



EYDAP

...highlights



Athens Water Supply & Sewerage Company S.A



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INTRODUCTION

The Athens Water Supply and Sewerage Company S.A. (EYDAP S.A.) was established in 1980 under the Law 1068/1980: “Formation of a unified Water Supply and Sewerage Authority of Athens”. In 1999 with the passing of the law 2744/99 EYDAP’s scope of works was redefined and the company reorganized. EYDAP’s prime operational objectives are to provide water supply and sewerage services in the operational domain of the Greater Athens Metropolitan Area. However, the company in its present form has the capability to also expand its activities in various sectors both inside and outside Attica.

BRIEF DESCRIPTION OF OPERATION

■ WATER SUPPLY

RAW WATER SYSTEM

Athens’s raw water supply depends predominantly on surface water sources. The total water abstraction is 451.417.000 m³/year. EYDAP operates 3 man-made reservoirs and one natural lake. The oldest is the Marathon Reservoir. Water is conveyed from the Marathon reservoir to the oldest water treatment plant in Galatsi via the Boyati tunnel, which has been in operation since 1929. In 1956, the aqueduct system supplying water to Athens from Yliki Lake was inaugurated. Due to the altitude of Yliki Lake (+78.1 m a.s.l.), the water must be pumped from the lake resulting in a very high operational cost. In 1972 construction began on Mornos dam that led to the creation of the man-made reservoir of Mornos. The gravity flow aqueduct that conveys water to Athens is one of the longest in Europe, with a total length of 192 km, and consists of open channels, tunnels and inverted siphons. In 2001 the dam that created Evinos Reservoir was completed, adding 112 million cu.m. per year to the Athens raw water supply system. Water from the Evinos reservoir is conveyed through a tunnel to the Mornos reservoir subsequently to the Mornos-Athens aqueduct system. The technical characteristics of the Reservoirs in brief, are given in the table below:



Mornos Lake



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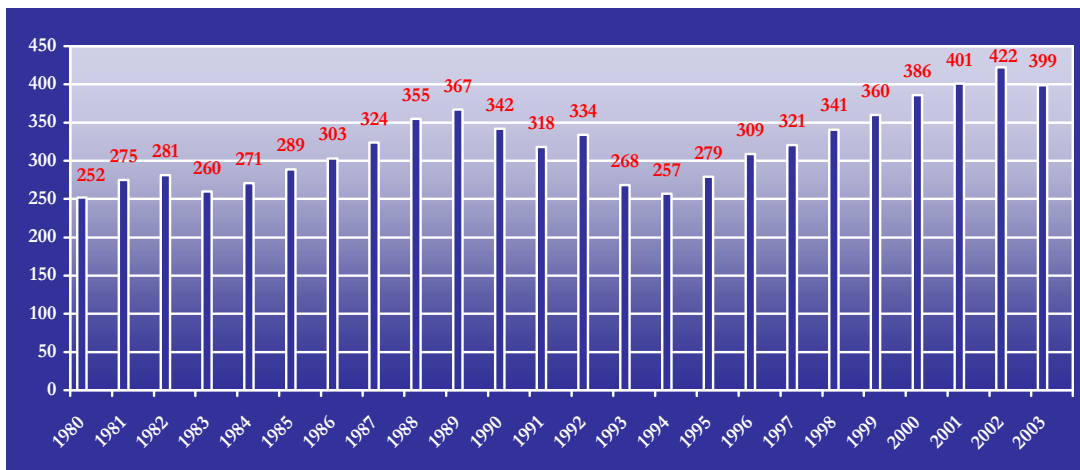
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RESERVOIRS	Useful Capacity (m ³ x 10 ⁶)	Average Annual Discharge (m ³ x 10 ⁶ /yr)	Reservoir Area (sq.km.)	Maximum Capacity (m ³ x 10 ⁶)	Spillway Level (m. a.s.l.)
Marathon (1931)	34	14	2.4	41	223
Yliki Lake (1958)	580	295	25	600	78.1
Mornos (1972)	560	235	18.5	780	435
Evinos (2001)	113	296	3.5	140	505
TOTAL	1.287	840	49.4	1.561	1.241,1

In years of draught, the ground water wells play an important role in the raw water supply system of Athens. EYDAP operates about 105 ground water wells that can produce 800.000 cu.m. per day for limited periods. These wells comprise a safety reserve for the water supply of Athens.

The public sector company named «Fixed Assets Company EYDAP» owns the raw water reservoirs and conveyance aqueducts, however they are operated at no extra charge by EYDAP S.A. in exchange for the free raw water.

All raw water is conveyed to EYDAP's four Water Treatment Plants (WTP), which have a combined production capacity of 1.8 million m³ /day: Galatsi (1931), Acharnes (1978 & 1992 new section construction), Polydendri (1986) and Aspropirgos (1995). After treatment, the water enters the distribution system.



Historic Water Consumption Data



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WATER SUPPLY DISTRIBUTION SYSTEM



Water Treatment Plant of Aspropyrgos

The general characteristics of the water distribution network are:

- Population supplied: approximately 4.000.000
- Service connections: 1.796.500
- Municipalities Serviced: 112
- Annual water production: 399.220.304 m³/year (2003)
- Average water consumption: 1.100.000 m³/day
- Specific water consumption (L/capita/day, taking into account all water uses): 273
- Network length: 7.940 k.m.
- Pipes ranging in diameter from 1800 mm. to 100 mm.
- 56 Water Storage Tanks in operation: total volume 879.615 m³
- Pumping stations: 76
- 24-hour Supervisory Control and Data Acquisition System-SCADA
- ISO 17025 certified Water Meter's Laboratory

The quality of raw water EYDAP has at its disposal is one of the best in Europe. It is certified according to EU directive 75/440 and classified as A1 category (needing only natural treatment and disinfection). However, EYDAP meets the treatment standards of A2 category, providing a top class quality water.

In order to maintain high standards in water quality, EYDAP performs an array of microbiological and chemical tests on a daily basis, at the raw water reservoirs, at the water treatment plants and throughout the water distribution network.



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■ SEWERAGE & WASTEWATER TREATMENT

In the sewerage sector, EYDAP's jurisdiction involves the conveyance of municipal and industrial wastewater, as well as the monitoring and operation of the wastewater treatment plants.

The sewerage system is predominantly a separate sewer system of gravity pipes and pressure mains (operating predominantly along the coast) with 42 pumping stations. Only about 17 km. in the center of Athens, is a combined sewerage system. EYDAP currently does not have the responsibility of operation of the storm water drainage network. Wastewater collected within the Athens basin is conveyed to the two EYDAP wastewater treatment plants.

Wastewater treatment plants operate in Metamorphosis (since 1986) and on the Psyttalia Island (since 1994).

The Wastewater & Septic Waste Treatment Plant in Metamorphosis operational characteristics are:

1. Design capacity of 24.000 m³ of septic waste per day and 20.000 m³ municipal wastewater per day.
2. Organic design load: 30.000 kg of BOD/day.
3. Current hydraulic load of the plant: Septic waste -7.700 m³/day and Municipal wastewater - 14.000 m³/day.
4. Wastewater organic load: 12.500 kg. BOD/day.



This plant offers primary and secondary treatment.

Wastewater Treatment Plant of Metamorphosis

The Wastewater Treatment Plant on Psyttalia is one of the largest in Europe, and has played a major role in the environmental restoration of Saronic Gulf. Phase A of operations resulted in a reduction of 40-45% of BOD/day. The basic operational characteristics of this plant are:

1. Hydraulic design load approximately 1.200.000 m³ of wastewater per day
2. Current hydraulic load is about 760.000 m³ per day.

After the completion of phase B, which is currently under construction and due to operate in 2004, the reduction of pollutants will exceed the 90% level, meeting all E.U. guidelines.



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Wastewater Treatment Plant of Psytalia

EYDAP also operates in Metamorphosis, the Sanitary Engineering Research and Development Center (SERDC), one of the largest research centers (with pilot plant units) in Europe. The basic objectives for the SERDC are:

1. Research in the field of sanitary engineering
2. Training of scientific and technical staff related to design, construction, operation and maintenance of Wastewater Treatment Plants.

The hydraulic design load of the SERDC pilot plant is approximately 2.100 m³ of wastewater per day.

SEWERAGE COLLECTION NETWORK

Key data pertaining to the sewerage & wastewater treatment network is listed below:

- Population serviced: approximately 3.300.000
- Network connections: 1.680.000
- Municipalities serviced: 62
- Length of sewerage system: 5.800 km
- Pumping Stations: 42
- 24-hour System Control and Data Acquisition for pumping stations
- Wastewater treated annually: 271.674.750 m³/year
- 92% coverage of Athens metropolitan area sewerage needs

EYDAP also implements a very dynamic preventive maintenance program that inspects, cleans and makes spot repairs for over 1.000 km. of sewerage network annually. This ambitious preventive maintenance program utilizes state-of-the-art mobile CCTV Control Units and robotic technology. EYDAP's preventive maintenance team also provides services upon request for the inspection and cleaning of storm water drainage catchments as well as the inspection of third party networks.



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■ NEW ACTIVITIES

The last few years EYDAP is making efforts to expand its activities to different fields, in order to maximize the shareholders' return on investment. The current activities are:

✦ Energy

- i) Construction and operation of small hydropower works along the Mornos aqueduct for the production of electricity.
- ii) Operation of a modern Electric and Thermal Co-generation Plant, 7.4MW utilizing the combustion of biogas produced at the WWTP of Psyttalia. Similar production capability at the WWTP of Metamorfoosi is planned for in the near future.
- iii) EYDAP participates by 35% in the "Gas Company of the Suburbs S.A." (E.A.P.) along with AKTOR S.A. and Hellenic Technodomiki TEV S.A. E.A.P. is the exclusive licensee for the promotion of natural gas connections for domestic and small professional customers in the northeastern area of Attica.



Natural Gas Campaign

✦ New Technologies

EYDAP participates in the joint venture company ETIDI S.A. that operates in the field of alternate telecommunication networks. EYDAP's participation concerns the installation of fiber optic cables within the sewerage network.

✦ Technical Know-How

EYDAP recently completed a project in F.Y.R.O.M., concerning the operational improvement and development of public water supply companies. The objectives of the project were to offer our services and transfer technical know-how to other Balkan or Mediterranean countries. EYDAP has also undertaken the formulation of the Master Plan for Sewerage and Water Supply System for the Prefecture of Kefalonia.

✦ Collaboration with third parties

In July 2002 EYDAP signed a Joint Development Agreement with the French Water Company VIVENDI WATER (which is now called VEOLIA WATER). The aim of this agreement is to jointly develop, submit and implement proposals for projects relating to water and wastewater management services in specific countries in Southeastern Europe and the Mediterranean.



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■ INVESTMENT PROGRAM

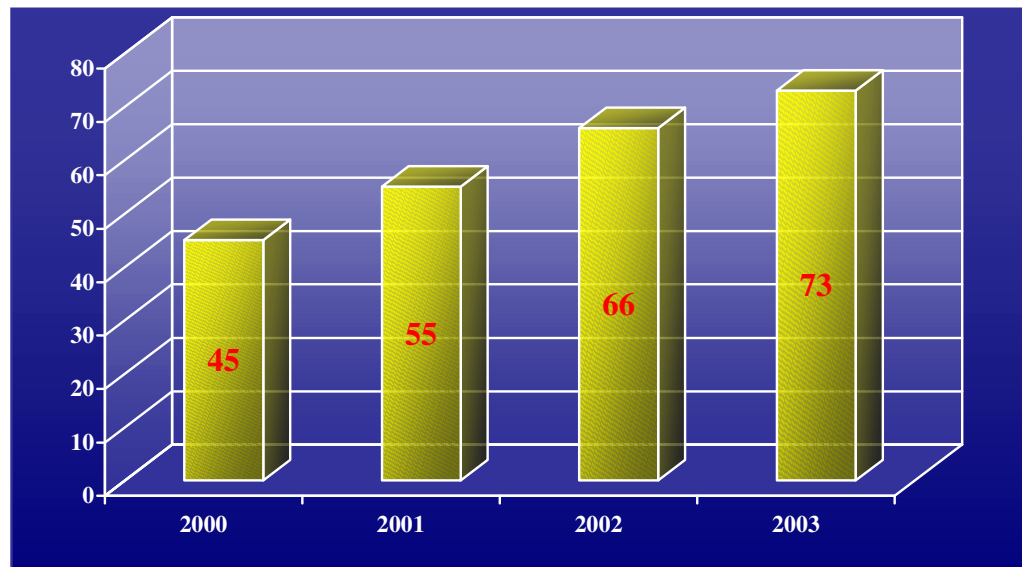
EYDAP's vision is to improve its competitiveness and the quality of provided services by increasing its customer base, and expanding its business activities in fields and products that strengthen its growth. To fulfil this vision, EYDAP has formulated a five-year investment program of M€ 405 for the years 2003-2007.

The program will be financed by the company's equity capital, the Greek State and other funds such as the European Union Cohesion Fund, the Attica PEP (regional development program), and other national development programs.

The abovementioned program can be analysed as follows:

- ◆ **Water Supply Works (M€ 125)**
Renovation of the existing water treatment plants, construction of new potable water storage reservoirs, improvement and expansion of the water supply network
- ◆ **Sewerage Works (M€ 245)**
Construction of two new wastewater treatment plants at Thriasio Pedio and in Northeastern Attica, improvement and expansion of sewerage network, acquisition of cutting -edge technology for the implementation of the preventative maintenance program
- ◆ **Energy Works (M€ 35)**
Completion of the construction and expansion of thermal and electrical energy production plants using alternative energy sources such as biogas in the case of Wastewater Treatment Plants as well as hydraulic energy along the raw water aqueducts
- ◆ **Expansion of business activities**
Development of new business and innovations in technological sectors such as telecommunications, natural gas and consulting services in areas requiring specialized know-how.
- ◆ **Customer Services**
EYDAP is finalizing the complete reorganization of the customer service system.

The following chart shows the investment program (in M€) that was implemented during the years 2000-2003:





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■ **TARIFF POLICY**

EYDAP is in a transitional period moving from a public held company to a company with mixed public/private holding. Therefore, it is required to make its finances independent of Government support. As part of this structural change, a portion of EYDAP assets were transferred to FIXED ASSETS COMPANY EYDAP, a public company with the responsibility to provide raw water to EYDAP S.A.

EYDAP's tariff policy is renegotiated every 5 years in accordance to Law 2744/99 with the Ministries of Economy and Environment, Physical Planning and Public Works. Negotiations involving the tariff policy take into consideration the inflation index as well as the European Union Water Framework Directive 2000/60/EC, which includes an article on the recovery of costs for water services.

The present tariff system involves a marginal block structure for domestic consumers and a flat block structure for all other consumers, comprising a total of nine categories (please see chart 3). There is also a fixed charge applied to each connection. Sewerage services are charged in five categories as a proportion of the water tariff. Domestic users are charged an additional 56% of their water consumption for sewerage services, except consumers who have a garden larger than 200m² who are entitled to a 30% discount (39,2% of water consumption). Industrial, professional and social charity consumers are also entitled the above 30 % discount, while other enterprises for example distilleries, ice factories, etc), public municipalities and construction sites are enjoy a 50% discount for sewerage services.

The annual tariff increase, is based on the evolution of inflation, and the general government policy concerning utilities. In 2005, EYDAP's tariff policy will be renegotiated with the Government. Based on revenues from water supply plus fixed costs, the following chart shows the average price per m³ for every consumer category for 2003.

FISCAL YEAR	2003
Domestic	0,73
Industrial – Commercial	0,85
Public Services - Municipalities	0,92
Support of Municipal Networks	0,42
Com. Faucets -Piraeus Port	0,66
Others-Raw Water	0,18
Charity	0,27
Ships	2,19
Average price of water €/m³	0,67

The main objectives of the tariff policy are:

- To provide adequate incentives for users to use water resources efficiently and to discourage waste
- To accommodate special groups with a diversified tariffs
- To maintain high standards in water quality
- To preserve the social character of EYDAP S.A. as a utility (the average price of water supply and sewerage is only a small percentage (1.1%) of household income)
- To partially finance EYDAP's investments
- To accomplish EYDAP's economic goals



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■ FINANCIAL DATA

Detailed information regarding EYDAP's financial performance can be found in the Annual Reports issued each year by the Financial Services Division. The data presented in the tables and graphs that follow, attempt to briefly outline the company's financial standing and give the reader an overall impression of the firm's operation as a whole.

EYDAP's share capital is M€ 63,9, divided to 106,9 million shares with a nominal value of € 0,60 per share. The dividend for fiscal year 2002 was €0,10 per share presenting a dividend yield of 2,76%. The free float percentage is 29,5%.

It should be noted that EYDAP recently implemented a new internal enterprise reporting system, which resulted in an revenue adjustment for the fiscal year 2001, in the area of M€23.3. This means that when comparing financial figures for years 2001 and 2002, the aforementioned sum should be subtracted from the 2001 figures. Also in 1999 with EYDAP's entrance into the Athens Stock Exchange, Law 2744/99 granted the company an initial three-year subsidy of M€ 44.02 per year. The last subsidy was issued in 2001. This event explains the significant drop in revenues from 2001 to 2002.

Finally, it should also be mentioned that the Ministry of Environment, Physical Planning and Public Works in association with the Ministry of Economics, determine EYDAP's tariff policy according to each year's inflation.

Thus, when reviewing the financial data for the past fiscal periods, one can observe the following:

- Total sales from 2001 to 2002, when abstracting the adjustment amount (23.3€), increased by 9 %.
- The gross turnover for 2003 reached the amount of M€ 330, indicating an increase of 15.7% compared to 2002.
- EBITDA as well as Net Income, not including the state subsidies and adjustment amount mentioned above, increased by 18% and 10,6% respectively for years 2001-2002, while in 2003 increased by 17,1% and 30,1%, indicating EYDAP's continuing strong financial position.
- The Turnover of the company has steadily increased during the last five years in spite of the high rainfall of the years 2002 and 2003 that had a negative impact on the total water consumption.
- EBITDA margin for 2003 rose to 26,26% in comparison with 25,86% for 2002 and 21,6% for 2001 (adjustment abstracted).

In addition, to the data regarding EYDAP's financial performance (fiscal years 2000-2003), information about the shareholder composition and income breakdown by tariff category has been included to graphs that follow.



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EYDAP Financial Data	2000	2001	2002	2003	Δ% 02-03
Turnover	256,8	287,7	285	329,9	15,7%
Other Operating Revenues	48,9	48,8	4,7	4,7	0,0%
Operating Expenses	187,2	206,8	216	248,3	15,0%
% on total turnover	72,9	71,9	75,8	75,3	-
EBITDA	118,6	129,6	73,7	86,3	17,1%
% on total turnover	46,2	45,0	25,9	26,2	-
EBITDA (without state subsidies & adjustment)	74,6	62,3	73,7	86,3	17,1%
% on total turnover	29,0	23,6	25,9	26,2	
Depreciation	24,2	26,8	29,8	31,5	5,7%
Operating Profit (EBIT)	94,4	102,8	44,0	54,8	24,5%
% on total turnover	36,8	35,7	15,4	16,6	-
Interest Expenses	1,5	1,0	0,7	1,3	85,7%
Interest Income	8,0	5,1	3,4	2,8	17,6%
Extraordinary Profit (loss)	3,1	1,1	1,4	5,5	292,9%
Profit before Taxes (EBT)	104,0	107,9	48,1	61,6	28,2%
% on total turnover	40,5	37,5	16,9	18,7	-
Income Tax	36,3	39,0	18,9	23,6	24,9%
Net Income	67,7	68,9	29,2	38,0	30,1%
% on total turnover	26,3	24,0	10,3	11,5	-
Net Income (without state subsidies & adjustment)	23,7	26,4	29,2	38,0	30,1%
% on total turnover	9,2	10,0	10,3	11,5	-

(million €)

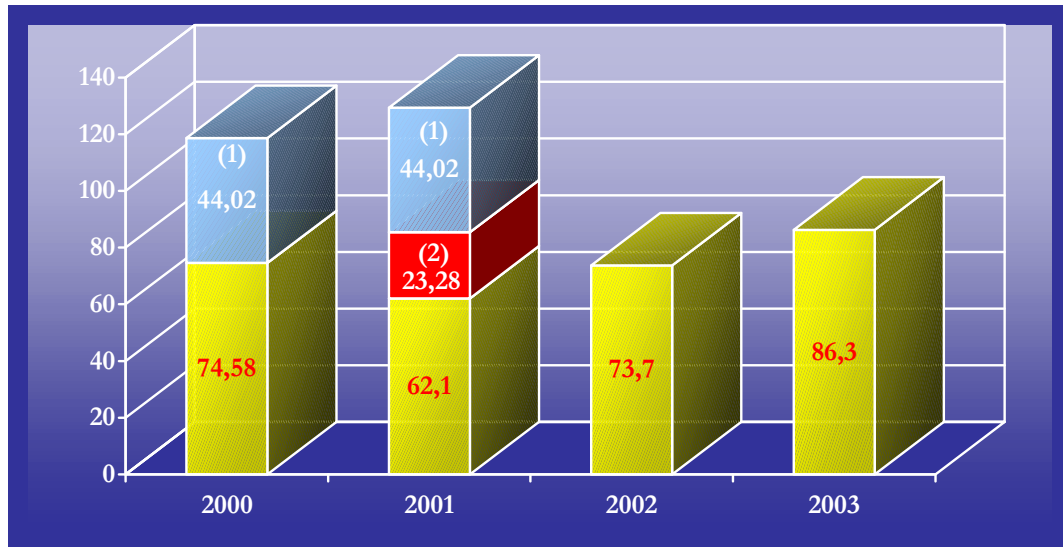


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EBITDA (million €)

Chart 1

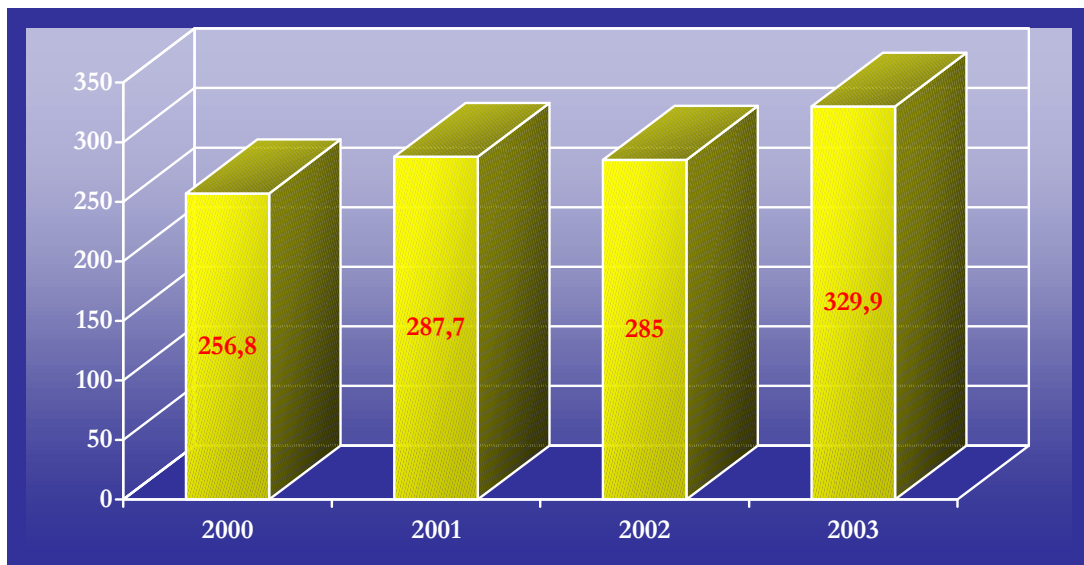


(1): State subsidies

(2): Implementation of the principle of the independence of financial uses

Turnover (million €)

Chart 2

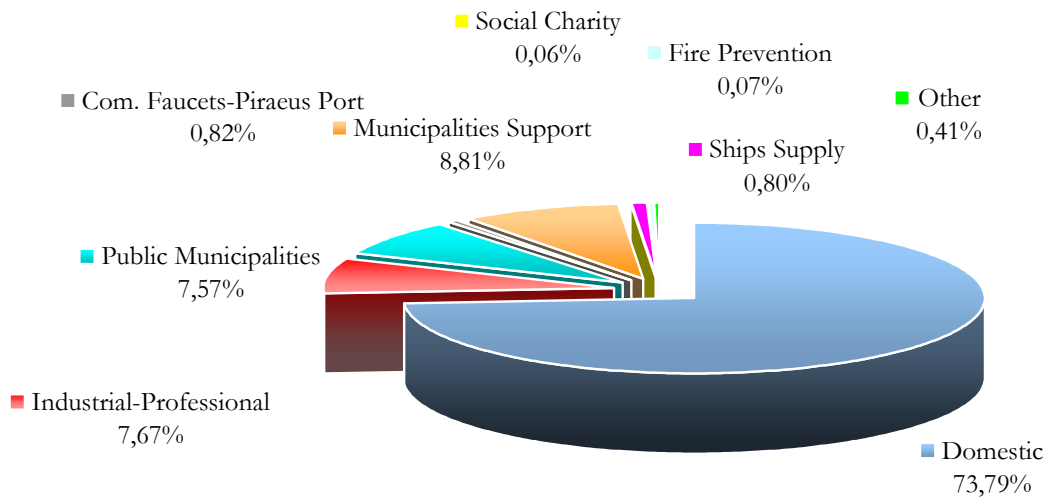




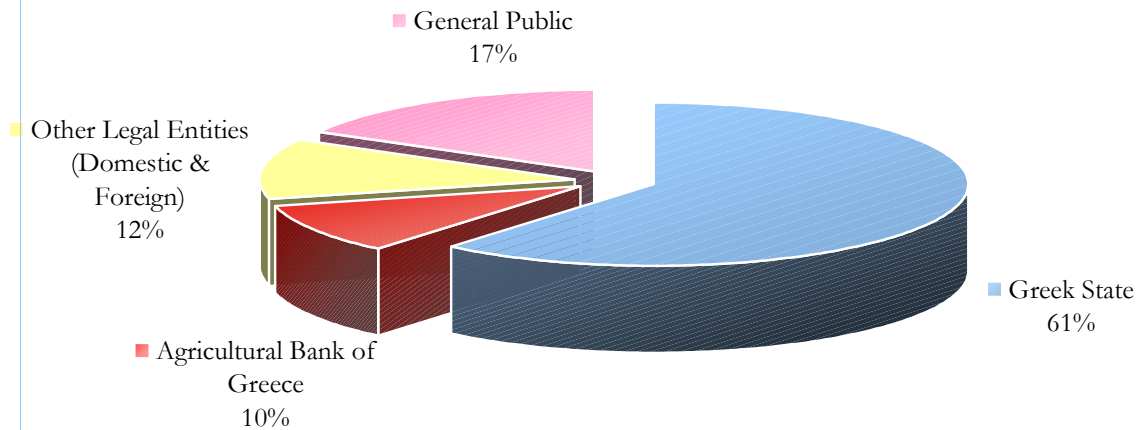
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Income Breakdown by Tariff Category (2003) Chart 3



Shareholders Composition Chart 4





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Concept Implementation

Division of Corporate Analysis & Planning

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