MYTILINEOS®
HOLDINGS S.A.

# 1H 2008

# IFRS FINANCIAL RESULTS

**PRESENTED BY:**

**CEO – Mr. E. MYTILINEOS**

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# AGENDA

- **1H 2008 Results Highlights**
- **Summary Financial Results**
- **Business Units Performance**
- **Q&A**

**MYTILINEOS GROUP**

- **Turnover: € 490 m Vs € 461 m Last Year.**
- **EBITDA: € 56 m Vs € 97 m Last Year.**
- **Adjusted Net Debt: € 361 m.**
- **Adjusted Equity: € 868 m.**
- **ROCE: 12.5% *(Yearly Adjusted Figures).***
- **ROE: 21.1% *(Yearly Adjusted Figures)*.**

**METKA GROUP**

- **Sustainable high margins for an EPC Contractor (EBITDA Margin 18.3%).**
- **Revenues: € 212 m Vs € 147 m Last Year.**
- **EBITDA: € 38.7 m Vs € 33.9 m Last Year.**
- **Earnings after Tax & Minorities: € 23 m Vs € 22.5 m Last Year.**
- **Backlog: Currently € 651 m.**
- **Net Debt: € 54 m.**



Source: Company Information.

# 1H 2008 RESULTS HIGHLIGHTS

| | Market/ Environment | Results |
|---|---|---|
| **M&M** | ➢ High Oil costs.<br>➢ High Freight Costs.<br>➢ Unfavorable €/$ parity.<br>➢ High raw material costs on Zn – Pb Activity. | ➢ High crude oil prices, EUR/USD levels, freight costs and raw material costs resulted into a highly volatile and weak metals environment for the 1st Half 2008. |
| **EPC** | ➢ Power consumption in Greece is growing at significant rate – historically low reserve margins.<br>➢ Massive need for energy investments in SE Europe driven by strong growth and even stronger fundamental demand for power. | ➢ Strong quarterly results reported.<br>➢ Strong Backlog (€651m) is giving visibility.<br>➢ High EBITDA margin 18.3% (the highest in its peer). |
| **ENERGY** | ➢ Increased power demand in the Greek market at 3-4%, level at which it is expected to keep growing.<br>➢ Lignite will remain a cornerstone, though its share will decrease. New capacity additions will be in CCGTs. | ➢ The CHP plant has started its commissioning period on 1/6/2008 and expected to be in full commercial operation within August 2008. |

Source: Company Information.

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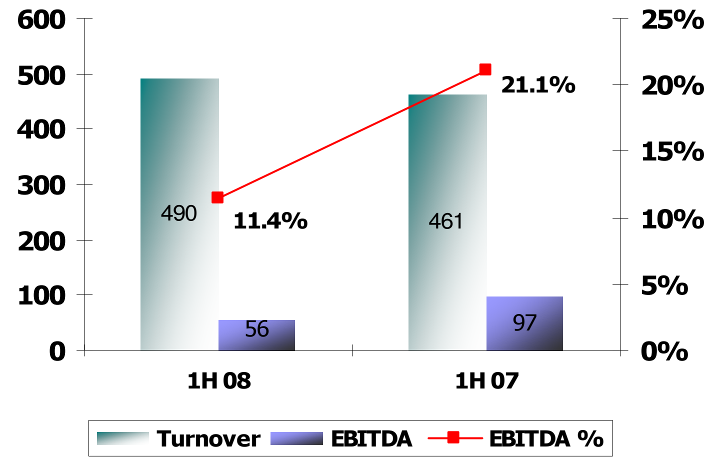
# MYTILINEOS GROUP – SUMMARY FINANCIAL RESULTS

| *(amounts in mil €)* | **1H 08** | **1H 07** |
|---|---|---|
| **Turnover** | **490.3** | **461.1** |
| **EBITDA** | **56.0** | **97.4** |
| EBIT | 35.3 | 85.9 |
| EBT | 42.3 | 92.9 |
| EAT | 31.3 | 68.9 |
| ***EATam*** | **24.1** | **59.1** |

| ***Margins (%)*** | **1H 08** | **1H 07** |
|---|---|---|
| **EBITDA** | **11.4%** | **21.1%** |
| EBIT | 7.2% | 18.6% |
| EBT | 8.6% | 20.2% |
| EAT | 6.4% | 14.9% |
| ***EATam*** | **4.9%** | **12.8%** |

| ***Cash Flows*** | **1H 08** | **1H 07** |
|---|---|---|
| Cash Flows from Operations | -43 | 14 |
| Cash Flows from Investment | -28 | -35 |
| Cash Flows from Financial Activities (mainly Dividends). | -76 | -40 |
| **Net Cash Flow** | **-147** | **-61** |
| ***FCF*** | **-33** | **24** |

**Financial Performance**




**Key Drivers:**

- **High oil & freight costs, unfavorable EUR/USD parity, higher electricity rate keeping weak Al & Ox activity.**
- **Strong Performance by METKA (EPC Sector).**
- **Significant contribution from Endesa Hellas (Energy Sector) is expected to be recorded 2H 2008.**
- **Following the final completion of the strategic deal with Endesa, capital gains are expected to be incorporated 2nd Half 2008.**
- **Negative FCF driven by the weak performance of M&M division.**



Source: Company Information.

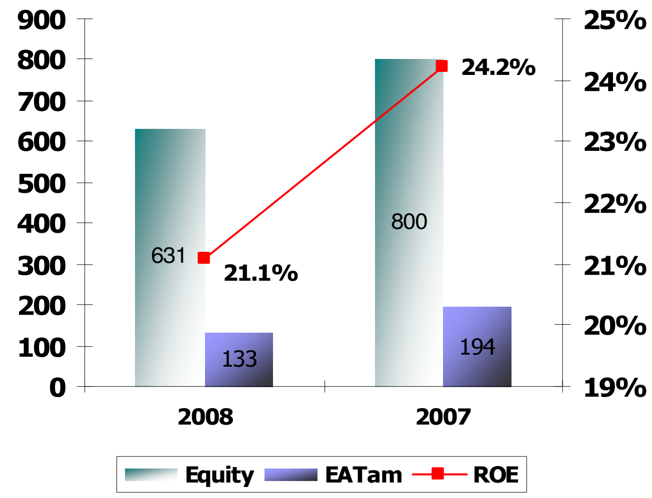
# MYTILINEOS GROUP – SUMMARY FINANCIAL RESULTS

*(amounts in mil €)*

| ***Balance Sheet*** | **1H 08** | **FY07** |
|---|---|---|
| Fixed Assets | 806 | 773 |
| Current Assets | 874 | 877 |
| **Total Assets** | **1,680** | **1,650** |
| | | |
| Debt | 474 | 352 |
| Cash Position | 60 | 85 |
| Marketable Securities | 54 | 88 |
| **Equity** | **631** | **800** |
| Adj. Equity | 868 | 1,065 |
| Net Debt | 415 | 268 |
| Adj. Net Debt | 361 | 179 |

| ***key Ratios*** | **1H 08** | **FY07** |
|---|---|---|
| NET DEBT / SALES | 41.7% | 29.3% |
| NET DEBT / ADJ. EQUITY | 47.8% | 25.1% |
| NET DEBT / EBITDA | 3.0 | 1.7 |
| TWC / SALES | 38.2% | 32.5% |
| ROCE | 12.5% | 13.4% |
| **ROE** | **21.1%** | **24.2%** |

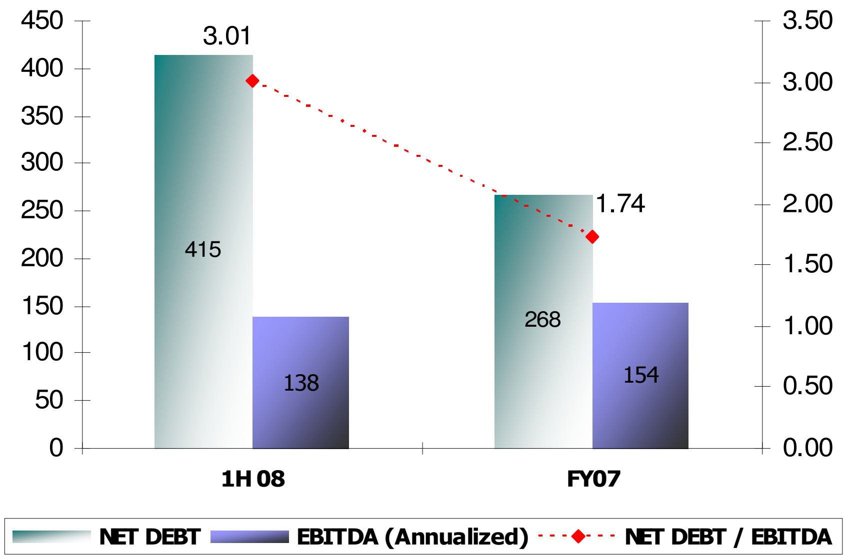
**Financial Performance**

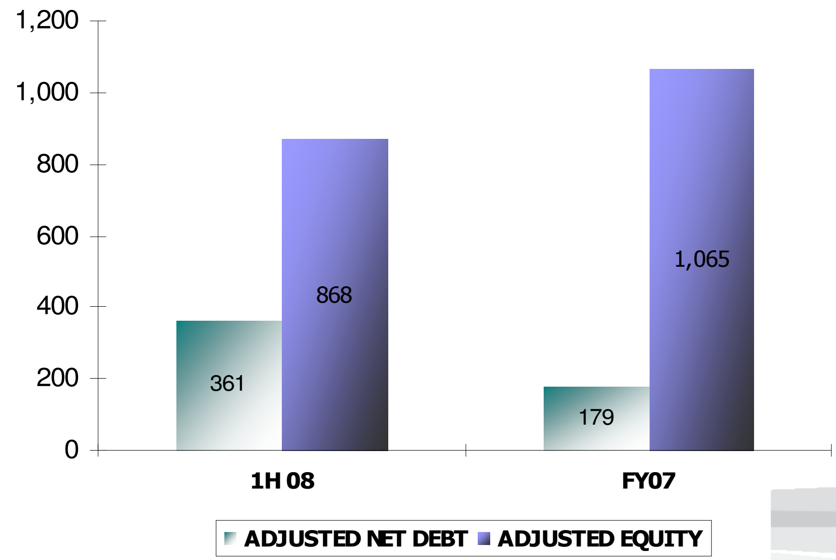



Ratios are calculated on Yearly Adjusted P&L Figures based on the Guidance provided by the Group for 2008.
Adj. Equity = Equity + Market Value Adjustment for the Group's Listed Subsidiaries.
Net Debt = Debt – Cash Postion. To note that Net Debt does not include the share % of the Group in Endesa Hellas respective figure.
Adj. Net Debt = Debt – Cash Postion – Marketable Securities - Buyback valued as of30/6/2008 share price.
Source: Company Information.

# GROUP LEVERAGE

*amounts in mil €*

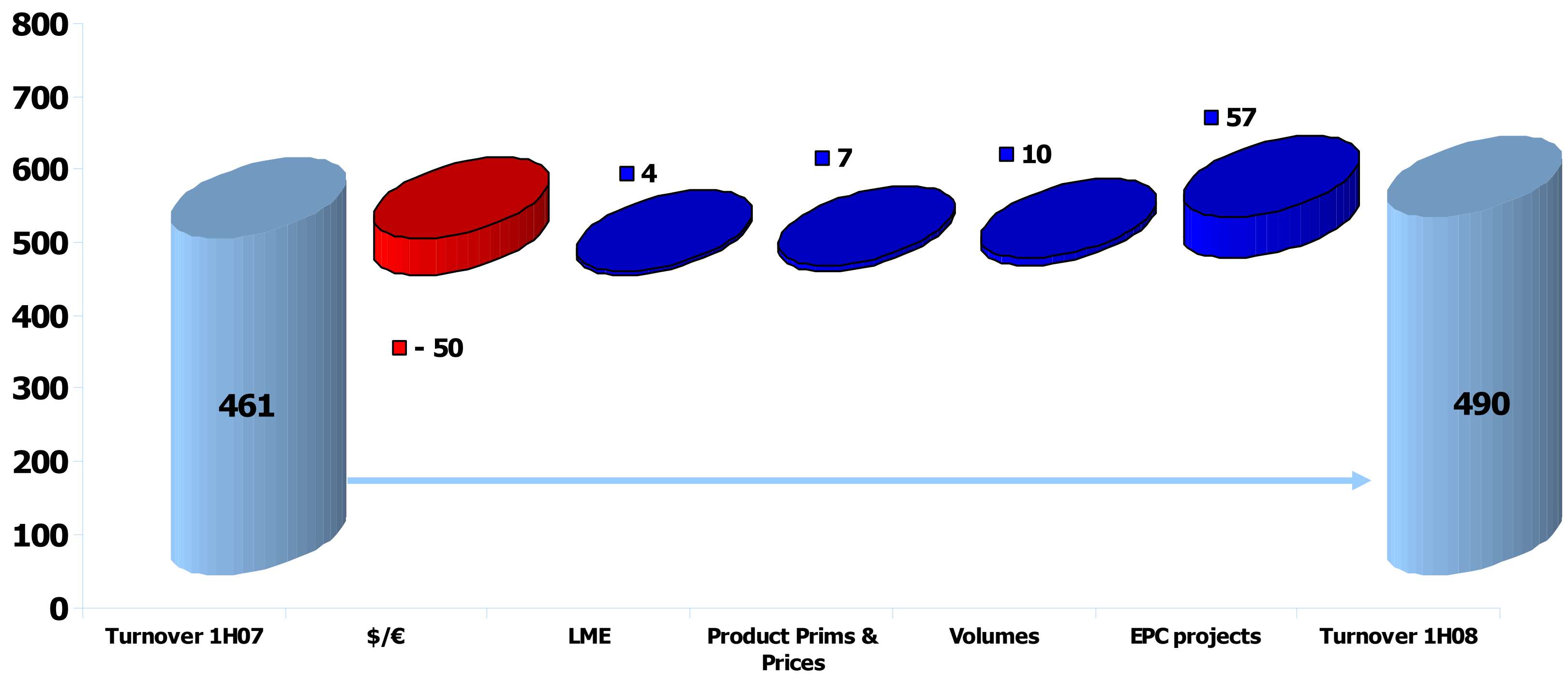



P&L figures used for the above ratios are yearly adjusted based on the guidance provided by the Group for 2008.
Source: Company Information.

# MYTILINEOS GROUP – TURNOVER GAP ANALYSIS

(amounts in mil €)

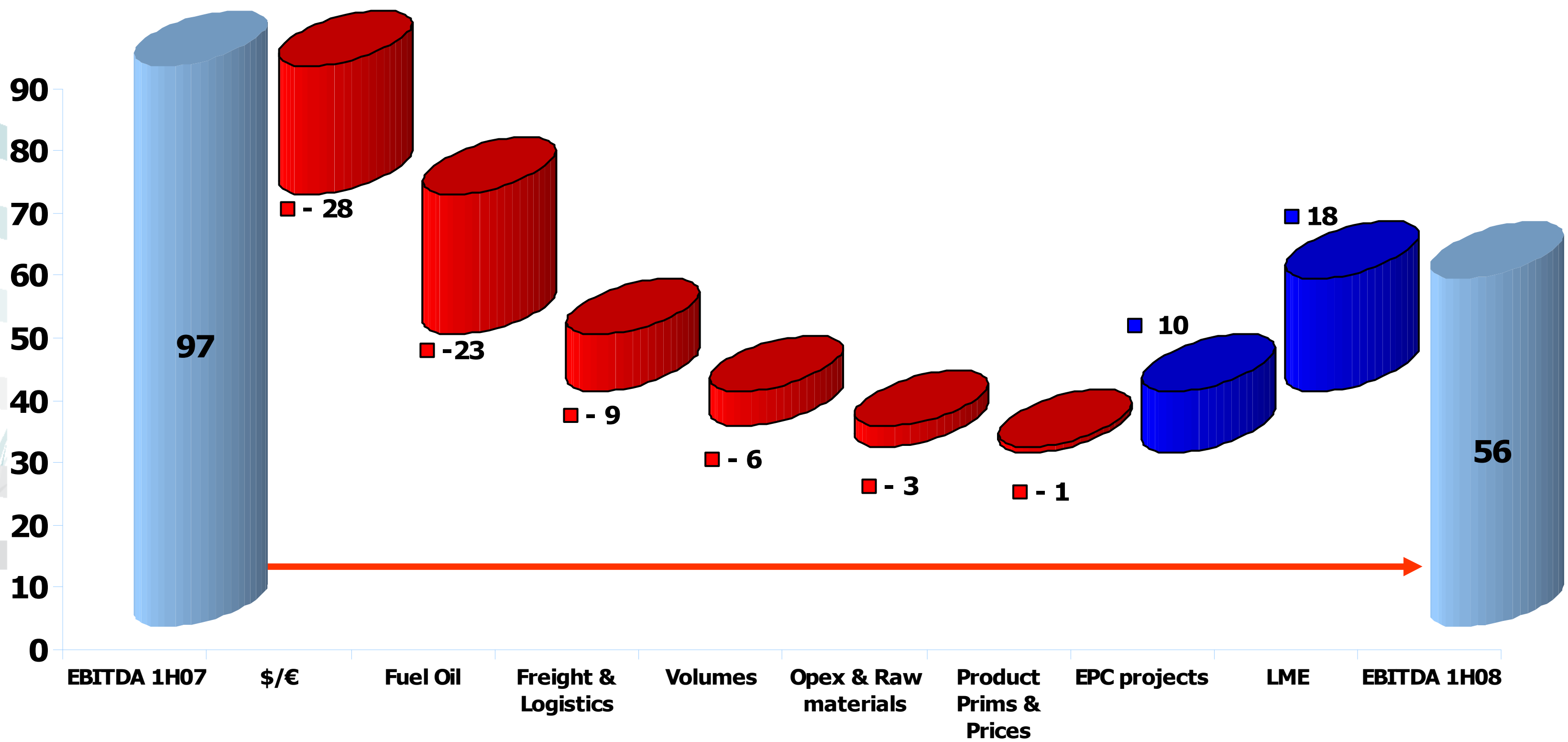





Source: Company Information.

# MYTILINEOS GROUP – EBITDA GAP ANALYSIS

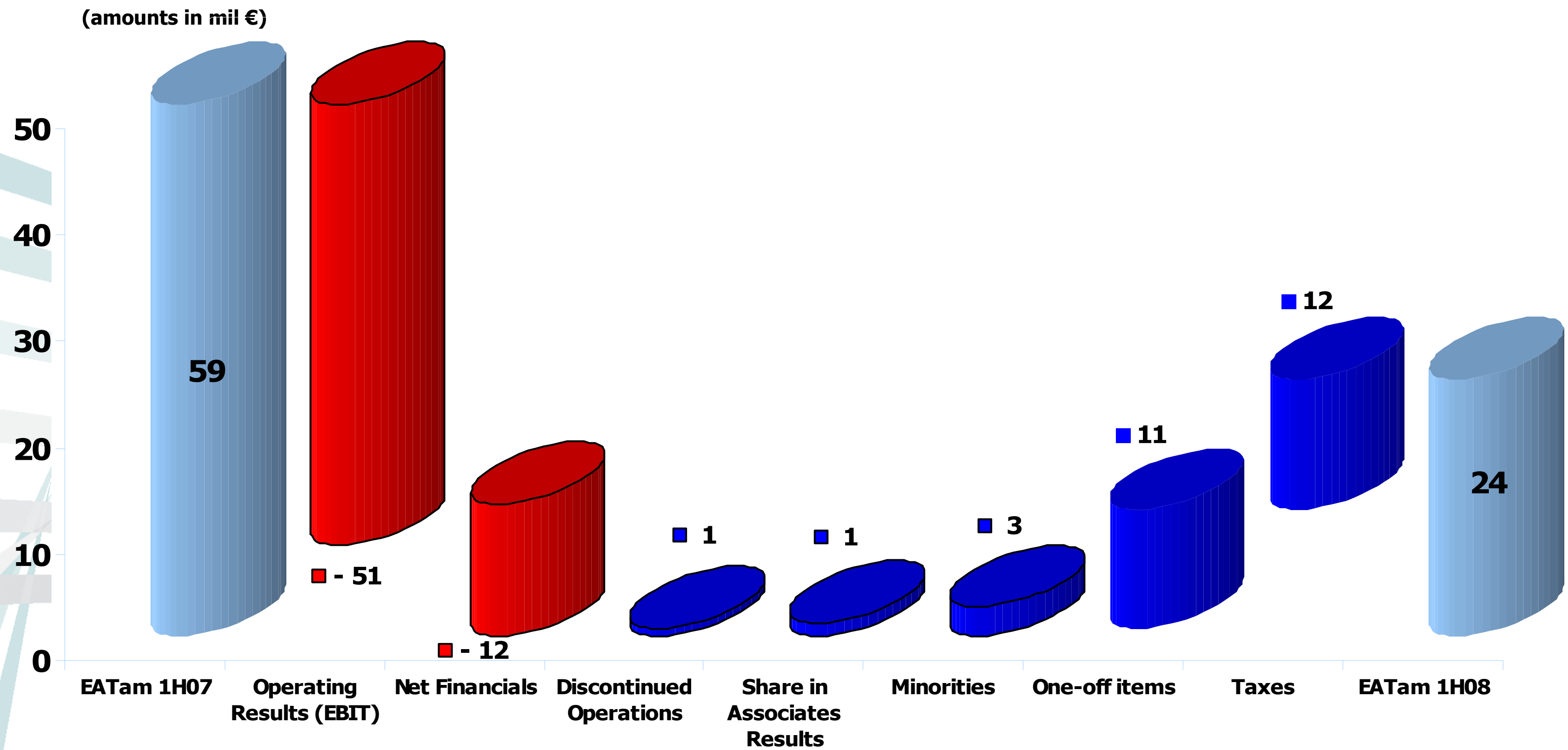
(amounts in mil €)






Source: Company Information.

# MYTILINEOS GROUP – EATam GAP ANALYSIS






Source: Company Information.

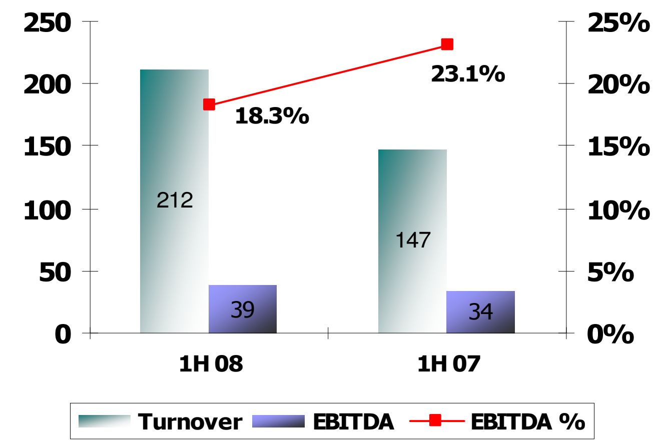
# METKA GROUP – SUMMARY FINANCIAL RESULTS

| *(amounts in mil €)* | **1H 08** | **1H 07** |
|---|---|---|
| **Turnover** | **211.9** | **146.9** |
| **EBITDA** | **38.7** | **34.0** |
| EBIT | 36.0 | 31.6 |
| EBT | 34.3 | 30.9 |
| EAT | 25.2 | 22.8 |
| ***EATam*** | **23.0** | **22.5** |

| ***Margins (%)*** | **1H 08** | **1H 07** |
|---|---|---|
| **EBITDA** | **18.3%** | **23.1%** |
| EBIT | 17.0% | 21.5% |
| EBT | 16.2% | 21.0% |
| EAT | 11.9% | 15.5% |
| ***EATam*** | **10.9%** | **15.3%** |

| ***Cash Flows*** | **1H 08** | **1H 07** |
|---|---|---|
| Cash Flows from Operations | -38 | -14 |
| Cash Flows from Investment | 1 | -1 |
| Cash Flows from Financial Activities | 17 | 14 |
| **Net Cash Flow** | **-21** | **0** |
| ***FCF*** | **25** | **28** |

**Financial Performance**




**Key Drivers:**

- **Strong performance on all counts.**
- **Sustainable high margins for an EPC Contractor (EBITDA Margin 18.3%) despite the expansion abroad.**
- **Strong Backlog: Currently €651 m.**
- **3 main projects under execution.**



Source: Company Information.

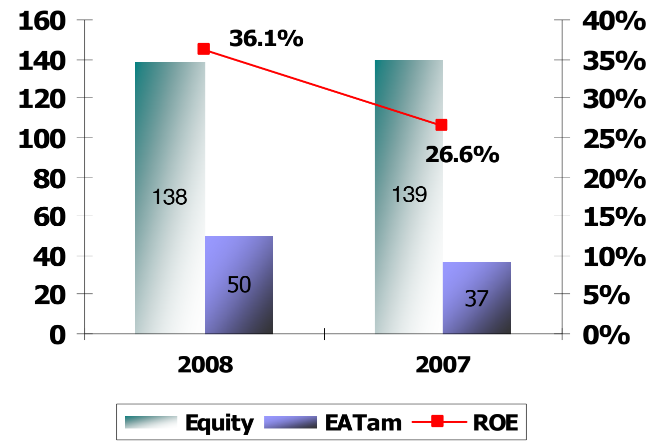
# METKA GROUP – SUMMARY FINANCIAL RESULTS

*(amounts in mil €)*

| ***Balance Sheet*** | **1H 08** | **FY07** |
|---|---|---|
| Fixed Assets | 82 | 83 |
| Current Assets | 324 | 271 |
| **Total Assets** | **406** | **354** |
| | | |
| Bank Debt | 61 | 18 |
| Cash Position | 7 | 27 |
| **Equity** | **138** | **139** |
| Net Debt | 54 | -9 |

| ***key Ratios*** | **1H 08** | **FY07** |
|---|---|---|
| NET DEBT / SALES | 12.7% | -3.2% |
| NET DEBT / EQUITY | 39.4% | -6.5% |
| NET DEBT / EBITDA | 0.7 | -0.2 |
| TWC / SALES | 43.9% | 34.4% |
| ROCE | 39.6% | 36.2% |
| **ROE** | 36.1% | 26.6% |

**Financial Performance**




Ratios are calculated on Yearly Adjusted P&L Figures based on the Guidance provided by the Group for 2008.
Source: Company Information.

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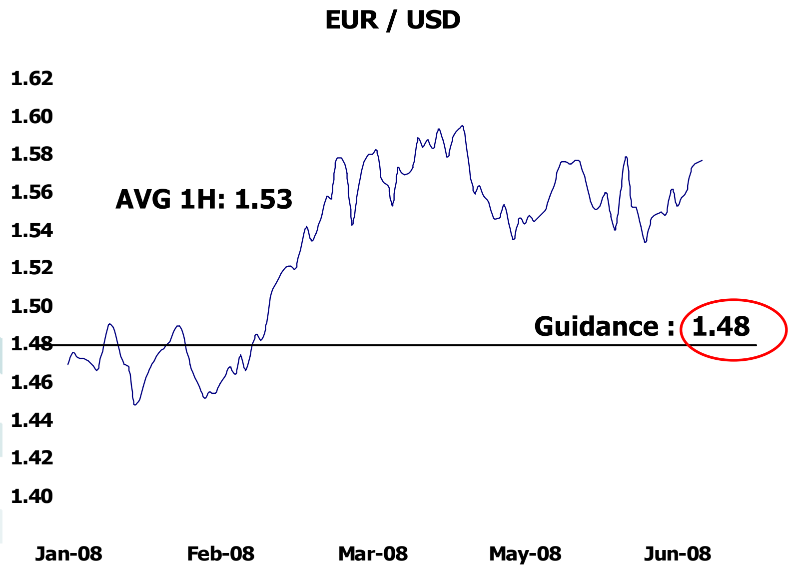
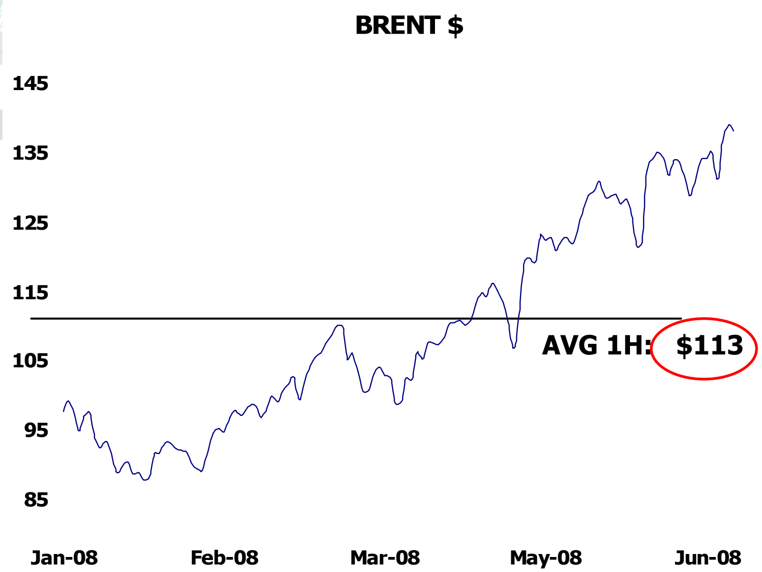
# INDUSTRY & MACRO ENVIRONMENT - M&M 1H 2008



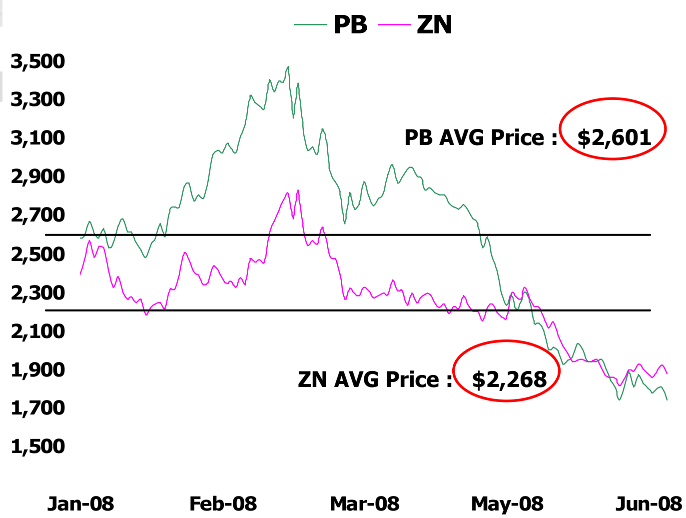

Source: Barclays Capital.

## EUR/USD:

- €/$: Eurodollar parity deviation of 500 bps or (€ 14.5 mil) vs budgeted.
- Increased price volatility due to geopolitical tension and unstable Credit Market environment.
- Negative impact by increased Oil prices.
- Central Banks monetary policy widening interest rate spread between €/$.

## CRUDE OIL:

- Price: Average price in 1$^{ST}$ H 2008 blown up at $113 vs $63 last year.
- Inventory Level: US crude oil stocks are slightly above the seasonal average. Smaller than normal build in global stocks in Q2, due to continued supply tightness.
- Supply: OPEC supply is higher however non – OPEC supply remains weak.
- Demand: Overall OECD consumption seems weaker but this is not consistent across this set of countries. Non-OECD demand remains robust driven mainly by China, India and Middle East.
- The Political implications regarding the Iran issue remain a key upside risk.


Source: Barclays Capital.

## ALUMINIUM

- **Inventory Level: Given robust consumption we could expect the global market to fall into deficit even in 2008.**
- **Supply: Supply growth seems weaker mainly due to lower than consensus projections regarding Chinese production.**
- **LME prices are driven by tightening energy markets and strong consumption outlook.**
- **China still accounts for the majority of growth in global consumption.**

## ZINC

- **Inventory Level: The global surplus is forecast to develop in both China and the rest of the world.**
- **Supply: Rising concentrate supply is fueling strong refined output. Market seems to be very well supplied and expected to remain as so, throughout the year.**

## LEAD

- **Inventory Level: Stocks continue to build. This trend is likely to continue throughout 2008.**
- **Supply: Even after factoring in new projects the market does not seem oversupplied. The global surplus will be largely dependent on the Chinese output.**
- **LEAD is considered to be one the most insulated base metals against macroeconomic weakness.**

# BUSINESS UNIT PERFORMANCE - M&M 1H 2008

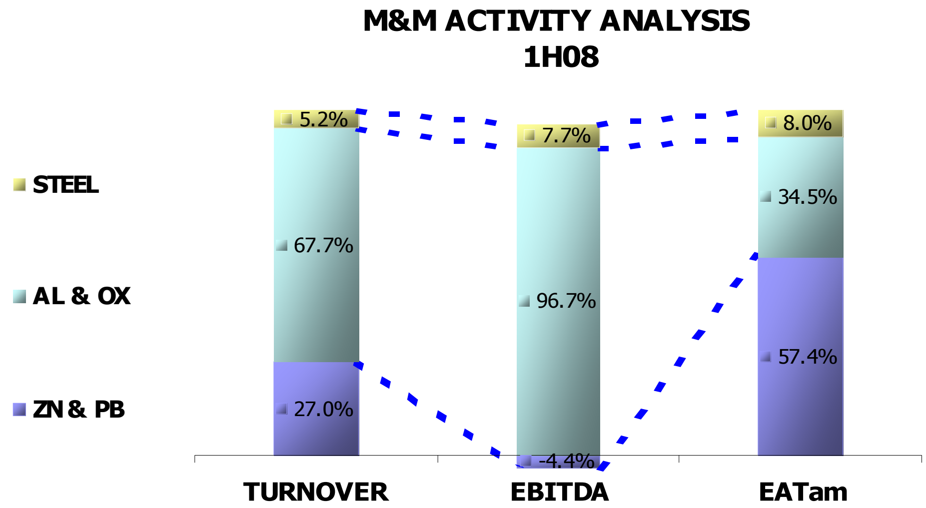
*(amounts in mil €)*

| *AL & OX* | 1H 08 | 1H 07 |
|---|---|---|
| Turnover | 220.3 | 233.1 |
| EBITDA* | 14.5 | 41.3 |
| EATam | 3.7 | 19.5 |

| *ZN & PB* | 1H 08 | 1H 07 |
|---|---|---|
| Turnover | 88.0 | 99.3 |
| EBITDA | -0.7 | 21.1 |
| EATam | 6.2 | 20.2 |

| *STEEL* | 1H 08 | 1H 07 |
|---|---|---|
| Turnover | 17.0 | 19.1 |
| EBITDA | 1.2 | 0.9 |
| EATam | 0.9 | 0.7 |

| *M&M* | 1H 08 | 1H 07 |
|---|---|---|
| Turnover | 325.2 | 351.5 |
| EBITDA | 15.0 | 63.3 |
| *EATam* | 10.8 | 40.4 |






* Includes Management Fees (1H 2007: €8.5 m vs 1H 2008: €4.4 m).
Source: Company Information.

# INDUSTRY & MACRO ENVIRONMENT - EPC 2008

| | Fundamentals | Prospects |
|---|---|---|
| **Greece** | ➢ Power consumption growing at significant rate – historically low reserve margins.<br>➢ Reduced availability of power for import.<br>➢ Majority of existing capacity is old and inefficient. | ➢ PPC's 3000MW + new-build program up to 2014.<br>➢ EPC for Endesa Hellas investment portfolio: 430MW IPP plant in Volos; |
| **South-East & Central Europe, Turkey** | ➢ Growing economies driven by EU membership: increased power consumption.<br>➢ Low rainfall: reduced hydro generation.<br>➢ Nuclear plant closures (Bulgaria).<br>➢ Years of near zero investment. | ➢ SEE: 11,000 MW new capacity needed up to 2020 – total €9.5 bn. Rehabilitation of 11,500 MW of existing generation - €4.8bn.**<br>➢ Turkey: major investments in gas and indigenous coal plants. |
| **Middle East** | ➢ Booming economies across the region driven by high oil price.<br>➢ Emphasis on mega-projects in the Gulf.<br>➢ Gas for power generation becoming scarce – increased need for fuel efficiency. | ➢ Combined cycle projects across the Middle East.<br>➢ Numerous Integrated Water & Power Plant (IWPP) projects in the Gulf. |
| **Developing Countries** | ➢ Generally strong growth and even stronger fundamental demand for power.<br>➢ Power shortages common.<br>➢ Massive need for energy infrastructure investments, often on fast-track basis. | ➢ Pakistan: multiple IPP projects under development. |



**Source: GIS for SEE report, EC/World Bank, 2004-05

# BUSINESS UNIT PERFORMANCE - EPC 1H 2008

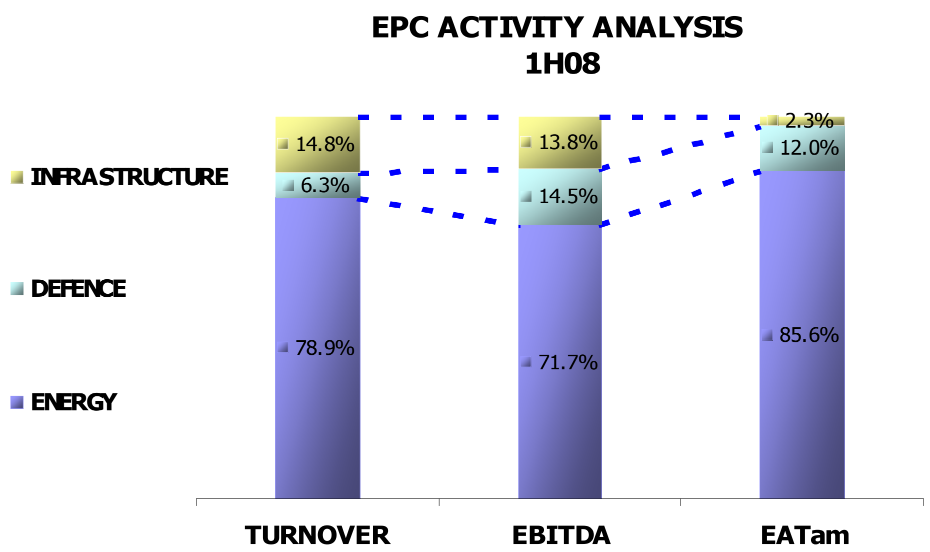
*(amounts in mil €)*

| *ENERGY* | 1H 08 | 1H 07 |
|---|---|---|
| Turnover | 167.2 | 99.6 |
| EBITDA | 27.7 | 19.4 |
| EATam | 19.7 | 13.7 |

| *DEFENCE* | 1H 08 | 1H 07 |
|---|---|---|
| Turnover | 13.3 | 23.1 |
| EBITDA | 5.6 | 11.7 |
| EATam | 2.8 | 7.3 |

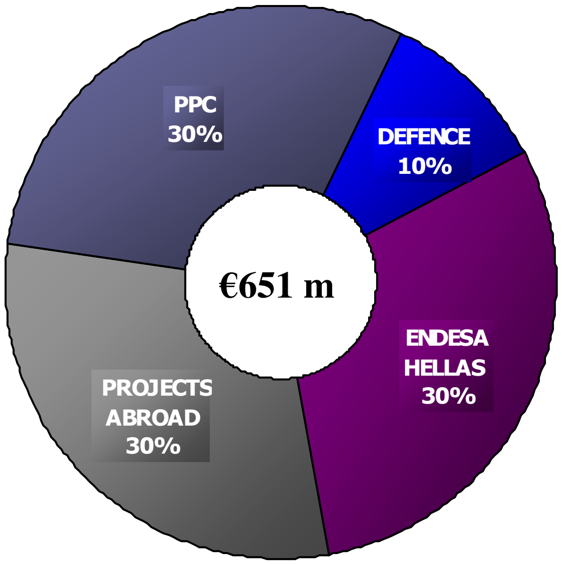
| *INFRASTRUCTURE* | 1H 08 | 1H 07 |
|---|---|---|
| Turnover | 31.4 | 24.1 |
| EBITDA | 5.3 | 2.9 |
| EATam | 0.5 | 1.5 |

| *EPC* | 1H 08 | 1H 07 |
|---|---|---|
| Turnover | 211.9 | 146.9 |
| EBITDA | 38.7 | 34.0 |
| *EATam* | 23.0 | 22.5 |






* Includes Management Fees (1H 2007: €1.7 m vs 1H 2008: €3.6 m).
Source: Company Information.




**Strong Backlog – Well Diversified Portfolio**

- **PPC: 417 MW in Aliveri, Natural Gas fired combined cycle. Alstom supplier of the main equipment. Contract value of €219 m.**
- **ENDESA HELLAS : 430 MW in AG. Nikolaos, Natural Gas fired combined cycle. GE supplier of the main equipment. Contract value of €232 m.**
- **KESC : 220 MW in Pakistan, Dual fuel. Collaboration with GE. Contract value of €110 m.**
- **OMV PETROM : 860 MW in Romania, Natural Gas fired combined cycle. GE supplier of the main equipment. Contract value of €210 m.**



Source: Company Information.

# The Greek Electricity Market

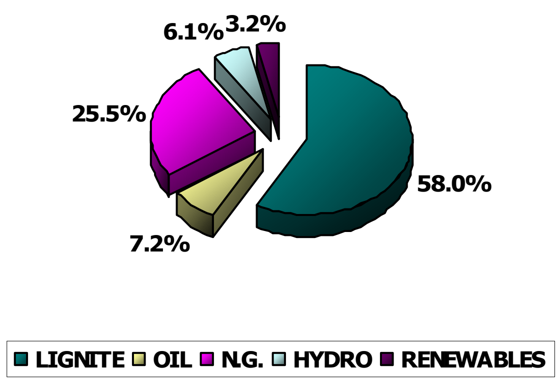
| | Key Characteristics and Trends | Future Outlook |
|---|---|---|
| **Demand** | ➢ Consumption has grown between 3-7.5% during the last ten years, peaking during the summer (strong air cooling penetration in the commercial and residential sectors). | ➢ Demand will continue to rise at around 3,3% p.a. over 2008–12, while grid peak demand will break the 12 GW level by 2010. |
| **Supply** | ➢ 58 percent of national generation is domestic lignite, and Greece has reserves for another 50 years.<br>➢ Gas's share is rising as most planned recent investments have been in CCGTs. Greece is importing gas (DEPA), mainly from Russia via pipeline and secondary from Turkey. LNG is available from Algeria.<br>➢ Wind only accounts for 6 percent of the mix, but Greece relies on and important wind and solar potential and strong incentives estimated at more than 2 GW.<br>➢ Greece is not self-sufficient as it relies on imports for 9 percent of its consumption. | ➢ Lignite will remain a cornerstone, though its share will decrease.<br>➢ Most new capacity additions will be in CCGTs.<br>➢ Renewable generation is also set to rise as a very favorable framework has been put into place.<br>➢ Imports will be challenged as Bulgaria has closed two nuclear units and commissioning goes very slow.<br>➢ In general, to little capacity is expected to come on line between 2008-2010, remaining short between 1.5-2 GW. |
| **Market Equilibrium** | ➢ Reserve margins are slightly higher than in previous years, but peak demand level is rising fast. | ➢ Reserve margins will be very low in the short and medium term, as few capacity additions can be brought online before 2010. |
| **Competitive Dynamics** | ➢ PPC is the incumbent with >98% market share in retail.<br>➢ Foreign players have entered the market in 2006, teaming up with local (non-operator) investors (Endesa-Mytilineos, Edison-ELPE,…). | ➢ PPC is looking for strategic partners to finance new generation capacity.<br>➢ Private players are concentrating (HP+ Edison). |



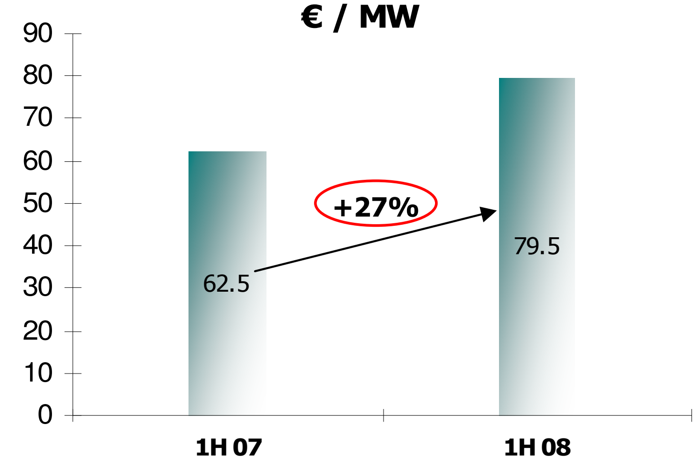
Source: Endesa Hellas Information.

# RECENT DEVELOPMENTS - ENERGY 1H 2008

Power Production Mix




SYSTEM MARGINAL PRICE
€ / MW




**COGEN SUCCESFULLY DISPATCHED**

- **METKA SA managed to accomplish the first synchronization of the two gas turbines early June 2008, 20 days earlier than the expected milestone, thus contributing immediate available added capacity for the system of 250MW securing the System reliability .**
- **The CHP plant has started its commissioning period on 1/6/2008 and expected to be in full commercial operation by August 2008.**
- **Endesa Hellas 's combined cycle plant offers energy saving of more than 10%, will reduce oil consumption by 160 thousand tonnes and reduce Greece's gas emissions by 1.25 million tonnes annually. The overall efficiency rate of the CHP plant reach the level of 78%.**
- **Additionally, the operation of the new plant contributes to the reduction of System Marginal Price and covers partially the supply deficit substituting the expensive imports as well as the expensive back up units.**
- **Finally the CHP plant strengthens the southern part of Greece's electricity system, reducing the risk of a summer blackout.**



Source: Endesa Hellas Information.

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