

HOLDINGS
MYTILINEOS

**1H 2009
IFRS FINANCIAL RESULTS**

**PRESENTED BY:
CEO – Mr. E. MYTILINEOS**



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- ☐ **1H 2009 Results Highlights**
- ☐ **Summary Financial Results**
- ☐ **Business Units Performance**
- ☐ **Q&A**

MYTILINEOS GROUP

- **Turnover: € 328 m Vs € 490 m Last Year.**
- **EBITDA: € 48 m Vs € 56 m Last Year.**
- **Net Debt: € 347 m.**
- **Equity: € 826 m.**
- **EBITDA margin: 14.5% Vs 11.4% Last Year.**

METKA GROUP

- **Turnover: € 102 m Vs € 212 m Last Year.**
- **EBITDA: € 15.1 m Vs € 38.7 m Last Year.**
- **Earnings after Tax & Minorities: € 8.1 m Vs € 23.0 m Last Year.**
- **Net Debt: € -46m.**
- **Current Backlog: € 1.4 bn.**
- **Sustainable high margins for an EPC Contractor (EBITDA Margin 14.9%).**

	Market/ Environment	Results
M&M	➤ Weak market environment for base metals although improved during the 2nd Quarter of 2009. ➤ Lower input costs (Oil, Freights, Raw Materials). ➤ Stronger dollar vs euro.	➤ Efficient hedging strategy helped the Group to preserve profitability & cash flows and significantly improve its operating margin. ➤ Lower Revenues on the back of production cuts and the suspension of Sometra activity.
EPC	➤ Slowdown in the progress of Energy Investments for circumstantial and other reasons related to the global economic downturn and the credit crunch. ➤ Long term drivers such as the need to reduce carbon emissions, aging installed base and the industrialization of emerging economies remain intact.	➤ Weak 1ST Half results reported due to delays and the time lag on the execution of new projects. ➤ Historically high Backlog (€1.4 bn) - Visibility – Strong financial position. ➤ Resilient EBITDA margin 14.9% (the highest in its peer) despite the absence of defense projects.
ENERGY	➤ Reduced power demand in the Greek market around 5-6% this year, mainly due to lower industrial consumption. ➤ Lignite will remain a cornerstone, though its share will decrease. New capacity additions will be in CCGTs.	➤ The CHP plant has already started operations since April 2009. ➤ CCGT 444MW in Viotia in advanced construction phase. ➤ CCGT 437MW in Korinthos (JV together with MOTOR OIL) currently in procurement phase.

Source: Company Information.

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(amounts in mil €)

	1H09	1H08
Turnover	328	490

EBITDA	48	56
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EBIT 34 35

EBT 16 42

EAT 12 31

EATam	10	24
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Margins (%) **1H09** **1H08**

EBITDA **14.5%** **11.4%**

EBIT 10.3% 7.2%

EBT 4.9% 8.6%

EAT 3.6% 6.4%

EATam **3.1%** **4.9%**

Cash Flows **1H09** **1H08**

Cash Flows from Operations 73 -43

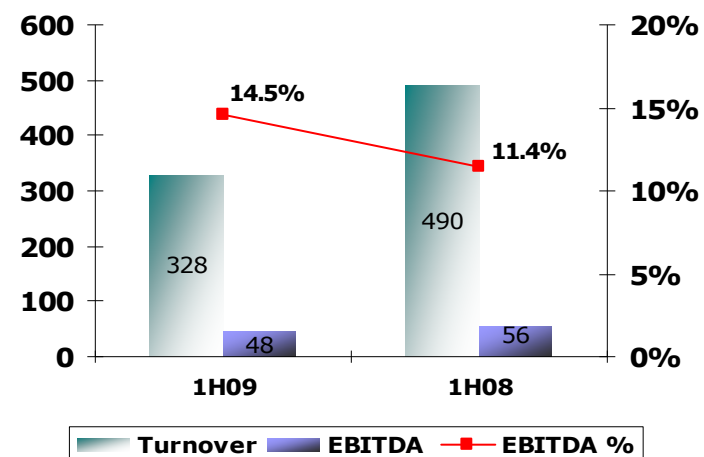
Cash Flows from Investment -33 -28

Cash Flows from Financial Activities 144 -76

Net Cash Flow **183** **-147**

FCF **76** **-33**

Financial Performance



Key Drivers:

- Metal and Currency hedges support top line and profitability.
- Improved EBITDA margin (+311bp).
- Lower Input Costs.
- Stronger dollar.
- Sales down 33% y-o-y on the back of lower Metka Sales, AL production cuts and the suspension of the Zn & Pb activity.
- Significant Contribution from the Energy Sector is expected to commence during 2nd Half 2009.

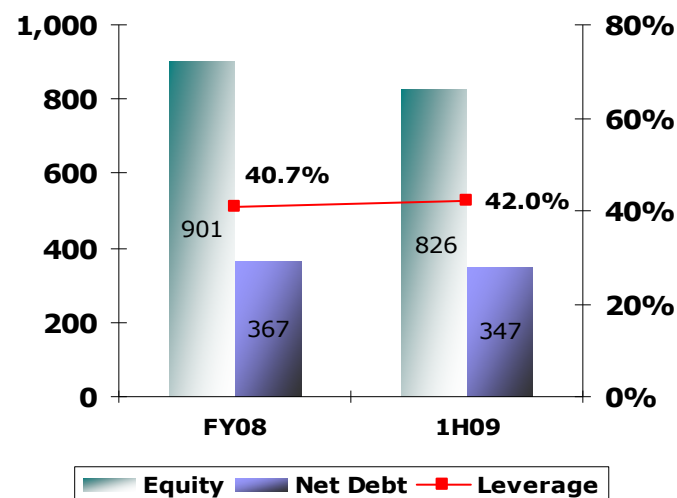
(amounts in mil €)

Balance Sheet

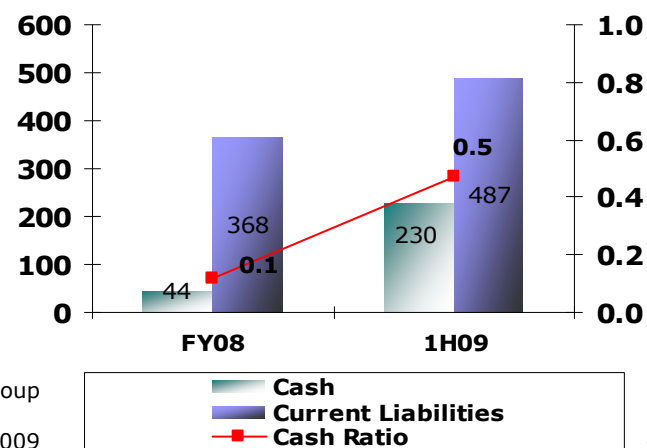
	1H09	FY08
Fixed Assets	910	902
Current Assets	966	868
Total Assets	1,876	1,770

Debt	577	411
Cash Position	230	44
Marketable Securities	63	42
Equity	826	901
Adj. Equity	923	943
Net Debt	347	367
Adj. Net Debt	284	325

Leverage

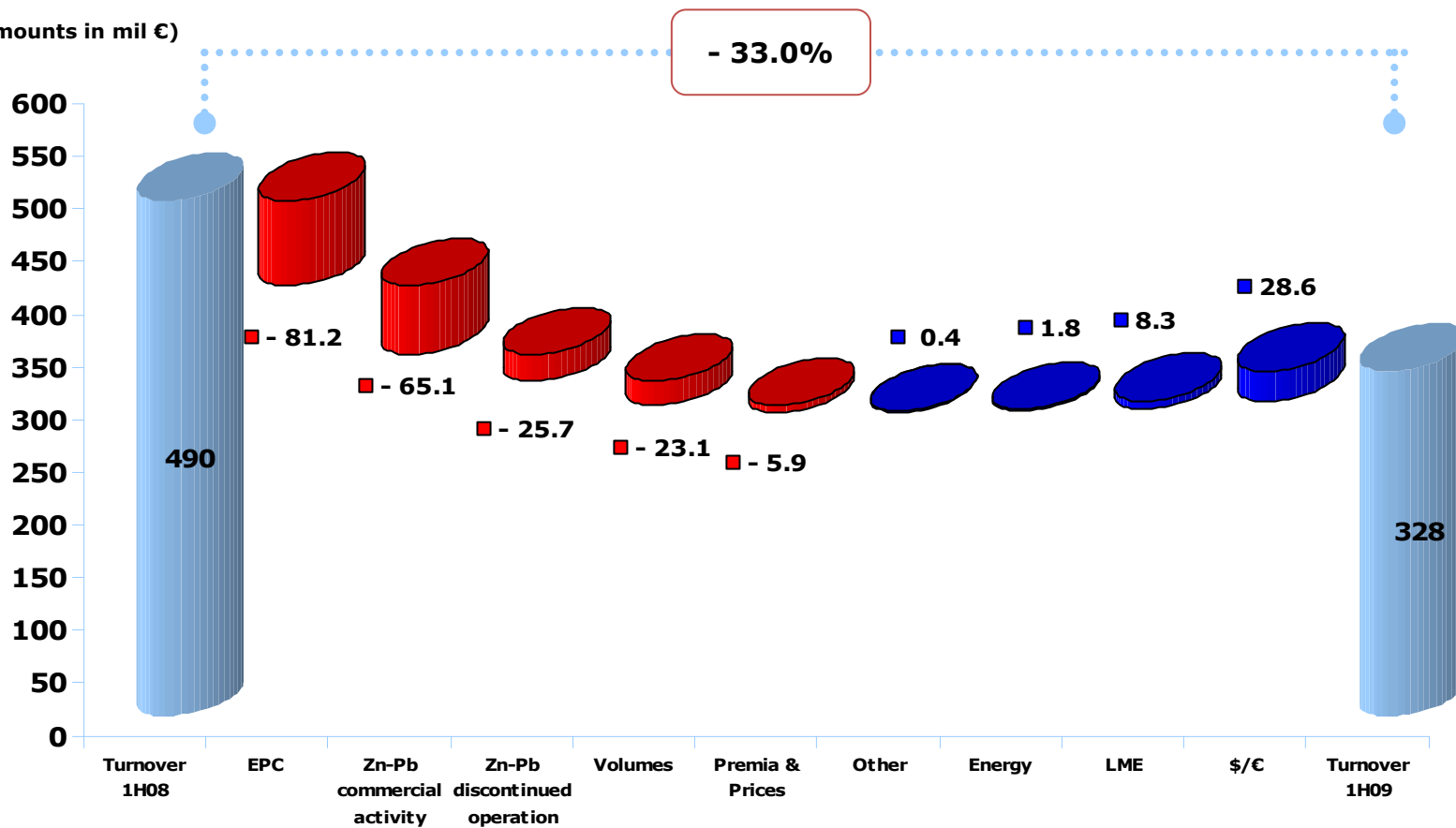


Liquidity

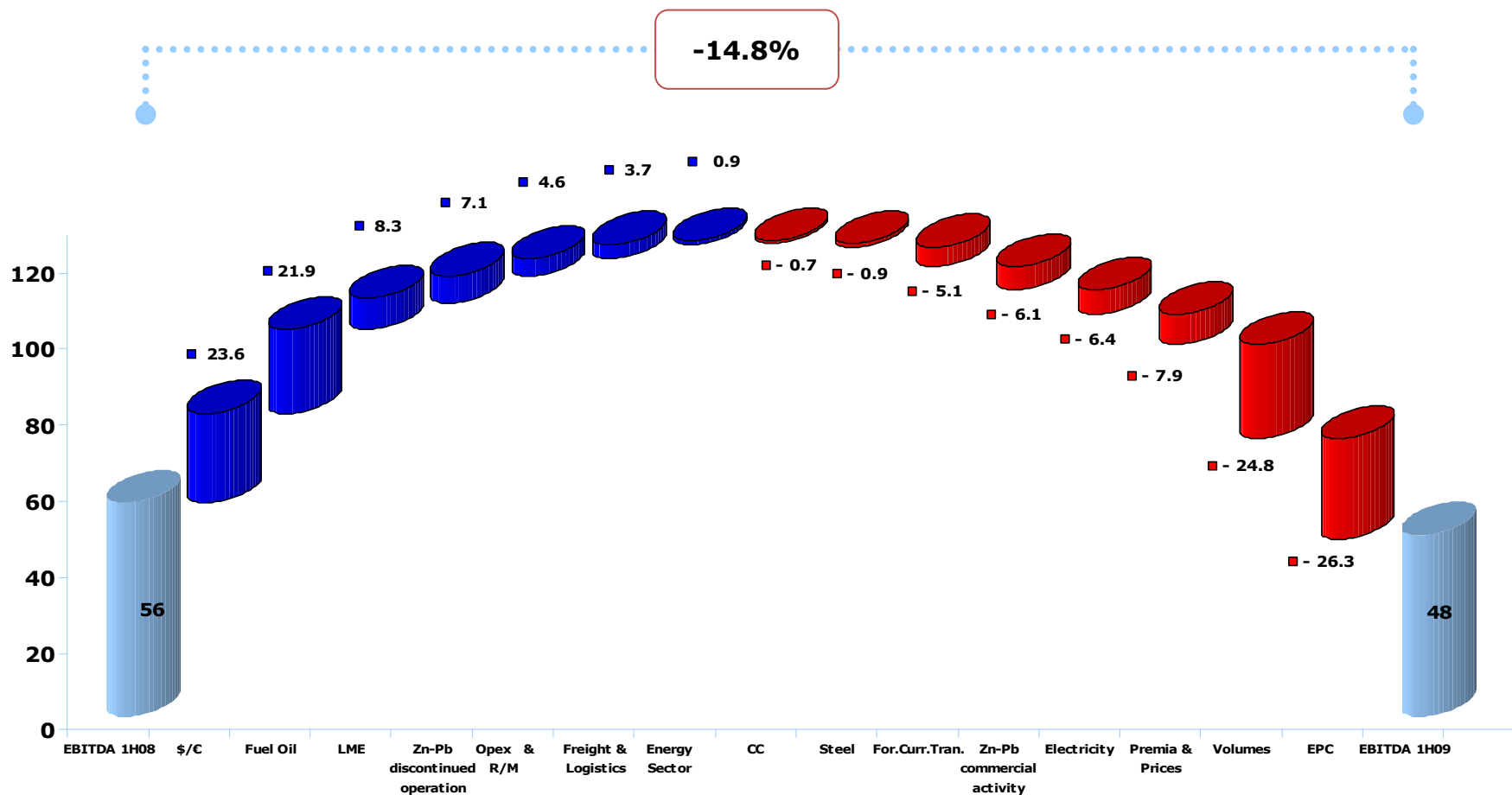


Adj. Equity = Equity + Market Value Adjustment for the Group's Listed Subsidiaries.
 Net Debt = Debt – Cash Position. To note that Net Debt does not include the share % of the Group in Endesa Hellas respective figure.
 Adj. Net Debt = Debt – Cash Position – Marketable Securities – Buyback valued as of 30/06/2009 share price. Source: Company Information.

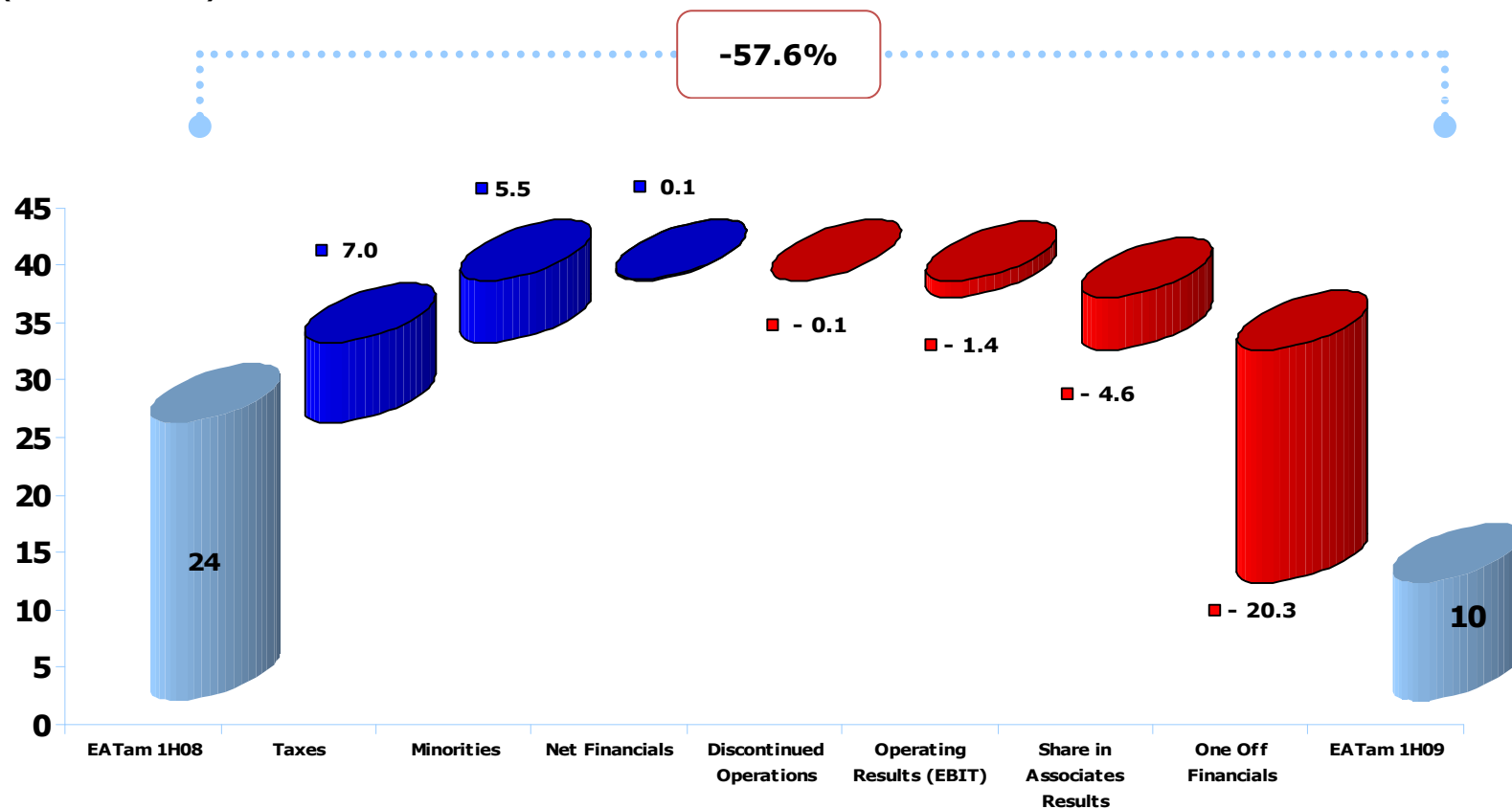
(amounts in mil €)



(amounts in mil €)



(amounts in mil €)



(amounts in mil €)

	1H09	1H08
Turnover	102	212
EBITDA	15	39
EBIT	13	36
EBT	12	34
EAT	9	25
EATam	8	23

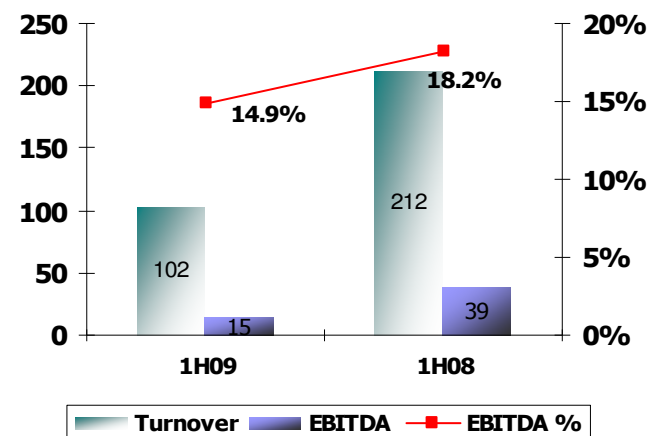
Margins (%)

	1H09	1H08
EBITDA	14.9%	18.3%
EBIT	12.5%	17.0%
EBT	12.1%	16.2%
EAT	8.8%	11.9%
EATam	8.0%	10.9%

Cash Flows

	1H09	1H08
Cash Flows from Operations	49	-38
Cash Flows from Investment	0	1
Cash Flows from Financial Activities	-21	17
Net Cash Flow	28	-21
FCF	2	25

Financial Performance



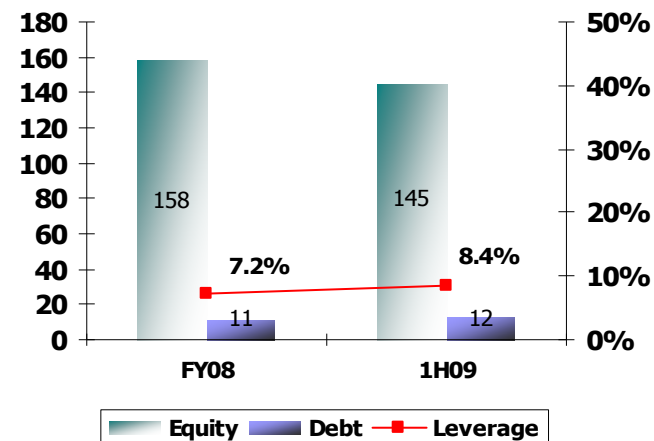
Key Drivers:

- Lower Sales mainly due to the time lag on the execution of new projects. KORINTHOS POWER & OMV PETROM projects are expected to contribute significantly in 2nd Half financial results.
- Backlog execution is expected to accelerate significantly from 3rd Quarter 09 onwards.
- Reduced, but still high margins for an EPC Contractor (EBITDA Margin 14.9%) despite the expansion abroad and the absence of defense projects.
- Strong Backlog: Currently € 1.4 bn.
- Net Cash Position of € 46m.
- 4 main projects under execution during 2009.

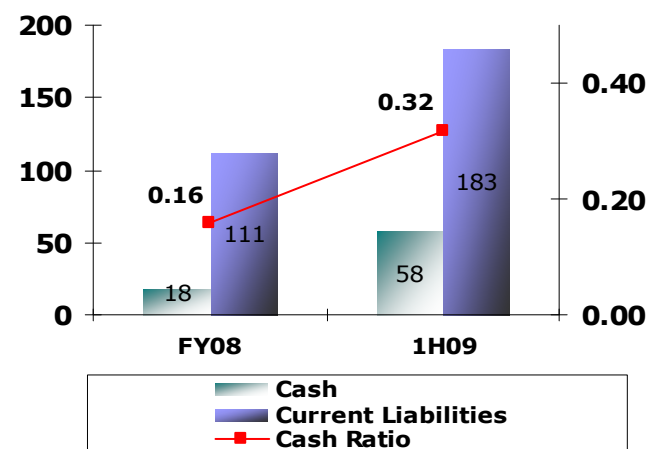
(amounts in mil €)

Balance Sheet	1H09	FY08
Fixed Assets	76	78
Current Assets	274	257
Total Assets	350	335
Bank Debt	12	11
Cash Position	58	18
Equity	145	158
Net Debt	-46	-6
Current Liabilities	183	111
Total Liabilities	205	177

Leverage



Liquidity

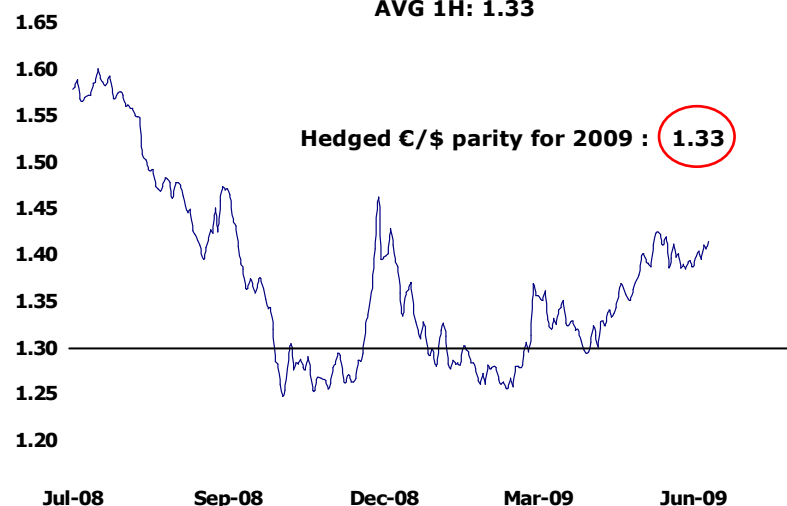


Source: Company Information.

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EUR / USD

AVG 1H: 1.33

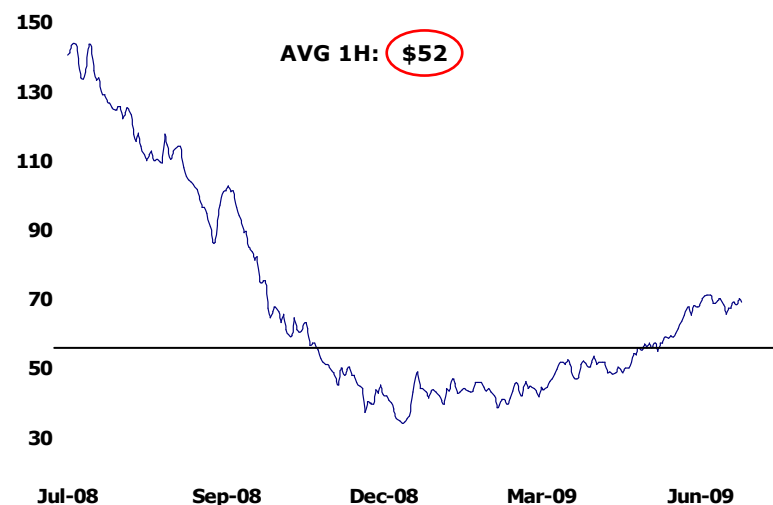


EUR/USD:

- **€/ \$:** The average €/ \$ parity during 1st Half 2009 settled at 1.33 comparing to 1.53 last year. After the rapid strengthening of the USD that started during the summer of 2008, the trend is again in favor of the Euro with the parity returning to the 1.42 level, well above the Group's hedged level of 1.33.
- Quantitative easing policies applied by both the Fed and the ECB coupled with China's alleged intention to limit their USD exposure are expected to be the main factors driving the Eurodollar parity in the coming future.

BRENT \$

AVG 1H: \$52



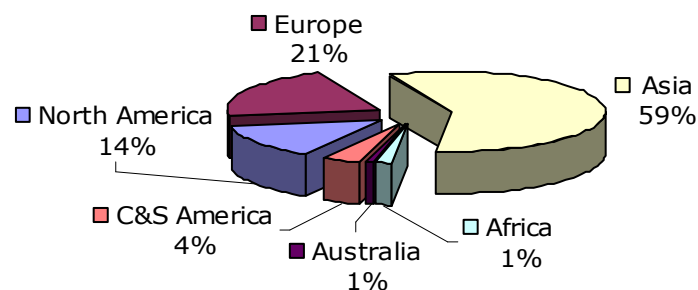
CRUDE OIL:

- **Price:** Average price during 1st Half 2009 settled at \$52 vs \$109 last year. After the sharp decline of the 2nd half of 2008, it took only some months for Brent to retain the \$70 per barrel level.
- **Demand:** Actual demand conditions remain poor however future demand prospects seem brighter .
- **Supply:** The magnitude and the speed of OPEC production cuts proved to be a decisive factor for the rapid recovery of Oil prices during the 2nd Quarter of the year.
- Oil inventories seem to enter a phase of reduction in the overall stock overhang. In the US, inventories peaked during April but until mid June they have already significantly contracted from 92mb to 65.5mb.

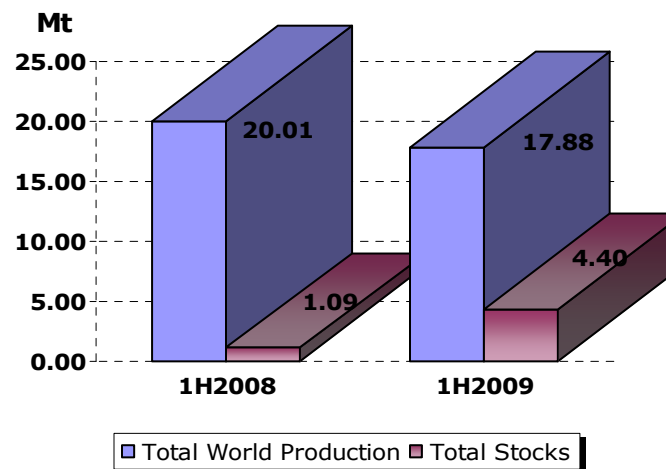
ALUMINIUM

- The average Aluminum price has settled at \$1,423 down 49.8% y-o-y and well below the Group's hedged price level.
- During the 2nd Quarter AL prices recorded a significant recovery and the premiums benefited on the back of low availability of scrap and a lot of LME stocks being tied up in financial agreements.
- Inventory Level: Production cuts seem still not enough to prevent total reported stocks from rising at 4.4 Mt at the end of the 1st Half. Stocks have continued to rise around the globe albeit at a slower pace than previously.
- Supply: Global surplus at the 2nd Quarter of 2009 has narrowed at 0.7 Mt. Total world supply is down 10.6% y-o-y however cutback announcements from producers have slowed considerably after March 2009 and some capacity restarting has already taken place.
- Demand: Consumption outside China remains weak with leading indicators pointing towards stabilization in Europe and the USA.

AL Consumption Analysis 1H09
15.7Mt, down 19.5% y-o-y



Total World Production - Total Stocks



(amounts in mil €)

M&M	1H09	1H08
Turnover	261	326

EBITDA	40	16
EAT	28	12

EPC	1H09	1H08
Turnover	83	165

EBITDA	15	38
EAT	5	17

ENERGY	1H09	1H08
Turnover	2	0

EBITDA	0	-1
EAT	-1	-1

Discontinued	1H09	1H08
Turnover	-18	0

EBITDA	0	0
EAT	-1	-1

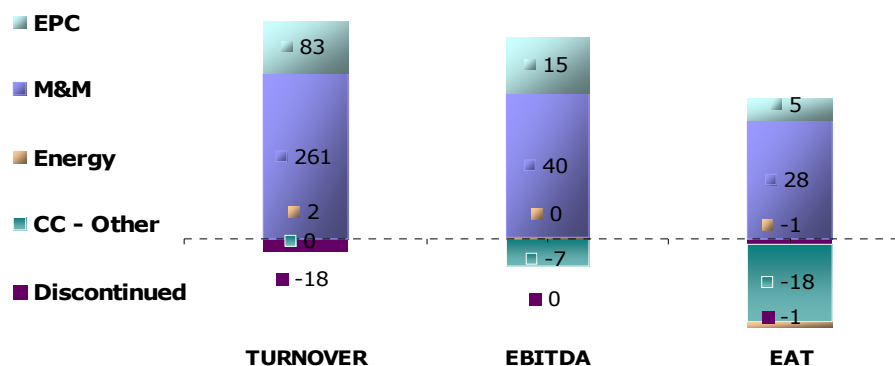
CC - Other	1H09	1H08
Turnover	0	0

EBITDA	-7	3
EAT	-18	5

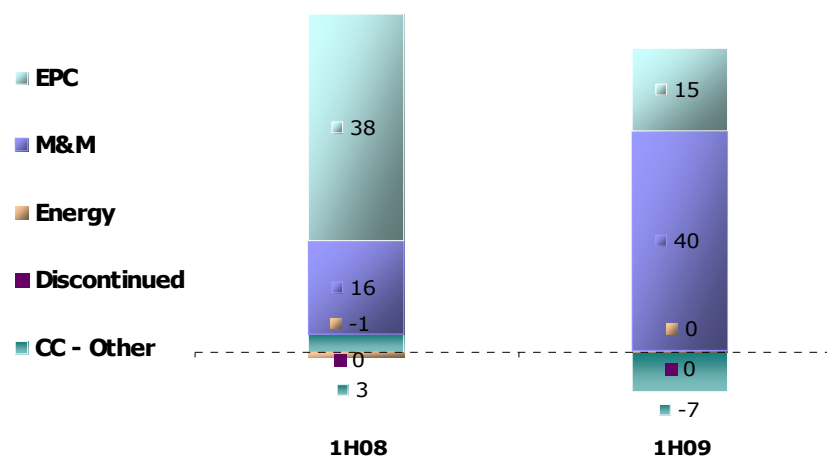
TOTAL GROUP	1H09	1H08
Turnover	328	490

EBITDA	48	56
EAT	12	31

**BUSINESS PERFORMANCE ANALYSIS
1H 09**



EBITDA PER ACTIVITY



Corporate Centre includes all other activities that are not directly linked to M&M, EPC and Energy. EPC does not include intercompany transactions.
Source: Company Information.

	Fundamentals	Prospects
Greece	• Tight supply – demand balance expected to continue despite new CCGT projects. • Majority of existing capacity is old and inefficient.	• PPC Megalopolis 800MW CCGT – (lowest bidder). • EPC for continuation of Endesa Hellas' investment program: 400MW IPP plant in Volos.
South-East & Central Europe, Turkey	• EU membership and convergence impose obligations for plant upgrades and/or closures. • Years of under-investment. • Government support and relatively high level of acceptance for nuclear.	• SEE: 11,000 MW new capacity needed up to 2020. Rehabilitation of 11,500 MW of existing generation - €4.8bn** • Turkey: major investments in gas and indigenous coal plants.
Middle East	• Emphasis on mega-projects in the Gulf, several affected by global financial crisis. • Gas for power generation becoming scarce – increased need for fuel efficiency. • Environmental issues moving higher on the agenda.	• Further opportunity in Syria • Possibilities for conversion of open cycle plants to combined cycle across the Middle East. • Numerous large Integrated Water & Power Plant (IWPP) projects in the Gulf.
Developing Countries	• Despite global economic slow-down there is continued power demand growth in developing countries. • Power shortages common. • Massive need for energy infrastructure investments, often on fast-track basis.	• Pakistan: multiple IPP projects under development.

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

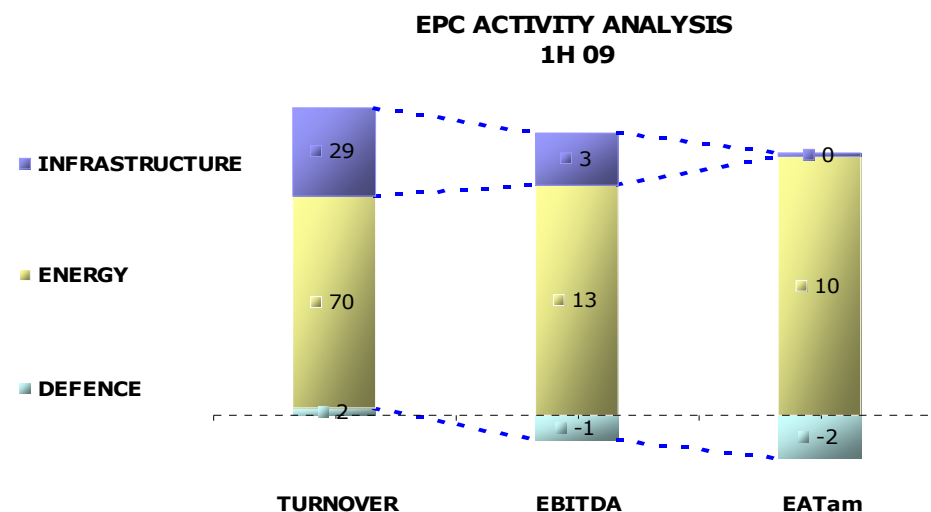
(amounts in mil €)

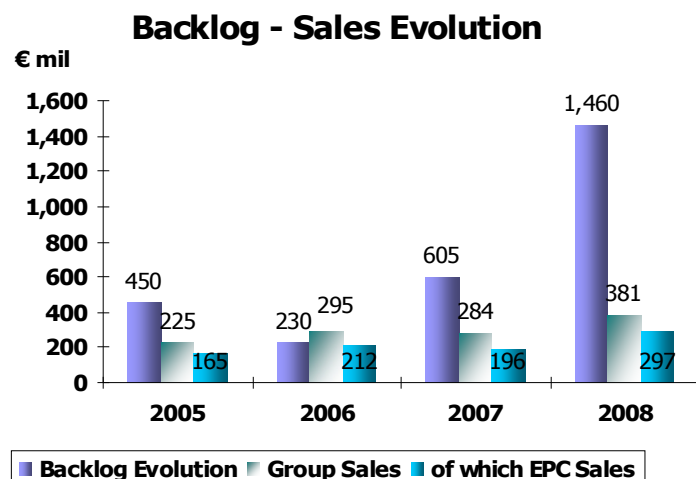
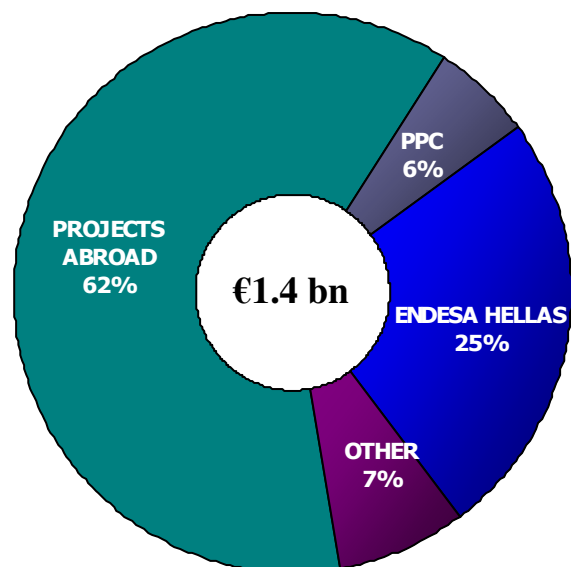
ENERGY	1H09	1H08
Turnover	70	167
EBITDA	13	28
EATam	10	20

DEFENCE	1H09	1H08
Turnover	2	13
EBITDA	-1	6
EATam	-2	3

INFRASTRUCTURE	1H09	1H08
Turnover	29	31
EBITDA	3	5
EATam	0	1

EPC	1H09	1H08
Turnover	102	212
EBITDA	15	39
EATam	8	23





Strong Backlog – Visibility – International Profile

- **PPC: 417 MW in Aliveri, Natural Gas Fired combined cycle. Alstom sub supplier for the main equipment. Contract value of €219 m.**
- **ENDESA HELLAS : 430 MW in Ag. Nikolaos, Natural Gas Fired combined cycle. GE sub supplier for the main equipment. Contract value of €232 m.**
- **OMV PETROM: 860 MW in Romania, Natural Gas Fired combined cycle. 50-50 Consortium with GE. Contract value of €210 m.**
- **PEEGT: 700 MW in Syria, Natural Gas Fired combined cycle. METKA leader of Consortium with Ansaldo. Contract value of €650 m .**
- **KORINTHOS POWER: 437 MW in Ag. Theodoroi, Natural Gas Fired combined cycle. GE sub supplier for the main equipment. Contract value of €285 m .**

Key Characteristics and Trends

Future Outlook

Demand

- Consumption has grown with a yearly average of 3,7% in the decade 1998-2008, peaking during the summer (strong air cooling penetration in the commercial and residential sectors).

- The low demand scenario of HTSO predicts a 2,5% yearly growth rate in demand up to 2012. However, the economic slump could keep the growth rate for 2009-2010 around zero.

Supply

- The percentage of domestic lignite in generation, in the interconnected System, is around 56-60%, and Greece has reserves for another 50 years.
- Gas's share is rising, 25,4% in 2007 and 26% in 2008, as most planned recent investments have been in CCGTs. Greece is importing gas (DEPA), mainly from Russia and Turkey via pipeline and LNG from Algeria and occasionally from the spot market.
- Wind only accounts for 3 percent of the mix, but Greece relies on important wind and solar potential and strong incentives estimated at more than 6 GW.
- Greece is not self-sufficient as it relies on imports between 7 and 11 percent of its consumption.

- Lignite will remain a cornerstone, though its share will decrease.
- All the new conventional capacity up to 2012, at least, will be in CCGTs and perhaps some hundreds MW of OCGTs.
- Renewable generation is also set to rise as a very favorable framework has been put into place. Feed-in tariff for the energy and up to 40% subsidy for construction of wind and solar parks.
- Imports rise even though Bulgaria has closed two nuclear units. New nuclear capacity in Romania, high prices in Greece and new interconnection lines in region will keep that trend.

Market Equilibrium

- Remaining capacity (UCTE definitions) is positive throughout the year, and higher than 5% of net generating capacity but remaining margin is negative in July-August period.

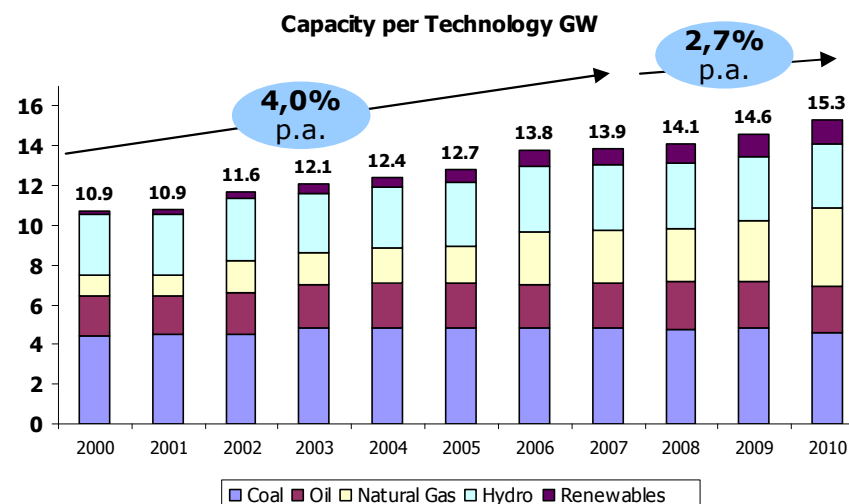
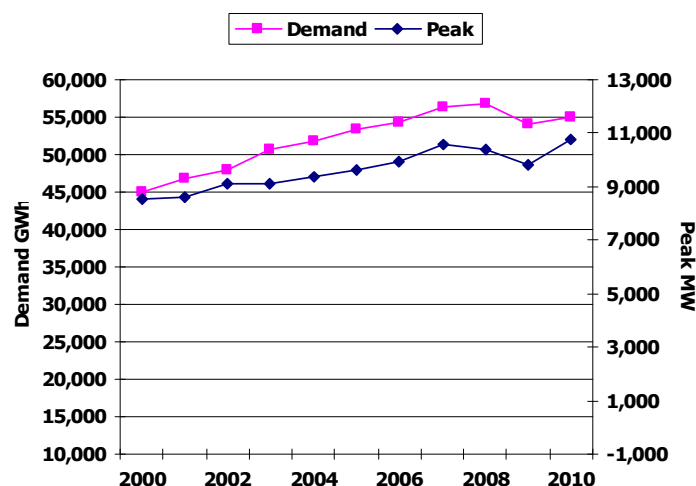
- Remaining capacity will be decreased in the next couple of years with few new capacity coming online.

Competitive Dynamics

- PPC is the incumbent with >99% market share in retail and around 95% in the wholesale market. Currently, there are 3 independent units in the market but PPC has overtaken the operation of Heron's 147 MW OCGT. PPC experiences difficulties in implementing its investment plan.
- Foreign players have entered the market since 2006, teaming up with local (non-operator) investors (Endesa-Mytilineos, Edison-ELPE, ...). Mytilineos has replaced Iberdrola in the joint venture with Motor-Oil. GDF-Suez will cooperate with the Greek company Terna.

- PPC is looking for strategic partners to finance new commissioning plan.
- Private players might concentrate.

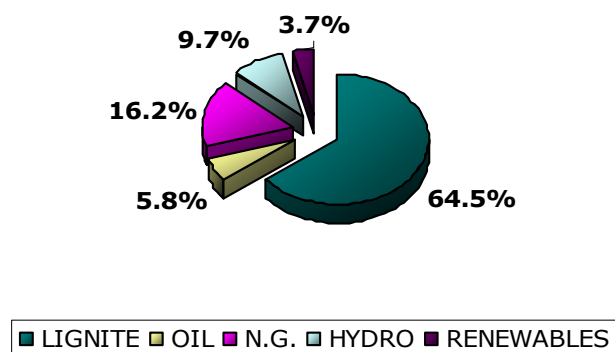
The Greek Electricity Market



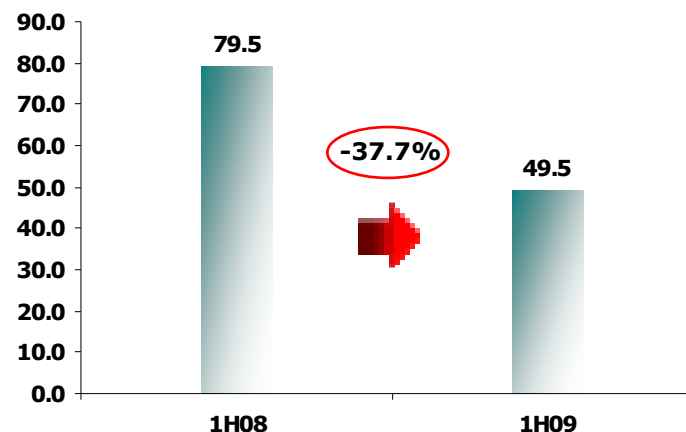
Energy Market – Developments in 2009

- Total Power production during 1H 2009: 23.3 m MWh (down 5.1% y-o-y).
- Imports – Exports balance amounted 2.5 m MWh (down 11.05% y-o-y).
- Hydro production was up 53.44% when on the contrary Natural Gas production decreased by 46.23% y-o-y.
- Total demand is decreased by 5.71% mainly due to lower demand from the high voltage customers (-20%).

Power Production Mix
Total Production 1st Half 2009: 23.3 m MWh



SYSTEM MARGINAL PRICE
€/MWh



COGEN RESUMES OPERATION

- The CHP plant is expected to be in full commercial operation during summer 2009.
- The CHP plant offers energy saving of more than 10%, will reduce oil consumption by 160 thousand tonnes and reduce Greece's GHG 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.

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Nikos Kontos

Group Investor Relations Officer
Email: nikos.kontos@mytilineos.gr
Tel: +30-210-6877395

Yiannis Kalafatas

Group Financial Controller
Email: yiannis.kalafatas@mytilineos.gr
Tel: +30-210-6877320

Dimitris Katralis

Financial Analyst
Email: dimitrios.katralis@mytilineos.gr
Tel: +30-210-6877476

Mytilineos Holdings S.A.

5-7 Patroklou Str.
15125 Maroussi
Athens
Greece
Tel: +30-210-6877300
Fax: +30-210-6877400

www.mytilineos.gr
www.metka.gr