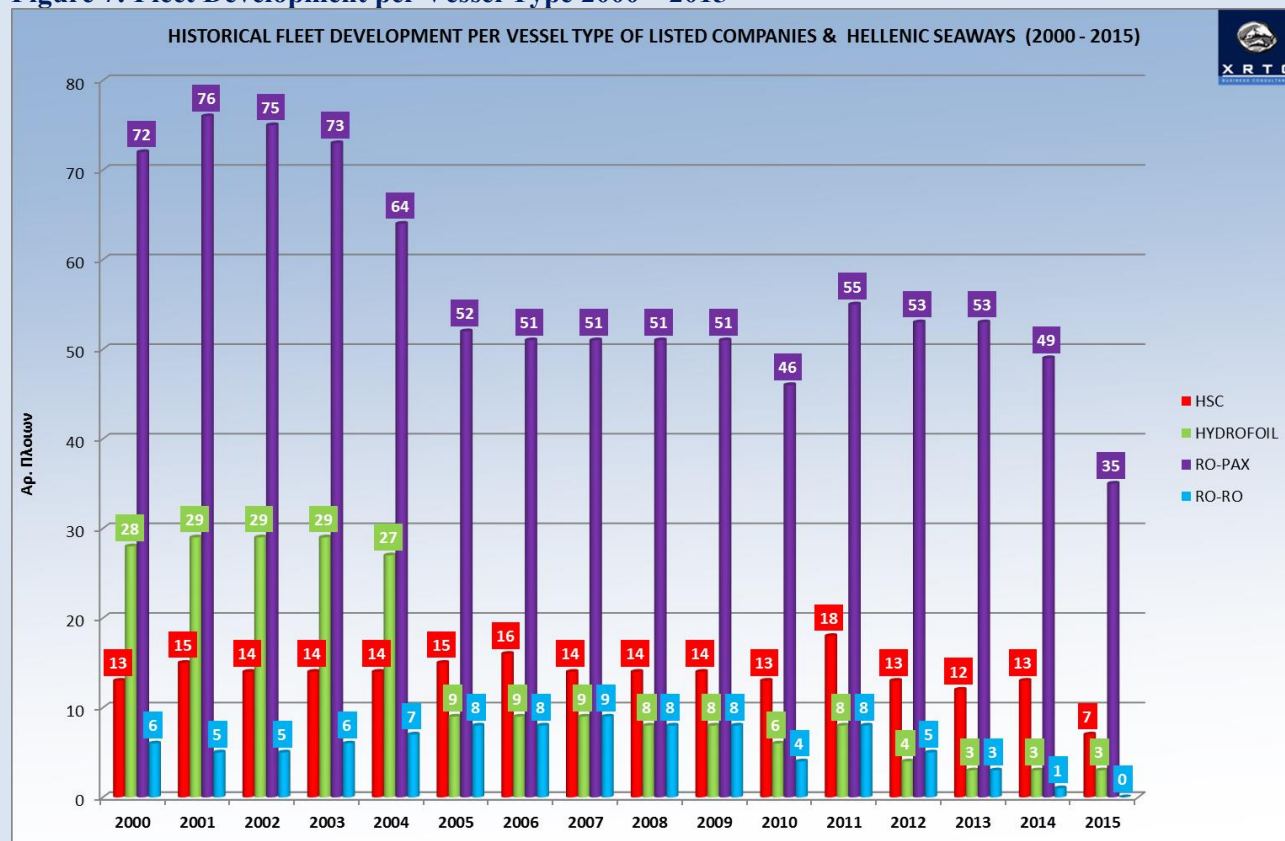
Removing the older vessels from the market (NEL's vessels included) resulted in a shrinking fleet. This, accompanied by a reduction in transport volumes balanced the market and helped the companies to improve themselves in financial terms.

TABLE 2: FLEET PER SHIPPING GROUP

	Στόλος
ANEK LINES	7
ATTICA GROUP	12
MINOAN LINES	5
HELLENIC SEAWAYS	21
Σύνολο	45

Source: XRTC

Figure 7: Fleet Development per Vessel Type 2000 – 2015



Source: XRTC

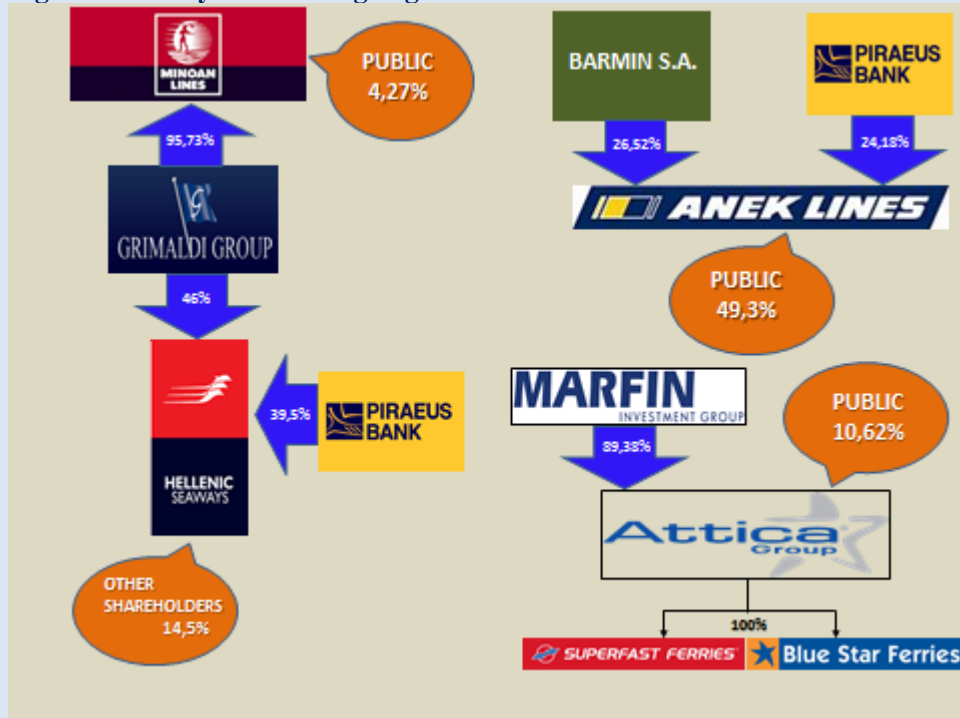
It is a matter of fact that the offering capacity from the four –under examination in this Study – major Ferry companies actually serves the largest share of Greek Coastal Ferry Market. The potentials of this fleet are in high levels, especially if we take into consideration its low average age and its modern design. One thing for sure is that if the port infrastructures were similar to the fleet characteristics, the vessels' productivity and consequently passengers' service would definitely be of higher quality.

The worrying aspect of the market is the lack of motivation for further fleet renewal and the difficulty towards such an achievement.



## 2.4. Shareholding Structure of Main Players

Figure 8: Analysis of Voting Rights 2016



Source: XRTC

The shareholding structures of ANEK and ATTICA have remained unchanged while in MINOAN LINES the Grimaldi Group raised its share by 5%.

Hellenic Seaways draws the attention as the battle for the company's control takeover continues. In February 2016, MINOAN LINES decided to raise by 13% their share in Hellenic Seaways by buying out the minority shareholders positions. Today MINOAN LINES control 46% of Hellenic Seaways share capital. The initial price for buying shares, submitted by Grimaldi Group stood at 1.5 euros per share, while later on, it was bid at 2.5 euros. As it is believed there were transactions for larger institutional packages at higher prices.

On the other hand, Piraeus Bank through seizing the shares of Sea Star Capital, became the second largest shareholder with 39.5%. The remaining shares are in a free float condition belonging to small and medium shareholders.

Grimaldi Group seeks to acquire the remaining stake in Hellenic Seaways hoping that Piraeus Bank will hold a tender in order to sell a part or all of its shares in the company.



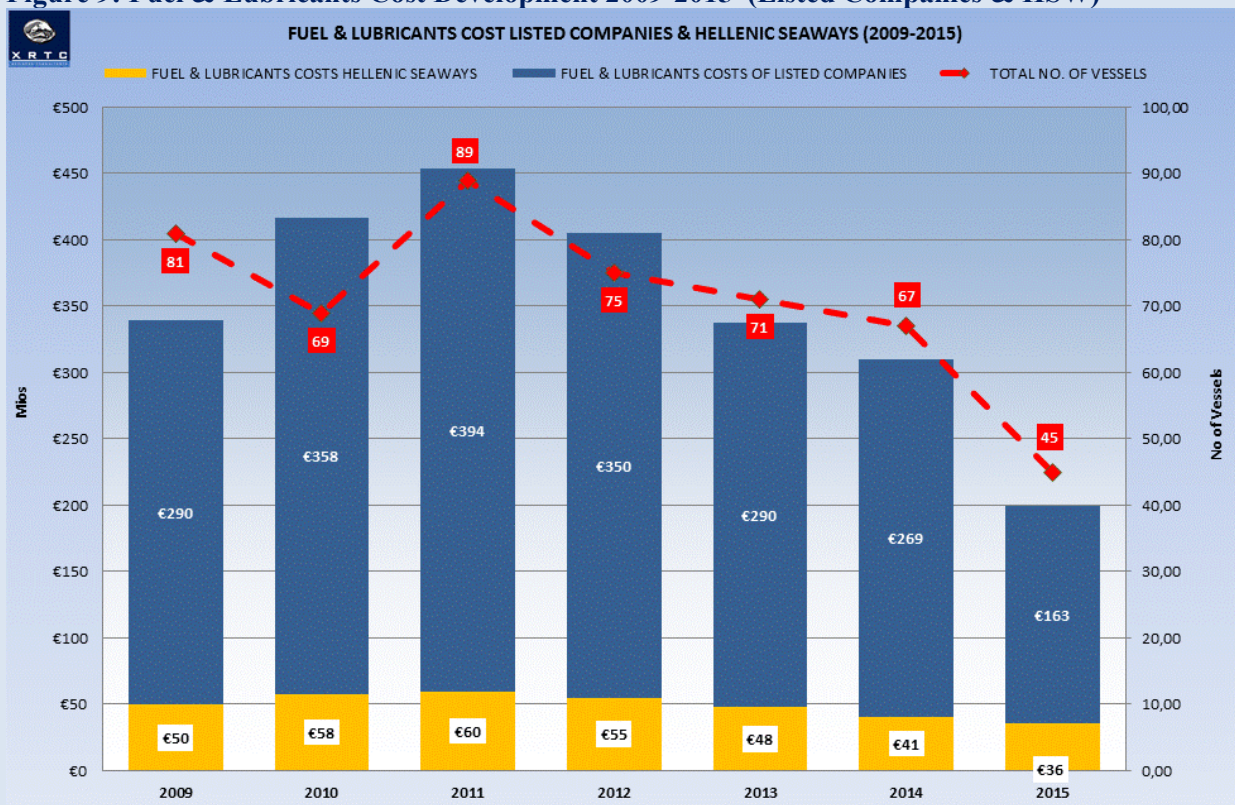
### 3. MARKET FINANCIAL ANALYSIS

The Market Financial Analysis includes the listed (ANEK LINES, ATTICA GROUP, MINOAN LINES) and HELLENIC SEAWAYS (HSW) which consists one of the major players in the market. NEL LINES is no longer included in the Study due to bankruptcy.

#### 3.1. Cost Analysis

Fuel Cost is one of the most important factors concerning ships' management. The difficulty of managing such a cost lies on the fact that it is exposed to increased levels of Brent prices volatility and currency risks. Figure 9 depicts the development of fuel costs and lubricants of the four largest Greek Coastal Shipping Companies. The drastic decrease observed is due to a fall of Brent price by **-46%** in **2015** comparing to **2014** that gave a relief to the industry.

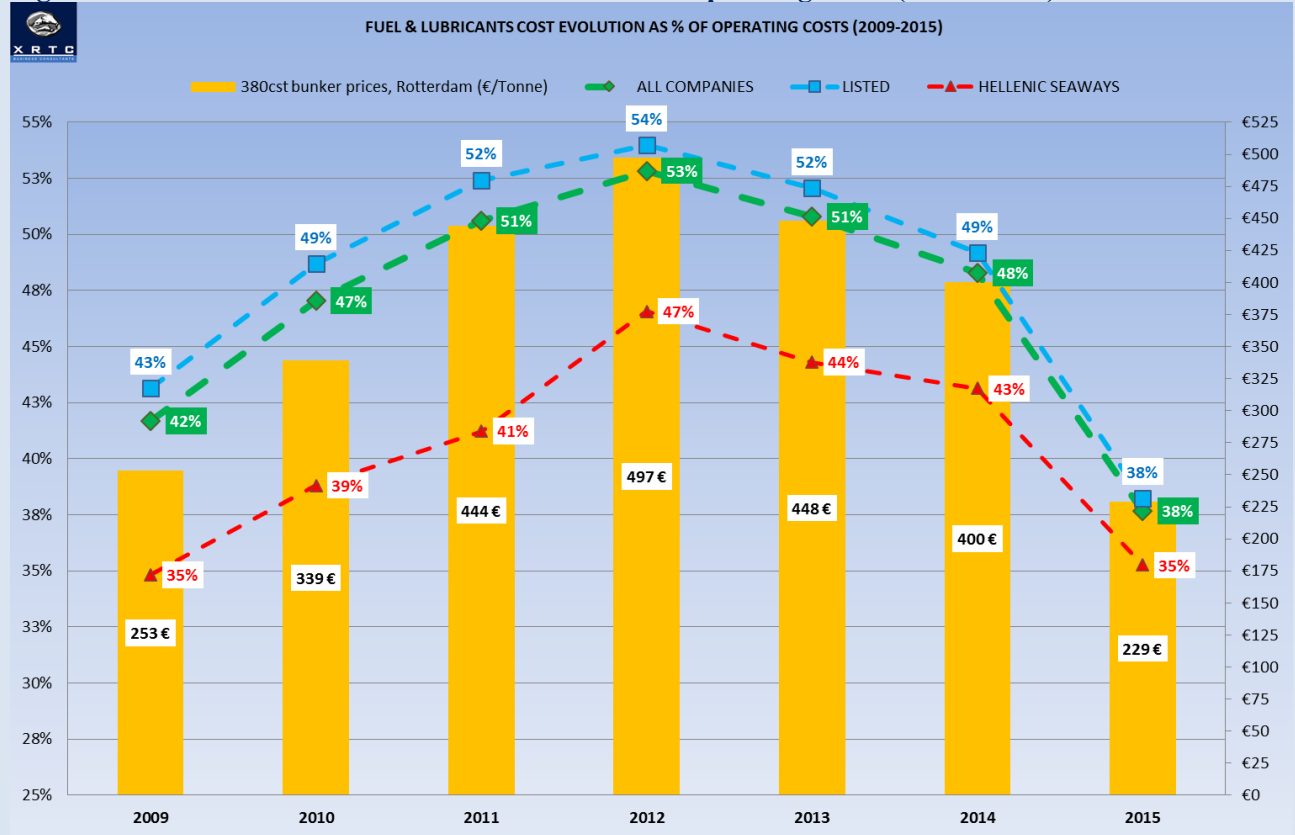
Figure 9: Fuel & Lubricants Cost Development 2009-2015 (Listed Companies & HSW)



Source: XRTC

Decrease in fuel cost is obvious even in the price of 380CST fuel, a decrease of **-43%** (Figure 10). In this Figure, the effect of fuel prices decrease is clearly depicted in fuel and lubricant costs. The difference in the period 2014-2015 was relatively proportional to the fuel price decrease and reached **-38%**. In Figure 10, it is clearly depicted how fuel and lubricants cost burdens total operating costs. A seven year high price was recorded in 2012 at 53% and since then it has deescalated at **38%** in **2015**.

Figure 10: Fuel &amp; Lubricants Cost Evolution as % of Operating Costs (2009 - 2015)



Source: XRTC

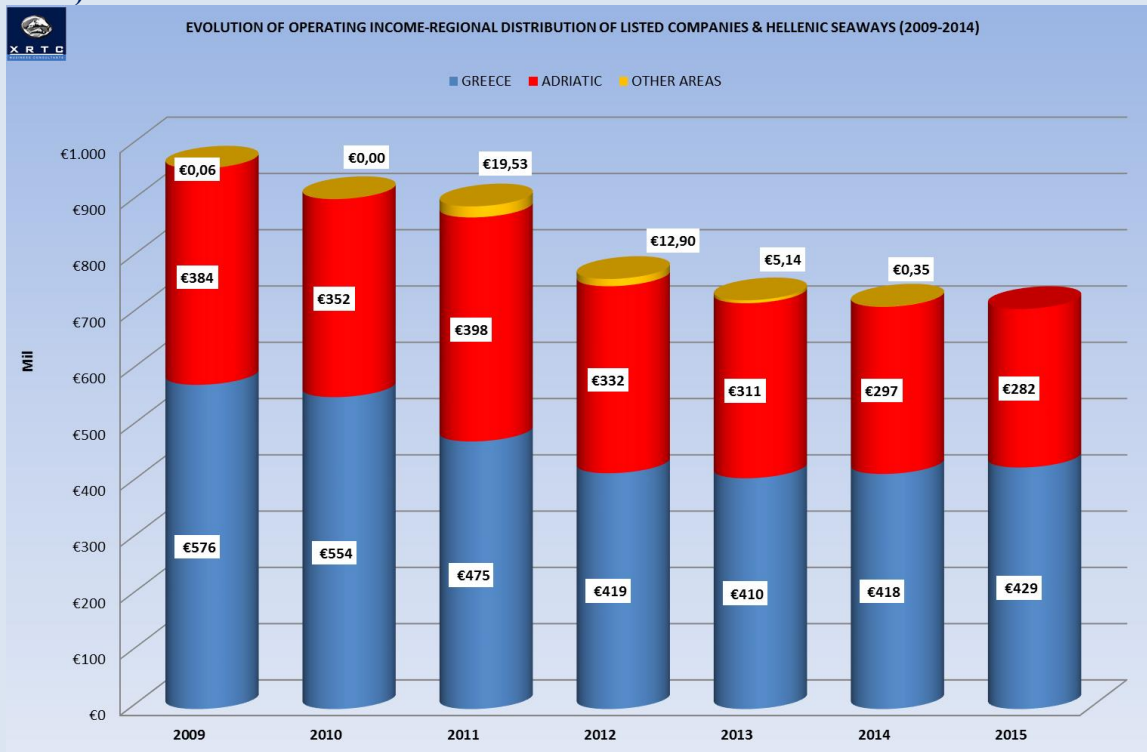
### 3.2. Operating Revenues

Operating Revenues shows a downwards tendency and varies slightly over €700mil (Figure 11). This trend is mainly attributed to a consecutive weakening in demand, which has led to a further decline in the fleet number by **-31%** compared to **2014** and by **-45%** compared to **2009**.

The lack in demand that came into light in recent years has only marginally been restored while at the same time, demand for coastal transports in Southern Europe continues to record low levels. It is worth noting that the key factor for preserving the Operating Revenues at the same levels as of **2014** was the demand stemming from refugee flows at the second quarter of **2015**.

The strategic options available to the Companies remained unchanged in recent years. In our Study, we underline that possible way outs could be found in areas such as SE Asia or Latin America. But we should take under consideration the geopolitical dangers and global economic conditions related to probable default risks and payment failures from charterers' side.

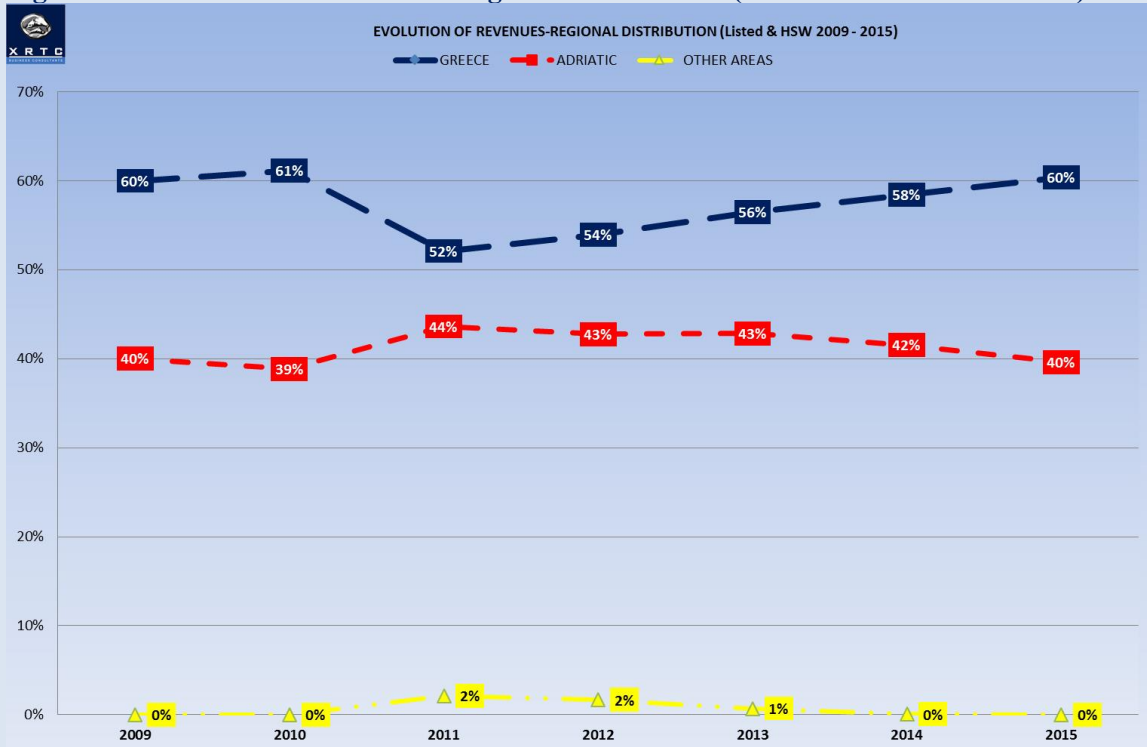
**Figure 11: Evolution of Operating Revenues-Regional Distribution 2009-2015 (Listed & HSW)**



Source : XRTC

Considering the results of Figures 11 and 12, it is needed to focus in two markets, the Greek Market that contributes nearly 2/3 of the revenues and the Adriatic Market that contributes the rest.

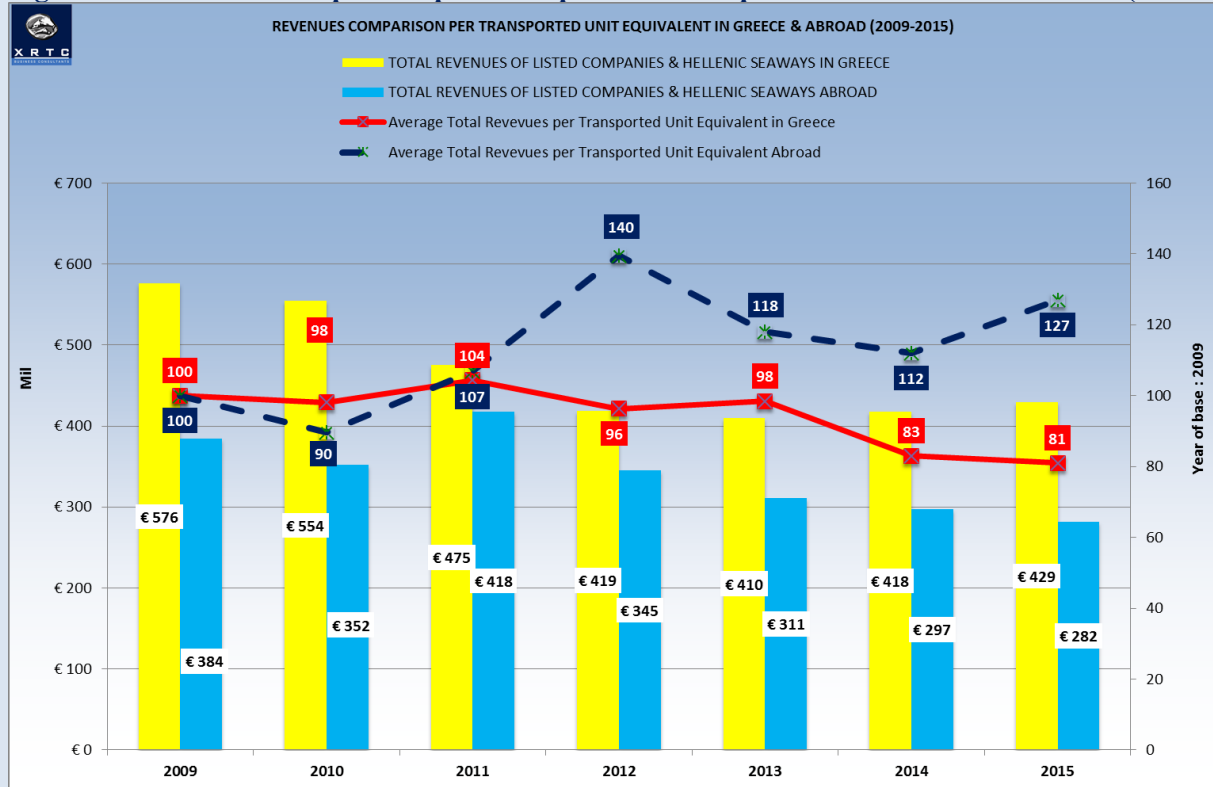
**Figure 12: Evolution of Revenues – Regional Distribution (Listed & HSW 2009 - 2015)**



Source: XRTC

It is of high importance that the average revenue per Transported Unit Equivalent fell by -2% in the Greek market compared to 2014, while it was increased by 13% in the Adriatic Market. A Transported Unit Equivalent is defined as: “The sum in absolute numbers of passengers, trucks and cars carried per year”

**Figure 13: Revenues Comparison per Transported Unit Equivalent in Greece & Abroad (2009 - 2015)**

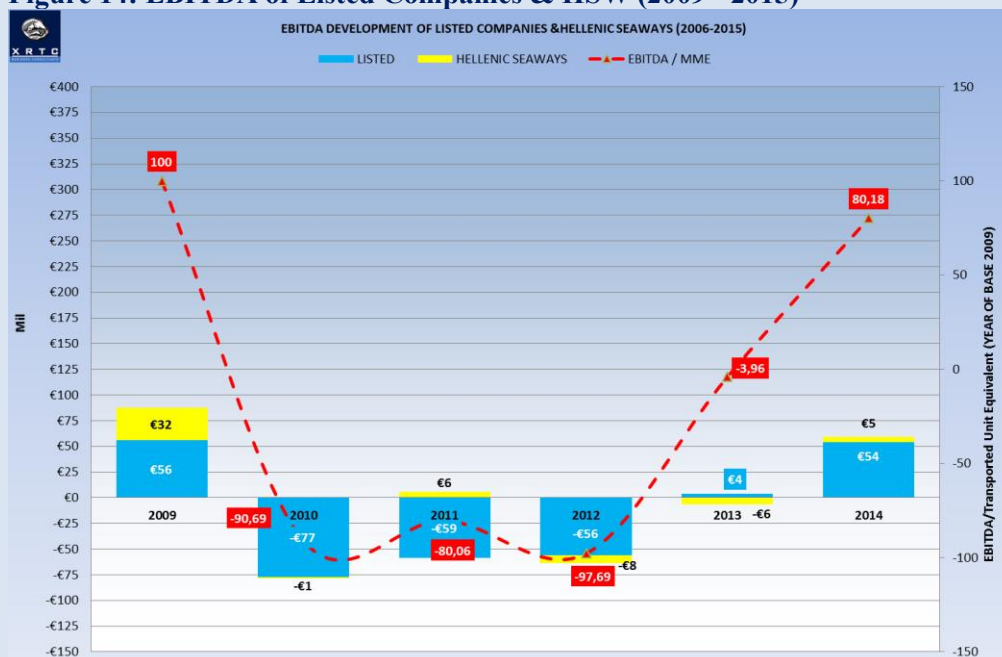


Source: XRTC

### 3.3. EBITDA Analysis

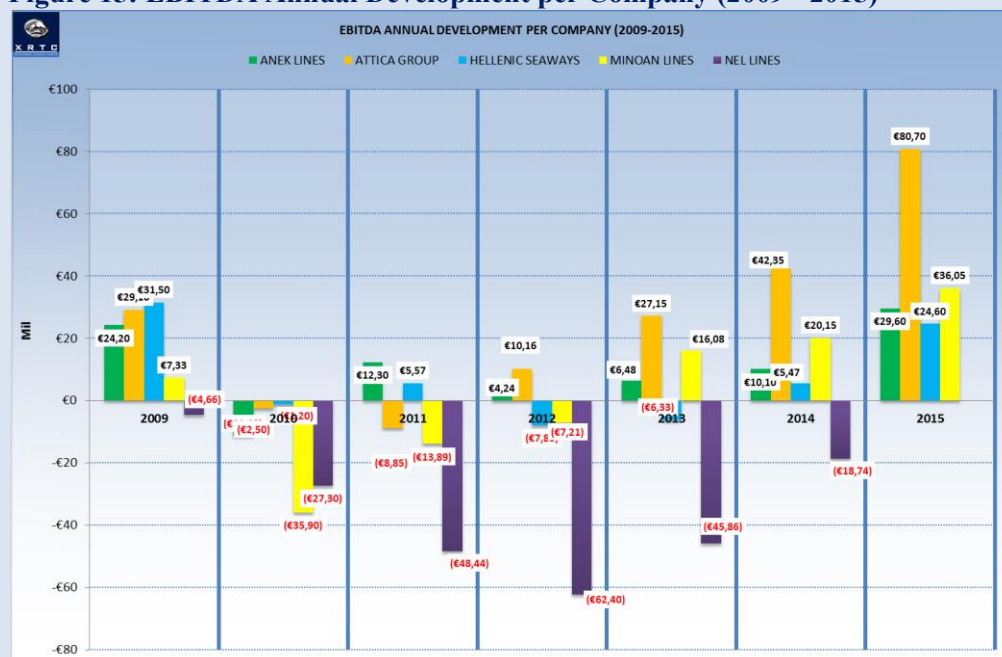
In **2015** Earnings before Interest, Tax and Depreciation (EBITDA) show significant recovery by reaching a total of **€171mil**, increased by **+190%**, compared to **2014**. In Figure 14, it is clearly depicted that EBITDA ratio per Transported unit was “released” from the negative levels in recent years and achieved a three times increase compared to year basis, **2009**.

Figure 14: EBITDA of Listed Companies &amp; HSW (2009 - 2015)



Source: XRTC

Figure 15: EBITDA Annual Development per Company (2009 - 2015)



Source: XRTC

All companies presented positive EBITDA results in 2015 totaling about +€171mil, for the first time after 8 years. EBITDA results were increased by +188% compared to 2014. The improved EBITDA results are mainly attributed to successful business strategies, the fall in fuel prices and of course the increased refugee flows.

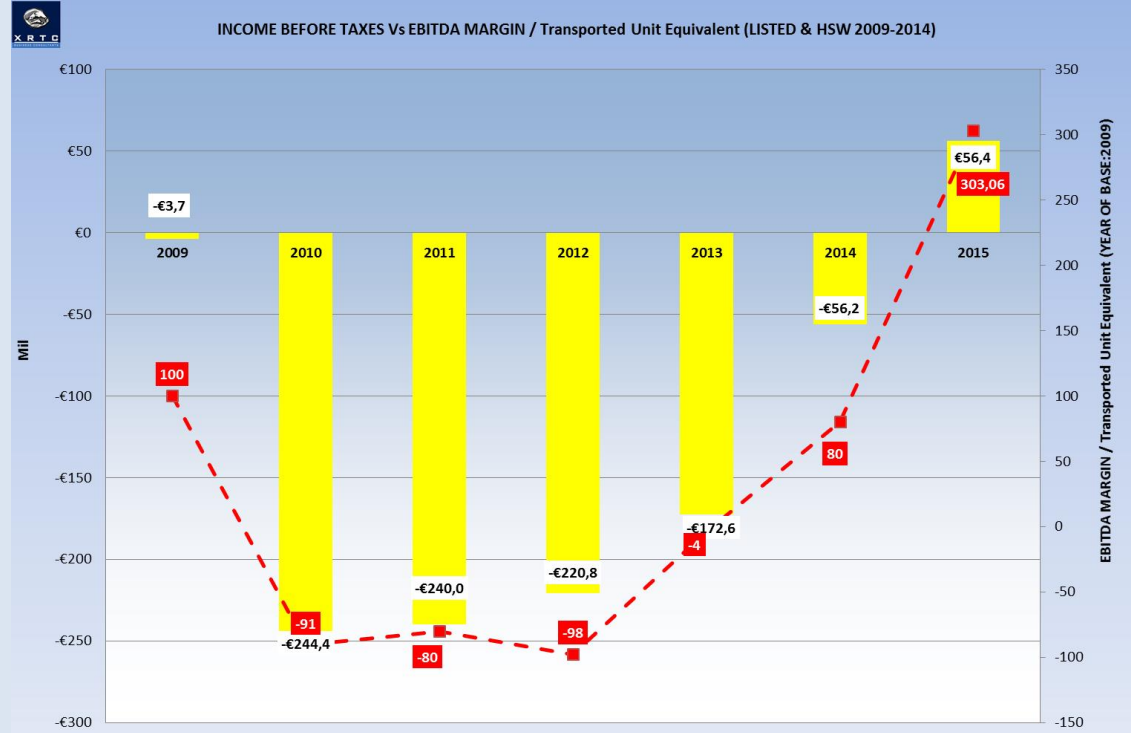
### 3.4. Income before Taxes

Income before Taxes showed an important improvement in 2015 of about +200% compared to 2014 following the EBITDA performance. Cumulative Losses before Taxes from 2009 to 2014 now stand at



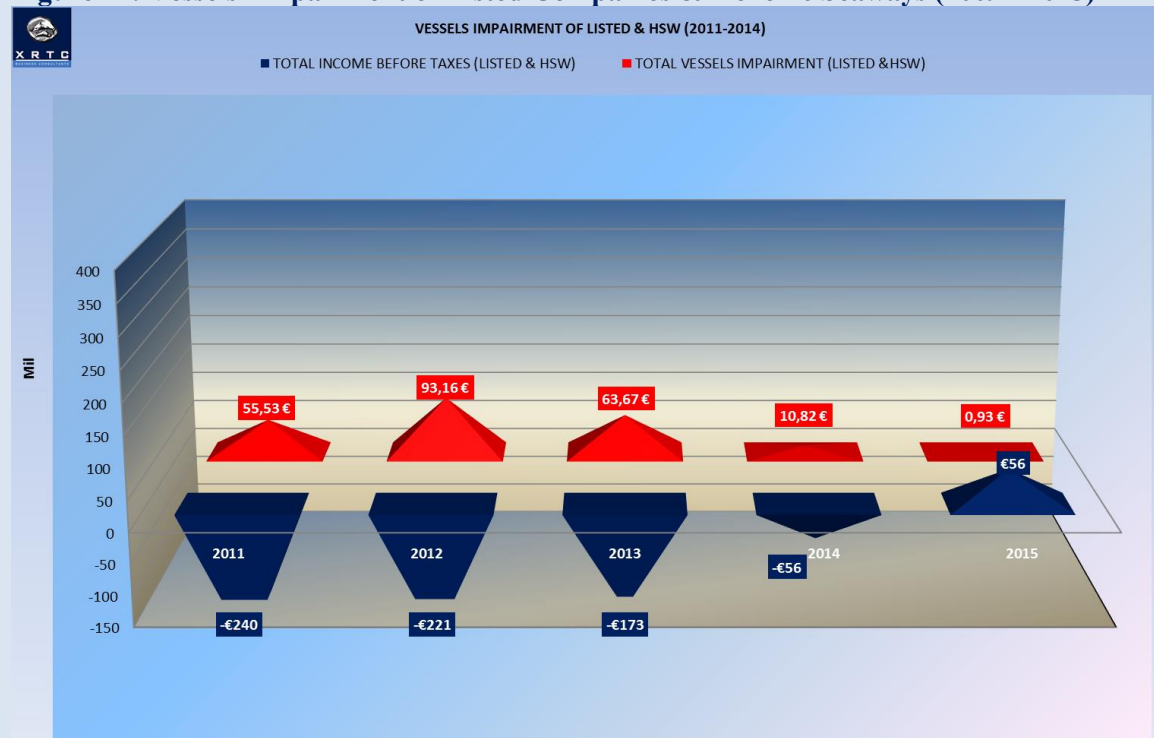
-€935,4mil (for all Ferry companies, including NEL shipping company for the period 2009-2014). Companies achieved Net Profit before Tax in **2015** with ANEK LINES, ATTICA GROUP, MINOAN LINES and HELLENIC SEAWAYS declaring +€0,95mil, +€33,4mil, -€17,9mil και +€4.1mil respectively.

**Figure 16: Income before Taxes Vs EBITDA Margin/Transported Unit Equivalent (2009 - 2015)**



Source: XRTC

**Figure 17: Vessels' Impairment of Listed Companies & Hellenic Seaways (2009 - 2015)**



Source: XRTC



It is of high importance to be mentioned that the rate of vessels value impairment has been reversed. Vessels value impairment tended to make the share capitals of all companies disappear, while they were vanishing on an accounting profitability level the successful efforts made at an operational level. Figure 17 shows clearly the continuation of this downward trend in vessels value impairment in levels below 2% of Net Profits before Taxes during **2015**. It is a solid fact that the introduction of new capital in two companies contributed to the consolidation of their balance sheets and paves the way for other companies of the sector to do the same.

### 3.5. Bank Debt

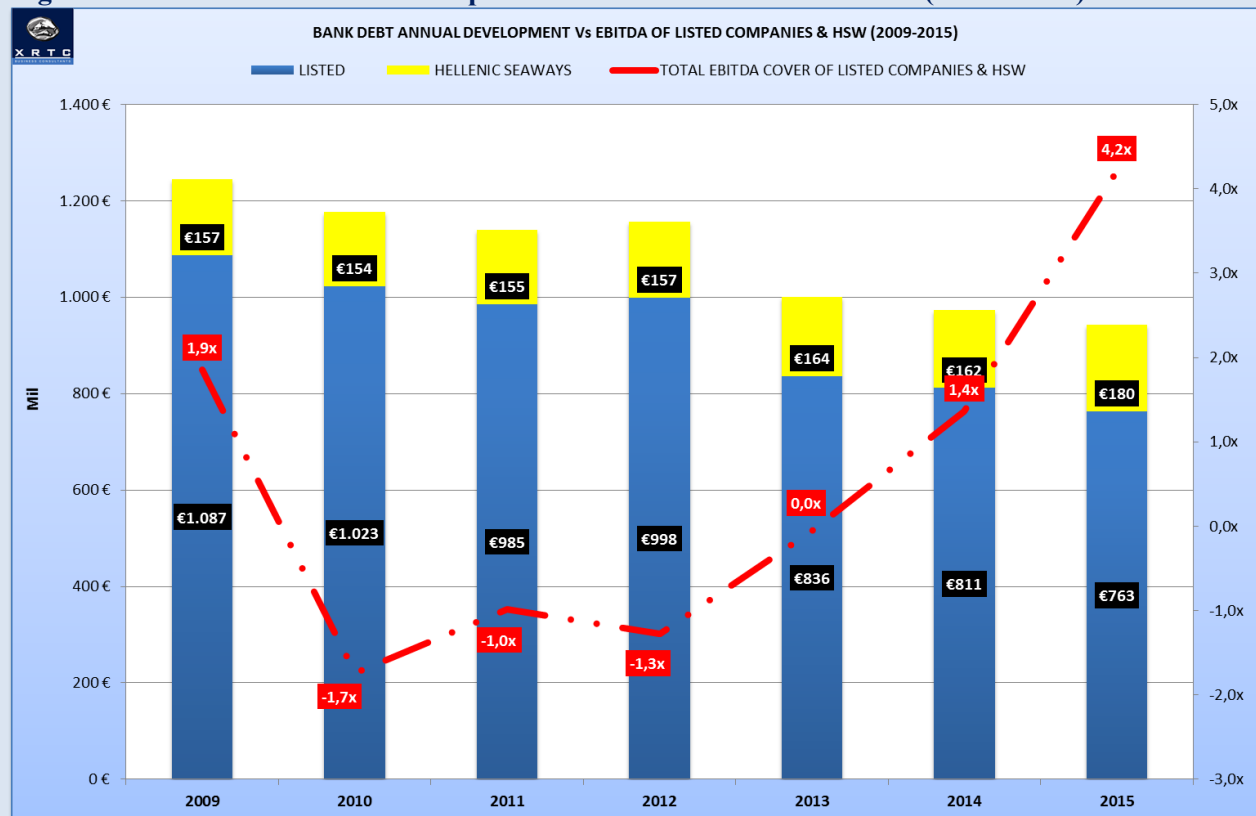
Loan liabilities decreased by **-3%** compared to 2014. By examining each company individually, MINOAN LINES shows a significant reduction of its bank debt liabilities by **-11%** contrary to ATTICA GROUP, ANEK LINES and HELLENIC SEAWAYS that show increases by **+1%**, **+2%** and **+11%** respectively.

As a result in **2015** total bank debt of Greek ferry companies was below **€1bn** due to:

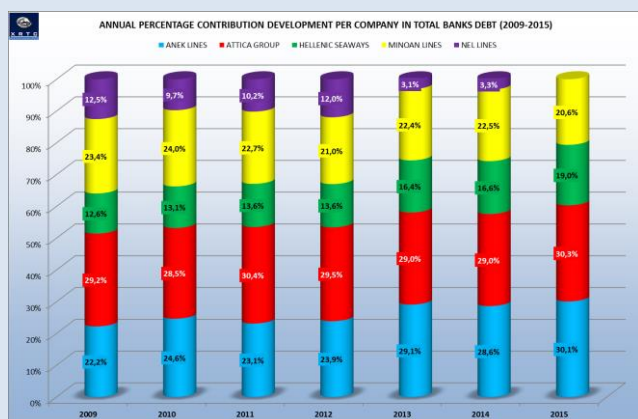
- Loan Repayments
- Debt Restructuring and
- Vessels sells, that helped reducing the banks debt due to prepayments

Figure 18b represents the market share of banks debt among key players in Greek ferry market. As it is clearly depicted all market shares remained steady during the last four years with those of ATTICA GROUP and ANEK LINES having the largest percentage.

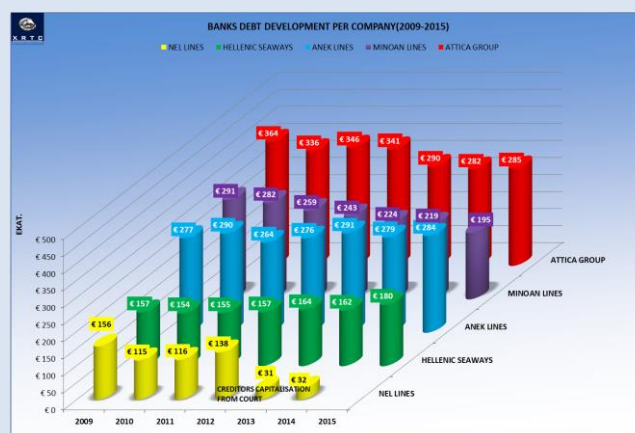
**Figure 18: Bank Debt of Listed Companies and HELLENIC SEAWAYS (2009 - 2015)**



(a)



(b)



(c)

Source: XRTC

The smooth evolution of banks' lending through its steady decline during the crisis, demonstrates all that intense effort made by the companies to keep their ties with the banking institutions that treated them with trust. Despite this effort, Greek Ferry Market faces a serious lack of support from banking institutions able to continue the financing of Greek coastal shipping. The steady withdrawal of banks from the sector is attributed to endogenous and external factors such as:

- Greek Ferry Market is directly linked to the dangers stemming from Greek Economy's performance. (Greek Risk).
- Domestic Demand shows a decrease, totally in alignment with the decline of GDP.
- Banking Institutions from abroad have already been refrained from any kind of lending that has to do with Greek Economy.
- Many Banking Institutions have already suspended financing the Shipping in general, let alone Greek Coastal Shipping.
- Greek Banks are unable to support the Industry.
- Despite improved economic indicators, the Greek Ferry Market comes out of a deep crisis that has accumulated many losses over the last eight years.

All things considered, the steady operation of the sector demands banking support. Greek Banks must keep on their supporting, so as the Greek Ferry Market to continue its contribution to the development of Greek Economy.

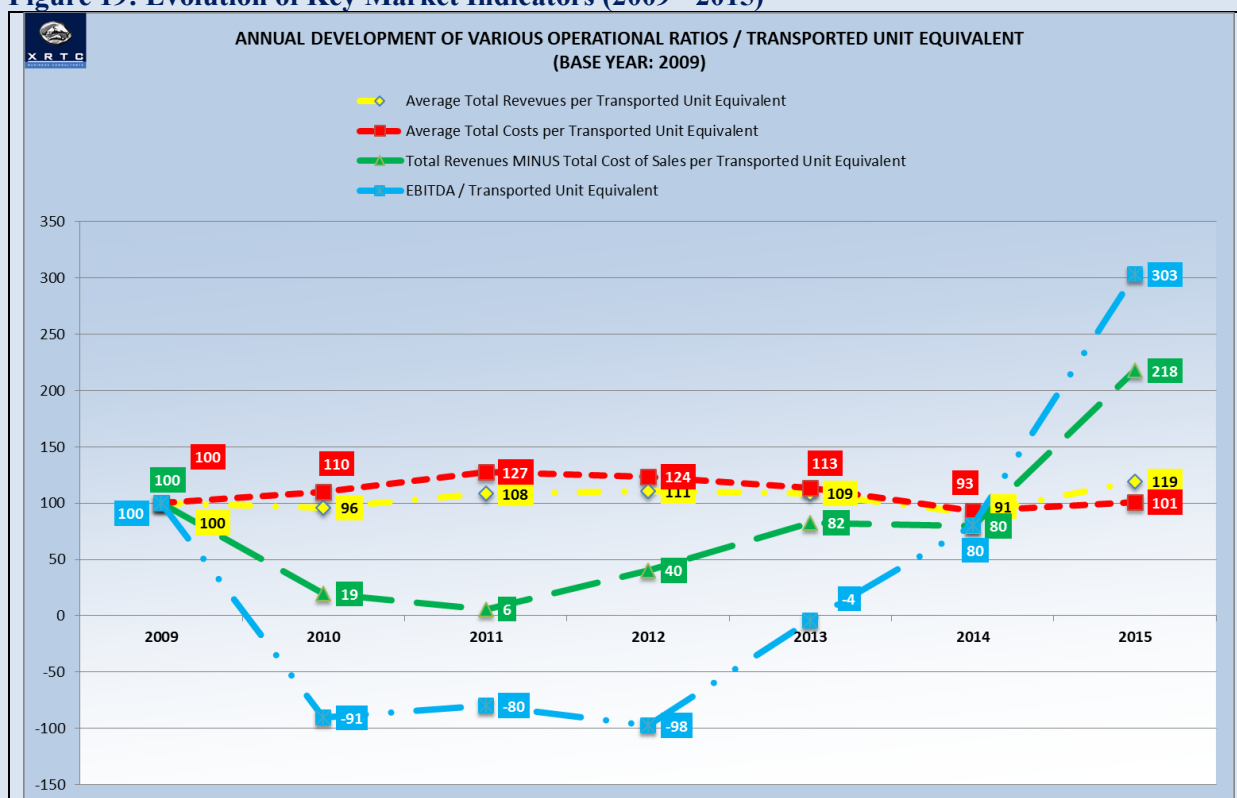
### 3.6. Market's Comparative Analysis

In Figure 19 we examine a basic parameter of comparison in our Study, the Transported Unit Equivalent that is related to basic economic fundamentals such as operational cost, fuel cost, revenues and EBITDA. A **Transported Unit Equivalent** is defined as: *"The sum in absolute numbers of passengers, trucks and cars carried per year"* Under this scope it is clearly depicted that in **2015**, the **Average Revenue/Transported Unit Equivalent** is marginally improved compared to the lowest levels in 2009, which is the base year of our analysis.

**Operating Cost/Transported Unit Equivalent** remains relatively stable compared to **2014** and as a result the **EBITDA/Transported Unit Equivalent** margin represents an important improvement, it has tripled compared to **2009**.

This is mainly attributed to an important decrease in **Fuel Cost/Transported Unit Equivalent** but also to a great decrease in **Transported Unit Equivalent**. This malfunction is probably the answer of the market to the question why do not prices fall when there is falling oil prices. The answer is simple, if prices fall then probably the company "falls apart" and consequently, the connectivity of the islands with the mainland will be lost.

Figure 19: Evolution of Key Market Indicators (2009 - 2015)



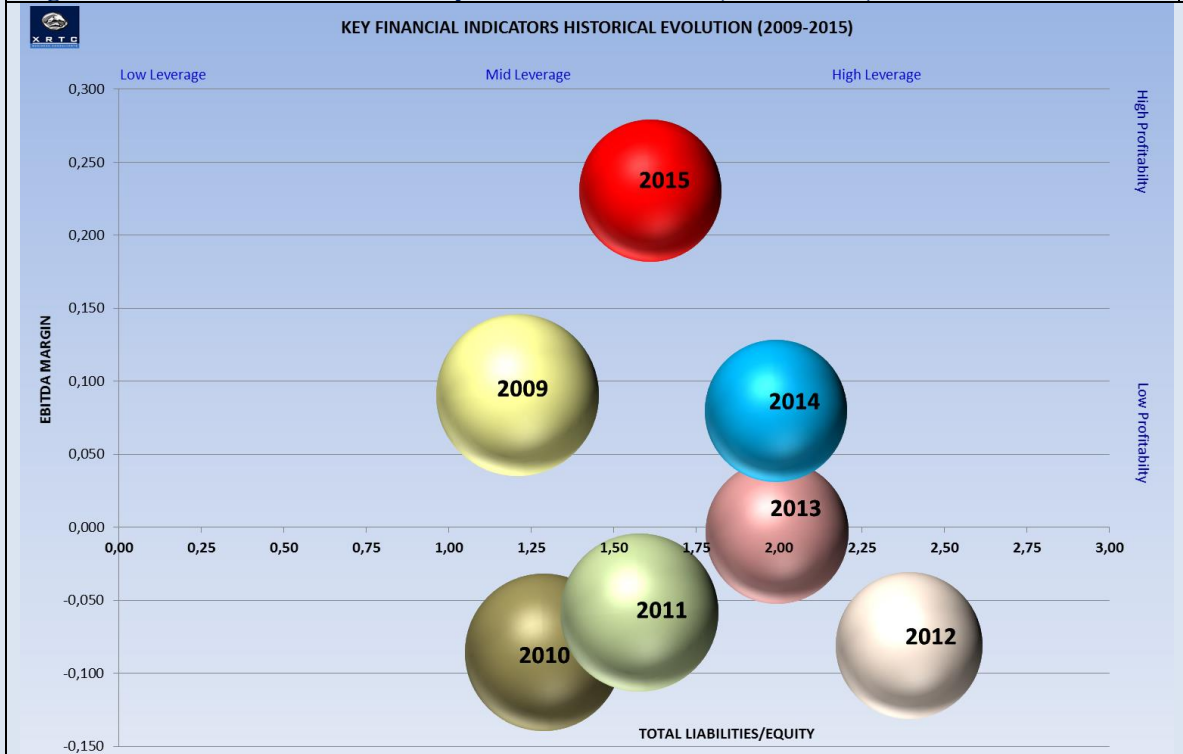
Source: XRTC

As it refers to **Liabilities/Shareholders Equity** ratio seen in Figure 20, there is an improvement in **2015** since operating profitability of the companies increased and covers at least **1.5X** times their debt interests. The decrease in the value of companies' share capital was balanced to some of them, but the rest of the companies should proceed directly to some increases. At this point, we would like to repeat that if the market will ever be able to enter in a period of new investment projects, then the EBITDA margin should recover to levels **25%** and above, dating back the period of **2006-2007**. In 2015 the EBITDA margin reached **23%**, a very pleasant progress for the sector while as it seems in 2016 it will exceed this value.

But we should keep in mind that the market in **2016** is shrunk by **200mil euros** comparing to the year milestone of **2006** and of course companies' liquidity and access to new money, investment or banking, is very limited.

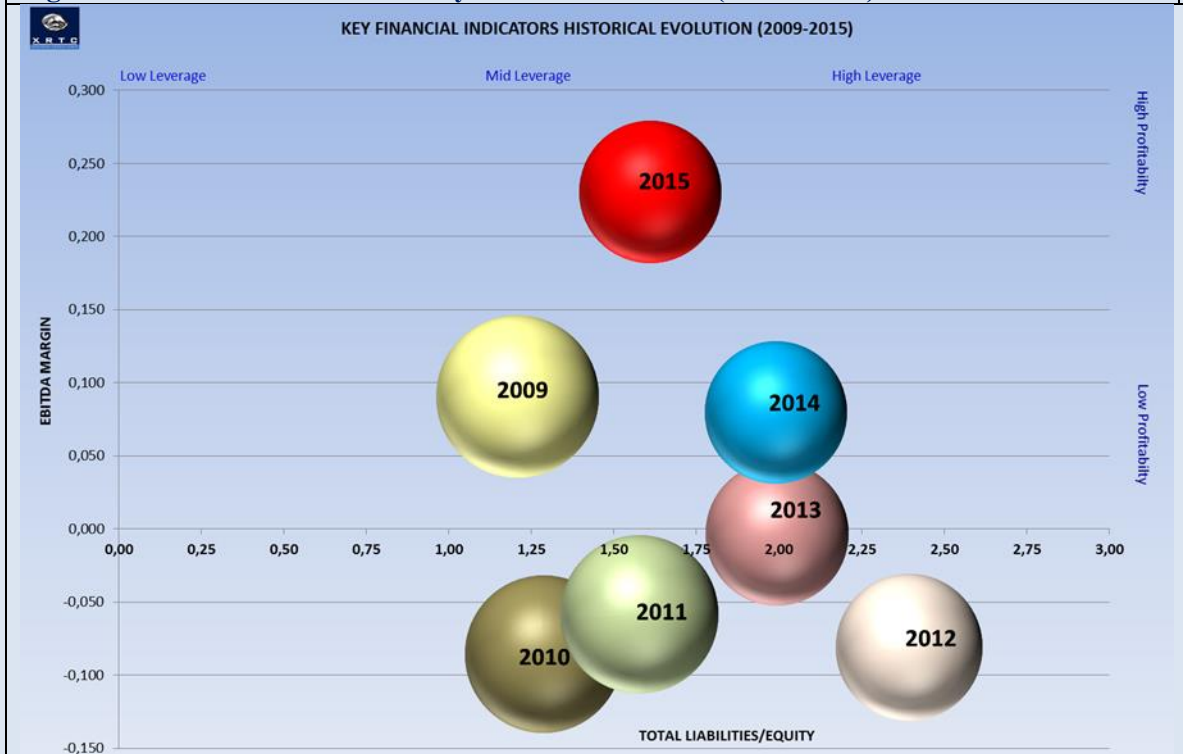
In order to be able to compare the market in the last 12 years we present the Figure covering the six years period 2004-2009.

**Figure 20: Annual Evolution of Key Market Indicators (2009 - 2015)**



Source: XRTC

**Figure 21: Annual Evolution of Key Market Indicators (2004 - 2009)**



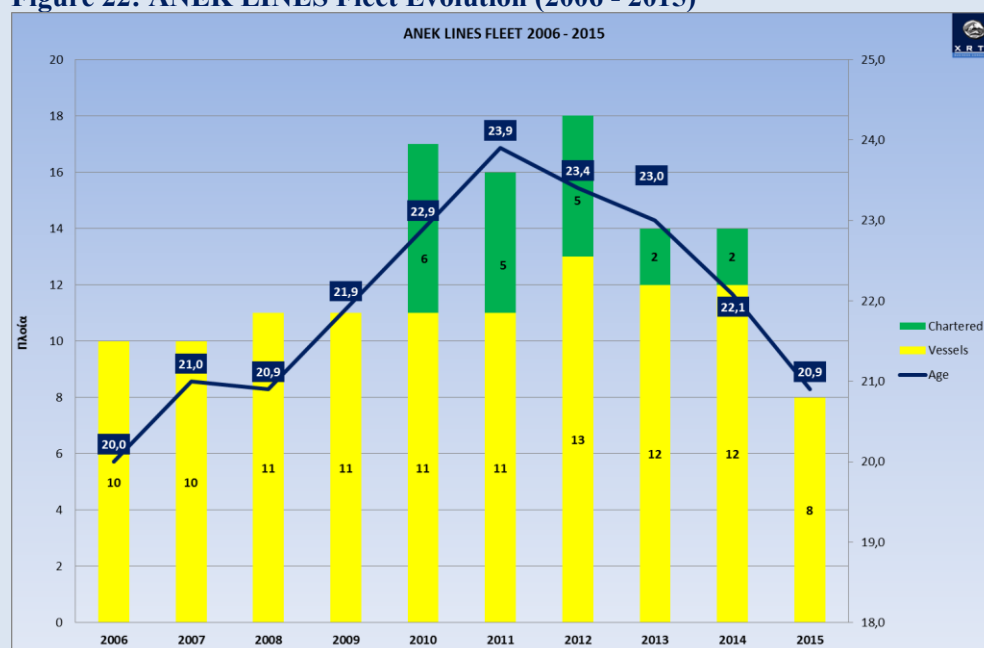
## 4. PRESENTATION AND ANALYSIS OF COMPANIES

### 4.1. Listed

#### 4.1.1. ANEK LINES

Significant Increase in Operational Results: Group's EBITDA results at **€29.6 mil** (increase of **€19.5 mil**), profit for the year **2015** first time since **2007**: Group's Net Profits after taxes at **€0.6 mil** (increase of **€18.4 mil**). The reduction of operating costs mainly driven by falling oil prices has led to improved financial performance.

Figure 22: ANEK LINES Fleet Evolution (2006 - 2015)



Source: XRTC

Although in its Annual Financial Report released, the company does not refer to its number of vessels in **2015**, we consider that eight vessels were operating last year, while we do not know how many are self-owned and how many are chartered vessels.

In the last seven years ANEK LINES tried to offset the effects of the negative economic downturn as well as the decline in passenger and cargo volumes and the lack of liquidity.

The Group operated under self-owned and chartered ships in the lines of Adriatic Sea (Angona, Venice), Crete (Chania, Iraklion), Dodecanese and Cyclades. Moreover, the Group continued its operations in combined sea routes between ANEK and "ATTICA SA HOLDINGS" in the lines of Iraklion and Angona through "ANEK – SUPERFAST" consortium, while the Group companies –based on contracts with the ministries in charge- continued operating in "state-subsidized sea routes of Public Interest" between various islands of the Aegean sea, connecting Piraeus with Cyclades and Dodecanese. Finally, in the context of a more efficient fleet management, one vessel was chartered to a foreign company for the summer period, while occasional domestic chartering agreements were made.

ANEK LINES Group in **2015** made **14%** fewer sailings, comparing to **2014** and shows significant decline in passenger, car and truck traffic in all lines of employment. According to the company, the **2015** figures are not fully comparable with those of **2014**, due to an expanding since **November 2014** of the consortium "ANEK SA & SUPERFAST ENDEKA (HELLAS) INCE. & Co" in the lines of Crete and Adriatic Sea.

**TABLE 3: COMPARISON OF TRANSPORTED VOLUMES**  
**ANEK LINES 2014/2015**

ANEK LINES		
TRANSPORTED VOLUME COMPARISON 2014/2015		
	GREECE	ADRIATIC
PASSENGERS	-29%	-32%
CARS	-22%	-25%
TRUCKS	-8%	-12%

Source: XRTC

The above table that depicts the percentages of transportation volumes regionally is based on assumptions since the company did not release the specific numbers of passengers/cars/trucks per geographic region.

The fleet decreased after the company ended the long-term charter contract of the vessel “LEFKA ORI”. This vessel and the “SOFOKLIS B” were sold at a total price of **€21 mil** in order the long-term debt of the company to be reduced. As it is known those two vessels have been purchased by “Hellas 2 Leasing N.E”. Unconfirmed information and internet posts mention that the aforementioned company was created by a French Bank that financed the purchase of the two vessels, in order to help ANEK LINES with a form of refinancing. Today, “SOFOKLIS B” vessel is chartered to ANEK LINES and “LEFKA ORI” vessel is chartered to ATTIKA Group. The vessel “SOFOKLIS B” after completing her retrofitting was renamed to “KYDON” and launched in Piraeus-Chania Line.

The vessels “LATO” and “IERAPETRA” of the subsidiary company LANE, were sold in **May 2015** και **February 2016** respectively and as a result the bank debt of the company was reduced.

On **14 August 2015** the Greek Government in order to tackle with the crisis in the islands of the Eastern Aegean Sea due to the sudden mass arrival of thousands of citizens from third-countries, chartered the vessel “EL. VENIZELOS” to transfer these people to the mainland of Greece by sea. The vessel transferred in total 116 thousands of people during **2015**, from the islands of eastern Aegean to Piraeus. Her charter continues in **2016**.

ANEK LINES announced that in the near future plans to reach an agreement with its creditor banks on the restructuring of its long-term debt.

Shareholders that hold more than **5%** of total ANEK LINES voting rights are “VARMIN SA” with **26.52%** share and “PIRAEUS BANK» with **24.18%** respectively.



**TABLE 4: KEY FINANCIAL FIGURES ANEK LINES (2010 - 2015)**

YEAR	2015	2014	2013	2012	2011	2010
Passengers	1.000.000	1.420.000	1.500.000	1.899.551	2.212.126	2.728.000
Cars	176.000	227.000	241.000	289.624	359.513	447.000
Trucks	137.000	151.000	149.000	164.371	182.381	255.000
Operating Revenues	€159.845.000,00	€169.476.000,00	€178.039.000,00	€199.677.000,00	€243.595.000,00	€263.125.000,00
EBITDA	€29.600.000,00	€10.101.000,00	€6.477.000,00	€4.235.000,00	€12.300.000,00	(€11.400.000,00)
Total Income before Taxes	€954.000,00	(€18.855.000,00)	(€36.190.000,00)	(€60.432.000,00)	(€22.888.000,00)	(€11.400.000,00)
Cost of Sales	€117.200.000,00	€143.852.000,00	€154.782.000,00	€177.304.000,00	€206.882.000,00	€240.769.000,00
Fuel & Lubs Cost	€47.004.000,00	€68.821.000,00	€77.307.000,00	€95.678.000,00	€111.428.000,00	€119.898.000,00
Banks Debt	€283.561.000,00	€278.518.000,00	€290.750.000,00	€275.851.000,00	€263.596.000,00	€290.044.000,00
Finance Expense	€16.821.000,00	€17.734.000,00	€16.575.000,00	€16.291.000,00	€17.668.000,00	€14.173.000,00
Total Equity	(€8.555.000,00)	(€9.241.000,00)	€10.170.000,00	€47.053.000,00	€107.074.000,00	€114.167.000,00
Total Non Current Assets	€274.341.000,00	€296.460.000,00	€304.902.000,00	€324.410.000,00	€370.947.000,00	€389.859.000,00

Source: XRTC

**TABLE 5: KEY INDICATORS ANEK LINES (2010 - 2015)**

YEAR	2015	2014	2013	2012	2011	2010
EBITDA Margin	18,5%	6,0%	3,6%	2,1%	5,0%	-4,3%
Total Income before Taxes Margin	0,6%	-11,1%	-20,3%	-30,3%	-9,4%	-4,3%
Cost of Sales/ Operating Revenues	0,7	0,8	0,9	0,9	0,8	0,9
Cost of Fuels & Lubs/ EBITDA	1,6	6,8	11,9	22,6	9,1	-10,5
Total Equity / Banks Debt	0,0	0,0	0,0	0,2	0,4	0,4
Banks' Debt/ Total Non Current Assets	1,0	0,9	1,0	0,9	0,7	0,7
EBITDA/Finance Expense	1,8	0,6	0,4	0,3	0,7	-0,8
Operating Revenues/Total Equity	-18,7	-18,3	17,5	4,2	2,3	2,3

Source: XRTC

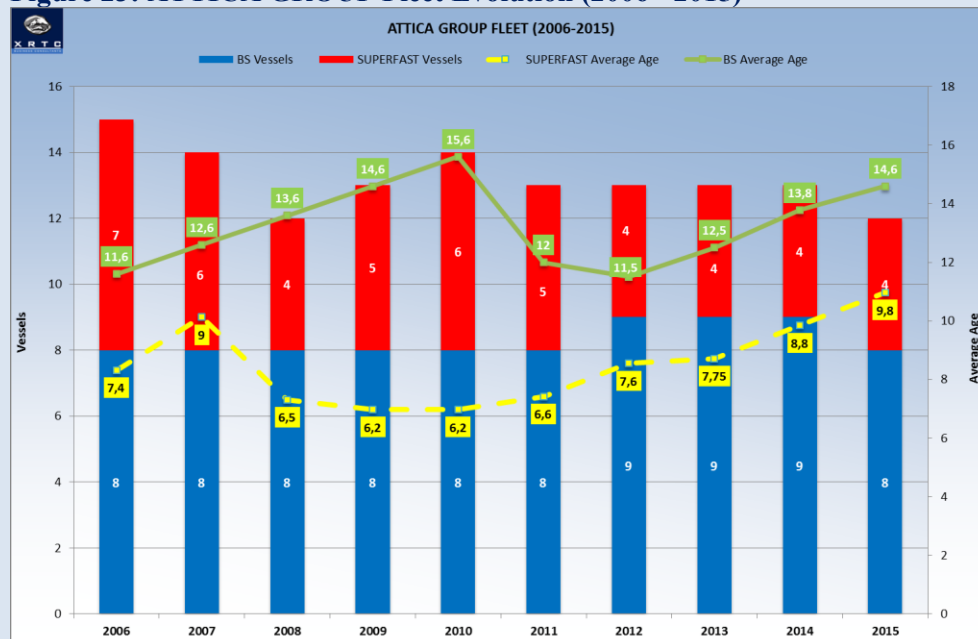
### Markings

It is a matter of fact that the company made efforts to recover by applying modern governance methods and finally made it to turn into positive results. The positive developments stemming from its consortium with ATTICA GROUP are clearly depicted on EBITDA margin, since ANEK LINES put an end to the unfair competition of the past and also managed to overcome the pressures brought by its engagement with Hellenic Seaways in the past.

The settlement of its capital composition resulted by replacing Seastar Capital with Piraeus Bank gives a new boost, but it also makes the company vulnerable –to some extent- in case of selling its shares to a third party. Another important issue is that ANEK LINES remains the only public-based company since it is **49.3%** privately owned. This could be ANEK LINES' main driving force in seeking new funds that will be needed for new investments.

## 4.1.2. ATTICA GROUP

Figure 23: ATTICA GROUP Fleet Evolution (2006 - 2015)



Source: XRTC

During 2015 the company operated a fleet of 12 vessels, 4 of which belong to SUPERFAST and 8 to BLUE STAR FERRIES (Figure 22).

The Group announced the agreement to launch new routes in sea linkages between Morocco and continental Europe via the newly established company "Africa Morocco Lines" based on Morocco. Attica Group joined the new company with a share of **49%**, while **51%** is controlled by Moroccan shareholders, with BMCE Bank Of Africa Group as the main shareholder. According to the relevant announcement the BMCE, a leading bank in Morocco and in African continent in general, enjoying the full confidence of the Moroccan Government as expressed by the Ministry of Transport in charge ("Ministere de l' Equipement du Transport et de la Logistique"), entrusted Attica Group by choosing among many passenger shipping companies, in order to become the strategic investor that will contribute to African Moroccan Line with longstanding expertise , know-how and operational excellence.

The seaborne volume of transportation between Morocco and Europe is estimated at around four million passengers, one million cars and 260 thousands tracks, with huge potential for further development,

The implementation of the agreement began by launching in **17 June 2016** the vessel "DIAGORAS" in the line Tanger Med (Morocco) – Algeciras (Spain) while ATTICA has already chartered the vessel "EL. VENIZELOS" of ANEK LINES to also operate in this line. The next steps of further development for AML have already been set by launching extra lines between Morocco and continental Europe.

The Group has also chartered the former ANEK LINES' vessel "LEFKA ORI" from her new owner company. The vessel was renamed "BLUE GALAXY" and it is launched since **24th April 2015** in the line Piraeus-Chania.

ATTICA GROUP increased its sailings on an annual basis by **6,3%** in the Greek Market and reduced respectively those in the Adriatic by **-16,8%** .

During **2015** ATTICA GROUP's Total turnover stood at **€277.63 mil** compared to **€266.66 mil** during **2014**, an increase of **4.1%**. The Group's earnings before taxes, investing and financial results during **2015** reached **€80.7 million** compared to profits of **€42.35 mil** during **2014**. Moreover, during **2015** the Group's profits after tax reached **€33.18 mil** compared to profits of **€4.27 mil** during **2014**.

Based on the data of the shareholder registry as of **31.12.2015**, the only shareholder with a share that exceeds **5%** is MARFIN INVESTMENT GROUP HOLDINGS SA (MIG) with a total stake (direct and indirect) of **89.38%**. From the previous, a) a percentage of **11.60%** belongs to shares directly held by MIG and b) a percentage of **77.78%** belongs to shares held by the 100% subsidiary MIG SHIPPING S.A.

**TABLE 6: KEY FINANCIAL FIGURES ATTICA GROUP (2010 - 2015)**

YEAR	2015	2014	2013	2012	2011	2010
Passengers	3.543.956	3.303.324	3.762.679	3.525.683	3.562.038	4.457.821
Cars	405.133	376.634	494.698	475.071	490.278	668.115
Trucks	259.410	252.479	258.389	254.112	243.035	267.577
Operating Revenues	€277.625.000,00	€266.660.000,00	€260.160.000,00	€256.002.000,00	€246.790.000,00	€271.521.000,00
EBITDA	€80.700.000,00	€42.349.000,00	€27.146.000,00	€9.445.000,00	(€8.470.000,00)	(€2.500.000,00)
Total Income before Taxes	€33.399.000,00	€4.435.000,00	(€10.096.000,00)	(€53.187.000,00)	(€86.690.000,00)	(€44.400.000,00)
Cost of Sales	€183.502.000,00	€214.059.000,00	€219.055.000,00	€233.021.000,00	€236.696.000,00	€247.597.000,00
Fuel & Lubs Cost	€73.894.000,00	€113.854.000,00	€115.814.000,00	€128.585.000,00	€122.180.000,00	€119.466.000,00
Banks Debt	€285.256.000,00	€282.161.000,00	€289.940.000,00	€341.350.000,00	€346.324.000,00	€336.065.000,00
Finance Expense	€21.202.000,00	€15.940.000,00	€14.095.000,00	€11.370.000,00	€12.733.000,00	€14.033.000,00
Total Equity	€376.228.000,00	€339.817.000,00	€340.053.000,00	€350.371.000,00	€406.215.000,00	€471.041.000,00
Total Non Current Assets	€568.835.000,00	€582.951.000,00	€631.192.000,00	€708.955.000,00	€717.474.000,00	€745.344.000,00

Source: XRTC

**TABLE 7: KEY INDICATORS ATTICA GROUP (2010 - 2015)**

YEAR	2015	2014	2013	2012	2011	2010
EBITDA Margin	29,1%	15,9%	10,4%	3,7%	-3,4%	-0,9%
Total Income before Taxes Margin	12,0%	1,7%	-3,9%	-20,8%	-35,1%	-16,4%
Cost of Sales/ Operating Revenues	0,7	0,8	0,8	0,9	1,0	0,9
Cost of Fuels & Lubs/ EBITDA	0,9	2,7	4,3	13,6	-14,4	-47,8
Total Equity / Banks Debt	1,3	1,2	1,2	1,0	1,2	1,4
Banks' Debt/ Total Non Current Assets	0,5	0,5	0,5	0,5	0,5	0,5
EBITDA/Finance Expense	3,8	2,7	1,9	0,8	-0,7	-0,2
Operating Revenues/Total Equity	0,7	0,8	0,8	0,7	0,6	0,6

Source: XRTC

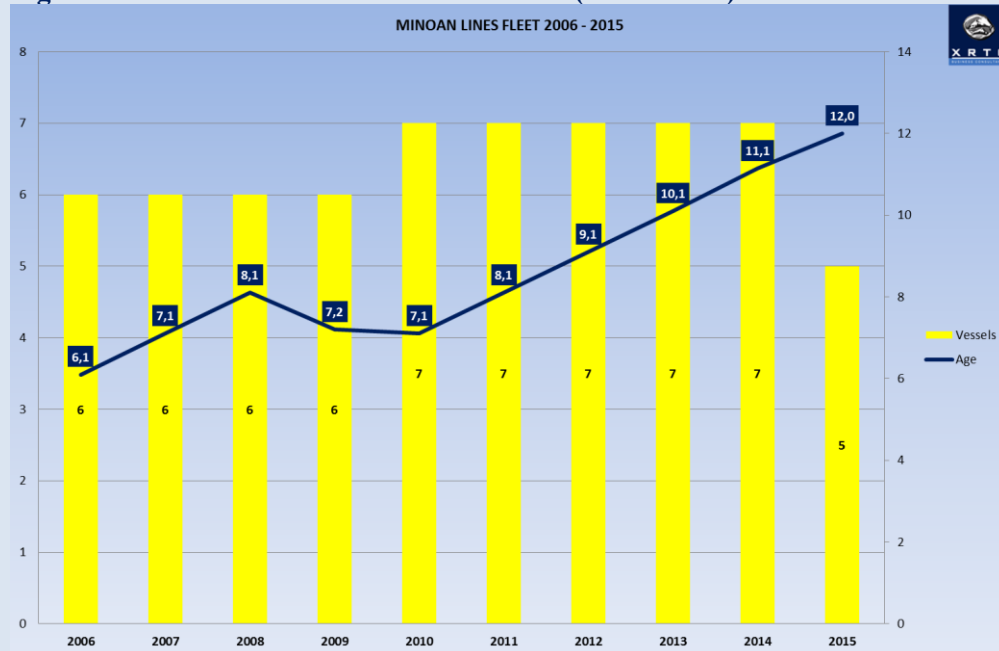
### Markings

ATTICA GROUP has entered in a new era of dynamic growth and development. The investments of the past combined with the strategically important consortium with ANEK LINES and furthermore, NEL's withdrawal from the market, are the main factors that give the company huge potential of rapid development.

The re-expansion beyond Greek borders is a high promising business venture that may be implemented elsewhere. The company's management team has dynamics that seem to stem from handling similar situations in the past. Company's further growth is now based on investors' appetite and banks' support.

### 4.1.3. MINOAN LINES

Figure 24: MINOAN LINES Fleet Evolution (2000 - 2015)



Source: XRTC

The company operates five vessels in the Greek market in the lines of Iraklion-Piraeus and Adriatic Sea.

It is the only company that operated in the line of Northern Adriatic (Patra-Igoumenitsa-Angona-Trieste).

Undoubtedly, the company operates the youngest fleet of Greek ferry market. (Figure 23).

Despite the ongoing economic downturn and fierce competition, MINOAN LINES managed to maintain its high market shares in the lines of Adriatic during **2015**. In this market, the company carried 406 thousand of passengers, 94 thousands of cars and 77 thousands tracks. The market shares in the Angona market reached **54.3%** for passengers, **52.9%** for cars and **56.5%** for tracks.

In the line Iraklion-Piraeus the company maintained its strong position by carrying 707 thousands of passengers, 90 thousands of cars and 57 thousands of tracks. The market shares in this market reached **67%** for passengers, **64%** for cars and **47.2%** for tracks.

During **2015** the company reaped the benefits of policies adopted in recent years such as cost control, limiting the expenditures and exploiting intragroup synergies by taking important actions in:

- Active management of the fleet and rescheduling of the services in order to increase the capacity utilization by reducing vessels operating costs at the same time.
- Long term chartering of two vessels in a third shipping company outside the Greek market under satisfying conditions.
- New activities are being developed, such as marine agency for the vessels operated by Grimaldi group and calling at the ports of Piraeus and Igoumenitsa.
- The recapitalization and financial restructuring through consecutive capital raisings during **2013–2014** reached almost **€80 mil.**
- The strict compliance with the financial obligations towards employees, suppliers, partners and the debt liabilities towards banking institutions, results in enjoying favorable conditions through MINOAN LINES transactions.

The above policies adopted, in combination with falling oil prices worldwide, the decrease in financial expenses and the increased revenues resulted in achieving significant profits. Turnover from Operations increased by **€4,239 mil** reaching **€172,432 mil** compared to **€168,193 mil** during **2014**. The Earnings before Interest, Taxes and Depreciation and Amortization (EBITDA) Results reached profits of **€36,049 mil** compared to **€20,152 mil** during **2014**. Net Financial and Investment Results were decreased in comparison with those during **2014** and reached **€2,305 mil** instead of **€4,317 mil**. This change is mainly attributed to a

lower borrowing margin and the repayment of long and short term debt liabilities. Net profits before taxes reached **€17,939 mil** compared to **€0,3 mil** during 2014.

**TABLE 8: KEY FINANCIAL FIGURES MINOAN LINES (2010 - 2015)**

ΕΤΟΣ	2015	2014	2013	2012	2011	2010
Passengers	1.113.000	1.208.000	1.142.332	1.092.695	1.553.800	1.514.000
Cars	184.000	198.000	189.104	168.064	273.830	261.000
Trucks	134.000	137.000	123.972	126.860	140.272	143.000
Operating Revenues	€172.432.000,00	€168.193.000,00	€161.571.000,00	€152.826.047,05	€193.323.740,51	€169.374.834,00
EBITDA	€36.049.000,00	€20.152.000,00	€16.076.000,00	(€7.208.240,08)	(€27.780.000,00)	(€35.900.000,00)
Total Income before Taxes	€17.939.000,00	€323.000,00	(€14.537.000,00)	(€51.404.000,00)	(€39.972.665,61)	(€40.816.239,00)
Cost of Sales	€125.842.000,00	€143.955.000,00	€140.354.000,00	€153.840.795,02	€190.625.050,77	€169.696.719,00
Fuel & Lubs Cost	€42.239.000,00	€66.024.000,00	€69.584.000,00	€83.841.698,60	€100.305.694,26	€87.104.258,00
Banks Debt	€194.540.000,00	€218.691.000,00	€223.960.000,00	€242.925.746,26	€259.054.269,61	€282.172.190,17
Finance Expense	€2.560.000,00	€4.512.000,00	€7.829.000,00	€10.023.189,24	€11.884.387,69	€8.657.297,80
Total Equity	€259.565.000,00	€241.844.000,00	€211.646.000,00	€176.352.952,91	€227.653.667,92	€267.396.252,65
Total Non Current Assets	€438.472.000,00	€454.507.000,00	€466.650.000,00	€484.772.598,51	€496.429.544,89	€510.533.547,23

Source: XRTC

**TABLE 9: KEY INDICATORS MINOAN LINES (2010 - 2015)**

YEAR	2015	2014	2013	2012	2011	2010
EBITDA Margin	20,9%	12,0%	9,9%	-4,7%	-14,4%	-21,2%
Total Income before Taxes Margin	10,4%	0,2%	-9,0%	-33,6%	-20,7%	-24,1%
Cost of Sales/ Operating Revenues	0,7	0,9	0,9	1,0	1,0	1,0
Cost of Fuels & Lubs/ EBITDA	1,2	3,3	4,3	-11,6	-3,6	-2,4
Total Equity / Banks Debt	1,3	1,1	0,9	0,7	0,9	0,9
Banks' Debt/ Total Non Current Assets	0,4	0,5	0,5	0,5	0,5	0,6
EBITDA/Finance Expense	14,1	4,5	2,1	-0,7	-2,3	-4,1
Operating Revenues/Total Equity	0,7	0,7	0,8	0,9	0,8	0,6

Source: XRTC

“GRIMALDI GROUP S.p.A” holds **95.73%** on the total number of Company shares (**89.94%** direct and **5.79%** indirect) as of **31.12.2015**.

### Marking

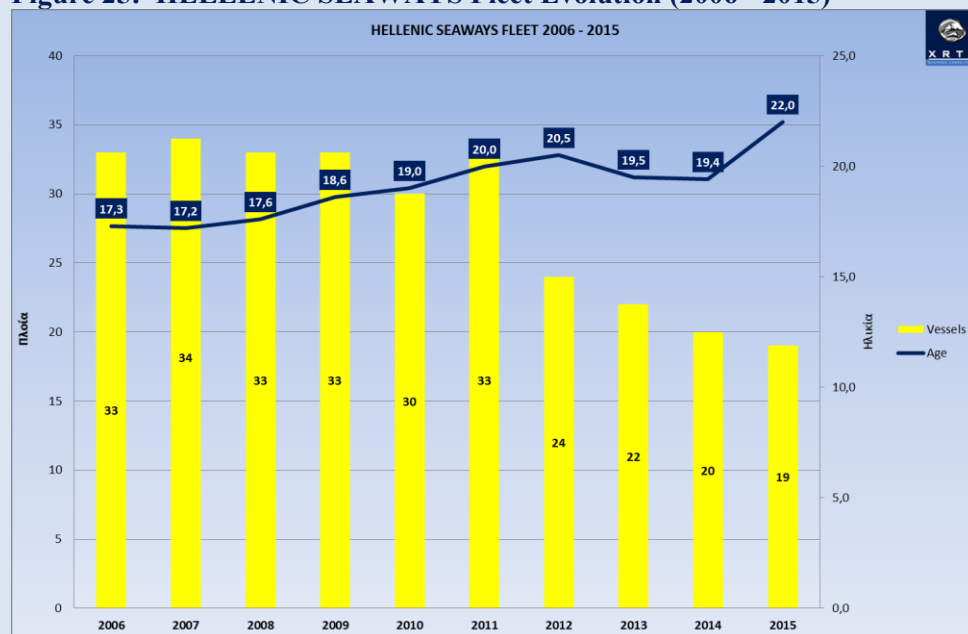
MINOAN LINES emerge year after year as winners in the “battle” for the lines of Adriatic and Iraklion. The ongoing group’s expansion on a multi-European level makes MINOAN LINES a possible buyer of other companies of Greek Ferry Market. The Group’s effort to buy Hellenic Seaways shares reflects the belief in the potentials of Greek market and the existence of opportunities and possible structural changes at the same time. We believe that there are still expansion margins in the Greek market but the success of this strategy has a few recipients since, there is a limited number of large shareholders.

## 4.2. Non Listed Companies

### 4.2.1. HELLENIC SEAWAYS

During **2015** Hellenic Seaways operated in the lines of Cyclades, NE Aegean Sea, Sporades and Saronicos, while besides coastal shipping, it continued to operate in the Adriatic line Korinthos-Venice until May. The company increased significantly its transportation volumes by rescheduling its services, its operations in four new subsidized lines (through an equal number of competitions imposed by the Ministry of Shipping during **2015**), but also due to the significant number of refugee flows into island destinations serviced by its vessels (NE Aegean).

**Figure 25: HELLENIC SEAWAYS Fleet Evolution (2006 - 2015)**



The company operates more than 19 vessels in the Greek market by reaching 35 destinations.

In the first half of the year the company was operating in the Adriatic, Korinthos-Venice Line, by using Ro-Ro vessels.

Source: XRTC

The company has already fulfilled its loan restructuring since **June 2015**. Its steady growth resulted in profitability after four years of losses and a fleet renewal program is being implemented at the same time. Over the last two years the company is making plans to connect Izmir with Thessaloniki. The ferry linkage will be on the basis of a regular schedule, offering high quality cruise and commercial services.

The most important events that took place during **2015** and the first half of **2016** were:

- On March 23, 2015 a fire broke out on the vessel «Highspeed 5» which was docked in the shipbuilding zone of Drapetsona, during retrofitting work and annual inspections. Since September 2015, «Highspeed 5» is located in the shipyards of Fincantieri Company in Trieste (Italy), which has undertaken the full repair and retrofitting of the vessel.
- On June 9, 2015 a total restructuring agreement of bank liabilities to its creditors (Piraeus Bank, national Bank of Greece, Alpha Bank) was signed. Based on refinancing the Group's total lending, the company managed to inject capital in loan amortization and loan liabilities maturing in June 2015, to lengthen the repayment period of its loans, to decrease the average lending rate and to disburse a new loan of €13.0 mil.



- In November, the company sold “POSEIDON HELLAS” vessel which does no longer consist a part of the company’s business plan. Revenues from the sale entirely contributed to the reduction of bank debt.
- In December, the company bought the “IONIAN QUEEN” vessel (renamed to “NISOS SAMOS”). The new vessel has the ability to be launched in many of the existing lines and new, contributing significantly to the increase of company’s market shares and profitability. The vessel is being retrofitted and it is estimated to be ready for sail in July 2016.
- During 2015, the company has completed its tax auditing procedures for the years 2007 - 2011.
- On March 2016, the vessel “APOLLON HELLAS” was chartered to “Apollon Ferries Shipping Company” for seven months, while the contract includes the obligation of the latter to purchase the vessel at the end of its charter period in October 2016. Estimated losses from this vessel’s sale are about 0,4 mil euros.
- The company received in 2016 the first of three new vessels, fully reconstructed in machinery terms, bridge systems and hotel equipment. With “HELLENIC HIGH SPEED” under operation, the company returns in servicing Rafina-Cyclades line with a Passenger/Car ferry after almost three years of absence.

For the year **2015** the Turnover from Operations reached **€131.9 mil**, an increase of **26.5%** compared to **2014**. Despite the fall in fuel oil prices worldwide by **32%** compared to **2014**, the cost of sales increased by **€7.9 mil** (+8.4%) due to the longer period of operating its vessels. In combination with the aforementioned increase in Turnover by **€27.6 mil**, gross profit was improved by **€19.7 mil** compared to **2014**, reaching **€29.8 mil**. Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) reached **€24.6 mil** increased by **€18.1 mil** compared to the previous year. Net Results (after taxes) showed a significant improve compared to **2014**. The Group reported for the first time after five consecutive years net profitability of **€3.9 mil** compared to losses of **€17.4 mil** in **2014**.

Moreover, the Group carried out a number of actions such as:

- Operating in new subsidized lines that contribute to larger market shares and ensure certain vessels operation on a 12 month base.
- Long term vessel chartering agreements that provide liquidity throughout the year.

**TABLE 10: KEY FINANCIAL FIGURES HELLENIC SEAWAYS (2010 - 2015)**

YEAR	2015	2014	2013	2012	2011	2010
Passengers	3.269.958	2.933.532	2.866.016	2.913.910	3.688.379	3.911.889
Cars	210.718	205.552	203.297	220.196	286.986	419.337
Trucks	62.425	42.709	47.164	59.476	61.121	71.427
Operating Revenues	€131.901.000,00	€104.276.171,43	€102.835.732,42	€111.419.332,85	€144.318.000,00	€153.394.000,00
EBITDA	€24.600.000,00	€5.470.516,76	(€6.334.772,94)	(€7.879.690,30)	€5.567.000,00	(€1.195.000,00)
Total Income before Taxes	€4.107.000,00	(€17.909.175,47)	(€52.762.188,39)	(€34.852.629,30)	(€29.470.000,00)	(€27.515.000,00)
Cost of Sales	€102.118.000,00	€94.226.831,75	€107.744.782,98	€118.509.338,12	€138.828.000,00	€149.149.000,00
Fuel & Lubs Cost	€36.003.000,00	€40.639.000,00	€47.737.000,00	€55.194.000,00	€59.500.000,00	€57.889.000,00
Banks Debt	€179.584.000,00	€162.012.508,15	€164.127.845,77	€157.420.131,15	€154.945.000,00	€154.352.000,00
Finance Expense	€8.003.000,00	€9.126.397,45	€8.637.449,90	€8.994.308,34	€10.137.000,00	€4.616.000,00
Total Equity	€71.088.000,00	€68.275.952,99	€86.184.768,62	€138.508.905,92	€173.405.000,00	€202.928.000,00
Total Non Current Assets	€231.577.000,00	€270.069.983,07	€267.202.138,08	€308.886.376,61	€337.628.000,00	€367.033.000,00

Source: XRTC

**TABLE 11: KEY INDICATORS HELLENIC SEAWAYS (2010 - 2015)**

YEAR	2015	2014	2013	2012	2011	2010
EBITDA Margin	18,7%	5,2%	-6,2%	-7,1%	3,9%	-0,8%
Total Income before Taxes Margin	3,1%	-17,2%	-51,3%	-31,3%	-20,4%	-17,9%
Cost of Sales/ Operating Revenues	0,8	0,9	1,0	1,1	1,0	1,0
Cost of Fuels & Lubs/ EBITDA	1,5	7,4	-7,5	-7,0	10,7	-48,4
Total Equity / Banks Debt	0,4	0,4	0,5	0,9	1,1	1,3
Banks' Debt/ Total Non Current Assets	0,8	0,6	0,6	0,5	0,5	0,4
EBITDA/Finance Expense	3,1	0,6	-0,7	-0,9	0,5	-0,3
Operating Revenues/Total Equity	1,9	1,5	1,2	0,8	0,8	0,8

Source: XRTC

In **February 2016**, the Grimaldi Group through the company “MINOAN LINES SA”, the second largest shareholder of Hellenic Seaways with 33.4% at that time, expressed interest and proceeded in acquiring shares from the company’s shareholders in order to raise its participation share in “Hellenic Seaways SA”. Until **May**, the “MINOAN LINES SA” share reaches **46%** of the total shareholder equity. The procedure of acquiring shares is still ongoing. The Grimaldi Group had initially purchased shares at a level of €1,5 and subsequently submitted a public offer of €2,5 per share although, according to the market, there have been transactions that took place for larger institutional “packages” at higher prices. The other major shareholder with a share of **39.5%** is Piraeus bank which desires to manage its stake in the best manner, while MINOAN LINES have already expressed their hope that Piraeus Bank will finally hold a tender for selling its stake in Hellenic Seaways.

### **Markings**

A year full of opportunities for Hellenic Seaways, with its new vessels it can certainly reach at decade record levels. Here comes the bride! The positive future prospects of the company, if costs remain at the same levels, are possibly the reason why shareholders of **14.5%** do not sell their stakes to the Italian Grimaldi Group.

The company takes advantage of NEL’s withdrawal from the market, besides so many other companies that also withdrew the market in previous years. We believe that consecutive investments made by the company will deliver results in **2016** as the company will raise further its profit margins. We expect immense conflict regarding the ownership status of the company, something that it is not a pleasant situation.

## 4.2.2. OTHER COMPANIES

At this point we should refer to some small-to-medium sized companies that continue to offer their services in major lines and other connections between islands. Those lines came into light after the companies bought or chartered new vessels. Our Study examines this category of companies only on a fleet size level, since these companies do not release their financial or other results.

- The Marios Iliopoulos' "SEAJET" company has been strengthened in the market by operating a fleet of 11 fast ferries and reaching many destinations in western/eastern Cyclades and Crete, with departures from Piraeus, Rafina, Lavrio, Iraklion and Rethymno.
- The G. Theodosios' "LEVANTE FERRIES" company entered the **Ionian market in 2015** with "FIOR DI LEVANTE" vessel. Today it serves the market with departures from Kylini and Patras to Kefalonia, Zakynthos and Ithaca by operating three vessels. The "FIOR DI LEVANTE" vessel, that has been awarded by Shippax as the most beautiful ferry boat for **2015**, the "MARE DI LEVANTE" vessel (ex "IONIS STAR") and the "SPEEDRUNNER III" vessel of Aegean Speed Lines.
- The Aegean Speed Lines company continues operating two vessels in western Cyclades line while ANMEZ from Ionian lines has also entered in serving Cyclades lines.
- The Stefanos' Brothers companies, Fast Ferries και Golden Ferries, are operating in Cyclades by departing only from Rafina.

Furthermore, there are many other shipping companies that operate in island connections, such as Dodekanisos Shipping Company that has been awarded by Lloyd's List Greek Shipping Awards as the best Greek Ferry Shipping Company of the year **2015**. Beyond connecting Dodecanese, ANE Kalymnos, Paros Antiparos Shipping Company and others, also connect Samos, Ikaria and Fournoi. At this point we should mention that besides Hellenic Seaways, the Sporades lines are being serviced by other small-sized companies such as TwoWays Ferries, ANES Ferries, SKYROS Shipping Company and others, with departures from Volos, Ag. Konstantinos and Evoia.

**TABLE 12: Small-Medium Sized Greek Ferry Companies**

	Company	Conventional Ferries	Highspeed	Total	Routes
1	Sea Jets		11	11	Piraeus- Rafina-Lavrio- Cyclades-Heraklion
2	TWOWAY FERRIES	3		3	Sporades- Saronikos
3	Anes Ferries	3		3	Piraeus -Aegina/ Volos -Evia- Sporades
4	Fast Ferries	3		3	Rafina- Andros -Tinos -Mykonos
5	LEVANTE FERRIES	2	1	3	Kyllini- Cefalonia-Zante & Patras- Sami-Ithaca
6	ANE Kalymnou	3		3	Kalymnos-Kos-Leros-Patmos-Astypalaia-Lipsi-Samos-Agathonisi
7	ANMEZ S.A.	3		3	Cyclades- Ionian Sea Islands
8	Dodekanisos Shipping	1	2	3	Dodekanisa/Eastern Aegean Sea Islands
9	Aegean Speed Lines		2	2	Western Cyclades
10	Golden Star Ferries	2		2	Rafina-Andros -Tinos - Mykonos-Paros -Naxos
11	KEFALONIAN LINES	2		2	Kyllini- Cefalonia-Zante
12	GOUTOS LINES - Karthaia Shipping	1		1	Lavrio-Kea-Kithnos
13	NOVA FERRIES	1		1	Saronic Bay Islands
14	Agia Marini Shipping	1		1	Psara- Chios
15	Ionion Pelagos Shipping	1		1	Astakos - Cefalonia -Ithaca- Lefkada
16	Karystia	1		1	Lavrio-Kea-Kythnos
17	LANE	1		1	Piraeus- Kithira-Gytheio-Kissamos
18	PAROS ANTIPAROS SHIPPING	1		1	Ikaria-Fournoi-Samos
19	Skyros Shipping	1		1	Kimi- Skiros-Sporades -Volos
20	Leve Ferries	1		1	Saronic Bay Islands
	<b>Total</b>	<b>31</b>	<b>16</b>	<b>47</b>	

The aforementioned companies complement 100% of Greek Ferry Market. They probably make up for 1/3 of the market's volumes and a **25%** percentage of total industry turnover/revenues. Under the rules imposed by the European Union and the steady operation of the market, it is of high importance for those companies to be analyzed exactly in the same way we did for the major companies in order to achieve greater transparency through disclosing statistical data, a procedure that will support their work and that of the regulators.

We should highlight that many of the above companies, despite their local nature, present innovative management structures and develop Greek coastal shipping in general. We also highlight the fact that many such companies repair or even build –in some cases- their vessels in Greece. This is an action that should gain general appreciation and official support from the State and all public bodies.

Finally, we should mention that many of the above companies are seasonally deployed, especially in high demand periods and this is a situation that does not contribute to healthy competition, but it cannot be done otherwise. It is clear that imposing the European Rules brings large profits not only to the users but also to the shipping companies. Greek Ferry Market is offered for both seasonal deployments and innovations by bringing the tourist and the ferry product together.

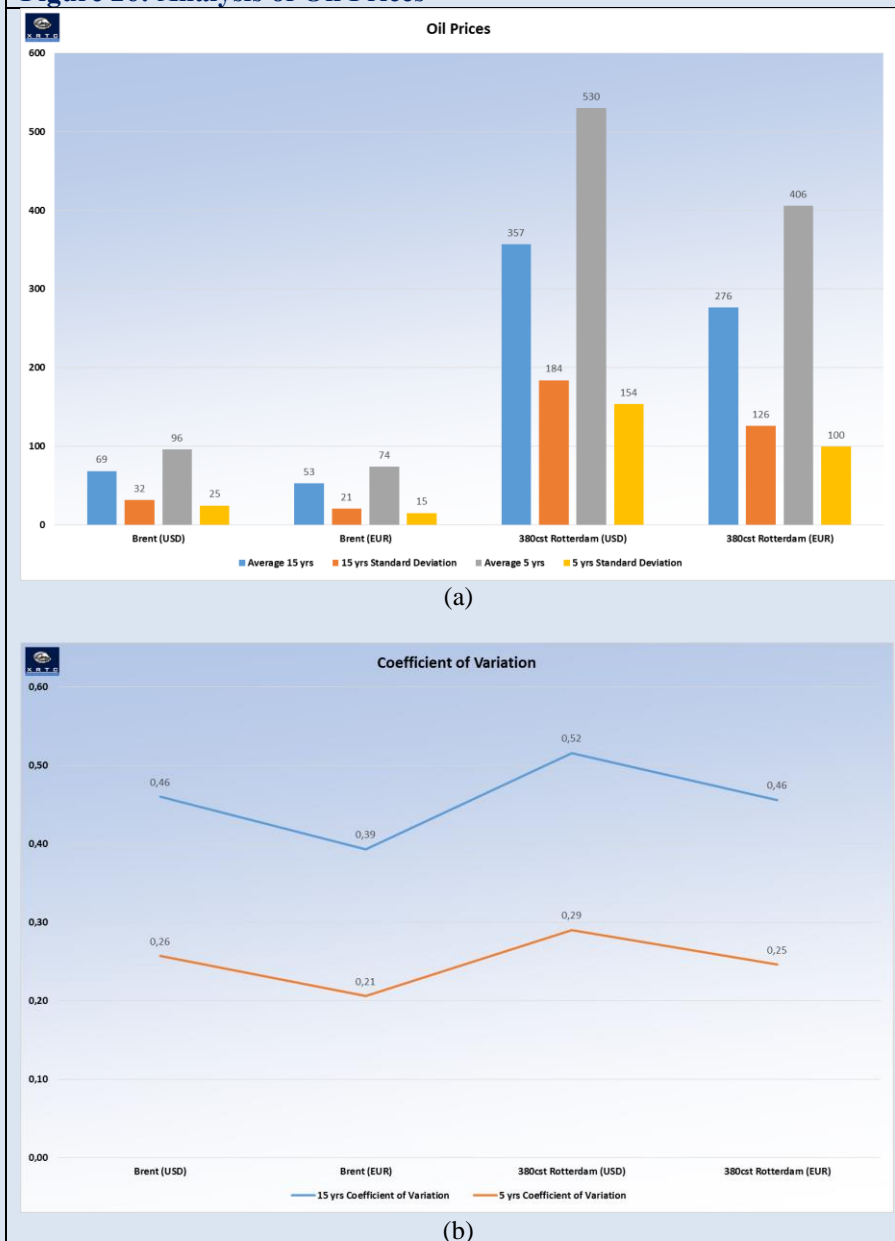
## RISK ANALYSIS

This year's Study focuses on addressing three key risks that affect the companies' Financial Performance:

- ▶ Risk of Fuel Prices' Fluctuation
- ▶ Risk of Exchange Rates' Fluctuation
- ▶ Risk of Bankruptcy

Fuel price fluctuations have an immense impact on companies' operating cost and they contribute significantly to achieving profitable results or even losses. As seen in Figure 25α, the average oil price not only for Brent but also for 380cst Rotterdam fluctuates, since in the last 5 years (2011 – 2015) oil price has balanced in levels five times higher than those of the period 2001 – 2015. The results of Coefficient of Variation ratio as seen in Figure 25β are very important too. According to the results, although prices during 2011 – 2015 balance at much higher levels as mentioned, lower volatility levels are observed compared to the fifteen year period.

Figure 26: Analysis of Oil Prices

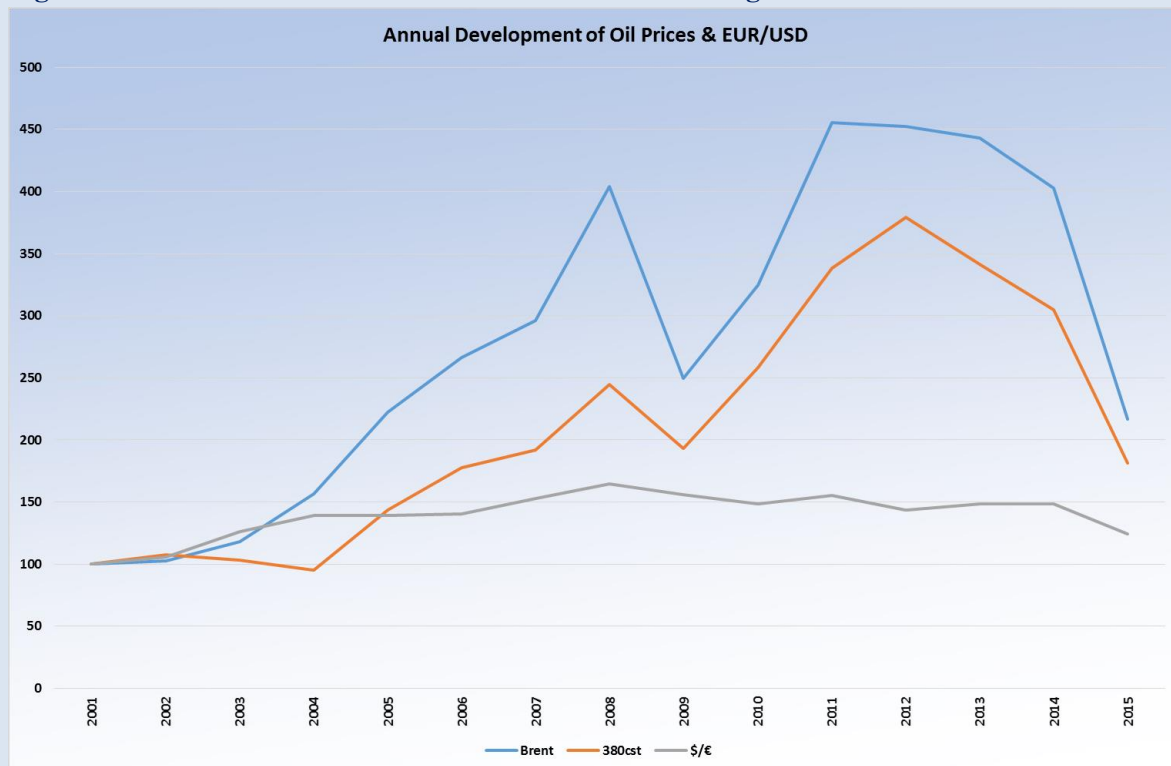


Source: XRTC

Along with the fuel cost, the exchange rate of Euro/US Dollar is also a significant risk for the industry as international fuel prices are set in US dollars. Since revenues of the Ferry market are mostly expressed in euros and a large proportion of expenses is expressed in US dollars, it is obvious that the implementation of technics and managing tools of the Euro/US Dollar exchange rate is imperative. In the last five years the Euro/US Dollar exchange rate had a positive effect on operational expenses of the companies since euro was particularly appreciated in relation to the dollar, and as a result it absorbed a significant proportion of oil prices increases worldwide. But, since the second half of **2015** and during **2016** the Euro/US Dollar exchange rate has been reversed as the dollar has been appreciated. The impact of this change slightly affects shipping companies because fuel prices still remain in low levels.

By further examination in the trend of price levels of these two risks during the period **2001-2015** we observe that oil prices reach the period levels of **2005-2009**. It is important to mention that the Euro/US Dollar exchange rate acts like a hedging tool against consecutive rising oil prices during **2010 – 2014** providing signs of relief to companies' financial performance due to the continuous appreciation of the Euro against the US dollar.

**Figure 27: Evolution of Fuel Prices and EUR/USD Exchange Rate**

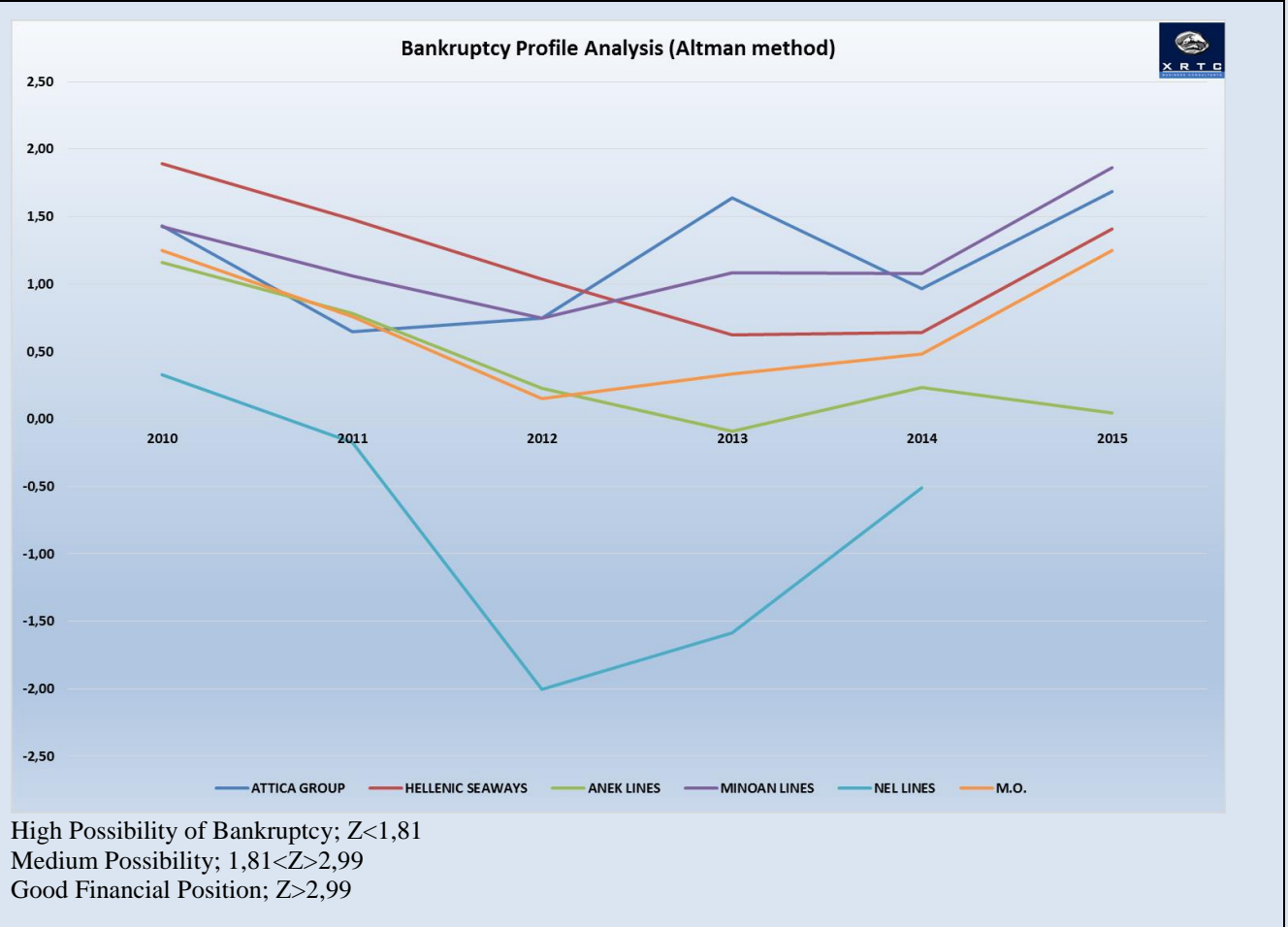


Source: XRTC

The ongoing situation of the market is clearly depicted in the results of Figure 27, in which a bankruptcy possibility of largest Greek Ferry Companies is examined, covering a period from **2010 to 2015**, according to Altman's methodology. As we had unfortunately predicted, NEL LINES did not manage to avoid bankruptcy. The remaining companies face serious challenges, as their performance is less than 1.81 excluding MINOAN LINES whose performance is marginally higher at 1.86. The difficulty for the Greek Ferry Market in achieving a long term and substantial robustness depicts on its inability to reach a price over 2.99 which, according to the researchers methodology reflects the good condition of a company regardless its activity sector.



**Figure 28: Bankruptcy Risk Analysis**



Despite the significant correction in financial results, it must be highlighted that low liquidity in combination with raising capital deficiencies compose the two key factors that maintain the risk of bankruptcy. ANEK LINES is in a risky position, but basing on its shareholder structure and only, adds some kind of a safety feeling. Undoubtedly, all the Greek Ferry Shipping Companies must insist on their year after year strong efforts in order to enter into a steady development course.

## ► S.W.O.T ANALYSIS

The Greek Ferry Market now enters into a new era of different trends as it refers to market dynamics and risks it has to confront with. Below there is a summary analysis of the market's environment.

**TABLE 13: MARKET'S ENVIRONMENT ANALYSIS**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• The youngest fleet in the EU</li> <li>• Capable companies, tested in managing administrative crises</li> <li>• Steady banking relations, since all of the companies have fulfilled their debt restructuring</li> <li>• Rationalized stance towards competition</li> <li>• Increases in shareholders equities create opportunity dynamics for the rest of the companies</li> <li>• Satisfying representation of the sector (EEA)</li> <li>• Opportunity of expanding across borders due to market's improvement</li> <li>• PPA's (OLP) privatization</li> </ul>	<ul style="list-style-type: none"> <li>• High freights/ticket prices</li> <li>• Lack of liquidity despite the dramatic improvement of it</li> <li>• Inability to raise capital</li> <li>• Lack of public investment in the development of infrastructure projects</li> <li>• Increasing vessels operation costs due to obsolete laws and regulations</li> <li>• Weakness in fleet renewal and attracting new investments</li> <li>• Difficulty in attracting clients through the increased tourist volumes</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Fuel prices remain in low levels</li> <li>• Rationally designed schedules</li> <li>• Low market value</li> <li>• Increased tourist volumes</li> <li>• Further port privatizations</li> <li>• Acquisitions of equity packages</li> <li>• Improvement of passenger shipping across Europe</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced possibilities for a better performance of Greek economy in terms of development</li> <li>• Maintenance of the imposed capital controls</li> <li>• Solid annual reduction in passenger and car volumes</li> <li>• Trend of increasing competition from the airlines transports with a main characteristic of strong pricing competition</li> <li>• Uncertainty about future fuels' cost</li> <li>• Ongoing crises in Turkey, Syria and the Middle East</li> <li>• Difficulty in finding working capital due to lack of bank financing</li> <li>• Market's transformation to an oligopolistic one</li> </ul>

Source: XRTC

## ► CONCLUSIONS – PROPOSITIONS

The Greek Economy has entered in a deep crisis in the last eight years. Undoubtedly, the Greek Ferry's Market performance is totally linked to that of Greek's Economy. One can notice that easily if comparing current indicators and ratios with their respective ones, ten years ago. The sector's shrinking is obvious and depicted on passenger, cars, tracks volumes and total revenues as a result of the fleet operation.

Turnover from operations during the landmark year of **2006** exceeded **900 mil euros** while now reaches **700 mil euros** a decrease of **-22%** in a decade. At the same time, the fleet of large companies servicing all the main lines shrunk by 50% due to the significant trade decrease that directly affected the Adriatic market and led to a sharp decline in all domestic lines.

The economic environment in which the Greek Ferry Market had to be restructured was very weak. The sector had to deal with the imposed capital controls, the consecutive internal depreciation and the political uncertainty as a result of three elections conducted in a year's time. On its external environment the sector had to deal with geopolitical crises in neighboring countries and of course the liquidity crisis in European Banking Sector that led to reduced shipping finance.

All the above factors simply make it difficult for the Greek Ferry Companies to be restructured but finally, the whole procedure was successful. The companies, in an effort to rationalize their operating costs rescheduled their sea network by reducing the number of operations, regulating the speed of transfer and selling the unnecessary capacity. Consequently, they brought the market into a new equilibrium. Moreover, the yields of the last 18 months allowed the shipowners to make some new investments of limited size, marking though some kind of a recovery.

Companies' stance on the reshaping of the new coastal map was actually unprecedented in the modern history of Greek coastal shipping. Leaving the period **2003-2008** behind, when exacerbated competition flourished, the companies realized that the margins have narrowed. This does not eliminate the ongoing competition between Greek ferry companies, since even today the companies in the Greek market are still quite enough. Therefore, if a market player adopts a speculative pricing policy in a certain line, then it's for sure that another player will reply with an even reduced ticket.

The Greek ferry companies have also to deal with competition from the airlines. Expansion and strengthening of the air transport network by Greek and foreign companies, creates strong competition since financially weak coastal shipping companies cannot confront with strong financially airline companies that operate in Europe and in other parts of the world. The entrance of low budget/cost airline companies in our country has reduced the demand for coastal services regarding of high economic and tourist interest destinations, on annual basis. There is no doubt that island population is now friendlier to the air transportation than in the past, as the factor cost / transportation time, gives the aviation a strong advantage. So, we can observe that in many destinations the passengers send their cars via vessels and they prefer to use an airplane while in other destinations, companies accept carrying the vehicles without the cost of passenger or driver to be paid.

In this competitive new environment, the lack of sufficient port infrastructure must be added as part of the drawbacks that affect a vessels use. It is worth noting that the falling fuel prices in general, make the airplane even more competitive as the companies have the ability to offer particularly satisfying freights. The privatization of the Port of Piraeus through selling the majority of PPA's shares brings an expectation of upgrading the port infrastructure in the largest port of the country. The other major ports of the country will probably follow this example and we should take for granted that an upgrading in the services of Greek Ferry market will also take place.

The decreased volumes in domestic passengers and vehicles transportations are justified by the high ticket cost of coastal networks. A profound question would probably be why since the ticket prices were raised in

the period of high oil prices, do not decrease now that oil prices are low. The answer of the question lies on the fact that the vessel keeps the frequency of services and the speed on the same levels regardless the decreased transportation volumes. Besides passenger reduction due to airplane competition, the ongoing Greek economic crisis brings two important changes in the operation of coastal market. The limited vessels' use due to economic weakness and also a significant reduction of the high demand period that reached the 80's decade levels, about 30-45 days per year. We should remind that the respective period of high demand in coastal shipping's golden era reached 110 days per year. During the crisis, the average Greek passenger mostly preferred alternative destinations in mainland Greece and as a result a vessel's use is avoided.

At the same time, Greek ferry companies' liabilities to banks and their suppliers remain at high levels despite the rationalization of these costs through loan restructuring and agreements made. Finally, keeping an even low profitability is necessary in order to preserve the quality levels of service for the islands. Despite the fact that Greek fleet is young enough in comparison with the European one, many of the vessels have been sold so as for the companies to reduce their banking exposure. Sooner than expected the companies will be forced to invest in new vessels and for that reason cash reserves are needed.

The industry outlook is cautiously optimistic. The operating framework is fairly rationalized but, there are many other parameters that can negatively affect its further development. These are:

- The ongoing political uncertainty, since any discussion about new elections could interrupt the process of improving country's economic indicators and bring another wave of economic instability.
- The implementation of new reforming measures will further weaken Greek households and as a result their purchasing power will also weaken. This might have an effect on sea transportation volumes.
- The promising lift of capital controls does not seem to become reality in the short term and we should expect that they will remain beyond **2017** by limiting the potentials of Greek economy in terms of improvement.
- It is not certain that the oil price will remain in today's low levels.
- The geopolitical scene creates a fragile and volatile environment.
- There is no predicted improvement concerning the European Banking Sector and particularly the entrance of foreign banks in the Greek market and the Greek Ferry Market in general. It must be highlighted that Greek Ferry Market is characterized as a "Greek Risk" by all foreign banks and as a result it is very hard to get finance since vessels operate domestically.

In the optimistic part we must put emphasis on:

- Fleet's rationalization
- The industry's shift to profitability
- The maintenance of a competitive environment
- The possible new capital influx through investment groups or other European companies that seek to seize the opportunity of restarting the market and get benefit by the low values of shares and assets.
- Tourism development
- Resumption of Greek activities in Europe

The strong recovery observed during **2015** and resumed in the first half of **2016** adds special dynamic to the Greek Ferry Market. It is imposed for all the key players to continue joint efforts in order to avoid further deteriorations. Such a development could be fatal since industry's liquidity remains weak. The role of a market regulator is particularly neuralgic especially in the ongoing period. The recent increase in subsidized lines is a positive sign for the preservation of marine transportation network. But, the companies must seek new business models on their own, which will provide them with the necessary flexibility in order to cope with the challenges and absorb any vibration of their economic environment. Prerequisite for achieving this goal are the consecutive efforts for innovation at a strategic, business and operational level in combination with rationalization of price/cost relation between services offered and fleet's fall back. The average Greek

citizen, who is the main customer of Greek Coastal shipping, cannot stand the unbearable cost of several connections and of course this has a negative impact in market's development. Price inelasticity in the offered passenger services is likely to lead in price increases in other sectors which are totally linked to tourism, with an unavoidable negative effect in the tourism industry of the islands.

The efficient cooperation between the four major components of the market, State-Companies-Employees-Banks is now more important than ever before, in order to maintain the positive signs and defend the market from further risks. On the other hand, users should realize that all market creditors did what was economically possible to contribute to the market's rise and the preservation of high quality ferry services. Certainly the relationship between all these parts and the Greek economy is very close and tight and therefore the performance of the latter will continue to discomfort the users and the Ferry Market analysts for the years to come.

Marking the way out from the doldrums of the recent years required a painful effort, which was strictly followed by everyone in the sector, by giving a bright example to all other sectors of the Greek economy. All things considered and beyond any further concerns, we must welcome the industry's shift to positive results.

\*\*\* \*\*

## Sources

- ANEK LINES (2015), Annual Financial Report
- ATTICA GROUP (2015), Annual Financial Report
- MINONAN LINES (2015), Annual Financial Report
- HELLENIC SEAWAYS (2015), Annual Financial Report
- XRTC LTD (2015/16), Database for the Greek Ferry Market
- XRTC – Annual Reports on Greek Ferry Market 2010-2016
- ShipPax Annual Yearbook 2015



Editorial Team			
Person responsible according to the Law	George Xiradakis	CEO	<a href="mailto:george.xiradakis@xrtc.gr">george.xiradakis@xrtc.gr</a>
Person responsible for Editorial and Analysis	Katerina Fitsiou	Customer Relationship Manager	<a href="mailto:katerina.fitsiou@xrtc.gr">katerina.fitsiou@xrtc.gr</a>
Responsible for database elaboration	Eleni Moutsatsou	Head of Management Office	<a href="mailto:eleni.moutsatsou@xrtc.gr">eleni.moutsatsou@xrtc.gr</a>
Contributor	Dr. Ioannis Lagoudis	Head of Research & Development	<a href="mailto:ilagoudis@gmail.com">ilagoudis@gmail.com</a>