

Investor

FACTSHEET



LOGISTICS
in Greece

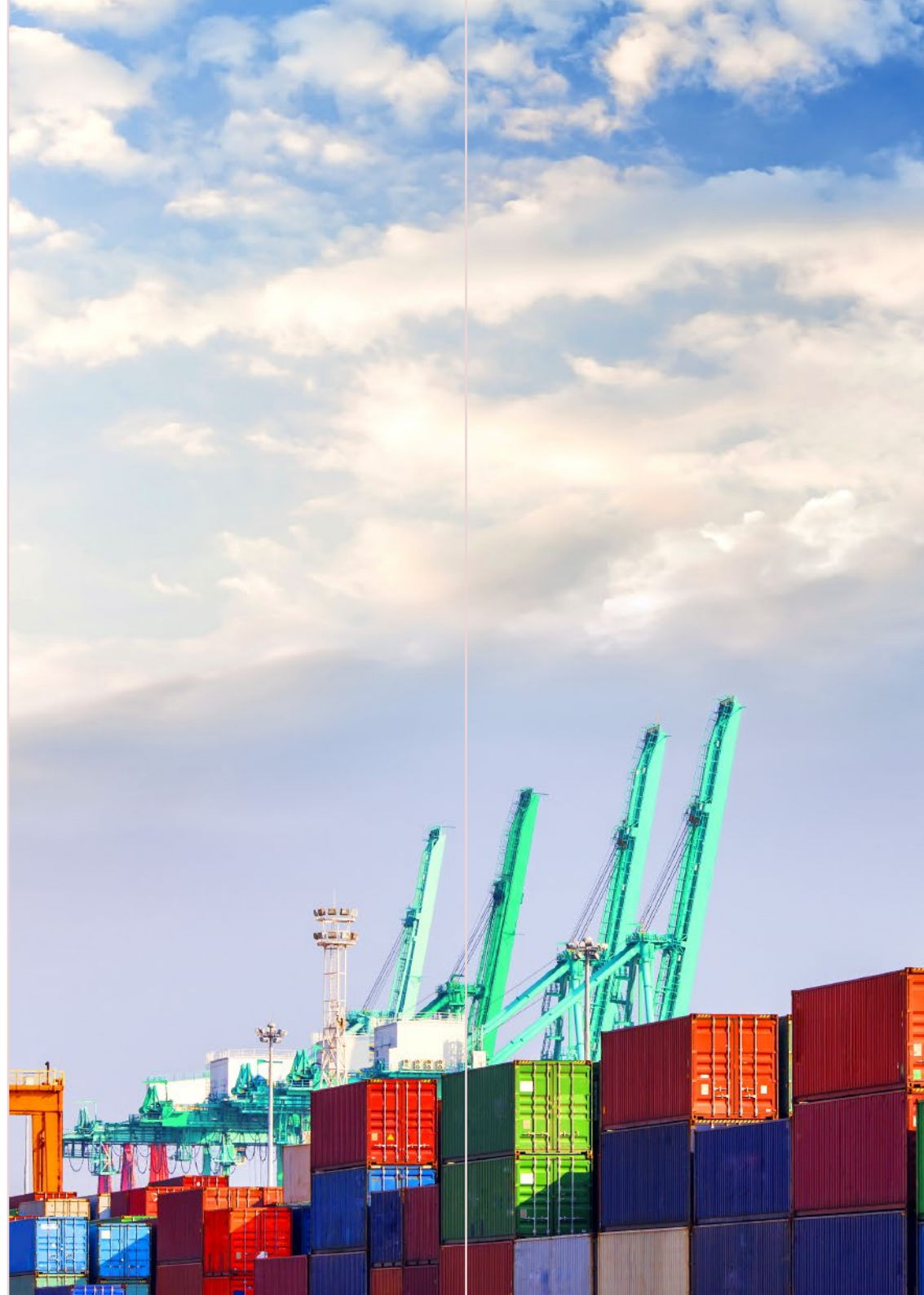


Introduction

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

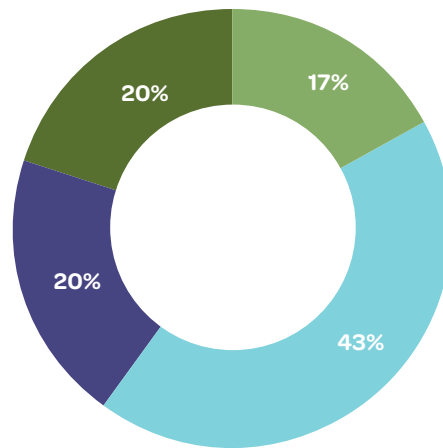
Logistics is a sector of **strategic importance** for Greece, given its aspiration to become a regional and European transshipment and logistics hub, connecting Western Europe and Asia, via its ports (mainly Piraeus and Thessaloniki ports), airports, rail and road networks and the respective logistics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

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



According to the latest EY's annual Attractiveness Survey for Greece, Transportation & Logistics ranks as one of the **top 5 sectors of the Greek economy** and has attracted significant investments (20% of total FDI), double compared to EU average (10% of total FDI), on average in 2021.

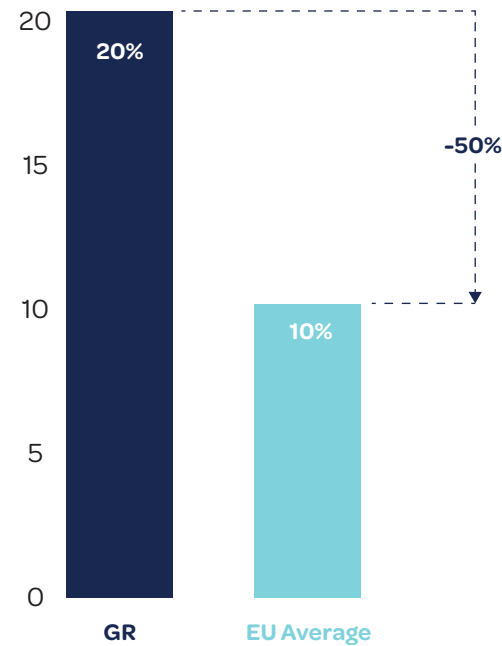
Foreign Direct Investment (FDI) contribution per sector (average 2021)



- Software & IT services
- Transport & Logistics
- Agri-food
- Other

Source: EY Attractiveness Survey, Greece, July 2022

Logistics Sector (FDI) contribution Greece vs E.U. (average 2021)



Source: EY Attractiveness Survey, Greece, July 2022

According to Alpha Bank's survey "Sectors in focus: Logistics 2021," **19% of foreign investors expressed an interest in supply chain & logistics investment in Greece.**

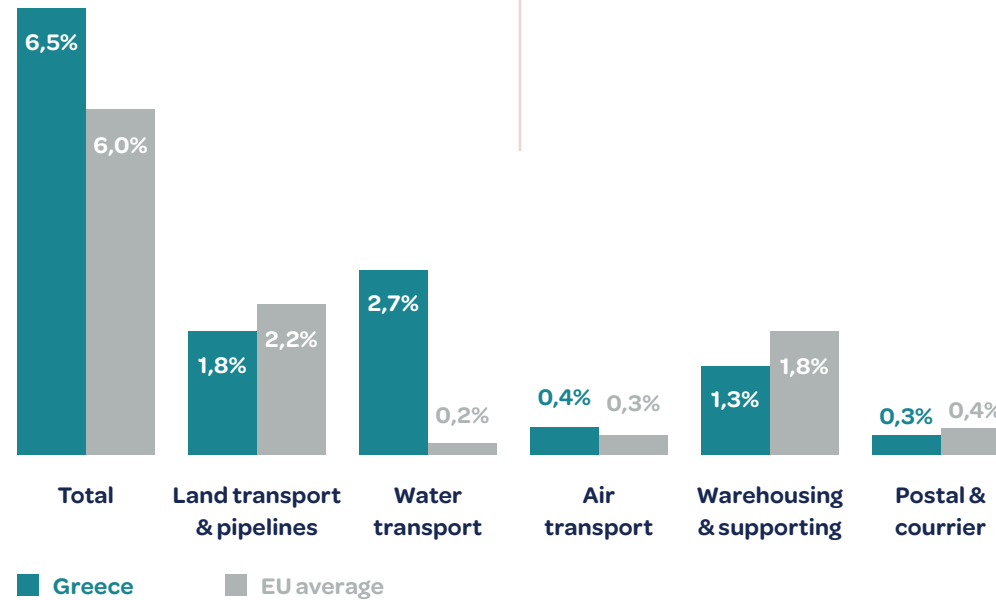
According to Eurostat, the logistics sector is comprised by five sector sub-divisions:

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

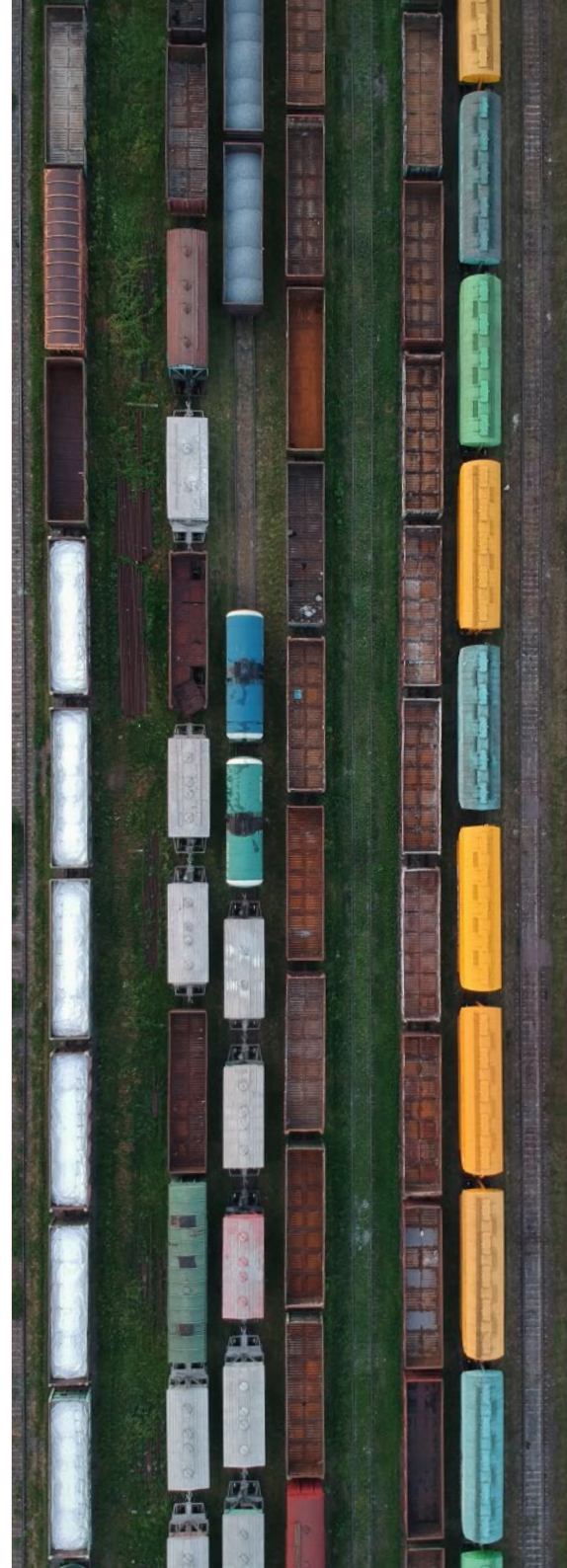
Greece has made **significant progress** in the performance of the logistics sector during the last years, as depicted in **World Bank's Logistics Performance Index (LPI)**, moving from the 54th position in 2010 to the 42nd in 2018 and 19th in 2023, on a global level.

Yet, the geographical and the competitive advantages of the country still have significant investment opportunity. According to Eurobank Research's 2018 report in "Energy, Logistics, Tourism", the Gross Value Added (GVA) of the Transportation and Storage sector in Greece stood at **6.5% of total GVA** in 2016, vs a Eurozone average of 5%. However, if the **shipping sector is excluded**, 2016 GVA falls to 3.8% vs a Eurozone average of 4.8%, indicating significant room for growth.

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



Source: Eurobank Research, 2018



Key Facts:

Land transport:

- Greece has one of the most developed road networks in Southeast Europe, consisting of more than 2,000 km of highways and motorways.
- Greece ranked 11th among EU countries in 2019 regarding tons of commercial road transport, with 354 mil. tons.
- The performance of rail freight transport in Greece increased 64.5 % between 2011 and 2021, the fastest relative increase among the EU Member States.^{vi}

Water transport:

- In 2021, Greek owned ships accounted for 15,6% of the global fleet in deadweight tonnage, while vessels controlled by Greeks transfer 21% of global seaborne trade.
- In 2019 and in 2020, Piraeus ranked as the 4th largest port in Europe in terms of TEUs and the largest in the Mediterranean.
- In total, more than 25 important commercial seaports are currently operating in Greece, 5 of which have been identified by the EU as ports of strategic interest and key maritime interfaces of the Orient / East-Med (OEM) corridor.

Air transport:

- Greece has a total of 45 airports: 15 are international, 26 domestic and 4 are municipal.
- In 2015, a 40-year concession agreement with Fraport for 14 regional airports led to major investments for their renovation and further development.
- Air transport in Greece accounts for approximately 35% of trade value, and between 2017 – 2018, air cargo transport grew by 10% with EU countries and 6% with Third Countries.



Key Facts:

General figures about the sector

As per the statistical register of businesses for 2020 published by the Hellenic Statistical Authority (ELSTAT), the transport of goods is contributing several billion euros in the economy and also contributing to high employment rates. Table 1 outlines the sector’s contribution in terms of legal units, turnover, and employees.

According to the latest data published by ELSTAT, turnover for the sector has seen a decline in 2020 but recovered rather quickly in 2021 and has been performing consistently throughout 2022. Figure 4 illustrates turnover in the Greek services sector, taking into account passenger transport collectively with freight transport.

Number of Legal Units, Turnover and Employees per NACE Rev. 2 economic activity sector in Greece

Economic Activity		Businesses	Turnover (€)	Number of Employees
Code NACE Rev.2	Description			
494	Road transport of goods and moving services	16,109	2,615,042	38,734
502	Maritime and coastal transport of goods	574	875,774	8,170
504	Inland water transport of goods	12	39,318	76
512	Air freight and space transport	17	34,060	133
521	Storage	259	274,775	2,933
522	Transport support activities	5,769	4,732,937	45,793
531	Postal activities falling under the universal service obligation	13	273,405	5,539
532	Other postal and courier activities	1,239	724,939	11,797

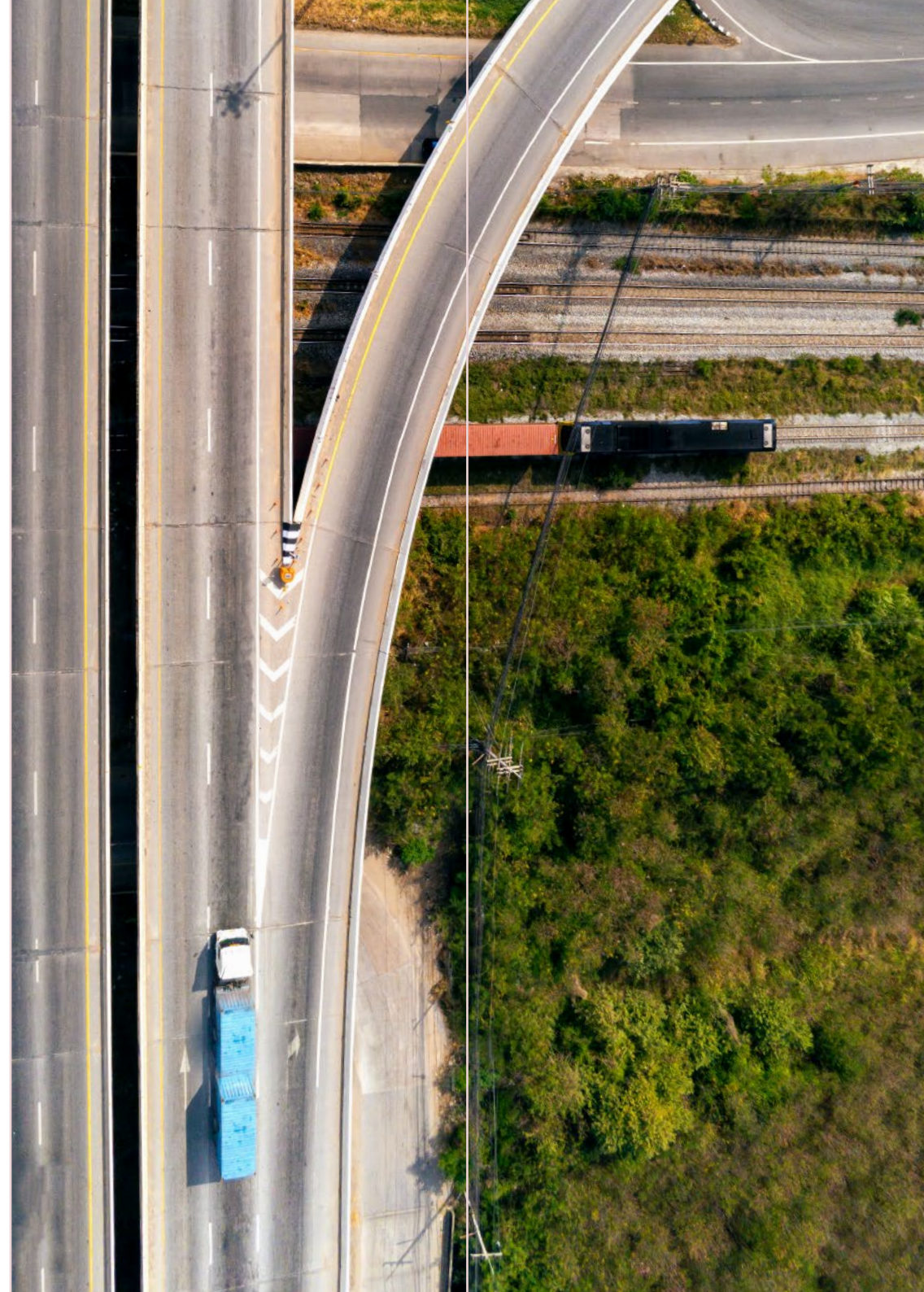
Source: ELSTAT



According to the latest data published by ELSTAT, turnover for the sector has seen a decline in 2020 but recovered rather quickly in 2021 and has been performing consistently throughout 2022.

Logistics sector can be further distinguished into 2 main categories: **First-Party Logistics & Third-Party Logistics.** First-Party logistics (1PL) refers to an activity or operation conducted within a company, instead of relying on outside providers.

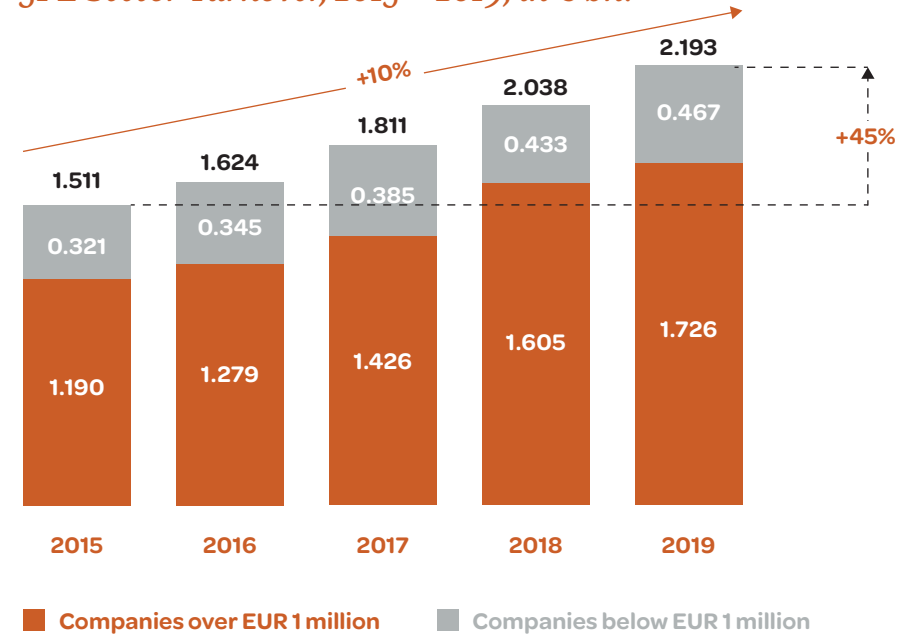
A Third-Party Logistics (hereinafter 3PL) provider, offers outsourced logistics services which include any service linked to the management of storing or shipping items, such as freight forwarding and transportation.



A dynamic Greek 3PL market

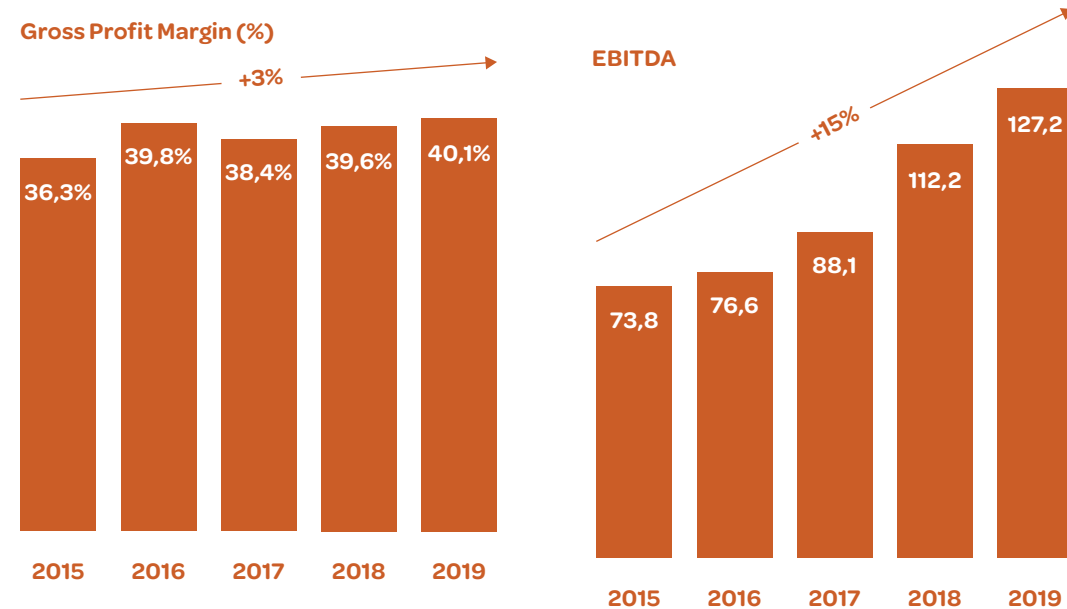
According to KPMG's 2022 survey on "The Future of Transportation & Logistics", the **3PL sector in Greece** demonstrated strong growth between 2015-2019, with turnover growing at a **CAGR of ~10%**, while the market has increased in 2019 by **more than ~45%**, compared to 2015. The market has a significant size consisting of about 1,550 companies with turnover higher than €1 m.

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



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

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



Regulatory Framework for Logistics

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



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

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

Law 4599/2019, Sustainable Urban Mobility Plan

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

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

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

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

The New Development Law 4887/2022

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

State Incentives and other Initiatives

The National Recovery and Resilience Plan “Greece 2.0”

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

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

Main priorities:

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

Free Trade Zones

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

E-Logistics Portal

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

FENIX Project and the Hellenic Observatory of Transport & Logistics

“FENIX” application (A European Federated Network of Information exchange in Logistics) is an initiative developed by the Hellenic Institute of Transport, the Institute of Communication and Computer Systems (ICCS) of the National Technical University of Athens in collaboration with the Greek Ministry of Infrastructure and Transport, ensures the exchange and sharing of data between transport and logistics platforms, by using innovative technologies. One of the main benefits of the FENIX project is the

creation of the Hellenic Observatory of Transports and Logistics to become a reference point for the entire Greek transport and logistic ecosystem, by improving the positioning of Greek services in Europe.

LIFE GreenYourRoute (LIFE GYR)

The LIFE GYR project aims to promote energy-efficient urban freight transport through the introduction of green routing. It will demonstrate and deliver an innovative, smart and integrated vehicle-routing platform to five SMEs in three EU Member States among which is Greece. The platform will include tools and services for making environmentally-friendly routing decisions that take into account eco-driving requirements and cost-efficiency. A key principles is that lower GHG emissions can be achieved by improving the logistics operations of freight-focused SMEs without a huge investment of money and time. The project also aims to introduce an innovative policy in the pan-European transport system based on cost-saving green routing; prepare for the replicability and transferability of GYR services to other sectors, regions and entities; and to establish a GYR company to provide a verified green routing service to transport operators.

Major Logistics projects in Greece

Thriasio Logistics Park (Thriasio I & Thriasio II)

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

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

Sea2Sea Project by ERGOSE

Labeled as a megaproject of strategic importance given as it has the potential to make Greece a key freight and transport hub in Southeast Europe, the Greece-Bulgaria cross-border project "Sea2Sea" envisages the development of a European railway corridor that will connect the ports of Thessaloniki, Kavala and Alexandroupolis, with their counterparts on the Black Sea (Bourgas and Varna) and the Danube (Rousse). The creation of the Bosphorus railway bypass will significantly upgrade the development role of Northern Greece by creating a new important freight corridor in Europe.



Piraeus Master Plan Approval

Concerning the upgrade of Greece's biggest port, Piraeus, a master plan was finally approved in January 2023 after the Greek President issued a presidential decree (National Gazette, 39/Δ/25-01-2023). The master plan as submitted in 2017 by the port's managers (Cosco), foresees an upcoming €600 mil. investment for the expansion of the port.

The Ministry of Maritime Affairs and Insular Policy subsequently approved the plan, which among others will include designated spatial planning, will serve environmental protection purposes and requires a balanced integration with the adjacent urban areas of Piraeus, Drapetsona, Keratsini, Perama and Salamina.

Exploitation of the former military Gonou camp property for the development of a Logistics Center in Thessaloniki

As mandated by the Hellenic Republic Asset Development Fund (HRADF), the project foresees the usage of the former military Gonou camp, which belongs to the local community of Diavata at the Municipality of Delta in Thessaloniki, covering an area of ~672,000 sqm. The Gonou camp facilities are now abandoned military installations of the Ministry of National Defense with the ownership of the property to have been granted to GAIOSE S.A. by the Ministry of Finance.

The project involves the transformation of the former military Gonou camp property into a Logistics Center in Thessaloniki and the budget is estimated between €155-260 mil. The scope also includes the development of a modern international combined freight transport system as well as the development of national transport companies, in combination with the development of Thriasio I & II in the Attica region. The estimated timeline foresees all studies and approvals to be implemented within 2023, so that project implementation can commence within 2024 and get completed by 2025.

Major Logistics projects in Greece

Development of a Logistics Park in the Municipality of Fili

As also mandated by HRADF, the project entails the development of a "green" Logistics Park on a property of approximately 450,000 sqm, in the "Spilies" area of the Municipality of Fili. Part of the project concerns the provision of financial incentives of a total amount of €21 million from the Recovery & Resilience Fund (RRF) to the transport companies established in the area of Eleonas / Botanikos for their relocation to the new Logistics Park. The investment budget is estimated at €32 million.

The project footprint includes the development of a modern international combined freight transport system as part of a new organized logistics park that will be environmentally, technologically and operationally among the most contemporary in the EU, will also be interconnected with the railway and Attiki Odos Highway and will yield total private investments of more than €1 billion. Ultimately, the objective is to promote Greece as a Global Logistics Gateway by attracting significant FDI. The estimated timeline foresees the completion of all studies and approvals within 2023, so that completion of the tender for the development of the park can occur within 2024 and be fully operational by the end of 2025.

